Letter from the Investment Company Institute

July 6, 2026

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

Re: *Semiannual Reporting; File Number S7-2026-15*

Dear Ms. Countryman:

The Investment Company Institute[1] appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC or Commission) proposal to permit public companies to file interim reports on a semiannual—rather than a quarterly—basis.[2] A well-functioning reporting and disclosure regime is vitally important to both public companies and their investors.

This proposal raises competing policy interests. As investors, regulated funds[3] and their advisers greatly value both high-quality, comparable, and sufficiently frequent public company disclosure *and* growing and vibrant public markets.

ICI strongly supports the Commission's goals of reducing unnecessary regulatory burdens on public companies and encouraging more companies to go (or stay) public. If adopted, this proposal would strike a new regulatory balance between these competing benefits. While our members' views are nuanced and somewhat mixed, we believe that the drawbacks associated with a potential reduction of decision-useful public company disclosure for investors would

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[1] The Investment Company Institute (ICI) is the leading association representing the asset management industry in service of individual investors. ICI's members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in other jurisdictions. Its members manage $47.7 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 125 million investors. Members manage an additional $10.8 trillion in regulated fund assets managed outside the United States. ICI also represents its members in their capacity as investment advisers to collective investment trusts (CITs) and retail separately managed accounts (SMAs). ICI Associate Members include service providers to member firms and CIT trust companies. ICI has offices in Washington DC, Brussels, and London.

[2] *Semiannual Reporting*, SEC, 91 Fed. Reg. 24968 (May 7, 2026) (the "proposal").

[3] We use the term "regulated fund" to mean any investment company that is registered, or has elected to be regulated as a business development company (BDC), under the Investment Company Act of 1940.

outweigh any inducement that permitted semiannual reporting would provide to companies to go and stay public. Consequently, we recommend maintaining mandatory quarterly filings, consisting of at least quarterly financial statements and management's discussion and analysis (MD&A) disclosure. We are open to removing certain current components of Form 10-Q to reduce the burdens of preparing filings while preserving the core benefits of quarterly reporting.

In this letter, we:

- Support the SEC's efforts to encourage the growth of public markets and explain the importance of these markets to both regulated funds and their investors;
- Detail members' views on the proposal and explain why we continue to support mandatory quarterly filing of at least financial statements and MD&A disclosure; and
- Offer additional views on the SEC's overall efforts to modernize and streamline public company reporting and disclosure.

I. ICI Strongly Supports the SEC's Efforts to Encourage the Growth of Public Markets

We strongly support the Commission's goal of encouraging more companies to go public, and to do so earlier in their lifecycles. Thriving public markets are critically important to companies wishing to raise money to grow and innovate. Broader public markets also support competition, liquidity, and price discovery. Regulated funds are a key source of capital for public companies and also value robust public markets because they provide a large and expanding universe of accessible investment opportunities. At year-end 2025, regulated funds held 33% of outstanding US corporate equity, reflecting the importance of public markets to asset managers and the regulated fund industry, and vice versa.[4]

We agree with Chairman Atkins that it is vitally important to encourage companies not only to go public eventually, but to do so earlier in their lifecycles, so that "all investors—not just a select few with access to the private markets—can participate in and benefit from the growth in their value."[5] And as the Chairman has noted, the decline in the number of public companies in recent decades has been dramatic.[6]

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[4] *See* Investment Company Institute, *2026 Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Indus*try, at 17, available at www.icifactbook.org ("2026 ICI Fact Book").

[5] SEC Chairman Paul S. Atkins, *Remarks at the Stanford Rock Center for Corporate Governance* (May 26, 2026), *available at* https://www.sec.gov/newsroom/speeches-statements/atkins-052626-remarks-stanford-rock-center-corporate-governance.

[6] *Id.* "Shortly after I left the SEC as a staff member in the mid-1990s, more than 7,800 companies were listed on the US securities exchanges. When I returned as Chairman a year ago, that number had fallen by roughly 40

Figure 1 below demonstrates some of these trends. Many of today's largest public companies by market capitalization went public much earlier in their lifecycles, at modest initial valuations. Consequently, regulated funds and their predominantly retail investors have participated enormously in their growth, generating returns for every-day investors that help achieve their financial goals and strengthen retirement savings.[7] By contrast, SpaceX, for example, waited almost two and a half decades before going public at a massive valuation; consequently, the benefits of its extraordinary pre-IPO growth to regulated funds and retail investors generally have been limited. The same is expected with Anthropic and OpenAI.

