LTSE LONG-TERM STOCK EXCHANGE

September 30, 2025

Via Email (Secretarys-Office@sec.gov)

Paul S. Atkins, Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Petition for Rulemaking to Amend Quarterly Reporting Requirements Under the Securities Exchange Act of 1934

Dear Mr. Atkins:

Long-Term Stock Exchange, Inc. ("LTSE" or "Petitioner") respectfully petitions the Securities and Exchange Commission (the "Commission" or "SEC"), pursuant to Rule 192 of the SEC's Rules of Practice,[1] for rulemaking to amend the following rule provisions and form:

- Rule 13a-13 under the Securities Exchange Act of 1934 (periodic reporting on Form 10-Q by issuers whose securities are registered under Sections 12 and 13 of the Act)[2]
- Rule 15d-13 under the Securities Exchange Act of 1934 (periodic reporting on Form 10-Q by issuers whose securities are registered underSection 15(d) of the Act)[3]
- General instructions to Form 10-Q[4]

Specifically, we request that the SEC amend these rules and form to provide public companies with the option to file comprehensive financial reports on a semi-annual basis instead of quarterly, while maintaining current requirements for timely disclosure of material events through Form 8-K filings. This petition seeks to reduce systemic short-term pressures that discourage long-term value creation; it does not discourage any company's ability to issue guidance as they see fit.

I. LTSE Has A Strong Interest In This Rulemaking Request

LTSE is the only SEC-approved stock exchange with listing standards specifically designed to support long-term value creation. Our mission is to reduce the systemic barriers that discourage companies from becoming publicly traded and remaining publicly traded, while promoting capital allocation decisions that benefit all stakeholders over extended time horizons.

As an exchange operator, LTSE has direct experience with the challenges facing public companies in today's market structure. We have observed how mandatory quarterly reporting creates perverse incentives that drive short-term decision-making at the expense of sustainable value creation. This petition addresses one of the most significant structural barriers that hinder companies from adopting long-term strategies.

LTSE's five core principles—relating to long-term strategy, stakeholder governance, executive compensation alignment, board accountability, and long-term investor base—are burdened by the current quarterly reporting regime. Many long-term companies face highly prescriptive rules and costs in a reporting regime optimized for short-term performance measurement.

II. The Requested Rulemaking Is Necessary and Appropriate

A. Current Quarterly Reporting Requirements Create Harmful Short-Term Pressures

Quarterly reporting requirements have created several documented problems:

1. Executive Decision-Making Distortions Research demonstrates that quarterly reporting pressures may lead to suboptimal business decisions. For example, a comprehensive study found that 80% of CFOs would forego long-term value creation initiatives like R&D in order to avoid missing quarterly targets.[5] This directly demonstrates how quarterly reporting requirements force management to prioritize short-term metrics over fundamental business building.

2. Economic Costs of Short-Termism McKinsey & Company estimated that had all U.S. publicly listed firms operated like their long-term counterparts, the economy would have created more than five million additional jobs and generated an additional $1 trillion in GDP over 14 years.[6] This quantifies the substantial economic cost of short-term oriented market structure.

3. Structural Market Pressures According to a publicly available analysis by MFS Investment Management,[7] the current system creates:

- Short-term accountability focused on measuring past relative returns
- Pressure to measure short-term performance at the expense of long-term value
- Incentives for short-term profitability rather than long-term value creation

4. Disincentive for Going Public The ongoing cost and administrative burden of preparing quarterly financial statements can be a significant deterrent to entering the public market; it is an expensive and time-consuming process**.** For example, in a 2019 letter to the SEC, a public company CFO estimated the cost of 10-Q compliance for her firm as more than 1,000 hours and $100,000 per quarter.[8] If such amounts are significant for a company with over $1 billion in market capitalization, they can obviously be decision-changing for smaller companies.

B. Semi-Annual Reporting Would Preserve Investor Protection While Reducing Harmful Pressures

1. Maintained Disclosure Standards Under Our Proposal:

- Companies would continue to file comprehensive annual reports on Form 10-K
- Companies would file reports at least semi-annually on Form 10-Q
- Material events would still require immediate disclosure through Form 8-K filings
- Companies could voluntarily continue quarterly reporting if they chose

2. Focus on Meaningful Disclosure Semi-annual reporting would encourage companies to provide more substantive, strategic disclosures rather than managing quarterly expectations. This serves investor interests by focusing attention on fundamental business drivers rather than short-term fluctuations. A 2020 Cato Institute report notes that "a firm preoccupied with satisfying financial markets every three months may be tempted to reduce productive long-term investments elsewhere — such as research and development — to hit its quarterly numbers."[9] In a 2020 article, FCLTGlobal[10] underscores this point: "A growing number of companies are abandoning the quarterly forecast treadmill and replacing it with … the long-term roadmap. Long-term roadmaps offer a more meaningful narrative about where a business is headed. They focus on the key economic drivers of performance, connect to management's multi-year vision, and align with carefully selected KPIs that matter over time—not just for the next earnings call."

