

March 20, 2019

Chairman Jay Clayton
Commissioners
Securities and Exchange Commission
c/o Brent J. Fields
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549- -1090
Via electronic mail (rule-comments@sec.gov)

Re: Quarterly Reports, File No. 33-10588

Dear Officers,

The signatories below welcome the opportunity to respond to the Securities and Exchange Commission's (SEC) request for comment on "earnings releases and quarterly reports." In summary, we urge the SEC to heed the many investor calls for greater disclosure, including political spending, and general environmental, social and governance (ESG) matters.

The SEC's current exercise follows a comment from President Trump who questioned the value of quarterly reporting. Trump referenced Pepsi CEO Indra Nooyi, who lamented the focus on short-term results.¹

Generally, we are concerned with a recurring effort at the SEC to reduce disclosure. The only voices supporting such a reduction are corporations. Investors, by contrast, continue to seek greater disclosure. For example, shareholders filed resolutions at 80 companies in 2018 calling for greater disclosure of political spending. More than 1.2 million citizens have signed a petition calling on the SEC to require political spending disclosure. More than 26,500 individuals submitted comments in response to its 2016 Concept Release on Business and Financial Disclosure Required by Regulation S-K and the overwhelming majority supported more and

¹ Owusu, Tony. *Outgoing PepsiCo CEO Clarifies Position on Frequency of Financial Reports*. THESTREET (Aug. 17, 2018.) <https://www.thestreet.com/politics/outgoing-pepsico-ceo-clarifies-position-on-frequency-of-earnings-reports-14686696>

better disclosure in general.² Finally, investors representing more than \$5 trillion in assets under management filed a new petition in October 2018 for greater disclosure regarding the environment, social and governance issues. (File Number 4-730), generating more than 3,300 comments to date. ³ Again, the investing public seeks greater disclosure, not less. The SEC must work for investors, not the convenience of companies in who investors trust their money.

We recognize the problem of short-termism, of “quarterly capitalism,” of the failure by managers to adopt a long-term perspective needed to grow the economy sustainably. We believe this problem stems not from the frequency of reporting, but from the structure of compensation. Consider what happened to the added income generated by the Trump corporate tax cut measure. Instead of resulting in greater investment or better wages for employees, the most conspicuous expenditures came through buybacks. In turn, these buybacks benefitted managers whose compensation turned on the value of stock options. Compensation pegged to short term stock prices is determined by boards of directors. Should a company wish to adopt a long-term perspective, these boards should structure compensation accordingly.

If you have any questions regarding our comments, please contact Rachel Curley or Bartlett Naylor at member organization Public Citizen at [REDACTED] or [REDACTED].

Sincerely,

Allied Progress

BetterMarkets

Boston Common Asset Management

Center for the Study of Responsive Law

Dominican Sisters of Hope

Harrington Investments, Inc.

Interfaith Center on Corporate Responsibility

Jantz Management LLC

² Tyler Gellasch, *Toward a Sustainable Economy*, AFL-CIO, PUBLIC CITIZEN AND OTHERS (September 2016)
<https://static1.squarespace.com/static/583f3fca725e25fcd45aa446/t/5866d3c0725e25a97292ae03/1483133890503/Sustainable-Economy-report-final.pdf>

³ Letter to SEC from petitioners, SECURITIES AND EXCHANGE COMMISSION (October 1, 2018)
<https://www.sec.gov/rules/petitions/2018/petn4-730.pdf>

New Progressive Alliance

Public Citizen

Ursuline Sisters of Tildonk, US Province

Women's Institute for Freedom of the Press