CBIZ CPAs P.C.

730 Third Avenue
11th Floor
New York, NY 10017

P: 212.485.5500

July 6, 2026

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

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

Dear Ms. Countryman:

CBIZ CPAs P.C. ("CBIZ") appreciates the opportunity to comment on the Securities and Exchange Commission's (the "Commission" or "SEC") proposal, *Semiannual Reporting* (the "Proposal" or the "Proposed Amendments"). CBIZ is a national accounting firm that serves a broad range of public and private companies across industries, including smaller issuers, emerging growth companies, and more mature reporting companies. We support the Commission's objective of promoting access to the public markets and reducing unnecessary complexity in the reporting framework.

We are not expressing a point of view on whether the Commission should allow companies to file semiannual reports in lieu of quarterly reports as investors and preparers are in the best position to provide perspectives on this Proposal. Our comments below reflect some observations we have as auditors on the potential implications of allowing such flexibility. Additionally, we have addressed certain specific questions that were included in the Proposal based on our experiences as auditors of public companies.

Regardless of whether the Commission allows for this optionality, we believe that there are a number of benefits of reporting on a routine cadence to both management and investors. These include:

- Instilling discipline and rigor in management's financial reporting processes – including closing the books, preparing disclosures, and ensuring the information can withstand scrutiny every quarter.
- Encouraging registrants to pay continuous attention to accounting judgments, estimates and controls which may help in preparing the annual financial statements.
- Helping auditors perform iterative, interactive risk assessments and issue identification, improving audit quality over the full year.

The work that we perform in connection with quarterly reviews of financial statements in Form 10-Q assists us in performing the audit of the annual financial statements. Please see Question 24 for further discussion on the nature and extent of procedures that an independent public accountant may perform during a review over a fiscal semiannual period or a fiscal quarterly period.

We expect that a number of companies that elect to file Form 10-S will provide quarterly information. Some companies may present this information in a format or level of detail that does not comply with GAAP while other companies may present interim financial statements that do comply with GAAP and have been reviewed by the auditor as described in S-X Rule 10-01(d). To distinguish quarterly financial statements that intend to comply with GAAP from quarterly information that does not intend to comply with GAAP, we recommend that the Commission consider creating a separate section of Form 8-K – Item 2.07 *Quarterly Financial Statements,* for companies that prepare GAAP compliant interim financial statements. This information would be considered filed versus furnished. Item 2.07 would only be available to companies that elect to be a semiannual filer. See our response to Question 10 in the Appendix for further discussion.

We believe that investors benefit from the auditors' review of interim financial statements/information. Some companies may provide quarterly information that does not comply with GAAP but will want to be able to indicate that the auditor has reviewed such information. Alternatively, the SEC may want to require that this information be reviewed by the auditor. We believe that if the auditor is to provide some form of review over quarterly financial information that does not comply with GAAP that the PCAOB should develop specific guidance. See our response to Question 10 in the Appendix for further discussion.

In circumstances where companies that elect to file on Form 10-S provide quarterly information in some form and include it under Item 2.02 of Form 8-K and also include or incorporate that information into a registration statement, there could be occasions when this information, which may or may not be a full set of financial statements that comply with GAAP, will reflect a change in accounting principle, discontinued operations, or a reorganization of entities under common control. If these companies that elect to provide quarterly information had filed that quarterly information on Form 10-Q, it would be considered a material change and the company would need to restate its annual financial statements prior to filing its next annual report on Form 10-K[1] It is unclear whether this also would be considered a material change for those companies that elect to use Form 10-S and provide quarterly information in Item 2.02 of Form 8-K. We believe the adopting release should address these potential situations and be clear about the need to restate previously issued financial statements under situations in which the financial information complies with the interim financial statements under GAAP and those situations in which the financial information does not purport to comply with GAAP. See our response to Question 18 in the Appendix for further discussion.

Our responses to certain questions raised in the Proposal can be found in the Appendix.

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[1] See Item 11(b) of Form S-3.

We would welcome the opportunity to discuss these comments further or to engage with the Commission and its staff on these matters. If you have any questions or would like to discuss our views further, please contact Chief Quality Officer Adam Clark (Adam.Clark@cbiz.com) or National Director of Accounting Standards Melissa Henry Melissa.Henry@cbiz.com).

