



2025 SEC Reporting Insights

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INTRODUCTION

The U.S. Securities and Exchange Commission (the Commission or the SEC) underwent significant changes in 2025. The change in political administration in January followed by turnover in key SEC leadership positions have significantly changed the SEC's priorities and agenda. Paul Atkins, a consulting firm chief executive, former SEC Commissioner and widely known pro-business conservative and cryptocurrency advocate, was sworn in as the SEC's Chairman in April. His arrival marked a shift in the SEC's priorities away from environmental, social and governance matters, Dodd-Frank Act related rulemakings, and other highly prescriptive disclosure requirements to the development of a regulatory framework for cryptocurrencies, a renewed focus on capital formation, and other deregulatory matters to reduce compliance burdens. This shift resulted in the SEC's withdrawal of many rules proposed under the former administration between March 2022 and November 2023. Upon the release of his first regulatory agenda in September, Chairman Atkins stated that the *"agenda reflects that it is a new day at the SEC" and that the "items on the agenda represent the Commission's renewed focus on supporting innovation, capital formation, market efficiency and investor protection."* Rulemaking activity related to these new priorities was light in 2025, but that is to be expected with the changes in SEC leadership and time-intensive nature of rulemaking. However, the Commission and SEC staff remained busy laying the foundation for the SEC's new focus areas throughout the year.¹

This publication summarizes the SEC's activities in its new focus areas as well as other developments and guidance in 2025, primarily as they relate to SEC reporting by public companies. We have also provided other disclosure and reporting reminders, including frequent areas of SEC staff comment, for 2025 10-K filings.

1. CURRENT PRIORITIES

1.1 Cryptocurrency

In January, following the change in administration, the SEC formed a Crypto Task Force led by Commissioner Hester Peirce to support the development of a comprehensive and clear regulatory framework for crypto assets. Soon thereafter, the SEC staff rescinded Staff Accounting Bulletin (SAB) No. 121 (see Section 1.1.1) and Commissioner Peirce issued a [statement](#) requesting input on crypto security status, offerings, trading, custody, and other topics. Additionally, the SEC's Crypto Task Force hosted a series of roundtables, and the SEC staff released multiple statements addressing its views on various crypto-related topics, including crypto offering disclosures (see Section 1.1.2). Such statements may be useful reference materials in advance of any SEC crypto-related rulemakings, which are expected to address the issuance, custody, and trading of crypto assets. More information about these activities and statements can be found on the SEC's website in its dedicated [Crypto Newsroom](#).

1.1.1 SEC Staff Rescinds Guidance on Safeguarding Crypto Assets

The SEC staff issued [SAB No. 122](#) to rescind the interpretive guidance in SAB No. 121, which addressed the accounting for obligations to safeguard crypto assets. With this rescission, an entity must assess whether to recognize a liability for the risk of loss associated with safeguarding crypto assets using the recognition and measurement requirements under U.S. GAAP (Accounting Standards Codification (ASC) 450-20, *Loss Contingencies*) or IFRS, as applicable. The rescission must be applied retrospectively for annual periods beginning after December 15, 2024; but can be adopted earlier. Entities must clearly disclose the effects of this change in accounting principle.

Entities also must continue providing disclosures that help investors understand their obligations to safeguard crypto assets, in accordance with existing requirements such as Items 101, 105, and 303 of Regulation S-K, ASC 450-20, and ASC 275, *Risks and Uncertainties*.

SAB No. 122 does not affect ASC 350-60, *Intangibles – Goodwill and Other – Crypto Assets*. Entities holding crypto assets that meet the criteria in ASC 350-60-15-1 must continue to apply its accounting and disclosure requirements. See our publication, [Accounting for Cryptocurrencies](#), for more guidance on applying ASC 350-60.

¹ At the time this Reporting Insights is published, the U.S. Government is shut down. During the shutdown, the SEC is acting in accordance with its [plan](#) during a shutdown. The SEC's Division of Corporation Finance issued guidance outlining how its staff will operate and what actions registrants may take during the shutdown. See a summary of this guidance in our Bulletin, [SEC Operational Status During a Government Shutdown](#).

1.1.2 SEC Staff Statement on Crypto Offering Disclosures

The SEC's Division of Corporation Finance (Corp Fin) issued a [statement](#) to clarify the application of certain federal securities laws to offerings and registrations of crypto asset securities. This guidance aims to help issuers in the crypto asset markets understand and comply with disclosure requirements under the Securities Act of 1933 (Securities Act) and the Securities Exchange Act of 1934 (Exchange Act).

Disclosure Requirements

Issuers in the crypto asset markets are expected to tailor their disclosures to their specific business circumstances, avoiding technical jargon and focusing on material aspects of their operations. Key areas of disclosure include:

- ▶ **Description of Business**
 - A narrative of their business operations, including the current stage of development and future plans.
 - The issuer's business activities, such as network or application development, and how these activities relate to crypto assets.
 - How the issuers generate revenue and the role of any crypto assets in their business model.
- ▶ **Risk Factors**
 - Material risks associated with the issuer's business and securities, including technological, cybersecurity, and regulatory risks.
 - Specific risks related to the security's characteristics, such as price volatility and liquidity, must be addressed.
 - Risks associated with compliance with other applicable laws and regulations.
- ▶ **Description of Securities**
 - A comprehensive description of the securities, detailing rights, obligations, and technical specifications.
 - How security rights are documented and transferred, and any conditions under which they can be modified.
 - Technical aspects, such as network requirements and transaction processes.
 - The rules governing total supply of the security, total supply, and whether the issuer intends to enter into any arrangements with market makers to distribute and/or provide liquidity for the security.
- ▶ **Directors, Executive Officers, and Significant Employees**
 - Information about key management personnel, including their roles and contributions to the business.
 - Details about any third party that performs executive functions.
- ▶ **Financial Statements**
 - Financial statements that comply with SEC requirements, reflecting the financial position and operations of the business. The Corp Fin's Office of Chief Accountant is available to help with questions on complex financial reporting issues.
- ▶ **Exhibits**
 - Relevant smart contracts or code as exhibits, updated for any changes.
 - The rights and obligations of security holders as programmed into the network or application.

Contacting Corp Fin for Help

Issuers may contact Corp Fin for guidance on SEC disclosure rules and reporting obligations related to crypto offerings. Corp Fin provides support for interpretive questions and requests for no-action letters. Contact information is available on the SEC's website for further assistance.

