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BEYOND QUARTERLY REPORTING:
HOW THE SEC COULD GIVE COMPANIES FLEXIBILITY
WITHOUT SACRIFICING INVESTOR PROTECTION

After more than 50 years of mandatory quarterly reporting, the SEC is considering reforms that would permit U.S. public companies to move away from quarterly disclosure. While the debate is often framed as a choice between quarterly and semiannual reporting — or between regulatory burden and investor protection — that framing is incomplete. Effective reform requires careful attention to market practices, capital formation dynamics, and the interconnected structure of the federal securities laws. This article evaluates the implications of reduced reporting frequency and outlines a calibrated reform framework built on six structural pillars, while also addressing liability considerations and the role of pilot programs in guiding rulemaking.

By Folake K. Ayoola *

INTRODUCTION

After more than 50 years of mandatory quarterly filings, U.S. securities disclosure may be on the cusp of its most significant recalibration since the current reporting framework was established. Paul Atkins, Chairman of the Securities and Exchange Commission (“SEC”), has indicated that the agency intends to fast-track rulemaking that would permit greater flexibility in periodic reporting,¹ in response to renewed policy

interest in whether the existing regime appropriately balances compliance costs with longer-term investment considerations.

As Chair Atkins and others have observed, periodic reports — annual reports on Form 10-K and quarterly reports on Form 10-Q — have expanded significantly over time, in some cases making it more difficult for investors and analysts to identify and prioritize the most

¹ Paul Atkins, Chairman, U.S. Securities and Exchange Commission, *remarks on considering rule change to allow optional semiannual reporting in response to President’s call*, CNBC (Sept. 19, 2025) (available through news reports citing Atkins discussion). Paul Atkins Backs Trump’s Call To End Quarterly Financial Reporting: Report; SEC to Consider Getting

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Rid of Quarterly Financial Reporting (1); SEC to propose rule change to end quarterly earnings reports | [investingLive](#).

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decision-useful information.² As the SEC considers potential changes, the debate presents an opportunity to move beyond a binary choice between quarterly and semiannual reporting, or between regulatory burden and investor protection. A more calibrated approach — one that recognizes both market practices and regulatory objectives — could provide meaningful flexibility while continuing to address the concerns that quarterly reporting was originally designed to mitigate. Getting this right is critical: poorly designed reforms could have unintended consequences, including exacerbating existing disparities between well-resourced large-cap issuers and smaller companies facing disproportionate compliance challenges.

The SEC has examined these questions before. In 2019, the SEC issued a Request for Comment on the frequency, format, and content of periodic reports, soliciting input on semiannual reporting, the role of earnings releases, and potential Form 8-K enhancements.³ That initiative did not result in rulemaking. The present reconsideration therefore reflects not a novel concept, but a renewed evaluation of issues previously explored by the SEC.

II. FIT FOR PURPOSE

The case for re-examining mandatory quarterly reporting is well understood. Public companies devote substantial resources to preparing periodic reports, coordinating auditor reviews, and managing earnings communications on a quarterly cycle. In addition, the emphasis on meeting near-term earnings expectations may influence corporate decision-making in ways that disfavor longer-term investments in research,

infrastructure, and strategic repositioning⁴ — investments whose benefits often materialize only over extended time horizons. At the same time, the continued expansion of required disclosure can, in some circumstances, make it more difficult for investors to identify the most decision-useful information.

Experience in other jurisdictions provides useful context. In Europe, mandatory quarterly reporting was eliminated more than a decade ago,⁵ and the change did not result in systemic market disruption. At the same time, many issuers continued to report quarterly voluntarily, including in major markets such as Germany, where a significant number of companies maintained interim reporting practices after the formal requirement was removed.⁶ Investor expectations, analyst coverage, and competitive dynamics often proved more influential than regulatory relief alone, and companies that discontinued quarterly reporting in some cases experienced reduced analyst coverage and less accurate earnings forecasts. These outcomes suggest that markets place meaningful value on regular, standardized financial information, even in the absence of a formal mandate.

