

Preparing for the 2026 Proxy and Annual Reporting Season: *Key Issues and Considerations*

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Key Issues and Considerations

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For the 2026 proxy and annual reporting season, there are a number of key issues to consider as you begin to prepare your annual report and proxy statement. This article provides an overview of these issues and updates in several key areas, including Securities and Exchange Commission (SEC) disclosure and filing requirements, disclosure and corporate governance trends, and updates to proxy voting guidelines by ISS and Glass Lewis.

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Beneficial Ownership Reporting

Schedule 13D/13G Accelerated Deadlines and Enforcement Trends

Author: Samuel F. Toth

Accelerated Filing Deadlines

In 2024, accelerated filing deadlines for Schedules 13D and 13G took effect. The table below summarizes these changes to the filing deadlines.

Filing	Prior Deadline	Current Deadline
Schedule 13D		
Initial Filing	10 calendar days after triggering event	5 business days after triggering event
Amendment	'Promptly' after triggering event	2 business days after triggering event
Schedule 13G		
Passive Investors		
Initial Filing	10 calendar days after acquiring beneficial ownership of more than 5%	5 business days after acquiring beneficial ownership of more than 5%
Amendment	45 days after end of calendar year of any change	45 days after end of calendar quarter of any material change
Qualified Institutional Investors (QIIs) & Exempt Investors when Ownership Exceeds 5%		
Initial Filing	45 days after end of calendar year when ownership exceeds 5%	45 days after end of calendar quarter when ownership exceeds 5%
Amendment	45 days after end of calendar year of any change	45 days after end of calendar quarter of any material change
QIIs & Exempt Investors when Ownership Exceeds 10%		
Initial Filing	10 calendar days after end of month when ownership exceeds 10%	5 business days after end of month when ownership exceeds 10%
Amendment	45 days after end of calendar year of any change	45 days after end of calendar quarter of any material change
All Schedule 13D and 13G Filings		
Filing Date Cutoff Time	5:30 p.m. Eastern Time	10 p.m. Eastern Time

Enforcement Developments

Since the accelerated filing deadlines took effect, the Securities and Exchange Commission (SEC) has emphasized timely beneficial ownership reporting through enforcement actions. In September 2024, it imposed more than \$3.8 million in civil penalties on 23 different investors (both entities and individuals) for failing to timely report their beneficial ownership and transactions of public company stock on applicable Section 13(d), Section 13(g) and/or Section 16(a) filings (i.e., on Schedule 13D or 13G or Form 3, 4 or 5). Penalties ranged from \$10,000 to \$750,000.

In 2025, the SEC did not announce any similar large-scale sweeps; however, it did bring a high-profile case against Elon Musk in January 2025, alleging a failure to timely file a Schedule 13D after acquiring more than 5% of Twitter (now known as X). According to the SEC's complaint, this delay allowed Musk to save at least \$150 million at the expense of other shareholders. As of this publication, the case remains actively pending.

It is unclear whether the shift in 2025 from broad sweeps to isolated actions reflects a deliberate recalibration of the SEC's enforcement strategy or just a temporary change in its approach.

SEC Cybersecurity Rules

Updates, Insights and Metrics

Author: Craig A. Hoffman

The realignment of the Securities and Exchange Commission's (SEC) enforcement priorities in 2025 under the new administration occurred as expected. Companies began 2024 concerned about compliance with the SEC cybersecurity rules, especially the obligation to file a Form 8-K under new Item 1.05 of Regulation S-K within four days of determining that the impact of a cybersecurity incident is material. A series of resolution agreements in early 2024 and the civil enforcement action against SolarWinds and its CISO added to the concern.

By mid-2025, concern about SEC cybersecurity rule compliance and enforcement lessened. Companies filed 24 Forms 8-K under Item 1.05 in 2024, but only 13 in 2025. In November 2025, after a federal court had dismissed most (but not all) of the SEC's claims, the SEC chose to dismiss its enforcement action against SolarWinds and its CISO. It also remains rare to see securities and governance class action and shareholder derivative claims related to a security incident, although three of the companies that filed Item 1.05 Form 8-Ks are facing them (a cryptocurrency exchange, security technology company and an e-commerce company).

The SEC created a new enforcement unit – the Cyber and Emerging Technologies Unit (CETU) – in early 2025 to combat cyber-related misconduct, including (1) regulated entities' compliance with cybersecurity rules and (2) public issuer fraudulent disclosure relating to cybersecurity.

The SEC Division of Examinations announced its 2026 examination priorities in November 2025, and they include (1) cyber resilience to prevent disruption to mission-critical services, (2) security controls to safeguard customer records (with a focus on governance, DLP, access controls, account management and incident response), (3) oversight of vendors and (4) incident response programs related to Regulation S-P amendments.

Environmental, Social and Governance Matters

Reexamining DE&I Initiatives

Author: Sean D. Cheatle

Corporate Retreat from DE&I Efforts

In recent years, calls for greater diversity in organizations led to a significant increase in board engagement with diversity, equity and inclusion (DE&I) issues and the implementation of robust DE&I policies. However, the U.S. Supreme Court's landmark affirmative action ruling in *Students for Fair Admissions v. Harvard*, sustained pressure from shareholder activists and politicians, and private litigation challenges catalyzed a large-scale corporate retreat from DE&I initiatives. Examples of actions taken to curb these efforts include eliminating DE&I training programs, retiring goals for achieving diversity in senior leadership, no longer giving priority treatment to women- and minority-owned suppliers, and suspending participation in the Human Rights Campaign Corporate Equality Index, which measures workplace inclusion for LGBTQ+ employees. Some companies are redirecting the focus from DE&I efforts toward operational efficiency. Beyond the corporate sector, DE&I initiatives are also being scaled back in educational institutions. Several states, including Utah, Alabama, Iowa, Florida, Texas, Arkansas, Kansas, Ohio and Kentucky, have banned DE&I offices in their public universities, and several private universities, including the Massachusetts Institute of Technology and Harvard University's Faculty of Arts and Sciences, have eliminated their faculty diversity requirements.

Allan Schweyer, principal researcher at The Conference Board's Human Capital Center, explained that the primary driver behind companies making these changes is a reassessment of their legal risk exposure, which began after the *Students for Fair Admissions* case. Since then, conservative organizations have leveraged the arguments made in *Students for Fair Admissions* to successfully challenge diversity programs in other sectors, including government contracting. Efforts to reverse DE&I initiatives have continued to intensify under President Donald Trump's administration.

Despite the recent retreat from DE&I initiatives by many corporations, it is unlikely that these efforts will disappear entirely. DE&I policies have become deeply embedded in and valued by corporate culture over the past decade, and their complete removal could alienate key stakeholders, including employees, consumers and investors who view these initiatives as essential to fostering equitable workplaces and broader social responsibility. Certain stakeholders, particularly those aligned with environmental, social and governance priorities, may redirect their investments elsewhere. At the same time, this must be balanced against the legal landscape in light of the *Students for Fair Admissions* decision, which may expose companies to heightened legal risk if their diversity initiatives are perceived as discriminatory. Many companies have adjusted their DE&I strategies to navigate both social and legal pressures, choosing to reframe DE&I initiatives in order to reduce public disclosure while maintaining internal tracking. DE&I-related messaging has been significantly reduced in public filings during 2025, with many filers choosing to replace visible DE&I markers with more opaque references to inclusion. While DE&I messaging has been softened, a baseline commitment to inclusivity and equity will likely persist moving forward.

Nasdaq Diversity Rules Struck Down

On Dec. 11, 2024, the U.S. Court of Appeals for the Fifth Circuit struck down the diversity disclosure rules proposed by Nasdaq and approved by the Securities and Exchange Commission (SEC). The Nasdaq rules required most companies listed on the Nasdaq exchanges to (1) disclose board-level diversity statistics in their company's proxy statement (or if the company did not file a proxy, on Form 10-K or Form 20-F) or on their website, and (2) achieve an aspirational target of at least two diverse board members (female and minority or LGBTQ+) or explain the company's reason for not meeting the diversity objective. The court ultimately determined that the SEC exceeded its authority under the Securities Exchange Act of 1934 by approving the rules in 2021. Nasdaq announced that it does not intend to appeal the court's decision, and the SEC has not pursued an appeal.

Proxy advisory firms and institutional investors are taking a more cautious approach to diversity policies and practices in light of the changing regulatory landscape.

- In 2025, Institutional Shareholder Services indefinitely halted consideration of certain diversity factors in making voting recommendations with respect to directors at U.S. companies and recently announced a change to its approach on shareholder proposals from broad support to considering proposals on a case-by-case basis.

- Glass Lewis, on the other hand, has acknowledged the shifting approach to board diversity but continues to support its prior diversity guidance. Glass Lewis has supplemented its guidance by including a flag on any proxy recommendation that is based, at least in part, on diversity considerations, and client investors may then choose whether to consider such recommendation in casting their proxy votes.
- Institutional investors are similarly cautious and are navigating the changing landscape by removing numerical diversity targets and rewording policies to emphasize diversity of personal characteristics, inclusive of gender and race.