1.2 Capital Formation

The SEC, in connection with the SEC staff and Small Business Advisory Committee, is evaluating rulemaking and other activities that will encourage companies to enter the capital markets. In particular, Chairman Atkins has been focused on how Regulation A² is used for capital raising and whether improvements can be made to facilitate its greater use. The SEC's latest regulatory agenda includes several related items in the proposed rule stage, including an update of exempt offering pathways to allow greater investor access to private businesses, as well as expanded accommodations for emerging growth companies and the simplification of filer status to reduce compliance burdens. As discussed in Section 1.2.1, the SEC staff also announced new accommodations that expand the nonpublic review process to more registration statements and circumstances. These expanded accommodations aim to facilitate capital formation while maintaining investor protection.

BDO INSIGHTS: EVALUATING THE SIMPLIFICATION OF FILER STATUS

The SEC amended the filer status definitions in 2020 to promote capital formation and reduce compliance burdens for smaller issuers. Those amendments excluded issuers from the accelerated and large accelerated filer definitions that were eligible to be smaller reporting companies and had annual revenues less than \$100 million in their most recent fiscal year. The amendments also added a revenue test to the transition thresholds for accelerated and large accelerated filer status. While more smaller issuers now qualify as non-accelerated filers (and therefore, have reduced incremental compliance burdens associated with accelerated or large accelerated filer status), the changes added complexity to the filer and reporting status determinations.

A registrant's eligibility as a smaller reporting company, non-accelerated filer, accelerated filer, large accelerated filer, emerging growth company, and foreign private issuer can significantly impact its reporting requirements. There are different criteria and dollar thresholds for each reporting and filer status; some are assessed at the end of the fiscal year, while others are assessed at the end of the second fiscal quarter or at other dates. In addition to simplifying the determinations, we anticipate the SEC will also evaluate raising the dollar thresholds for smaller reporting company status and accelerated or large accelerated filer status to once again allow more small companies to take advantage of scaled disclosure and other reporting accommodations.

1.2.1 Nonpublic Review of Draft Registration Statements

In March, Corp Fin [announced](#) new accommodations available to issuers submitting draft registration statements for nonpublic review.³ The new accommodations:

- ▶ Expand the nonpublic review process to initial registrations under Section 12(g) of the Exchange Act and de-SPAC transactions (that is, transactions in which a Special Purpose Acquisition Company, or SPAC, acquires a target).
- ▶ Allow issuers to submit draft registration statements at any time after their initial public offering (IPO).
- ▶ Permit issuers to omit the name of the underwriter(s) in initial submissions of draft registration statements.

New Accommodations

The Jumpstart Our Business Startups (JOBS) Act of 2012 provided emerging growth companies (EGCs) with the ability to submit Securities Act draft registration statements for IPOs for confidential, nonpublic review. In 2017, the SEC staff expanded the nonpublic review process to non-EGCs, certain Exchange Act registration statements, and other Securities Act draft registration statements submitted one year after an issuer's IPO. The new accommodations further expand the nonpublic review process and allow issuers to omit the name of the underwriter(s) from initial submissions.

² Although Regulation A was amended in 2021 to increase the size of the offering limit from \$50 million to \$75 million, very few offerings are conducted pursuant to Regulation A. Regulation A is an exemption from registration for public offerings, however there are still eligibility requirements, disclosure requirements and investor limits. See Chairman Atkins' remarks at the May 2025 Small Business Advisory Committee meeting.

³ For additional guidance on the nonpublic review process, see: Recently Enacted Transportation Law Includes a Number of Changes to the Federal Securities Laws [Announcement](#) (2015); Jumpstart Our Business Startups Act [FAQs](#) (revised in 2015); Fixing America's Surface Transportation (FAST) Act [C&DIs](#) (updated in 2017).

Expanded Nonpublic Review Process

Initial Registration of Securities on Exchange Act Forms

The nonpublic review process now extends to initial registrations under Section 12(g) of the Exchange Act. Accordingly, issuers may submit an initial registration of a class of securities using Forms 10, 20-F, or 40-F under Exchange Act Sections 12(b) and 12(g) for nonpublic review.

As a reminder, issuers that submit draft initial registration statements for nonpublic review must confirm in a cover letter accompanying the submission that they will publicly file their registration statement and nonpublic draft submissions at least 15 days before any road show, or at least 15 days before the requested effective date of the registration statement if no road show is planned. Additionally, SEC staff comment letters and issuer responses are publicly released no earlier than 20 business days following the effective date of the registration statement.

Draft Registration Statements After the IPO

Issuers may now submit draft registration statements for any offering under the Securities Act or registration of a class of securities under Sections 12(b) or 12(g) of the Exchange Act, regardless of the time elapsed since the IPO. Previously, draft registration statements were only permissible within one year following the effective date of an issuer's IPO. Issuers must confirm in their cover letter that they will publicly file such registration statements at least two business days before the requested effective date.⁴ Additionally, Exchange Act registration statements on Forms 10, 20-F, or 40-F must be publicly filed for a 30- or 60-day period, as applicable, prior to effectiveness.⁵

As a reminder, the nonpublic review is limited to the initial submission. Subsequent submissions, including responses to SEC staff comments, must be publicly filed.

De-SPAC Transactions

The SEC's SPAC rules (effective in July 2024) treat targets in de-SPAC transactions as co-registrants because the de-SPAC is the functional equivalent of the target's IPO. Accordingly, registration statements for a de-SPAC transaction (when the SPAC is the surviving entity) may now be submitted for nonpublic review, provided the co-registrant target is also eligible to submit a draft registration statement. See our Bulletin, [SEC Adopts Rules on SPACS, Shell Companies, and Projections](#), for more guidance on the SEC's SPAC Rules.

Omitted Information

Issuers may now omit the name of the underwriter(s) from initial draft registration statement submissions. The underwriter(s) must be named in subsequent submissions and public filings.⁶ While draft registration statements must otherwise be substantially complete when submitted, issuers may continue to omit financial information they reasonably believe will not be required when the registration statement is publicly filed.

As a reminder, issuers may omit other historical financial information from their IPO draft registration statements as follows:

- ▶ EGCs may omit annual and interim periods that will not be required to be presented separately at the time of the offering.
- ▶ Non-EGCs may omit annual and interim periods that will not be required to be presented separately at the time of the public filing.

Additional accommodations may be available. See our publication, [A Guide to Going Public](#), for more guidance.