The resulting challenge for regulators is that one-size-fits-all rulemaking does not readily account for the diversity of public companies and market participants. The informational needs associated with a mature utility company differ markedly from those of a biotechnology company in early-stage development, just as stable cash-flow businesses present different considerations than issuers undertaking transformational investments.

² SEC, Concept Release on Business and Financial Disclosure Required by Regulation S-K, Release No. 33-10064, 81 Fed. Reg. 23,916 (Apr. 22, 2016).

³ See U.S. Securities and Exchange Commission, Request for Comment on the Frequency, Format, and Content of Periodic Reports, Release No. 33-10588 (Dec. 18, 2018) (soliciting comment on semiannual reporting, the role of earnings releases, Form 8-K enhancements, and capital market implications).

⁴ John R. Graham, Campbell R. Harvey & Shiva Rajgopal, The Economic Implications of Corporate Financial Reporting, 40 J. Acct. & Econ. 3 (2005).

⁵ Directive 2013/50/EU amending Directive 2004/109/EC (Transparency Directive), eliminating the requirement for EU-listed companies to publish quarterly financial reports, implemented in most member states by 2015; empirical evidence indicates that only a minority of firms fully discontinued interim reporting after repeal.

⁶ Turning Back the Clock on Disclosure Regulation? — Evidence from the Termination of the Quarterly Reporting Mandate in Europe | GRO.publications.

Universal optionality — making quarterly reporting voluntary without an accompanying framework — may therefore be insufficient on its own. A more calibrated approach, informed by both market practices and regulatory objectives, may be necessary to ensure that any reduction in reporting frequency delivers meaningful flexibility without undermining the quality or comparability of disclosure.

III. THE RIPPLE EFFECTS

A clear understanding of the potential second-order effects of changes to reporting frequency is essential to the design of effective reform. A shift to semiannual reporting could affect trading volume, liquidity, market pricing, and price volatility, particularly for companies outside the S&P 500 and similar indices. In these segments of the market, institutional investors may be less willing to initiate or maintain equity positions if updated financial information is available only on a semiannual basis, reflecting both portfolio management practices and internal risk-assessment frameworks.

The implications extend beyond equity markets. Semiannual reporting could also affect trading volume, liquidity, and pricing in the public debt markets. Many bond indentures require issuers to file periodic SEC reports or to provide quarterly financial information to trustees, raising the possibility of contractual misalignment if reporting frequency changes without corresponding adjustments to market documentation.

Capital markets activity presents additional considerations. For companies with at-the-market equity programs, sales agents may continue to require quarterly financial statements for diligence and market-support purposes, considerations similarly identified in the SEC's 2019 Request for Comment as potential downstream effects of any reduction in reporting frequency.⁷ Reduced trading liquidity or increased price volatility could, in turn, affect sales volume and pricing. More broadly, offerings and repurchases of securities could be delayed or constrained unless issuers voluntarily disclose material nonpublic information regarding events or trends arising after the most recent semiannual report. In practice, this dynamic may create

incentives for more frequent voluntary disclosure that replicates many of the features of quarterly reporting, but without the standardization and safe harbors of the existing framework. Similar considerations arise in traditional equity offerings, where underwriters may continue to expect quarterly financial information for diligence and marketing purposes, and where semiannual review cycles could affect the scope and timing of accountants' comfort letters.

Parallel issues arise in the debt markets. Credit agreements commonly require borrowers to deliver quarterly financial statements or to file periodic SEC reports, with implications for both existing facilities and new financings if reporting frequency changes without sufficient transition or coordination.

Changes in reporting frequency may also complicate compliance with selective disclosure and insider trading regimes. Investors, lenders, or other counterparties may seek access to interim financial information through private channels, raising potential Regulation FD concerns. At the same time, semiannual reporting would require companies to reconsider the structure and timing of insider trading windows. Absent additional disclosure, the reduction from four to two annual reporting cycles could significantly limit permissible trading periods for insiders. As a practical matter, issuers may respond by making out-of-cycle disclosures of material developments that would previously have been reflected in quarterly reports, potentially drawing heightened attention to information that might otherwise have been absorbed more routinely by the market.

