Labaton Keller Sucharow

Investor Alert

From 10-Q to 10-H? The Push for Less Frequent SEC Reporting

On September 15, 2025, President Trump issued a statement in favor of less frequent reporting requirements for publicly traded companies, allowing them to report earnings every six months instead of on a quarterly basis. According to the president, "this will save money, and allow managers to focus on properly running their companies."[1] The potential change may become a reality soon, as the U.S. Securities and Exchange Commission ("SEC") stated that it was making Trump's proposal a priority.

Rules concerning the frequency of financial disclosures have been hotly debated since the 1929 Wall Street crash. This alert discusses the history of financial reporting in the United States and explores potential implications of a change.

The 10-Q Evolution

Before the federal securities laws were enacted, state corporate and tax law formed the basis of financial disclosures in the United States.[2] Between 1910 and 1929, the New York Stock Exchange ("NYSE") gradually secured agreements with listed companies to provide limited financial disclosures to shareholders. Following the 1929 crash, the NYSE required quarterly financial disclosures and independent audits for all newly listed companies.[3]

Congress then passed two major securities statutes premised on disclosure. First came the Securities Act of 1933, which governs the issuance of new securities, followed by the Securities Exchange Act of 1934 (the "1934 Act"), which regulates ongoing disclosures for already-issued securities. The 1934 Act required companies to file (1) annual reports, (2) quarterly reports "as the [SEC] may prescribe," and (3) any information required to keep registration materials "reasonably current."[4] These provisions established the bedrock principle that companies should provide timely information to investors.

The SEC first accepted Congress's invitation to require quarterly disclosures in 1945, when it mandated that certain companies involved in war production file quarterly financial reports.[5] One year later, in 1946, the SEC adopted a rule requiring most public companies to disclose "the

[1] Donald J. Trump (@realDonaldTrump), Truth Social, Sept. 15, 2025, 8:05 AM.

[2] *See* Louis Loss, *Securities Regulation* 825 (2d ed. 1961).

[3] *See* Gilbert W. Cooke, *The Stock Markets* (1964). Although publicly owned companies account for only about 4,300 of the 28 million businesses in the United States in the present day, they are responsible for a third of all private-sector employment and half of all business capital spending.

[4] 15 U.S. Code § 78m (2000). An early version of the bill required companies to file: "Monthly reports including, among other things, a statement of sales or gross income" and "Annual and quarterly reports, including, among other things, a balance sheet and profit-and-loss statement certified by an independent public accountant." H.R. 7852, Hearings Before the Committee on Banking and Currency, United States Senate, National Securities Exchange Act 1934, at pg. 6429. The text of the final version of the bill dropped a monthly reporting requirement after heavy criticism from industry groups.

[5] Rule X-13A-6A (requiring quarterly reports for "companies whose war business amounted to more than 25 percent of total sales in the last preceding fiscal year"). Almost 10 years prior, in 1936, the SEC adopted Form 8-K, requiring disclosures of eight specific corporate events. SEC Release Notice No. 34-925 (discussing disclosure rules for certain corporate invents including "substantial revaluations of the registrant's assets" and "material amendments of exhibits previously filed").

dollar amount of sales or other gross revenues during the fiscal quarter" on a quarterly basis.[6] Finally, in 1970, the SEC adopted Form 10-Q requiring public companies to file quarterly financial information that "need not be certified but is to be prepared in accordance with generally accepted accounting principles and practices."[7]

The 10-H Revolution

For almost 50 years the Form 10-Q requirement provoked relatively muted debate until President Trump asked the SEC in 2018 to consider a rule change. In response, the SEC solicited public comments on whether companies could report less frequently. Although this item was ultimately removed from the SEC's regulatory agenda in 2021, the public comments concerning the timing of earnings releases remain a key reference point both in support of and opposition to a rule change.

On September 9, 2025, the Long-Term Stock Exchange ("LTSE"), a San Francisco-based securities market, announced its intention to petition the SEC for biannual reporting. Under its proposal, companies could opt to report earnings every six months instead of every quarter. In practice, this would essentially allow companies to report first half results on a potential Form 10-H and year-end results on a Form 10-K. LTSE argues that quarterly reporting encourages "short-termism," where companies focus on meeting near-term earnings targets at the expense of long-term investments like research and development. LTSE further contends that reducing reporting frequency would save businesses millions of dollars and encourage more companies to go public.

