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From 10-Q to 10-S: Securities and Exchange Commission Proposes Voluntary Semiannual Reporting for Public Companies and Aligns SEC Staleness Rules for IPOs

Synne D. Chapman, Helena K. Grannis, Harald Halbhuber,
Jorge U. Juantorena, and Bobby Bee*

In this article, the authors discuss the proposal by the Securities and Exchange Commission allowing domestic issuers the option to replace their quarterly reports on Form 10-Q with a single semiannual report on a new Form 10-S.

The Securities and Exchange Commission (SEC) has proposed allowing domestic issuers the option to replace their quarterly reports on Form 10-Q with a single semiannual report on a new Form 10-S. The proposal would apply to all Exchange Act reporting companies currently required to file Form 10-Q, regardless of filer status, public float, revenues, or industry. The annual report on Form 10-K would remain unchanged, and quarterly reporting would remain the default for any company that does not opt into the semiannual regime. Chairman Paul Atkins described the proposal as “just the first step of the larger, comprehensive effort to review and reshape the current SEC rules governing public companies,” and companies should anticipate further proposals on disclosure, capital raising, and the broader public-company framework in the months ahead. In conjunction with these changes, the SEC also proposed to align the SEC financial staleness rules for initial public offerings (IPOs), spin-offs, and other going-public transactions, permitting companies that opt for semiannual reporting to go public mid-year without having to provide interim financial statements until the semiannual report would be due, although disclosure and timing would be influenced by auditor comfort and marketing considerations.

How a Company Would Opt In

Under the proposal, a company would elect semiannual reporting by checking a box on the cover of its Form 10-K. Companies seeking initial registration—whether through an IPO or otherwise—would make the same election on the applicable registration statement. The election would run annually; leaving the box unchecked in any year would return the company to quarterly reporting requirements. The proposal would add two new defined terms to the SEC’s rules—“quarterly filer” and “semiannual filer”—to facilitate the conforming amendments described below.

Under the proposal, mid-year switches would not be permitted. For existing reporting companies, the cadence would be fixed once the Form 10-K is on file, and an erroneous box check or uncheck could be corrected only by amending the Form 10-K before the deadline for the first quarterly report that would otherwise have been due for that fiscal year. For initial registrants, the election could be revised until the relevant registration statement becomes effective, at which point it would lock in for the remainder of that fiscal year, with the company thereafter following the standard annual-election mechanics described above.

New Form 10-S

If a company opts in, it would cease filing on Form 10-Q and would instead report on Form 10-S. The new form would mirror Form 10-Q in substance and would simply cover six months rather than three. The proposal includes technical amendments to Regulation S-K so that the same disclosure obligations would apply on a semiannual basis for the new semiannual filers. Interim financial statements would continue to follow U.S. generally accepted accounting principles (GAAP), undergo a review (not an audit) by the company’s auditor, and carry iXBRL (inline eXtensible Business Reporting Language) tags. Filing deadlines would track current Form 10-Q timing—40 days for large accelerated and accelerated filers, and 45 days for all other filers, in each case measured from the end of the first semiannual period.

Notably, the proposal would not impose any new procedures for quarterly information voluntarily provided (and not currently subject to auditor review) in an earnings release, and the only related

proposal is a conforming amendment to Form 8-K to acknowledge the semiannual period. The proposal would expressly permit a semiannual filer to include quarterly information voluntarily in Form 10-S, with the caveat that, if presented in the financial statements, that information would be subject to auditor review.

Aligning the Financial Statement Requirements, Including for IPOs

The proposal also includes a set of amendments to Regulation S-X, so that the financial statement requirements applicable to registration statements, proxy statements, and other Securities Act and Exchange Act filings would accommodate semiannual filers as a distinct category—including by permitting a semiannual filer’s registration statement to include only semiannual interim financial statements rather than quarterly ones. Within that broader framework, the proposal would also rewrite the financial statement age rules. The SEC would replace today’s 130-135-day staleness count with a simpler test tied to periodic filings: a registration statement would need to include interim financials only once the company’s most recent Form 10-Q or Form 10-S has been filed or become due. One practical consequence: a calendar year semiannual filer (including in an IPO or spin-off or other going public registration) could go effective on a registration statement well into August—until its Form 10-S for the June 30 period comes due—without including any interim financial statements.