Foreign Private Issuers

Foreign Private Issuers (FPIs) can use these enhanced accommodations or the procedures available to EGCs, if they qualify. Alternatively, FPIs may follow the guidance in the SEC staff's [2012 statement](#).

⁴ The SEC staff may comment on public filings, potentially affecting the issuer's planned timeline for effectiveness.

⁵ Exchange Act registration statements filed pursuant to Section 12(g) are automatically effective 60 days after the public filing. Exchange Act registration statements filed pursuant to Section 12(b) are automatically effective 30 days after the applicable exchange approves the issuers listing.

⁶ When required by Items 501 and 508 of Regulation S-K.

1.3 Evaluating Existing Disclosure Requirements

The regulatory agenda includes a topic in the proposed rule stage regarding the “rationalization of disclosure practices,” which may encompass amendments to disclosure requirements that have resulted in complex and lengthy disclosures. One area the SEC has focused on is the executive compensation disclosure requirements, which have expanded over time, in part due to the implementation of Dodd-Frank Act related rulemakings (for example, pay versus performance and CEO pay ratio disclosures). In June, the SEC held roundtable discussions on the executive compensation disclosure requirements to examine whether they still provide investors with information that is material to their investing and voting decisions. In advance of that roundtable, the SEC staff released a [statement](#) with questions to consider and encouraged public feedback.

Separately, the SEC is evaluating changes that would potentially eliminate the requirement for registrants to report quarterly. The plan to examine the quarterly reporting requirements follows a call to action from President Trump in September who stated that companies should move from quarterly reporting to semi-annual reporting, “subject to SEC approval.” The SEC requested comments on the quarterly reporting requirements in 2018 during the first Trump administration in response to a similar call to action, but no changes were made at that time. Chairman Atkins has publicly expressed support for evaluating these requirements and has stated that he anticipates the SEC’s proposal will give companies the option to report semi-annually or quarterly, letting the market dictate reporting frequency. We anticipate the SEC will advance this proposal in the coming months.

2. REPORTING REMINDERS

Concerns over new and evolving economic uncertainties and their impact on financial and SEC reporting continue to be a key focus in SEC filings. This section includes disclosure reminders with respect to such uncertainties and other reminders about accounting standards updates,⁷ the reporting implications associated with tax law changes, SEC staff guidance on filer status determination, and frequent SEC staff comment letter topics.

2.1 Economic Uncertainty and Tariffs

In addition to the continued uncertainty about inflation, the direction of interest rates, supply chain challenges, labor shortages, and geopolitical conflicts, 2025 introduced new uncertainty related to tariffs. These uncertainties can affect a registrant’s disclosures in multiple areas of its SEC filings, including its:

- ▶ Risk factors, which may require new or updated disclosures to address new risks or new information related to risks previously identified as a result of the evolving landscape.
 - The business section may also be affected when the company is changing its strategies in response to these risks.
- ▶ Management’s discussion and analysis (MD&A), which presents management’s view of the business, results of operations and financial condition.
 - Registrants must disclose known trends and uncertainties that are reasonably likely to have a material impact on operations. Although tariffs, for example, may not have had a material impact on historical results, forward-looking disclosure may still be required to address this material trend and uncertainty.
 - Registrants should also consider whether early warning disclosures may be needed to the extent it is reasonably likely the company may experience material impairments, revenue declines, or margin compression in response to these uncertainties.
- ▶ Financial statements, because disclosure of significant estimates is required when there is a reasonable possibility of a material change in the near term.⁸ Additionally, these uncertainties can affect impairment assessments and going concern analyses.

Registrants should avoid “boilerplate language” to address these risks, trends, and uncertainties in filings. For example, rather than implying that there are risks and uncertainties related to these issues, registrants should address

⁷ As a reminder, SEC staff Accounting Bulletin No. 74 (codified in SAB Topic 11.M), Disclosure of the Impact That Recently Issued Accounting Standards Will Have on the Financial Statements of the Registrant When Adopted in a Future Period, requires registrants to disclose the anticipated impact of recently issued but not yet adopted accounting standards in their interim and annual SEC filings. For standards effective in calendar year 2026, please refer to our Bulletin [New Accounting Standards and Upcoming Effective Dates for Public and Private Companies](#).

⁸ ASC 275, *Risks and Uncertainties*

how these factors impact the results of operations, product pricing (cost or sales price), availability or demand for their products and services, and the risks and impacts of any mitigation strategies to increase prices or source from alternate suppliers.

Lastly, registrants should work closely with their SEC counsel and carefully monitor Form 8-K triggers for disclosure of material information, such as entry into material agreements that are not in the ordinary course of business or liquidity issues from the violation of debt covenants or acceleration of debt payments.

For more information on the key accounting, SEC reporting, and auditing considerations with respect to economic uncertainty, including the effects of tariffs, see our publications, [Accounting and Reporting in Times of Economic Uncertainty](#), and [Financial Reporting Considerations for Tariffs](#).

2.2 Segment Reporting

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (ASU 2023-07), introduced new disclosure requirements for all public entities, which were effective for the 2024 Annual Reports for calendar year-end registrants, and for the 2025 Annual Reports for fiscal year-end registrants. This ASU requires registrants, including those with single reportable segments, to disclose:

- ▶ Significant segment expenses for each reportable segment.
- ▶ Other segment items for each reportable segment.
- ▶ The title and position of the individual or the name of the group or committee identified as the chief operating decision maker (CODM).
- ▶ An explanation of how the CODM uses the disclosed measure(s) of segment performance.

Determining which expenses are significant and therefore must be disclosed requires management to make judgments.⁹ During 2025, the SEC staff shared the following observations about the determination and disclosure of significant segment expenses:¹⁰

- ▶ Entities should focus on the substance of segment expense information regularly provided to the CODM, rather than the form (which is consistent with BC43 of ASU 2023-07).
- ▶ Concluding which segment expenses are significant will require the most judgment. The SEC staff will respect those judgments that are reasonable and grounded in authoritative literature.

The SEC staff often comments on segment disclosures. Recent comments have focused on compliance with the new segment disclosures, including:

- ▶ How the CODM uses the measure(s) of segment profit or loss in assessing segment performance and allocating resources.
- ▶ The nature of expense information used by the CODM if no significant segment expenses are presented.
- ▶ The amount and description of other segment items that are not significant segment expenses.

See Section 2.5.3 for other SEC staff comment letter themes related to segment reporting.

For more information on the new segment disclosure requirements, including factors entities may consider when identifying significant segment expenses for disclosure, see our publication, [New Segment Reporting Disclosures](#).

