Pearl Meyer

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SEC Proposal on Optional Semiannual Reporting: Executive Compensation Implications



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On May 5, 2026, the Securities and Exchange Commission (SEC) issued proposed rule and form amendments that would allow public companies currently required to file quarterly reports on Form 10-Q to elect to file semiannual reports on a new Form 10-S. As proposed, it would require the same narrative and financial requirements of the 10-Q, but over a six-month period.

While the timing of final rules is uncertain, SEC rulemaking often takes several months following the close of the comment period (in this case, July 6, 2026). If final rules are adopted before year-end 2026, companies could adopt semiannual reporting beginning with fiscal year 2027.

Companies that elect this approach would file one semiannual report and one annual report each fiscal year. Even if companies opt in to this approach, they may still make quarterly earnings releases or other voluntary disclosures. The proposal would not eliminate current Form 8-K reporting obligations, including those that may be triggered by compensation-related or other material events.

Although the proposal is framed primarily as a disclosure reform initiative, it has potential implications beyond reporting mechanics. Notably, the SEC briefly acknowledges that companies may need to revisit existing agreements, including incentive-based executive compensation arrangements that rely on quarterly performance metrics. While this

proposal does not currently require changes to compensation structure, we expect forthcoming updates to Item 402 compensation disclosure requirements that will likely necessitate significant adjustments.

Potential General Implications

We expect the election of semiannual reporting to be uneven. Companies with stable business models may be more willing to elect it, while those with high investor scrutiny might continue quarterly reporting. Most companies are likely to retain a quarterly internal management cadence regardless of external reporting changes. Investor expectations will ultimately shape reporting frequency outcomes, with market practice proving more influential than regulatory minimums.

Committees should also understand that a shift to semiannual SEC reporting raises practical questions around insider trading windows and share repurchase activity, both of which are governed by whether a company and its insiders possess material nonpublic information (MNPI).

Under current practice, companies typically close trading windows in advance of quarterly earnings and reopen them shortly after issuing an earnings release, on the view that the release conveys the most material financial information to the market. The subsequently filed Form 10-Q, while more detailed, does not usually introduce significant new information that would independently affect trading decisions.

If a company were to move to semiannual reporting while continuing to issue quarterly earnings releases, the absence of a Form 10-Q in the first and third quarters may not, in itself, require a fundamental change to trading window timing or buyback execution. However, the analysis may become more nuanced because a Form 10-Q includes a broader set of disclosures beyond headline financial results (e.g., updates to risk factors, legal proceedings, and other operational developments), that could constitute MNPI.

To the extent that information historically disclosed in a 10-Q is not otherwise communicated through earnings materials or other public disclosures, the board may need to reassess whether insiders can appropriately trade, or whether share repurchases can proceed, following an earnings release.

In that case, companies may need to extend blackout periods or enhance their disclosure practices to ensure that all material information is public before trading resumes.

Potential Implications for Compensation Programs and Governance

Design
In practice, executive compensation programs may be directly or indirectly tied to quarterly performance cycles. Annual incentive plans may be informed by quarterly pacing, interim

performance reviews, or explicit quarterly modifiers. To the extent companies elect semiannual reporting, the external visibility of quarterly checkpoints may diminish, even if companies continue to track performance internally. This shift could reduce reliance on quarter-by-quarter calibration in annual incentive programs.

On the other end of the spectrum, the direct impact on TSR-based and other long-term compensation design is likely limited, as these already rely on multi-year performance and broader market data.

Contractual Commitments
The SEC noted that companies considering this change may also need to revisit existing contractual commitments, including any incentive-based executive compensation arrangements that may be tied to quarterly performance metrics, reports, or results (although this is rare, in our experience). Renegotiating such provisions may be necessary for companies that lack the discretion to make unilateral changes.

Disclosure
The proposal may also affect how companies that eliminate quarterly reporting communicate pay-for-performance alignment. With fewer mandated filings, proxy disclosures may rely more heavily on annual or multi-year narratives, potentially requiring additional supplemental disclosure to maintain clarity. Moreover, investor engagement may become more concentrated around the proxy cycle and key disclosure events.

What Compensation Committees Can Do Now

Overall, the recently proposed optional change is unlikely to drive immediate compensation-related actions until the larger set of compensation reform is formally proposed.

Those companies considering a change to semiannual reporting will need to weigh the pros and cons of less frequent reporting, and consider taking inventory of programs that rely on quarterly performance—including both formal structures and informal practices. Any compensation-related shareholder engagement strategy would also need to be aligned with changes in reporting cadence.

As always, it remains important to review long-term incentive programs to ensure they align with sustained value creation. Disclosure strategy should also be evaluated to ensure pay-for-performance narratives remain clear if there are fewer interim data points.

About the Authors

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About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.