



22 March 2019

Mr J Fields
Securities and Exchange Commission
100 F Street
NE Washington
DC 20549
USA

Dear Mr Fields

REQUEST FOR COMMENT ON EARNINGS RELEASES AND QUARTERLY REPORTS – FILE NUMBER S7-26-18

ICAEW welcomes the opportunity to comment on the public consultation document on earnings releases and quarterly reports published on 18 December 2018, a copy of which is available from [this link](#).

ICAEW is a world-leading professional body established in the UK under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 150,000 chartered accountant members in over 160 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

Although we do not generally comment on US regulatory requirements, we take this opportunity to share UK experience in this important area. We note that the document highlights the UK Financial Conduct Authority's decision, in 2014, to eliminate the requirement for issuers to publish mandatory interim management statements (IMS). Instead, issuers were given the option to publish IMS on a voluntary basis alongside the continuing obligations regime that applies to issuers.

Very broadly, the continuing obligations regime requires listed companies to keep the market informed on an ongoing basis in order that market expectations are aligned with a company's financial position, performance, profitability and prospects. Therefore, although there is no longer a mandatory requirement for IMS in the UK, this regime instils an overriding discipline in companies to have procedures in place to enable them to keep the market informed. These procedures are covered in ICAEW's [Guidance on financial position and prospects procedures](#).

In our experience, requiring companies to produce IMS was likely to encourage short-termism and distract from long-term strategic considerations of their business. While some companies may continue to produce IMS on a voluntary basis in the UK, we believe the current regime offers more

flexibility and opportunity for listed companies to communicate in a way that enables investors to evaluate the long-term strategic fundamentals of a company.

We emphasise the importance of considering this wider institutional context when assessing the regulatory requirements around earnings releases and quarterly reports. In our experience, reduced regulatory reporting requirements need not result in an overall loss of information for the markets provided there is an effective regime in place for companies to keep the market informed on an ongoing basis. It is also important to ensure that companies provide high quality and relevant contextual information to the markets. This includes the prospects of the company and any changes in those prospects. ICAEW has been a long-standing supporter of this approach through the guidance referred to above and [Prospective Financial Information: Guidance for UK Directors](#). In December 2018 we issued for comment a proposed update on the [guidance for preparers of prospective financial information](#).

We would be happy to share with you further details of the UK's continuing obligations regime for listed companies should that be of assistance with your current review.

Please contact me in the first instance should you wish to discuss any of the comments raised in this letter.

Yours sincerely

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