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Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

6 July 2026

**Re: Request for Comment on Proposal to Allow Optional Semiannual Reporting
(Release Nos. 33-11414; 34-105368; 39-2563; IC-36140; File No. S7-2026-15)**

Dear Ms. Countryman:

Ernst & Young LLP is pleased to provide comments to the Securities and Exchange Commission (SEC or Commission) on its proposed amendments to allow registrants to file semiannual reports on new Form 10-S in lieu of quarterly reports on Form 10-Q to meet their interim reporting obligations under the Securities Exchange Act of 1934 (Exchange Act).

We recognize that the Commission must balance reducing compliance burdens for registrants with meeting investor needs. However, we believe investors' information needs should have a critical role. Historically, investor feedback submitted to the Commission has frequently been limited, even on requests for public comment, and often comes from intermediaries or representative groups. Since this proposal affects the extent of information registrants will be required to provide to investors, we encourage the Commission to consider expanding ways to get more direct input from investors.

Additionally, advances in artificial intelligence could reduce certain issuer burdens of financial reporting, which could alter the cost-benefit considerations underlying reporting frequency. If the proposal is adopted, the Commission should monitor these developments and their implications.

We offer feedback on several aspects of the proposal, including its interaction with other proposed rulemaking to help strengthen the final rules, the streamlining of the current requirements, certain benefits of the existing quarterly reporting framework and the proposed requirement for registrants to disclose their interim reporting election. Our insights are intended to assist the Commission in achieving its objectives, including reducing registrants' compliance burden while maintaining investor protections.

The proposal's interaction with other proposed rulemaking

We note that the proposal was issued shortly before two other significant proposals were released: one on filer status simplification¹ and one on registered offering reform.^{2, 3} All three initiatives aim to reduce compliance costs, improve access to capital, and maintain important protections for investors with the broader goal of making public markets, including initial public offerings (IPOs), more attractive to companies.

We recommend that the Commission conduct additional outreach to determine whether a holistic evaluation of these initiatives, including a single, comprehensive economic analysis, would help market participants better understand the net effects of all three proposals if adopted. If market participants indicate that additional analysis would be beneficial, this additional step could help strengthen any final rules, making them less susceptible to legal challenge or reversal. This approach would also mitigate the risk of overstating or understating the potential costs and benefits.

To help illustrate the overlapping nature of the proposals, consider some of the resulting changes that would impact a large company upon completing its IPO:

- ▶ The company would be allowed to submit a single Form 10-S for the six-month interim period instead of filing three quarterly reports on Form 10-Q.⁴
- ▶ The independent auditor's attestation report on internal control over financial reporting (ICFR) would be delayed to at least 60 months after the IPO, instead of the second annual report on Form 10-K after the IPO.⁵
- ▶ Extended filing deadlines for quarterly and annual reports would apply for an additional four years.^{5, 6}

¹ SEC Release No. [33-11419](#), *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*.

² SEC Release No. [33-11418](#), *Registered Offering Reform*.

³ In addition, Chairman Atkins has invited the public to submit feedback on Regulation S-K requirements and the SEC's rules related to IPOs. The SEC's Division of Corporation Finance Director, Jim Moloney, also encouraged the public to submit targeted, concrete recommendations relating to Regulation S-X.

⁴ Both existing Form 10-Q and proposed Form 10-S include (1) financial statements reviewed by the independent auditor, (2) management's conclusion regarding the effectiveness of disclosure controls and procedures, (3) disclosure of material changes in ICFR, and (4) management certifications.

⁵ SEC Release No. [33-11419](#), *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*.

⁶ Under current SEC deadlines, a non-accelerated filer has up to 90 days after year end to file its annual report on Form 10-K (compared to 60 days for a large accelerated filer), and 45 days after quarter end to file a quarterly report on Form 10-Q (compared to 40 days for a large accelerated filer). Based on the existing rules, a company that conducts an IPO would not meet the definition of an accelerated filer or large accelerated filer at the end of the fiscal year in which it went public because it would not have had periodic reporting obligations for at least 12 months. Instead, it would be considered a non-accelerated filer for purposes of its first annual report on Form 10-K following its IPO, even if its public float were to exceed the thresholds in the accelerated or large accelerated filer definitions.

