



Interim reporting flexibility

Understanding the SEC's proposal

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Understand... And have your say

What's the issue

- The SEC has proposed¹ amendments to its periodic reporting framework that would allow domestic reporting companies to report on a semiannual basis as an alternative to quarterly reporting on Form 10-Q.
- The proposal introduces a new Form 10-S and outlines transition provisions and ongoing current reporting considerations.

What's the impact

- The ability to report semiannually could have broad implications for financial reporting oversight, investor communications and capital markets readiness.
- Reporting companies may need to perform entity-wide assessments to evaluate how a change in reporting frequency could affect the availability and comparability of interim information, the operation of disclosure controls and procedures, and reliance on other disclosure mechanisms such as earnings releases.

What's next

- The SEC seeks feedback from all stakeholders on the proposal, including potential effects on comparability, capital formation and operational implementation.
- This Executive Briefing is designed to help you think through the implications of the proposal and ask the right questions within your organization.
- Comments are due by July 6, 2026.

Note 1: SEC release nos 33-11414; 34-105368; 39-3563; IC-36140. File no. S7-2026-15

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Proposal overview: What and why

“We believe our proposal represents a balanced approach of maintaining a reporting system that elicits material, timely, and regular disclosures in a manner that best suits the needs of both the company and its investors, promoting efficiency by reducing compliance costs, and maintaining robust investor protections.”

– SEC Release 33-11414; 34-105368

At a glance

- Elect semiannual or quarterly interim reporting.
- Use new Form 10-S for semiannual reporting.
- Existing quarterly reporting framework would be preserved.
- Staleness requirements would be consolidated and simplified for different interim reporting regimes.

What would and would not change

- Optionality in interim reporting frequency without mandating a change in reporting frequency.
- Quarterly reporting would remain the default framework.
- Semiannual disclosure requirements would mirror quarterly disclosure requirements.
- Core elements of the reporting system would remain unchanged, including:
 - Annual reporting on Form 10-K.
 - Current reporting on Form 8-K.
 - Management’s responsibility for accurate, timely disclosure and effective controls.

To learn more about the background, read our companion article.



The proposed framework

The proposal has three main objectives:

- Increase reporting flexibility
- Respond to longstanding stakeholder feedback
- Support capital formation while maintaining investor protections

Elective interim reporting frequency

- Reporting companies¹ would elect their interim reporting frequency on an annual basis.
- The election would be indicated in a check box on Form 10-K.
- The election could not be changed after the due date of the Q1 Form 10-Q until the following Form 10-K filing.

New Form 10-S (semiannual report)

- New Form 10-S would cover the first six months of the fiscal year.
- It would comprise substantially the same disclosures as Form 10-Q.
- US GAAP would be required.²
- Independent accountant review would be required.
- Voluntary presentation of quarterly reporting information for Q1 and Q3 information would be permitted.

Registration statement elections

- IPO companies would indicate their reporting frequency on initial registration.
- A check box would appear on the cover page of the registration statement.
- Existing reporting companies would match the registration statement with their previous Form 10-K.

Notes:

1. Companies with reporting obligations under Sections 3-13(a) or 3-15(d) of the 1934 Exchange Act.
2. Foreign Private Issuers electing to use domestic forms would not be required to use US GAAP.

Strategy and capital formation

Implications for issuer comparability

Introducing optional semiannual reporting for domestic reporting companies may impact how investors assess comparability and performance across peers. For example, information may be received by the market differently based on elections made within an industry.

Form 8-K remains the primary anchor

- Form 8-K would remain unchanged as a primary mechanism for the timely disclosure of material events.
- Earnings releases would be permitted quarterly regardless of interim reporting frequency.
- The absence of quarterly reporting would place:
 - Increased emphasis on the timeliness, judgment and completeness of current reporting disclosures.
 - Pressure on management's ability to communicate material developments outside of periodic filings.

Reg S-X amendments

- Securities Act¹ registration statements would be amended consistent with the reporting frequency elected.
- Exempt offerings do not contain presentation requirements, although they typically follow regulatory requirements.
- Comfort letter standards have not changed and would require commensurate regulatory amendments.
- Banks and other lenders might, based on contractual arrangements, continue to require more frequent financial information (see #6).

Note 1: Securities Exchange Act of 1933.

Questions to ask

- What are the potential cost savings of changing to semiannual reporting?
- Would potential savings outweigh other costs or trade-offs?
- How would you communicate with the markets under either reporting framework?
- How would semiannual reporting affect stock liquidity, valuation and overall cost of capital?
- How might interim reporting frequency affect your ability to raise capital and meet other reporting obligations?

Investor relations and market perception



Seven issues for board agenda in 2026

The board's story through corporate disclosure is informed by key issues on the agenda. Read more about the following in our report:

- Strategy
- Data governance
- Sustainability
- Board-CEO relationship
- AI
- Cybersecurity
- Risk oversight

Managing market expectations under optionality

- Investor and analyst expectations might remain unchanged despite an election to report semiannually. Analysts, for example, might continue to expect information quarterly when assessing credit ratings.
- Pressure to match information provided by competitors could arise if there is information asymmetry in the marketplace.

