The Honourable Paul Atkins, Chairman
Vanessa Countryman, Secretary
US Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

6 July 2026

Dear Chairman Atkins and Secretary Countryman,

Subject: Securities and Exchange Commission's Proposed Rule on Optional Semiannual Reporting, S-7-2026-15

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC) proposed amendments to allow companies to file optional semiannual reports on new Form 10-S in lieu of quarterly reports on Form 10-Q and changes to the financial statement requirements of Regulation S-X to facilitate semiannual reporting and to simplify rules regarding the age of financial statements.

Led by investors responsible for assets under management of >US$100 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

ICGN strongly supports the mission of the SEC to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. As global investors, heavily invested in US companies, we consider the SEC's role as critical to fundamental investor protections and market credibility. As we noted in our recent letter on the SEC's proposed strategic plan, we believe the SEC can support capital formation and market growth, but only if it maintains strong investor protections, robust disclosure standards, clear regulatory oversight, meaningful shareholder rights, and has sufficient resources to enforce them effectively.

Over recent months, ICGN has responded to consultations and engaged with the SEC on the series of proposals affecting issues that matter most to investors. Taken together, this proposal, the ideas for changes to Regulation S-K, and the pending proposal to streamline filer status and disclosure requirements, raise concerns that the SEC's commitment to investor protection may be diminishing. We strongly urge the SEC to keep its core mission of investor protection at the heart of its rulemaking.

We are not supportive of the proposal to allow companies to voluntarily report on a semiannual basis and recommend that the current quarterly reporting requirements be maintained.

Quarterly reporting underpins market discipline and transparency

- As long-term providers of capital, investors have a direct interest in the financial discipline, transparency, and accountability that quarterly reporting promotes.

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- While the SEC states that the purpose of this proposal is to provide regulatory flexibility, reduce the burden of being a reporting company, and encourage more companies to become or remain public, we do not believe the evidence supports the conclusion that reducing the frequency of mandatory reporting would achieve those objectives.

Reducing reporting requirements shifts costs and risks to investors

- All costs to public companies are ultimately borne by their investors. We are not in favour of unnecessary costs and burdens of regulation, however, investors understand and appreciate that there are necessary regulatory and reporting related costs that are associated with being a public company. The trust and transparency on which the effective functioning of the market depend require a certain level of investment from companies and therefore their investors.
- Investors are willing to bear the costs associated with periodic reporting because timely, reliable financial information is fundamental to informed capital allocation and efficient markets.
- Any reduction in reporting frequency may lower compliance costs for issuers, but it does so by reducing transparency, increasing information asymmetries, and transferring costs and risks to investors.
- We therefore oppose any proposal that would dilute the reliability of quarterly reporting, regardless of company size.
- Overall, investors recognise the significant value of maintaining regular mandatory quarterly reporting, particularly its contribution to market discipline and transparency.

The evidence does not support the SEC's stated rationale

- The policy rationale for the proposal is primarily based on attracting companies to list on public markets by reducing compliance costs and addressing concerns about short-termism.
- However, the available evidence does not demonstrate that quarterly reporting is a significant factor in companies' decisions to access or remain in the public markets, to list in any particular jurisdiction, nor that moving to optional semiannual reporting would deliver meaningful cost savings. The SEC Investor Advisory Committee (IAC) considered the evidence and determined:

> *Although shifting from a quarterly disclosure mandate to a semiannual mandate would reduce the direct public disclosure filing costs for public companies, the [Proposed Rule] . . . itself estimates that the approximate net reduction in direct compliance costs would be only $198,000 per fiscal year for each issuer that switches to semiannual reporting. Public companies would still need to maintain accurate financial information as part of their ordinary operations, including for purposes of day-to-day business management. As a result, the costs associated with maintaining complete, accurate and reliable financial information would remain even without a quarterly disclosure mandate.*[i]

- The IAC also cited research that contradicts the premise that the "compliance cost burden of being a public company deters firms from going public", which has been undermined by empirical work, found that the observed declines in IPO activity have been driven by demand-side and market-structure factors rather than by the cost of disclosure compliance.[ii, iii]

- We therefore do not believe the proposal is likely to achieve the Commission's stated objectives.