Despite the court's ruling and the hesitation of institutional investors and proxy advisers, many other parties remain focused on enhanced board diversity. Shareholders may submit proposals requesting that companies increase their board diversity efforts, such as by embedding a commitment to diversity in governance documents. We have seen such proposals submitted by state-sponsored retirement and scholarship funds, often citing studies and guidelines from large institutional investors. In light of the sustained focus on this element of board composition, we expect many public companies will voluntarily disclose some form of board diversity information moving forward, even if quantitative targets are pared back and language is softened.

Navigating Uncertainty Surrounding Climate Disclosure Rules

Author: Jeffrey S. Spindler

On March 27, 2025, the Securities and Exchange Commission (SEC) announced that it voted to end its defense of the final rules on the climate-related disclosures for investors that the SEC adopted on March 6, 2024. These rules would have required domestic and foreign registrants to include climate-related information in their registration statements and periodic reports.

Some issuers may nonetheless be subject to new state and international rules requiring transparency on climate-related matters. For large companies operating in California, emissions disclosure rules are scheduled to take effect in 2026 subject to an ongoing legal challenge. In addition, companies with a sufficient presence in Europe may have to comply with the EU's emissions reporting requirements as these rules begin to take effect with a phase-in through 2029. These requirements are coupled with continued investor pressure, even if scaled back compared with prior years, to inform the market regarding climate-related risks, opportunities and initiatives in accordance with prevailing voluntary standards.

For a snapshot regarding the prevalence and quality of voluntary disclosures, a [recent report](#) by EY, titled “Nature Risk Barometer,” evaluated the broader nature-related disclosures by more than 300 companies across 10 SICs sectors in the U.S., Canada and Latin America compared with the Taskforce on Nature-related Financial Disclosure (TNFD) recommendations in the areas of Governance, Strategy, Risk and Impact Management, and Metrics and Targets. Findings from this study include:

- Sixty-six percent of U.S. companies, 72 percent of Canadian companies and 89 percent of Latin American companies have provided some level of nature-related disclosure associated with one or more of the 14 TNFD-recommended items. Companies in the extractives and minerals processing category had the highest level of disclosure (at 91 percent), food and beverage companies were second (at 88 percent) and financial companies had the lowest level (at 48 percent).
- Assessing the quality of a company’s disclosures in relation to the TNFD recommendations (based on the degree of alignment with the standards, considering the level of detail and how well the disclosures meet the recommendations) shows that, once again, extractives and minerals processing companies scored the highest and financial companies scored the lowest.
- In the area of Governance, only 5 percent of companies go beyond ESG and sustainability as areas specified for direct board oversight, such as by noting responsibilities relating to nature or biodiversity. Companies with the strongest TNFD coverage and alignment tended to disclose that they have dedicated cross-functional working groups focused on specific issues such as biodiversity, water stewardship, deforestation and ecosystem restoration.
- In the area of Strategy, 27 percent of companies specifically address biodiversity as part of their sustainability agenda.
- In the area of Risk and Impact Management, integration of nature-related risks into companies’ broader enterprise risk management frameworks is still relatively rare, and disclosures are limited regarding the financial impact of nature-related dependencies and effects.
- Nearly half of companies provided nature-related metrics, mostly related to water use, discharge and withdrawal as well as afforestation, deforestation and the identification of key species and threatened habitats. A smaller number of companies are setting targets in key areas, for example, to:
 - » Reduce water use by set percentages on specific timelines
 - » Halt deforestation entirely by a given date or set clear reduction targets for deforestation overall
 - » Commit to sourcing 100 percent certified fiber paper, with a focus on creating a deforestation-free future
 - » Avoid sourcing beef products from geographic areas with high risks of deforestation
 - » Avoid conversion of natural ecosystems attributed to company activities or sourcing

Risk Factors and Other Disclosures

Artificial Intelligence Disclosures

Author: Brittany Stevenson

In recent years, the use of artificial intelligence (AI), which has the capacity to provide new capabilities by imitating human intelligence, performance and comprehension, has increased drastically. AI is being used by companies across various sectors in many ways, including to improve operations, research and development, and data analytics, among other areas. As a result, AI has and may continue to impact and advance a company's business, but its use also comes with inherent oversight responsibility and risks that companies must carefully consider, implement, manage and disclose.

In fact, companies are increasingly including AI-related disclosures in their filings. These disclosures often address the following areas:

- **Board and Committee Oversight:** Companies are increasingly disclosing which board committee, such as the audit, technology or governance committee, has responsibility for AI oversight, with most committee-level oversight being performed by the audit committee, and whether these responsibilities are formalized in committee charters. Companies should also consider disclosing how the board or its committees monitor AI-related risks and opportunities and whether ad hoc or working groups are formed to address emerging issues. In some cases, companies may engage external advisers or experts to support the board's understanding of AI, and disclosing these practices may further demonstrate the company's commitment to governance.
- **Director Qualifications and Ongoing Education:** Some companies have updated director biographies and skills matrices to reflect AI-related experience, certifications or ongoing education. Companies should consider describing whether and how the board addresses its knowledge and company use of AI – through regular board updates, briefings, conferences or advisories – which may increase stakeholders' confidence in the board's ability to oversee AI.
- **Risk Factors:** Companies often include AI-related risk factors in their disclosures, but they should ensure these are clear, specific and tailored to their actual use of AI. Risk factors should describe risks relevant to the company's operations while avoiding boilerplate or generic statements. There should also be a reasonable basis for any prospective risks or claims described, and to be mindful of regulatory expectations regarding the accuracy and completeness of such disclosures. Recent enforcement actions and regulatory guidance have emphasized the need to avoid exaggeration or "AI washing" in public statements about AI capabilities.

While companies are increasingly including AI-related risk factors in their disclosures, they should also stay aware of regulator and stakeholder expectations regarding the type and quality of these disclosures, which are rapidly evolving. Notably, the Securities and Exchange Commission (SEC) has indicated a new approach to AI and cybersecurity disclosures. Though previous leadership advanced rulemakings to address these risks, the current SEC chair has rescinded several proposed rules and is instead focusing on supporting innovation and reviewing disclosure requirements. For now, enforcement actions against companies for AI washing and misleading statements about AI use have continued, and the SEC has indicated that it will continue to monitor and act against fraud and manipulation in this area.

International Conflicts; China

Author: Alexander M. Davis

Companies should consider whether the continuation of international conflicts, including the war between Russia and Ukraine, the conflict in the Middle East, rising tensions between China and Taiwan, and related sanctions and escalations, should be discussed in their risk factors. In May 2022, the Securities and Exchange Commission (SEC) published a [sample comment letter](#) regarding potential disclosure obligations that companies may have under federal securities laws relating to the direct or indirect impact that Russia's invasion of Ukraine and the related international response have had or may have on a company's business. The sample comment letter and guidance advised that companies should provide detailed disclosure regarding any direct or indirect exposure to Russia or Ukraine through, among other things, the company's operations, employee base, investments, sanctions or legal or regulatory uncertainties, and any actual or potential disruptions to the company's supply chains.

While the SEC has not issued official guidance or a sample comment letter concerning the conflict between Israel and Hamas in the Middle East or other recent international conflicts as of the date of this alert, the May 2022 sample comment letter should be used as guidance as to how the SEC will likely view disclosure obligations relating to such conflicts. Recent comments issued by the SEC on registration statements relating to the conflict in the Middle East and the resulting impact on a company's business are similar to comments it has previously issued concerning the impact of the war in Ukraine. Consequently, companies that have any direct or indirect exposure to the conflict in Israel – or in the Middle East more broadly, or such other areas located within war zones or at risk for hostilities – should consider providing risk factor disclosure of the potential or actual impact on their business and

related risks stemming from the continuation and escalation of such conflicts. For example, companies with assets and operations in a region with conflict have disclosed as a risk their vulnerability to property damage, inventory loss, business disruption and expropriation resulting from the conflict, while other companies have disclosed the risk of certain company personnel being obligated to serve as reserves or in the military in these regions and the impact this would have on business operations. It is also important that companies take a fresh look at their prior risk factor disclosures regarding the impact of international conflicts, if any, in light of recent developments and consider whether updates are warranted.

Similarly, companies should consider providing detailed disclosure relating to specific risks to their businesses resulting from their business exposure to China. In July 2023, the SEC provided guidance and a [sample comment letter](#) regarding the disclosure obligations of companies based or with a majority of their operations in China, including the SEC's continued focus on and request for specific disclosure about material risks relating to the role of the government of China in the operations of China-based companies. The risk factors and disclosure obligations for China-based companies detailed in the July 2023 sample comment letter should be reviewed and considered by any company with business exposure to China, regardless of whether it is based in China. Non-China-based companies with operations in China should also consider the impact of recent developments in the region when preparing their risk factor disclosure. China's economy is facing a variety of economic challenges that may impact companies with business exposure to the region, particularly with regard to supply chains and sales activities there.

In addition to these economic uncertainties, companies should consider the actual or potential impacts of rising geopolitical and trade tensions between the U.S. and China, including the ongoing dispute over the fate of Taiwan and tariffs and export controls implemented and proposed by the Trump administration. Similar to the analysis described above relating to the international conflicts in Ukraine and the Middle East, companies with direct or indirect exposure to China should carefully consider any actual or potential impact these recent developments in China may have on the company's operations, investments, sales activities, manufacturing activities and supply chains when determining whether updates are needed to their disclosures of risk factors and in their Management's Discussion and Analysis.

