PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT

July 6, 2026

Vanessa A. Countryman, Secretary

Securities and Exchange Commission

100 F Street NE

Washington, DC 20549–1090

Re: Semiannual Reporting, File No. S7-2026-15

Dear Secretary Countryman:

The Principles for Responsible Investment (the "PRI") respectfully submits these comments in response to the Securities and Exchange Commission's (the "SEC") proposal to permit companies to satisfy their interim reporting obligations by filing semiannual reports on new Form 10-S in lieu of quarterly reports on Form 10-Q.[1] The PRI is an international network of investors with over 5,000 signatories—including asset managers, asset owners, and service providers—collectively overseeing approximately $130 trillion in assets under management or advisement. Over 800 of those signatories, with approximately $78.5 trillion of assets, are based in the US, and our global signatory base maintains significant exposure to the US markets. Our signatories rely on the periodic disclosures of US public companies to fulfill their fiduciary duties to beneficiaries and to allocate capital efficiently. We write to urge the Commission to preserve mandatory quarterly reporting, and to offer the following observations.

I. The Proposal should be considered in the context of the Commission's broader disclosure-reform agenda.

The Commission should evaluate this Proposal as one component of the broader suite of disclosure and reporting reforms now on its agenda, rather than in isolation. By the Chairman's own description, the Proposal is "the first step of the larger, comprehensive effort to review and reshape the current SEC rules governing public companies with respect to their ongoing reporting obligations."[2] Several of the other steps in that effort directly impact the quantity and frequency of information available to investors, and their combined effect cannot be assessed one proposal at a time.

In particular, the Commission has recently proposed to enhance emerging growth company accommodations and to simplify filer status—a proposal that would extend disclosure-scaling accommodations to roughly 81% of public companies, raise the large-accelerated-filer threshold from $700 million to $2 billion, and provide a minimum five-year "IPO on-ramp," among other things —and, in a companion release, to broaden registered-offering and shelf-registration flexibility.[3] Separately, the Commission has undertaken a comprehensive review of Regulation S-K, the central repository of non-financial disclosure requirements, and a "rationalization of disclosure practices" appears on its Regulatory Flexibility Act agenda, with a proposal anticipated.[4]

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[1] Securities and Exchange Commission (May 5, 2026), Semiannual Reporting, Securities Act Release No. 33-11414, Exchange Act Release No. 34-105368, File No. S7-2026-15 [hereinafter referred to as the "Proposal"].

[2] Chairman Paul S. Atkins (May 5, 2026), Statement on Proposing Release for Semiannual Reporting.

[3] Securities and Exchange Commission (May 19, 2026), Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies, Release No. 33-11419; Securities and Exchange Commission (May 19, 2026), Registered Offering Reform, Release No. 33-11418.

[4] Chairman Paul S. Atkins (Jan. 13, 2026), Statement on Reforming Regulation S-K; Securities and Exchange Commission (2025), 2026 Regulatory Flexibility Agenda, Rationalization of Disclosure Practices.

These initiatives address the same disclosure system along different dimensions: the semiannual Proposal concerns the frequency of reporting; the emerging growth company and filer-status proposal concerns which issuers are subject to full requirements and on what timeline; and the S-K review concerns the content of disclosure. Each reduces the mandatory information reaching the market, and their effects compound. The Commission must assess these reforms together and weigh their combined effect before finalizing any one component.

II. Robust mandatory disclosure is a cornerstone of efficient capital markets.

Robust mandatory disclosure has contributed to the position of the US markets as the largest, deepest, and most liquid in the world. The US federal securities laws have cultivated a high-quality, high-trust information environment since the Securities Act of 1933. The foundational economic literature explains that information asymmetries between issuers and investors lead to the systematic underproduction of disclosure absent a mandate—a market failure the US disclosure regime was designed to correct.[5]

Mandatory periodic disclosure is not an end in itself; it is an input to the mechanisms that make markets efficient. Regular, standardized, and comparable disclosures are ingested by a wide range of market actors—analysts, academics, investors, and rating agencies—to inform price discovery, and the resulting informational efficiency supports liquidity and reduces information asymmetries, which tend to widen bid-ask spreads and raise the cost of capital.[6] Empirical research links greater disclosure to lower cost of capital and to more informative prices; reducing the frequency of mandatory disclosure works in the opposite direction, and the Commission must adequately recognize that cost of the Proposal in its economic analysis.[7]

III. The cost-benefit analysis must more fully reflect the range of costs.

The Proposal's cost-benefit analysis must faithfully reflect the range of costs that a change in reporting frequency would impose. The Commission is well positioned to undertake more robust market research to answer these questions. We note the following specific questions, which we believe the Commission must seek to quantify and consider before proceeding to a final rule.

