

SEC Solicits Public Comment on Earnings Releases and Quarterly Reports

FOR IMMEDIATE RELEASE

2018-287

Washington D.C., Dec. 18, 2018 — The Securities and Exchange Commission today published a request for comment soliciting input on the nature, content, and timing of earnings releases and quarterly reports made by reporting companies.

The request for comment solicits public input on how the Commission can reduce burdens on reporting companies associated with quarterly reporting while maintaining, and in some cases enhancing, disclosure effectiveness and investor protections. In addition, the Commission is seeking comment on how the existing periodic reporting system, earnings releases, and earnings guidance, alone or in combination with other factors, may foster an overly short-term focus by managers and other market participants.

“There is an ongoing debate regarding the effects of mandated quarterly reports and the prevalence of optional quarterly guidance,” said SEC Chairman Jay Clayton. “Our markets thirst for high-quality, timely information regarding company performance and material corporate events. We recognize the importance of this information to well-functioning and fair capital markets. We also recognize the need for companies and investors to plan for the long term. Our rules should reflect these realities. I look forward to receiving thoughtful comments as we think about ways to encourage long-term investment in our country.”

The public comment period will remain open for 90 days following publication of the request for comment in the Federal Register.

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FACT SHEET

Background

On Apr. 13, 2016, the Commission issued a concept release on the business and financial disclosure requirements of Regulation S-K. Among other topics, the release solicited comment on periodic frequency and its impact on reporting companies and market participants. In response, the Commission received a range of comments on reporting frequency and the quarterly reporting process generally. This request for comment seeks to build on the quarterly reporting process information we received in response to the concept release.

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Highlights

The request for comment seeks public input on how the Commission can reduce administrative and other burdens on reporting companies associated with quarterly reporting while maintaining or enhancing appropriate investor protection. The request for comment addresses:

- The nature and timing of disclosures that reporting companies must provide in their quarterly Form 10-Q reports, including when the Form 10-Q disclosure requirements overlap with the disclosures such companies voluntarily provide to the public in earnings releases furnished on Form 8-K.
- How the Commission can promote efficiency in periodic reporting by reducing unnecessary duplication in the information that reporting companies disclose and how any such changes could affect capital

formation, while enhancing, or at a minimum maintaining, appropriate investor protection.

- Whether Commission rules should allow reporting companies, or certain classes of reporting companies, flexibility as to the frequency of their periodic reporting.
- How the existing periodic reporting system, earnings releases, and earnings guidance (either standing alone or in combination with other factors) may affect corporate decision making and strategic thinking, including whether these factors foster an inefficient outlook among reporting companies and market participants by focusing on short-term results.

What's Next?

The comment period will remain open for 90 days following publication in the Federal Register.

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