Figure 1
Regulated Funds Are Important Investors in Today's Largest Public Companies

	Year founded	Year of IPO	Approximate valuation at IPO pricing[1]	Current market capitalization (June 30, 2026)	Percentage held by regulated funds[2]
Nvidia	1993	1999	$343.2 million	$4.84 trillion	28.8%
Alphabet (Google)	1998	2004	$23.1 billion	$4.33 trillion	25.0%
Apple	1976	1980	$1.2 billion	$4.25 trillion	25.4%
Microsoft	1975	1986	$519.0 million	$2.77 trillion	29.8%
Amazon	1994	1997	$298.4 million	$2.56 trillion	25.5%
SpaceX	2002	2026	$1.8 trillion	$2.25 trillion	–

[1]Approximate valuation at IPO pricing is calculated by multiplying the initial offering price by the total company shares outstanding after the public offering, which is based on a company's most recent Form S-1 filing around the time of its IPO.
[2]Data are based on quarterly public filings between January and March 2026. Data include mutual funds, ETFs, and closed-end funds, but exclude BDCs.
Source: ICI calculations of Refinitiv, SEC Form S-1, and SEC Form N-PORT data

It is crucial for retail investors and regulated funds that the regulatory regime encourages vibrant public markets where companies go public early in their development and allow retail investors to participate more fully in their growth. In general, we agree that lowering the complexity and burdens of the offering process, as well as reducing the ongoing burdens of being a public company, could help encourage more companies to go public or do so earlier.

percent. Today, companies tend not to go public, if at all, until after their Series D or E round of private fundraising, whereas thirty years ago, an IPO would be the equivalent of today's Series B or C."

[7] For example, retail investors held 87% of mutual fund total net assets at year-end 2025. For more information, see 2026 ICI Fact Book at 34.

ICI also has supported expanding retail investors' access to private markets.[8] But make no mistake: for regulated funds and retail investors, private market investments are a complement to, not a substitute for, public market investments.

II. ICI Recommends Maintaining Mandatory Quarterly Reporting

ICI has received a range of feedback on the proposal from members through group calls, one-on-one discussions, and an anonymous member survey.[9] ICI member views are mixed. Even within some firms, different portfolio management teams have expressed different views. As detailed below, members who oppose this proposal—the majority—have concerns about the proposal's potential impact on investment decision making, comparability of information across issuers, volatility, price discovery, and information asymmetry in the marketplace, among other factors. Members who are neutral or support this proposal—the minority—tend to focus on potential positive impacts on public markets. These members view the proposal, together with other reforms, as a positive step towards reinvigorating public markets. They also tend to predict that many public companies would voluntarily continue with formal quarterly reporting or provide quarterly earnings releases, limiting the loss of information as a practical matter. Finally, they observe that semiannual reporting is already common in non-US markets.

After weighing the competing considerations, ICI recommends maintaining the current mandatory quarterly reporting framework, with modifications. Although we broadly support the proposal's goals, reducing regulatory burdens on public companies should not come at the expense of market transparency and decision-useful information.

A. ICI's Survey Results

ICI conducted an anonymous member survey to gather views on the proposal. Fourteen ICI member firms responded, representing about $6.1 trillion in US-registered fund assets as of May 2026. We summarize key survey results below.[10]

First, we asked how firms would describe the importance their portfolio management, research, or other teams place on operating companies' Forms 10-Q for purposes of investment decision making. These groups generally view Form 10-Q filings as moderately to highly important for investment decision making (Figure 2).