Other operational effects warrant consideration as well, including adjustments to internal controls and disclosure procedures and the possibility that less frequent mandatory reporting could lead to increased reliance on non-GAAP financial measures, with attendant compliance and comparability concerns.

These considerations are not merely theoretical. They reflect market practices, contractual structures, and compliance frameworks that have developed around the existing quarterly reporting regime. Any regulatory approach to modifying reporting frequency will need to account for these ripple effects in order to provide meaningful flexibility while preserving the integrity and functioning of U.S. capital markets.

IV. SIX BUILDING BLOCKS FOR EFFECTIVE REFORM

The SEC has an opportunity to develop a reform framework that provides meaningful flexibility while preserving investor protection. Any such framework will

⁷ See U.S. Securities and Exchange Commission, Request for Comment on the Frequency, Format, and Content of Periodic Reports, Release No. 33-10588 (Dec. 18, 2018), at Section II and related discussion (soliciting comment on the potential effects of reduced reporting frequency on market liquidity, price formation, analyst coverage, cost of capital, credit agreements requiring periodic financial information, and the operation of the capital markets more broadly).

need to account for differences among issuers, established market practices, and the interconnected nature of the periodic reporting regime with other elements of the federal securities laws. The following six building blocks focus on the core structural components of such a framework. Two additional cross-cutting considerations — underwriter liability and the use of pilot programs — are also critical to effective implementation and are discussed separately below.

A. Tiered Disclosure Based on Company Characteristics

Not all public companies present the same disclosure risks or informational needs. The SEC could consider establishing criteria that permit certain issuers to opt into semiannual reporting based on factors such as market capitalization, trading volume, analyst coverage, ownership profile, or business model characteristics, an approach the SEC also contemplated in its 2019 Request for Comment.⁸ Companies engaged in significant long-term capital investment or early-stage development may warrant different treatment than issuers with stable operations and predictable cash flows.

At the same time, tiered approaches involve inherent trade-offs. Smaller companies with more volatile financial results may generate a greater need for frequent information, even as they bear a disproportionate share of the compliance burden associated with quarterly reporting. Larger companies may attract greater investor interest, but often operate in markets where substantial information is already available through analyst coverage and other public sources. Any tiered framework would therefore require careful calibration to avoid unintended consequences.

The SEC may also wish to consider whether annual reporting, rather than semiannual reporting, should be an available option for certain issuers. Foreign private issuers are currently subject only to annual reporting requirements, creating a competitive distinction that warrants examination as part of this rulemaking. Indeed, the SEC's 2025 Concept Release on Foreign Private Issuer Eligibility highlights differences in reporting obligations across issuer categories and solicits public

comment on whether adjustments to eligibility and reporting frameworks are appropriate in light of evolving market conditions and issuer structures.⁹

Tiered regulation is not new to the federal securities laws. The SEC already distinguishes among large accelerated filers, accelerated filers, and smaller reporting companies for a range of regulatory purposes. However, any new approach should avoid layering additional complexity onto an already complex set of issuer classifications. If the SEC proceeds with reforms to reporting frequency, this may present an opportunity to rationalize and simplify existing categories across the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934. Simplicity and administrability are important regulatory objectives in their own right.

B. Enhanced Current Reporting Requirements

Reducing the frequency of periodic reports would increase the importance of current reporting. If companies report less frequently, the intervals between mandated disclosures become more consequential. The SEC could consider strengthening Form 8-K requirements to ensure that material developments are disclosed promptly, either by expanding the list of triggering events or by requiring more detailed disclosure for certain categories of information, an issue the SEC specifically raised in its 2019 Request for Comment when considering whether earnings releases or enhanced current reporting could substitute for aspects of Form 10-Q reporting.¹⁰

Any such changes would need to account for practical constraints. If Form 8-K obligations become more extensive or complex, issuers may require additional time — rather than less — to prepare accurate and complete disclosures. The SEC could consider differentiated filing deadlines for different categories of

⁸ See U.S. Securities and Exchange Commission, Request for Comment on the Frequency, Format, and Content of Periodic Reports, Release No. 33-10588 (Dec. 18, 2018), at Section II (soliciting comment on whether semiannual reporting should be permitted, whether any change should apply to all issuers or only certain categories of companies, and whether issuer size, market capitalization, trading volume, or other characteristics should inform differential reporting requirements).

