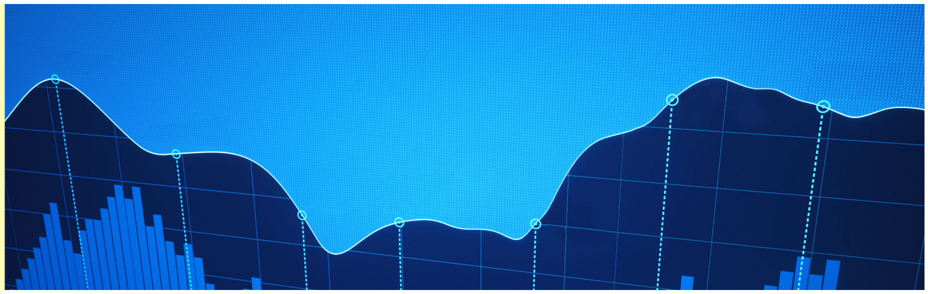
THOMPSON HINE



Securities Quarterly Update

January 2026 | Winter Edition

Welcome to the winter edition of Securities Quarterly Update*, a publication that provides updates and guidance on securities regulatory and compliance issues. In this edition, we look at the SEC potentially allowing public companies to opt for semiannual reporting instead of quarterly reporting, and some of the actions that companies making such an election should consider.*

Background of Proposed Semiannual SEC Reporting

The SEC has again expressed interest in potentially permitting companies to report on a semiannual basis rather than quarterly. If semiannual reporting becomes available, companies should carefully evaluate whether or not to opt in.

Semiannual Reporting: What Companies Should Consider Before Opting In

If a company elects semiannual reporting, it will need to adjust core compliance processes that have been built around quarterly reporting. Below are some key considerations.

Insider Trading Policies and Procedures

Longer periods between mandated financial disclosures increase the likelihood that directors, officers, employees, and the company itself may hold material nonpublic information (MNPI) for longer periods of time. Companies should expect to tighten insider trading architecture in at least three areas:

- *Blackout windows*: Companies commonly open trading windows after filing a Form 10-Q or Form 10-K and the related earnings release/call. Under semiannual reporting, longer or more conservative blackout windows keyed to semiannual filings and to any scheduled voluntary updates may be necessary. Companies may also add interim blackout triggers around significant operational updates, financing activity, and/or M&A activity to reduce MNPI risk between semiannual filings.
- *Rule 10b5-1 plans*: With fewer open windows, insiders may rely more heavily on Rule 10b5-1 trading plans to sell their shares. In those cases, companies should reinforce cooling-off periods, overlapping-plan prohibitions, and modification/termination controls, and ensure robust tracking to satisfy enhanced Item 408 disclosures and Rule 10b5-1 conditions.
- *Voluntary interim disclosures*: Companies may decide to release interim operational updates and make Form 8-K filings for material developments in an effort to support periodic trading windows and mitigate extended MNPI periods.

Companies opting into semiannual reporting should consider further updating their insider trading policies to (i) describe revised window timing keyed to semiannual filings and any interim updates; (ii) align pre-clearance processes with longer MNPI horizons; and (iii) update definitions/examples of MNPI that may persist between semiannual reports.

Companies should also review their other corporate governance policies (e.g., audit committee and disclosure committee charters) and other documents and consider whether changes are required or advisable.

Investor Communications Strategies

Even if the SEC reduces mandated filing frequency, investors may continue to value regular updates. Many companies in the EU/UK still provide voluntary interim information; U.S. companies adopting semiannual reporting may consider quarterly earnings releases and operational updates to maintain comparability and manage capital markets expectations. If a company provides voluntary quarterly information without a Form 10-Q, those disclosures would still be subject to the federal antifraud rules, absent the Form 10-Q's standardized framework.

Board and management should revisit whether to provide, revise, or discontinue quarterly earnings guidance, taking into account the practices of their competitors and across public companies generally.

Capital Markets Readiness: ATM Facilities and Shelf Takedowns

"At-the-market" (ATM) facilities and certain other continuous offerings depend on "always-on" readiness: current disclosure, up-to-date incorporated financials, auditor comfort, legal opinions, and routine bring-downs. Semiannual reporting may affect this in a number of ways.