- ▶ Scaled disclosure requirements currently only available to smaller reporting companies would apply for 60 months.^{7, 8}
- ▶ Private company effective dates for new or revised accounting standards issued by the Financial Accounting Standards Board (FASB) would apply for the five years after the IPO.⁷
- ▶ Shelf registration would be available immediately rather than 12 months after the IPO.⁹

Streamlining quarterly reporting requirements

We agree with Commissioner Hester Peirce's observation¹⁰ that, beyond interim reporting frequency, complying with the reporting requirements (i.e., preparing the Form 10-Q) may influence companies' decisions to access or remain in the public markets. In this context, we believe it is appropriate for the Commission also to consider whether the scope and content of required disclosures can be adjusted to balance investor information needs with the costs and complexities imposed on registrants. We believe targeted adjustments can be made to the reporting requirements within the existing framework to reduce the burden of interim reporting while preserving the benefits of publicly providing timely, high-quality disclosure.

For example, we recommend that the Commission consider whether management's discussion and analysis disclosures in Form 10-Q could be streamlined to include only material changes from the previous quarter, rather than the line-by-line narrative discussion that has become standard.

Certain benefits of the quarterly reporting framework

We encourage the SEC to consider in its analysis certain benefits of the existing reporting framework as outlined in this section, which reflect our perspective based on our role as independent auditors. We believe registrants may also consider these benefits when deciding whether to report semiannually or how to implement a hybrid reporting model.

The quarterly reporting framework in place since 1971 has supported the US capital markets by enabling the transparent and timely flow of consistent financial information, which strengthens investor confidence and facilitates the efficient allocation of capital. The existing framework helps address the inherent information gaps between management and investors, while reducing overall

⁷ SEC Release No. [33-11419](#), *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*.

⁸ For example, smaller reporting companies benefit from accommodations, such as providing only two years of audited financial statements instead of three years, reduced executive compensation disclosures and no risk factor disclosure in periodic reports, among others.

⁹ SEC Release No. [33-11418](#), *Registered Offering Reform*.

¹⁰ SEC Commissioner Hester Peirce's [Statement on the Proposed Amendments to Allow Semiannual Reporting](#) and [A Quarter for your Thoughts: Remarks at the Meeting of the SEC Investor Advisory Committee](#).

market uncertainty.¹¹ It also helps mitigate risks in the financial reporting system by reinforcing financial reporting discipline and allowing potential accounting and reporting issues to be identified and resolved on a timely basis.

Registrants currently must provide interim financial statements prepared in accordance with US GAAP that are reviewed by an independent auditor. Registrants and their certifying officers must maintain disclosure controls and procedures and disclose the conclusions on their effectiveness as of the end of the period covered by an interim report.¹² Registrants must also disclose any changes that occurred during the interim period that have materially affected, or are reasonably likely to materially affect, the registrant's ICFR.¹³ These quarterly requirements add valuable rigor to the financial reporting process.

Other benefits of mandatory quarterly reporting include:

- ▶ Promoting discipline in financial statement close processes, particularly in areas that typically receive heightened focus in quarterly reporting periods, such as complex accounting estimates and transactions that require significant judgment
- ▶ Incentivizing registrants to more often complete certain analyses that help identify significant unusual transactions, contribute to the design and operation of related controls and provide more opportunities to evaluate key assumptions in light of changing macroeconomic and other conditions
- ▶ Supporting ongoing engagement between management and the audit committee, which contributes to effective governance and timely reassessment of disclosures and controls

Financial reporting processes

Today's interim reporting provides an appropriately structured cadence for interaction among management, auditors and those charged with governance. This cadence reinforces the discipline associated with the financial statement close process, including preparing and reviewing financial statements and executing key controls on a more frequent basis, supporting effective oversight, appropriate challenge, and timely risk evaluation over the course of the year. Although not addressed in the proposal, registrants that elect semiannual reporting would have to determine the appropriate cadence for formally closing their books and independent auditors would then determine how to best pace and complete the audit.

