

SEC Proposes Optional Semiannual Reporting on Form 10-S for Public Companies

WRITTEN BY

[Jon W. Daly](#) | [Gislar Donnenberg](#) | [Rakesh Gopalan](#) | [David I. Meyers](#) | [Betty Linkenauger Segaar](#) | [David S. Wolpa](#) | [Lisa R. Reidy](#) | [Adrianna C. ScheerCook](#)

Executive Summary

On May 5, 2026, the Securities and Exchange Commission (SEC) proposed amendments to provide all companies subject to reporting under Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), that file quarterly reports the option of filing semiannual reports on new Form 10-S in lieu of quarterly reports on Form 10-Q. The proposal also includes amendments to the current requirements governing when financial statements become “stale” for registration statements and other SEC filings, in order to align those requirements with existing Form 10-Q and proposed Form 10-S filing deadlines.

There is a statutory 60-day comment period, after which the SEC will review the comments received and then promulgate final rules following what is expected to be an extensive review process. In its release, the SEC includes numerous requests for comment, inviting the public’s views on all aspects of the proposed amendments, including whether to permit semiannual reporting and whether to limit such reporting to certain types of issuers. The SEC also expects that certain Public Company Accounting Oversight Board rules and auditing standards will need to be amended to accommodate semiannual reporting.

If adopted as proposed, the proposed rules would provide Exchange Act reporting companies with the flexibility to determine the frequency of interim reporting (one interim report instead of three) that best suits their circumstances, including compliance costs, stage of development, and investor expectations, and could reduce the regulatory burden of being an SEC reporting company and encourage more companies to go or remain public.

Overview of Semiannual Reporting on Form 10-S

Under the proposal, an Exchange Act reporting company that elects semiannual reporting would be required to file one semiannual report on Form 10-S, in lieu of the first and second quarter Form 10-Q filings, and one annual report on Form 10-K for the fiscal year. The second semiannual period would be subsumed in the annual report on Form 10-K.

Form 10-S would require the same narrative disclosures and financial information as Form 10-Q but would cover a six-month period rather than a fiscal quarter. The financial statements for the semiannual period would be required to be prepared in accordance with U.S. Generally Accepted Accounting Principles and reviewed (but not audited)

by an independent auditor. The financial statements also would be required to be data-tagged using Inline XBRL. The current disclosure and certification requirements for disclosure controls and procedures, as well as for internal control over financial reporting, would apply to Form 10-S. Scaled disclosure accommodations available to smaller reporting companies under Form 10-Q also would be available under Form 10-S.

Depending on the company's filer status, the deadline for filing Form 10-S would be 40 or 45 days after the fiscal year's first semiannual period end, which is the same as the current Form 10-Q fiscal quarter-end deadline.

The election to report semiannually would be voluntary and made on an annual basis at the time of the Form 10-K filing. The election would be made by checking the box on the Form 10-K cover page to file semiannually or leaving the box unchecked to file quarterly. The determination to report semiannually or quarterly may not be changed until the next annual report on Form 10-K is filed. Companies would then be required to file interim reports based on the chosen frequency for the fiscal year in which that Form 10-K is filed. Companies that have not yet begun Exchange Act reporting, including, for example, companies conducting initial public offerings, would make their initial elections for semiannual reporting by checking a box on the cover page of their registration statement.

Certain categories of issuers would be excluded from the semiannual reporting option, including investment companies required to file reports pursuant to the Investment Company Act (other than business development companies and face-amount certificate companies); foreign private issuers filing annual reports on Form 20-F or Form 40-F; and asset-backed issuers.

Amendments to Regulation S-X: Staleness and Age of Financial Statements

The proposal includes amendments to Regulation S-X to facilitate the semiannual reporting option. The proposed amendments to Regulation S-X would help ensure that, among other things, when semiannual filers file registration statements, their financial statements in those registration statements are not considered "stale" under existing rules designed around a quarterly reporting cadence and would revise those age requirements for registrants that would be semiannual filers to fit their reporting schedule.

Under the current framework, Rule 3-12 of Regulation S-X requires that the most recent balance sheet in a registration or proxy statement generally must be dated as of a date no more than 134 days (for nonaccelerated filers) or 129 days (for accelerated and large accelerated filers) before the effective date of the registration statement or proposed mailing date of a proxy statement. Once a registrant crosses the 135-day or 130-day threshold, as applicable, financial statements become "stale" and must be updated to a more recent interim date.

These requirements were calibrated to a system in which quarterly financial statements are available on a rolling basis. A semiannual filer, by contrast, would produce interim financial statements only once per year, covering the first six-month period, with the second semiannual period subsumed in the annual report. Without corresponding amendments, a semiannual filer's financial statements could become "stale" under Rule 3-12 more often than a quarterly filer's, potentially restricting the filer's ability to conduct registered offerings or to mail proxy statements during certain windows.