- *Staleness and financial update timing*: With fewer interim financial statements, companies will need to reassess when financials go "stale" for offering purposes, comfort letters, and incorporation by reference. Companies should coordinate with their auditors and counsel to define acceptable bring-down packages and any supplemental interim data needed to support ATM sales between semiannual reports.
- *Disclosure currency and Form 8-K usage*: In an ATM, sales agents expect a continuing flow of current, material information. Companies may rely more on Form 8-K to capture material developments between semiannual reports, ensuring the prospectus (and incorporated documents) remains accurate and not misleading at each bring-down. That, in turn, requires tighter disclosure controls and procedures (DCP) around event-driven disclosure and a disciplined release of prospectus supplement updates as needed.
- *Financial statement updating norms*: The SEC's staff guidance on financial statement "age" and updating for offering documents may still likely apply, in which case companies should continue to track financial statement currency and applicable updating rules for Securities Act takedowns. Mapping those technical age thresholds to a semiannual cycle will be important to avoid sales halts.

Bottom line for ATMs: Expect more reliance on event-driven Forms 8-K and carefully planned interim updates to keep disclosure current, plus re-timed comfort and diligence cycles. Companies that opt for semiannual reporting but still maintain quarterly earnings releases with meaningful interim disclosure will likely find ATM readiness easier to sustain.

Stock Option Reporting in Proxy Statements

If a company adopts semiannual reporting, proxy statement disclosure pursuant to Item 402(x) of Regulation S-K will largely remain; however, the triggers and narrative will shift. With fewer Form 10-Q filing dates, there will be fewer "MNPI windows" tied to Form 10-Q filings for the Item 402(x)(2) table, but grants made around the Form 10-K filings and any Form 8-K filings that disclose MNPI would remain in scope. Companies should refresh the Item 402(x)(1) narrative to explain grant-timing governance relative to semiannual results communications and any increased reliance on event-driven Forms 8-K and maintain Inline XBRL tagging controls for the table.

Practically, companies should consider re-calendaring equity grant dates to avoid the shorter MNPI window around the Form 10-K and any MNPI Form 8-Ks, coordinate compensation committee meetings with semiannual and interim public updates, and align internal controls so grants that do fall within the rule's window are captured for disclosure.

Credit and Contractual Reporting Covenants

Many credit agreements, indentures, and commercial contracts require delivery of quarterly financial statements and related officer certificates. A shift to semiannual reporting may require consents or amendments. Companies should inventory covenants, discuss expectations with lenders and rating agencies, and plan for transitional reporting schedules.

Disclosure Controls and Procedures

With fewer mandated interim reports, companies should strengthen event-driven disclosure processes to ensure timely reporting under Form 8-K and Regulation FD. That typically means enhancing issue-spotting, escalation, and materiality determinations for operating, financial, cybersecurity, legal, governance, and other developments that arise between semiannual filings. Companies should reassess Sarbanes-Oxley certification workflows to align with the new cadence.

Other Considerations

- *Compensation targets*: Compensation programs tied to quarterly metrics or disclosure timing (e.g., performance targets keyed to quarterly EPS or revenue) may warrant updating in favor of annual or multi-year metrics.
- *Board/audit committee calendaring*: Rebuild the annual reporting calendar to add interim DCP checkpoints, define triggers for voluntary updates, and align with internal forecasting cycles to mitigate long MNPI periods and support capital markets activity.
- *Benchmarking peers and investor expectations*: Many peers may continue quarterly communications even without a mandate. Assess liquidity, coverage, and trading dynamics before reducing frequency.
- *M&A considerations.* Additional provisions may be needed in transaction agreements and implications considered if only one of the two parties elects semiannual reporting. It is unclear to what extent and when applicable SEC rules and guidance would be amended.
- *Risk factors and other disclosures*: Update risk factors to address the effects of the transition to semiannual reporting on transparency, investor expectations, and potential volatility. Coordinate with legal to maintain high-quality MD&A and forward-looking statements even if interim reporting frequency changes.

FOR MORE INFORMATION

For more information, please contact:

Jurgita Ashley
216.566.8928
Jurgita.Ashley@ThompsonHine.com

Benjamin M. Russell
212.908.3941
Benjamin.Russell@ThompsonHine.com

or another member of our Securities, Capital Markets & Corporate Governance team.

Previous Editions of Securities Quarterly Update

- Q4 | Fall 2025
- Q3 | Summer 2025
- Q2 | Spring 2025
- Q1 | Winter 2024