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Rethinking the Quarterly Reporting Model

By Noah Kirsch **04/22/2026** Save for Later

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Key Points

- A potential SEC shift to semiannual earnings reporting could allow management teams to prioritize long-term strategic execution over the administrative burden of the "quarterly treadmill."
- While less frequent disclosures could save smaller firms resources, experts caution that reduced transparency might lead to a higher cost of capital and lower valuations.
- If the reporting cadence changes, audit committees may need to move from a compliance-based role to a judgment-based one, requiring more frequent internal updates to monitor material risks.

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Prepare your public company board for a potential SEC shift to semiannual reporting.

Last month, *The Wall Street Journal* reported that the US Securities and Exchange Commission was working on a proposal to change disclosure requirements for publicly traded companies. The revised rules would give them the option to publish earnings reports twice per year instead of quarterly.

The plan has not officially been greenlit, and the details of such a change are still to be determined. However, the news has caused some board members to consider how they would respond to the potential regulatory shift, particularly since observers have had mixed reactions.

“I do expect that it will be adopted,” said Beth Berg, a partner at Sidley Austin and cochair of the *Corporate Director’s Guidebook* task force.

Meanwhile, as *Politico* noted in an early April article, several key players on Wall Street and other, smaller investors are likely to push back against the potential changes. BlackRock and T. Rowe Price critiqued a similar proposal when it was advanced during President Donald Trump’s first administration, the article recounts; they argued that it would reduce transparency into companies.

Reuters also recently reported that prominent firms such as D.E. Shaw and Two Sigma Investments are encouraging regulators not to change disclosure rules.

Assuming the plan is ultimately ratified, though, experts consulted by NACD said that companies weighing how to proceed would likely solicit input from directors and management teams. However, the decision would ultimately be up to boards.

“There's no question that it's a board decision,” said Nell Minow, chair of ValueEdge Advisors.

Possible Upsides

The push for semiannual earnings disclosures is rooted in the concern that existing regulations discourage firms from prioritizing long-term investments and strategy, said Kathy Gersch, CEO of Kotter International and a board member at Reel-T and Seattle Humane. Instead, some companies focus on boosting their numbers each quarter.

“Management wants to stop the quarterly treadmill because it’s exhausting and expensive. The board wants to stop it because it’s distracting,” Gersch said. “Moving to a six-month cycle shifts the boardroom conversation from beating the street this quarter to: Are we executing on our plan, and, more importantly, given the pace of change we are facing, should we shift our plan?”

There are other possible upsides to changing the rules. By reducing the time that executives spend preparing for earnings releases and calls, management teams could also focus on “longer-term strategic issues,” said Anne Sheehan, a director at Victoria’s Secret & Co. and Janus Henderson Group. Nascent firms, in particular, could devote much-needed energy to “building the company” instead of compiling and fact-checking reports, she said.

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Small and midsize firms, which have fewer staff members available to prepare quarterly disclosures, may also be more inclined to move to semiannual reporting, said Peggy Foran, chief governance officer at Prudential Financial and a director of Orion Group Holdings. They may be rooting for the SEC’s proposal to be enacted.

Possible Downsides

As directors consider the possibility of reducing the frequency of their firms’ disclosures, they should be aware of the potential complexities that could introduce, multiple experts said.

“There are a lot of good reasons why companies will want to continue to be more transparent rather than less transparent with investors,” Berg said. “I've spoken with various boards about the rule-making pipeline, and I've heard a lot of skepticism about a potential move to semiannual reporting.”

One key issue, she said, is the possible increased cost of capital. Releasing fewer disclosures would reduce transparency into businesses, which could lead to “higher borrowing costs or lower valuations,” Berg said. “The importance of that to a given company will depend on how much capital raising the company intends to do, and … how high of a credit rating it has.”

Foran observed that larger, established companies will face more pressure to maintain the cadence of their reporting, since portfolio managers and investors tend to “want more information” about those firms and track them closely.

Shareholders would have reason to be concerned if the companies they own decided to release fewer reports, Minow argued. “What is not watched tends to get a little bit lax,” she said. She analogized the situation to a patient regularly going to the doctor to ensure weight, blood pressure, and reflexes are all in order.

In fact, Minow argued that companies should consider disclosing information more frequently than required by current rules. Given recent technological advancements such as artificial intelligence that h[illegible]ade it easier to crunch numbers and prepare documents, “we might as well be getting monthly rep[illegible]s or even daily reports,” she said.

For firms motivated to spend less time on earnings reports, the benefits might be more limited than they think, cautioned Barbara Duganier, a board member of multiple public companies. Since firms will still need to compile quarterly financial information and ensure internal controls are in place, "I don't think it frees up that much time," she said. "It's more about whether you produce a 10-Q or not."

Practical Considerations

Boards thinking about shifting the cadence of their firm's reporting to align with potential new rules should consider several factors, Berg said, including what competitors are doing and what analysts and investors expect from the company.

The calculus will vary by firm, Sheehan added, though directors should evaluate how established their company is, how large it is, who its investors are, and how frequently the company's leaders interact with those shareholders.

One potential compromise, Sheehan said, would be to consult with shareholders and see what information they would want in a "10-Q light." This could allow the company to save time on releasing reports while maintaining transparency.

Another important consideration for boards, Gersch said, is that fewer regulatory filings would mean material nonpublic information might not be released in a timely manner. "It almost puts a little more onus on the board from a risk management standpoint to monitor in between [filings]," she said.

The audit committee, for instance, would need continuous awareness of potential risks between disclosures "to make sure that the board has visibility," Gersch said. Directors should also ensure there are standards in place about when to file Form 8-Ks.

If the SEC proposal is published and ultimately adopted, she elaborated, "the audit committee moves from a compliance role of reviewing scheduled filings to a judgment role of continuously evaluating whether an internal quarterly development has become material enough to trigger an 8-K." That would mean asking management for "more frequent, high-level updates."

"You really have to think about compliance with matters such as Reg FD [Regulation Fair Disclosure] concerning nonpublic information between reporting periods," Duganier echoed.

Concerns about nonpublic information could complicate the ability of insiders to buy or sell shares, Berg added, and might make it challenging for companies to buy back shares as well.

"Boards definitely don't want companies to be out of the market for extended periods of time," she said. If the SEC proposal is adopted, and a company opts in, "trading windows may be open twice a year, if that, rather than four times a year."

Berg suggested that audit committees meet more frequently if a company decides to change its reporting cadence—at least in the immediate aftermath of a shift—to ensure boards keep a pulse on risks.

Of course, Berg noted, “there's no reason for any type of action to be taken before any new rules are adopted. But these are the kinds of things that boards should start thinking about now, and boards should ensure that management teams are thinking about these things as well.”

For more resources to help your board navigate the effects of changing business policies, visit Navigating Changing US Policy: Key Board Implications.

The views expressed in this article are the author's own and do not represent the perspective of NACD.

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This article was informative.

Yes No