Very truly yours,

CBIZ CPAs P.C.

CBIZ CPAs P.C.

By email: rule-comments@sec.gov

Appendix

Responses to Certain Questions Raised in the Proposal

In addition to the above observations, we offer responses to various aspects of the following questions in our capacity as the auditor of public companies. While we are not expressing a view on whether the Commission should allow the option of semiannual reporting in lieu of quarterly reporting, our comments address some issues that the Commission should consider if they make this change.

5. We are proposing that the filing deadlines for semiannual reports on Form 10-S be the same as for quarterly reports on Form 10-Q. Should the filing deadline for semiannual reports on Form 10-S be longer or shorter than proposed? If so, what would be an appropriate filing deadline? Do companies need more time to prepare semiannual reports than quarterly reports and if so, why? Should smaller public companies, newly public companies, or emerging growth companies be afforded a longer filing deadline for Form 10-S to allow for additional time to consult with their accountants and advisers?

As the contents of Form 10-Q and Form 10-S are substantially the same, we believe the filing deadlines should be the same.

We note that in footnote 242 of the proposal "*Enhancements of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies*" - Securities Act Release No. 11419 - that smaller non-accelerated filers would have an additional five days to file Form 10-S. If Form 10-S and the concept of a smaller non-accelerated filer is adopted as proposed, we agree that they should have the five additional days for Form 10-S.

Additionally, it has been our experience that the change from being a private company to a public company, whether due to the completion of a traditional Initial Public Offering, de-SPAC transaction, reverse merger or other structures, can place stress on management to comply with the public company interim reporting requirements. We believe it would be appropriate to provide newly public companies, as that term is used in Instruction 1 to Item 308 of Regulation S-K, additional time to file. Such an accommodation would be consistent with the Commission's other initiatives regarding providing accommodations as part of an "on ramp" in connection with being subject to the Exchange Act reporting requirements.

8. Should the check box that indicates a company has elected semiannual reporting be added to registration statements on Forms 10, S-1, S-3, S-4, and S-11 and annual reports on Form 10-K as proposed? Should we add a similar check box to any other forms, including Forms 1-A or 8-A? If so, why?

While we believe it is acceptable to include the check box on all of the indicated forms, it is not clear when it would be applicable to include on Forms S-3 and 8-A as those forms would not be used as an initial filing and it would appear that the company would have previously made its election for the year via another Form.

The Commission should consider whether the check box should be included on Form 8-K. Depending on how the final rules are structured, we could envision it would be applicable for a transaction involving a reverse acquisition or reverse recapitalization involving a shell company. In these situations, the legal target company becomes the registrant for financial reporting purposes. We believe after such a transaction that the new reporting entity should be able to make the determination whether they want to file on a quarterly basis or semiannual basis. We do not believe they should be constrained by the historical election of the legal registrant, which will no longer be the registrant for financial reporting purposes.

10. Our proposal would require reporting companies that elect to file semiannual reports to continue with that interim reporting frequency for the rest of the fiscal year in which the election was made. Therefore, companies would not be allowed to file a semiannual report on Form 10-S for the first six months of a fiscal year and then file a quarterly report for the third quarter for that fiscal year. Likewise, companies would not be allowed to file a quarterly report on Form 10-Q for the first quarter of a fiscal year, file a semiannual report on Form 10-S for the first six months for that fiscal year, and not file a quarterly report on Form 10-Q for the third fiscal quarter. Would this proposed approach help avoid potential confusion that could be caused by changes in interim reporting frequency during a fiscal year? Is it necessary to add any language to the proposed rules to make more explicit the requirement to maintain the selected frequency for the full fiscal year? Rather than the proposed approach, should we allow: (1) semiannual filers and quarterly filers to make a change in interim reporting frequency during the fiscal year, or (2) only semiannual filers to switch to filing quarterly reports during the fiscal year? Should issuers that elect semiannual reporting be required to commit to that disclosure frequency for a certain period of time? Why or why not?

The Commission could consider allowing a company to make an election once and that election stays in place until the company invokes a new frequency – which would only be allowed once a year – before the Form 10-Q for the first quarter would otherwise be due.

If a company elects to report semiannually and file Form 10-S but also wants to provide the market with information on a quarterly basis, it can file the information on Form 8-K, as noted above. Based on the Proposal, they would be considered a “hybrid reporter.”

