



**JOHN A. ZECCA**  
SENIOR VICE PRESIDENT  
GENERAL COUNSEL NORTH  
AMERICA  
& CHIEF REGULATORY OFFICER  
805 KING FARM BLVD  
ROCKVILLE, MD 20850

March 21, 2019

Ms. Vanessa Countryman  
Acting Secretary  
Securities and Exchange Commission  
100 F Street, N.W.  
Washington, DC 20549-1090

**Re: File No. S7-26-18**

Dear Ms. Countryman:

Nasdaq, Inc. (“Nasdaq”)<sup>1</sup> appreciates the opportunity to comment on the Commission’s Request for Comment on Earnings Releases and Quarterly Reports (the “Comment Solicitation”).<sup>2</sup> We believe this issue is timely and, by soliciting feedback, the Commission has the opportunity to improve the current corporate disclosure process in a thoughtful manner by reducing complexity and duplicative requirements while at the same time maintaining transparency and promoting investor protection. By engaging in a review of quarterly reporting via the Comment Solicitation, we commend the Commission’s willingness to take into account the perspectives of companies and other stakeholders who are concerned about the high costs and regulatory burdens associated with operating as a public company. We applaud the Commission’s consideration of reforms that will improve the environment for maturing companies and believe this effort is consistent with recent Commission actions such as increasing the threshold for qualification as a smaller reporting company, proposing the extension of the test-the-waters rule to non-emerging growth companies and implementing recent rules changes to streamline, modernize and simplify redundant disclosures.<sup>3</sup> The U.S. capital markets are powerful

---

<sup>1</sup> Nasdaq (Nasdaq: NDAQ) is a leading global provider of trading, clearing, exchange technology, listing, information and public company services. Through its diverse portfolio of solutions, Nasdaq enables customers to plan, optimize and execute their business vision with confidence, using proven technologies that provide transparency and insight for navigating today's global capital markets. As the creator of the world's first electronic stock market, its technology powers more than 100 marketplaces in 50 countries. Nasdaq is home to over 4,000 total listings with a market value of approximately \$12 trillion. To learn more, visit [business.nasdaq.com](http://business.nasdaq.com).

<sup>2</sup> *Request for Comment on Earnings Releases and Quarterly Reports*, Securities Exchange Act Release No. 34-84842 (December 18, 2018), 83 FR 65601 (December 21, 2018).

<sup>3</sup> *Smaller Reporting Company Definition*, Securities Exchange Act Release No. 34-83550 (June 28, 2018), 83 FR 31992 (July 10, 2018); *Solicitations of Interest Prior to a Registered Public Offering*, Securities Exchange Act Release No. 33-10607 (February 19, 2019), 84 FR 6713 (February 28, 2019); *Disclosure Update and Simplification*, Securities Exchange Act Release No. 34-83875 (August 17, 2018), 83 FR 50148 (October 4,

engines of economic progress and innovation, and we believe these regulatory efforts are a step in the right direction to promote further growth and public market participation.

Nasdaq operates regulated entities in the United States, Canada, the Nordics and Baltics including The Nasdaq Stock Market, which is home to over 3,000 listings that drive the global economy and provide investment opportunities for Main Street investors.<sup>4</sup> Given its role in the capital markets, Nasdaq is able to bring a unique viewpoint to issues that affect public companies and impact investor protection.

Nasdaq views the issues in the Comment Solicitation from three perspectives. First, and most importantly, we represent public companies that have chosen to list securities on Nasdaq's exchanges in the United States, the Nordics or the Baltics. These companies reach across all sectors and include five of the largest public companies in the world and hundreds of small companies as well as mature, well-established companies and businesses that have recently launched IPOs. We receive valuable feedback from our listed companies and their investors about issues that are important to them. While these companies may have different perspectives on many issues, one topic regularly raised by our U.S. issuers is a concern about the increasing reporting burdens and disclosure obligations faced by public companies.

