



California Public Employees' Retirement System

Executive Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3829 | Fax: (916) 795-3410

888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

June 19, 2026

Subject: Proposed Rule on Semiannual Reporting, File No. S7-2026-15

Dear Secretary Countryman,

On behalf of the California Public Employees' Retirement System (CalPERS), we appreciate the opportunity to provide comments on the U.S. Securities and Exchange Commission's (SEC or Commission) proposed rule to allow companies to file semiannual reports on the new Form 10-S in lieu of quarterly reports on Form 10-Q.

As the largest public defined benefit pension fund in the United States, CalPERS manages approximately \$600 billion in global assets on behalf of nearly 2.4 million members. We seek long-term and sustainable returns through efficient capital allocation and stewardship in line with our fiduciary duty.

CalPERS respectfully but strongly urges the Commission to withdraw the proposed amendments and retain its existing quarterly reporting framework for all domestic registrants. The current periodic reporting cadence, which has been in place since 1970, is foundational to the depth, liquidity, and integrity of U.S. public markets and is directly relied upon by CalPERS and many similarly situated long-term investors to fulfill our fiduciary duties. Reducing the frequency of mandatory periodic reporting will not, in our view, meaningfully advance the Commission's stated objective of encouraging companies to go and stay public. Instead, we believe it will reduce transparency, widen information asymmetry, and weaken accountability between management and shareholders.

If the Commission's objective is to lengthen corporate decision-making horizons, then the more effective and well-targeted lever, as we have urged in prior comment letters, is to discourage the voluntary issuance of forward quarterly earnings guidance, not to dilute the historical financial reporting on which investors depend.

CalPERS has long believed that timely, comparable, and decision-useful financial disclosure is the bedrock of the U.S. capital markets. In our 2019 comment letter responding to the Commission's request for comment on earnings releases and quarterly reports (File No. S7-26-18), CalPERS provided "a strong endorsement for the existing framework of quarterly and annual reporting," and we reaffirm that position today.¹

Quarterly reporting performs several functions that semiannual reporting cannot replicate:

- **Quarterly reporting reduces information asymmetry.** Mandatory quarterly disclosure ensures material financial information reaches all investors on the same timely cadence, narrowing the gap between informed insiders and the broader investing public. Doubling the interval between reports widens that gap and increases the likelihood that markets price securities on selective disclosure, rumor, or alternative-data signals available only to a subset of participants.
- **Quarterly reporting enables trend analysis and risk monitoring.** Long-term investors, like CalPERS, rely on quarterly data to observe operating trends and identify emerging risks. Four data points per year materially improve trend identification compared with two; semiannual data is too coarse to detect inflection points in revenue, margins, working capital, or leverage before they become material to valuation.
- **Quarterly reporting mitigates a dangerous gap in semiannual reporting.** Proponents of the proposed amendments often point to foreign jurisdictions—such as the United Kingdom, Australia, or the European Union—as successful models of semiannual reporting. However, this comparison relies on a fundamentally flawed equivalence of underlying legal frameworks. Those markets pair semiannual periodic reporting with principles-based continuous disclosure requirements that mandate the immediate public release of any material information. In contrast, the U.S. disclosure requirements rely heavily on the specific, itemized triggers of Form 8-K for intra-period updates. Superimposing a semiannual cadence onto the existing U.S. framework is likely to create a significant disclosure loophole. Under the proposed rule, management could legally embargo material but non-8-K-triggering developments—such as severe margin compression, deteriorating sales trends, or shifting competitive dynamics—for up to six months. Depriving the market of this information until the next Form 10-S filing is directly contrary to the Commission's mandate to protect investors and maintain fair, orderly, and efficient markets.
- **Quarterly reporting prevents the erosion of peer comparability.** Because the SEC's proposal allows companies to elect their reporting frequency annually, it is likely to severely fragment the disclosure landscape. If some companies in a certain sector continue reporting quarterly while others shift to semiannual reporting, investors will lose the ability to accurately benchmark performance, compare relative risk, and perform fundamental analysis across peers.

¹ CalPERS (2019) Request for Comment on Earnings Release and Quarterly Reporting; Release No. 3310588, available at: <https://www.sec.gov/comments/s7-26-18/s72618-517735-183529.pdf>

- **Quarterly reporting supports fiduciary duty.** CalPERS has a fiduciary obligation to administer assets prudently on behalf of beneficiaries, which requires the most timely and accurate financial information reasonably available. We believe a disclosure framework permitting large public companies to go up to nine months between full periodic reports is incompatible with that standard.
- **Quarterly reporting supports proxy voting and active ownership.** Most U.S. public companies hold their Annual General Meetings in the spring. Under a quarterly system, Q1 data is generally available to inform proxy voting decisions. Under a semiannual system, investors would routinely be forced to vote on director elections, executive compensation (Say-on-Pay), and critical shareholder proposals based on stale, year-end data that is five or six months old. Semiannual reporting could impair shareholder oversight.
- **Quarterly reporting deters fraud and supports internal control integrity.** More frequent reporting creates more frequent reconciliation cycles, auditor reviews, and opportunities for management, audit committees, and external auditors to identify errors and control deficiencies. Reducing these checkpoints risks longer periods during which fraud or earnings management goes undetected.

A longer-term focus on curbing forward quarterly earnings guidance would be more effective than reducing periodic reporting. To the extent the Commission's motivation is to encourage longer-term decision-making by issuers, the most direct and effective lever, as both CalPERS noted in its 2019 comment letter and the Council of Institutional Investors urged in its parallel submission that year, is to discourage the voluntary issuance of forward quarterly earnings guidance, not to weaken the historical reporting that investors rely on.²

Forward quarterly earnings guidance (not historical quarterly reporting) is the practice most credibly associated with managerial focus on near-term earnings targets, with the documented “meet-or-beat” dynamics that distort accruals, with deferred research and development outlays, and with end-of-quarter discounting and channel-stuffing. Historical periodic reporting tells investors what happened in the past quarter whereas forward guidance commits management publicly to a near-term earnings outcome and shapes operating decisions accordingly.

In conclusion, CalPERS respectfully urges the Commission to withdraw the proposed amendments and to retain its existing quarterly periodic reporting framework on Form 10-Q. The case for reducing reporting frequency is not supported by the available evidence; the costs to investor protection and market liquidity are real and material; and the underlying objective of encouraging long-term corporate decision-making is more effectively pursued through measures directed at voluntary forward earnings guidance rather than at historical financial reporting.

² CII (2019) Comment Letter: File No. S7-26-18, available at: [https://www.cii.org/files/issues_and_advocacy/correspondence/2019/March%202021,%202019%20letter%20to%20SEC%20on%20RFC%20\(final\).pdf](https://www.cii.org/files/issues_and_advocacy/correspondence/2019/March%202021,%202019%20letter%20to%20SEC%20on%20RFC%20(final).pdf)

Thank you for the opportunity to share our comments. Please do not hesitate to contact Travis Antoniono, Investment Director, Sustainable Investments, at (916) 795-2238, or Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost
Chief Executive Officer