There are significant risks associated with a move to semiannual reporting

- Empirical research findings show that:
  - Less frequent reporting creates volatility and can cause excessive swings in stock prices harming the efficiency of the financial markets.[iv] [v]
  - Having timely, accurate, and comparable information allows long-term investors to make more informed investment and voting decisions. [vi]
  - Less frequent reporting creates excessive swings in stock prices harming the efficiency of the financial markets.[vii]
  - Neither the United Kingdom (UK) nor the European Union has enjoyed better valuations, better capital raising, or a healthier IPO market as the result of their voluntary quarterly reporting framework.[viii]
- We also note that there are several other federal agencies with rules that contain references to quarterly reports filed with the Commission. The proposal acknowledges this fact, however, does not address a timeline how other agencies will be consulted, or provide investors time to comment to these federal agencies about our concerns with the proposal before the SEC considers action.

The SEC Investor Advisory Committee viewpoint aligns with this position

- Following consideration of the issue by its Investor as Owner Subcommittee, the SEC's Investor Advisory Committee (IAC) concluded that panellists "overwhelmingly noted the structural importance of the existing quarterly reporting cadence to the U.S. capital markets and were skeptical that a semi-annual alternative would be feasible or attractive to most public companies." [ix]
- The IAC subsequently recommended that the Commission retain mandatory quarterly reporting, concluding that the evidence did not support concerns regarding short-termism or demonstrate meaningful cost savings.
- Instead, it found that moving to semiannual reporting would reduce investors' ability to make informed decisions, increase trading costs, and increase the cost of capital for public companies.
- The IAC also noted that retail investors would be disproportionately affected because they rely primarily on public disclosures rather than direct access to company management.
- ICGN agrees with the IAC's assessment and also supports the views expressed by the Council of Institutional Investors in its letter of 25 June 2026 that "the requirement to file on a quarterly basis data-tagged financial statements and related footnotes on Form 10-Q and have those statements subject to an independent auditor review and management certification is a key element of the timely and accurate information flow that underpins the quality and efficiency of the U.S. capital markets." [x]

We also note that our view is supported by the Council of Institutional Investors[xi] and the results of the 2026 CFA Institute member survey (2026 CFA Survey) which finds only 35% of respondents supported moving from quarterly to semiannual reporting.[xii]

Mandatory quarterly reporting should be retained

- Taken together, the evidence strongly supports retaining mandatory quarterly reporting.

- Quarterly reporting remains a cornerstone of transparent, efficient, and well-functioning U.S. capital markets. It provides investors with the timely and reliable information needed to allocate capital effectively, supports market discipline, and accountability, and helps maintain confidence in U.S. public markets.
- The impact of the SEC's Form 10-Q reporting framework is not limited to the US. A number of UK and European companies are also subject to SEC reporting requirements, meaning the framework plays an important role in ensuring regular and consistent information is made available to the market internationally. Maintaining quarterly reporting therefore supports transparency, comparability, and investor confidence across global capital markets.
- ICGN therefore recommends that the Commission retain the existing quarterly reporting requirements.

Detailed comments related to specific questions in this consultation

We have sought to answer the questions most important from an investor viewpoint. We have retained the original numbers of the questions in the proposal to help with the assimilation of the responses by SEC staff members and the Commission's review.

1. **The proposed amendments would allow Exchange Act reporting companies to elect to file interim reports on a semiannual basis in lieu of quarterly reports on Form 10–Q. Should companies have this option, or should all companies continue to be required to file Form 10–Q? What types of companies are likely to elect the option to file semiannual reports? Are companies in certain industries more likely than those in other industries to elect to file semiannual reports?**

    - No, we do not believe that companies should have the option to report on a semiannual basis.
    - We strongly support continued mandatory quarterly reporting.
    - All companies should continue to be required to file Form 10-Q.