Based on Nasdaq's experience operating exchanges in several jurisdictions, we also have insight into how differing reporting regimes impact issuers. In the United States, Nasdaq currently lists 2,336 companies which are subject to the current quarterly reporting process. In fulfilling our responsibilities as a self-regulatory organization to protect investors and the public interest, Nasdaq staff reviewed 7,093 Form 10-Qs and 11,254 earnings releases during 2018.<sup>5</sup> In the Nordics and Baltics, most of our regulated exchanges are required to impose at a minimum the financial reporting requirements that are stipulated by the European Union through the Revised Transparency Directive (2013/50/EU)<sup>6</sup> (the "Transparency Directive") which requires annual and semi-annual reporting for issuers. Additionally, the local exchanges we operate may also impose additional reporting requirements. For example, Nasdaq Stockholm and Nasdaq Iceland require listed companies to file quarterly information whereas Nasdaq Copenhagen and Nasdaq Helsinki only require annual and semi-annual reporting mandated by the Transparency Directive.

---

2018); *FAST Act Modernization and Simplification of Regulation S-K*, Securities Exchange Act Release No. 34-85381 (March 20, 2019).

<sup>4</sup> The number of listings includes 314 foreign private issuers and 393 exchange-traded products.

<sup>5</sup> Includes earnings releases furnished by foreign private issuers on Form 6-K and earnings releases issued by domestic issuers in connection with annual reports on Form 10-K.

<sup>6</sup> Directive 2013/50/EU Amending Directive 2004/109/EC on the Harmonisation of Transparency Requirements in Relation to Information About Issuers Whose Securities are Admitted to Trading on a Regulated Market, Directive 2003/71/EC on the Prospectus to be Published When Securities are Offered to the Public or Admitted to Trading and Commission Directive 2007/14/EC Laying Down Detailed Rules for the Implementation of Certain Provisions of Directive 2004/109/EC of the European Parliament and of the Council of 22 October 2013 Amending Directive 2004/109/EC, (Oct. 22, 2013) (OJ L 294, 6.11.2013, p. 13-27).

Nasdaq's second perspective is as a listed company itself. As most people know, Nasdaq is a public company with securities listed on The Nasdaq Stock Market. We are subject to the same regulations as other public companies, including the quarterly disclosure rules, and we share the same frustrations with the complexity of the current requirements as our listed companies.

Third, Nasdaq's role as a technology vendor to approximately 250 exchanges, clearing houses, central securities depositories, regulators and infrastructure organizations around the world influences our view on the questions raised in the Comment Solicitation. As a technology provider, our primary focus is to find the best technology solution to meet our customers' objectives. From this perspective, we also feel that the foundation of the existing disclosure framework should be based on technology solutions that provide investors with the most relevant information in as close to real-time as possible.

### **Survey of listed companies**

As previously noted, we collaborate with issuers that have chosen to list on Nasdaq and communicate with these companies and their investors regularly on issues that impact public companies. In order to provide meaningful data to the Commission in connection with the Comment Solicitation, Nasdaq solicited feedback from public companies on topics relating to the quarterly disclosure process. We invited representatives of Nasdaq-listed companies, representatives of public companies who opted in to receive updates on Nasdaq's Promise of Market Reform Blueprint<sup>7</sup> and representatives of other public companies who participated in our webinar discussion on the quarterly reporting process, held on March 7, 2019, to participate in the survey. We received feedback from 187 companies regarding the cost, content and timing of quarterly reports and their perspectives on long-term and short-term investing. A summary of the survey results relevant to the Comment Solicitation are attached to this comment letter in Exhibit A. Our views on the topics we address in this letter have been influenced by the valuable feedback from the public companies that participated in this survey and we applaud their efforts to contribute to this process.

### **Reduce unnecessary duplication by combining 10-Q and earnings release**

In the Comment Solicitation, the Commission asks for input on the potential benefits and drawbacks of relying on earnings releases to satisfy the core disclosure requirements currently found in Form 10-Q. To the extent that quarterly reporting is required, we support providing companies with the optionality to satisfy disclosure requirements by reporting key financial and business details in quarterly earnings releases on Form 8-K. Based on our survey of public companies, 71% of participants also support this view. We have previously stated, and continue to believe, that simplifying the quarterly reporting process in a thoughtful way can align regulatory and shareholder interests and significantly decrease duplication and red tape in corporate reporting without reducing key disclosures. With quarterly financial information and other material data available in quarterly earnings releases and more detailed

