## Frequency of Reporting of Publicly Traded Companies Versus Royalty Investor Revenue Reporting

8-24-2018

It has recently been suggested to the SEC by President Trump that publicly traded companies be required to report only semi-annual financial results rather than the current requirement for quarterly results.

This, it is stated, would reduce administrative expense for public companies and possibly allow senior executives to be less influenced in their short-term decision making. The stated concern of the President is the price volatility that can result when quarterly estimates and achieved results differ significantly. A number of leading investors disagree, indicating that investors are entitled to know the current financial status of public companies in which they invest.

In the case of revenue royalties structured using our approach, the royalty investor's agent is paid the agreed percentage of defined gross revenues whenever revenues are received by the company's bank or banks. This could be as often as every business day, if revenues are received every day. The royalty investor is paid quarterly, when the accrued royalty payments are distributed. With each quarterly revenue distribution, the company's gross revenue results are reported for that period, along with the percentage of revenues to which the investor is entitled for that period.

The royalty issuing company is also obliged to provide its royalty investor(s) with an annual audit of, at least, the revenues of the company, as defined in the royalty agreement. Further, our procedure often requires a personal attestment of a majority of the members of the Board of Directors that all of the defined revenues have been deposited in banks approved by the investors.

Therefore, even though the royalties are issued by privately-owned companies, revenue royalty investors would be more quickly informed about their company's basic financial performance (its gross revenues) than would be the case were they to have invested in publicly traded securities, under the newly-proposed plan.

It should be noted that the standard financial statements issued by publicly reporting companies subject to SEC regulation (the 10-K or 10-Q and variants thereof) are considerably more detailed than the revenue royalties statements we propose.

To learn more about why royalties are the better way of both investing in and financing of privately-owned companies, please refer to our book, "Revenue Royalties," available exclusively through Amazon.com, with a direct link at [REXRevenueRoyalties.com](REXRevenueRoyalties.com)

Arthur Lipper, Chairman
British Far East Holdings Ltd.



August 25, 2018