⁹ What is “significant” is not defined in U.S. GAAP, however the FASB stated in BC59 of ASU 2023-07 that omitted segment information is significant if it would change financial statement users’ capital allocation decisions about an entity as a whole, even though an expense of a similar magnitude might not be considered significant if it were omitted from the consolidated financial statements.

¹⁰ June 2025 CAQ SEC Regulations Committee Highlights, Topic III.D

BDO INSIGHTS: SIGNIFICANT SEGMENT EXPENSES REGULARLY PROVIDED TO THE CODM

One characteristic of an operating segment as defined in ASC 280 is that the CODM **regularly reviews** the segment's results to assess performance and make decisions about allocating resources. Conversely, an entity identifies significant expenses based on information **regularly provided** to the CODM, which is a broader term than **regularly reviewed**. Said differently, when identifying significant expenses, an entity ignores whether the information regularly provided to its CODM is regularly reviewed. Also, an entity must consider all information regularly provided to the CODM in hardcopy and electronic format or via regular meetings. Such regular provision of information may result in additional segment expense disclosures.

For example, a CODM typically receives the Forms 10-K and 10-Q as part of the public filing certification process. Those forms may contain disaggregated expenses within MD&A that are included in the measure of segment profit or loss. Investor presentations regularly provided to the CODM might also contain disaggregated expense information. Additionally, the CODM may have access to electronic dashboards that allow the CODM to drill down to expenses included in the measure of segment profit or loss. In those cases, an entity must determine whether the expense information regularly provided to the CODM and included in the measure of segment profit or loss is significant and therefore, requires disclosure.

2.3 Income Taxes

2.3.1 New Income Tax Disclosures

ASU No. 2023-09, *Income Taxes (Topic 740) – Improvements to Income Tax Disclosures* (ASU 2023-09), introduces new disclosure requirements for all public business entities and must be adopted by calendar year-end companies in their upcoming 2025 Form 10-K filings. This ASU requires registrants to disclose:

- ▶ The amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign jurisdictions.
- ▶ Additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes.
- ▶ Detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a specified threshold.

For more information on the new income tax disclosures, including our insights from registrants that early adopted the standard, see our publication, [ASC 740: New Income Tax Disclosures \(ASU 2023-09\)](#).

BDO INSIGHTS: SIGNIFICANT RESOURCES REQUIRED TO ADOPT ASU 2023-09

Preparing the disclosures to comply with ASU 2023-09 requires substantial time to compile data and update the related processes and controls. Although not required, an entity may elect retrospective adoption to enhance comparability with current-year presentation and understanding of changes in the effective tax rate. However, an entity should consider the extensive data required to restate the prior periods presented. An entity electing to adopt retrospectively would need to implement all other aspects of the ASU, such as disclosures of income taxes paid in prior periods, on a fully retrospective basis. The decision whether to apply the new guidance prospectively or retrospectively requires the application of judgment based on all facts and circumstances. For entities adopting prospectively, no disaggregation is required for prior years. However, an entity may add qualitative disclosure for comparative purposes.

2.3.2 One Big Beautiful Bill Act

The “One Big Beautiful Bill Act” (OBBBA) was enacted in July 2025. The legislative changes in the OBBBA will affect income tax accounting in accordance with ASC 740, *Income Taxes*. Notable corporate provisions include the restoration of 100% bonus depreciation, the creation of new Section 174A that reinstates expensing for domestic research and experimental (R&E) expenditures, modifications to Section 163(j) interest limitations, updates to the rules for global intangible low-taxed income (GILTI) and foreign-derived intangible income (FDII), amendments to the rules for energy credits, and the expansion of Section 162(m) aggregation requirements.

Those provisions could have important implications for the calculation of current and deferred taxes, including the assessment of valuation allowances. While some provisions have varying effective dates, others (such as those affecting valuation allowance assessments) will affect the current year’s financial statements. For annual financial statement reporting, ASC 740-10-50-9(g) requires companies to disclose the tax effects of adjustments to deferred tax liabilities or assets resulting from enacted changes in tax laws or rates in their annual financial statements. Public business entities in the U.S. need to separately disclose the effect of tax law changes in the annual effective tax rate reconciliation.

For more information on OBBBA, refer to our publication, [One Big Beautiful Bill Act: Implications for Accounting for Income Taxes](#).

2.4 SEC Staff Guidance on Filer Status Determination

In August, the SEC staff released compliance and disclosure interpretation (C&DI) [130.05](#) about the determination of filer status in the year that an issuer loses its smaller reporting company (SRC) status. To provide context for the C&DI’s conclusions, consider the following reminders:

- ▶ SRC status is determined at the end of an issuer’s second fiscal quarter using its public float as of the same date and annual revenues for the most recently completed fiscal year. An issuer that determines it no longer qualifies as an SRC at the end of its second fiscal quarter may continue to use the scaled disclosure accommodations and reporting requirements available to SRCs through its annual report on Form 10-K and must begin complying with non-scaled disclosure requirements in the first Form 10-Q of the next fiscal year.
- ▶ Filer status is determined as of the end of the issuer’s fiscal year using an issuer’s public float as of the end of its second fiscal quarter. The definitions of an accelerated and large accelerated filer include a criterion that the issuer is “not eligible to use the requirements for SRCs under the revenue test.” Filer status determines the deadlines for filing the annual report on Form 10-K for that fiscal year and the quarterly reports on Form 10-Q for the next fiscal year. Filer status also determines whether auditor attestation on internal controls over financial reporting is required.

The C&DI clarifies that an issuer who previously qualified as an SRC under the revenue test¹¹ will not qualify as an accelerated or large accelerated filer at the end of year in which SRC status is lost. Because an issuer that previously qualified as an SRC under the revenue test is still eligible to provide SRC scaled disclosure accommodations in its Form 10-K of the year that SRC status is lost, it fails to meet the criterion in the definitions of an accelerated and large accelerated filer that the issuer is “not eligible to use the requirements for SRCs under the revenue test.”

For example, Registrant A qualified as an SRC under the revenue test as of June 30, 20X4 and is a non-accelerated filer as of December 31, 20X4. As of June 30, 20X5, Registrant A determines it no longer qualifies as an SRC. As of December 31, 20X5, Registrant A will not qualify as an accelerated or large accelerated filer because it is eligible to use the requirements applicable to SRCs under the revenue test (by virtue of its qualification as an SRC under the revenue test as of June 30, 20X4 and ability to apply SRC scaled disclosure accommodations in its Form 10-K for the year ending December 31, 20X5).