On September 19, 2025, SEC Chairman Paul Atkins said his agency will propose a rule change following President Trump's call to switch quarterly earnings reports to a semiannual schedule.[8]

The Ongoing Debate

Advocates for quarterly filings argue that this reporting frequency is critical to the oversight of securities markets. The quarterly cadence establishes a structured timeline for monitoring financial reporting deficiencies by requiring management to assess the effectiveness of accounting controls every three months. Quarterly disclosures also put management "on

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[6] Rule X-13A-6B (requiring each issuer having securities listed on a national securities exchange to "furnish quarterly information as to the sales or other gross revenues derived from its operations" and exempting companies primarily engaged in the production of raw cane sugar or other seasonal single-crop agricultural commodity). In 1953, the SEC rescinded Rule X-13A-6B, and in 1955 the SEC adopted Rules X-13A-13 and X-15D-13, requiring that companies file semiannual reports. Securities Exchange Act release No. 5189 (June 23, 1955). In 1962, the SEC re-implemented quarterly disclosures for certain companies. Securities Exchange Act Release No. 6820 and Securities Act Release No. 4499 (June 12, 1962) (describing the adoption of Rules 13a-15 and 15d-15 requiring certain real estate companies to file "quarterly reports of gross income, expense and net income; cash available for distribution; and distributions to shareholders").

[7] SEC Release Notice No. 9004. SEC rules require publicly traded companies in the United States to disclose quarterly financial results within 45 days after the close of the first through third quarters, and annual financial results within 90 days after the close of the fiscal year. 17 C.F.R. § 249.308a (2025) and § 249.310 (2005).

[8] Li Yun, *SEC to propose rule change on Trump's call to end quarterly earnings reporting, says Chair Atkins*, CNBC (Sept. 19, 2025). To change a rule, the SEC must publish a Notice of Proposed Rulemaking in the Federal Register, allow for a public comment period (typically 30-60 days), and consider those comments before publishing a final rule with a statement of its basis and purpose, with certain exceptions for technical amendments where a finding of "good cause" may allow the process to be bypassed. 5 U.S.C. 553(b). The rules can be changed by just a majority vote on the SEC, where Republicans currently hold a 3-1 voting majority, with one open seat.

the record" more frequently about fundamental aspects of the company's business, allowing investors to rely on those statements and pursue remedies for losses caused by potential misstatements.

Additionally, proponents of quarterly reporting point to the advantages of increased market transparency to the investing public. Investors benefit from having more frequent access to material information, which is paramount to their investment decisions. Disclosure advocates also point to studies showing that less frequent reporting causes investors to seek out and overreact to alternative, less reliable sources of financial information, thus increasing market volatility.[9]

Advocates of biannual reporting, on the other hand, point to reduced compliance costs and reallocation of management teams' efforts. They also emphasize that companies already have an obligation under federal law to disclose material, unscheduled events within four business days on Form 8-K, and that quarterly reports add a layer of unnecessary redundancy. Supporters of a rule change argue that concerns over transparency are overblown, pointing to evidence that while European Union regulations only require biannual disclosures, several publicly traded European companies still opt to report quarterly.[10] Indeed, one study found that the introduction in 2007 of mandated quarterly financial disclosures in the United Kingdom paradoxically led to a steep *decline* in the number of companies disclosing both sales and earnings on a quarterly basis.[11]

Implications of a Rule Change

Changing reporting requirements from quarterly to biannual filings will significantly impact companies, investors, and the securities markets.

Ramifications for Companies

- **Reduced compliance burdens:** The most direct impact of the proposed change would be to lower financial and operational costs associated with being a public company. The spike in IPOs after 2012, when the JOBS Act relaxed disclosure requirements for companies with "emerging growth" status, provides evidence that quarterly reporting requirements may deter potential IPO candidates.[12] Less frequent reporting allows smaller companies that cannot afford the significant costs and employee time associated with quarterly financial disclosures access to the public securities markets. History suggests the proposed change would make IPOs more accessible to smaller or resource-constrained

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[9] *See, e.g.,* Salman Arif & Emmanuel T. De George, *The Dark Side of Low Financial Reporting Frequency: Investors' Reliance on Alternative Sources of Earnings News and Excessive Information Spillovers*, THE ACCOUNTING REVIEW 95 (6): 23-49 (2020) (finding that investors periodically overreact to peer-firm earnings news in the absence of own-firm earnings disclosures in interim periods, leading to elevated price volatility and trading volume around earnings announcements for non-reporting periods).

