

June 24, 2026

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

Re: Release Nos. 33-11414; 34-105368; 39-2563; IC-36140; File Number S7-2026-15  
*Semiannual Reporting*

Via email to: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Dear Ms. Countryman:

The North Carolina Association of Certified Public Accountants (“NCACPA”) representing more than 12,500 members in public practice, industry, government, and education, welcomes the opportunity to comment on the Securities and Exchange Commission’s (“SEC”) release (Release Nos. 33-11414; 34-105368; 39-2563; IC-36140; the “Proposing Release”) of its Proposed Rule on Semiannual Reporting (the “Proposed Rule”). This response represents the views of the NCACPA Board of Directors with input from the NCACPA Accounting & Attestation Resource Group; NCACPA members in the preparer, auditor, academic, and investor communities; and NCACPA staff.

NCACPA appreciates the opportunity to provide our views and input on the Proposed Rule. While we agree with the observation in the Proposing Release that quarterly reporting may not be the ideal interim reporting frequency for every Exchange Act reporting company, given the varied circumstances each company faces, we believe the potential negative impacts of interim reporting frequency optionality across all issuers as proposed outweigh the potential benefits. Some of those costs or negative impacts were identified in the Proposing Release and we highlight ones we believe are most significant below.

### **Impact on Smaller Reporting Companies**

We believe the existing quarterly reporting frequency achieves an appropriate balance providing for efficient markets, investor protection and capital formation. However, we recognize smaller companies are likely to have a larger proportional benefit and are more likely to avail themselves of some form of the proposed compliance relief, and allowing optional semiannual reporting for some class of smaller issuers (e.g. smaller reporting companies as currently defined in SEC rules) would limit the negative impacts of reduced reporting frequency. Information asymmetry may be reduced for smaller reporting companies (e.g., increased engagement with investors) which would support a semi-annual frequency versus the larger reporting companies. If the Commission proceeds, we

recommend limiting eligibility to a narrow, defined category of smaller issuers, preferably for a specified time subject to a post-implementation review.

### **Inconsistent Disclosure Frequency**

As noted in the Proposing Release, the efficiency of financial markets rests on material information becoming public in a timely fashion. In addition to protecting investors, greater availability of material 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 issuers' securities have access to higher liquidity. Additionally, research shows that longer gaps between issuer disclosures increase information asymmetry between investors, which may be exacerbated by recent advancements in alternative data collection, surveillance, and data processing technologies. Such asymmetry is associated with reduced liquidity and increased transaction costs for investors.

The potential inconsistency in disclosure frequency would make it more difficult for investors and information intermediaries to compare disclosures over time and across companies and arrive at accurate company valuations in a timely fashion, which could decrease the informational efficiency of share prices even for companies that would continue to file quarterly reports. Similarly, potential inconsistencies in the nature of the information provided, e.g. companies voluntarily furnishing information on Form 8-K versus filing information on Form 10-Q, and the attendant differences in legal liability and involvement of the independent audit firm may serve to confuse investors or reduce the perceived quality or reliability of the financial information provided. Collectively, this could raise the cost of capital to issuers that choose to reduce disclosure frequency, and potentially even those continuing to report quarterly. We also question whether the optional reduced reporting frequency would have a positive impact on capital formation or participation by more companies accessing public capital markets.

### **Cost Implications, Information Asymmetry, & Capital Formation**

We believe that in order to maintain efficient financial reporting processes, adequate internal controls over financial reporting, and provide timely information to investors, many companies, especially larger companies, are likely to experience limited cost savings with optional semiannual reporting and may not avail themselves to the optional reporting relief. As noted in the Proposing Release, a CFA Institute Research Foundation study found that when quarterly reporting was no longer required of UK companies in 2014, less than 10% stopped issuing quarterly reports as of the end of 2015.<sup>1</sup> Additionally, debt agreements routinely include periodic reporting requirements, including quarterly reporting. Accordingly, we believe few larger Exchange Act reporting companies will cease filing quarterly reports, at least initially.

