

MEMO# 31667

March 18, 2019

Draft ICI Letter on SEC Public Company Reporting Regime; Your Comments Due by March 20

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TO: SEC Rules Committee RE: Draft ICI Letter on SEC Public Company Reporting Regime; Your Comments Due by March 20

As we previously informed you, the Securities and Exchange Commission has requested public comment on the content and frequency of earnings releases and quarterly reports from public reporting companies.^[1] 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.

Attached is a draft of ICI’s comment letter, which will be filed on March 21. **Please provide any comments to Rachel Graham (rgraham@ici.org or 202/326-5819) or Greg Smith (smith@ici.org or 202/326-5851) by COB this Wednesday, March 20.**

The draft 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 away from quarterly earnings guidance and toward articulating long-term 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

[1] 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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