Insights
September 2026

Skadden

SEC's Regulation Crypto Assets Provides New Offering Paths but Could Create Private Litigation Risks

This article was published in the September 2026 issue of *Insights*.

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Key Points

- The SEC received over 200,000 comment letters in response to its semiannual reporting proposal, the most in the agency's history, with the vast majority opposing the change.
- Retail investors, institutional investors, state securities regulators and academics have raised concerns about transparency, information asymmetry and investor protection.
- Some companies have indicated support, but most companies have not disclosed whether they would elect semiannual reporting.
- The SEC appears likely to move forward with the proposal in some form.

Semiannual Reporting Proposal

In May 2026, the SEC proposed rule amendments that would allow companies to replace three quarterly reports on Form 10-Q with a single semiannual report on a new Form 10-S. The election would be made annually via a check box on Form 10-K. If adopted, this would be among the most significant changes to periodic reporting since 1970.

For background on the proposal and semiannual reporting mechanics, see our May 2026 client alert "SEC Proposes Optional Semiannual Reporting for Public Companies."

For an overview of the practical implications companies face, see our December 2025 article "Would Your Company Want to Stop Filing Quarterly Reports if No Longer Required?"

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Comment Period

When the public comment period closed on July 6, 2026, the SEC had received over 200,000 comment letters, the most ever on a proposed rulemaking, with the vast majority opposing the change.

Opposition came from a broad coalition of market participants:

- **Retail investors** represented the bulk of the comment letters, expressing concern that reduced reporting would adversely limit access to information.
- **Institutional investors and industry associations,** including SIFMA and the Investment Company Institute, submitted comments opposing the change — notably while still expressing support for reduced regulatory burden.
- **State securities regulator association** NASAA expressed concern that the proposal "would raise capital costs, reduce liquidity, weaken investor confidence, facilitate fraud, and exacerbate certain reporting risks," and noted that other jurisdictions that have adopted semiannual reporting have not seen meaningful growth in their public markets as a result.
- **CFA Institute** voiced opposition, citing the value of a uniform disclosure system.
- **Academics** noted that this proposal is only one of several pending changes that would collectively reduce reporting obligations and expressed concern that the SEC has not adequately considered their cumulative effects.

A number of companies and industry associations submitted comments supporting the proposal. One mega-cap pharmaceutical company stated it would exercise the semiannual option if adopted, and eight other pharmaceutical companies jointly voiced support. A mega-cap energy company also expressed support, arguing that material quarterly information would continue to be disclosed through other channels. The Business Roundtable, also commenting in favor, reiterated its view that quarterly reporting contributes to short-termism.

Practical Considerations for Companies

Companies considering semiannual reporting should consider weighing a number of practical factors:

- **Investor expectations.** Many institutional investors and analysts have strong views on reporting cadence, and electing semiannual reporting could affect analyst coverage and market perception.
- **Continued voluntary disclosure.** Forgoing quarterly filings would not eliminate the market's demand for quarterly information. Many companies may continue issuing earnings releases, holding earnings calls and providing guidance, meaning that much of the existing quarterly process would persist regardless of a semiannual election. Companies electing semiannual reporting should consider assessing whether information ordinarily disclosed on Form 10-Q warrants inclusion in voluntary earnings releases to ensure those disclosures are complete and not selectively favorable.
- **Capital markets, trading and litigation implications.** Longer gaps between filings could complicate securities offerings, share buybacks and insider trading windows, and could heighten Regulation FD risk. Semiannual reporting could also delay disclosure of adverse information, potentially leading to greater stock price volatility and expanding the plaintiff class in a securities litigation.
- **Shareholder activism.** Activist investors generally favor more transparency, and companies electing semiannual reporting could face pressure to voluntarily report key metrics between filings, particularly if competitors continue quarterly disclosure or performance lags.
- **Peer and industry dynamics.** Companies may wish to consider whether their peers retain quarterly reporting, as opting out could create a comparability disadvantage.
- **Foreign private issuer precedent.** Many foreign private issuers, though not subject to quarterly reporting requirements, voluntarily issue quarterly earnings releases and hold earnings calls due to market interest. Companies may find this instructive in evaluating how to manage voluntary disclosure alongside less frequent mandatory filings.

What Happens Next

The SEC staff will review comments and present recommendations to the commission. Any final rule would be subject to a commission vote. The SEC has not announced a timetable, but it is expected that final rules will be adopted in time for calendar-year companies to begin semiannual reporting as early as fiscal year 2027.

Boards of directors and audit committees may wish to begin evaluating their reporting elections now rather than wait for final adoption.

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