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QUARTERLY REPORTING

SEC Proposes Amendments to Permit Optional Semiannual Reporting by Public Companies

By Thomas Kim, Ronald Mueller, Hillary Holmes, Michael Titera, Andrew Fabens, and Thomas Franck

On May 5, 2026, as part of Chairman Atkins's "Make IPOs Great Again" agenda to incentivize companies to go and stay public by reducing compliance costs and burdens, the Securities and Exchange Commission (SEC) proposed rule amendments that, if adopted, would permit public companies to elect to file interim periodic reports on a semiannual basis on proposed Form 10-S, instead of the quarterly reports on Form 10-Q that have been required since 1970. The SEC also proposed changes to Regulation S-X so that financial statements in registration statements filed by semiannual filers would not be considered "stale."

The SEC's proposing release (Proposing Release) posits that the companies that choose to elect semiannual reporting may do so primarily to save money or alleviate disclosure burdens.¹ However, the Proposing Release also acknowledges, based on the SEC's review of empirical evidence on the information value of Form 10-Q disclosures, that, when companies separately report quarterly earnings in an earnings release, the corresponding Form 10-Q on its own "may not provide markets with novel information."²

The Proposing Release observes that it is possible—if not likely—that companies may continue to disclose quarterly results in earnings releases, even if they otherwise transition to semiannual reporting.

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The Proposing Release makes clear that the rules around earnings releases remain unchanged.

The proposed rule amendments, if adopted, will allow each company to assess and weigh the relative pros and cons, and costs and benefits, of following a Form 10-Q or Form 10-S schedule, and whether to supplement semiannual reports with quarterly earnings releases. Companies evaluating the alternatives would need to consider a number of factors, including investor expectations and any reporting obligations under debt agreements.

Given the significance of the proposed changes to the periodic reporting framework, the SEC is soliciting practical, real-world observations that can help inform the Staff's consideration of the proposal as it moves toward a final rule. The SEC also acknowledged that if the proposed amendments are adopted, changes may also be necessary or appropriate to the rules of national securities exchanges and to various accounting or auditing standards, and the Proposing Release solicits comments identifying which rules and standards may need to be amended. The public comment period will remain open until July 6, 2026.

Optional Semiannual Reporting

Election to File on Form 10-S

The proposed amendments would revise Rules 13a-13 and 15d-13 under the Securities Exchange Act of 1934, as amended (the Exchange Act) to permit companies to make an annual election to file semiannual reports on a new Form 10-S in place of quarterly reports on Form 10-Q. A company that elects semiannual reporting would remain subject to the existing requirement to file an annual report on Form 10-K for each fiscal year. Companies that do

not affirmatively elect semiannual reporting would continue to report on a quarterly basis on Form 10-Q.

New Form 10-S—Content and Filing Deadlines

- **Content.** Form 10-S would track the existing financial information and narrative disclosure requirements of Form 10-Q, but would cover a six-month period rather than a fiscal quarter.
- **Filing deadline.** Form 10-S would be due 40 days after the end of the first six months of the fiscal year for accelerated and large accelerated filers, while all other filers would have 45 days to file, which mirrors the current Form 10-Q deadlines.
- **Audit treatment.** Like financial statements contained in quarterly reports, semiannual financial statements would be required to be prepared in accordance with GAAP and reviewed by an auditor, but would not be required to be audited.
- **No second-half interim report.** Similar to the current reporting regime, where the fourth quarter is not separately reported on, the second semiannual period would be captured within a company's annual report on Form 10-K, and no separate second-half interim report would be required.

Indicating Reporting Frequency

A company would indicate its intended interim reporting cadence by means of a new check box on the cover page of a relevant filing. The applicable filing depends on whether the company is already an Exchange Act reporting company.

- **Existing reporting companies.** A company that already is filing Exchange Act periodic reports would indicate its election by checking, or leaving blank, a corresponding box on the cover page of its annual report on Form 10-K.
- **Companies in registration.** Private companies going public would make their initial election by checking a box on the cover page of the relevant registration statement on Forms S-1, S-4,

or S-11 under the Securities Act of 1933, as amended (the Securities Act), or on the cover page of an Exchange Act registration statement on Form 10.

Mid-Year Changes and Corrective Amendments

Once a company has made its election for a given fiscal year, it would be required to adhere to that cadence for the remainder of the applicable fiscal year. The SEC has explained that this restriction is intended to avoid investor confusion that could result if companies were permitted to change their interim reporting frequency mid-year. On this point, however, it is difficult to envision why registrants could not voluntarily file Form 10-Qs if they wanted to, so long as they also file the Form 10-S for the six-month period. Companies will be permitted to change their election in subsequent years, but as a practical matter, a switch between quarterly and semiannual reporting may require the company to recast prior-period financial information into the corresponding interim periods to present the period-over-period comparisons required by the resulting form.

The proposed rule amendments would permit a company to amend its Form 10-K to correct an inadvertent error in checking, or failing to check, the semiannual reporting box. Any such corrective amendment would be required to be filed as soon as practicable after discovery of the error, and in any event no later than the due date of the company's first Form 10-Q for the fiscal year in which the Form 10-K was filed. However, the Proposing Release notes that this process is not intended to relieve a company from its reporting obligations if it finds itself unexpectedly unable to timely file its first quarter 10-Q.

