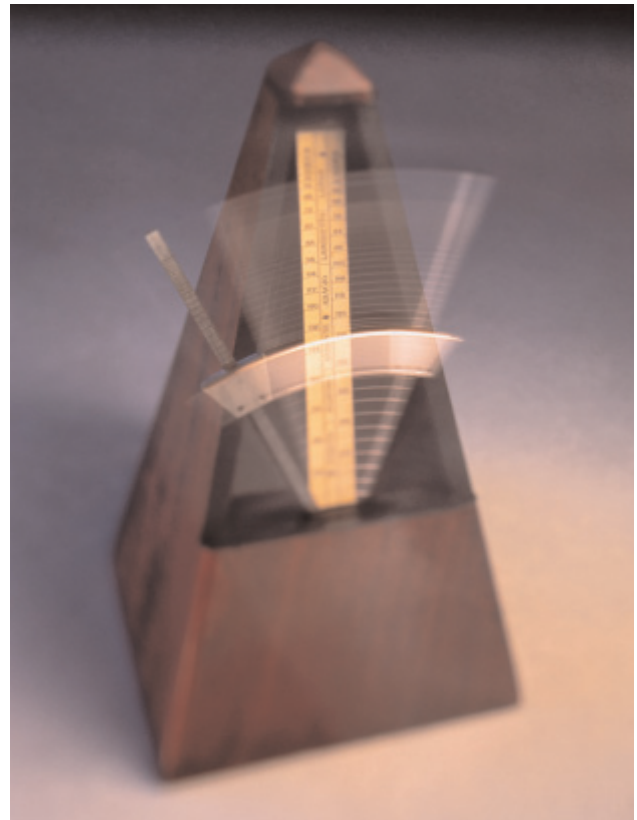


defining issues[®]

SEPTEMBER 2003 No. 03-17



“ACCELERATED FILERS” 1

FINDINGS 2

Readiness for SEC Timely Filing Requirements

Most companies are not anticipating the coming shorter deadlines for filing their annual and quarterly reports with the SEC by filing earlier than required this year, according to data gathered by KPMG. Seventy-five- and 40-day deadlines will apply to annual and quarterly filings filed in 2004 for fiscal years ending on or after December 15, 2003, with 60- and 35-day deadlines coming into effect a year later. These requirements, called “accelerated” deadlines, are mandated under rules the SEC adopted last fall and will test the effectiveness of many registrants’ reporting systems.¹

“ACCELERATED FILERS”

A domestic SEC registrant is an accelerated filer, and therefore subject to the shorter filing deadlines, if it meets the following conditions as of the end of its fiscal year:

- Its common equity float was \$75 million or more as of the last business day of its most recently completed second fiscal quarter;

(1) Release No. 33-8128, Acceleration of Periodic Report Filing Dates and Disclosure Concerning Website Access to Reports, September 5, 2002, www.sec.gov/rules/final/33-8128.htm.

FILING DATES FOR ACCELERATED FILERS UNDER THE NEW RULES

FILING	CALENDAR FY 2002 DUE DATES	CALENDAR FY 2003 DUE DATES	CALENDAR FY 2004 DUE DATES	CALENDAR FY 2005 DUE DATES
1st Qtr Form 10-Q	May 15, 2002	May 15, 2003	May 10, 2004	May 5, 2005
2nd Qtr Form 10-Q	August 14, 2002	August 14, 2003	August 9, 2004	August 4, 2005
3rd Qtr Form 10-Q	November 14, 2002	November 14, 2003	November 9, 2004	November 4, 2005
Form 10-K	March 31, 2003	March 15, 2004	March 1, 2005	March 1, 2006

- It has been subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act for at least 12 calendar months;
- It has previously filed at least one annual report under Section 13(a) or 15(d) of the Exchange Act; and
- It is not eligible to use the annual and quarterly forms for small business issuers (Forms 10-KSB and 10-QSB).²

Accelerated filers remain subject to the shortened deadlines unless they become eligible to file as small business issuers.

Deadlines. Accelerated deadlines are being phased in beginning with fiscal years ending on or after December 15, 2002. The table above shows the filing dates that have applied for accelerated filers with calendar year-ends since the new rules were adopted by the SEC in September 2002.

FINDINGS

We identified dates on which public companies with calendar year-ends filed their 2001 and 2002 annual reports on Form 10-K and compared those dates to the coming accelerated deadlines. We did the same for quarterly reports on Form 10-Q filed for the quarters ended March 31, 2002 and March 31,

2003. In both cases, we stratified the findings by size of registrant using these three market-capitalization criteria: capitalization greater than \$1 billion, \$500 million to \$1 billion, and \$75 million to \$500 million.

Most registrants continue to file just before or on the 90-day and 45-day deadlines previously in effect for filings on Form 10-K and Form 10-Q, respectively. However, some registrants (primarily the largest registrants in terms of market capitalization) are already meeting or surpassing the 2003 annual report accelerated deadlines. Twenty-four percent of all registrants filed 2002 annual reports within 75-days of year-end, up from 22% in the prior year.

Large registrants presumably have more resources for financial accounting and reporting than smaller ones and are therefore more capable of filing early voluntarily. This presumption was reflected in the stratified results. Approximately 38% of the largest registrants (those with a market capitalization of greater than \$1 billion) filed the 2002 Form 10-K within the upcoming fiscal year 2003 deadline of 75 days. Approximately 31% of those largest registrants filed reports for the 2001 fiscal year within the 2003 deadline of 75 days. The increase of 7 percentage points could suggest that some of the largest registrants have been preparing for the accelerated filing dates.

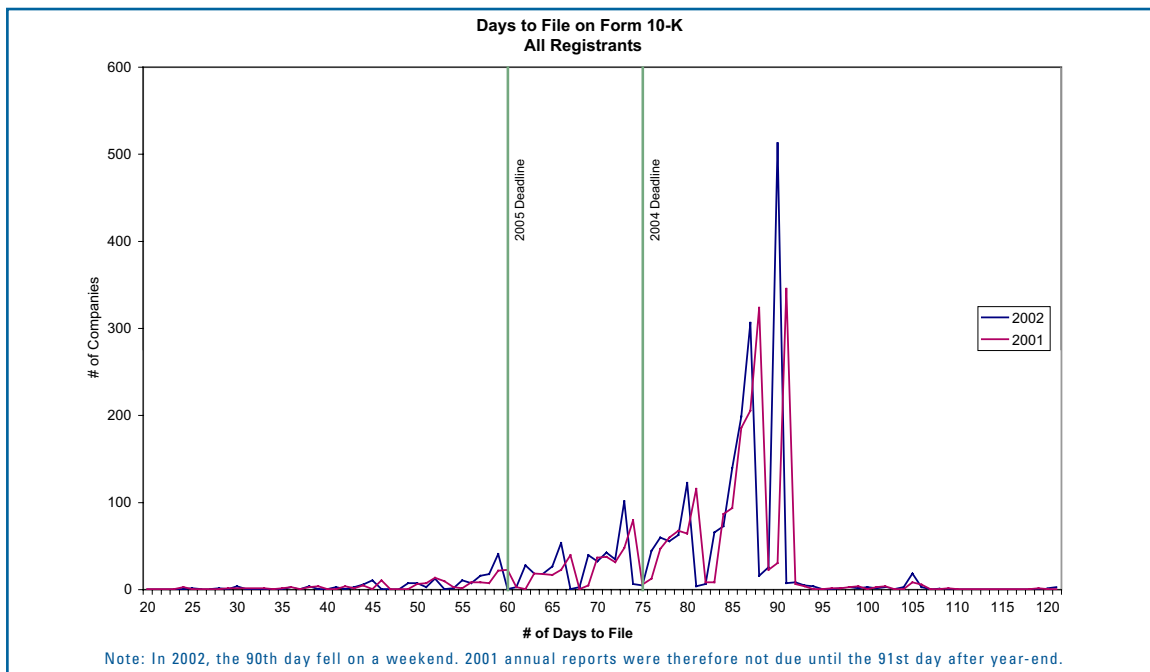
⁽²⁾ For the definition of a small business issuer, see Regulation S-B Item 10(a)(1).

Mid-level registrants (those with market capitalizations between \$500 million and \$1 billion) also showed year-to-year reductions in filing times consistent with preparing for the coming shorter annual report deadlines. Mid-level registrants beat the coming deadline by 19% for the 2001 fiscal year and by 24% for the 2002 fiscal year. However, smaller registrants (those with market capitalizations between \$75 million and \$500 million) took longer to file for 2002 than for 2001, with

only 15% meeting or beating the upcoming deadline for the 2002 fiscal year as opposed to 17% for the 2001 fiscal year.

Some registrants, albeit relatively few, even met the 60-day deadline that will be required for 2004 annual reports. The percentages of those filing in advance of this coming deadline were 12%, 6%, and 3% of the large, mid-level, and smaller registrants, respectively. The comparable numbers for 2001 filings were 8%, 4%, and 3%.

PERCENT OF ANNUAL REPORTS FILED IN ADVANCE OF COMING FORM 10-K DEADLINES				
	2004 DEADLINE (75 DAYS)		2005 DEADLINE (60 DAYS)	
	FY 2002 FILING	FY 2001 FILING	FY 2002 FILING	FY 2001 FILING
All Companies	24	22	6	5
Largest	38	31	12	8
Mid-level	24	19	6	4
Smaller	15	17	3	3

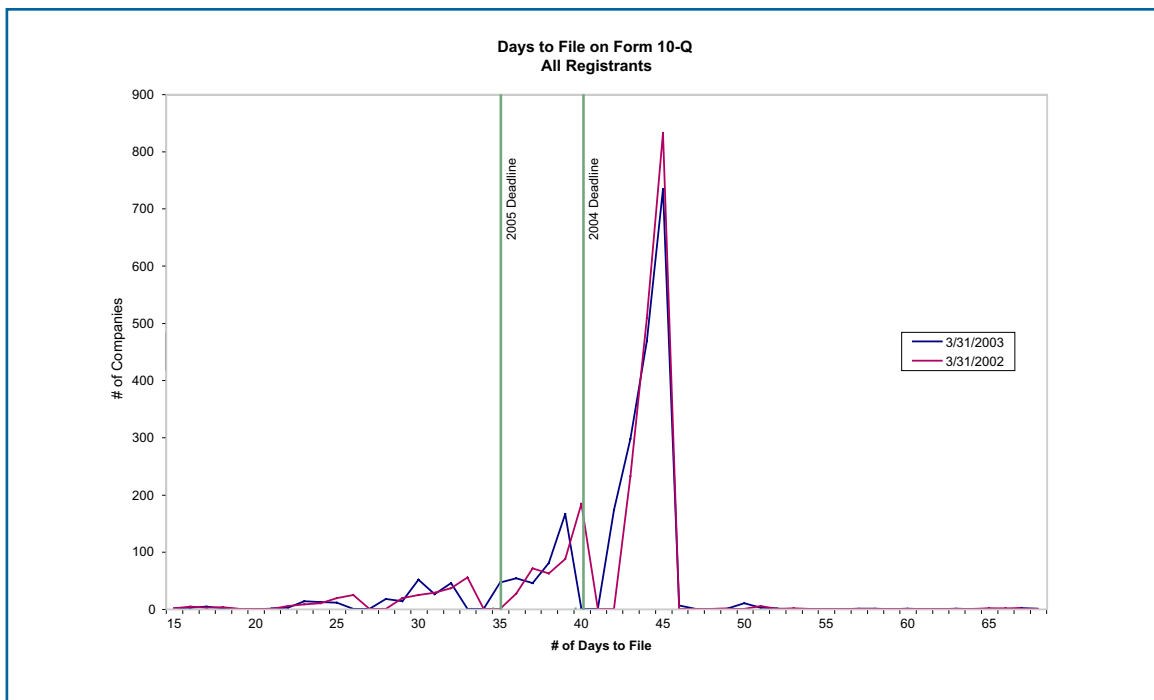




Although public companies, especially the largest, appear to be making progress towards meeting the accelerated Form 10-K deadlines, that may not be the case for filings on Form 10-Q. Fewer companies filed their first quarter Form 10-Q within the upcoming deadlines than had done so in 2002 (26% in 2003

compared to 33% in 2002). The later filing dates may be attributable to additional review procedures companies implemented in response to the Sarbanes-Oxley Act, including officer certifications and evaluation of disclosure controls and procedures.

PERCENT OF QUARTERLY REPORTS FILED IN ADVANCE OF COMING FORM 10-Q DEADLINES				
	2004 DEADLINE (40 DAYS)		2005 DEADLINE (35 DAYS)	
	FY 2003 FILING	FY 2002 FILING	FY 2003 FILING	FY 2002 FILING
All Companies	26	33	11	11
Largest	34	45	15	13
Mid-level	29	30	11	12
Smaller	19	26	8	9





Companies that are not prepared to comply with the accelerated requirements will have to determine the capabilities of their current organizational structure, systems architecture, internal controls, and closing and reporting processes. Some may need to improve their mix of people and skills and to integrate more tightly their transaction and reporting systems. In evaluating these capabilities and how to respond to time constraints, companies should bear in mind the demands of new accounting standards, requirements to report on internal control over financial reporting, and increased audit-committee involvement in financial reporting. Embedded workflow, business rules, and internal controls help ensure the integrity and predictability of the results.

The descriptive and summarizing statements and references to SEC requirements are not intended to substitute for the official text of those requirements. All relevant facts and circumstances should be brought to bear when complying with SEC requirements. Companies should consult with their accounting and legal advisors.

This is a publication of
KPMG's Department of
Professional Practice

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