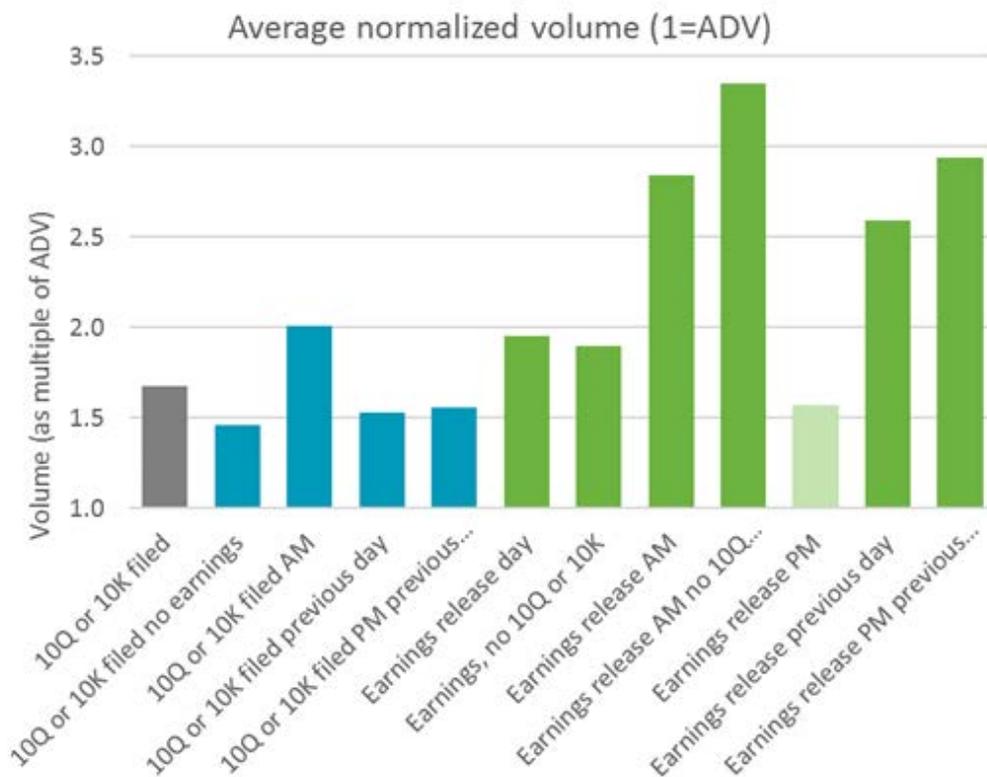
---

<sup>7</sup> *The Promise of Market Reform: Reigniting America's Economic Engine* ("Promise of Market Reform Blueprint") available at [https://business.nasdaq.com/media/Nasdaq\\_Blueprint\\_to\\_Revitalize\\_Capital\\_Markets\\_April\\_2018\\_tcm5044-43175.pdf](https://business.nasdaq.com/media/Nasdaq_Blueprint_to_Revitalize_Capital_Markets_April_2018_tcm5044-43175.pdf).

disclosures found in the annual report on Form 10-K, in our view investors will have access to material information needed to make considered investment decisions.<sup>8</sup>

In today’s market, to reach investors quickly, companies typically provide key financial data in an earnings press release each quarter. However, companies are also required to file a comprehensive Form 10-Q document with the Commission, which can be duplicative, time-consuming and bureaucratic. Public companies surveyed reported spending 853 hours per quarter on average complying with the current quarterly reporting process and \$334,698 per quarter on outside counsel, vendors and internal resources. We believe that combining the Form 10-Q and earnings release would effectively preserve investor disclosures while saving companies duplicative accounting and legal costs and efforts, which would in turn provide companies with more time and resources to conduct investor outreach and engagement.

Furthermore, the current two-step process frustrates the goals of modern disclosure since investors typically rely on the press release that may be missing some important information, which appears buried in the Form 10-Q. We have previously noted that in our own studies we see that investors react more to earnings releases than the more detailed Form 10-Q that follows, measured by an uptick in trading activity.<sup>9</sup>



<sup>8</sup> *Nasdaq’s Promise of Market Reform Blueprint*, p. 9.

<sup>9</sup> Reflects analysis of earnings release, Form 10-K and Form 10-Q data from July 2017 to June 2018. [See Testimony of Phil Mackintosh Before the Joint Economic Committee on July 25, 2018](#), p. 6.

In a selected sample of Nasdaq-listed companies that filed a Form 10-Q for the period ended September 30, 2018, 46% issued an earnings release on the same day as the Form 10-Q. Based on this data, like more than half of other public companies, we file our Form 10-Q after our earnings release. In our experience, investors are not receiving significant new information in the Form 10-Q. For us and many issuers, it is a burdensome and duplicative exercise to ensure that information is presented consistently in both the earnings release and the Form 10-Q in order to prevent investor confusion. We believe that it is more important for investors to receive accurate information the first time it is issued, rather than duplicative information that has already been in the market for some time.