3. **Our proposal would permit semiannual reports for all Exchange Act reporting companies that file Form 10–Q today, regardless of filer status, revenues, market capitalization, or other criteria. Should the option for semiannual reporting be available only for Exchange Act reporting companies that satisfy certain criteria? If so, what criteria should be imposed and why? For example, should only emerging growth companies or smaller reporting companies be allowed to report semiannually?**

    - No, we do not believe that companies should have the option to report on a semiannual basis.
    - We would not support any carve out for emerging growth companies, smaller reporting companies, or companies in specific sectors. We believe that in many cases smaller companies may need to provide investors with more financial information rather than less, especially if they are seeking additional capital.

    6. If adopted, would semiannual reporting have an impact on investors' ability to compare same-company performance over time? Why or why not?

- Yes. Any movement by companies to report on a semiannual basis will impact investors' ability to compare same-company performance over time.
- Generally, for investors, the most current information is the most accurate and useful information available about a company.
- The timeliness of information is important and even more so in times of market volatility.
- Reducing the frequency of reporting creates longer information gaps for investors and therefore impedes their ability to use information to fulfil their fiduciary duties.

7. What effect would our proposal have on investors' ability to compare the relative peer company financial performance of a quarterly filer to a semiannual filer? For example, can an investor reasonably compare a quarterly filer to a semiannual filer where the companies have the same fiscal year and the comparison is sought to be made in the second quarter (when first quarter information that would be subsumed in the semiannual filer's semiannual report on Form 10–S is not yet available) or made in the fourth quarter (when third quarter information that would be subsumed in the semiannual filer's annual report on Form 10–K is not yet available)?

- Investors need reliable, comparable, and timely information. The SEC proposal diminishes two of these requirements. It impacts comparability between companies as some will provide semiannual financial information and others will continue with quarterly information. The proposal will therefore increase market volatility.
- If one peer reports quarterly while another reports semi-annually, investors and stakeholders may review the information from the quarterly reporter and make inferences on the semi-annual reporter, which may or may not be accurate, leading to greater volatility in the semi-annual reporter's share price.
- Allowing companies to elect to report semiannually while others continue to report quarterly could increase information asymmetries across the market, with investors having access to materially different levels of information at any given point in time. This could disadvantage investors in companies providing less frequent disclosure and reduce overall market transparency and comparability.
- As such, the proposal would negatively impact the ability of investors to compare relative peer company financial performance if part of the peer group is no longer reporting on a quarterly basis.
- This view is supported by a recent survey conducted by the CFA Institute in June in which 84% of members that responded to the survey said that semiannual vs. quarterly reporting would pose challenges to comparing financial performance, especially after a lack of first and third quarter reporting.[xiii]

15. As an alternative to the proposal for optional semiannual reporting, should we instead revise the disclosure requirements of Form 10–Q to reduce the burden on reporting companies of filing this form, such as amending the current rules for the required interim financial statement review by an independent public accountant, XBRL data tagging, MD&A, information about unregistered sales of registrant securities pursuant to 17 CFR 229.701 (Item 701 of Regulation S–K), or year-to-date comparisons involving financial

statements and MD&A? How should these requirements, or any other requirements of Form 10–Q, be revised? What aspects of Form 10–Q's current reporting framework are most burdensome for reporting companies?

- We would not be opposed to certain measured changes being made to the scope of Form 10-Q. Should the SEC decide to issue a proposed rule and seek comments on it, we would be happy to provide detailed investor-led input into the most material matters to retain.
- We strongly believe that core safeguards in Form 10-Q would need to be retained however. Notably, investors would need the retention of an independent auditor review, a management certification, a filing requirement, and XBRL data tagging.
- We reiterate our concern that the possible revision of Form 10-Q is qualified in the question to reduce the "burden" of reporting companies that must file the form. We believe that the cost and burden of a lack of disclosure falls on the investors who will no longer be able to rely on investor protections coming from the disclosure requirements under Form 10-Q or through quarterly reporting.

22. Would the option for semiannual reporting result in an overall reduction in material information for investors? Or would other regulatory requirements, such as Form 8–K filing requirements and Regulation FD, elicit sufficient information to offset the less frequent interim reports and address any investor protection concerns? Would market forces or demands on a company's business—such as contractual obligations, investor expectations, and potential for shareholder activism— encourage semiannual filers to: (1) voluntarily disclose more information than required, (2) disclose information more frequently than is required, or (3) opt not to become semiannual filers at all?