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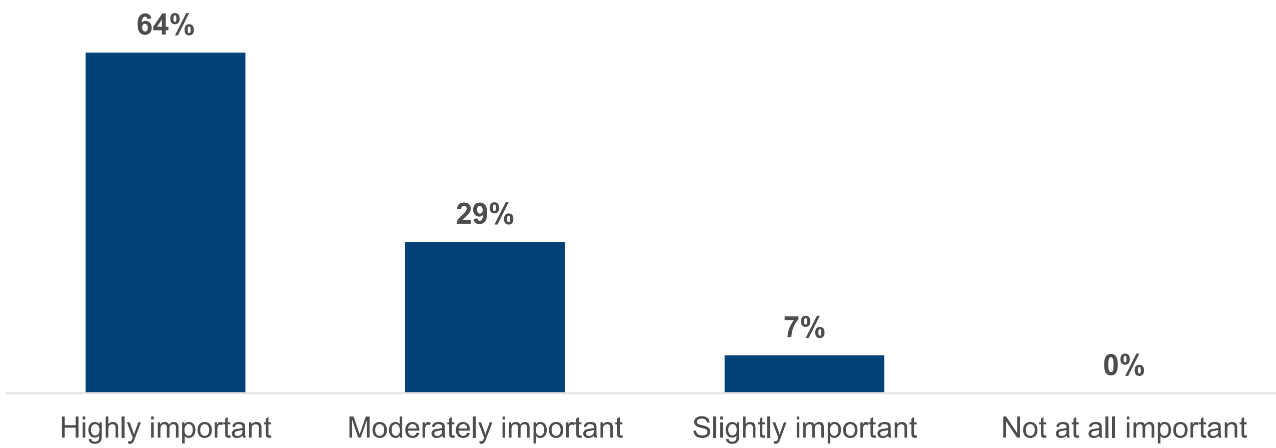
[8] *See, e.g.,* Reimagining the 1940 Act: Key Recommendations for Innovation and Investor Protection, ICI, (Mar. 2025), *available at* https://www.ici.org/system/files/2025-03/25-ppr-reimagining-the-40-act.pdf. Regulated funds can, and do, invest in certain private securities, but they are limited by liquidity and other constraints.

[9] Although we summarize the survey results herein, this letter also reflects feedback that we received through other engagement with members.

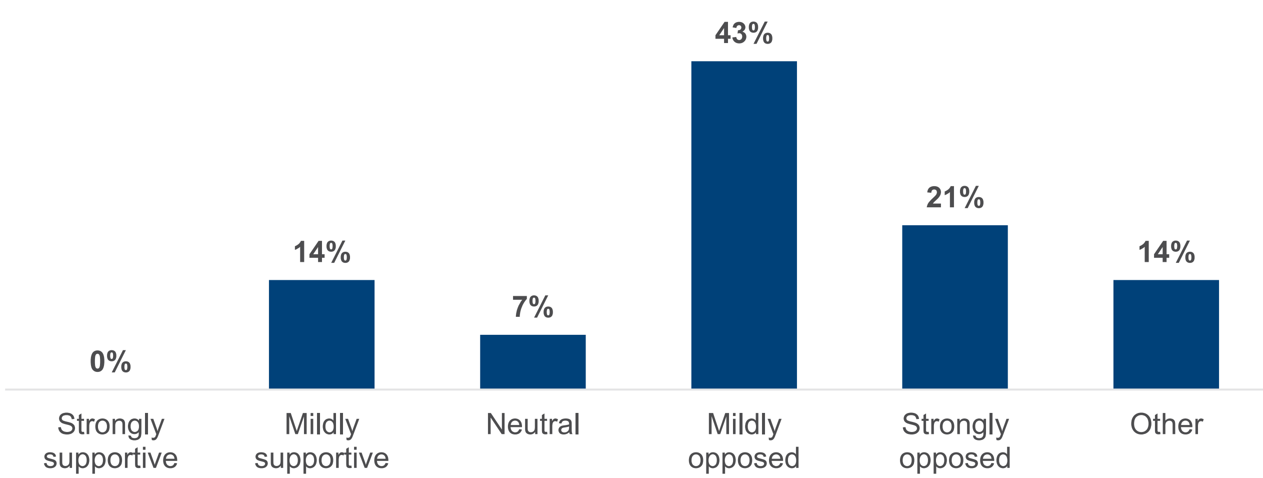
[10] Survey results are rounded to the nearest percent.

Figure 2
Survey Participants Generally View Form 10-Q as Moderately or Highly Important to Their Investment Decision Making
Percentage of survey participant responses