Based on our survey, 70% of participants said that they receive a question regarding their Form 10-Q disclosures less than four times a year, which suggests that either investors are not reading the Form 10-Q or the Form 10-Q provides little additional actionable information that cannot be found in the earnings release. This finding is consistent with our own experience as a public company.

### **Reconsider Extensible Business Reporting Language (XBRL) tagging requirement**

In the Comment Solicitation, the Commission asks for feedback on whether the XBRL requirements of Form 10-Q enhance accessibility and/or usability of quarterly information relative to what is available from the earnings release. XBRL is the XML standard language that public companies are required to use in order to tag data in their financial statements and related footnote disclosures. Only 8% of survey participants believe that analysts or investors are using XBRL data, although it costs them on average \$20,412 each quarter to comply with XBRL requirements for the Form 10-Q. In our own experience as a self-regulatory organization, the usability of XBRL is limited. As noted above, Nasdaq staff reviewed 7,093 Form 10-Qs and 11,254 earnings releases during 2018. Our compliance program would benefit from the machine readable tagged disclosure provided by XBRL. However, we are unable to rely on XBRL because the assignment of XBRL tags is subjective and companies can use custom tags, which limits comparative analysis. We have heard similar complaints from other users of this technology. As noted above, we are a technology provider focused on finding the best solutions to meet our clients' objectives. We think that the SEC should consider rules that are compatible with the most useful technological solutions for investors.

In connection with our Promise of Market Reform Blueprint, we noted that advancing technology has created new alternatives that many feel reduce the usefulness of XBRL.<sup>10</sup> Due to concerns with data quality, errors or inconsistent tags in XBRL reporting,<sup>11</sup> many analysts must manually gather relevant data from financial statements and analyze it with their own sophisticated research tools.<sup>12</sup> We believe

---

<sup>10</sup> See n. 8 above.

<sup>11</sup> See Letter from Ernst & Young to Brent J. Fields, "Inline XBRL Filing of Tagged Data (Release Nos. 33-10323, 34-80133; File No. S7-03-17)," dated May 16, 2017. See also Letter from Tagnifi to Brent J. Fields "Comments on Inline XBRL Filing of Tagged Data", dated April 19, 2017.

<sup>12</sup> See "An Evaluation of the Current State and Future of XBRL and Interactive Data for Investors and Analysts," Trevor S. Harris and Suzanne Morsfield (December 2012), at p. 36 and "XBRL Would be Wonderful if it Always Worked", Forbes, November 7, 2013, available at <https://www.forbes.com/sites/greatspeculations/2013/11/07/xbrl-would-be-wonderful-if-it-always-worked/#6960781f5bf5>.

that XBRL should be reconsidered to ensure that the benefit to investors outweighs the complexity and burden of current XBRL requirements.

### **Expand and harmonize classifications for disclosure relief**

In Nasdaq's Promise of Market Reform Blueprint, we noted that current SEC regulations permit certain types of companies to file disclosure reports that are robust and transparent but far less burdensome than those required for more mature companies. This important exemption makes the prospect of being public far more appealing for private companies, and significantly decreases the resources necessary to satisfy reporting requirements until the company has matured. However, the definitions of classes like "smaller reporting company," "emerging growth company" and "non-accelerated filer" are narrow, sometimes limited in duration and difficult to navigate; as a result, fewer companies benefit from the spirit of these carve-outs.<sup>13</sup>

On June 28, 2018, the Commission raised the threshold for "smaller reporting company" but did not increase the thresholds for "accelerated filer" and "large accelerated filer," creating confusion, overlap and unnecessary duplication. As a result, a company with \$75 million or more of public float that qualifies as a smaller reporting company will remain subject to the requirements that apply to accelerated filers, including the timing of the filing of periodic reports and the requirement to provide a SOX 404(b) auditor's attestation of management's assessment of internal control over financial reporting. Chairman Clayton directed the SEC Staff to formulate recommendations for changes to the accelerated filer definition.<sup>14</sup> We applaud Chairman Clayton's directive and urge the Commission to reconsider the thresholds for accelerated filers.