Currently, most companies issue press releases with limited interim information and furnish that information under Item 2.02 of Form 8-K. There may be times when a company that has elected to file on Form 10-S will want to issue full interim financial statements that comply with Financial Accounting Standards Board (“FASB“) ASC 270 *Interim Reporting* (“ASC 270”) and S-X Rules 10-01 and 8-03, as applicable, for a quarterly period (e.g., when filing a registration statement). That is, they would want to provide the same financial statements that would be included in Form 10-Q.

We expect companies that want to provide quarterly information will furnish that information under Item 2.02 of Form 8-K. We believe it would be beneficial for investors to be able to easily distinguish quarterly information that is intended to comply with GAAP and S-X 10-01/S-X 8-03 from quarterly information that is not intended to comply with this requirement. To address this situation, we recommend that the Commission consider expanding Form 8-K to include a new item – *Item 2.07 Quarterly Financial Statements.*

Information submitted under this item would be filed, not furnished, and would need to comply with (1) S-X Rules 10-01 or 8-03, as applicable, and ASC 270 and (2) include Management’s Discussion and Analysis of Financial Condition and Results of Operations for the applicable periods that are presented. Information about Quantitative and Qualitative Disclosures About Market Risk required by Item 305 of Regulation S-K and Control and Procedures required by Item 307 and 308(c) of Regulation S-K can, of course, be provided but would not be required under this item. If the company elects to provide information under this new item, the financial statements will need to be reviewed by an independent public accountant in the same manner as required by S-X Rule 10-01(d) or S-X Rule 8-03, as applicable.

This information would only be provided by companies that elected to be a semiannual filer and for a particular reason want to file complete interim financial statements in accordance with GAAP. Alternatively, the Commission could expand Item 2.02 of Form 8-K to create a special provision for when a company elects to provide full GAAP compliant interim financial statements.

This distinction would also be helpful if the company prepares financial information after it has adopted a new accounting principle, entered into a transaction that will be accounted for as a discontinued operation or entered into a transaction that will be accounted for as a reorganization of entities under common control. See Question 18 below.

11. Do companies that have newly become a public company (e.g., through an initial public offering, de-SPAC transaction, or direct listing) need to have greater flexibility for switching interim reporting frequency within a fiscal year? For example, a private company that elected semiannual reporting in a Form S-1 for an initial public offering could subsequently decide that quarterly reporting is preferable (e.g., to promote greater trading liquidity by increasing the frequency of its interim reporting) and wish to switch to quarterly reporting for the rest of the fiscal year. Should we allow such newly public companies to switch the interim reporting frequency within a fiscal year?

It is important to note that in certain situations such as a de-SPAC transaction or reverse acquisition the financial reporting entity has changed – the financial statements of the entity that was the legal target will become the financial statements of the registrant. In most instances management has also changed. The new management, including those charged with governance, may have a different perspective from the previous management regarding the frequency of interim reporting. In these situations, the election on the frequency of interim reporting should be allowed to be changed within a reasonable period after such an event has been consummated.

18. What is the likelihood that companies that elect semiannual reporting will continue to issue quarterly earnings releases (to the extent they did so previously when they reported quarterly)? Why would semiannual filers still issue earnings releases on a quarterly basis? Would this practice create any new or heightened investor protection concerns? For example, would there be any new investor protection concerns if an Exchange Act reporting company with a December 31 year-end elects to file semiannual reports and issues an earnings release for the first quarter of the fiscal year, with the semiannual report for the first six months of the fiscal year (which includes that first quarter) not due until months later (e.g., in August of that fiscal year)? Would companies that currently issue quarterly earnings releases but elect to become semiannual filers change their earnings release practices either: (1) to issue earnings releases semiannually, or (2) to cease issuing earnings releases? Please provide any data or analysis regarding any experience with earnings releases in foreign jurisdictions where issuers report semiannually.

Based on our experiences as auditors of public companies, we offer the following perspectives for those situations in which a hybrid reporting company elects to provide quarterly information. See also our response to Question 10.

A company that elects to file Form 10-S but also wants to provide more current information, either quarterly or year to date, may furnish such information under Item 2.02 of Form 8-K. In this situation, if there is an accounting change made either voluntarily or in response to a standard adopted by the FASB, discontinued operations, a reorganization of entities under common control, or a stock split or reverse stock split, the financial information in Item 2.02 of Form 8-K will not be comparable to the most recent information that has been filed, either on Form 10-K or Form 10-S.