Evolving US Legal and Political Landscape

Author: Alexander M. Davis

The reelection of President Donald Trump and the Republican majorities in the U.S. Senate and House of Representatives have brought and may continue to bring further substantial changes to policy across a variety of economic sectors. As Trump and his team have undertaken the first year of their transition back to power, several themes have emerged that public companies should consider when preparing disclosure to their shareholders.

On trade, Trump has followed through with his preelection-stated plan of using tariffs, and the threat of tariffs, to help achieve national policy goals, such as border security and trade imbalances. Public companies whose businesses depend on international trade, particularly trade with China, have disclosed that trade wars, tariffs and turmoil in international trade agreements could reduce demand for products and services, increase costs, reduce profitability or adversely impact supply chains that may be material to their businesses. Companies should consider any actual impacts experienced to date by such tariffs and should update their risk factors to keep abreast of public statements and executive actions from Trump and his team to best reflect the emerging risks to global trade, even with long-standing allies and trading partners such as Canada and Mexico, which have been the subject of various tariffs and threats of continued tariffs by the Trump administration. Companies should further assess whether any actual or threatened retaliatory measures by trade partners of the U.S. warrant additional risk factor disclosure. In identifying such risks, it is recommended that companies identify specific geographies as well as specific products or materials that have been or may be affected by such trade relations.

A number of companies in highly regulated industries, such as the healthcare and pharmaceutical industries, have already included risk factors to note that *Loper Bright* and other related Supreme Court cases, such as *Corner Post, Inc. v. Board of Governors of the Federal Reserve System* and *Securities and Exchange Commission v. Jarkesy*, may introduce additional uncertainty into the regulatory process and may result in additional legal challenges to actions taken by federal regulatory agencies. While it appears that the Department of Government Efficiency has ramped down its operations, public companies in regulated industries should consider building out their risk factors in light of the actions that the Trump administration has taken over the past year and the administration's stated intentions to continue to limit or outright remove certain regulatory agencies, including its intention to use Supreme Court precedent and other legal tools to disrupt or disband government agencies, reduce head count in the federal government, reduce government regulation and create efficiencies in government spending wherever possible.

Directors' and Officers' Questionnaires

Questionnaire Updates for Consideration

Author: Brittany Stevenson

Directors' and officers' questionnaires are important for both compliance and risk management, providing a means to collect and verify information related to leadership that a company may not be able to determine otherwise. When preparing for the 2026 proxy and annual reporting season, companies should consider the following potential updates to their form of directors' and officers' questionnaires:

Artificial Intelligence (AI): Request information about a director's or officer's background or expertise related to AI in light of the increasing need for technological competence among board members.

Director Diversity: For Nasdaq-listed companies, consider modifying or removing the optional questions soliciting responses related to Nasdaq's director diversity matrix and related rules, given that such disclosure requirements have been effectively struck down.

Shareholder Proposal and Proxy Voting Trends

SEC Announces Pause in Substantive No-Action Letter Responses to Rule 14a-8 Requests

Authors: Janet A. Spreen and Sean D. Cheatle

The SEC's Division of Corporate Finance (the Division) [announced](#) on Nov. 17, 2025, that it is pausing substantive review of no-action requests concerning the exclusion of shareholder proposals under Rule 14a-8 of the Exchange Act of 1934, as amended. The SEC explained that due to the backlog of registration statements and other filings requiring staff attention following the government shutdown, as well as the body of guidance on Rule 14a-8 from the SEC available to both companies and proponents, it will not express views on companies' intended reliance on Rule 14a-8 for exclusion of shareholder proposals (other than no-action requests pertaining to Rule 14a-8(i)(1), as discussed below). The pause applies both to the

current proxy season, which the SEC has defined as Oct. 1, 2025, through Sept. 30, 2026, and to any no-action requests received before Oct. 1, 2025, to which the Division has not yet responded.

How do companies proceed during the pause?

First, a company intending to exclude shareholder proposals must still comply with Rule 14a-8(j), which requires companies to provide notice to the SEC and to proponents no later than 80 calendar days before filing a definitive proxy statement. Such requirement is exclusively informational, however, and does not require companies to seek the staff's views on any planned proposal exclusions. Companies are to use the SEC's online [Shareholder Proposal form](#).

Second, the Division recognized that a company may wish to receive some response to its exclusion notification. As such, a company seeking a response to its notification that it intends to exclude a proposal from its proxy materials must include, as part of its notification pursuant to Rule 14a-8(j), an unqualified representation that the company has a reasonable basis to exclude a shareholder proposal based on (1) the provisions of Rule 14a-8, (2) prior published guidance and/or (3) judicial decisions. The Division will respond with a letter indicating that, based solely on the company's representations, it will not object to a company omitting a shareholder proposal from its proxy materials. But again, the Division stated that it will not substantiate the adequacy of the company's representations. It appears that the SEC will be posting company 14a-8(j) notices and the SEC's responses on its website.

Whether or not a company decides to seek a response from the Division, it should carefully interpret (in consultation with its legal counsel) existing SEC guidance and case law. Responses to prior no-action requests and Rule 14a-8(j) notices are nonbinding, so a company may reasonably reach a different conclusion from that guidance, but it also is not insulated from an enforcement action or lawsuit by the proponent by relying on SEC guidance. Proponents can sue in federal court to force a company to include a shareholder proposal.

The pause does not apply to no-action letters regarding Rule 14a-8(i)(1).

The Division will continue to substantively review no-action letter requests regarding the application of state law and Rule 14a-8(i)(1), which allows exclusion of a 14a-8 shareholder proposal if it is not a "proper subject" for action under the laws of the jurisdiction in which the excluding company is incorporated.

Whether nonbinding shareholding proposals, also referred to as "precatory proposals," are a proper subject under Delaware law has come under scrutiny recently. While the Delaware courts have not directly held on whether precatory proposals are proper, on Oct. 9, 2025, SEC Chairman Paul Atkins [remarked](#) that the SEC staff is amenable to supporting the exclusion of precatory proposals to Delaware companies via no-action letter responses. Given the limited available guidance for companies and proponents to rely on in this area and this development, the SEC determined it would continue to provide guidance in this area.

Chairman Atkins expressed the view that precatory proposals, which are nonbinding and typically focus on environmental and social issues that are not material to the company, consume a significant amount of time and impose costs on the company. He further stated that if, as some argue, shareholders do not have a fundamental right under Delaware (or other state) law to propose or vote on such proposals, a company could seek no-action relief, and if it is accompanied by a supporting legal opinion from counsel that the proposal was not a proper subject for shareholder action under state law, he had “high confidence that the SEC staff would honor that position.”

Eliminating precatory proposals under Delaware law would significantly pare back shareholder proposals under Rule 14a-8. It will be interesting to see how companies and proponents react to this development.

Shareholder Proposal Trends

Authors: JR Lanis and Macy M. Hawkins

Environmental, Social and Governance (ESG) Proposals

Environmental proposals accounted for 16% of all submissions in 2025, a slight decrease from 17% in 2024, with 133 proposals submitted (excluding 14 anti-ESG environmental proposals). Despite this decline in volume, the relative share of environmental proposals remained stable, indicating that environmental issues continue to be a significant concern for shareholders. However, support for these proposals continued its multiyear downward trend, with none of the 72 environmental proposals that went to a vote receiving majority support. This represents a 13% decrease in the number of environmental proposals voted on compared to the previous year.

The most common environmental topics in 2025 were greenhouse gas reduction (including Scope 3 emissions), plastic and sustainable packaging, and emissions financing. The persistent lack of majority support and declining passage rates for environmental proposals reflect both shifting investor priorities and the impact of regulatory changes that have made it easier for companies to exclude such proposals from their proxy materials.

Social proposals also experienced a significant decline, with 223 submissions in 2025 (down 33% from 335 in 2024), representing 27% of all proposals. Of the 109 social proposals that went to a vote, only four passed, all of which related to political contributions. There was a marked reduction in diversity, equity and inclusion proposals, with only 13 submitted in 2025 – less than half the volume of the previous two years. Average support for social proposals fell from nearly 20% in 2024 to 17% in 2025, continuing a downward trend observed since 2023.

Governance-focused proposals remained robust, with 356 submissions in 2025 (excluding anti-ESG proposals), a figure comparable to the 377 filed in 2024. These proposals enjoyed relatively high levels of shareholder support and passage rates, with 46 of the 240 governance proposals passing. Notably, there was increased support for proposals related to board declassification, severance pay and majority voting in director elections, with support for these topics rising by 16%, 7% and 6%, respectively, compared to 2024.

Anti-ESG Proposals

The 2025 season was characterized by an increase in anti-ESG proposal activity. The number of anti-ESG proposals rose by 36% from 94 in 2023 to 128 in 2025. Despite this growth, anti-ESG proposals continued to receive minimal shareholder support, averaging just 2.9%. The majority of anti-ESG proposals focused on social topics, with smaller proportions addressing governance and environmental issues.

Impact of SEC Guidance and No-Action Relief

The regulatory environment in 2025 was profoundly shaped by the SEC’s issuance of SLB 14M, which reinstated a company-specific approach to evaluating the significance of policy issues under Rule 14a-8. This change made it easier for companies to exclude proposals that, while addressing broad social or ethical concerns, were not deemed significant to the company’s specific business operations. As a result, there was a substantial increase in the number of no-action relief requests (342 in 2025, up 29% from 2024 and nearly double the 2023 figure).