In Nasdaq's Promise of Market Reform Blueprint, we advocated for raising the revenue cap to qualify as emerging growth company from the current \$1 billion (subject to inflation adjustment every five years) to \$1.5 billion, deleting the current phase-out five years after the IPO and harmonizing the definitions for smaller reporting company and non-accelerated filer with those of emerging growth companies to avoid a patch work of inconsistent and illogical exemptions.<sup>15</sup> We reiterate that request today.

### **Move from forced-template regime to materiality standard**

Through our outreach to both public and private companies, we have identified several reasons for the decline in the number of listed U.S. companies over the past decade. One of the factors often cited is excessive regulatory burdens, including extensive reporting requirements. In a survey of 205 Nasdaq-listed companies that we conducted in 2017, approximately 80% of respondents indicated that regulatory reform is a topic they are most passionate about. In connection with Nasdaq's Promise of Market Reform Blueprint, we urged the SEC to complete its 2016 "Disclosure Effectiveness Initiative" to strip out unnecessary and duplicative requirements so that disclosure is less onerous for companies and

---

<sup>13</sup> See n. 8 above.

<sup>14</sup> See "SEC Expands the Scope of Smaller Public Companies that Qualify for Scaled Disclosures" (June 28, 2018) available at <https://www.sec.gov/news/press-release/2018-116>.

<sup>15</sup> See n. 8 above.

more meaningful to investors.<sup>16</sup> We applaud the Commission’s recent efforts to streamline, modernize and simplify redundant disclosures and urge the Commission to complete its Disclosure Effectiveness Initiative.<sup>17</sup> While we strongly support transparency, we believe that, in a world where technology enables real-time access to information, a forced-template and one-size-fits-all approach to corporate disclosure is overly rigid and outdated.

In response to the SEC’s 2016 Concept Release entitled “Business and Financial Disclosure Required by Regulation S-K,” we previously stated our belief that principles-based disclosure grounded in materiality allows reporting companies the degree of flexibility needed to provide investors with the proper amount and mix of information.<sup>18</sup> A move away from form-based disclosures to a materiality based standard would increase flexibility for companies to disclose material information to investors in an efficient and more shareholder-friendly manner. In setting forth a standard for materiality, the Supreme Court has found that a fact is material if there is a “substantial likelihood” that a reasonable investor would view it as “significantly alter[ing] the ‘total mix’” of information available.<sup>19</sup> Today, every company applies a materiality analysis when evaluating its disclosure obligations taking into account the nature of relevant circumstances and the impact on its business. Many form-based reports, such as the Form 10-Q, contain material information, but also pages of other information that may be less significant to understanding the business of the company and less important to investors, often obscuring what is most pertinent to an investment decision. We propose eliminating most line items, other than the financial statements and MD&A, other than as needed to provide material updates to investors.

While form-based reporting may facilitate comparability of disclosures provided by public companies, the costs and complexity of producing the disclosures can be burdensome. By moving key data and material disclosures from the Form 10-Q into the earnings release and accompanying Form 8-K, the documents that investors focus on most intently, reporting burdens could be reduced without any decrease in key disclosures. Certain items required in a Form 10-Q, such as management’s discussion & analysis, market risk disclosure, legal proceedings and risk factors, could be included in the streamlined earnings disclosure to the extent there are material changes that would impact a company’s performance or financial outlook.

### **Re-evaluate politically motivated disclosure requirements**

In Nasdaq’s Promise of Market Reform Blueprint, we noted that a clearer distinction should be made between disclosure of material information that investors require to evaluate a company’s financial performance and economic prospects and those disclosures that are motivated by social and political causes or otherwise are not relevant to a company’s bottom line.<sup>20</sup> We continue to support a comprehensive review of disclosure requirements, such as reporting of conflicts minerals, mining

---

<sup>16</sup> Id.

<sup>17</sup> See n. 3 above.

<sup>18</sup> Edward Knight’s Letter to Brent J. Fields, dated September 16, 2016.

<sup>19</sup> See *TSC Industries v. Northway*, 426 U.S. 438 (1976); see also *Basic Inc. v. Levinson*, 485 U.S. 224 (1988).

<sup>20</sup> See n. 8 above.

disclosures and executive pay ratio, that impose costs and obligations on companies but that do not have a clear connection to a company's financial performance.