- Yes, optional semiannual reporting will result in a reduction of material information for investors.
- The burden should not be placed on investors to drive additional reporting from issuers. There should be a standard basis of quarterly reporting for all companies.
- The Form 8-K or Regulation FD filing requirement is not a comparable "substitute for the more holistic picture provided by quarterly reports," as mentioned in the proposal.
- We do not agree that relying on Form 8-K and Regulation FD is an appropriate way to temper this lack of disclosure. The potential harm to investors is clear from the SEC proposal, on page 16, in which the following discussion was included:

  > *Conversely, the efficiency of financial markets rests on material information becoming public in a timely fashion. In addition to protecting investors, greater availability of material public information allows securities prices to better reflect their issuers' fundamental value and ultimately promotes capital formation as issuers have access to lower cost of capital and investors in those securities have access to higher liquidity. A reduction in the frequency of interim reporting could result in delayed disclosure of material information, reduce comparability, and some lost information.*

- Form 8-K is not a substitute for quarterly reporting. It is triggered only when a company determines that a material event has occurred, rather than providing regular, comprehensive financial updates.
- Investors should not have to rely on management's judgement alone. Under a semiannual reporting regime, companies would decide both what is material and whether to provide interim earnings updates, potentially leaving investors without important information between reporting periods.
- Regulation FD serves a different purpose. It requires public disclosure when material non-public information has been selectively shared, but it does not require companies to provide regular financial reporting.
- Neither Form 8-K nor Regulation FD replaces the value of mandatory quarterly reporting. They are event-driven disclosure mechanisms, not investor-driven reporting frameworks that provide timely, consistent, and comparable financial information.

23. With semiannual reporting, would there be an impact on investors or other market participants as a result of less frequent certifications by management relating to internal control over financial reporting and disclosure controls and procedures, as well as less frequent disclosures of changes in such controls?

- Yes, there will be an impact due to less frequent certifications by management relating to internal controls over financial reporting and related disclosure controls.
- Less frequent certifications and disclosures regarding changes in internal controls could:
    - Delay the identification and communication of material weaknesses or significant control deficiencies to investors.
    - Reduce transparency regarding changes to a company's control environment and financial reporting processes.
    - Increase uncertainty about the reliability of reported financial information between reporting periods.
    - Weaken an important governance discipline by reducing the frequency with which management and audit committees formally assess and certify the effectiveness of disclosure controls and internal controls over financial reporting.

26. For semiannual filers, what impact would a shift to semiannual reporting have on: (1) companies' disclosure controls and procedures, (2) companies' internal control over financial reporting, and (3) independent public accountants' strategy and approach for the annual audit of companies' internal control over financial reporting or financial statements? With semiannual reporting, is there a potential for a material increase in the risk that material misstatements (either due to error or fraud) or control deficiencies are not timely detected by or communicated to the independent public accountant thereby limiting potential remediation of these issues by the issuer? Please provide any data related to these questions.

- The process of preparing and reviewing quarterly financial statements requires management to regularly assess accounting judgments, test disclosure controls and procedures, evaluate internal control over financial reporting, and engage with auditors on significant matters. This regular reporting cadence promotes timely identification and remediation of errors, control deficiencies, and emerging risks.

- Any move to semiannual reporting therefore inevitably lengthens the period between these formal reporting and review processes.
- While companies would remain subject to their existing obligations regarding internal controls and disclosure, investors are concerned that less frequent reporting could reduce the opportunity for management, audit committees, and independent auditors to identify and address deficiencies before they become more significant.
- In particular, there is a greater risk that material misstatements, whether arising from error or fraud, or weaknesses in internal controls may remain undetected for longer periods before coming to light.
- ICGN agrees with the CII and CFA, on the importance to investors of the independent auditor review of the companies' quarterly financial information. Our view is also consistent with the 2026 CFA Survey results finding that 68% of respondents agreed that Form 10-Q filings are important because they are reviewed by the companies' auditors.[xiv]

32. Would there be an increased risk of insider trading at companies that elect to report on a semiannual basis? If so, please provide the basis for this view, as well as data. Could companies enhance their insider trading policies or improve their self-enforcement of these policies to help address this concern? What other actions could companies or the Commission take to mitigate any increase in the risk of insider trading?