⁹ *Concept Release on Foreign Private Issuer Eligibility*, Securities Exchange Act Release Nos. 33-11376; 34-103176; File No. S7-2025-01 (June 4, 2025) (soliciting comment on FPI reporting accommodations and eligibility criteria, including discussion of reporting differences among issuer categories).

¹⁰ See U.S. Securities and Exchange Commission, Request for Comment on the Frequency, Format, and Content of Periodic Reports, Release No. 33-10588 (Dec. 18, 2018), at Section III (requesting comment on whether earnings releases could serve as a substitute for certain Form 10-Q disclosures; whether earnings releases should be filed rather than furnished on Form 8-K; and whether additional or modified Form 8-K triggering events would be necessary if reporting frequency were reduced).

Form 8-K items based on the nature and complexity of the underlying information.

The interaction between Form 8-K compliance and eligibility to use Form S-3 also warrants careful attention. Expanding Form 8-K requirements could increase the risk of late filings and unintended loss of S-3 eligibility unless additional items are excluded from the ineligibility penalty. Predictable access to the capital markets is a central feature of the existing disclosure regime, and reforms should seek to preserve that predictability.

In practice, issuers that adopt semiannual reporting are also likely to file more voluntary Form 8-K reports than the rules require. With only two annual reporting cycles, companies may find that existing insider trading window structures become unduly restrictive. Voluntary Form 8-K disclosures of material information that would previously have appeared in quarterly reports may become necessary to facilitate lawful insider transactions and maintain compliance with trading policies.

C. Registration Statement Requirements and Capital Markets Access

Changes to periodic reporting frequency cannot be evaluated in isolation from the requirements applicable to registration statements. Current financial statement staleness rules, including the 135-day rule, are closely aligned with quarterly reporting deadlines. If semiannual reporting becomes an option, the SEC will need to consider whether and how those rules should be adjusted.

Key questions include whether staleness periods should be revised, how auditor comfort letter practices would adapt given professional standards limiting negative assurance beyond specified time frames, and whether companies actively accessing the capital markets should be subject to different financial information requirements than issuers that are not.

There are reasonable arguments on both sides. Aligning registration statement requirements with periodic reporting frequency would promote consistency and administrability, while requiring more frequent financial information from issuers engaged in offerings could reflect market expectations and investor needs. This rulemaking presents an opportunity to consider these issues holistically rather than through incremental adjustment.

Regardless of regulatory changes, market participants will continue to impose practical requirements. Underwriters and sales agents may expect quarterly

financial information for diligence, marketing, and market-support purposes even if quarterly filing is no longer mandatory. This market reality reinforces the importance of coordination between reporting reforms and capital markets regulation. The SEC will also need to consider how changes in reporting intervals affect beneficial ownership reporting, incorporation by reference, and the interaction between Regulation S-X financial statement requirements and Regulation S-K narrative disclosure obligations.

D. Standardized Voluntary Disclosure Framework

Many issuers are likely to continue providing quarterly financial information voluntarily to meet investor expectations. However, disclosures made outside the Form 10-Q framework lack uniformity and may not benefit from existing safe harbors, increasing the risk of inconsistent practices and legal uncertainty.

The SEC could consider providing guidance or an optional safe harbor framework for voluntary quarterly disclosures. Such an approach could preserve the benefits of standardized reporting for issuers that choose to continue quarterly disclosure, while avoiding a mandatory requirement for all companies. It could also help address selective disclosure concerns that arise when companies provide interim financial information privately to certain investors or lenders.