We believe that in this situation the company should be required to provide sufficient information to allow an investor to understand the implications to the historically issued financial statements and the lack of comparability to the financial information in Item 2.02 of Form 10-K and to keep the information that is presented from being misleading. While perhaps this incremental disclosure would be required by Rule

10b-5 of the Exchange Act (this would be a legal matter and we are not expressing a point of view), we recommend that Item 2.02 of Form 8-K be expanded to explicitly address this situation. While this issue can exist today, companies would be filing a Form 10-Q that reflects the change shortly after furnishing Item 2.02 Form 8-K with all the applicable disclosure about the accounting event, so its practical implications are limited.

Additionally, if such financial statements were included on a Form 10-Q and included or incorporated into a registration statement, it would constitute a material change – see Item 11(b) of Form S-3 - and the audited financial statements would need to be restated to present the financial statements on a consistent basis.[2]

The publication of financial information that is less in scope than required by GAAP does not constitute the issuance of financial statements.[3] Assuming this information is less in scope than required to constitute the issuance of financial statements in accordance with GAAP, it would not appear restated audited annual financial statements and possibly interim financial statements for a semiannual filer under Item 11(b) of Form S-3 would need to be provided. However, as this situation did not exist in the past, this point is not clear.

We recommend that the adopting release address this point – especially if the Commission views that the issuance of financial information that is less than full financial statements required by GAAP would constitute a material change that would require the annual, and if applicable the semiannual financial statements, to be restated to be presented on a consistent basis with the information that was included in the Item 2.02 Form 8-K.[4]

We envision that some hybrid reporting companies may, for various reasons, want to issue full interim financial statements that comply with the applicable requirement in Regulation S-X and GAAP. Assuming the same fact pattern as described above except for the fact that the financial statements comply with Regulation S-X and GAAP, it is not clear whether the inclusion of those financial statements under Item 2.02 of Form 8-K that are incorporated into a registration statement would be viewed as a material change under Item 11(b) of Form S-3 and require previously issued financial statements to be restated so there is a consistent presentation.

We believe in this fact pattern that the previously issued financial statements would need to be restated to be presented on a consistent basis with the interim financial statements that are included in or incorporated into the registration statement. As such, the requirement to restate the audited financial statements should be the same regardless of whether the Regulation S-X and GAAP compliant financial statements are included on Form 10-Q or Item 2.02 of Form 8-K. We encourage the Commission to address this point in the adopting release.

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[2] As indicated in Section 13500 of the Division of Corporation Finance's Financial Reporting Manual, Stock Splits, "[O]rdinarily, the staff would not require retrospective revision of previously filed financial statements that are incorporated by reference into a registration or proxy statement for reasons solely attributable to a stock split. Instead, the registration or proxy statement may include disclosure of relevant per share information for all periods, with the stock split prominently disclosed."

[3] See ASC 855-10-S99-2.

[4] For example, assume the company is a semiannual filer and files a Form 10-S for the six months ended June 30, 2026. The company presents financial information for the nine months ended September 30, 2026, that is not a complete financial statement under GAAP that reflects discontinued operations. The company furnishes the nine month information under Item 2.02 of Form 8-K and incorporates the 8-K into a Form S-3. It is not clear whether the company would be required to restate the annual and interim financial statements in Form 10-K and Form 10-S, respectively.

See also our response to Question 10 regarding creating a new Item in Form 8-K - Item 2.07 - for situations in which the Company elects to provide interim financial statements that comply with GAAP.

20. In connection with any adoption of the proposal, should there be a new requirement for semiannual filers that announce or release earnings for the first or third quarters of their fiscal year (i.e., the periods that would later be subsumed in Forms 10-S and 10-K but for which there would be no quarterly report filed with the Commission)—that financial information in any first or third quarter earnings releases be reviewed by an independent public accountant? If so, would any changes to current auditing standards (e.g., governing reviews) be required?

If the SEC were to require some level of auditor review or involvement with the earnings release, we would adapt to the needs of the market. However, assuming the earnings release contains financial information that does not constitute full financial statements prepared in accordance with GAAP, we recommend that the PCAOB develop guidance for the procedures that should be performed in those situations. We do not believe that the current procedures in AS 4105 contemplate a situation where the auditor would perform a review – or some other procedures - when the financial information presented is less in scope than financial statements that comply with GAAP.