- Yes, there is a strong perception that there may be an increased risk of insider trading at companies that elect to report on a semiannual basis due to the longer periods of time between reporting.
- We note that the SEC IAC commented:

> *A shift to semiannual reporting would also increase insider-trading concerns because more frequent disclosure reduces insiders' ability to profit from nonpublic information. By extending the interval between mandatory reports, semiannual reporting would widen the gap between inside and public information, increasing the risk that insiders could trade while possessing material information not yet available to the market. The Proposal acknowledges this heightened risk and suggests that it may warrant longer blackout periods, as the value of material nonpublic information and the potential for misuse would be higher. A shift to semiannual reporting would also weaken corporate accountability. For example, poor quarterly results present corporate management with market discipline that can help them make necessary business changes to improve future returns. Shifting to semiannual disclosures would therefore reduce market discipline* [xv]

33. How would the proposed flexible approach to semiannual reporting affect the competitiveness of U.S. reporting companies vis-a-vis foreign competitors? For Exchange Act reporting foreign companies that would not be foreign private issuers (which report semiannually as discussed above) and that would report quarterly under the current system, would the proposed option to report semiannually make these foreign companies more likely to list on a U.S. exchange? What would be the competitive implications of the

proposed optional semiannual reporting approach between U.S. reporting companies (which report quarterly under the current system) and foreign private issuers (which report semiannually under the current system as a practical matter)? Should there be different periodic reporting for foreign private issuers compared to domestic issuers? Why or why not?

- We generally believe that domestic and foreign issuers should be subject to the same rules on any given exchange.
- As we believe that all companies should continue to report on a quarterly basis, it would be consistent to have the same reporting requirements for foreign private issuers (FPIs) as domestic ones.

48. What would be the benefits to investors from reporting companies' flexibility to file semiannual reports on Form 10–S, instead of quarterly reports on Form 10–Q? Are there certain types of companies or industries for which such benefits would be greater than for others? Would the benefits to investors be limited to the pass-through of cost savings, or would there be other kinds of benefits, such as improved managerial incentives or reallocation of company resources to potentially more productive corporate activities?

- We do not believe there would be benefits to investors from this proposal. Rather than the benefits to investors, we see greater risks.

49. What would be the costs to investors from providing reporting companies with flexibility to file semiannual reports on Form 10–S, instead of quarterly reports on Form 10– Q? Would the option for semiannual reporting increase information asymmetries in ways that impair investors' abilities to make investment and voting decisions? To the extent there are such costs or information is reduced, would other regulatory requirements (beyond those requiring interim reports) or market forces mitigate such factors?

Providing companies with the option to report on a semiannual rather than quarterly basis would impose significant costs on investors and impair their ability to make informed investment, stewardship, and voting decisions. In particular, investors would face:

- Less timely and less comparable information. Investors would have fewer standardised financial updates on company performance and outlook, reducing the ability to compare companies and assess relative performance and industry trends.
- Reduced market efficiency. Less frequent reporting would delay the incorporation of material information into market prices, potentially leading to less efficient price discovery, greater reliance on rumours or alternative information sources, and increased market volatility.
- Weaker ability to adjust capital allocation. Investors would have fewer opportunities to identify deteriorating performance, reallocate capital to stronger companies, or respond to changing risks and opportunities in a timely manner. This will increase opportunity cost for investors.
- Greater information asymmetry. Longer periods between mandatory disclosures would increase the time during which company insiders possess material non-public information, exacerbating information asymmetries between issuers and investors. There is always a risk of information

asymmetry between insiders and investors. This will exist due to the information originated internally until released. Quarterly reporting helps to reduce this situation. Investors continually insist that all material non-public information should be disclosed.