In place of the calendar-day approach, proposed Rule 3-01(c)(2) and proposed Rule 8-08(b)(2) would require that,

when audited annual financial statements for the most recently completed fiscal year are included in a filing, the filing must include the interim financial statements as of the end of the most recently completed fiscal quarter (for quarterly filers) or fiscal semiannual period (for semiannual filers) for which a Form 10-Q or Form 10-S has been filed, or is required to be filed, on or before the filing date. A nonreporting registrant in registration would apply the rule as if it were required to file Form 10-Q or Form 10-S.

The practical effect is to align the staleness deadline exactly with the corresponding Form 10-Q or Form 10-S filing deadline. The SEC acknowledged that, under the proposed rules, depending on when a registration statement becomes effective or a proxy statement is mailed, an investor in a registrant that is a semiannual filer may not receive interim financial statements that are as current as would be required under today's quarterly framework.

New Rule 3-01(a) would clarify that, in a registration or proxy statement, the date of the most recent balance sheet must be updated to comply with Rule 3-01 as if the effective date of the registration statement, or the proposed mailing date of the proxy statement, were the filing date.

The proposal does not change the substantive rules governing when audited annual financial statements are required.

Proposed amendments to Rule 8-08 would similarly incorporate the semiannual reporting option for smaller reporting companies. Rule 8-08(b)(1) would require that, if audited financial statements for the most recently completed fiscal year are not included in the filing, a semiannual filer would be required to file interim financial statements as of the end of the first fiscal semiannual period of the most recently completed fiscal year and for the semiannual period then ended. The proposed amendments would not change the age of annual financial statement requirements for smaller reporting companies.

Practical Considerations and Impact on Capital Markets Transactions

- 1. The election is company-specific.** The SEC anticipates that issuers will fall into three categories: (i) "semiannual reporters" that file only the Form 10-S, (ii) "quarterly reporters" that continue to file Form 10-Qs, and (iii) "hybrid reporters" that elect semiannual mandatory reporting but continue some form of voluntary quarterly disclosure (such as quarterly earnings releases). Each issuer's facts and circumstances, including investor mix, analyst coverage, capital markets plans, industry norms, and existing contractual obligations, will drive the analysis.
- 2. Capital markets activity may, as a practical matter, require a continued quarterly review cadence for semiannual filers.** Companies that elect semiannual reporting may face questions about whether their financial statements included in registration statements are sufficiently current for purposes of securities offerings. Although the proposed amendments to Regulation S-X are designed to address staleness concerns, market participants, including underwriters, auditors, and investors, may continue to expect or request quarterly financial information in connection with registered offerings, particularly in light of comfort letter practices and liability considerations under the Securities Act of 1933, as amended. Companies should carefully assess the extent to which electing semiannual reporting may affect their ability to access the capital markets efficiently.
- 3. Earnings Releases and Guidance.** The proposal does not include any general changes to the regulatory requirements governing earnings releases or earnings guidance. However, companies that elect semiannual reporting should consider whether they will continue to issue quarterly earnings releases and hold earnings conference calls, as market expectations and investor demand for quarterly financial information may persist.
- 4. Insider trading policies should be evaluated.** Companies that elect semiannual reporting will need to evaluate the impact on their insider trading compliance programs. Quarterly blackout periods are a common feature of corporate insider trading policies, and a shift to semiannual reporting could alter the frequency and

duration of trading windows for directors, officers, and employees. If necessary, semi-annual reporting companies may need to revise their insider trading policies and procedures to address any increased risk of trading on the basis of material nonpublic information.

5. **The new staleness regime affects all registrants, not just semiannual filers.** Even an issuer that has no intention of electing semiannual reporting will need to internalize the elimination of the 130-day and 135-day staleness windows. Capital markets calendars, secondary offering planning, registration statement effectiveness timing, and proxy statement mailing schedules should be reconsidered against the proposed period-end-aligned deadlines (40 or 45 days, depending on filer status). The change will simplify some long-running calendaring quirks but may surprise practitioners who have built workflow around the existing windows.
6. **Audit committee planning, internal controls, and disclosure controls timing.** Under the proposal, internal control over financial reporting change disclosures and disclosure-controls evaluations would occur on a semiannual rather than a quarterly cadence for semiannual filers. Audit committees should consider whether to require management and the independent auditor to maintain quarterly review or evaluation procedures even if filing only semiannually, both to support the annual audit and to maintain optionality to revert to quarterly reporting in a future year without significant additional preparation.

Final Thoughts

The SEC's proposed semiannual reporting option represents a significant potential shift in the periodic reporting landscape for public companies. While the proposal is designed to provide greater flexibility and reduce compliance burdens, it also raises important strategic and practical questions for public companies, their boards, and their advisors. Companies should carefully evaluate whether electing semiannual reporting would align with their investor relations strategies, capital markets plans, regulatory obligations, and internal compliance frameworks.

Contact Us

If you have questions about the proposed rule, the new staleness regime, or how the proposal may affect your interim reporting, capital markets, governance, or transactional planning, please contact any of the authors of this client alert or your regular Troutman Pepper Locke contact.

Troutman Pepper Locke's Capital Markets and Corporate Governance teams regularly advise public companies on SEC reporting obligations, disclosure strategy, and corporate governance matters.

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