¹¹ An issuer qualifies as an SRC under the revenue test if it had annual revenues of less than \$100 million and had public float of less than \$700 million.

BDO INSIGHTS: A CHANGE IN THE EVALUATION OF FILER STATUS

Historically, many companies viewed the ability to comply with SRC requirements in the annual report of the year that SRC status is lost as a disclosure accommodation in the year of transition, and not a factor in the filer status determination as of the end of the fiscal year. However, the SEC staff's interpretation of the rule indicates that the ability for such companies to "use the requirements for SRCs under the revenue test" by virtue of their prior qualification as SRCs can affect filer status in the year SRC status is lost. As the accelerated and large accelerated filer definitions refer solely to an issuer's eligibility to use the requirements for SRCs "under the revenue test," the C&DI does not apply to an issuer that previously qualified as an SRC solely under the public float test.¹² An issuer that qualified as an SRC solely under the public float test, but loses SRC status at its next determination date, may qualify as an accelerated filer or large accelerated filer at the end of its fiscal year.

Filer and reporting status determinations may be complex. We encourage companies to evaluate their facts and circumstances with legal counsel.

2.5 SEC Staff Comment Letter Topics

The SEC staff must review a registrant's filings at least once every three years, though it is not uncommon for the SEC staff to review a registrant's filings more frequently.¹³ The SEC staff reviews vary in scope; for example, the staff may perform a cover-to-cover review for compliance with the applicable rules and regulations, a financial statement review for compliance with the applicable accounting standards and the disclosure requirements, or a targeted review focused on specific disclosures within the footnotes and MD&A for compliance with the relevant accounting standards and related disclosure requirements. Events such as a material restatement, significant volatility in the registrant's stock price as compared to its peers, or significant business combinations, may trigger more frequent reviews.

2.5.1 Non-GAAP Financial Measures

SEC staff comments often seek to understand the nature of non-GAAP measures, and the information the registrant is trying to convey to its investors. While registrants should clearly describe the non-GAAP measure and its related adjustments, the SEC staff has emphasized that no amount of disclosure can cure a misleading non-GAAP measure. If, through the comment letter process, the SEC staff determines that a non-GAAP measure is misleading, the registrant must remove or update the presentation of the measure in the next filing (if comparable periods are presented, the misleading non-GAAP measure should also be removed or updated for the comparable period). In December 2022, the SEC staff updated its non-GAAP C&DIs¹⁴ and often refers to this guidance, as well as Regulations G and S-K Item 10(e) when commenting on non-GAAP measures.

Key themes in comment letters related to non-GAAP financial measures include:

TOPIC	COMMENT LETTER OBSERVATIONS
Normal, recurring, cash operating expenses	▶ It is unclear why certain cash expenses are excluded from the non-GAAP measure. SEC staff comments may request the registrant to explain why it does not consider the expense to be a normal, recurring cash expense in the context of its operations, strategy, industry, and regulatory environment. Adjustments to exclude legal fees, litigation or restructuring expenses, and reserves or write-downs related to inventory or receivables from non-GAAP measures are often questioned.

¹² An issuer may qualify as an SRC under the public float test if it had public float of less than \$250 million.

¹³ Section 408 of the Sarbanes-Oxley Act of 2002 requires the review of disclosures made by registrants that report under the Exchange Act. Section 408 also details criteria the SEC staff considers when selecting reviews.

¹⁴ See our Bulletin, [SEC Updates Compliance and Disclosure Interpretations on Non-GAAP Financial Measures](#).

TOPIC

COMMENT LETTER OBSERVATIONS

At the 2024 AICPA & CIMA Conference on Current SEC and PCAOB Developments, the SEC staff clarified that an operating expense that is normal, recurring, **or** cash, may be considered a normal, recurring, cash operating expense (in other words, the operating expense does not need to be all three). For example, write-downs for excess or obsolete inventory are not cash operating expenses, but are typically considered to be normal, recurring, operating expenses. The SEC staff provided additional examples of normal, recurring, cash operating expenses, including losses on purchase commitments, lease expense when the leased assets are integral to the registrant's operations, and cash compensation (including bonuses).

Individually tailored accounting principles

- The non-GAAP measure adjusts the measurement and recognition principles required by U.S. GAAP or IFRS (that is, it uses individually tailored accounting principles). The following are examples of individually tailored accounting principles that are not permitted when preparing non-GAAP measures:
- Adjusting revenue to recognize it at a point in time when GAAP requires the registrant to recognize revenue over time, and vice versa.
 - Presenting revenue on a gross basis when net presentation is required by GAAP, and vice versa.
 - Changing the basis of accounting for revenue or expenses from accrual basis to cash basis.
 - Adjusting inventory to an internal basis of accounting inconsistent with GAAP.
 - Adjusting the accounting for a lease from a sales-type lease to an operating lease.
 - Excluding accelerated depreciation from measures other than EBITDA.
 - Reversing the effects of purchase accounting after the acquisition date.
 - Consolidating the results of an entity that does not qualify for consolidation or excluding an entity that does qualify for consolidation.
 - Adjusting for parts, but not all, of an accounting concept, such as excluding amortization of some, but not all, intangibles.

SEC staff comments request the registrant remove adjustments that include an individually tailored accounting principle from the non-GAAP measure.

Prominence

- The non-GAAP measure is presented or discussed with more prominence than the most directly comparable GAAP measure. Examples include:
- Reconciling the non-GAAP measure to a measure that is not the most directly comparable GAAP measure (for example, reconciling an adjusted gross profit measure to net income rather than a fully loaded GAAP gross profit).
 - Discussing the non-GAAP measure before the GAAP measure.
 - Presenting the non-GAAP measure in bold, underlined, larger font, or other formatting that gives the non-GAAP measure undue prominence.

SEC staff comments request the registrant to update its presentation so as not to give the non-GAAP measure undue prominence.

TOPIC	COMMENT LETTER OBSERVATIONS
Labelling	▶ Adjustments to the non-GAAP measure are unclear, vague, generic, or include multiple, seemingly unrelated adjustments grouped together. SEC staff comments request the registrant to clarify each adjustment. However, merely relabeling or adding clarity may not always be sufficient, as detailed disclosures cannot cure a misleading non-GAAP measure.
Why the non-GAAP measure is useful to investors	▶ The registrant stated that the non-GAAP disclosure is useful to investors but did not explain why. SEC staff comments request the registrant update its disclosure to more clearly explain why the non-GAAP measure is useful to investors in understanding the registrant's financial condition and results of operations.