If this information is required to be reviewed by Commission rule, investors may erroneously believe that the auditor is concluding on the adequacy of the disclosure for the interim period. If the Commission were to make such a requirement, we believe the rule should be clear that the auditor is not concluding on the adequacy of the disclosure that a company elects to present.

24. Would the nature and extent of procedures that an independent public accountant performs during a review change depending upon whether the independent public accountant is performing a review over a fiscal semiannual period or a fiscal quarterly period? Would independent public accountants conducting reviews do the same amount of work for a fiscal semiannual period as they currently do for two quarterly fiscal periods on a combined basis? Would an independent public accountant experience any impact on efficiency or economies of scale when conducting reviews and annual audits under semiannual reporting versus under quarterly reporting for the same company? Would any changes to independent public accountants' review or audit procedures or any impact on efficiency or economies of scale result in changes in costs to companies? If so, describe the impact and whether the impact could vary depending upon the size of the registrant subject to the review.

The requirements in AS 4105 would be the same if performing a review for a semiannual period or a quarterly period.

The extent of the potential differences will vary among registrants based on factors such as the size of the registrant, complexity of the business, nature and scope of unusual transactions, control environment, and a number of other factors.

At the risk of oversimplifying, we would expect that the work performed for the six-month period would be less than the combined work performed for the first and second quarters, but more than would be performed for the second quarter for a 10-Q filer. The simple fact that procedures cover a period that is twice as long means that there will likely be more issues that need to be addressed, and the work will take longer. Additionally, we believe that if a company does not prepare third-quarter information, it is likely that there could be greater costs in connection with the annual audit and if a company does not prepare first quarter information there could be greater costs in connection with a review of the first half of the year.

Performing work on both interim and annual periods builds on the cumulative information that the auditor has obtained. By way of example, if the auditor has addressed certain developments, including unusual transactions, during the first quarter there will be less work that will need to be performed when performing a review of the six-month information.

Likewise, if there is no review performed on the third quarter, there is a greater chance that the auditor will need to perform additional procedures in connection with the annual audit. There also will be fewer opportunities to address and resolve issues before the audit of the year end information which would impact efficiency.

25. Would companies that elect semiannual reporting retain their independent public accountant to perform a review of their financial statements at the end of each quarter either to: (1) support financial information that is used for purposes of a quarterly earnings release (notwithstanding that, as noted above, there is no Commission requirement for a quarterly earnings release to be reviewed by an independent public accountant), or (2) guard against the possible need for a quarterly review to be performed should the company decide to change back to quarterly reporting in a future period (where that period would require comparative quarterly data for the prior year)?

Companies would be in the best position to determine if they would retain the auditor to perform review procedures to support quarterly information. However, we believe a company benefits, and therefore investors benefit, when we are engaged and consulted throughout the year and not just in connection with the issuance of annual financial statements. The sooner we can identify or be advised of potential issues, either in financial reporting, internal controls, or complex audit issues, the greater the benefit to a company and in turn its investors.

26. For semiannual filers, what impact would a shift to semiannual reporting have on: (1) companies' disclosure controls and procedures, (2) companies' internal control over financial reporting, and (3) independent public accountants' strategy and approach for the annual audit of companies' internal control over financial reporting or financial statements? With semiannual reporting, is there a potential for a material increase in the risk that material misstatements (either due to error or fraud) or control deficiencies are not timely detected by or communicated to the independent public accountant thereby limiting potential remediation of these issues by the issuer? Please provide any data related to these questions.

Taking each item in order, presented below are our views of the impact for semiannual filers on:

> <u>*Disclosure controls and procedures*</u>. The *frequency* of the operation of these controls may change (semiannual vs. quarterly), but the design of these controls is likely not impacted by a change from quarterly to semiannual reporting.
>
> <u>*Internal Control over Financial Reporting (ICFR).*</u> Controls operate at varying frequencies depending on the company and the nature of the control. Some controls may operate on a daily basis while others may operate on a monthly, quarterly, or annual basis. There may be a risk that a change in frequency of interim reporting could result in certain controls being performed less often, which may impact a company's ability to demonstrate timely remediation of previously identified deficiencies and/or material weaknesses in internal control and, consequently, result in the reporting of material weaknesses for a moderately longer period of time than under the current quarterly reporting framework. However, even if a company shifts to semiannual reporting, management may still elect to continue performing its period-end financial reporting controls on a more frequent basis.