¹¹ See also Recommendation of the Investor Advisory Committee Regarding Quarterly vs. Semi-annual Reporting, approved by the Investor Advisory Committee at the 4 June 2026 meeting.

¹² Item 307 of Regulation S-K.

¹³ Item 308(c) of Regulation S-K.

More frequent interim reporting encourages registrants to perform full or substantially complete financial statement close processes throughout the year. This discipline enhances the design and operation of internal controls and provides more timely opportunities for management and independent auditors to identify and evaluate control deficiencies and potential misstatements, and for management to remediate such matters.¹⁴

Collectively, this improves the quality of the registrants' financial reporting processes and controls, as well as the audit effort for year-end financial reporting.

Interim review standard

The nature of procedures performed in an interim review is established by Public Company Accounting Oversight Board (PCAOB) Auditing Standard (AS) 4105, *Reviews of Interim Financial Information*, and generally remains consistent regardless of the period under review. However, for an independent auditor to perform a review in accordance with PCAOB AS 4105, a registrant must prepare a full set of interim financial statements in accordance with US GAAP that result from its quarterly financial close process.

The SEC should engage with the PCAOB to consider whether updates to PCAOB AS 4105 are needed to address the implications of a longer interim period under a semiannual reporting model.

Disclosure about interim reporting election

Given the different ways registrants may communicate with stakeholders if they elect semiannual reporting,¹⁵ we recommend that, in addition to the check box requirement,¹⁶ the SEC also consider requiring registrants to disclose the reasons for their selected reporting frequency and additional information about their planned interim financial reporting approach. This could include management's expectations related to (1) whether financial information will be provided for the first and third quarters and, if so, a general description of that information and the communication channels where it will be found; (2) changes to ICFR that are reasonably likely to be material; and (3) changes in the roles and responsibilities of the audit committee.

This disclosure could provide investors with meaningful transparency around a potentially significant change to reporting.

¹⁴ We believe the Commission's economic analysis should also consider the combined effects and the potential implications for financial reporting resulting from both reduced reporting frequency and a smaller population of registrants required to obtain ICFR attestation from their independent auditors.

¹⁵ For example, a registrant that chooses semiannual interim financial reporting could elect to continue publishing earnings releases for the first and third quarters that must be furnished to the Commission on Form 8-K. The Commission refers to this in the proposal as a hybrid reporting model.

¹⁶ The proposed amendments would add a check box to the cover page of Forms 10-K, Securities Act of 1933 (Securities Act) registration statements on Forms S-1, S-3, S-4 and S-11, and Exchange Act registration statements on Form 10. A registrant would indicate annually whether it selects a semiannual or quarterly reporting frequency either by checking or not checking the semiannual box.

Hybrid reporting model and earnings releases

As recognized by the Commission in its proposal, the contents of earnings releases are not required to comply with the SEC's interim reporting requirements,¹⁷ including the requirement to prepare a full set of interim financial statements in accordance with US GAAP. If a company elects semiannual reporting and continues to provide financial information that falls short of a full set of interim financial statements for the first and third quarters, independent auditors would be unable to provide assurance under existing standards. However, investors may believe auditors have provided assurance over such information. The SEC could consider requiring registrants to clarify that independent auditors do not have responsibility for the content of the earnings release and that the interim information could change upon filing of an interim report.

If investors need or registrants prefer assurance over such information, changes to PCAOB standards would be necessary, and we encourage the SEC and PCAOB to evaluate how the existing standards need to evolve.

Age of financial statements

We support the changes to the requirements for determining the age of financial statements included in registration and proxy statements that are included both in this proposal and the proposal on registered offering reform.¹⁸ We believe the changes in the semiannual reporting proposal that would align the requirements more closely with the requirements for periodic reports would make the requirements easier to apply. The more substantive changes in the registered offering reform proposal would eliminate outdated Rules 3-01(c)(2) and (3) that we believe unfairly penalize registrants with losses in their annual financial statements by making them update financial statements faster than those without losses.