However, on Nov. 17, 2025, the SEC’s Division of Corporation Finance declared that it would no longer respond to or provide substantive views on most no-action requests from companies seeking to exclude shareholder proposals under Rule 14a-8, except for those based on state-law propriety under Rule 14a-8(i). This decision was driven by a backlog of regulatory filings and resource limitations following the federal government shutdown, and it applies to the entire 2025-2026 proxy season, including pending requests.

The immediate impact is that companies must now proceed without the traditional assurance of SEC staff review when excluding shareholder proposals, increasing the risk of disputes, litigation and market scrutiny.

Conclusion

The 2025 proxy season was characterized by stability in overall shareholder proposal activity but significant shifts in the composition, support and outcomes of those proposals. Governance proposals remained resilient, while environmental and social proposals continued to decline in both volume and support. The rise in anti-ESG activity, coupled with increased exclusions facilitated by the SEC’s revised guidance, underscores the evolving and contested nature of shareholder engagement on ESG issues.

Proxy Advisory Firms

Author: Sean D. Cheatle

Institutional Shareholder Services (ISS) and Glass, Lewis & Co. (Glass Lewis) recently released their benchmark proxy voting updates for the 2026 proxy season.

ISS

ISS released its [benchmark proxy voting updates](#) on Nov. 25, 2025. While the updates are largely modest, companies should be aware of how certain changes build on previous trends.

1. Unequal Voting Rights

ISS has eliminated inconsistencies in the treatment of capital structures with unequal voting rights between “common” and “preferred” stock, regardless of classification. ISS recommends an adverse or withheld vote if the company employs a multiclass capital structure with unequal voting rights, which generally includes classes of stock that have additional votes per share or classes that are not entitled to vote on the same ballot items or director nominees. This policy excludes preferred shares that vote on an “as-converted basis” and situations where enhanced voting rights are limited in duration and applicability.

2. Pay-for-Performance Evaluation Factors

The period for quantitative measures to assess alignment of pay and performance has been extended from a three-year period to a five-year period. Such measures include the company's total shareholder return and the CEO's annualized total pay rank within a peer group. ISS also extended the time frame for measuring the CEO's annualized pay relative to the peer group median from the most recent fiscal year to one- and three-year periods.

3. Time-Based Equity Awards

ISS emphasized the importance of the ratio of performance- to time-based long-term incentive awards and the long-term focus of vesting requirements for equity awards. This change reflects the desire of institutional investors to have a more flexible quantitative approach to equity compensation pursuant to which time-based equity can comprise most, if not all, of equity compensation so long as it is long term in nature.

4. Say-on-Pay Communications and Responsiveness

ISS approved a more flexible approach for companies to address low say-on-pay support when feedback is limited. If a company is unable to obtain specific feedback but it has disclosed meaningful engagement efforts, then ISS will assess the company's actions as well as the company's explanations for why such actions are beneficial to shareholders. This update acknowledges recent Securities and Exchange Commission (SEC) guidance regarding passive versus active (13G vs. 13D) filing status for institutional investors, which may make it more difficult for issuers to solicit feedback. This modest change allows for more flexibility in how companies can demonstrate engagement in response to low say-on-pay vote support.

5. High Nonemployee Director (NED) Pay

In response to multiple instances of problematic NED pay decisions since the implementation of the NED pay policy in 2019, ISS will have expanded authority to issue adverse recommendations where ISS sees a pattern of NED compensation awards (i.e., for two or more consecutive or nonconsecutive years of excessive NED compensation). In addition, adverse recommendations may be issued in the first year for egregious NED compensation issues, such as particularly large NED pay compared with industry peer medians or pay that exceeds that of a company's executive officers, or inadequate disclosures or an insufficient rationale justifying unusual NED payments.

6. Equity Plan Scorecard

ISS added a new scored factor into the Equity Plan Scorecard (EPSC) under the Plan Features Pillar that assesses whether a plan in which NEDs participate discloses cash-denominated award limits, which ISS views as a best practice. This new factor will only apply to the S&P 500 and Russell 3000 EPSC models for 2026.

7. Climate Change, Greenhouse Gas (GHG) Emissions and Diversity/Equity Proposals

ISS has adopted a case-by-case approach for climate change, GHG emissions and diversity/equity of opportunity-related shareholder proposals to reflect the general improvement in company disclosures and practices as well as the increasingly varied regulations on these disclosure matters.

Glass Lewis

Glass Lewis released its [benchmark proxy voting updates](#) on Dec. 4, 2025. Beginning in 2027, Glass Lewis will tailor its voting recommendations based on the investor's custom instructions or investment philosophies and priorities. For 2026, Glass Lewis will continue to provide its benchmark recommendations, including two new items and several clarifying revisions to existing policies.

Unlike ISS, Glass Lewis affirmed its existing board diversity policies, which include voting against the nominating committee chair for boards of (i) Russell 3000 companies without at least 30 percent gender-diverse directors, (ii) non-Russell companies without any gender-diverse directors and (iii) Russell 1000 companies with fewer than one director from an underrepresented community.

1. Mandatory Arbitration Provisions

Glass Lewis now evaluates whether a company has adopted a mandatory arbitration provision following an IPO, spinoff or direct listing and will recommend against the election of the chair of the governance committee or, in certain circumstances, the entire committee. Absent sufficient rationale from the company, Glass Lewis will generally recommend against bylaw or charter amendments adopting a mandatory arbitration provision.

2. Pay-for-Performance Methodology

Glass Lewis proprietary pay-for-performance model has been modified to reflect a scorecard-based approach consisting of up to six tests, which will be aggregated on a weighted basis to determine a score from 0 to 100. This system replaces the single letter grade of A through F previously used.

3. Shareholder Rights

Consideration of cases where the board has amended governing documents to reduce or remove shareholder rights has been expanded to include additional examples that may lead to adverse recommendations, such as (i) limiting the ability of shareholders to submit shareholder proposals, (ii) limiting the ability of shareholders to file derivative lawsuits and (iii) replacing majority voting standards with plurality voting.

4. Amendments to the Certificate of Incorporation

Glass Lewis' approach to amendments to a company's governing documents has been streamlined to evaluate proposed amendments on a case-by-case basis. Bundling several amendments under a single proposal is disfavored since this practice prevents shareholders from reviewing each amendment individually. Generally, Glass Lewis will recommend voting for amendments that are unlikely to have a material adverse effect on shareholders.

5. Supermajority Vote Requirements

The policy on supermajority vote requirements has been clarified to specify that cases in which a company seeks to abolish supermajority voting requirements will be evaluated on a case-by-case basis. In order to protect the interests of minority

shareholders, however, Glass Lewis may oppose proposals in which a company with a large controlling shareholder attempts to abolish supermajority vote requirements.

6. General Approach to Shareholder Proposals

In light of the [SEC announcing the pause of its substantive review of no-action letter requests regarding Rule 14a-8](#), Glass Lewis has removed its language on companies' treatment of the SEC's former no-action process. Glass Lewis has reiterated, however, that it will generally approve of shareholders being afforded the opportunity to vote on material matters.

Corporate Governance

Advance Notice Bylaws

Author: John J. Harrington

Advance notice bylaws, which are provisions in a public company's bylaws that guide the process for stockholders to provide advance notice of proposals or director nominations to be voted on at an annual meeting, generally benefit both companies and stockholders. They require nominating stockholders to provide certain information about themselves, certain related parties, nominees and any proposals within a stated period of time prior to the annual meeting, which allows the company to consider this information and make informed decisions when responding.

However, advance notice bylaws that are overly restrictive or burdensome, or that are applied inequitably, may have the effect of disenfranchising stockholders, as was found in *Kellner v. AIM Immunotech, Inc., et al.*, Case No. 2023-0879. In *Kellner*, the Delaware Supreme Court found that certain advance notice bylaws were unenforceable, as they were adopted on a "cloudy" day, with the threat of a proxy contest imminent, and primarily adopted to "interfere with [the nominating stockholder's] nomination notice, reject his nominees, and maintain control." For additional information on the *Kellner* ruling, see [our alert](#) "The Delaware Supreme Court Provides Clarity for Advance Notice Bylaws," dated Nov. 4, 2024.

In the wake of *Kellner*, there has been a series of challenges to the advance notice bylaws of Delaware corporations. Notable decisions by the Delaware Court of Chancery in the past year include:

- In *Carroll v. Burnstein*, C.A. No. 2024-0317-LWW (Del. Ch. Aug. 25, 2025), the court dismissed a facial challenge to a bylaw's validity. The case involved a challenge to an advance notice bylaw based largely on an allegedly overbroad "acting in concert" disclosure provision. Unlike in *Kellner*, the bylaw in question was adopted on a "clear" day without threat of a proxy contest and the challenge did not relate to an active proxy contest. In this type of challenge, the court conducts a legal

analysis and the plaintiff must show that the challenged bylaw “cannot operate lawfully under *any* set of circumstances.” The court determined this high bar was not met and dismissed the case.