2.5.2 Management's Discussion and Analysis

The objective of MD&A is to disclose material information that enables a reader to assess a registrant's financial condition, cash flows, and results of operations.¹⁵ SEC staff comments focus on whether disclosures about known trends and uncertainties, material changes in operations, liquidity, and critical accounting estimates meet the underlying requirements and objective of MD&A. Key themes in comment letters related to MD&A include:

TOPIC	COMMENT LETTER OBSERVATIONS
Results of operations	▶ Material changes to operations are not quantified or the underlying reason for the change is not discussed. For example, when multiple events or transactions contribute to a material change in operations, SEC staff comments request the registrant to: • Quantify each event or transaction. • Explain why that event or transaction caused the change.
Liquidity and capital resources	▶ The analysis of changes in operating cash flows does not describe the underlying reason for material changes. When the discussion narratively recites information that is clear from the statement of cash flows, SEC staff comments request the registrant to describe the underlying reasons for material changes and often focus on material changes in working capital items.
Critical accounting estimates	▶ The disclosures reiterate or reference the accounting policies in the financial statements. SEC staff comments request the registrant to provide more quantitative and qualitative information about the significant judgement involved in the estimates, as well as the sensitivity of reported amounts to changes in the underlying assumptions.

¹⁵ See Regulation S-K Item 303

TOPIC	COMMENT LETTER OBSERVATIONS
Material trends or uncertainties	▶ Disclosure of known trends or uncertainties is vague or omitted. When material changes or factors affecting operations or liquidity arise, SEC staff comments may request the registrant to expand disclosures to address known trends, uncertainties, and both short- and long-term liquidity needs. ▶ Goodwill impairment indicators, such as a decline in stock price, margin, or results of operations, are present but disclosures do not address whether any reporting units are at risk of impairment. SEC staff comments may request the registrant to provide the results of its goodwill impairment analysis, including the percentage by which the reporting unit's fair value exceeded its carrying value. ▶ A material impairment charge is recognized, but there were no early warning disclosures in previous filings. SEC staff comments request the registrant to provide more information about the facts and circumstances that led to the impairment, including changes in the underlying assumptions from the previous impairment assessment.
Key performance indicators (KPIs)	▶ A KPI discussed on earnings calls or presented in investor presentations is not disclosed in MD&A. SEC staff comments may request the registrant to explain why disclosure of the KPI is not necessary for a reader to understand the registrant's business. ▶ A KPI presented in MD&A is not accompanied by disclosure of its definition, how it is calculated, the reason it is useful to investors, or how management uses the KPI to manage or monitor business performance. SEC staff comments refer the registrant to SEC staff guidance on the disclosure of KPIs and metrics in MD&A.

2.5.3 Segment Reporting

Segment disclosures provide valuable insights into the company from management's perspective and often influence the discussion in MD&A. SEC staff comments often emphasize the alignment of segment disclosures with information shared outside the financial statements, such as during earnings calls and in investor presentations. Key themes in comment letters related to segment reporting include:

TOPIC	COMMENT LETTER OBSERVATIONS
Identification of operating segments	▶ Discrete financial information shared during earnings calls, in investor presentations, on the registrant's website, or elsewhere in filings (for example, in compensation discussion and analysis or management's discussion and analysis) do not align with the segment disclosures in the financial statements. SEC staff comments seek to understand the registrant's identification of operating segments by requesting the registrant to: • Describe the CODM's role and identify the individuals that report to the CODM ("direct reports"). • Describe the basis for determining the compensation for the CODM's direct reports. • Provide details about meetings between the CODM and their direct reports, including the frequency of the meetings, the financial information reviewed by the CODM in preparation for the meetings, the financial information discussed during the meetings, and who attends the meetings. • Describe the information regularly provided to the CODM and Board of Directors, and how often it is prepared.

TOPIC	COMMENT LETTER OBSERVATIONS
	• Explain the budgeting process, including how budgets are prepared, reviewed, and approved, as well information about communication and meetings to discuss budget-to-actual variances. • Provide the financial information the CODM uses to assess performance and allocate resources. ▶ A change in key management, a significant acquisition or disposition, restructuring or another significant event has occurred with no corresponding change in reportable segments. SEC staff comments ask the registrant for its analysis of how it determined its reportable segments after such an event.
Aggregation of operating segments	▶ Two or more operating segments are aggregated into a single reportable segment, but it is unclear why aggregating the operating segments is consistent with the objective and basic principles of ASC 280. SEC staff comments ask the registrant to provide its analysis supporting the aggregation, including how the operating segments have similar economic characteristics.
Performance measure used by the CODM	▶ A combined total of each segment's performance measure is presented in a manner other than as required by ASC 280 in the financial statements (for example, the combined total of the segments' performance measure that is not calculated in accordance with U.S. GAAP is presented in MD&A). SEC staff comments remind registrants that such presentation outside of the financial statements constitutes a non-GAAP measure and therefore, the disclosure is subject to the SEC's non-GAAP rules and regulations.¹⁶ ▶ Disclosures indicate that the company may not have appropriately identified the measure of segment performance that is required to be disclosed in accordance with ASC 280. For example, if the ASC 280 disclosures identify EBITDA as the measure of segment performance, but the reconciliation or other disclosures include gross profit by segment, the SEC staff may question whether the required disclosure of segment performance is gross profit by segment (that is, because it is a measure of segment performance determined in accordance with U.S. GAAP, unlike EBITDA).
Reconciliations	▶ The required reconciliation in accordance with ASC 280 is not presented or is incorrectly presented. SEC staff comments remind registrants that ASC 280 requires a reconciliation between the combined total of each segment's performance measure and consolidated income (loss) before income taxes.
Entity-wide disclosures	▶ Entity-wide information is not disclosed. SEC staff comments focus on the following required disclosures: • Revenues from external customers for each group of products and services, or for each group of similar products or services. • Information about geographic areas, including revenues from external customers and long-lived assets attributable to the registrant's country of domicile and each individual foreign country (if material). At the 2023 AICPA & CIMA Conference on Current SEC and PCAOB Developments, the SEC staff reminded registrants that disclosure of revenues from external customers

¹⁶ Non-GAAP Financial Measures [C&D](#) 104.04

TOPIC	COMMENT LETTER OBSERVATIONS
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must be computed in accordance with U.S. GAAP or IFRS, as applicable. The SEC staff has objected to segment revenues to external customers presented on an adjusted or alternative basis.