- Weaker stewardship and corporate accountability. Quarterly reporting provides an important basis for investor engagement, monitoring corporate performance, assessing executive remuneration against agreed performance metrics, and informing proxy voting decisions. Less frequent reporting would reduce investors' ability to hold boards and management accountable and could allow governance concerns to persist for longer before being identified and addressed.

Taken together, these costs would accumulate over time, reducing market transparency, weakening investor confidence, and impairing the efficient allocation of capital.

55. For semiannual filers who would not voluntarily release earnings quarterly, would stock price movements around the release of semiannual financial information be more volatile compared to movements around quarterly releases? If so, what are the reasons this would occur? If so, how would this affect investors, companies, and markets?

We agree with the response from the Council of Institutional Investors in its comment letter and incorporate it by reference. As CII stated,

> *[S]tock price movements around the release of semiannual financial information would be more volatile compared to movements around quarterly releases as investors expend more effort guessing how the company is doing. Our view is supported by empirical research.[80] That research is briefly referenced in a single footnote to the Proposed Rule.[81] The co-author of that research, Salman Arif, Associate Professor, Curtis L Carlson Professorship Accounting at the University of Minnesota, discussed the study's findings and their implications for investors in a CII Voice of Corporate Governance podcast: "There are many firms outside the US that report semi-annually, and so it's possible to actually study the effects of semi-annual reporting on those firms. A recent study by myself and Emmanuel DeGeorge, who's an Assistant Professor of Accounting at London Business School, uses actual data on semi-annual firms around the world to look at how investors in those firms behave under semi-annual reporting. What our findings indicate is that because semi-annual reporting causes investors to operate in an information vacuum for longer periods of time, they end up overreacting to other types of news that they believe is value relevant."* [xvi]

Academic research suggests that with semiannual reporting, investors will require compensation to invest in stocks that report semiannually because of the increased risk and volatility of these stocks. Less frequent financial reporting increases information asymmetry between companies and investors by extending the period during which investors have limited access to standardised, comparable information about a company's financial performance and prospects. As a result, investors are likely to demand a higher risk premium to compensate for the increased uncertainty associated with holding those securities. This can increase a company's cost of capital and reduce the liquidity of its shares, as investors are less willing to trade or invest where timely information is unavailable. Over time, these effects may contribute to lower valuations, higher financing costs, and a diminished ability for affected companies to raise capital efficiently and support long-term growth.[xvii]

Quarterly reporting, in comparison, compresses price discovery into shorter windows, significantly accelerating information assimilation and reducing the persistence of post-announcement mispricing. This expedited information flow facilitates faster capital reallocation, enhancing market allocative efficiency.

56. If the proposal were to reduce securities analyst coverage of Exchange Act reporting companies that elect the semiannual reporting option, what effect would this have on investors and companies? How would such a reduction in analyst coverage affect stock market price efficiency? How would such a reduction affect liquidity of semiannual filers' securities?

Any reduced coverage could result in negative consequences for investors. Coverage by skilled and knowledgeable securities analysts is another data point and potential signal of a company's performance to investors. Any dilution of third party information could be detrimental and unnecessary.

We refer to CII's letter which provided the:

> [C]onclusion of Professor Rajgopal, who studied the impact on securities analysts' coverage of these companies when the UK mandated quarterly reporting in 2007, then eliminated the requirement in 2014: "The UK experiment gave us the evidence we needed. A shift from semiannual to quarterly reporting does have a significant impact on the relationships between UK public companies and security analysts. That relationship — analysts doing the work of translating company performance into market prices — is part of what makes the U.S. equity market the most liquid, efficient, and investor-friendly in the world. The SEC's proposal risks degrading it, for speculative benefits that a decade of real-world evidence from the UK has failed to materialize".[xviii]

We have observed that this has occurred in the United Kingdom (UK) and the European Union (EU) member states when both these markets moved from quarterly reporting. Indeed in the UK, initially only 10% of companies ceased to provide quarterly reports. The UK and EU examples show that analysts focused their reviews on companies continuing to report quarterly, and evidence shows that the analysis was more accurate in forecasting into the future.