- In *Siegel v. Morse*, C.A. No. 2024-0628-NAC (Del. Ch. April 14, 2025), the court dismissed an equitable challenge to the enforceability of an advance notice bylaw provision due to a lack of ripeness. In this case, the stockholder, who had not made any nominations and did not intend to do so, was not challenging the facial validity of the bylaw provision. While a legal challenge to the facial validity of an advance notice bylaw may be considered absent a ripe dispute, as was the case in *Carroll* discussed above, the same is not true for an equitable challenge to enforceability. Because there was no “genuine, extant controversy,” the court dismissed the case.
- In *Vesjeli v. Duffy*, C.A. No. 2025-0232-BWD (Del. Ch. May 21, 2025), the court, applying enhanced scrutiny, found that directors violated their fiduciary duties by reducing the number of directors up for election in the face of a proxy contest (i.e., on a “cloudy” day). At the same time, the court upheld the directors’ rejection of an advance notice of nominations, largely based on a claimed failure by the nominating stockholders to disclose group arrangements and understandings, finding that the stockholders failed to demonstrate compliance with the bylaws and that the directors demonstrated that their rejection was not inequitable. However, to remedy the breach of fiduciary duties, the court required that a new 10-day nomination period be reopened.

These decisions demonstrate that stockholders challenging advance notice bylaw provisions face a high bar. However, that bar is not insurmountable. Directors reviewing or considering new advance notice bylaw provisions should ensure that these provisions are clearly drafted, seek relevant information and do not impose an unreasonable burden on stockholders. As the court noted in *Carroll*, “[g]ood corporate governance counsels in favor of clear and straightforward bylaws. And careful drafting balances the board’s need for orderly nominations with stockholders’ fundamental right to exercise the franchise, while minimizing litigation risk.”

Board Practices and Potential Enhancements

Authors: Janet A. Spreen and James-Paul Cumming

Introduction

Recent surveys of public company boards, general counsels and corporate secretaries reveal a landscape marked by increasing complexity, heightened expectations, and a growing demand for accountability and strategic foresight. Drawing on several major 2025 surveys,¹ this article summarizes key findings and offers actionable recommendations for boards seeking to enhance their effectiveness, including through a focus on technology.

Heading into 2026, both boards and management indicated that growth and innovation remain a priority despite ongoing market volatility and economic uncertainty. According to a [BDO survey](#) of more than 200 directors,² their boards are most focused on investing in new or enhanced product and service development (31%) and strategic M&A or partnership transactions (30%) in the next 12 months. This same survey reported that nearly one-third of directors felt that advancing the use of emerging technology will require the most board attention in the coming year, and 74% plan to increase strategic investment in emerging technology. However, 23% of these directors believe their company is lagging competitors in technology implementation, and 13% say their board lacks the appropriate skills to oversee emerging technology and cybersecurity.

A survey of directors and general counsels conducted by [Diligent Institute and the Corporate Board Member](#)³ found consistency around the most impactful risks facing their businesses, although the ranking differs between the two groups:

Board	General Counsel
(1) sudden departure of CEO or mission-critical individual	(1) major cybersecurity incident
(2) major cybersecurity incident	(2) sudden downturn in economy
(3) sudden downturn in economy	(3) supply chain disruption
(4) ethics or culture-related scandal	(4) sudden departure of CEO or mission-critical individual
(5) supply chain disruption	(5) ethics or culture-related scandal

¹ “Driving a culture of accountability in the boardroom,” October 2025, PwC 2025 Annual Corporate Directors Survey, <https://www.pwc.com/us/en/services/governance-insights-center/library/annual-corporate-directors-survey.html> (2025 PwC Survey); 2025 U.S. Spencer Stuart Board Index, <https://www.spencerstuart.com/research-and-insight/us-board-index> (2025 Spencer Stuart Survey); “Boards Navigate Risk and ROI from Innovation to Implementation,” 2025 BDO Board Survey, <https://insights.bdo.com/2025-BDO-Board-Survey.html> (2025 BDO Survey); “What Keeps GCs Up at Night?,” April 14, 2025, Diligent Institute and The Corporate Board Member, <https://www.diligent.com/resources/blog/gc-index-april-2025> (2025 Diligent Institute Survey).

² 2025 BDO Survey at 2 and 3.

³ 2025 Diligent Institute Survey.

With this background, survey questions inquiring about board processes and effectiveness suggested some clear areas for boards to improve their capabilities to address these opportunities and challenges. Effective communication and collaboration between boards and management and recruiting the right skill sets are seen as critical, but challenges remain. The state of technology is a significant factor in how board responsibilities are evolving and also provides new means to address these responsibilities, but human behavior remains a key element of effective governance.

Building the Right Board

Looking Around the Room

One of the most notable results of the [2025 PwC Survey](#) of more than 600 public company directors was that more than half of directors surveyed (55%) think that someone on their board should be replaced. This is the largest year-over-year increase in responses to this question in the history of the survey.

The four most-cited reasons for believing a director should be replaced are that the director:

- Does not contribute meaningfully to discussions (41% of those surveyed)
- Has been with the board so long as to reduce performance (34% of those surveyed)
- Lacks necessary expertise for the role (21% of those surveyed)
- Undermines board cohesion due to the director's method of interacting with other board members (20% of those surveyed)

Why aren't these directors being replaced? Collegiality is the top reason (25%), followed by the notion that replacing a director can be time-consuming/awkward (21%) and that the director in question is close to the mandatory retirement age (19%).

A separate survey of corporate secretaries cited managing difficult board dynamics as the second-ranked challenge to effective governance, with these dynamics arising from factors such as interpersonal differences among directors and tendencies of a subset of directors to hold side discussions, resulting in misunderstandings and misalignment.⁴

Annual board assessments provide a natural opportunity for directors to share feedback on the board's performance overall as well as the contributions of each peer; however, 78% of directors in the 2025 PwC Survey reported that they do not believe their practice and process for board assessment provides a sufficient review of the performance of the board, and a slight majority report

that their boards are not investing sufficient resources into the assessment process.

Taken together, the results of these surveys suggest that many directors are concerned regarding current board performance and the methods of reviewing such performance. While this does not necessarily mean that directors believe their boards (or their related organizations) are ineffective, it does suggest that directors feel a growing unease with avoiding tough conversations in favor of preserving relationships, and that stronger accountability is needed.

Refining Board Capabilities

What can be done? Among directors surveyed by PwC, 88% indicated that they can take at least one action to improve their board, indicating strong buy-in for personal and/or organizational change.

Based on these findings, the following action items should be considered:

- **Implement individual evaluations in addition to board-level assessments:** Boards should consider moving beyond collective assessments and implement individual director evaluations, ideally with periodic external facilitation, to identify strengths and address underperformance. Among directors in the 2025 PwC Survey, 73% said their boards do not conduct individual evaluations (approximately 52% for S&P 500 companies⁵); however, these numbers have been shrinking over time as directors recognize the benefits of establishing a regular cadence for individual feedback. About one-third of new directors appointed each year over the past several years have been first-time directors,⁶ and this regular, structured feedback (particularly when combined with relationship-building, which is discussed further below) can expedite a director's learning curve, identify areas for development and encourage comfort in speaking up. These evaluations are also increasingly important, whether or not a board has or is overly dependent on a mandatory retirement age or tenure limit, to normalize expectations that renomination will be based on qualifications and contributions. Corporate secretaries who were surveyed indicated that they believed they can and should take a more active role in facilitating the self-assessment process and helping the board follow through in implementing its findings.
- **Broaden recruitment and refreshment practices and add more diverse perspectives:** When asked to prioritize actions for improvement, 25% of directors in the 2025 PwC Survey reported that they should obtain more diverse viewpoints or

⁴ "Elevating Your Partnership with the Board for Greater Strategic Impact," Society for Corporate Governance, Oct. 29, 2025.

⁵ 2025 PwC Survey at 17, and 2025 Spencer Stuart Survey at 48.

⁶ 2025 Spencer Stuart Survey at 28.

⁷ 2025 PwC Survey at 13, and "Board effectiveness: A survey of the C-suite," PwC and The Conference Board, May 2025, <https://www.pwc.com/us/en/services/governance-insights-center/library/board-effectiveness-and-performance-improvement.html>.

a focus on innovation on their board. Notably, in a survey of C-suite executives, only 32% believed that their boards have the right expertise.⁷ Various surveys indicate that board turnover remains slow; most new board appointments in 2025 were focused on traditional CEO, financial or industry expertise; and appointments of persons who self-identify as female and/or underrepresented minorities have declined since 2024 (which tracks with the scaling back of board diversity disclosure requirements and institutional investor voting policies). There has been some alignment between needs and appointments, with expertise in technology and innovation being a skill set needed to enhance board composition that was highly ranked by both directors and management teams and technology being the most common industry expertise for newly added directors.⁸ While some assessment and refreshment practices may be working, boards should consider more collaboration with management to continuously refine and expand the board's skills matrix so as to include emerging areas like technology, artificial intelligence (AI) and international experience and to accelerate the pace of change despite the tough conversations this may require. Boards may also want to consider more structured onboarding and expectation setting and "reboarding" for all directors to assist those with longer tenures in maintaining relevant perspectives.