For SEC comment letter themes related to the new segment disclosures required by ASU 2023-07, see Section 2.2.

For more information on the new segment disclosures, see our publication, [New Segment Reporting Disclosures](#).

2.5.4 Revenue Recognition

Revenue recognition disclosures required by ASC 606, *Revenue from Contracts with Customers* (ASC 606) are intended to provide users of the financial statements with sufficient information to understand the nature, timing, and uncertainty of revenue and cash flows arising from contracts with customers. SEC staff comments often request more information, or clarification about the registrant's revenue recognition. Key themes in comment letters related to revenue recognition include:

TOPIC	COMMENT LETTER OBSERVATIONS
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Presentation and disclosure

- ▶ Revenue is presented on a gross or net basis, but it is unclear whether the registrant is the principal or agent. SEC staff comments may request the registrant's analysis to support its presentation.
- ▶ Revenue data in MD&A, earnings calls, investor presentations, or other public information is disaggregated differently from the financial statements. SEC staff comments ask the registrant why the disaggregation presented in the financial statements best reflects how economic factors affect the nature, amount, timing, and uncertainty of revenue and cash flows.

Nature, timing, amount, and uncertainty

- ▶ The nature, timing, amount, and uncertainty of revenue recognition is unclear. SEC staff comments ask the registrant to clarify:
 - The performance obligations, including how the registrant determined whether certain promised goods or services are distinct.
 - The type and nature of variable consideration, including whether any variable consideration is constrained.
 - The timing of revenue recognition (over-time or at a point-in-time), and for revenue recognized over-time, the method used and why the method is appropriate.

For more information on revenue recognition, see our Blueprint, [Revenue Recognition Under ASC 606](#).

2.5.5 Business Combinations

Business combination disclosures required by ASC 805, *Business Combinations* (ASC 805) and financial information required by Rule 3-05 and Article 11 of Regulation S-X give investors information to assess the nature and effect of a registrant's acquired businesses. SEC staff comments often focus on acquired businesses that appear significant but lack the required information under U.S. GAAP or Regulation S-X.

TOPIC	COMMENT LETTER OBSERVATIONS
ASC 805 disclosures	▶ The revenue and earnings of the acquiree after the acquisition or supplemental pro forma financial information are not disclosed in the financial statements. The SEC staff may challenge the assertion that disclosure of such information is immaterial if the acquisition appears to be material to the registrant's balance sheet.
Compliance with Rule 3-05 and Article 11 of Regulation S-X	▶ Form 8-K discloses a significant acquisition but financial statements of the acquiree and related pro forma financial information are not filed. The SEC staff may ask for the analysis performed by the registrant to assess compliance with Rule 3-05 and Article 11 of Regulation S-X.

For more information on business combinations, see our Blueprint, [Business Combinations Under ASC 805](#).

For more information on Rule 3-05 of Regulation S-X, see our Snapshot, [Financial Statements of Acquired Businesses](#).

For more information on Article 11 of Regulation S-X, see our Snapshot [Pro Forma Financial Information](#).

3. OTHER ACTIVITIES

3.1 Concept Release on Foreign Private Issuers

In June 2025, the SEC published a [concept release](#) requesting comments on the definition of a foreign private issuer. As a reminder, FPIs are foreign issuers that meet specific criteria; FPIs are afforded certain reporting accommodations and exemptions compared to domestic issuers. These accommodations were originally designed for companies with securities traded in foreign markets that were already required to comply with a regulatory framework in their home country. Due to significant changes in the population of FPIs over the last 20 years,¹⁷ the SEC is soliciting public feedback on whether the FPI definition should be revised so it better represents the issuers that the SEC intended to benefit from the FPI reporting accommodations while continuing to protect investors and promote capital formation.

Comments on the concept release were due September 2025.

BDO INSIGHTS: FPI ELIGIBILITY REQUIREMENTS

We support the Commission's efforts to reconsider whether the FPI eligibility requirements continue to meet the needs of investors. In our [comment letter](#), we highlighted the prevalent use and understanding of International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB) outside of the U.S. and the time, cost and effort that it may take any affected issuers to transition to U.S. GAAP and domestic reporting requirements. As an alternative to changing the FPI definition, the Commission may want to consider requiring specific disclosures or removing specific existing accommodations to ensure matters of most significance to investors are disclosed on a timely basis (for example, filing current reports on Form 6-K when the financial statements can no longer be relied upon or when there has been a change in the independent registered public accounting firm).

3.2 Climate Disclosure Rule Status

The SEC's final rules on climate disclosures were adopted in March of 2024. However, the [SEC stayed the final rules](#) in April 2024 due to several petitions for review filed in the U.S. Court of Appeals that challenge the validity and other aspects of the rules. With Chair Gensler's departure from the SEC and change in administration in January, the SEC [voted](#) to stop defending the rules in March 2025. The SEC subsequently submitted a status report to the court stating

¹⁷ The SEC observed significant changes in the jurisdictions of incorporation from a concentration of issuers in Canada and the United Kingdom to the Cayman Islands (with China being the headquarters). The SEC also observed that over 55% of FPIs have no or little trading activity on non-US markets. See the SEC's [fact sheet](#).

that it did not intend to review or reconsider the rules and requested the court to proceed with litigation and decide the case. In September 2025, the court responded that it will not rule on the legality of the climate rules, which we understand implies that it is the SEC's responsibility to determine whether the rules will be rescinded, repealed, modified, or defended in litigation. With the SEC's current focus on capital formation and deregulatory matters to reduce compliance burdens for public companies, it remains highly unlikely that the rules as the SEC adopted them in 2024 will become effective.

3.3 Financial Reporting Manual Updates

In July and August 2025, the SEC staff updated Corp Fin's Financial Reporting Manual (FRM). The [FRM](#) is an internal SEC staff reference document that provides useful guidance on various SEC reporting topics, although it is not authoritative.