58. Would a company's valuation or cost of capital differ based on whether the company is a quarterly filer or a semiannual filer? Please explain the reasons why there would be a difference and provide any specific data. Would less frequent interim reporting negatively affect the ability of investors or other market participants to value the company's securities? If cost of capital would increase for semiannual filers, would this result from an increase in the cost of equity or cost of debt (or both)? How?

- Investors have raised concerns that the cost of capital could increase for companies that move to semiannual reporting.
- From the CII letter, we also refer to the following quote from an IAC member:

  Our views are generally consistent with the remarks of John A. Gulliver, Assistant Secretary, IAC, Executive Director, Committee on Capital Markets

Regulations and Program on International Financial Systems at the June 2026 IAC meeting: "[I]nvestors in companies that elect semiannual reporting will have less information to act on. And less information leads to wors[e] decisions that can reduce investor returns. Longer gaps between mandated disclosures leave investors with fewer opportunities to spot deteriorating performance or emerging opportunities at public companies and therefore [a] weaker basis for valu[ing] . . . securities." [44] [xix]

- According to research conducted by Salman Arif, Associate Professor, Curtis L Carlson Professorship Accounting at the University of Minnesota, the cost of capital can be impacted. He said, "Basically it's more risky for investors to hold stocks for which they can't assess the actual performance for long periods of time. So what this means is that the cost of capital for semi-annual firms is higher and the liquidity of these stocks is lower. And so this creates higher interest rates and lower stock prices for these firms and damages their ability to raise financing and grow." [82] [xx]

- On page 69 of the proposal, the SEC notes that:

  [R]educing the frequency of periodic disclosures may delay the public disclosure of material information about a company. Such decreased transparency may make it more difficult for investors to make well-informed decisions and may increase the expected return (i.e., the cost of capital) that they demand for holding a company's securities. In particular, less frequent disclosures may result in a higher cost of capital if investors receive less precise information about a company's cash flows and how they covary with other companies' cash flows and/or if there is an increased risk of information symmetry across investors as a result of the increased time gaps between public disclosures. A higher cost of capital, in turn, may discourage companies from raising funds for new investments.

ICGN agrees with the above statement as another reason to oppose the proposal.

If the SEC moves forward, we seek minimum guardrails for investors

We do not recommend that this proposal be adopted, however, if the Commission is planning on approving optional semiannual reporting in some form we offer these suggestions as potential investor protection focused guardrails for investors:

1. Establish a pilot project with a small group of filers for the period of one fiscal year for the purposes of evaluating semiannual reporting on a smaller scale. This would provide investors and issuers with greater detail how the reporting is working, areas of concern, and whether quarterly reporting should remain the standard for the SEC and federal agencies that refer to the SEC's quarterly reporting requirements.
2. Delay the implementation of the proposed rule until other federal agencies that refer to the SEC's quarterly reporting regime have the opportunity to request comments from investors and their constituencies to ensure that all potential risks and impacts on investors are considered.
3. Require that an issuer who is not able to ensure a clean audit due to material misstatements, restatements, and/or a current financial situation that impacts the audit opinion, must revert back to quarterly reporting within the next three months, and remain under this reporting period until a clean audit is issued or

the period of one full year. This would include financial misstatements that could mask earnings trends, increase the payout of executive compensation, potential concealment of criminal activity and fraud, and/or ones that impact a review of regulatory compliance.

4. Require that issuers provide investors with the ability to vote at the company's annual general meeting on a resolution seeking support for a change from quarterly to semiannual reporting within a certain cadence, for example, every three years, unless there is an audit issue with the financial statements. Then, the company would need to revert to quarterly reporting.
5. Reporting requirements should be applied consistently, rather than leaving the decision to individual companies to use to their advantage. Companies switching between reporting frequencies over time creates additional complexity, signals reporting concerns, and noise for investors seeking to assess performance trends and compare companies effectively.
6. Require that issuers who are under investigation by the SEC, PCAOB, or state Securities regulatory bodies, or who are subject to litigation due to material misstatements, restatements, or legal proceedings on financial statements, are required to revert back to quarterly reporting within the next three months and continue until the investigations are resolved or a court determines that semiannual reporting may restart.