Proposed Changes to Regulation S-X

The proposed amendments also would revise Regulation S-X to streamline and modernize the rules governing the age of financial statements in registration statements and proxy statements. These

amendments would apply regardless of a company's election to report on a semiannual basis.

New Methodology for Determining the Age of Interim Financial Statements

Under current Rule 3-12 of Regulation S-X, a reporting company must measure backward from the expected effective date of a registration statement, or the proposed mailing date of a proxy statement that is required to include financial statements (such as to approve a merger), to determine whether its filed interim financial statements are dated within the applicable 130-day or 135-day window, as the case may be, depending on whether the registrant is an accelerated filer.

Under proposed S-X Rule 3-01(c)(2), the reporting company would instead be required to include only the interim financial statements required to be filed in the most recent Form 10-Q or Form 10-S as of the filing date of the registration statement. In other words, a company's Exchange Act reporting calendar would dictate the financial statement requirements for Securities Act registration statements.

Possibility of Less Timely Interim Financial Information

The Proposing Release acknowledges that these amendments may result in less timely interim financial information in a registration statement. The Proposing Release cites as an example the following fact pattern: If a company with a calendar fiscal year elects semiannual reporting and files a registration statement as late as August 13 in a particular calendar year, proposed S-X Rule 3-01(c)(2) would not require any interim financial statements to be included in the registration statement.

In contrast, under the existing requirements and under the proposed amendments for those registrants that continue to report quarterly, the filing would need to include interim financial statements for the first fiscal quarter. This discrepancy presents strategic considerations for companies that plan to raise capital and are making their election as to

whether they will report quarterly or semiannually for the year.

Consolidation of Rules 3-01 and 3-12

The proposed amendments also would consolidate the existing requirements of Rule 3-12 of Regulation S-X (which governs the age of financial statements as of the effective date of a registration statement or the mailing date of a proxy statement) into Rule 3-01 of Regulation S-X (which governs the dates of audited and interim balance sheets as of the filing date), and eliminate Rule 3-12.

Because the two rules currently produce aligned age requirements in practice, the consolidation is intended to simplify Regulation S-X without changing the substantive result.

Key Considerations in Evaluating Semiannual Reporting

Given that a company would be able to reset its reporting cadence for the coming year when it files its Form 10-K for the prior year, we anticipate that there will be a fair amount of experimentation and testing to see if anticipated benefits materialize or not, and we expect this trial period to continue for several years, particularly as institutional shareholders weigh in as they adjust to the new information environment.

Companies considering whether to elect semiannual reporting will need to weigh a number of competing considerations, the relative weight of which will depend on the company's industry, investor base, capital-raising profile, and competitive position. The principal considerations are summarized below.

Potential Benefits

- **Reduced short-term pressure.** A semiannual reporting cadence may permit management to focus on longer-term strategy rather than quarterly targets—the latter may lead, for example, to deferring research and development or strategic investment just to achieve certain quarterly results. However, the benefits of this change in

focus may be diminished if a company continues to release quarterly earnings information regardless of its election.

- **Lower compliance costs.** Eliminating two periodic reports per fiscal year is expected to reduce associated accounting, auditing, legal, and investor-relations costs, and to free senior executives to devote more time to operational priorities. The Proposing Release cites to a survey conducted by Nasdaq in 2019 on costs to comply with quarterly reporting requirements, the results of which indicated average monetary compliance costs of \$334,698 each quarter.
- **Reduced market volatility.** Less frequent reporting may reduce earnings-day price movements and may encourage investors to focus on longer-term performance trends (assuming a company has not continued to provide quarterly earnings information). On the other hand, having less information could lead to more discrepancies between results and investor models and greater volatility around earnings time.
- **Enhanced confidentiality of business information.** Less frequent disclosure may permit companies to keep operational metrics, strategic initiatives, and competitive information confidential for longer periods.

Potential Challenges

- **Investor and analyst expectations.** Many institutional investors and equity analysts rely on quarterly disclosure for portfolio management, modeling, and risk assessment, and the move to semiannual reporting may be perceived as a reduction in transparency. Public comment letters submitted in response to the SEC's request for comment in 2018 on reducing burdens associated with quarterly reporting reflected substantial institutional investor opposition to less frequent reporting.
- **Pressure to maintain voluntary quarterly updates.** Companies that elect semiannual reporting may face pressure from investors

and analysts to continue issuing some form of quarterly financial information (for example, a quarterly earnings release), which could erode at least some of the cost and time savings associated with the election. To the extent a company continues to issue interim financial information each quarter, it may incur auditor review fees and other costs associated with that disclosure.

In addition, less frequent periodic reporting may have capital markets implications, as longer intervals between filings can result in extended issuance blackout windows if the most recent financial information is viewed as not sufficiently current, or if interim results that have not been released are viewed as containing material information.

