WILLKIE

CAPITAL LETTERS℠

PRACTICAL ADVICE FOR THE CAPITAL MARKETS

Half-Time Reports: The SEC's Proposed Play to Allow Semiannual Reporting for Public Companies

May 7, 2026

On May 5, 2026, the Securities and Exchange Commission (the "SEC") proposed significant amendments to its periodic reporting framework that would allow public operating companies, business development companies ("BDCs") and certain other issuers (together, "reporting companies") to opt for semiannual reporting in lieu of the current quarterly reporting regime. Under the proposal, issuers subject to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that currently file quarterly reports on Form 10-Q would have the option to file a semiannual interim report on a new Form 10-S, rather than three quarterly reports on Form 10-Q each year. The annual report on Form 10-K would continue to cover the full fiscal year, with the second half of the year subsumed in the annual report. The proposal would be the most significant change to the U.S. interim reporting cadence in more than 50 years and is positioned by the SEC as one part of a broader effort to reduce the regulatory burdens of being a public company in order to encourage more companies to go public and remain public.

Key Features of the Proposal

- **Optional Semiannual Reporting:** Reporting companies could elect, on an annual basis, to file one semiannual report on Form 10-S for that fiscal year, instead of three quarterly reports on Form 10-Q. The election would be made by checking a box on the cover page of Form 10-K (or on the relevant registration statement for newly reporting companies).

- **No Mid-Year Changes:** Once a reporting company makes its election for a given fiscal year, it must maintain that reporting frequency for the entire year. Corrections to inadvertent errors in the election are permitted but only up to the due date for the first Form 10-Q for the year.

- **Form 10-S Requirements:** The new Form 10-S would require the same narrative and financial disclosures as Form 10-Q, but for a six-month period. Financial statements must be prepared in accordance with U.S. GAAP and reviewed (but not audited) by an independent public accountant. Inline XBRL data tagging and management certifications regarding disclosure controls and internal control over financial reporting would apply (as applicable).

- **Filing Deadlines:** The deadline for filing Form 10-S would be 40 or 45 days after the period end, depending on filer status (the current deadline for Form 10-Q).

- **Transition and Technical Amendments:** The proposal includes conforming changes to Regulation S-X to address the age of financial statements in registration statements and to ensure that other forms align with the new reporting option. Technical amendments would update references throughout SEC rules and forms to accommodate semiannual reporting.

Rationale and Policy Considerations

The SEC's stated goals for the proposed change are to reduce the regulatory burden and compliance costs associated with quarterly reporting, provide flexibility for companies to select a reporting cadence that best fits their business and investor needs, and potentially encourage more companies to go or remain public.

The proposal responds to long-standing concerns about the costs and potential short-term focus associated with quarterly reporting, particularly for smaller reporting companies and emerging growth companies that may find the cost and distraction of fulsome quarterly reporting disproportionate to their needs. The proposal is also informed by public feedback, including surveys indicating substantial support among public companies for a semiannual reporting option. The SEC notes that many foreign jurisdictions, including the EU, UK, Hong Kong, and Japan, provide for semiannual reporting frameworks, with the EU and the UK transitioning away from quarterly reporting in the 2010s.

The release positions the proposal within the SEC's broader policy effort to revitalize U.S. public markets. The SEC emphasizes that robust public capital markets, with more emerging companies and small businesses choosing to become public companies through initial public offerings or other paths, benefit issuers and investors alike: issuers gain access to a broader investor base, transparent valuations and a vehicle to raise growth capital, while investors gain opportunities to participate in those issuers' future growth, and early-stage investors gain liquidity. The release also reminds practitioners that the U.S. operated under a semiannual interim reporting framework (Form 9-K) from 1955 until the SEC shifted to mandatory quarterly reporting on Form 10-Q in 1970, framing the proposal as a restoration of a degree of flexibility that existed for much of the modern reporting era rather than an entirely novel approach.