- **Invest in ongoing education:** Another priority action item, noted by 45% of directors, is that they should pursue more education or training focused on key topics. While corporate secretaries can coordinate the addition of these updates to meeting agendas or recommend available resources, directors should also proactively seek their own education on key topics, including AI, cybersecurity and evolving regulatory requirements, to ensure effective oversight. It does not always make sense for a board to add a new member with particular expertise to meet an emerging need, especially when the need could be for a short-term transition or the individual's expertise could quickly become stale. Further, because the board as a whole holds fiduciary responsibility to the company and its stockholders, relying on a sole director expert rather than educating the full board may not result in the best oversight and decision-making. As part of the self-assessment and board matrix review process, boards should consider where education would be most helpful, including where it may bridge identified skill gaps. Much like boards and management teams have relied heavily on leveraging external cybersecurity resources over the past several years, both external providers and internal experts can be engaged to give the board more education on key topics in a

way that is geared toward appropriate understanding to assess risk, provide oversight and identify strategic opportunities. This level playing field of knowledge can also help overcome some of the concerns about lack of individual contribution or being too complacent due to longer tenures where directors have not kept up with the current environment facing the business. For topics that are highly critical to the business and would warrant more focused board education efforts, forming a standing or even an ad hoc subcommittee may also aid in that learning (for example, see *Technology Committees – Has Their Time Come?* below).

- **Foster open dialogue and relationship-building:** With 33% of directors reporting that they should increase relationships with their fellow board members and 24% of directors reporting that they should be more willing to add their voice to discussions,⁹ there is also room for improving the collegiality and comfort level in the boardroom. Efforts to build a board with a perfect mix of skills will be in vain if meetings are dominated by factors such as directors who constantly claim airtime while others bite their tongues, derailed topics, dismissed opinions and side conversations. While the chair usually takes the primary role here, all directors should participate in encouraging candid, inclusive discussions, peer mentoring, and informal relationship-building to strengthen board culture and accountability. Directors have noted that virtual meetings have reduced opportunities to get to know each other and build trust and that taking the time for one-on-one outreach and scheduling longer time frames for meetings that are held in person have helped bridge that gap. Also, encouraging ongoing awareness of these four dynamics that commonly affect the boardroom – deference to authority, groupthink, a preference for the status quo and confirmation bias – and steps that can be taken to avoid them¹⁰ (as well as reflecting on how these impact board effectiveness as part of the self-evaluation process) can create a culture that values both curiosity regarding the experience and perspectives of other directors and accountability for performance.
- **Leverage technology and data for efficiency, clarity and analysis:** Only 35% of directors surveyed report that their boards have incorporated AI tools, either to improve oversight performance or in review of the board's own performance (an area that we will discuss further in the section below). With constraints on boards' time and capacity to understand evolving topics and analyze data, boards should seek further collaboration with their corporate secretaries and other members of management to improve the quality and clarity of information provided and explore AI capabilities for education and performance analysis.

⁸ 2025 BDO Survey at 17, and 2025 Spencer Stuart Survey at 17.

⁹ 2025 PwC Survey at 5.

¹⁰ See "Unpacking board culture: How behavioral psychology might explain what's holding boards back," PwC, 2024, <https://www.pwc.com/us/en/services/governance-insights-center/library/unpacking-board-culture.html>.

AI as a Tool for the Board and Not Just the Company

In the survey referenced above, corporate secretaries noted that their top challenge in partnering effectively with the board was time constraints.¹¹ Other aspects of the survey highlighted the opportunities that corporate secretaries see to enhance efficiency and effectiveness, including through greater facilitation of succession planning and board assessments and increased use of data and technology capabilities.

While boards have been focused on appropriately overseeing AI risks and opportunities for the companies they serve, they have also focused on initiatives for using AI in the boardroom.

Both full boards and individual directors may incorporate AI technologies to improve oversight and facilitate more strategic perspectives, and several of the more common strategies are outlined below:¹²

- **Summarizing, synthesizing and adding focus:** AI tools can be utilized by boards to increase the speed and depth of review of materials provided by management. The classic response to a board packet by many board members is that the packets themselves are too large and unwieldy, leaving the board unable to determine the most important topics for oversight. AI tools can be used by directors to aid in the synthesis, review, summary and identification of topics of greatest interest at any given moment. Management can also use AI to expedite responses to board questions for additional information or compilation of comparative data. AI can also produce board and committee scheduling tools, agenda planning, meeting transcriptions, and summaries of key decisions and action items for post-meeting distribution. However, these actions should only be undertaken with careful consideration of the cautions described below.
- **Identifying emerging trends and gathering independent data in the market:** AI tools allow directors to more quickly gather and analyze external information and better benchmark against competitors and the wider industry in which the company operates, as well as provide independent validation or data-driven evidence to challenge management assumptions. AI tools can create automatic alerts and keyword searches to monitor updates such as milestone litigation, research breakthroughs, regulatory developments and market-shifting announcements.
- **Enhancing risk management, including cybersecurity:** AI-driven dashboards and monitoring technologies may improve the capabilities of boards to follow key risk metrics and be more immediately informed regarding cybersecurity and other risk measures. However, AI tools should not be used to replace the fundamental fiduciary responsibility regarding these items and should only be considered an aid to oversight and not direct supervision.

- **Enabling strategic planning:** AI tools can offer an incredible brainstorming environment and generate quick and simple modeling of future scenarios. This can allow consideration of alternatives in a more comprehensive way.
- **Improving board self-assessment and increasing skills of individual directors:** AI tools may be used by the board to assess its own performance, including assimilating evaluation feedback and reviewing other governance documents and disclosures provided by industry and other peer companies. AI tools can also be used to analyze meeting metrics, such as time spent on agenda topics (including presentation versus discussion) and questions raised, and to provide quick summaries and further areas for improvement. These tools could also be used to gather more in-depth data on individual board member expertise and identify opportunities to better utilize individual resources and identify and supplement blind spots at the individual and full board levels. Individual directors may also use AI to increase their own skill sets through ongoing education.

Several board portal providers now offer aspects of these tools as part of their services. However, the same concerns that apply to the use of AI by companies apply to its use by boards. Boards and management teams should be mindful of the following risks and consult with counsel for guidance:

- AI can produce erroneous and biased results that may appear to be correct and reinforce the views of the prompter but are instead misleadingly generated without a source. Directors cannot substitute AI for their careful judgment and application of their learned experience and instead must provide careful oversight of the use of any AI tools.
- There is potential for proprietary or confidential information of the company to be distributed, used or recorded in an unsecure or improper fashion.
- AI search prompts, meeting transcripts and summaries create additional records for litigation challenging the board's exercise of its fiduciary duties. Further, a lack of proper review of AI-drafted minutes may result in inaccurate records that fail to capture the essence of discussions or overemphasize minor points.

Further, the ease with which directors can gather their own information and conduct their own analysis also risks crossing the line between management's operational responsibilities and the board's oversight duties. It can also lead to inefficiencies where the management team has already considered the additional data that directors may bring into the boardroom or allow for many more rabbit holes, even if pursued in a faster fashion.

These opportunities and risks can be balanced by starting with a direct discussion of how the board, and each director, is

¹¹ Society for Corporate Governance at 1.

¹² See "Using AI in the boardroom – new opportunities and challenges," PwC, November 2025, <https://www.pwc.com/us/en/services/governance-insights-center/library/ai-use-in-the-boardroom.html>.

already using AI and their hopes for how to use it moving forward. Directors can consider the experience that they might wish to obtain or otherwise recruit to better use current and future AI tools. As a result of these discussions, a board will want to adopt formal AI policies that will consider the company's unique needs so that both the board and management are aligned on these topics and understand where machine versus human thought is being employed.

Consideration should also be given to ensuring that proper oversight of the AI tools themselves is maintained. Specifically, measures to protect against inaccuracies, bias, and use of AI data or records by unauthorized actors, as well as processes to resolve discrepancies and redundancies and to avoid the inadvertent creation of harmful records, will be important.¹³ Directors will need ongoing training, and AI use will need to be a recurring topic to ensure it aligns with fiduciary obligations. AI tools and technologies are rapidly advancing, and just as these tools present opportunities and challenges to organizations, they likewise present opportunities and challenges to the boards that oversee these organizations.

Technology Committees – Has Their Time Come?

With the exponential growth in how technology may be used and the risks it creates, boards are also taking a fresh look at how best to provide oversight.

Per the 2025 Spencer Stuart Survey, S&P 500 companies average 4.1 standing committees, with 71% of boards having more than the required audit, compensation and nominating/governance committees.¹⁴ This includes the addition of stand-alone technology committees, which have experienced the most growth in the past decade, with only 9% of S&P 500 companies having a technology committee in 2015 compared with 18% in 2025.¹⁵

In September 2025, the [EY Center for Board Matters issued a report](#) discussing the role of a company's board in overseeing the technology that the company uses or develops and providing helpful framing questions for boards to consider as they define the right approach. The [recommendations of the National Association of Corporate Directors \(NACD\) Blue Ribbon Commission in October 2024](#) also provide valuable guidance on building technology governance capabilities and leadership across three

key areas – oversight, insight and foresight – emphasizing how strengthening performance in these areas helps boards fulfill their fiduciary duty and advance long-term value creation.¹⁶

Historically, audit committees have overseen the use of technology as a function of its risk management role, but this approach presents potential complications, including that the committee may become overburdened and unnecessarily focus on the risks that technology poses rather than the opportunities that it may present.

There are several approaches to overseeing technology implementation, strategy and risk to be considered based on the company's needs and the board's capacity.