Comfort letter considerations

The optionality of a semiannual reporting model would have implications on independent auditors' issuance of letters to underwriters and certain other requesting parties, commonly referred to as "comfort letters." Registrants choosing to file semiannual reports may be subject to periods in which independent auditors cannot provide negative assurance on subsequent changes in specified financial statement items after the date of the most recent audited or reviewed financial statements (i.e., the subsequent change period) in connection with a comfort letter, depending on the timing of the offering.¹⁹

¹⁷ There are no securities laws or Commission rules or regulations that dictate the content of earnings releases, other than the general antifraud provisions of the securities laws and related rules and the Commission's non-GAAP rules in Regulation G and Item 10(e) of Regulation S-K.

¹⁸ SEC Release No. 33-11418, *Registered Offering Reform*.

¹⁹ For example, non-accelerated filer Registrant A has a calendar fiscal year and files a Form 10-K with audited financial statements for fiscal year 2026 on 31 March 2027. It elects to report on a semiannual basis in 2027. If Registrant A does not engage its independent auditor to perform the procedures specified by PCAOB AS 4105 for any reporting period before the six months ended 30 June 2027, the independent auditor would be unable to provide negative assurance on changes in specified financial statement items as of any date after 14 May 2027, until a review of Registrant A's interim financial statements, for the six-month period ended 30 June 2027 (due to be filed on Form 10-S on 16 August 2027), is completed.

PCAOB AS 6101, *Letters for Underwriters and Certain Other Requesting Parties*, provides guidance to independent auditors for performing and reporting on the results of engagements to issue letters for underwriters and certain other requesting parties. Under a semiannual reporting model, the interval between the financial statements most recently audited (or reviewed in accordance with PCAOB AS 4105) and the offering date may increase significantly. However, PCAOB AS 6101.46 only allows auditors to provide negative assurance over the subsequent change period for a fixed number of days (i.e., 134 days) after the date of the most recent audited or reviewed financial statements.

We observe that the guidance functions appropriately today for companies that do not report on a quarterly basis. Foreign private issuers often include interim financial statements similar to US domestic registrants in registration statements in connection with securities offerings. In these cases, the financial statements are subject to PCAOB AS 4105 procedures, enabling independent auditors to provide negative assurance on both the reviewed interim financial statements and the subsequent change period in accordance with PCAOB AS 6101.

Depending on how the offering process adapts to semiannual reporting (i.e., the needs of underwriters and other requesting parties), registrants may need to prepare interim financial statements and have them reviewed by an independent auditor earlier than would be required under the proposed amendments.

US GAAP

It is important for the SEC to work with the FASB to review affected accounting standards and related practice considerations if the proposal moves forward.

Several accounting standards explicitly rely on quarterly measurement or disclosure concepts, including the treasury stock method computation guidance in Accounting Standard Codification (ASC) 260, *Earnings Per Share*,²⁰ the fourth-quarter disclosure requirements in ASC 270, *Interim Reporting*,²¹ and the interim disclosure requirements in ASC 280, *Segment Reporting*.²²

In addition, established practice often treats the third quarter as the annual impairment testing date for goodwill and indefinite-lived intangible assets, and equity method investee information is frequently reported on a one-quarter lag under ASC 323, *Investments – Equity Method and Joint Ventures*.

While these examples are not comprehensive, they illustrate that quarterly reporting conventions are embedded in US GAAP.

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²⁰ ASC 260-10-55-3.

²¹ ASC 270-10-50-2 (ASC 270-10-50-10 upon effectiveness of Accounting Standard Update 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*)

²² ASC 280-10-50-33.



We would be pleased to discuss our comments with the Commission or its staff at your convenience.

Very truly yours,

Ernst & Young LLP

Copy to:

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Mr. Kurt Hohl, Chief Accountant, Office of the Chief Accountant

Ms. Heather Rosenberger, Chief Accountant, Division of Corporation Finance