(i) What is the cost of reduced information to the full universe of market actors that consume the information on Form 10-Q to support overall market functioning? Equity investors are not the only consumers of the 10-Q and, in fact, depend on a much broader universe of information consumers to support the price discovery process. Equity analysts depend on quarterly financial statements to update estimates and perform the peer-relative analysis that underpins price discovery; fixed-income and credit investors rely on the public disclosures of listed issuers to monitor covenants and creditworthiness between bond-specific communications; and rating agencies, lenders, index providers, and data vendors all consume quarterly data. The Proposal estimates the compliance savings that accrue to issuers but does not comparably quantify the costs that reduced frequency would impose on these consumers of quarterly information.[8]

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[5] George A. Akerlof (1970), 84 Q.J. Econ. 488, *The Market for "Lemons": Quality Uncertainty and the Market Mechanism;* Stewart C. Myers & Nicholas S. Majluf (1984), 13 J. Fin. Econ. 187, *Corporate Financing and Investment Decisions When Firms Have Information That Investors Do Not Have;* Paul M. Healy & Krishna G. Palepu (2001), 31 J. Acct. & Econ. 405, *Information Asymmetry, Corporate Disclosure, and the Capital Markets: A review of the empirical disclosure literature*.

[6] Healy & Palepu, *supra* note 5; Sanford J. Grossman & Joseph E. Stiglitz (1980), 70 Am. Econ. Rev. 393, *On the Impossibility of Informationally Efficient Markets*; David S. Gelb & Paul Zarowin (2002), 7 Rev. Acct. Stud. 33, *Corporate Disclosure Policy and the Informativeness of Stock Prices*.

[7] Michael Welker (1995), 11 Contemp. Acct. Rsch. 801, *Disclosure Policy, Information Asymmetry, and Liquidity in Equity Markets*; Richard Lambert, Christian Leuz & Robert E. Verrecchia (2007), 45 J. Acct. Rsch. 385, *Accounting Information, Disclosure, and the Cost of Capital*.

[8] Shivaram Rajgopal (June 1, 2026), Forbes, *Who Else Uses the 10-Q? The SEC's Semiannual Reporting Proposal Doesn't Ask*.

(ii) What are the costs to market efficiency created by increasing information asymmetries? Greater information asymmetry undermines the operation of an efficient market. Longer intervals between mandatory disclosures widen the information gap between issuers and outside investors, and between better- and less-resourced investors. Better-resourced institutions can substitute private channels—such as management access, alternative data, and proprietary research—for public filings; retail and smaller investors cannot.[9]

(iii) How have and will new technologies, including but not limited to artificial intelligence, affect the cost of producing and consuming corporate disclosures? The Commission's analysis must account for how artificial intelligence and machine-readable, structured (XBRL) data are lowering the cost of both producing and consuming periodic disclosure. To the extent the Proposal rests on issuer compliance burden, that burden is declining as automated drafting, tagging, and review tools mature; to the extent it rests on investors' capacity to absorb information, that capacity is expanding. The premise that quarterly reporting imposes an unsustainable cost is weakening over time. The analysis should reflect current and foreseeable technological conditions.[10]

Recent market research conducted by the CFA Institute indicates a lack of support from investors for this proposed change: a survey of 2,500 investment analysts and portfolio managers found that investors continue to view quarterly reporting as essential to transparency and efficient markets, with 62% opposing replacement of quarterly reporting with semiannual reporting and 63% concluding that the benefits of quarterly reporting exceed its costs.[11] These results raise the concern that the Proposal's cost benefit analysis did not adequately consider the full costs it imposes on investors.

IV. Conclusion

For the reasons above, the PRI urges the Commission to preserve mandatory quarterly reporting. Before advancing this or further reforms to the disclosure regime, we encourage the Commission to engage directly with the market actors who rely on these disclosures—asset owners, asset managers, service providers, and the analysts and other market actors that participate in price discovery—including through a public roundtable and structured empirical investigation into what information investors use, how they use it, and whether voluntary mechanisms can substitute for mandatory disclosure.

We appreciate the opportunity to share these perspectives and look forward to reviewing any proposal the Commission releases. Please do not hesitate to reach out to Sam VanderMeulen at sam.vandermeulen@unpri.org if you have any questions or if it would be helpful to meet with Commission staff to discuss the matters raised herein.

Respectfully submitted,

Cambria Allen-Ratzlaff,

Chief Executive Officer

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[9] Douglas W. Diamond & Robert E. Verrecchia (1991), 46 J. Fin. 1325, *Disclosure, Liquidity, and the Cost of Capital;* Christian Leuz & Robert E. Verrecchia (2000), 38 J. Acct. Rsch. 91, The Economic Consequences of Increased Disclosure.

[10] Sandy Peters (Feb. 26, 2026), CFO Dive, *Is the SEC Regulating for a Pre-AI World?*.

[11] CFA Institute (June 10, 2026), *CFA Institute Survey Finds Investors Strongly Support Quarterly Reporting, Oppose Reducing Disclosure Requirements*.