

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

TOM QUAADMAN
EXECUTIVE VICE PRESIDENT

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May 27, 2021

The Honorable Ann Wagner
U.S. House of Representatives
Washington, DC 20515

Dear Representative Wagner:

The U.S. Chamber of Commerce supports H.R. 3454, the “Modernizing Disclosures for Investors Act.” This legislation would require the Securities and Exchange Commission to conduct an analysis of the costs and benefits of requiring public companies to use the Form 10-Q when submitting quarterly reports, as well as requires the SEC to explore alternative ways that companies can disclose quarterly financial performance without having to file a lengthy Form 10-Q.

According to a 2011 report of the IPO Task Force, 92% of public company CEOs said that the “administrative burden of public reporting” was a significant challenge to completing an IPO and becoming a public company.¹ As annual (10-K) and quarterly (10-Q) reports have grown in size and complexity over the years, companies find it increasingly difficult and costly to maintain compliance with a 1930s-vintage disclosure system. The length of annual and quarterly reports also has the potential to make it more difficult for investors to determine the most salient information about a business.

Granting Emerging Growth Companies (EGCs) the option of issuing a press release that includes earning results every quarter – as opposed to a full 10-Q – would still provide investors with the material information they need to make informed decisions, but reduce some of the unnecessary burden associated with the current quarterly reporting system. A 2013 SEC estimate found that it costs companies on average \$2.5 million in regulatory costs to complete an IPO, then an average of \$1.5 million annually once they are public.² Allowing EGCs to issue a press release instead of filing a 10-Q could allow those companies to devote some of their

¹ SEC, “[Rebuilding the IPO On-Ramp: Putting Emerging Companies and the Job Market Back on the Road to Growth.](#)” Oct. 20, 2011.

² SEC, [Proposal on Crowdfunding.](#) Oct. 23, 2013.

resources traditionally used for compliance to other business expenses, such as research and development.

While the Chamber continues to support the release of quarterly financials by public companies, we support this legislation. We thank you for continuing the conversation about alternative methods of providing information to investors.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Quadman', with a long, sweeping horizontal line extending to the right.

Tom Quadman