The SEC does not expect that issuers would respond homogeneously to this flexibility, but rather that they would make reporting decisions based on how they assess the relative costs and benefits of more or less frequent periodic reporting in their particular circumstances, such as size, industry, stage of business development, financing needs, contractual obligations, investor expectations, and other regulatory requirements. The SEC notes that, in particular,

emerging growth companies, smaller reporting companies and companies in certain industries where investors focus more on business, product or regulatory developments (for example, a pre-revenue biotechnology company) may value the flexibility to select the interim reporting requirement that is most appropriate for them and their investors.

Implications for Reporting Companies

- **Cost and Resource Savings:** Reporting companies that opt for semiannual reporting could see meaningful reductions in internal and external costs, including management, legal, and accounting time spent preparing the financial and narrative disclosures and certifications required by Form 10-Q. The proposal "conservatively" estimates that approximately 20% of current filers may elect the semiannual option, with the greatest relative benefit for smaller companies.

- **Investor and Market Considerations:** While the proposal would reduce the frequency of mandatory disclosures, reporting companies would still be subject to current event reporting on Form 8-K, ensuring that investors receive timely information about material developments, and the requirements of Regulation FD, ensuring that investors receive equal access to material nonpublic information when selectively disclosed.

- **Information Asymmetry and Market Reaction:** The SEC's economic analysis acknowledges a trade-off: less frequent reporting could delay disclosure of material information, increase information asymmetry and, on the margin, raise the cost of capital, particularly where an issuer does not voluntarily supplement with quarterly earnings releases. Less frequent reporting could also affect stock price volatility, analyst coverage, and liquidity, and investors and analysts may face challenges comparing quarterly and semiannual filers within the same industry. The SEC anticipates that some companies will continue to provide voluntary quarterly earnings releases or guidance where investor expectations demand it; any such releases or guidance would still need to be filed with the SEC on a Current Report on Form 8-K.

- **Contractual and Regulatory Limitations:** Reporting companies should carefully review existing debt covenants and other contractual obligations that may require quarterly financial information regardless of SEC requirements. The SEC acknowledges that some companies effectively may be required to continue quarterly reporting due to these or other external factors.

- **Capital Constraints**: Less frequent reporting could result in an increased cost of capital for reporting companies. Underwriters may continue to request reviewed quarterly financial statements to support a due diligence defense in connection with securities offerings. In this regard, the SEC notes that changes to PCAOB standards may be necessary to permit auditors to provide standard negative assurance under a semiannual reporting framework.

- **Insider Trading Issues:** Longer periods between mandatory reports may increase insider trading liability risk, affecting the design and duration of trading windows and blackout periods under company insider trading policies and the adoption of Rule 10b5-1 plans by insiders. Companies may also need to revisit equity grant

and vesting schedules, executive Rule 10b5-1 plan adoption windows, and disclosure controls and procedures to address longer interim reporting cycles.

- **Competitive and Strategic Considerations:** Less frequent disclosure may reduce the volume of competitively sensitive information made publicly available between annual reports, which could benefit companies whose principal competitors are private domestic companies, foreign private issuers or other businesses not subject to mandatory quarterly reporting. Conversely, as noted above, mixed reporting cadences within an industry could complicate peer benchmarking and trend analysis, prompting some companies to retain quarterly reporting (or to supplement with voluntary disclosure) to preserve comparability and analyst coverage. Boards and management teams will need to weigh how a change in reporting cadence interacts with investor relations practices, earnings guidance, M&A processes, and broader capital markets strategy.

Implications for Asset Managers

The proposal has potential direct and indirect implications for asset managers that sponsor, manage or invest in issuers that currently are required to file quarterly reports on Form 10-Q, including BDCs and evergreen private funds whose securities are registered under the Exchange Act. For BDC sponsors, the ability to elect semiannual reporting would partially align the timing of reporting by those BDCs with the reporting framework applicable to registered closed-end investment companies under the Investment Company Act of 1940, as amended, which file annual and semiannual shareholder reports on Form N-CSR rather than quarterly and annual reports on Forms 10-Q and 10-K, respectively. Asset managers investing on behalf of clients in BDCs, Exchange Act-registered evergreen private funds and other reporting companies, as well as institutional investors, may also receive less frequent reporting from these issuers than what is currently provided, in the event those issuers elect semiannual reporting, which may have an impact on portfolio management and oversight as well as valuation.

