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July 6, 2026

Office of the Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-2026-15, *Semiannual Reporting*

Dear Office of the Secretary:

Grant Thornton LLP appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC's or Commission's) *Proposed Rule on Semiannual Reporting.* We commend the Commission's efforts to reduce regulatory burdens on companies with a focus on flexibility and simplification, while continuing to protect investors and promote fairness and efficiency in the securities markets. We are providing our firm's perspective on this proposal gained primarily from serving public companies as independent accountants, including interaction with the SEC staff in this capacity.

Executive summary

In preparing our comments, we considered the Commission's objective of incentivizing more companies to go and remain public by reducing the regulatory burdens and offering them flexibility to report either semiannually or quarterly based on their own and their investors' needs. We recommend that the SEC continue to engage further with companies and their audit committees as well as with other stakeholders, possibly through roundtables, to understand the root cause of regulatory burdens related to interim reporting (that is, whether the underlying issue is the cadence of interim reporting; the amount of financial and non-financial information required by U.S. GAAP, Regulation S-X, and/or Form 10-Q; or a combination of these factors). In this regard, we recognize that the Commission is also exploring potential amendments to Regulation S-K and is encouraging the FASB to evaluate potential amendments to its accounting standards, with a focus on materiality.

The interim reporting cadence elected by companies will be determined by management and the board of directors based on investor feedback. As independent accountants, we are prepared and stand ready to adjust our review procedures for either frequency, as needed. Regardless of the interim reporting cadence, we emphasize the critical importance of delivering reliable financial information to the market on a timely basis.

From our perspective, our comments focus on the following themes:

- Lack of an assurance framework for interim financial information included in earnings releases
- Expectation gap from investors’ perspective related to quarterly earnings releases for semiannual reporting companies
- Considerations related to potential changes in the timing of audit procedures
- Potential challenges that could arise from the timing of the election to transition from semiannual to quarterly reporting
- Additional guidance required for merger and acquisition transactions

Semiannual reporting considerations

Reporting frequency

The proposed rule would provide all companies, regardless of filer or disclosure status, with the option to file semiannual reports instead of quarterly reports to meet interim reporting requirements.

While certain companies will benefit from semiannual reporting, we are uncertain whether a large number of companies would experience meaningful cost savings, as they may continue with the regular cadence of quarterly reporting or may opt for semiannual reporting but continue to voluntarily present quarterly information for several reasons, including:

- Investors’ expectations and demand
- Underwriters or other financial intermediaries’ expectations in connection with securities offerings (for example, for companies that report on a semiannual basis, underwriters or other financial intermediaries may still request the disclosure of more recent interim financial information as well as comfort from independent accountants on such information)
- Contractual requirements, such as covenants in debt agreements
- Self-determination regarding (1) what constitutes an appropriate reporting cadence to ensure that investors have all necessary information to make their investment decisions, and (2) what is the impact of the chosen reporting cadence on liquidity and trading volumes.

Accordingly, in an effort to limit the interim reporting requirements only to information that is decision-useful to investors, we encourage the Commission to consider outreach with companies to understand the root cause of regulatory burdens and costs for quarterly reporting and to determine whether additional changes are required to U.S. GAAP, S-X Rules 10-01 or 8-03, and/or Regulation S-K applicable to interim reporting on Form 10-Q.

Auditor assurance

High-quality and reliable financial reporting is critical to the strong foundation for capital markets in the United States. We believe that PCAOB AS 4105, *Reviews of Financial Information,* provides the required framework for performing a review of interim financial statements for the semiannual periods, as it defines "interim financial information" as statements covering less than a full year or a 12-month period ending outside the fiscal year. As part of any changes to AS 4105 that the PCAOB undertakes, we recommend amending the standard to be period agnostic, similar to AICPA AU-C Section 930, *Interim Financial Information*.

Independent accountant's involvement with the Form 8-K earnings release

Currently, independent accountants have no responsibility under professional standards for the information included in the earnings releases furnished on Item 2.02 of Form 8-K. In our experience, most engagement teams ordinarily perform certain limited procedures over earnings releases; however, an interim review under AS 4105 is completed only in connection with the filing of Form 10-Q, which generally occurs a few days after the earnings release is furnished.

There is no available financial reporting framework or auditing standard under which an independent accountant can perform a review of interim financial information, absent interim financial statements prepared in accordance with U.S. GAAP and applicable SEC rules and regulations. Accordingly, we believe that the earnings release process could potentially be delayed if companies were to include interim financial statements that comply with ASC 270 and S-X Article 10 or Rule 8-03 in the Form 8-K earnings release and request that an independent accountant review the financial statements prior to furnishing it with the SEC.

In the event the applicability of AS 4105 is amended and the SEC requires a review of the quarterly information furnished or filed by semiannual reporting companies in their earnings releases, we recommend that the SEC require a clear segregation of the information that will be subject to auditor review. For instance, today companies often include non-GAAP financial measures in Form 10-K or Form 10-Q; however, this information is sufficiently segregated from the financial statements and the related auditor's report (if applicable), so that it is clear to a reader to which financial information the auditor's report applies. In an earnings release, such delineation between information may not be as clear, which could lead to investor confusion over what is within and outside the scope of the independent accountant's audit or interim review. This could further exacerbate the existing expectations gap between what auditors are required to do with "other information" under either PCAOB AS 2710, *Other Information in Documents Containing Audited Financial Statements*, or AS 4105, and what investors perceive that auditors do with that information.

