Insights

SEC Semiannual Reporting: Record Opposition, but SEC Intends to Move Forward

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In our prior Alert, we tracked the SEC's move away from mandatory quarterly reporting: from President Trump's 2025 call for a six-month reporting cycle, to SEC Chairman Paul Atkins's public support, to the Commission's May 5, 2026 formal proposal to let public companies elect a new semiannual report. This update covers what has happened since the comment period closed: a record-setting wave of opposition, a sharpening divide between investors and issuers, and, importantly, signals that SEC leadership still intends to adopt some version of the rule.

What Has Happened Since Our Last Update

The 60-day comment period closed on July 6, 2026, and the response was historic. By mid-July, the SEC reportedly received more than 200,000 comments, which is said to be the most feedback the agency has ever received on a proposal. An overwhelming majority of these comments opposed the change. The SEC has said the volume is so large that it is still processing and posting comments, not necessarily in the order received, and it has not published an official support/oppose tally. Much of the opposition volume came from mass form-letter and organized campaigns rather than tens of thousands of independent analyses.

Several other developments in the last two months are worth flagging:

- **FASB is examining the accounting knock-on effects.** On July 8, the Financial Accounting Standards Board (FASB) opened a comprehensive look at whether its accounting guidance would need to change if the SEC permits semiannual reporting. This confirms that moving from Form 10-Q to Form 10-S is not merely a filing-calendar change. Existing accounting literature and interim-period concepts are built around quarterly reporting, and a final rule could require secondary changes outside the SEC's own rulebook.
- **The Big Four raised auditor concerns.** In mid-July, Deloitte, PwC, EY and KPMG each flagged unresolved questions. Their central point was that companies electing semiannual reporting may continue issuing quarterly information, but the rules governing auditor involvement with a filed Form 10-Q are far clearer than those governing voluntary quarterly disclosures. As a result, reducing formal filings could also reduce auditor scrutiny of interim results. This raises a key question: if companies report quarterly earnings anyway, should those numbers still receive auditor review, and if so, how much does dropping the 10-Q really save?
- **State securities regulators, through the North American Securities Administrators Association, opposed the proposal**, warning of heightened insider-trading and accounting-fraud risk under a semiannual regime.

What the Comment Record Looks Like

The comment record is more useful when viewed by constituency than by raw vote count. Investors largely opposed the proposal, while issuers and business organizations were more supportive.

Investors are largely opposed. Investment-industry organizations urged the SEC to keep quarterly reporting, citing timely access to information, information asymmetry, fraud detection, and doubts that the projected compliance savings justify reducing standardized disclosure. A recurring theme: an earnings release is not a substitute for a Form 10-Q, which adds standardized financial statements, footnotes, MD&A, officer certifications, auditor review, and a formal filing-liability framework.

Issuers and business organizations are more supportive, especially because the framework is optional. Business Roundtable formally backed the proposal on July 6, arguing that a one-size-fits-all quarterly mandate imposes auditor, compliance, and management burdens without equivalent investor benefit, and that companies should be able to choose the cadence best suited to their business and investors. Other reported supporters include ExxonMobil, Eli Lilly, and the American Bankers Association, and some companies indicated they could keep communicating quarterly results even without filing a full Form 10-Q.

The most practically significant comments may be those proposing middle-ground alternatives rather than simply supporting or opposing the proposal. Some commenters made proposals such as: keep mandatory quarterly financial statements and MD&A but streamline the rest of Form 10-Q; limit the election to smaller or emerging companies; consider a "triannual" (every-four-months) cadence; keep quarterly earnings releases furnished rather than "filed" so as not to recreate the burden; and address short-termism by targeting quarterly earnings *guidance* rather than quarterly historical *reporting*.

What Comes Next

The proposed rule has not yet been adopted. There is no final rule and no announced adoption date, and nothing about company reporting obligations changes today. Companies continue to file three Forms 10-Q and one Form 10-K per year.

SEC leadership has shown no sign of abandoning the initiative. The Wall Street Journal reported on July 17 that the SEC was expected to proceed with some version of the proposal, potentially with modifications informed by the comments. On July 30, Chairman Atkins publicly defended the concept as an alternative to the current "one-size-fits-all" system, emphasizing that it would not prohibit quarterly reporting and a company could continue reporting quarterly, or even more frequently, if investors demanded it.

From here, the SEC staff will review the comments and prepare a recommendation. If the Commission moves forward, it would issue a final adopting release. Given the volume of opposition and the range of alternatives raised, a final rule could differ from the proposal as issued. Commentators have suggested a final rule could come as early as the first half of 2027, with elections possible as early as 2028, but the SEC has not committed to a timeline. Two things bear watching alongside the rule itself: how thoroughly the SEC's economic analysis answers the investor and market-structure critiques, which matters to the rule's durability if challenged, and the FASB's parallel accounting work.

What Boards and Executives Should Be Thinking About

The proposal remains an optional framework. Companies that do not affirmatively elect semiannual reporting would continue to report on the existing quarterly schedule. With adoption now looking more likely than not, the practical question is shifting from whether the SEC will adopt this to whether our company would actually use it. A July 26 Wall Street Journal analysis warned that companies electing semiannual reporting could face a market penalty for perceived reduced transparency, such as lower valuations, higher borrowing costs, or reputational concerns. Against that backdrop, boards and management teams should be asking:

- **Would we really save money?** The SEC estimates roughly $200,000 per year in savings for a company that switches. If the company keeps closing its books quarterly, issuing earnings releases, holding analyst calls, and involving its auditors regardless, the realized savings may be considerably smaller.
- **What do our investors and analysts expect?** Reduced SEC reporting can be read negatively, particularly for smaller or less-followed companies. Many issuers may find that market expectations effectively require them to keep providing quarterly information even if the rule no longer does.
- **What do our contracts require?** Credit agreements, indentures, and other financing documents frequently require quarterly financial statements. Those obligations would not change with the SEC rule and may limit the practical benefit of an election.
- **How would this affect insider trading and trading windows?** A longer gap between periodic reports means material nonpublic information may accumulate for longer, which can lengthen blackout periods and complicate Rule 10b5-1 plan administration.
- **Would we create a "disclosure gap"?** If a company drops its first- and third-quarter 10-Qs but keeps releasing quarterly results, it may be moving substantially the same information from a reviewed, certified, filed environment into a less formal voluntary one—with a corresponding question, now underscored by the Big Four, about whether that voluntary information still receives auditor review.
- **What about our controls, audits, and capital-markets access?** Sarbanes-Oxley disclosure controls and internal control over financial reporting continue to apply regardless of cadence. Companies that regularly access the capital markets should also consider how less frequent interim reporting could affect financial-statement staleness, comfort letters, and offering timing.
- **What disclosure obligations would continue?** If the proposal is adopted, it would not affect Form 8-K reporting obligations or Regulation FD requirements, both of which would continue to require timely disclosure of material information.

What We Are Watching

Three developments would change the picture: (1) any SEC signal that it will modify the proposal, for example, by limiting eligibility, requiring abbreviated first- and third-quarter information, changing Form 10-S, or imposing requirements on voluntary earnings releases; (2) a Commission vote or a final-rule timetable; and (3) signals from large issuers about actual adoption. If major companies announce they intend to elect semiannual reporting, that would meaningfully change the rule's practical significance.

As we noted in our earlier updates, any change in reporting frequency should be approached carefully and deliberately, weighing potential cost savings against investor expectations and the full set of legal and contractual requirements. Given the signals that the SEC intends to move forward, the most useful step now is to understand how an election would interact with your company's specific circumstances so you are prepared and positioned to act quickly.

We will continue monitoring developments concerning the SEC's anticipated rulemaking. For assistance or additional guidance on the impact of this potential rulemaking on your company, please contact Keaton J. Miller or any member of Krieg DeVault's Business, Acquisitions and Securities Practice.

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are urged to consult with counsel concerning your situation and specific legal questions you may have.