

May 2026

Follow us on [LinkedIn](#)

Regulatory Update

SEC Proposes Optional Semiannual Reporting

By [Colin J. Diamond](#), [Sean Donahue](#), [Eric C. Sibbitt](#), [Seo Salimi](#), [Jeff Hartlin](#), [Brandon J. Bortner](#), [Jeff S. Ramsay](#), [Kerry E. Johnson](#), [Dan Hirschovits](#), [Dr. Katja Kaulamo](#), [Max Kirchner](#), [Raymond Li](#), [Peter Cheng](#), [Morgan Bale](#), [Doug Brown](#), [James Lansdown](#), [Jessica Lam](#) and [Spencer Francis Young](#)

On May 5, 2026, the Securities and Exchange Commission (SEC) issued its anticipated proposed rule to allow U.S. public companies to elect to drop their Q1 and Q3 quarterly reports.

This prompted a number of dramatic headlines: “[SEC Proposes to Eliminate Quarterly Reporting Requirement for Public Companies](#)” and “[US SEC Proposes Allowing Public Companies to Opt Out of Quarterly Earnings Reports](#)”.

The reality is more nuanced, as discussed below.

What the Proposed Rule Would Do

The proposed rule would create a parallel filing regime to the existing quarterly regime:

- **Creation of a New Semiannual Report:** Companies can elect annually to file a single semiannual report rather than three Form 10-Qs.
- **Annual Election:** The election to file semiannually (or to revert to filing quarterly) will be made annually by checking a new box on the cover of Form 10-K. That election then applies for the remainder of the current fiscal year. Securities Act registration statements would likewise include a checkbox pursuant to which IPO issuers and other registrants would indicate their election to file semiannually or quarterly (by omission of a checkmark).
- **Failure to Elect:** Leaving the check box blank results in the continuation (or reestablishment) of Form 10-Q filing obligations.
- **Grace Period to Correct a Mistaken Check Box:** Given the likelihood of mistakes, the SEC has allowed a correction to be made to the checkbox (via an amended Form 10-K filing) through the date on which the first Form 10-Q is due.
- **Form and Content:** Semiannual reports would be filed on new Form 10-S, which would mirror the narrative disclosure and financial information presented in Form 10-Q but would cover a six-month period rather than a quarter.

- **Timing:** The filing deadline for Form 10-S would be 40 days following second quarter end for large accelerated and accelerated filers and 45 days following second quarter end for non-accelerated filers.

There Is Nothing New Under the Sun¹

The SEC’s detailed proposing release notes that other markets, many of which constitute the largest and most liquid markets after the United States, permit semiannual reporting:

	Semiannual Regime Is Sole Regime	Practice With Respect to Providing Q1 and Q3 Data
United Kingdom (Main Market, London Stock Exchange)	Yes, within three months. ² Must include: (a) condensed financial statements, (b) an interim management report and (c) the auditors’ audit or review report or a statement by the issuer that the financial statements have not been audited or reviewed.	No uniform practice, although it is common for U.K.-listed companies to publish “trading updates” with respect to Q1 and Q3 on a voluntary basis (containing limited, often top-line only, financial information and qualitative reporting on critical financial and nonfinancial KPIs).
European Union	However, individual EU member states may require additional periodic financial reporting where that additional information does not constitute a disproportionate burden, although only a few EU member states require this; none of the member states with major European stock exchanges (Germany, France, Italy) require quarterly reporting.	Outside of statutory legal requirements, certain EU stock exchanges require quarterly reporting for their premium market segments (e.g., Prime Standard segment of the Frankfurt Stock Exchange). No uniform practice as to quarterly reporting across the EU given differing requirements imposed by certain EU member states and/or local stock exchange rules.
Hong Kong	Yes, interim results within two months and full report within three months. Must include: (a) condensed financial statements and (b) a management discussion and analysis (MD&A) of business performance.	The Hong Kong Stock Exchange has recommended that issuers publish quarterly business updates within 45 days after the end of each quarter as a best practice. In practice, voluntarily reporting for Q1 and Q3 is uncommon and generally limited to companies that are also listed on other exchanges where it is mandated.

Both the New York Stock Exchange and Nasdaq also mandate semiannual reporting within six months of the end of the second quarter for listed foreign private issuers (FPIs) in order to ensure minimal information is disclosed as a matter of rule.³

The Report of the Death (of Quarterly Reporting) Was an Exaggeration⁴

The SEC identifies three categories of companies that could result from the adoption of the rule:

- **Quarterly Reporters:** Companies that elect to continue to file Form 10-Qs each quarter without any change.
- **Semiannual Reporters:** Companies that elect to file a semiannual report, but “go dark” with respect to Q1 and Q3.
- **Hybrid Reporters:** Companies that elect to file a semiannual report *and* voluntarily provide non-AS 4105⁵ reviewed (or comparable foreign auditing standard) financial information with respect to Q1 and Q3.

We can envisage many of the largest issuers simply continuing as quarterly reporters given their existing resources and the possible friction from a change. Nevertheless, we believe hybrid reporting could represent a compelling approach for many companies from a practical and liability perspective. The practices of many FPIs provide a salient case study:

- Approximately 55% of FPIs have securities listed solely on a U.S. stock exchange.⁶
- Many of these FPIs mirror the quarterly practices of U.S. domestic companies *minus* the filing of a Form 10-Q. Specifically:
 - They issue a Q1 and Q3 quarterly earnings release containing a summary income statement, balance sheet and cash-flow statement. This is filed by an FPI under cover of Form 6-K, although a hybrid filer would still be subject to Item 2.02 of Form 8-K.
 - They conduct an earnings call accompanied by an investor presentation.
 - They engage in customary follow-up calls with analysts and large shareholders.
- Such FPIs also hold quarterly audit committee meetings in which their external auditors participate. Often, they do not produce full reviewed financial statements unless needed for an offering but will engage in an AS 4105-style review as good governance.⁷
- Some FPIs go one step further and prepare full reviewed quarterly financial statements, filing them under cover of Form 6-K that is sometimes accompanied by an MD&A.

Despite the effort involved in the steps above, many FPIs still view the exemption from Form 10-Q as providing a meaningful benefit without any offsetting detriment.

Look After the Pennies and the Pounds Will Look After Themselves⁸

The SEC devotes 75 pages of the proposing release to an economic analysis of the proposed rule. The SEC estimates that semiannual reporters' current annual direct and indirect savings would be approximately \$425,000 on average, with the median being approximately \$95,000. The data is heavily skewed by expensive outliers (the SEC disclosed the maximum annual savings were \$8.9 million).

The SEC was unable to estimate the savings that would apply to a hybrid reporter. We suspect that the amount of savings is meaningfully reduced because hybrid reporters still produce financial data for an earnings release, which is often subject to AS 4105-lite review plus accompanying board and committee meetings.

The SEC stated candidly that, “Overall, the economic tradeoffs involved in the choice of interim disclosure frequency are complex and difficult to measure, and the ideal frequency may differ across companies and industries.”

I Used to Be Indecisive But Now I Am Not So Sure⁹

There is a question as to why the SEC did not propose to replace the existing quarterly filing regime with the semiannual regime. Having two parallel regimes creates complexity. More importantly, a hybrid reporter could create Q1 and Q3 reports with identical content to a Form 10-Q and file (or furnish) them under cover of Form 8-K. Since those filings would be voluntary, issuers would lower their liability profile compared to a Form 10-Q, including by not having to file Sarbanes-Oxley certifications, and would not be subject to the risk of missed deadlines. Overall, there may be very little incentive from a legal perspective (putting aside IR and other considerations) to be a quarterly reporter under the proposed rules.

Odds and Ends¹⁰

The adoption of a semiannual reporting regime will raise questions in a number of additional areas:

Comfort. Negative assurance is a standard component of an auditor’s comfort letter and a common prerequisite for bank due diligence in an underwritten registered or Rule 144A offering. PCAOB rules permit such comfort to be given only within 135 days of the last set of reviewed or audited financial statements.¹¹ Therefore, companies engaged in, or subject to, the following transactions may need to continue to prepare full reviewed financial statements each quarter:

- **At-the-Market Offerings (ATMs):** Experience with FPIs undertaking ATMs shows that banks may waive the requirement for quarterly financial statements for certain issuers, such as pre-revenue biotech companies. For other companies, banks have tended to require a full quarterly bring-down, including reviewed interim financial statements and comfort. There is also a question as to whether issuers, banks and the SEC will be comfortable with ATM sales information being disclosed every six months as opposed to quarterly.
- **Underwritten Offerings More Than 135 Days After the Last Reviewed/Audited Financial Statements:** This situation can arise due to a company’s need to raise capital in a primary offering or as a result of a shareholder’s exercise of contractual registration rights.

Many FPIs voluntarily prepare interim financial statements in order to facilitate offerings. Semiannual or hybrid reporters would need to adopt a similar practice unless the PCAOB is willing to change its current rules.

Also similar to FPIs, given the increased time between filings, semiannual reporters contemplating a securities offering will need to carefully consider whether there have been any material developments warranting updates to their disclosure in order to manage antifraud risk.

Debt Covenants. Reporting companies that have issued debt pursuant to an indenture are usually subject to information covenants requiring them to provide to bondholders the reports that they file with the SEC, or that they are required to file with the SEC, or to provide a Form 10-K and Form 10-Qs whether or not required to do so under the Exchange Act. Interpretive questions will arise as to whether a semiannual report alone meets the requirement in those cases where reporting is governed by reference to reports required under the Exchange Act.

Conversely, reporting companies that have established credit facilities will be subject to covenants contained in those agreements, which usually require the provision to lenders of annual and quarterly financial statements regardless of whether the SEC requires such financial statements to be filed.

Insider Trading Policies. Semiannual reporters will need to reevaluate the trading windows provided in their Insider Trading Policies to adapt to a semiannual cadence, which could result in only two annual blackout periods. While fewer prohibitions on trading may seem attractive, companies should consider insider trading risk if employees are aware of Q1 and Q3 quarterly performance information that is not shared with the market. Such companies will need to control the flow of information internally and consider the use of Rule 10b5-1 plans as a tool to facilitate sales by insiders.

Technical Fix for Financial Statement Staleness

The proposed rules simplify the age of financial statement requirements, providing a technical fix for the current disconnect between a filer's interim financial statement filing deadline and the age of financial statements required to be included in a new registration statement.

- **Current Rules:** A registration statement cannot be filed or declared effective by the SEC later than the 129th day for large accelerated filers and accelerated filers or the 134th day for all other registrants after the latest balance sheet date included in the registration statement. Quarterly reports for large accelerated filers and accelerated filers are due within 40 days of quarter end and within 45 days for all other registrants. In quarters with greater than 90 days, financial statements become stale prior to the applicable Form 10-Q deadline. However, in practice the SEC is willing to declare a registration statement effective during the gap, subject to certain conditions.¹²
- **Proposed Rule:** The one- or two-day gap is eliminated by aligning the financial statement age requirements with the applicable interim reporting deadline.

For example, consider the difference between the current and proposed regimes as it applies to a calendar year-end non-accelerated filer:

	Financial Staleness Date ¹³	Interim Report Deadline	Gap
Current Rules	August 12	August 14	One day
Proposed Rule	August 13	August 14	Zero days

Parallel Age of Financial Statement Regimes

The proposed rules also revise the age of financial statement requirements to align with optional semiannual reporting, creating two financial statement staleness regimes:

- **Quarterly Filers:** Audited financial statements will become stale immediately prior to the relevant first quarter Form 10-Q deadline, and subsequent quarter interim financial statements will become stale immediately prior to the relevant Form 10-Q deadline, subject to accommodations for third quarter data.
- **Semiannual Filers:** Annual financial statements will become stale immediately prior to the relevant Form 10-S deadline and semiannual financial statements will become stale during the first quarter depending on filer status.

For IPO issuers, the rules would apply as if the issuer was subject to periodic reporting obligations using the issuer's interim reporting cadence indicated on the cover page of the registration statement.

For example, a quarterly filing calendar year-end non-accelerated filer filing a registration statement will need to include first quarter interim financials in any registration statement filed on or after May 15; whereas, if the issuer were a semiannual reporter, it would only be required to include interim semiannual financial statements in a registration statement filed on or after August 14.

◇ ◇ ◇

If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:

Chicago

Kerry E. Johnson
+1-312-499-6018
kerryjohnson@paulhastings.com

Palo Alto

Jeff Hartlin
+1-650-320-1804
jeffhartlin@paulhastings.com

Washington, D.C.

Brandon J. Bortner
+1-202-551-1840
brandonbortner@paulhastings.com

New York

Colin J. Diamond
+1-212-318-6007
colindiamond@paulhastings.com

San Francisco

Eric C. Sibbitt
+1-415-856-7210
ericsibbitt@paulhastings.com

Sean Donahue
+1-202-551-1704
seandonahue@paulhastings.com

Jeff S. Ramsay
+1-212-318-6057
jefframsay@paulhastings.com

Doug Brown
+1-202-551-1875
douglasbrown@paulhastings.com

Seo Salimi
+1-212-318-6030
seosalimi@paulhastings.com

¹ Ecclesiastes 1:9.

² In the European Union pursuant to the EU Transparency Directive, as amended; in the United Kingdom pursuant to the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

³ NYSE Listed Company Manual § 203.03 and Nasdaq Stock Market Rule 5250(c)(2).

⁴ Variation on a statement attributed to Mark Twain. Often misquoted as "Reports of my death have been greatly exaggerated."

⁵ Public Company Accounting Oversight Board (PCAOB) Auditing Standard (AS) 4105, *Reviews of Interim Financial Information*, replaced PCAOB AU §722, *Interim Financial Information*, which in turn replaced Statement on Audit Standards (SAS) No. 100 *Interim Financial Information* issued by the American Institute of Certified Public Accountants.

⁶ In its *Concept Release on Foreign Private Issuer Eligibility*, the SEC estimated that, in 2023, 55% of FPIs filing annual reports on Form 20-F were traded almost exclusively in the U.S. capital markets.

⁷ An FPI that has filed a shelf registration statement is required under SEC rules to file reviewed financial statements covering at least the first half of the year by no later than the end of the third quarter in order to maintain the availability of that shelf registration statement. In addition, it is customary for FPIs to include MD&A-style disclosure with the filing.

⁸ Attributed to a letter dated Nov. 6, 1747, from British statesman Lord Chesterfield to his son, published posthumously in *Letters to His Son*.

⁹ Commonly (and likely mistakenly) attributed to comedian and songwriter Tommy Cooper.

¹⁰ Oxford English Dictionary Online citing 18th century commercial references to "odds and ends of gold and silver lace."

¹¹ PCAOB Auditing Standard 6101, *Letters for Underwriters and Certain Other Requesting Parties*.

¹² See Financial Reporting Manual 1220.5, which permits the SEC to declare a registration statement effective during the gap period if an issuer has timely filed its Exchange Act reports during the prior 12 months. The SEC may ask for additional confirmations from the company in that case.

¹³ Represents the last date on which prior quarter financial statements can be used.

Paul Hastings LLP

Stay Current is published solely for the interests of friends and clients of Paul Hastings LLP and should in no way be relied upon or construed as legal advice. The views expressed in this publication reflect those of the authors and not necessarily the views of Paul Hastings. For specific information on recent developments or particular factual situations, the opinion of legal counsel should be sought. These materials may be considered ATTORNEY ADVERTISING in some jurisdictions. Paul Hastings is a limited liability partnership. Copyright © 2026 Paul Hastings LLP.