Internal control over financial reporting

This proposal requests input on the optionality of semiannual or quarterly reporting and its impact on companies' disclosure controls and procedures and on internal control over financial reporting (ICFR) when semiannual reporting is elected. Aside from the frequency with which controls operate, we believe it is unlikely the proposed rule would significantly alter other aspects of the design effectiveness of a control. A company will design the frequency of controls in accordance with the financial reporting risks, and an election to report semiannually could result in certain controls, such as those related to the financial reporting process, operating only twice per year. Further, if a deficiency in ICFR is identified and the company does not have compensating or mitigating controls, there may not be enough instances to remediate such deficiencies before the end of the fiscal year.

Timing of financial statement audit procedures

Irrespective of the frequency of interim reporting elected, we will continue to work with companies to plan and schedule audit procedures on the year-end financial statements such that we perform a high-quality audit. The timing of audit work could potentially require an adjustment for companies that elect reporting on a semiannual basis. Ordinarily, audit procedures are performed on financial information that has been subject to period-end financial reporting processes and controls. To the extent companies do not produce such information on a quarterly basis, certain procedures may need to be performed later in the audit period, which could result in an additional burden on companies while finalizing annual reporting. Further, a delay in performing certain audit procedures could potentially delay the identification of any accounting or reporting matters, thereby creating an additional burden on companies in timely meeting their reporting obligations.

Securities offerings and comfort letters

As noted previously, companies that elect semiannual reporting or hybrid reporting may be required to prepare GAAP interim financial statements with footnotes for a quarterly period in connection with a securities offering. This may be required as part of the company's governance requirements, risk management policies, or requests from underwriters or other financial intermediaries. We have observed that it is common practice for foreign private issuers to prepare quarterly financial information in connection with offerings if these issuers do not otherwise have a quarterly reporting requirement.

The proposal solicits feedback on whether changes are needed to PCAOB AS 6101, *Letters for Underwriters and Certain Other Requesting Parties*, to accommodate semiannual reporting requirements. AS 6101 provides reporting requirements and related guidance for accountants issuing letters to underwriters and other requesting parties. Currently, independent accountants can provide negative assurance on changes in certain financial statement line items when the cut-off date is less than 135 days from the end of the most recent period that has been audited or reviewed. If the subsequent change period is 135 days or more, AS 6101 permits accountants to perform certain inquiries related to changes in specified financial statement line items and to report these results. These requirements are also consistent with AICPA AU-C Section 920, which applies to comfort letters issued in connection with exempt offerings conducted by private companies that do not have any interim reporting requirements. Given that AS 6101 provides a framework for providing comfort on changes in specific financial statement line items irrespective of the duration of the subsequent change period and is consistent with AICPA AU-C Section 920, we believe that a change to AS 6101 is not required.

Election timing and frequency

Under the proposal, the election to report on a semiannual or quarterly basis would be made on an annual basis. We suggest that the Commission consider feedback from investors and analysts as to whether annual changes in reporting cadence would be considered disruptive. Further, if a company reports on a semiannual basis one year and transitions to quarterly reporting for the next year, it would be required to prepare the comparable prior-year quarterly financial statements and disclosures, and independent accountants would be required to perform review procedures over that information. This could present challenges and may result in delays and incremental costs in the year the company transitions from semiannual to quarterly reporting. This is especially apparent if the election to change one's interim reporting basis is not known until Form 10-K is filed, given that the first quarter Form 10-Q is due shortly thereafter. We ask the SEC to consider whether the first election or a change in reporting cadence should be made by a specified date via Form 8-K that would apply to the next annual period, such as by the end of the company's fiscal year. This would allow sufficient time for investors to digest the revised reporting cadence, for companies to prepare the comparable period information, and for auditors to plan and perform the necessary review procedures.

Mergers and acquisition considerations

While the proposed rule simplifies the interim reporting requirements for existing Exchange Act registrants and companies filing an initial public offering (IPO) registration statement, questions may arise on the application of the proposed rules to certain merger and acquisition transactions. Examples to consider include:

1. *De-SPAC transactions*: Could the private operating company target elect a reporting cadence that is different from the special purpose acquisition company (SPAC)? Since both the SPAC and the target will be co-issuers on the registration statement, can the target elect semiannual reporting on the cover page of the registration statement even if the SPAC has elected quarterly reporting, or vice-versa? Alternatively, is the target required to take on the SPAC's quarterly reporting election until the target files its first Form 10-K? And, would that answer change based on the legal structure of the transaction (such as a double dummy structure with a newly formed entity as the legal acquiror of the SPAC and target company, or if the private company is the legal acquiror)?

2. *Merger of two reporting companies where, prior to the merger, one of the companies reports on a semiannual basis and the other reports on a quarterly basis:* In a Form S-4 or merger proxy, would each registrant keep their own interim reporting cadence and decide collectively what the reporting cadence will be going forward, or would the legal acquiror's election remain until the next annual election?
3. *Acquisition of a business or real estate operations when pre-acquisition financial statements are required pursuant to S-X Rule 3-05 or 3-14:* Would the acquiree have to follow the same interim reporting cadence as the registrant?

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We would be pleased to discuss our comments with you. If you have any questions, please contact Rohit Elhance, Partner-in-charge of SEC Regulatory Matters, at 202-861-4110 or Rohit.Elhance@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP