

MEMO# 31673

March 21, 2019

ICI Files Comment Letter on SEC Public Company Reporting Regime

[31673]

March 21, 2019 TO: ICI Members

Investment Company Directors SUBJECTS: Disclosure

Fund Accounting & Financial Reporting RE: ICI Files Comment Letter on SEC Public Company Reporting Regime

Last December, the Securities and Exchange Commission requested public comment on the content and frequency of earnings releases and quarterly reports from public reporting companies.[\[*\]](#) Of particular relevance to ICI and its members, the release asks about the potential “downstream” effects on investment companies and investment advisers from any changes to reporting frequency.

The Institute’s comment letter expresses strong support for the current system of quarterly reporting on Form 10-Q for all US public companies. It explains the importance to investors of the Form 10-Q filing, and why substituting a less regulated form of information dissemination (such as an earnings release) would be detrimental. It further explains that any move by the SEC toward flexibility in reporting frequency (e.g., for smaller companies) would make it difficult for investors to compare the performance of companies across a given industry. On the issue of earnings guidance, the letter acknowledges that companies should have flexibility to determine whether and how to issue such guidance, but recommends that the SEC, investors and other stakeholders should encourage companies to move toward articulating longer-term financial and strategic goals. The letter closes by expressing support for the SEC’s efforts to explore ways to alleviate burdens on companies seeking to become, or remain, public—but stresses that reducing the frequency of reporting or moving to less regulated forms of reporting is not the answer.

Rachel H. Graham
Associate General Counsel

Gregory M. Smith
Senior Director, Fund Accounting and Compliance

[Attachment](#)

endnotes

[*] SEC, Request for Comment on Earnings Releases and Quarterly Reports, Release No. 33-10588; 34-84842 (Dec. 18, 2018), available at <https://www.sec.gov/rules/other/2018/33-10588.pdf>.

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