- **Debt agreement reporting covenants.** Prior to electing semiannual reporting, companies should carefully review their existing credit agreements and indentures to assess whether those instruments independently require periodic financial reports on a quarterly basis, either by express requirement or by cross-reference to the company's SEC reporting obligations—depending on the precise drafting, the latter formulation may automatically adjust to a semiannual cadence upon election, while the former will continue to obligate the company to prepare and deliver quarterly financial statements to its lenders or noteholders regardless of its public reporting election.

Companies subject to financial maintenance covenants or springing covenants tested on a quarterly or other periodic basis will similarly need to assess whether a semiannual reporting election affects testing cadence and compliance under those covenants. To the extent quarterly financial statements must still be prepared for lenders or noteholders, whether under a reporting covenant or as a predicate to covenant compliance testing, absent amendment of these provisions, much of the associated accounting, auditing, and legal cost will persist, and

the anticipated savings from semiannual SEC reporting may be diminished.

- **Materiality and Regulation FD risk.** Longer intervals between periodic reports may increase the volume of material nonpublic information held by the company, heightening Regulation FD compliance risk and increasing the focus on whether particular developments warrant the filing of a current report on Form 8-K.
- **Insider trading and trading-window considerations.** Less frequent periodic reporting may meaningfully reduce the number and length of open trading windows under a company's insider trading policy, given that open trading windows are typically anchored to the filing of periodic reports. Directors, officers, and other covered persons, as well as the company itself, may therefore have fewer opportunities to sell or repurchase shares outside of a Rule 10b5-1 plan.

In addition, the Proposing Release would amend Exchange Act Rule 10b5-1 to provide that, for officers and directors of a semiannual filer, the cooling-off period would extend until the later of 90 days or two business days following the disclosure of the company's financial results in a Form 10-S. The 120-day maximum would remain unchanged, but officers and directors of semiannual filers would, with respect to plans entered into in the first and third quarters, face a longer initial Rule 10b5-1 cooling-off period than their counterparts at quarterly filers. Companies should evaluate the impact an election would have on their governance policies and whether their trading-window framework and Rule 10b5-1 plan practices would need to be revisited.

- **Information asymmetry.** Longer reporting intervals may exacerbate information asymmetry between companies and the market, which may, in turn, increase reliance on unofficial information channels (for example, rumors or leaks), potentially resulting in additional volatility and misinformation.

Hybrid Approach

Companies need not view the election as a binary choice between quarterly and semiannual periodic reporting. A company that elects semiannual reporting may continue to issue voluntary quarterly earnings releases, and may design those releases to address the disclosure considerations described above. A robust quarterly earnings release could provide investors and analysts with the operational and financial information they expect on a quarterly cadence, mitigate Regulation FD and insider-trading concerns associated with longer intervals between disclosures, and reduce the information asymmetry that may otherwise develop between the company and the market.

This approach would not eliminate entirely the cost and time savings of semiannual reporting, but may permit a company to capture meaningful efficiencies relative to a quarterly periodic-reporting cadence while preserving substantially its existing investor-engagement model.

Certain Practical Suggestions to Help Companies Decide

- **Engage with investors and analysts that follow the company.** The views of significant institutional investors and sell-side analysts are likely to be the single most informative input on whether semiannual reporting would be well received.
- **Consult with industry groups.** Industry practice may bear meaningfully on the election, as comparability across peers is often a focus of investor and analyst evaluation.
- **Consider whether the company's business lends itself to less-frequent reporting.** Semiannual reporting may suit companies with relatively stable period-over-period results, as well as development-stage companies and companies with a longer product-launch timeline, such as certain regulated utilities and certain pre-revenue pharmaceutical or biotechnology companies, but may be a less natural fit for companies with materially variable results.

- **Engage with the listing exchanges.** The NYSE and other self-regulatory organizations are actively engaging with listed companies in connection with the development of comment letters on the proposed amendments, and listed companies should consider participating in those efforts.
- **Involve all relevant internal constituencies.** The election affects multiple functional areas. Investor relations, external reporting, accounting, legal, and financial planning should each assess the implications, and the board (or an appropriate committee) should be informed of, and where appropriate involved in, the decision.

Lessons from the European Union and the United Kingdom

The European Union eliminated mandatory quarterly reporting in 2013, and the United Kingdom followed in 2014. Empirical studies have found that most UK public companies continued to report on a quarterly basis voluntarily, that the change had no statistically significant effect on long-term investment behavior, and that companies that ceased

quarterly reporting experienced declines in analyst coverage and stock liquidity.

Submitting Comments

The adoption of the Proposing Release as a final rule will depend significantly on the comments received by the SEC. Companies should consider commenting and providing information, supported by data, on any cost savings or increased costs expected to be realized if they elect to report semiannually, the practical impediments and/or risk associated with changing the cadence of financial reporting, and whether any alternatives to the proposed amendments would be preferable.³

Notes

1. *Semiannual Reporting*, Release No. 33-11414 (May 7, 2026) [91 Fed. Reg. 24968, 24987]. See the proposing release at <https://www.sec.gov/newsroom/press-releases/2026-42-sec-proposes-amendments-permit-optional-semiannual-reporting-public-companies>.
2. *Id.* at 24997.
3. *Semiannual Reporting*, *supra* n.1 at 25011.

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