Independent public accountants' strategy and approach for the annual audit of the company's ICFR. The timing and extent of the public accountant's testing of ICFR is a result of the timing and frequency of management's controls. If management changes the timing and frequency of their controls, there would be a necessary impact on the audit strategy and approach.

Independent public accountants' strategy and approach for the annual audit of the company's financial statements. Please see the response to Question 24.

Regarding the potential for a material increase in the risk that material misstatements (either due to error or fraud) or control deficiencies are not timely detected by or communicated to the auditor, less frequent reporting would not preclude the auditor from performing work during the year on either ICFR or the financial statements. Obviously, the company would have to be a willing partner in this approach. If work continues to be performed during the year, interim testing could result in more timely detection of the control deficiencies and material misstatements. However, if interim review procedures are not performed as frequently, there is risk that it may take longer for the auditor to detect material misstatements and control deficiencies. In addition, the ability to remediate control deficiencies is based on the timing and frequency of management's controls. There may be fewer opportunities for the auditor and management to timely identify or remediate control deficiencies if management's controls are performed less frequently.

27. Would there be reduced securities analyst coverage of Exchange Act reporting companies that elect the semiannual reporting option as compared to quarterly filers? Would underwriters' requests for independent public accountants to provide "comfort letters" in securities offerings (to support potential due diligence defenses) lead semiannual filers to continue to retain independent public accountants to conduct quarterly financial statement reviews? If so, are changes needed to PCAOB Auditing Standards (regarding reviews by independent public accountants)? For example, to comport with semiannual reporting, are changes needed to PCAOB Auditing Standard 6101, Letters for Underwriters and Certain Other Requesting Parties, to permit independent public accountants to provide comfort letters expressing negative assurance on changes subsequent to the date and period of the latest financial statements included (or incorporated by reference) in the registration statement? If semiannual filers would continue to prepare quarterly financial information or to retain independent public accountants to conduct quarterly reviews, should the Commission make any rule changes or take any other steps to address this issue?

We are not in a position to address the first question.

As we have previously mentioned, if a company provides less than complete financial statements that do not comply with GAAP, it would be helpful if the PCAOB were to develop procedures that should be performed in such circumstances. If a semiannual filer elects to prepare and include either three months or nine months of information in a registration statement and such financial statements comply with GAAP, we do not believe there should be any unique issues regarding our ability to provide limited assurance. This assumes that 135 days or more have not passed since the end of the most recent period that financial statements are presented in the registration statement.

If 135 or more days have passed since the end of the most recent financial statements, we are still able to issue a comfort letter, but, based on the guidance in PCAOB Auditing Standard 6101. *Letters for Underwriters and Certain Other Requesting Parties* ("AS 6101"), we would be precluded from providing negative assurance regarding subsequent changes in specified financial statement items. We would be limited to reporting procedures and findings obtained. This requirement does not prevent an offering from being completed. However, the underwriters, based on their judgment, could elect to delay an offering until more current financial information is included in the registration statement, and negative assurance can be provided.

Provisions similar to the ones in AS 6101 have existed in AICPA standards since at least February 1993. While we could not determine the reason for the 135 days, we speculate it relates to the age of financial statement requirements at the time. If the PCAOB were to propose amendments to AS 6101 to change the 135-day period, we would need to evaluate whether it would be appropriate to provide negative assurance on subsequent changes in specified financial items if this period were extended to 225 days (calculated based on the likely cadence that would result if a registrant reported on a semiannual basis).

If the Commission adopts the proposed amendments and it is concluded that the period on which negative assurance can be provided should not be changed to reflect semiannual reporting, we still recommend some changes to the 135-day requirement in AS 6101. We believe this should be done to reflect the proposed change in the age of financial statement requirements that align the staleness of the financial statements with the Exchange Act. We recommend that the PCAOB consider modifying this requirement so negative assurance on a change period can be provided as long as the period does not go past the date the company would be required to file its quarterly report - if it was a quarterly reporting company or would be current if it was subject to Exchange Act reporting as a quarterly filer (e.g., an Initial Public Offering) – not taking into consideration any extension pursuant to Rule 12b-25.