### **Frequency of disclosure**

As noted in the Comment Solicitation, the Commission previously requested public input on the frequency of interim reporting in the Concept Release and is again asking for additional input on this topic. In recent years, we have noticed a change in market dynamics that disfavors long-term investors and long-term corporate strategies. We find these trends troubling and support efforts that help public companies plan and execute long-term business strategies and promote job growth. As we previously noted in our comment letter on the Concept Release, we believe that some companies looking to encourage a longer-term view of their business would benefit from the flexibility to provide full reports semi-annually, as has been done in the United Kingdom and in some EU jurisdictions.<sup>21</sup> Based on our survey of public companies, 75% of participants support this view. In addition, 76% of survey participants also support ending the practice of quarterly earnings guidance, which would further support a long-term view to investing. Under this model, companies would be able to update key metrics for any material changes between mandated reports using the "tools readily available to communicate directly with shareholders."<sup>22</sup> Of course, a company could continue to file a Form 10-Q or detailed earnings release, as proposed above, as a voluntary disclosure if it determines that its investors or the marketplace would gain valuable information from the filing.

We believe the Commission may look to the European experience when evaluating changes to the quarterly reporting process. When the European Commission was amending the original Transparency Directive (Directive 2004/109/EC) to move from quarterly to semi-annual reporting, it stated that "the requirement to publish quarterly financial information contributes, in particular for small and medium-sized issuers, to the high costs of compliance linked to listing on the regulated markets. This requirement is also perceived as a regulatory incentive encouraging the culture of short-termism on financial markets."<sup>23</sup> The European Commission noted that "[a] thorough impact assessment was carried out before deciding on this option. Its results show that quarterly financial information is not necessary for investors' protection even if it can provide useful information for some investors. Investor protection is already sufficiently guaranteed through the mandatory disclosure of half-yearly and yearly financial results, as well as through the disclosures required by the Market Abuse Directive."<sup>24</sup>

In addition to the annual and semi-annual reports required by the Transparency Directive, in jurisdictions where the EU rules apply, local exchanges may impose additional reporting requirements. In the Nordic and Baltic markets where Nasdaq operates exchanges, we recognize that there is not a one-size-fits-all approach to public company reporting schedules. For example, Nasdaq Copenhagen and

---

<sup>21</sup> Edward Knight's Letter to Brent J. Fields, dated September 16, 2016.

<sup>22</sup> *Nasdaq's Promise of Market Reform Blueprint*, pp. 6 and 9.

<sup>23</sup> See European Commission, "Proposal for Directive on transparency requirements for listed companies and proposals on country by country reporting – frequently asked questions," available at [http://europa.eu/rapid/press-release MEMO-11-734\\_en.htm](http://europa.eu/rapid/press-release_MEMO-11-734_en.htm).

<sup>24</sup> Id.

Nasdaq Helsinki require annual and semi-annual reporting mandated by the Transparency Directive, whereas Nasdaq Stockholm and Nasdaq Iceland require listed companies to file quarterly financial information. However, in Sweden and Iceland the quarterly reporting requirements are much less burdensome than in the United States—in Stockholm, issuers are required to file interim management statements, although there are no detailed requirements relating to content, and in Iceland, issuers can file interim management or financial statements.

We have taken this differentiated approach because of investor sentiment in each unique market.<sup>25</sup> We believe that the Commission should similarly recognize that there is no one-size-fits-all approach for public companies in the United States and provide companies and their investors with the optionality to select the frequency of their disclosure within a framework of required annual and semi-annual reporting.

In our experience, opponents of the quarterly reporting process in Europe argue that quarterly reporting incentivizes short-term considerations. Public companies in the United States share this concern. Based on our survey of public companies, 54% of participants believe that the quarterly reporting cycle attributes to short selling of their stock. We believe that providing companies with the flexibility to report on a semi-annual basis would help mitigate the concerns of short-termism voiced by some companies.

Proponents of the current quarterly reporting process have asserted that a semi-annual reporting cycle may decrease investor engagement. We believe, however, that reducing the frequency of reporting would provide companies with more time and resources to conduct investor outreach and engagement year-round and the focus of such engagement would be on the long-term outlook for the company rather than short-term quarterly earnings guidance. In addition, although less frequent required reporting could reduce the number of open trading windows per year for share repurchases and trading by officers and employees, issuers have the tools to manage this possibility by filing voluntary quarterly disclosures, providing for longer open window periods as appropriate or encouraging more widespread use of Rule 10b5-1 plans.