■ Full board oversight of the impact of technology

- » This approach is likely to be more effective in companies where technology is completely enmeshed in board agendas and board members have a greater understanding of the technology at issue itself or technology is not a significant component of the company's operations.
- » Challenges to this approach include the inability of the full board to do a deep dive into any single area without taking attention from other topics the board must focus on.

■ Integration of technology oversight within or across standing committees

- » This approach may work when the purview of technology agenda items is matched with the roles of the standing committees. For example, the NACD report offered the table below, with examples of how technology oversight responsibilities could be allocated among board committees:¹⁷
- » To date, boards that do not have technology committees will often expand the duties of one standing committee, most often the audit committee, to include review of cybersecurity and AI governance issues. Among S&P 500 companies, 92% specifically refer to cybersecurity risks as a committee responsibility and 75% cite the audit committee as supervisor of these risks. Over the past year, the disclosure of AI risks as a committee responsibility has risen from 6% to 20%.¹⁸
- » However, as the above table illustrates, committees must be able to think outside of the typical areas of focus, so that the full spectrum of technology areas meriting board attention is adequately addressed. In addition, coordination across committees will be needed when responsibilities are divided in order to develop a complete picture and avoid duplication.

¹³ For additional considerations regarding use of technology, see "10 Tips for Technology in the Boardroom: The Year in Governance," American Bar Association, April 2025, https://www.americanbar.org/groups/business_law/resources/business-law-today/2025-april/10-tips-technology-in-boardroom/.

¹⁴ 2025 Spencer Stuart Survey at 56.

¹⁵ *Id.* at 57.

¹⁶ "Technology Leadership in the Boardroom: Driving Trust and Value," Harvard Business Review, October 2024, <https://corpgov.law.harvard.edu/2024/10/08/technology-leadership-in-the-boardroom-driving-trust-and-value/>.

¹⁷ *Id.*

Illustrative Standing Committee Responsibilities for Technology Oversight

Committee	Responsibilities
Compensation and Human Resources	■ Reviewing enterprise-wide technology talent strategy ■ Reviewing incentives and technology strategy alignment for C-suite
Audit	■ Oversight of technology and data risk, governance and internal controls ■ Oversight of risk management, including insurance
Nominating and Governance	■ Setting an ongoing technology board education agenda ■ Assessing board technology oversight practices ■ Defining behaviors and proficiency standards for technology oversight ■ Reviewing director succession for technology proficiency and fluency ■ Reviewing ethical use of technologies

■ Formation of a special-purpose technology committee

- » This approach provides a formal structure for focused discussions without burdening existing committees and can be more beneficial where some directors already have sufficient background, enabling a deeper dive. Even if such expertise is not already sufficiently present within the board, focused committee time can be used to provide appropriate education, including from third-party resources that offer the most up-to-date perspective.
- » Challenges include the additional logistical requirements of staffing and providing management support for an additional committee, overreliance on a subset of directors to lead in a significant area of responsibility, the slippery slope of the board wading too far into management's job, and determining whether the committee will be short-term to focus on transitional technology issues or have a longer-term role.
- » Industries that are most likely to take the stand-alone committee approach include companies in financial services (22%), information technology (20%), healthcare (19%) and industrials (18%).¹⁹

■ Various alternative approaches with less formal authority

Boards may also use subcommittees, advisory boards, ad hoc committees and other informal structures that may either be temporary or serve as proving grounds for a more formal structure. Each board will have to determine if a technology committee or other structure is the right approach to address the board's responsibilities with respect to the increasing risks and areas for growth presented by new technologies. Boards might consider the current and future impact of technology on the company's business, its strategy regarding technology, whether the board currently has or how best to obtain or utilize the necessary expertise, and what will provide the best tools for the board in pursuing its oversight role. As noted above, integrating technology into the board's data-gathering and analysis process is also likely to be part of the equation.

¹⁸ "How boards can enhance technology oversight to unlock potential," EY Center for Board Matters, Sept. 16, 2025, https://www.ey.com/en_us/board-matters/enhancing-board-oversight-of-technology.

¹⁹ Id. at 5.

General Considerations

EDGAR Next Is Here: Key Changes Going Forward

Author: Samuel F. Toth

With EDGAR Next now fully implemented, filers should understand the key changes and ongoing requirements to maintain compliance. On Sept. 27, 2024, the Securities and Exchange Commission (SEC) adopted amendments to improve the security of the Electronic Data Gathering, Analysis and Retrieval (EDGAR) filing system. The updated system – known as EDGAR Next – introduced significant changes to account management and filing processes.

Enrollment in EDGAR Next began March 24, 2025, and all filings were required to be submitted through the new platform by Sept. 15, 2025. Legacy EDGAR codes expired Dec. 19, 2025. Existing filers who did not transition to EDGAR Next by that date will now need to submit an amended Form ID to regain EDGAR filing access.

Under the prior system, each filer had a single set of EDGAR codes (central index key (CIK), CIK confirmation code (CCC), password, passphrase and password modification authorization code (PMAC), and any person with access to these codes could submit filings or manage the filer's account. Under EDGAR Next, each filer must designate account administrators and users authorized to act on their behalf, and each person accessing the platform must sign in with their own Login.gov credentials and complete multifactor authentication. Account administrators have the authority to manage the filer's EDGAR Next account, including to appoint additional account administrators, edit the filer's account information, submit filings directly and add "users" who are authorized to submit filings (but not to otherwise manage the account).

In terms of ongoing compliance, perhaps the biggest change is the new **Annual Confirmation** requirement. Previously, annual password updates were a formality with little consequence under the old system. EDGAR Next introduces a stricter process. Account administrators must now submit an Annual Confirmation each year to verify user authorizations and account details. **Failure to complete this step within three months of the deadline will result in account deactivation.** If the account is deactivated, the filer will be unable to submit filings until they reapply for access through an amended Form ID – a process that often takes several business days. Therefore, timely compliance with this new requirement is critical to avoid filing disruptions going forward.

Key Changes at a Glance:

Topic	Prior EDGAR System	EDGAR Next
EDGAR Codes	Single set of codes (CIK, CCC, password, passphrase and PMAC) used for all access.	Only CIK and CCC remain. (CCC resets upon enrollment.) The other legacy codes – password, passphrase and PMAC – are now retired.
Access	Anyone with codes could file or manage an account.	Individual Login.gov credentials with mandatory multifactor authentication are required.
Account Management	No formal administrator structure; access controlled by sharing codes.	Filers must designate account administrators (minimum of two for entities and one for individuals; maximum of 20 for all filers).
Application (Form ID)	Third parties could file an application with an unnotarized power of attorney (POA).	Form ID now includes administrator appointments; a filer must have a notarized POA to appoint a third party as an initial administrator on Form ID.
Annual Requirements	A password was required to be renewed annually, but failure to update did not lead to deactivation.	Administrators must submit an Annual Confirmation of user authorizations and account details. Failure to complete this action within three months after the annual deadline will result in account deactivation, requiring the filer to reapply for access through an amended Form ID.
Security Features	These included basic code-based access with no multifactor authentication.	Login.gov integration, multifactor authentication and role-based permissions are now included.
Optional Tools	There were limited automation options.	Application programming interface functionality is now available for submissions and account management.

Overview of SEC 2026 Priorities

Authors: John J. Carney and Nikita Mistry

In 2025, the SEC experienced major changes, with new Chairman Paul Atkins assuming office on April 21, 2025, and retired military Judge Margaret (Meg) Ryan being installed as Director of the Division of Enforcement, effective Sept. 2, 2025. The SEC is moving to a “back to basics” enforcement approach. During his speeches and testimonies before the Senate, Chairman Atkins has repeatedly indicated his desire to return the SEC to its “three-part mission” enunciated in the Securities Exchange Act of 1934:

- First, to “protect investors” by focusing enforcement resources on those who “lie, cheat, and steal”
- Second, to facilitate “capital formation” by fostering a “direct and economical route” for investors’ capital to find its way to entrepreneurs
- Third, to “maintain fair, orderly, and efficient markets” by ensuring that the SEC regulations balance costs and benefits and do not become too burdensome

In so doing, Chairman Atkins retreated from the expansive “regulation by enforcement” approach of former SEC Chairman Gary Gensler and clarified that the “policymaking will be done through notice and comment rulemaking”.

Recent changes and shifts within the Commission reflect the efforts to engage with the industry transparently and balance enforcement with innovation. For example, as discussed [in our alert](#) “SEC Defense Process Redefined – Chairman Atkins Announces Changes to Wells Process and Other Enforcement Policies,” on Oct. 7, 2025, Chairman Atkins announced updates to the Wells process to promote fairness and transparency by affording defense attorneys a meeting with senior SEC officials prior to an enforcement recommendation to the Commission and encouraging the Staff to be forthcoming about the investigative file materials. More recently, on Nov. 17, 2025, the SEC’s Division of Examinations published “Fiscal Year 2026 Examination Priorities.” In announcing the priorities, Chairman Atkins summed up the SEC’s philosophy: “Examinations are an important component of accomplishing the agency’s mission, but they should not be a ‘gotcha’ exercise.”