These changes can be done by aligning AS 6101 with the Exchange Act reporting requirements for domestic companies or, alternatively, and perhaps simpler, it could be done by changing the number of days in AS 6101 that negative assurance on a change period could be provided to correspond to the maximum number of days subsequent to the date and period of the latest financial statements that are part of the registration statement and when a quarterly filer would be required to file Form 10-Q. This should include the additional five days for a small non-accelerated filer as that term is used in the Commission's proposal *Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies* Securities Act Release No. 11419.

The period between the financial statements for the third quarter and when the annual report is due could be approximately 182 days. At this time, we are not expressing a point of view on whether the period in which negative assurance on the change period in AS 6101 can be provided should be extended to create complete symmetry with the Exchange Act reporting requirements.

28. Would our proposal have any impact on a semiannual filer's application of relevant accounting standards to prepare financial statements in accordance with U.S. GAAP, IFRS, or home-country GAAP? How? Are any changes to accounting standards, including U.S. GAAP or IFRS, necessary or appropriate to effectuate semiannual reporting (e.g., changes to the guidance on annual impairment testing, lag reporting, earnings per share, or other topics of authoritative guidance)?

Generally, we do not believe there would need to be significant changes to GAAP if the Commission adopted semiannual reporting, ASC 270 can be applied to any period. See the excerpt below:

> *270-10-05-1*
>
> *The Interim Reporting Topic clarifies the application of accounting principles and reporting practices to interim financial information, including interim financial statements and summarized interim financial data of publicly traded companies issued for external reporting purposes.*
>
> *Interim financial information may include current data during a fiscal year on financial position, results of operations, comprehensive income, and cash flows. This information may be issued on a monthly or quarterly basis or at other intervals and may take the form of either complete financial statements or summarized financial data. Interim financial information often is provided for each interim period or on a cumulative year-to-date basis, or both, and for the corresponding periods of the preceding year.*

There have been many examples of companies conducting initial registration statements with interim financial statements for a six-month period that comply with GAAP with no quarterly information. However, there are a few items that the FASB could address either through potential rulemaking or interpretive guidance:

- ASC 270-10-50-2 requires disclosure of material fourth quarter matters in the annual financial statements. For those companies that elect semiannual reporting, should this disclosure include the second half of the fiscal year?
- Investee information can be reported on a lag of one quarter. Should this be changed for semiannual filers to allow for a longer period?
- A number of calculations in the earnings per share guidance are based on quarterly reporting. Is additional guidance required for those companies that elect semiannual reporting?

35. Should the Commission adopt the proposed amendments to Regulation S-X to effectuate semiannual reporting? Are there any other changes beyond those proposed that the Commission should make to Regulation S-X to effectuate semiannual reporting?

Should the SEC adopt the Proposed Amendments on optional semiannual reporting, we agree with the proposed changes to Regulation S-X. Additionally, the SEC should evaluate if there should be amendments to Regulation S-X for the following items.

- It is not clear whether the interim financial statements of an acquired or to be acquired business, which are required under S-X Rule 3-05 and Form S-4, respectively, would be required to follow the frequency of interim reporting that is elected by the registrant or would they be allowed to select a different period? This situation can exist when the target company is private as well as when it is a public company that may have made an election that is different from the registrant. For example, if the registrant is a quarterly filer and acquires a business that is a semiannual filer, will the semiannual filer be required to prepare interim financial statements as if they were a quarterly filer to conform to the registrant?
- If the registrant and acquired company have different frequency of reporting interim information, e.g., the registrant is a quarterly filer, and the target company is a semiannual filer, it is not clear from the Proposed Amendments how pro forma information should be prepared. It could be assumed that

consistent with principles of preparing pro forma information, the pro forma information should be prepared on a basis consistent with the registrant. This may require the target company to prepare interim information that would not otherwise be required.[5] We recommend that the adopting release make this clear if that was the Commission's intent.