[10] 2004 O.J. (L 390) 38. Publicly traded companies on major European stock exchanges must adhere to mandatory financial disclosure schedules established under the European Transparency Directive of December 15, 2004, which governs regulated information for listed entities.

[11] Robert Pozen et al., *Impact of Reporting Frequency on UK Public Companies*, CFA Inst. Research Found. (2017).

[12] *See, e.g.*, Michael Dambra, Laura Casares Field & Matthew T. Gustafson, *The JOBS Act and IPO volume: Evidence that disclosure costs affect the IPO decision*, JOURNAL OF FINANCIAL ECONOMICS 116 at 121-143 (2015).

companies, thus leading to a surge in new IPO filings.

- **Promotion of longer-term investments:** A shift from quarterly to biannual reporting could reduce management's short-term performance pressures, potentially encourage longer-horizon investment, and free executive bandwidth for strategic execution over the long term. Fewer reporting checkpoints diminish the focus on "meeting the quarter" and might allow management to invest more time and capital on goals that offer multiyear payoffs.

- **Delayed recognition of problems:** The proposed rule change could lead to delayed recognition of corporate problems and significantly reshape the relationship public companies have with their auditors. Less frequent reporting could allow financial problems to go undetected for longer periods of time, making the eventual revelation of these issues more painful for investors. Further, with the elimination of quarterly reporting, auditors may intensify their focus on annual risk assessment procedures. This could lead to more extensive audits and potentially require companies to implement stronger internal monitoring between annual touchpoints.

Ramifications for Investors and Securities Markets

- **Decrease in market stability and corporate transparency:** Volatility in the securities markets could increase due to a shift of corporate focus to long-term goals. Trading volumes may become more concentrated around disclosure dates, creating large and sudden changes in trading price and volume that could cause stockholders to incur substantial losses. Investors could also face greater difficulty in assessing company performance between disclosure periods, potentially leading to overreactions when information finally becomes available.

- **Lower market pricing:** Institutional investors may demand higher risk premiums in the form of lower securities prices for reduced transparency into potential investments. The informational gaps that result from less frequent disclosure may also make it difficult for investors to monitor managerial opportunism, particularly for companies with high growth opportunities where future uncertainty is already elevated. As a result, a rule change may lead to a heightened risk of opportunities for corporate actors to mislead investors about material aspects of a company's business.

- **Increased opportunity for fraud:** The diminished transparency stemming from less frequent reporting may increase opportunistic malfeasance by bad corporate actors. Reducing financial disclosure from a quarterly to biannual cadence would allow companies to withhold important information from regulators and investors for six months instead of three. This provides a longer, less scrutinized period for companies to conceal financial problems, manage earnings, or manipulate financial statements.

Conclusion

The evidence suggests that disclosure principles necessitate a significant trade-off between reduced compliance costs for companies on the one hand, and decreased market transparency and investor confidence on the other. While proponents of a rule change argue that companies could benefit from lower regulatory costs and more management focus on operations, detractors counter that a disclosure rule change would reduce investor visibility into company performance, potentially increasing information asymmetry and market volatility. Although the current regulatory framework appears designed to balance these competing interests, the clashing disclosure philosophies make clear that rule changes are always possible.

Labaton Keller Sucharow's lawyers are available to address any questions you may have regarding these developments. Please contact the Labaton Keller Sucharow lawyer with whom you usually work or the contacts below.

Michael P. Canty:
Partner
MCanty@labaton.com
+1 212.907.0863

Francis P. McConville:
Partner
FMcConville@labaton.com
+1 212.907.0839

William Schervish:
Of Counsel
WSchervish@labaton.com
+1 212.907.0886

Roger W. Yamada:
Associate
RYamada@labaton.com
+1 212.907.0746