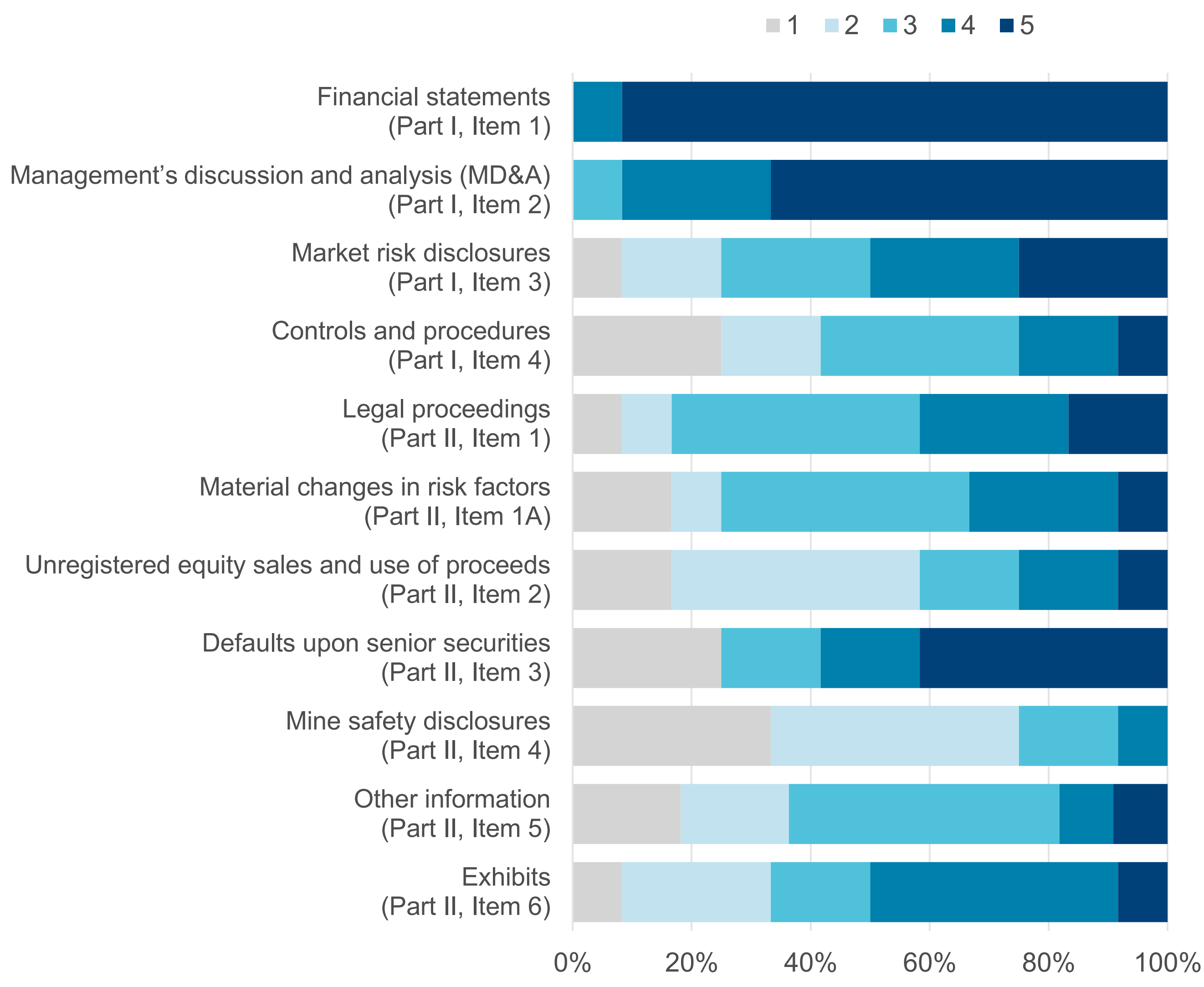
Then, we asked survey participants generally about their firms' views of the proposal. Most survey participants (64%) oppose the proposal, the bulk of which (43%) were "mildly opposed" (Figure 3). Member firms who selected "other" in Figure 3 indicated that their internal teams had mixed views.

Figure 3
Most Survey Participants Are Opposed to the Semiannual Reporting Proposal
Percentage of survey participant responses



We then asked survey participants to rank on a scale of 1 to 5 (with "1" being not at all important and "5" being highly important) how important each required element of Form 10-Q is to their firm's investment processes. Almost all respondents identified financial statements as "highly important," followed closely by MD&A (Figure 4). By contrast, "mine safety disclosures," for example, were ranked as far less important. These results indicate that members make meaningful distinctions among these items and do not value them all equally.

Figure 4
Survey Participants Rank Financial Statements and MD&A as the Two Most Important Elements Reported on Form 10-Q
Survey participants' rankings of importance of Form 10-Q items on a scale of 1 (not at all important) to 5 (highly important)

