



SEC Grants Exemption from New Section 16(a) Reporting Requirements for Foreign Private Issuers in Six Qualifying Jurisdictions

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As we discussed in our [earlier post](#), the Holding Foreign Insiders Accountable Act (HFIAA), enacted on December 18, 2025, amended Section 16(a) of the Securities Exchange Act of 1934 (Exchange Act) to require directors and officers of foreign private issuers (FPIs) with a class of equity securities registered under Section 12 of the Exchange Act to file Section 16 beneficial ownership reports.

As discussed in greater detail in our post here, on February 27, 2026, the SEC adopted corresponding amendments to Exchange Act Rules 3a12-3(b) and 16a-2, and to Forms 3, 4, and 5, to implement the HFIAA's requirements.

In an accompanying statement, SEC Chairman Paul Atkins stated that the SEC staff was actively evaluating whether the SEC should exercise its authority under the HFIAA to exempt certain persons, securities, or transactions from Section 16(a) because foreign laws may already impose substantially similar requirements.

On March 5, 2026, the SEC issued an exemptive order (Release No. 34-104931) granting an exemption from Section 16(a) reporting obligations for directors and officers of FPIs incorporated or organized in certain “qualifying jurisdictions” and subject to a “qualifying regulation.” Notably, the exemption is also available where an FPI is incorporated or organized in one qualifying jurisdiction but subject to a qualifying regulation of a different qualifying jurisdiction.

QUALIFYING JURISDICTIONS

The exemption applies to FPIs incorporated or organized in the following jurisdictions:

- Canada
- Chile
- the European Economic Area (consisting of the 27 EU member states as well as Iceland, Liechtenstein, and Norway)
- the Republic of Korea
- Switzerland
- the United Kingdom

QUALIFYING REGULATIONS

The SEC determined that each of the following foreign regulatory regimes imposes requirements “substantially similar” to those of Section 16(a):

Canada: National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* (supported by National Instrument 55-102 and companion policies), which requires directors and officers of covered issuers to promptly report initial holdings and changes in beneficial ownership of the issuer’s securities.

Chile: Articles 12, 17, and 20 of the Chilean Securities Market Law (*Ley de Mercado de Valores*, Ley No. 18,045) and General Rule (*Norma de Carácter General*) No. 269, which require directors and executive officers to promptly report initial holdings and changes in beneficial ownership of the issuer’s securities.

European Economic Area (“EEA”): Article 19 of the European Union Market Abuse Regulation (Regulation (EU) No. 596/2014, as amended by Regulation (EU) No. 2024/2809) (EU MAR), including implementing legislation adopted by EU member states and as incorporated into the domestic law of each EEA state, which requires persons discharging managerial responsibilities to promptly report to the issuer any changes in beneficial ownership of the issuer’s securities.

Republic of Korea: Article 173 of the Financial Investment Services and Capital Markets Act and Article 200 of the Enforcement Decree thereof, which require directors and executives to promptly report initial holdings and changes in beneficial ownership of the issuer’s securities.

Switzerland: Article 56 of the Listing Rules and implementing directives of SIX Swiss Exchange, as approved by the Swiss Financial Market Supervisory Authority, which require members of the board of directors and executive committee to promptly report to the issuer any changes in beneficial ownership of the issuer’s securities.

United Kingdom: Article 19 of the UK Market Abuse Regulation (Regulation (EU) No. 596/2014), as it forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018 (UK MAR), which requires persons discharging managerial responsibilities to promptly report to the issuer any changes in beneficial ownership of the issuer’s securities.

Each of the qualifying regulations includes the requirement to report a description of the security, the nature of the transaction, and the price and volume of the transaction, and to make such reports available to the general public.

CONDITIONS OF THE EXEMPTION

Directors and officers relying on the exemption must satisfy two requirements:

- Each director or officer is required to report their transactions in the issuer’s securities as required under the applicable qualifying regulation to which they are subject. The SEC notes that this condition is intended to ensure that any director or officer who does not fall within the defined category of reporting persons under the applicable qualifying regulation will still be required to file Section 16(a) reports.
- Any report filed pursuant to a qualifying regulation must be made available in English to the general public within no more than two business days of its public posting. If an English version of the report cannot be filed through the relevant regulator’s or listing venue’s online database, it may be made publicly available on the company’s website.

KEY TAKEAWAYS

This exemption provides welcome relief for FPIs and their directors and officers across a broad set of jurisdictions that already maintain robust insider reporting regimes. FPIs incorporated or organized in a qualifying jurisdiction and subject to a qualifying regulation should evaluate whether their directors and officers can rely on this exemption and, if so, may discontinue preparations for Section 16(a) compliance. It is important, however, to ensure ongoing compliance with the two conditions described above, as failure to satisfy them would result in a loss of the exemption.

The SEC has also reserved the right to extend exemptive relief to additional jurisdictions in the future, as well as to reassess and modify the exemptive order if there are material changes to a qualifying regulation.

Winston's Capital Markets and Securities Law Watch will continue to monitor SEC guidance, rulemaking, and enforcement developments under the HFIAA and will provide updates as they become available. For more information, or if you have questions about preparing for Section 16(a) compliance, please reach out to your regular Winston contacts.

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