## **Conclusion**

Public companies, launched by entrepreneurs with great ideas, drive innovation, job creation, economic growth and opportunity across the global economy. Issuers, investors and other market participants benefit from healthy capital markets that promote trust and transparency. In furtherance of these principles, we support corporate disclosure obligations that ensure the most relevant company information is reported to investors in the most direct and efficient manner, while at the same time minimizing duplication, bureaucracy and unnecessary costs.

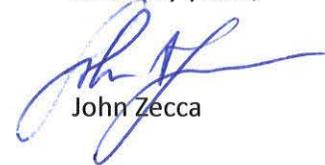
---

<sup>25</sup> For example, Nasdaq Stockholm introduced a requirement to file quarterly reports in 1999. After the obligation to publish quarterly reports was eliminated in the EU and Sweden, we revised our reporting obligation to require only a quarterly interim management statement. We issued guidelines for preparing interim management statements but companies may determine, in their discretion, how to comply with the requirement. Most companies listed on Nasdaq Stockholm continue to publish quarterly reports while others take advantage of the reduced disclosure opportunities.

We applaud the Commission's efforts to evaluate the quarterly disclosure process and appreciate the opportunity to present our views on this topic which is vitally important to our markets and listed companies.

Thank you for your consideration of our comments. Please feel free to contact me with any questions.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'John Zecca', with a long horizontal flourish extending to the right.

John Zecca

EXHIBIT A



NASDAQ SURVEY ON PUBLIC POLICY REPORT ANALYTICS  
AS OF 3/21/19

Recently, there have been high profile calls to end the practice of quarterly earnings guidance by companies, including calls by Business Roundtable to move away from the practice. Do you agree with this point of view?

**Answered:** 185

**Skipped:** 2

| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 76.22%    | 141 |
| No             | 23.78%    | 44  |
| TOTAL          |           | 185 |

Would you prefer to present quarterly financial information about your company in a more detailed earnings release and accompanying 8-K rather than a Form 10-Q and separate earnings release?

**Answered:** 184

**Skipped:** 3

| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 71.20%    | 131 |
| No             | 28.80%    | 53  |
| TOTAL          |           | 184 |

Approximately how many hours would you estimate your employees spend each quarter in total to comply with quarterly reporting requirements?

**Answered:** 164

**Skipped:** 23

**Average number of hours:** 852.95 hours

**Median number of hours:** 300 hours

**Highest amount answered:** 20,000 hours

How often does your CFO or Investor Relations group receive questions about your company's Form 10-Q disclosures?

**Answered:** 187

**Skipped:** 0

| ANSWER CHOICES                  | RESPONSES |     |
|---------------------------------|-----------|-----|
| Never (0 times a year)          | 17.11%    | 32  |
| Seldom (1-4 times a year)       | 52.41%    | 98  |
| Periodically (5-9 times a year) | 17.65%    | 33  |
| Regularly (10+ times a year)    | 12.83%    | 24  |
| TOTAL                           |           | 187 |

Approximately how much money (direct and indirect costs) do you estimate your company spends each quarter to comply with quarterly reporting requirements (i.e. outside counsel, vendors, etc.)?

**Answered:** 151

**Skipped:** 36

**Average dollar amount:** \$334,697.63

**Median dollar amount:** \$75,000

**Highest amount answered:** \$7,000,000

Approximately how much does complying with XBRL requirements for your Form 10-Q cost your company each quarter?

**Answered:** 139

**Skipped:** 48

**Average dollar amount:** \$20,411.78

**Median dollar amount:** \$7,500.00

**Highest amount answered:** \$350,000

Do you know if analysts or investors are using your XBRL data?

**Answered:** 186

**Skipped:** 1

| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 7.53%     | 14  |
| No             | 92.47%    | 172 |
| TOTAL          |           | 186 |

Do you believe that your company and/or your investors would benefit from moving to a semi-annual reporting model?

**Answered:** 183

**Skipped:** 4

| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 74.86%    | 137 |
| No             | 25.14%    | 46  |
| TOTAL          |           | 183 |

Do you think the quarterly reporting cycle vs. semi-annual reporting cycle attributes to short-selling in your stock?

**Answered: 181**

**Skipped: 6**

| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 53.59%    | 97  |
| No             | 46.41%    | 84  |
| TOTAL          |           | 181 |