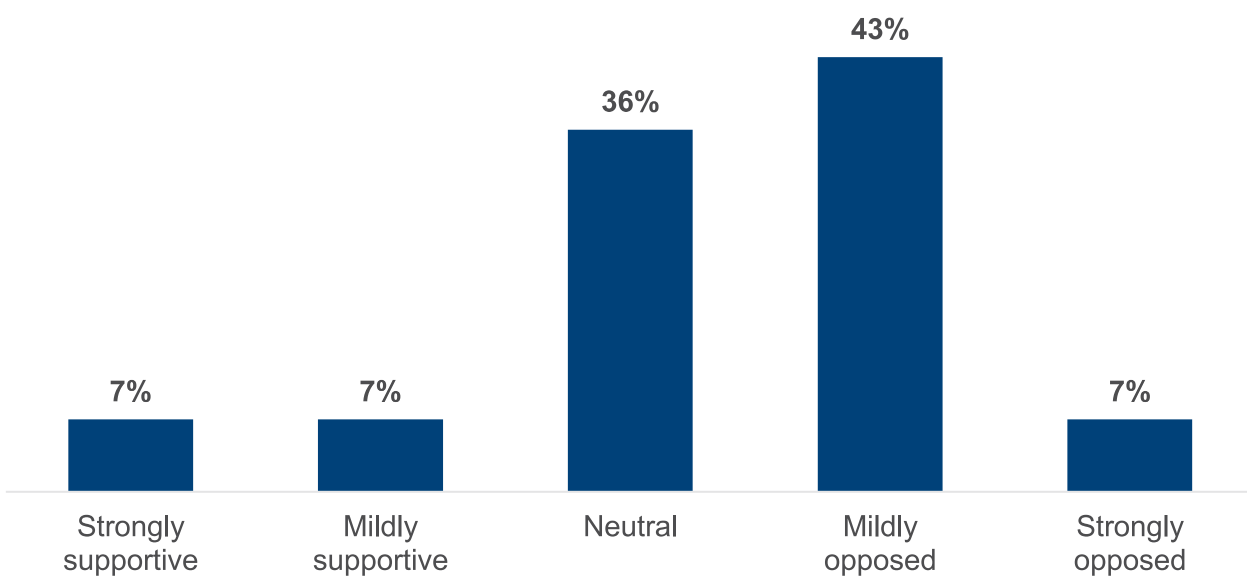


Similarly, we asked survey participants to identify, of the items listed in the previous question, which item is most important to their firms' portfolio management, research, or other teams. Eleven fund groups responded to this question. Some respondents listed more than one item. Still, there was striking uniformity in these responses:

- All identified financial statements as the most important Form 10-Q element.
- Six also identified MD&A (one of which noted that the MD&A is particularly useful "where it provides incremental operational or strategic insight").[11]

We also asked survey participants for their views on the SEC scaling public company disclosure frequency based on a company's size or maturity (Figure 5). Members were generally neutral or opposed to this concept.

Figure 5
Half of Survey Participants Are Opposed to Scaling Disclosure Frequency Based on Company Size or Maturity
Percentage of survey participant responses



[11] Other responses included the following: (i) One respondent aggregated responses from six of the firm's analysts and highlighted: Financial statements (cash flow and balance sheet particularly and the notes to the financial statements); MD&A; Quantitative and Qualitative Disclosures About Market Risk; Legal Proceedings; and Material Changes in Risk Factors; and (ii) "Exhibits also can be informative and help "complete the narrative" from the Form 10-Q."

Our survey also asked participants, if the proposal is adopted, whether any categories of public company issuers should be excluded from the ability to elect semiannual reporting. Ten fund groups responded to this question, and responses were mixed but leaned in favor of a uniform standard:

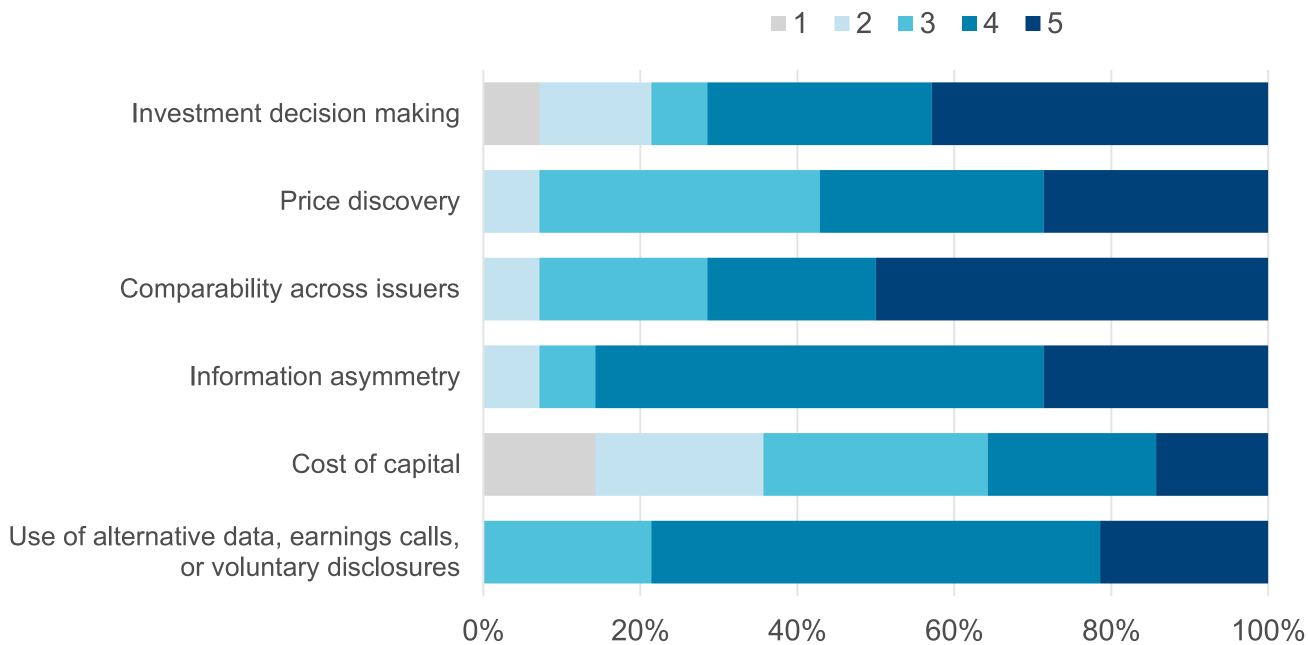
- A majority of respondents (six) preferred that there be a uniform standard applicable to all public companies, regardless of size or maturity;[12]
- Two respondents said that larger companies (e.g., large-cap issuers or large accelerated filers) should not be able to elect semiannual reporting;[13]
- One respondent said that the SEC should consider limiting the semiannual option to smaller reporting companies and emerging growth companies; and
- One respondent generally said that they are not supportive of semiannual reporting.

Finally, we asked survey participants to share their views on whether (and to what extent) certain factors would be impacted if public companies were permitted to report semiannually (with "1" being not at all impacted and "5" being highly impacted). A majority of survey participants believe that each of the factors listed below would be impacted at a level of 3 or above if the proposal is adopted (Figure 6).

[12] One respondent said that "Five of six [of our internally polled teams] favor uniform application of whatever reporting standard is adopted, rejecting tiered eligibility. Only one identified a specific risk-based condition (ICFR weaknesses) that should gate the election."

[13] One such respondent noted, however, that different reporting cadences across issuers could reduce comparability and data availability.

Figure 6
Survey Participants' Rankings of the Proposal's Anticipated Impact on Market Factors
Survey participants' rankings of impact on market factors on a scale of 1 (not at all impacted) to 5 (highly impacted)



B. A Decrease in Reporting Frequency Could Negatively Impact Investment Decision Making and Other Factors

We believe that the proposal may lead to a decrease in the high quality, comparable data that investors use for their analysis and investment decision making. Comparability of reporting across different companies is critical, and permitting public companies to choose their reporting cadence would make it harder to compare companies. Members who share this view have also raised concerns about a decrease in analyst coverage of certain companies, including smaller or newly public companies. Although many companies may continue to voluntarily release quarterly earnings, members report that earnings releases are not perfect substitutes for Form 10-Q and that Form 10-Q's standardized, quantitative financial statements are better. Furthermore, members have raised concerns about investment decision making across both passive and active strategies, and both fixed income and equity strategies. These concerns are present even for those following long-term strategies, as portfolio managers track information on a regular basis to spot trends over time.

We are also concerned that less frequent reporting could affect fixed income markets and capital formation generally. Investors rely on quarterly public disclosures for credit analysis, debt pricing, and monitoring of issuer fundamentals. Reduced reporting frequency could increase uncertainty around liquidity, leverage, and refinancing risk, potentially resulting in wider credit spreads and higher borrowing costs. Quarterly disclosures also help stabilize markets during periods of economic or financial stress, when investors place more weight on standardized reporting to assess liquidity, leverage and refinancing risk. Extending the period between standardized reports could increase uncertainty and translate into higher financing costs or reduced access to debt and equity markets. These potential effects may fall most heavily on smaller, lower-rated, or less frequently accessed issuers and may run counter to the Commission's goals of promoting capital formation.