The July 2025 updates reflect the 2020 amendments to Regulation S-X (S-X) for acquired and disposed businesses (the S-X Acquisition Rules) and additional guidance for the 2020 amendments related to financial disclosure requirements about guarantors and issuers of guaranteed securities and affiliates whose securities collateralize a registrant's securities:

RULES	SUMMARY OF UPDATES	FRM TOPICS/SECTIONS
S-X Rules 3-05, 3-14, 8-04, 8-06, and Article 11	Made conforming changes related to the S-X Acquisition Rules, including revised significance tests, updated financial statement requirements (such as the number of years and treatment of individually insignificant businesses), and changes to the presentation of pro forma financial information, among other updates. See our Snapshots, Financial Statements of Acquired Businesses, Financial Statements of Acquired Real Estate Operations, and Pro Forma Financial Information for more information on S-X Rules 3-05, 3-14, and Article 11.	Updated sections 2900, 5320, and Topic 3. Removed sections 2000, 2305, 2310, 2315, 2320, 2325, 2330, and 2335.
S-X Rules 3-10 and 3-16	Added guidance on the reporting obligations of each issuer and guarantor when using a shelf registration statement to register guaranteed debt securities. Clarified when disclosures are required for affiliates whose securities collateralize a registrant's securities in shelf registration statements, and in cases where reporting obligations are suspended, or collateral arrangements are terminated. See our Bulletin, SEC Simplifies Disclosures for Registered Debt Offerings for more information on the 2020 amendments to S-X Rules 3-10 and 3-16.	Added sections 2540.6, 2640.4, and 2640.5, and updated section 2640.2.

The August 2025 updates make (i) conforming edits for the 2020 amendments to Regulation S-K (S-K);¹⁸ (ii) conforming edits to the real estate and other sections for the S-X Acquisition Rules; (iii) revisions to address updated Public Company Accounting Oversight Board (PCAOB) auditing standards (AS) and clarifications related to the independent accountants' involvement; and (iv) other updates. These updates include:

- ▶ Conforming edits for the 2020 amendments to Regulation S-K:
 - Supplementary financial information (S-K Item 302(a)) (section 1600), including more guidance about:
 - The presentation for a new registrant – disclosure of material quarterly changes is not required in an IPO registration statement under the Securities Act (section 1620.1). A registrant that recently completed its IPO

¹⁸ For a summary of the 2020 amendments to the disclosure requirements of Regulation S-K, see our Bulletin, [SEC Amends Disclosure Requirements in Regulation S-K](#).

that has a material retrospective change to an interim period that is only presented on a year-to-date basis in the IPO, may present that year-to-date interim period (rather than each affected quarterly period) and fourth quarter information in its first Form 10-K (section 1610.2).

- Voluntarily disclosing quarterly financial information – if a registrant voluntarily presents quarterly financial information, the information is subject to PCAOB AS 2710, which requires the registrant’s auditor to read the information and consider whether it is materially inconsistent with the information contained in the financial statements (section 4420.2).
- Foreign private issuers – FPIs that voluntarily file on Form 10-K are not required to comply with S-K Item 302(a) (section 6120.12).
- Management’s discussion and analysis (S-K Item 303) (sections 9110 and 9200):
 - The disclosure requirements for critical accounting estimates are applicable to FPIs unless they apply IFRS-IASB (section 9410.2).
- ▶ Conforming edits to the real estate and other sections for the S-X Acquisition Rules:
 - Real estate matters (section 2300).
 - The information required in a proxy statement for a real estate operation that was or will be acquired indirectly is the same as if the real estate operation was or will be acquired directly (section 2360.1).
 - Target company financial statements in a registration statement on Form S-4 (section 2200).¹⁹
- ▶ Revisions to address updated PCAOB auditing standards and clarifications related to the independent accountants’ involvement:
 - Critical Audit Matters (CAMs) (section 4240), including guidance that the audit report of:
 - A non-issuer equity method investee referred to in the registrant’s audit report does not require CAMs if the registrant is an emerging growth company (EGC). If the registrant is not an EGC, the registrant may consult with the SEC staff about whether CAMs would be required (section 4240.2).
 - The target in a de-SPAC transaction may exclude CAMs in the Form S-4/proxy statement and Super 8-K if it would otherwise qualify as an EGC (section 4240.3).
 - The SEC staff’s application of PCAOB requirements in various SEC filings, including non-predecessor target companies in de-SPAC transactions, Regulation A issuers, and non-issuer general partners in a limited partner’s transactional filings or registration statements (section 4110.5).
 - Auditor issues in connection with reverse recapitalizations and reverse mergers (section 12250):
 - The auditor of the accounting acquirer must be independent in accordance with PCAOB and SEC rules for the latest fiscal year and other applicable standards (for example, AICPA or home-country) for earlier fiscal years (section 12250.1).
- ▶ Other updates:
 - IFRS-IASB-related items (section 4220):
 - The SEC staff will not object to a qualified opinion related to a lack of comparative information for financial statements of an acquired or to be acquired business for which the financial statements are prepared in accordance with IFRS-IASB (which requires comparative financial statements) if only one year is required by the S-X Acquisition Rules (section 4220.6).
 - SAB Topics, including SAB Topic 4.C. *Change in Capital Structure*, apply to IFRS filers (section 6320.4).
 - Disclosure controls and procedures and internal controls over financial reporting (ICFR) (section 4310):
 - Conclusions about ineffective ICFR will likely lead to conclusions about ineffective disclosure controls and procedures (section 4310.9).
 - Registrants may need to reevaluate previous conclusions about the effectiveness of ICFR when financial statements are restated to correct errors (section 4310.16).
 - Non-issuer abbreviated financial statements (section 4250):

¹⁹ These FRM updates do not include amendments to address the final rules on special purpose acquisition companies, shell companies, and projections effective in 2024. For more information on these rules, see our Bulletin, [SEC Adopts Rules on SPACS, Shell Companies, and Projections](#).

- Including an emphasis of matter paragraph in the audit report for financial statements prepared in accordance with U.S. GAAP or IFRS-IASB.
- Transition period reporting:
 - Balance sheet requirements in a Form 10-K following a transition period of less than six months (section 1360.2)
- Guidance on Key Performance Indicators and Metrics (section 9230) to conform with the 2020 SEC guidance.²⁰
- Reporting requirements when errors are identified in pro forma financial information or an Interactive Data File (section 4640).
- Guidance on the presentation of financial statements when a change in reporting entity or reorganization occurs in connection with an initial registration statement (section 13410.4).

**PORTIONS OF THE FRM ARE STILL OUTDATED**

The FRM has not been updated for the final rules on SPACs, shell companies, and projections effective in 2024.²¹ Users should exercise caution and refer to other sources when relying on the FRM for guidance on this topic.

²⁰ See <https://www.sec.gov/files/rules/interp/2020/33-10751.pdf>.

²¹ For more information on these rules, see our Bulletin, [SEC Adopts Rules on SPACS, Shell Companies, and Projections](#).

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