

115TH CONGRESS
2D SESSION

S. 3575

To require the Securities and Exchange Commission to carry out a cost benefit analysis of the use of Form 10-Q, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 11, 2018

Mr. ROUNDS introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the Securities and Exchange Commission to carry out a cost benefit analysis of the use of Form 10-Q, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Modernizing Disclo-
5 sures for Investors Act”.

6 **SEC. 2. FORM 10-Q ANALYSIS.**

7 (a) DEFINITIONS.—In this section—

8 (1) the term “Commission” means the Securi-
9 ties and Exchange Commission; and

1 (2) the term “Form 10–Q” means the form de-
2 scribed in section 249.308a of title 17, Code of Fed-
3 eral Regulations, or any successor regulation.

4 (b) REQUIREMENT.—

5 (1) IN GENERAL.—The Commission shall con-
6 duct an analysis of the costs and benefits of requir-
7 ing reporting companies to use Form 10–Q for sub-
8 mitting quarterly financial reports.

9 (2) CONSIDERATIONS.—The analysis required
10 under paragraph (1) shall consider—

11 (A) the costs and benefits of Form 10–Q
12 to emerging growth companies;

13 (B) the costs and benefits of Form 10–Q
14 to the Commission with respect to the ability of
15 the Commission to protect investors, maintain
16 fair, orderly, and efficient markets, and facili-
17 tate capital formation;

18 (C) the costs and benefits of Form 10–Q
19 to other reporting companies, investors, market
20 researchers, and other market participants, in-
21 cluding the costs and benefits associated with—

22 (i) the public availability of the infor-
23 mation required to be filed on Form 10–Q;

1 (ii) the use of a standardized report-
2 ing format across all classes of reporting
3 companies; and

4 (iii) the quarterly disclosure by some
5 companies of financial information in for-
6 mats other than Form 10-Q, such as a
7 quarterly earnings press release;

8 (D) the costs and benefits of alternative
9 formats for quarterly reporting for emerging
10 growth companies to emerging growth compa-
11 nies, the Commission, other reporting compa-
12 nies, investors, market researchers, and other
13 market participants; and

14 (E) the expected impact of the use of alter-
15 native formats of quarterly reporting by emerg-
16 ing growth companies on overall market trans-
17 parency and efficiency.

18 (c) REPORT REQUIRED.—Not later than 180 days
19 after the date of enactment of this Act, the Commission
20 shall submit to Congress a report that includes—

21 (1) the results of the analysis required under
22 subsection (b); and

23 (2) recommendations for decreasing costs, in-
24 creasing transparency, and increasing efficiency of

- 1 quarterly financial reporting by emerging growth
- 2 companies.