Members have also raised concerns about impacts on broader economic factors, such as volatility and price discovery. While some investment professionals believe that semiannual reporting would decrease volatility around quarterly reporting, many others believe that longer gaps between formal disclosures could increase volatility, as prices may move on less reliable information. Members have also noted that, if some companies in a sector report quarterly but some report semiannually, there may be a tendency to extrapolate results from the quarterly reporters to the semiannual reporters without a factual basis for doing so. There is also a concern that the choice of whether to report semiannually or quarterly will itself—rightly or wrongly—send a message to the marketplace from which investors may draw conclusions. Taken together, these effects would impair price discovery and make it more difficult for advisers to assess company performance and make timely, well-informed investment decisions on behalf of fund shareholders.

Finally, we have concerns about increasing issues arising from possession of material nonpublic information (MNPI) if companies shift to semiannual reporting. Through engagement with companies, asset managers may come into possession of a company's MNPI, and firm policies generally prohibit trading while that information remains nonpublic. In practice, quarterly Form 10-Q filings often serve as important "cleansing" events by making information public and lifting related trading restrictions. Permitting semiannual reporting could disrupt this practice and introduce more lengthy trading limits on those holding MNPI.

As an alternative to the proposal, and consistent with Commissioner Peirce's suggestion,[14] the Commission could consider maintaining the existing quarterly reporting cadence but streamlining the content of quarterly reports on Form 10-Q. ICI survey results suggest that members generally view the financial statements and MD&A disclosure as the most important elements of Form 10-Q filings for their investment processes. The Commission could consider reviewing and modernizing those important disclosures to focus on materiality and maximize utility, as well as streamlining or eliminating certain other elements of Form 10-Q. This could serve the purpose of lessening quarterly burdens while still maintaining high quality, comparable financial information for investors. To the extent the Commission explores this

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[14] SEC Commissioner Hester M. Peirce, *Quarterly Questions: Statement on the Proposed Amendments to Allow Semiannual Reporting* (May 5, 2026), *available at* https://www.sec.gov/newsroom/speeches-statements/peirce-statement-proposing-semiannual-reporting-050526 ("[A]n approach that focuses on slimming down the Form 10-Q—instead of or in addition to making it optional—could be helpful.").

alternative, we encourage the Commission to seek public comment on potential changes in connection with its broader work to review and modernize public company disclosure.[15]

If the Commission decides to move forward with some form of semiannual reporting, we agree with giving companies the choice of reporting quarterly or semiannually. This flexibility would allow issuers to align their reporting frequency with investor preferences, including by continuing to report on a quarterly basis.

C. Semiannual Reporting May Not Meaningfully Induce Companies to Go or Stay Public

We do not believe that reducing required public company reporting from quarterly to semiannual would meaningfully incentivize companies to go or stay public and meaningfully increase the number of public companies. After all, such companies still would be subject to rigorous annual, semiannual, and current (Form 8-K) reporting requirements. We believe that any benefits in this regard from adopting the proposal would be slight. Some ICI members have suggested that SEC efforts to reduce pre-IPO burdens (e.g., by reforming the offering process[16]) and certain other post-IPO burdens (e.g., by reforming the filer status framework and reducing required disclosures[17]) would more meaningfully induce companies to go public.

The Commission also discusses the idea that less frequent reporting could reduce management incentives to focus on short-term outcomes. Again, many of our members with long-term investment horizons still value mandatory quarterly reporting as a means of tracking trends and spotting shifts. Moreover, it is unclear whether reducing reporting frequency will mitigate this concern with "short termism," especially when it is anticipated that many companies will continue to report some information quarterly in the form of voluntary 10-Qs or earnings releases.[18]

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[15] *Id*. In her statement, Commissioner Peirce asks, "1. Should we adjust the reporting burden rather than adjusting whether that burden is quarterly? 2. If so, is that exercise better undertaken in conjunction with this rulemaking or as part of the Commission's broader project of assessing disclosure requirements?"

[16] *See, e.g.*, *Registered Offering Reform,* SEC, 91 Fed. Reg. 31022 (May 26, 2026) ("Offering Reform proposal").

[17] *See, e.g., Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*, SEC, 91 Fed. Reg. 30086 (May 21, 2026) ("Filer Status proposal"); SEC Chairman Paul S. Atkins, *Statement on Reforming Regulation S-K* (Jan. 13, 2026), *available at* https://www.sec.gov/newsroom/speeches-statements/atkins-statement-reforming-regulation-s-k-011326.

[18] As the Commission notes, studies about the impact of quarterly reporting on short-termism in non-US markets have produced mixed results, but at least one study regarding UK companies found that "the imposition of mandatory quarterly reporting had no statistically significant impact on firms' investment decisions." Proposal at 24999 (citing Robert Pozen, Suresh Nallareddy & Shivaram Rajgopal, CFA Institute Research Foundation, *The Impact on Reporting Frequency on UK Public Companies* (Mar. 2017)).

