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

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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 to "allow managers to focus on properly running their companies."

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. Between 1910 and 1929, the New York Stock Exchange gradually secured agreements with listed companies to provide limited financial disclosures to shareholders. Following the 1929 crash, the New York Stock Exchange required quarterly financial disclosures and independent audits for all newly listed companies.

Subsequently, Congress passed the Securities Exchange Act of 1934, which requires companies to file quarterly reports to the extent "prescribe[d]" by the U.S. Securities and Exchange Commission ("SEC"). The SEC accepted Congress's invitation more than a decade later, in 1945, when it mandated quarterly reports from certain companies involved in war production. In 1946, the SEC required most public companies to disclose quarterly gross revenues. Finally, in 1970, the SEC adopted Form 10-Q, which requires public companies to file quarterly financial results "in accordance with generally accepted accounting principles and practices."

The 10-H Revolution

For almost 50 years the Form 10-Q requirement provoked relatively muted debate until 2018, when the SEC solicited public comments on whether companies could report less frequently. In September 2025, a San Francisco-based securities market called the Long-Term Stock Exchange announced its intention to petition the SEC for biannual reporting, arguing that quarterly reporting encourages a myopic focus on near-term targets.

The Ongoing Debate

Advocates for quarterly filings argue that this reporting frequency is critical to the oversight of securities markets. Quarterly disclosures put management "on 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. Proponents of quarterly reporting also point to the advantages of increased market transparency to the investing public, who benefit from having more frequent access to material information Advocates of biannual reporting, on the other hand, point to the reduced compliance costs and reallocation of management teams' efforts toward longer-term ambitions, and emphasize that companies already have an obligation under federal law to disclose material, unscheduled events within four business days on Form 8-K.

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. Less frequent reporting allows smaller companies that cannot afford the significant costs associated with quarterly financial disclosures access to the public securities markets.
- **Promotion of longer-term investments**: A shift to biannual reporting could reduce short-term performance pressures, encourage longer-horizon investment, and free executive bandwidth for strategic execution over the long term.
- **Delayed recognition of problems**: The proposed rule change could lead to delayed recognition of corporate problems. Auditors may also intensify their focus on annual risk assessment procedures, potentially pushing 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 around disclosure dates, creating sudden changes in trading price that could cause stockholders to incur substantial losses. Investors could also face greater difficulty in assessing company performance, 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.
- **Increased opportunity for fraud:** The diminished transparency may increase opportunistic malfeasance by bad corporate actors. Reducing financial disclosure requirements would provide 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. Although the current regulatory framework appears designed to balance these competing interests, the clashing disclosure philosophies make clear that rule changes are always possible.

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