3. Better Analyst Coverage Quality analyst coverage focuses on fundamental business drivers, not quarterly fluctuations. This change would enable analysts to focus more on annual cycles, industry trends, strategic developments, and how companies provide long-term value for investors. Companies could still choose to issue guidance as needed.

C. International Precedent and Competitive Considerations

Many developed markets such as the EU, UK, and Japan operate successfully with semi-annual reporting requirements,[11] demonstrating that this approach is compatible with sophisticated capital markets and strong investor protection. An August 2025 study on the UK market[12] concluded that "less frequent reporting enhances the quality and reliability of financial information by mitigating firms' short-term pressures."

III. Proposed Rule and Form Language

We propose amending Rule 13a-13 and Rule 15d-13 to add provisions substantially similar to the following:

New paragraph (e) to Rule 13a-13 and 15d-13:

(e) Alternative semi-annual reporting. Notwithstanding paragraph (a) of this section, a registrant may elect to file reports on Form 10-Q on a semi-annual basis.

Updates to Form 10-Q:

Revise all references to quarterly reporting language within the Form to allow for optional semi-annual or quarterly reporting.

IV. Public Interest Considerations

This rulemaking serves the public interest in multiple ways:

Economic Growth: Reducing short-term pressures would enable companies to invest more in R&D, workforce development, and other long-term value drivers, supporting broader economic growth.

Investor Choice: The proposal preserves choice for both companies and investors. Companies committed to quarterly disclosure can continue that practice, while those focused on longer-term strategies have an alternative. Investors may choose to invest in companies that report quarterly or semi-annually.

V. Request for Action

For the foregoing reasons, LTSE respectfully requests that the Commission:

1. Issue a notice of proposed rulemaking to amend Rule 13a-13, Rule 15d-13, and Form 10-Q as described herein;
2. Consider additional conforming amendments to related rules as necessary; and
3. Take such other action as the Commission deems appropriate to address the harmful effects of mandatory quarterly reporting on long-term value creation.

Conclusion

This petition offers a balanced solution that preserves investor protection while providing companies with the flexibility needed to focus on long-term strategy and stakeholder value.

We respectfully urge the Commission to consider this petition and initiate rulemaking proceedings to address these critical market structure issues. LTSE would be pleased to answer any questions you may have regarding the requested relief.

Thank you for your consideration of this matter.

Sincerely,

William R. Harts
CEO
Long-Term Stock Exchange, Inc.

Cc: Secretary of the Commission
The Honorable Mark T. Uyeda, Commissioner, SEC
The Honorable Caroline A. Crenshaw, Commissioner, SEC
The Honorable Hester M. Peirce, Commissioner, SEC
Jamie Selway, Director, Division of Trading and Markets
James Moloney, Director, Division of Corporation Finance

Footnotes:

[1] 17 C.F.R. § 201.192(a).
[2] 17 C.F.R. § 240.13a-13.
[3] 17 C.F.R. § 240.15d-13.
[4] SEC, Form 10-Q General Instructions.
[5] Graham, John R., Harvey, Campbell R., and Rajgopal, Shiva, "The Economic Implications of Corporate Financial Reporting," (Journal of Accounting and Economics, 2005), Section 4.1.
[6] McKinsey & Company, "Where companies with a long-term view outperform their peers," (2017).
[7] MFS Investment Management, "Principles of Long-Term Investing Resilience," (MFS, 2025).
[8] Letter to the SEC from Sheila Anderson, CFO and Treasurer, Daktronics, March 19, 2019. https://www.sec.gov/comments/s7-26-18/s72618-5148749-183375.pdf
[9] Brannon, Ike and Jennings, Robert, "Too Much Information," (Cato Institute, Fall 2020), https://www.cato.org/regulation/fall-2020/too-much-information.
[10] FCLTGlobal, "Gold Standard: Companies Have Ditched Quarterly Guidance — You Should Too," (FCLTGlobal, March 2020).
[11] Breuer, Matthias; Leuz, Christian; and Vanhaverbeke, Steven, "Reporting regulation and corporate innovation," Journal of Accounting and Economics, Vol. 80, Issue 1, August 2025.
[12] Islam, Sam, and Wheatley, Clark R., "Less is More? The Effect of Reporting Frequency on Financial Reporting Quality," (Working paper published by Social Science Research Network (SSRN) August, 2025).