Expected Reactions

The proposal is expected to elicit a range of reactions from market participants:

- **Companies:** Smaller reporting companies, emerging growth companies, pre-revenue issuers (such as biotechnology and other research-and-development-stage companies) and other capital-intensive businesses whose performance is not well captured on a quarterly cycle are most likely to welcome the proposal. Larger companies with significant analyst coverage, deep institutional ownership and active capital markets activity are less likely to elect semiannual reporting in the near term given investor expectations and listing-standard considerations.

- **Institutional Investors and Analysts:** While issuer surveys cited by the SEC indicate substantial support for semiannual reporting, prior surveys of professional investors have favored retaining quarterly reporting. The release notes a 2019 CFA Institute survey in which 50% of respondents agreed that quarterly reports are more important to investors than earnings releases, and 91% agreed that quarterly reports are important because they include incremental financial statement disclosures and MD&A. Some institutional investors, proxy

advisers and other investor groups can be expected to push back on issuer elections to move to semiannual reporting and to seek voluntary supplemental disclosures or contractual undertakings to that effect.

- **Stock Exchanges:** Current Nasdaq and NYSE listing standards expressly reference quarterly financial reporting. The exchanges have signaled willingness to adapt their rules to a semiannual framework but would need to file proposed rule changes for SEC approval. As a practical matter, companies listed on those exchanges may not be able to elect Form 10-S until the relevant listing standards are conformed.

- **Auditors, the PCAOB and Standard-Setters:** PCAOB standards governing comfort letters generally require negative assurance to be tied to financial information that has been audited or reviewed within the prior 135 days. The SEC has expressly invited the PCAOB and other accounting and auditing standard-setters to consider conforming changes to facilitate capital markets transactions by semiannual filers, and SEC staff have indicated they will coordinate with those bodies, the exchanges and other market participants if the proposal is adopted.

- **Underwriters and Lenders:** Even where a company elects semiannual reporting, underwriters in registered offerings and Rule 144A offerings can be expected to continue to request reviewed interim financial statements to support a due diligence defense and to obtain comfort letters. Lenders under syndicated and other credit facilities, as well as Rule 144A debt holders, customarily require quarterly financial information through covenants. As a result, many companies, particularly larger and capital-markets-active issuers, may find that they effectively must continue to produce quarterly financial information even if they elect Form 10-S, which could meaningfully limit the cost-savings benefit of the proposal for those companies.

Looking Ahead

The proposal contemplates a straightforward annual election process, but reporting companies considering a switch to semiannual reporting must assess the strategic, operational, investor relations, and compliance implications of the framework and monitor the rulemaking process for further developments. The proposal is expected to draw extensive comment from issuers, institutional investors, exchanges, auditors and other market participants, and the contours of any final rule will be shaped by that input. Even if the rule is adopted in 2026, conforming changes to listing standards and auditing standards likely would be needed before many companies could take full advantage of the optional cadence.

The SEC is soliciting public comment on all aspects of the proposal, including whether the semiannual reporting option should be limited to certain categories of companies, the potential impact on investors, and the need for changes to related accounting, auditing, and stock exchange rules. Companies with strong views should consider submitting comments. The public comment period will remain open for 60 days following publication of the proposal in the Federal Register.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

WILLKIE

BRUSSELS CHICAGO DALLAS FRANKFURT HAMBURG HOUSTON LONDON LOS ANGELES
MILAN MUNICH NEW YORK PALO ALTO PARIS ROME SAN FRANCISCO WASHINGTON

Copyright © 2026 Willkie Farr & Gallagher LLP. All rights reserved.

This alert is provided for educational and informational purposes only and is not intended and should not be construed as legal advice, and it does not establish an attorney-client relationship in any form. This alert may be considered advertising under applicable state laws. Our website is: www.willkie.com.