- S-X Rule 11-02(c)(3) states that pro forma information must be presented using the registrant's fiscal year end. If the most recent fiscal year end of any other entities involved in the transaction differs from the registrant's most recent fiscal year by more than one fiscal quarter, the other entity's statement of comprehensive income must be brought up to within one fiscal quarter. This concept is not required to be changed if the Commission accepts semiannual reporting.[6] However, the Commission should consider if the rules should be modified to prevent companies from needing to prepare interim financial statements solely to comply with this provision that would not otherwise be required.

36. In connection with registration and proxy statements, are the proposed changes to Regulation S-X necessary to take into account semiannual reporting? If the proposed changes to Regulation S-X were not made and the relevant rules remained structured around quarterly reporting, would this have a negative impact on semiannual filers seeking to raise capital or solicit proxies?

Should the SEC adopt the Proposed Amendments on optional semiannual reporting, we believe the proposed changes to Regulation S-X should be made.

38. Should we change how the age of financial statements in a registration statement is determined in order to precisely align with the deadlines of Exchange Act reporting requirements as proposed? Would our proposed changes to consolidate Rule 3-12 into Rule 3-01 help to streamline Regulation S-X's requirements so that they are easier for registrants to apply?

We support the proposed changes to align the age of financial statements with the deadlines of Exchange Act reporting. This change would eliminate what we view as an unnecessary complexity. We also support the changes to consolidate S-X Rules 3-12 into S-X Rule 3-01.

39. Should we have the deadlines that apply at the time of filing and that apply at the time of effectiveness (for registration statements) or mailing (for proxy statements) centrally located in the same rule as we propose? Why or why not? With respect to this dual role the revised Rule 3-01 would serve, does new paragraph (a) make clear to registrants that—in considering what age requirements apply with respect to effectiveness or mailing—they should substitute effectiveness or mailing dates for the filing dates explicitly mentioned in the rule?

We support the central location of the age of financial statements in S-X Rule 3-01 and believe the language is clear.

40. Instead of the amendments we propose, should we retain the current 135-day age requirement for quarterly filers and adopt a 225-day age requirement for semiannual filers—even if that means semiannual filers may have to update one or two days sooner than quarterly filers? Why or why not?

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[5] When a domestic company acquires a foreign private issuer, the foreign private issuer may need to provide financial information for purposes of pro forma information that is more current than is required for its own financial statements.
[6] While not common in practice, if a domestic company acquires a foreign private issuer that has a fiscal year end that differs from the domestic company the foreign private issuer is still required to be brought up to within one fiscal quarter. This may require the foreign private issuer to prepare interim financial information that is more current than otherwise required as acknowledged in Instruction 1 to S-X Rule 11-02(c)(3).

We recommend that the wording as proposed be implemented. As indicated in our response to Question 38, we believe that aligning the age of financial statements in Securities Act filings with the deadlines of Exchange Act reporting is logical and eliminates unnecessary complexity in financial reporting.

42. Are there any other changes needed to simplify the age of financial statement requirements? Are there any other changes we should make to reduce the compliance burdens associated with Regulation S-X's requirements in connection with proposed optional semiannual reporting?

While not part of the Proposal, we note the proposed changes to S-X Rule 3-01(c) and S-X Rule 8-08(b) that are part of the proposal *Registered Offering Reform* Securities Act Release No. 11418, and we agree with those proposed changes.

43. Should we adopt changes to Rule 10-01 and Rule 8-03 regarding the contents of interim financial statements as proposed? Do the proposed amendments appropriately incorporate the reporting of semiannual periods on Form 10-S without changing how the interim financial statement rules apply to a registrant reporting on Form 10-Q?

We agree with the proposed changes and believe they achieve the objective of consistent reporting.

44. When a registrant acquires a significant business, financial statements of that business are required to be filed on Form 8-K and must comply with the age requirements of Rule 3- 01 at the date the initial Form 8-K reporting the acquisition is filed. Depending on the timing of the acquisition, pre-acquisition interim financial information for upwards of six to nine months may never be required to be filed by semiannual filers. Should we require other financial information (e.g., summarized financial information) to inform investors of pre-acquisition results of operations, financial condition, and cash flows of the acquiree beyond the information that would be required under Rule 3-01 as proposed to be amended.

If the Commission determines to allow semiannual reporting, we believe that this gap between the last balance sheet date and the acquisition date is simply a result of a longer reporting period for interim periods. We would not favor creating other reporting requirements that would result in different requirements addressing this gap for semi-annual reporters compared to a gap that exists today for quarterly reporters.