E. Investor Engagement

Decisions regarding reporting frequency have direct implications for investors. Before adopting a change in reporting frequency, issuers could be encouraged to engage with shareholders and disclose the outcome of that engagement. One possible mechanism would be a “say-on-frequency” vote, modeled on the advisory vote framework used for say-on-pay.

Such an approach could involve board-level consideration of investor preferences, disclosure of the rationale for any change in reporting frequency, and ongoing monitoring of market response. Whether any such vote should be advisory or binding would be an important design question. An advisory vote would preserve board discretion while ensuring meaningful investor input; a binding vote would provide direct investor control but could introduce rigidity.

F. Contractual Clarity and Transition Periods

Many credit agreements and bond indentures require the delivery of quarterly financial statements or the filing of periodic SEC reports. Adequate transition periods would be necessary to allow issuers to review existing

agreements, assess the impact of any change in reporting frequency, and negotiate amendments or obtain consents where appropriate. Without sufficient transition time, otherwise technical changes to disclosure rules could have unintended contractual consequences.

V. CROSS-CUTTING CONSIDERATIONS

In addition to the six core building blocks, two cross-cutting considerations warrant particular attention: underwriter liability and the use of pilot programs and data collection.

A. Underwriter Liability

Modifying the quarterly reporting framework would not alter the substantive liability of issuers or control persons for material misstatements or omissions in offering documents. At the same time, it may be difficult to achieve meaningful reform if changes to reporting frequency are not reflected in the broader liability environment applicable to underwriters, sales agents, and other participants subject to Securities Act liability. How these considerations should be addressed is an important question for the SEC as it evaluates potential reforms.

B. Pilot Programs and Data Collection

Rather than implementing broad changes immediately, the SEC could consider authorizing pilot programs that allow selected issuers to test alternative reporting frequencies while data are collected on market effects. Metrics such as analyst coverage, trading volume, bid-ask spreads, cost of capital, and operational impacts could inform subsequent rulemaking. An evidence-based approach — consistent with prior SEC pilot initiatives — would help ensure that final rules reflect observed market behavior rather than assumptions.¹¹

VI. GETTING IT RIGHT

The SEC's prior exploration of these issues in 2019 underscores both the complexity of the policy trade-offs and the importance of careful calibration in any renewed reform effort. The SEC faces a genuine policy challenge. Mandatory quarterly reporting imposes real costs and may influence corporate behavior in ways that favor short-term results. At the same time, quarterly disclosure provides information that markets demonstrably use and has become embedded in capital-raising practices and compliance frameworks.

The most effective path forward is likely to involve a carefully designed regulatory framework that provides flexibility where appropriate, maintains investor protection where necessary, and accommodates the diverse characteristics of issuers and investors. The ripple effects discussed above highlight the importance of careful calibration.

The public comment process offers an opportunity to gather empirical evidence and refine regulatory design. Any reform will need to address not only reporting frequency, but also the interconnected requirements relating to financial statement staleness, current reporting, beneficial ownership disclosure, incorporation by reference, and underwriter liability.

U.S. capital markets have long benefited from a disclosure regime that emphasizes both transparency and comparability. The goal of reform should be to strengthen disclosure quality while providing appropriate flexibility. Achieving that balance will depend on thoughtful rule design informed by both policy objectives and market realities. ■

¹¹ See, e.g., *Order Approving the National Market System Plan to Implement a Tick Size Pilot Program*, Exchange Act Rel. No. 74,865, 80 Fed. Reg. 27,514 (May 13, 2015) (authorizing pilot program to study market quality effects of wider tick sizes for smaller-capitalization stocks); *Amendments to Regulation SHO*, Exchange Act Rel. No. 50,104, 69 Fed. Reg. 48,008 (Aug. 6, 2004) (establishing pilot program to suspend short-sale price tests and collect data prior to permanent rulemaking); see also SEC Div. of Econ. & Risk Analysis, *Tick Size Pilot Program Assessment* (2018) (evaluating pilot results to inform subsequent SEC action).