Market perception and competitive dynamics

Consider how the company might be perceived in the marketplace in the absence of quarterly reporting. Contributing factors include:

- The ability to communicate successes and messaging through periodic reports (see #3).
- Market movements based on interim information that may be provided more or less frequently.
- The short- and long-term capital needs of the business.

Questions to ask

- How might peer companies approach reporting frequency in the future?
- How might investors and analysts react?
- What is the best way to communicate changes in reporting frequency to the marketplace?
- Would you release earnings on a quarterly basis, regardless of filing frequency?
- Would you consider changing the interim reporting frequency election between fiscal years?

Governance and compliance

No change in governance and control frameworks

- Management's responsibilities under existing governance and control frameworks would not change; nor would the roles and responsibilities of the Audit Committee.
- Companies electing semiannual reporting would remain subject to Sections 404(a) and 404(b) of the Sarbanes-Oxley Act, as applicable.
- Filing frequency would be affected, but not the standards used to design, operate or evaluate controls.

No change in DCP or ICFR requirements

- The same control framework and certification responsibilities would exist under either reporting frequency.
- The evaluation of disclosure controls and procedures, and changes in internal control over financial reporting, would remain the same regardless of the reporting frequency.

No change in oversight frequency and Board engagement

- The proposal does not prescribe changes to:
 - Board and audit committee oversight responsibilities.
 - The nature or rigor of interactions with management or auditors.
- Audit committees would retain flexibility to determine:
 - Whether to maintain quarterly oversight processes.
 - How often to review financial information outside of required filings.

No change in auditor involvement and assurance

- The proposal does not eliminate interim auditor involvement or review requirements.
- Auditor involvement is governed by the existing PCAOB standards and audit committee judgment.
- The proposal does not preclude quarterly reviews when not required.

Questions to ask

- What financial information does 'Those Charged with Governance' expect to see regardless of interim reporting frequency?
- Will reviews of financial information be needed each quarter, to support potential capital raising or to mitigate risks?
- How frequently does the Board and Audit Committee desire interaction with management and auditors?

Management considerations

A potential operational opportunity

- Current complements of finance and reporting personnel were built to meet the quarterly reporting requirements of reporting companies.
- It still may be necessary to prepare and deliver information – internally and/or externally – on a monthly or quarterly basis.
- To the extent that resources would require less time for financial reporting requirements, there may be an opportunity to redeploy those resources to other activities.

Reassess management oversight

- With changes in financial reporting, consider how management's oversight of the business may be impacted (see #5).
- Financial information may be used differently when considering a six-month gap in reporting versus three months.

Financial information may still be required

- Financial information is typically provided to numerous stakeholders.
- Agreements and contracts may mandate that financial information be provided on a periodic basis.
- Noncompliance with contracts can trigger default provisions, including cross-default provisions.
- Internal operational decisions may require certain financial information (e.g. sales or payroll data).

Accounting firm involvement necessary

- Maintain close coordination with your auditor and other advisors throughout the year to avoid 'surprises'.
- The auditor's ability to perform audit procedures on significant transactions is important.

Questions to ask

- How would your finance and reporting organizations look different within a different reporting regime?
- What other reporting requirements currently exist?
- Do you have an inventory of all agreements and contracts that require reporting?
- Are counterparties willing to renegotiate contract terms?
- Do you have cross-default provisions to consider?

IPO considerations

Investor and underwriter expectations

- When a company is conducting an IPO, both underwriters and potential investors have expectations around the amount of information that should be presented in the registration statement.
- Frequently, a Form S-1 includes multiple years of audited annual financial statements together with recent interim periods as part of an IPO filing.
- Comfort over interim information may be requested by underwriters, which would require a review to be performed by the auditor.

Post-effectiveness reporting

- The election made in the IPO Form S-1 (see #2) would be determinative as to the company's reporting obligations post-effectiveness.
- Less frequent reporting may be desirable for a newly public entity that has limited resources and does not have a need to access capital on a frequent basis.
- More frequent reporting may be desirable for a newly public entity looking to access capital and to show financial growth, or 'tell a story' to the marketplace.

Questions to ask

- What financial information do your underwriters expect in the registration statement and as part of the road-show?
- Will underwriters expect comfort to be provided over quarterly or semiannual financial information?
- What reporting frequency would best suit your organization post-effectiveness?
- Will you require further access to capital, or do you have contractual obligations to report timely information?

Inside the S-1 – From filing to effectiveness

What really goes into filing a Form S-1 – and what can go wrong if you don't plan ahead? In this podcast, former SEC veteran Melissa Rocha unpacks the S-1 review process, shares common pitfalls that derail IPO timelines, and offers practical tips for engaging with the SEC staff.



Keep in touch



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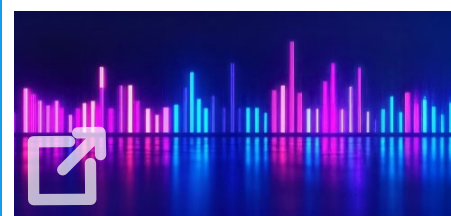
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