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<sup>1</sup> CFA Institute Research Foundation brief *Impact of Reporting Frequency on UK Public Companies*

The Proposing Release notes one of the potential benefits of reducing the frequency of periodic reporting is to reduce potential managerial incentives to overly focus on short-term outcomes to the detriment of long-term performance (“short-termism”). While some surveys indicate management feels pressure to meet short-term earnings benchmarks which could increase the probability of inducing short-termism, there is little empirical evidence that is the case, or that a move from quarterly to semiannual reporting would lead to management taking a longer-term approach to investment. The CFA Institute Research Foundation study evaluated corporate investment between quarterly reporters and those that stopped, finding no statistically significant difference.<sup>2</sup> Further, semi-annual reporting would exacerbate the information asymmetry, potentially creating a chasm, between issuer management (who would continue to receive information daily) as compared to investors (who would only receive information every 6 months),

We believe the analyses, studies and surveys of periodic reporting frequencies continue to support the current quarterly reporting frequency, as the cost savings from reduced reporting frequency cited in the Proposing Release is small relative to the size of the U.S. capital markets, and do not offset the costs to capital markets efficiency such as those discussed above. However, we think that the benefits of the optionality in the Proposing Release would be proportionately greater for smaller companies, and smaller companies may have fewer other pressures to report more frequently than otherwise required. Accordingly, if the Commission were to adopt optional semiannual reporting requirements, we believe such allowance should be limited to a subset of smaller companies, such as smaller reporting companies as currently defined under SEC rules.

Additionally, we have heard from our membership there are other sources of costs that are not addressed within this proposal for current and potential new issuers, such as the volume of disclosures currently required and are constantly being added to under FASB guidance, additional disclosure requirements in Regulations S-X and S-K, as well as the intensity of internal control requirements being enforced through the external auditors by the PCAOB. We suggest the Commission expands the scope of its review to reduce regulatory burdens to these areas as well.

### **Other Considerations**

For the reasons noted above, we believe the potential negative impacts of interim reporting frequency optionality across all issuers as proposed outweigh the potential benefit. However, smaller companies may receive proportionately greater benefits from semiannual reporting depending on specific circumstances and business life stage, and we recommend limiting the option for semiannual reporting to a class of smaller issuers for a specified pilot period.

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<sup>2</sup> Ibid

## Recommendations

If the Commission decides to go forward with optional semiannual reporting for all or a class of Exchange Act reporting companies, coordination with other regulators and standards setters will be necessary to amend or clarify financial reporting and auditing standards. Examples include generally accepted accounting standards relating to interim financial information, such as earnings per share, and standards related to reviews of interim financial information and letters for underwriters and certain other requesting parties. We encourage the SEC to work closely with the Financial Accounting Standards Board and the Public Company Accounting Oversight Board to amend standards or provide interpretive guidance to address questions that will arise as a result of changes to the periodic reporting requirements.

We appreciate the Commission's thoughtful consideration of how to modernize the periodic reporting framework. We support efforts to reduce unnecessary burden while preserving the integrity and efficiency of U.S. capital markets. Based on the considerations outlined above, we believe a more targeted approach — focused on smaller reporting companies — would better achieve the Commission's objectives without introducing unintended consequences for investors, issuers, and the broader financial ecosystem. We welcome continued dialogue and stand ready to assist the Commission as it evaluates next steps.

Thank you for the opportunity to submit comments on the proposed rule change. Please direct any questions or concerns to NCACPA Vice President of Advocacy Robert Broome, CAE, at [rbroome@ncacpa.org](mailto:rbroome@ncacpa.org) or (919) 481-5160.

Sincerely,



Alex Lehmann, CPA  
Chair, NCACPA Board of Directors

cc: NCACPA Board of Directors  
NCACPA A&A Resource Group  
Mark Soticheck, CPA, CGMA, NCACPA CEO