It is also unclear whether public companies, in large numbers, would elect to be semiannual filers if the proposal were adopted. We have heard, anecdotally, that many public companies do not at this point expect that they would elect semiannual reporting, but it is unclear whether that would change in the future. The practical impact of this proposal on public company reporting is therefore unknown, and the potential costs and benefits have been challenging to assess.

In light of these concerns, on balance we do not believe that the potential benefits of the proposal outweigh the costs of decreasing transparency and information in the marketplace.

III. ICI Supports Deliberate Modernization and Streamlining of Public Company Reporting and Disclosure

Although we support retaining the current quarterly reporting regime (to include at least financial statements and MD&A), we strongly support the Commission's goals of revitalizing public markets. We also support the SEC's deliberate approach to reviewing, proposing, and seeking public input on the current public company reporting regime, including on the frequency and content of disclosures. As the Commission seeks to reform public company disclosure, we encourage it to keep the following principles in mind:

- **Materiality should be a guiding principle**. Chairman Atkins has said that his goal is to ensure that materiality is the "north star" of the SEC's disclosure regime.[19] We agree with this approach. Materiality is necessarily fact-specific and may differ for different companies, and what is material evolves over time (e.g., AI and cybersecurity risks are relatively new and may be material for some companies). We would encourage the Commission to avoid bright-line definitions of "material" to preserve flexibility.
- **Balance and calibration are key**. As analyzing this proposal makes clear, public company disclosure raises competing policy interests. It is important to balance the desire to streamline and lessen regulatory burdens with the importance of maintaining transparency and high quality, comparable, baseline information in the marketplace. Such a system promotes investor confidence and effective price discovery. A strong corporate reporting and disclosure regime will feature both principles-based requirements where appropriate (e.g., for risk disclosure), along with requirements that produce more consistent and comparable reporting across companies. The SEC should prioritize reforms that discourage lengthy boilerplate disclosures and encourage clear, concise disclosures.

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[19] SEC Chairman Paul S. Atkins, *Revitalizing America's Markets at 250* (Dec. 2, 2025), *available at* https://www.sec.gov/newsroom/speeches-statements/atkins-120225-revitalizing-americas-markets-250.

- **The elimination of any disclosure should be done thoughtfully, taking into consideration the full impact on the marketplace.** Different ICI member firms may value required disclosures differently, based on their unique strategies and expertise. Even if one firm does not routinely rely upon a given item, other investors or market participants may filter their analysis of that item into the broader marketplace. Elimination of disclosures should be approached thoughtfully to avoid depriving investors of material information or introducing new risk into the marketplace.
- **Layered disclosure could help reduce repeated, voluminous disclosures.** In regulated funds' experience with their own extensive reporting and disclosure obligations, principles of layered disclosure, including linking and incorporating information by reference, have alleviated certain regulatory costs and burdens while still emphasizing critical investor information and retaining more detailed information. For example, fund summary prospectuses and tailored shareholder reports have been positive developments for investors *and* funds. The Commission should consider extending these principles to corporate disclosures as appropriate.

We understand that the Commission is considering potential additional reforms to Regulation S-K. We support this initiative in principle and stand ready to help the Commission as it seeks to modernize these requirements.

Finally, we note that this proposal is only one of several that the Commission is considering that are intended to encourage more companies to go public or to do so earlier in their lifecycles—a goal that we at ICI strongly support. This proposal, the Commission's Offering Reform and Filer Status proposals, and any future proposals related to Regulation S-K or the public company offering or reporting processes are interrelated and should be considered holistically. Accordingly, as the Commission analyzes the potential costs and benefits of these initiatives and considers whether, when, and in what final form to adopt them, it should not only evaluate each proposal individually, but also their cumulative and interactive effects on public companies, investors, and the public markets.

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ICI appreciates the opportunity to comment on the Semiannual Reporting proposal. If you have any questions or would like additional information, please contact us (eric.pan@ici.org or paul.cellupica@ici.org) or Erica Evans, Assistant General Counsel (erica.evans@ici.org).

Sincerely,
/s/ Eric J. Pan
Eric J. Pan
President & CEO

/s/ Paul G. Cellupica
Paul G. Cellupica
General Counsel

cc: The Honorable Paul S. Atkins, Chairman
The Honorable Hester M. Peirce, Commissioner
The Honorable Mark T. Uyeda, Commissioner

Jim Moloney, Director, Division of Corporation Finance
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