Open Questions on Auditor Comfort and Market Practice

The option for semiannual audit review, however, would not extend across the full regulatory environment. PCAOB (Public Company Accounting Oversight Board) Auditing Standard 6101 permits an auditor to deliver negative-assurance comfort on subsequent changes in specified financial statement items only as of a date less than 135 days from the end of the most recent period the auditor has audited or reviewed. There is no corresponding proposal from the PCAOB to amend that standard. Absent such a corresponding amendment, there may be extended periods during

which auditors of semiannual filers will not be able to provide negative assurance comfort on subsequent changes from the last annual or semiannual financial statements.

The SEC acknowledges the misalignment and solicits comment on whether “to comport with semiannual reporting, [] changes [are] needed to PCAOB Auditing Standard 6101.” Whether issuers voluntarily prepare (and have their auditors review) quarterly financial statements to support capital raises and diligence would be left to market practice—as it is for foreign private issuers, which are not required to conduct limited reviews but for which the market has developed a practice of deal-time limited reviews to address the 135-day issue. The SEC expressly solicits comment on whether semiannual filers would continue quarterly reviews to support underwriters’ Section 11 and 12(a)(2) due diligence defenses, and many existing debt instruments continue to require quarterly financial reporting on a Form 10-Q basis.

For the IPO market, the ability to have the SEC declare the registration statement effective without updating for first- or third-quarter financial statements may create additional opportunities, but these will need to be weighed against corresponding marketing and risk considerations, including with respect to auditor comfort, which will vary by company and industry.

What Happens Next

The SEC’s proposing release,¹ summarized in its fact sheet,² was open for public comment for 60 days following Federal Register publication, after which the staff reviews comments and the SEC decides whether, when, and in what form to adopt a final rule.

That process will be important for resolving a number of other significant open questions that industry participants and the SEC have acknowledged remain unsettled. Among them: whether New York Stock Exchange and Nasdaq listing standards that continue to reference quarterly Form 10-Q filings would need to be conformed by the exchanges; whether U.S. GAAP, International Financial Reporting Standards, or other accounting guidance—for example, on annual impairment testing, lag reporting, and earnings per share—would need adjustment to fit a semiannual cadence; whether quarterly earnings releases by semiannual filers should continue to be “furnished” on Form 8-K or instead “filed” and thereby subjected

to additional liability provisions; whether the option should be available to all current Form 10-Q filers or limited to certain categories (such as smaller reporting companies or emerging growth companies, or implemented through a pilot program); and whether less frequent interim disclosure would heighten information-asymmetry, insider-trading, or analyst-coverage concerns in ways that warrant additional safeguards.

The sequencing is also not straightforward. This rulemaking sits alongside several other initiatives that the SEC is considering as part of a broader review of the public-company framework, and Commissioner Hester Peirce posed a more fundamental question: “Should we adjust the reporting burden rather than adjusting whether that burden is quarterly?” She also invited comment on whether any related changes are “better undertaken in conjunction with this rulemaking or as part of the Commission’s broader project of assessing disclosure requirements.”

No immediate action by public companies is required. If final rules are adopted, however, boards, finance teams, and investor relations functions will need to weigh the right reporting cadence for the company—across both SEC filings and earnings communications—and consider how to address investor expectations for filed interim financial information, including in connection with capital raises and under the terms of existing indebtedness.

Notes

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1. <https://www.sec.gov/files/rules/proposed/2026/33-11414.pdf>.
2. <https://www.sec.gov/files/33-11414-fact-sheet.pdf>.