Thank you for the opportunity to provide comments on this proposal. If you would like to follow up with questions or comments, please contact me or our Senior Advisor- Americas, Carol Nolan Drake, (carol.nolandrake@icgn.org).

Yours faithfully,

Jen Sisson
Chief Executive Officer, ICGN

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[i] Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting at page 7.
[ii] See Michael Ewens et al., Regulatory Costs of Being Public: Evidence from Bunching Estimation, 153 J. Fin. Econ. 103775 (2024), available at https://www.sciencedirect.com/science/article/abs/pii/S0304405X23002155.
[iii] Recommendation of the SEC Investor Advisory Committee Regarding Quarterly vs. Semiannual Reporting at page 7 (footnotes omitted).
[iv] Council of Institutional Investors Comment Letter, June 25, 2026, CII Letter to SEC on Quarterly Reporting.pdf. (Footnotes omitted).
[v] Council of Institutional Investors Comment Letter, June 25, 2026, CII Letter to SEC on Quarterly Reporting.pdf. (Footnotes omitted).
[vi] Ibid.
[vii] Ibid.
[viii] Ibid.
[ix] SEC Investor Advisory Committee, 4 June 2026, recs-iac-re-quarterly-vs-semiannual-reporting-062026.pdf.

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[x] Council of Institutional Investors Comment Letter, June 25, 2026, CII Letter to SEC on Quarterly Reporting.pdf.
[xi] Council of Institutional Investors Comment Letter, June 25, 2026, CII Letter to SEC on Quarterly Reporting.pdf.
[xii] CFA Institute Research & Policy Center, Investor Perspectives: Quarterly Reporting | RPC, June 26, 2026.
[xiii] CFA Institute Research & Policy Center, Investor Perspectives: Quarterly Reporting | RPC, June 26, 2026.
[xiv] CFA Institute Research & Policy Center, Investor Perspectives: Quarterly Reporting | RPC, June 26, 2026.
[xv] SEC Investor Advisory Committee, 4 June 2026, recs-iac-re-quarterly-vs-semiannual-reporting-062026.pdf.
[xvi] Council of Institutional Investors Comment Letter to the SEC, 25 June 2026, page 21. See 91 Fed. Reg. at 24,998 n.250 (quoting a single phrase from the Salman Arif & Emmanuel T. De George research: '"investors are unable to successfully offset the information loss arising from low reporting frequency, thus impairing their ability to value firms and adversely affecting the quality of financial markets'").
[xvii] The Benefits of Quarterly Reporting with Salman Arif, CII Voice of Corp. Governance. See also Quarterly vs. Semiannual Reporting: A Cross-Market Analysis of Earnings Announcement Reactions in the US and Europe, by Mark Ritter and Yusuf J. Ugras, Published: 5 November 2025.
[xviii] Council of Institutional Investors Comment Letter, 25 June 2026, page 22. See The Benefits of Quarterly Reporting with Salman Arif, CII Voice of Corp. Governance (Sept. 10, 2018), available at https://www.buzzsprout.com/202904/episodes/799945, Letter from Paul Schott Stevens, President & CEO Investment Company Institute to Vanessa Countryman, Acting Secretary, Securities and Exchange Commission, Re: Request for Comment on Earnings Releases and Quarterly Reports (File No. S7- 26-18) at 4 & n.9 (citing "Financial Reporting Frequency, Information Asymmetry, and the Cost of Equity; Renhui Fu, Rotterdam School of Management, Erasmus University; Arthur Kraft, Sir John Cass Business School, City University of London; and Huai Zhang, Nanyang Business School, Nanyang Technological University, available at: https://pdfs.semanticscholar.org/6a2d/be34a31acfd4f8a5841719656a4727a385f3.pdf. June 25, 2026, CII Letter to SEC on Quarterly Reporting.pdf
[xix] Council of Institutional Investors Comment Letter to the SEC, 25 June 2026, page 12.
[xx] Council of Institutional Investors Comment Letter to the SEC, 25 June 2026, page 22.