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BLOG

From 10-Q to 10-S: What the SEC's Optional Semiannual Reporting Proposal Means for Public Companies

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On May 5, 2026, the Securities and Exchange Commission (SEC) proposed optional semiannual Exchange Act reporting on a new Form 10-S, which represents a significant shift in the public company disclosure landscape.

The proposal will allow Exchange Act reporting companies to elect to file one semiannual report and one annual report each fiscal year, instead of three quarterly reports on Form 10-Q and one annual report on Form 10-K. Companies that prefer quarterly reporting can simply continue filing as they do today.

THE PROPOSAL

Form 10-S will require the same narrative disclosures and financial information as current Form 10-Q, including management's discussion and analysis, risk factor updates, and reviewed (but not audited) financial statements, but will cover a six-month period rather than a fiscal quarter. Filing deadlines would mirror existing Form 10-Q timelines.

The SEC will also amend Regulation S-X to update the financial statement "staleness" framework, consolidating and modernizing the rules regarding the age of financial statements to accommodate the new semiannual option so that companies that elect semiannual reporting can still access the capital markets without their financials being deemed stale under the existing rules.

Companies that elect semiannual reporting will be required to remain on that reporting schedule for the entire fiscal year in which the election is made. The proposed amendments do not include any general changes to the current regulatory requirements governing (1) the dissemination and disclosure of earnings releases, other than proposed technical amendments to Item 2.02 of Form 8-K to include references to semiannual periods, or (2) earnings guidance practices. As a result, companies that elect semiannual Exchange Act reporting may continue to report earnings on a quarterly basis, provided they comply with existing Form 8-K requirements.

THE SEC'S RATIONALE

SEC Chairman Paul Atkins framed the proposal as an incentive for companies to go and stay public. As Chairman Atkins put it: "The rigidity of the SEC's rules has prevented companies and their investors from determining for themselves the interim reporting frequency that best serves their business needs and investors."

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Commissioner Mark Uyeda offered additional context, noting that the quarterly reporting framework was built nearly 75 years ago for a public company landscape that looked very different from today's. "An established pharmaceutical company with a trillion-dollar market capitalization is markedly different from a pre-revenue biotech company pursuing approval of a single drug candidate," Uyeda observed, arguing that reporting flexibility should reflect the diversity of today's public company ecosystem.

Companies that elect semiannual reporting can see meaningful reductions in compliance costs, incurring interim reporting expenses only once per fiscal year rather than three times. The proposal will also align the United States more closely with jurisdictions like the United Kingdom, Hong Kong, and Japan, where semiannual reporting is already the norm.

POTENTIAL ISSUES WITH SEMIANNUAL REPORTING

The proposal raises some significant practical questions that companies, boards, and their advisors will need to think through carefully.

Investor expectations and market signaling. Will analysts, institutional investors, lenders, and exchanges demand quarterly updates anyway through earnings releases, investor calls, or contractual requirements, regardless of what the SEC mandates? Market participants and investors are likely to continue demanding timely financial information in some form, regardless of regulatory requirements.

Capital markets transactions. Underwriters and other capital markets participants routinely require very recent financial data. A six-month reporting cycle could leave financial information stale for purposes of shelf takedowns, registered offerings, and M&A transactions, even with the proposed Regulation S-X amendments. In addition, underwriters' requirements for delivery of auditor comfort letters and the accounting rules for auditor comfort letters, which are currently based on the age of quarterly financial statements, will need to be reconsidered in light of the proposed semiannual reporting. Companies will need to evaluate whether semiannual reporting is compatible with an active capital markets strategy.

Governance and audit committee oversight. Audit committees are accustomed to quarterly reviews with management and auditors. Changing that cadence could create a governance gap, potentially requiring informal quarterly check-ins that erode the anticipated cost savings.

Debt covenants and contractual obligations. Many credit agreements and other commercial contracts rely on quarterly financial metrics for maintenance covenants, borrowing base calculations, and other compliance mechanisms. Semiannual reporting companies will need to renegotiate those provisions or provide quarterly financial data to lenders regardless.

Volatility, seasonality, and information gaps. Less frequent reporting means that negative trends could compound before public disclosure and business seasonality may be masked when viewed over a six-month period. For example, a 5% revenue decline over three months could become a 10% decline by the time it surfaces in a semiannual filing. In addition, the market may perceive additional risk for companies with less frequent disclosure, which could be reflected in stock prices.

STRATEGIC TAKEAWAYS FOR PUBLIC COMPANIES AND BOARDS

We recommend that boards and management teams consider the following:

- Evaluate whether semiannual reporting is right for your company. Consider your investor base, capital markets activity, business model, and internal financial processes. Companies with stable, predictable operations may find the most value in the reduced reporting burden, while companies that regularly access the capital markets or are in dynamic, high-growth sectors may find that quarterly reporting remains the better fit.
- Identify credit agreements, indentures, joint venture agreements, and other contracts that reference or depend upon quarterly financial reporting, and assess the scope of renegotiation that semiannual reporting will require.

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- Engage in the rulemaking process. The comment period for the SEC's proposed rules is open until July 6, 2026. This provides an opportunity for public companies, investors, and market participants to shape a rule that will define the reporting framework for years to come.
- Consider the signaling effect of being an early adopter of semiannual reporting, in the event that the proposal is finalized. Companies should be prepared to articulate why the shift benefits their investors, not just their compliance budgets.

If you have questions about how this proposal may affect your company, your capital markets strategy, your M&A planning, or your SEC compliance obligations, please contact the authors of this blog post or your regular Winston contacts. Winston's *Capital Markets and Securities Law Watch* will continue to monitor SEC rulemaking developments on the semiannual reporting proposal and will post additional updates as they become available.

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