The following areas, among others, are likely to be the SEC’s focus given the cases filed in 2025, recent trends and the scope of rulemaking undertaken by the SEC under the Trump administration:

- **Investor Harm:** The SEC is expected to continue to shift from a “volume-driven” regime toward one focused on higher-impact investigations. The agency may bring fewer cases overall, but those pursued are expected to be financially consequential. In 2025, case filings were substantially lower than prior-year filings, an expected outcome given a smaller enforcement workforce and a leadership philosophy focused on impact over volume. The enforcement resources will likely be directed toward cases that cause genuine investor harm or undermine market integrity, rather than “technical” violations. As a result, some lower-priority matters, such as recordkeeping lapses or administrative

deficiencies, will be deprioritized to make room for higher-impact investigations involving fraud, insider trading and governance breakdowns.

- **Corporate Penalties:** Under Chair Gary Gensler, the SEC obtained record-high corporate disgorgements and penalties. Chairman Atkins has maintained a view that high corporate penalties are counter to the SEC’s mission of investor protection and instead burden shareholders without holding the appropriate parties accountable for wrongdoing. Therefore, Chairman Atkins is likely to approach financial penalties as a balance between deterring individual wrongdoing and protecting investors at the same time.
- **Digital Assets and Cryptocurrency:** The SEC’s once-aggressive stance toward digital assets has softened. After several high-profile dismissals and judicial pushbacks involving major crypto exchanges and projects, the Commission appears to be shifting from “regulation by enforcement” to “rulemaking by design.” While the SEC is reserving enforcement for clear instances of fraud, market manipulation or investor deception, routine registration or technical compliance matters are less likely to be pursued.
- **Environmental, Social and Governance (ESG) and Climate Disclosure Regulations:** On March 27, 2025, the SEC ended its defense of the climate rules and related disclosures for investors. The agency is now treating ESG misstatements like any other disclosure, i.e., if sustainability claims are exaggerated or data is misstated, enforcement is pursued under standard anti-fraud provisions.
- **Artificial Intelligence (AI) and Emerging Technologies:** On Feb. 20, 2025, the SEC created the Cyber and Emerging Technologies Unit to focus on combating cyber-related misconduct and to protect retail investors from bad actors in the emerging technologies space. The SEC has begun targeting misleading statements about AI capabilities and digital innovation, reflecting a growing concern that companies may be overstating their use – or understanding – of these technologies in investor communications. The new approach emphasizes proving intent (scienter) for fraud and protecting investors from bad actors in tech/crypto while still requiring diligence on disclosures.
- **Shareholder Activism:** On Nov. 15, 2025, the SEC announced that it will not provide responses or views on most no-action requests for shareholder proposal exclusions “due to current resource and timing considerations following the lengthy government shutdown and the large volume of registration statements and other filings requiring prompt Staff attention, as well as the extensive body of [SEC] guidance” in this area that is available to companies and proponents. Public companies that intend to exclude shareholder proposals from their proxy statements must still notify the SEC and proponents no later than 80 calendar days before filing their definitive proxy statements.

Chairman Atkins is expected to lead the SEC with a general approach of reducing regulatory burdens, fostering capital formation and innovation, and enhancing competition in the markets. He is expected to prioritize restoring trust and credibility to the agency at a time when the SEC has faced multiple decisions overturning its rules for exceeding its statutory authority. Chairman Atkins, as well as Commissioners Hester M. Peirce and Mark T. Uyeda, are steadfast critics of regulation by enforcement and novel cases. Instead, President Donald Trump's SEC is expected to focus on the core mission of the agency – tackling fraud – and to rely on principles-based rather than prescriptive regulation.

SEC No-Action Letter Eases Verification for Large 506(c) Investments

Authors: JR Lanis and Adam W. Finerman

The No-Action Letter

On March 12, the Staff of the SEC issued interpretive guidance [in a no-action letter](#) (the No-Action Letter) agreeing with an interpretation of [Rule 506\(c\)](#) proposed by a major international law firm (the Request Letter). The interpretation limits, under certain circumstances, the level of verifying documentation an issuer needs in order to establish that it took “reasonable steps” to confirm that each 506(c) investor is accredited under [Rule 501\(a\)](#). The No-Action Letter provides clarity with a simple fix to an issue that securities practitioners have faced since 2013.

Streamlining these verification steps under the No-Action Letter turns on whether the terms of a Rule 506(c) offering require investors to commit to a sufficiently large minimum investment. Specifically, setting the minimum investment or commitment amounts for any natural person to \$200,000 and for a legal entity to \$1 million can be relied on by issuers to establish that they have taken the “reasonable steps” required under Rule 506(c) to confirm whether an investor is accredited.

Apart from having an appropriate minimum investment amount in place, investors must (i) represent that they are in fact accredited, and (ii) represent that their investment funds have not been provided by third-party financing for the purpose of satisfying the minimum investment in question. Finally, issuers must have no actual knowledge that such investor representations are false.

Background on Rule 506(c)

Since Rule 506(c) was first adopted in 2013 under [Release No. 33-9415 \(July 10, 2013\)](#) (the Final Rule Release), issuers have

been permitted to raise capital from accredited investors through private securities offerings using general solicitation. General solicitation permits issuers to get the word out about a private securities offering through social media and other public outreach targeting potential investors. Such outreach need not be limited to accredited investors, but anyone who commits to invest under Rule 506(c) must be an accredited investor as evidenced by the issuer having taken “reasonable steps to verify that purchasers of securities sold in any offering under [Rule 506(c)] are accredited investors.”

While what count as “reasonable steps” toward verification was addressed in the Final Rule Release, the language of Rule 506(c) itself provides less detail. For natural persons, the rule only goes so far as to set forth permissive language. Subsection (c)(2)(ii) lists safe harbor¹ verification methods that provide examples of verification steps that are “non-exclusive and non-mandatory.”

But page 20 of the Final Rule Release notes that issuers can use a “principles-based approach ... when determining the reasonableness of the steps to verify that a purchaser is an accredited investor,” specifically noting that issuers can consider whether “the terms of the offering [include] a minimum investment amount.” Neither the rule nor the release, however, specifies which minimum investment amount to use.

The Request Letter posited specific minimum investment amounts and SEC Staff agreed with the amounts in the No-Action Letter – \$200,000 for natural persons and \$1 million for legal entities.²

Implications of the No-Action Letter

Setting the minimum investment amounts of a Rule 506(c) offering at \$200,000 for natural persons and \$1 million for legal entities can allow issuers to avoid the cumbersome verification steps that have become customary since Rule 506(c) was adopted in 2013. Prior to the No-Action Letter, issuers often opted to use third-party services to verify accredited investors' status. Such services review each investor's recent federal tax statements or evidence of assets and then provide the issuer with a letter confirming that the investor is accredited, satisfying the issuer's requirement to take reasonable verification steps. While such services, or verification directly by the issuer, can be helpful for verifying investors near the threshold, relying on a safe harbor contemplating the collection of personal tax or asset documents proved to be cumbersome for certain investors.

Now, installing minimum investment amounts can establish that an issuer has taken the required reasonable verification steps. For this to work, each 506(c) investor must represent that it is an accredited

¹ The verification steps in Rule 506(c)(2)(ii) are referenced here as a safe harbor because that section provides that the “issuer shall be deemed to take reasonable steps to verify” whether an investor is accredited by following the example steps provided.

² For legal entities whose accredited investor status relies on the status of its equity owners, each equity owner of such a purchaser must represent to the issuer that each equity owner of the purchaser will be individually subject to the applicable minimum investment or commitment amount of \$200,000 for natural persons and \$1 million for legal entities. This is in addition to such purchaser being subject to a minimum of either \$1 million or, if the equity owners are comprised exclusively of fewer than five natural persons (i.e., no legal entities), \$200,000 for each such equity owner.

investor and that no investment capital was financed by a third party to satisfy a particular minimum investment amount. The issuer must also have no actual knowledge that any such investor representation is false.

The Bottom Line

The No-Action Letter is expected to streamline the capital-raising process for 506(c) offerings that have the flexibility to require sufficiently high minimum investment amounts, a common feature of private funds. Relying on a high minimum investment amount was contemplated in the Final Rule Release for Rule 506(c), and the verification steps in the rule (e.g., collecting tax statements, evidence of certain assets) have since 2013 been listed as sufficient but not necessary to confirm accredited investor status. Now, however, the No-Action Letter provides some additional comfort for reducing the volume of verifying documents when each investor commitment must be sufficiently large.

Things to Watch in 2026

SEC Seeks Easier IPOs for Small Firms

Author: Maryana Curci

In recent remarks, Securities and Exchange Commission (SEC) Chairman Paul Atkins signaled a renewed focus on easing the path for smaller companies to enter the public markets in the spirit of “revitalizing America’s markets at 250.” While it is impossible to pinpoint a singular cause, cumbersome and costly government regulations and what Atkins refers to as “regulatory creep” are likely offenders for discouraging companies, especially smaller companies, from entering the IPO pipeline. According to Atkins, “the path to public ownership has become narrower, costlier and overly burdened with rules that often create more friction than benefit.” In an effort to “make IPOs great again,” Atkins emphasized the importance of scaling SEC disclosure rules with a company’s size and maturity; specifically, he highlighted the importance of balancing a company’s disclosure obligations with its ability to bear the burden of such compliance.

In particular, Atkins advocated for building on the efforts of the JOBS Act and allowing newly listed public companies to have a period of years (instead of one year) to comply with SEC disclosure obligations. Furthermore, he called for the SEC to revisit the thresholds and related categories that classify a company as a “smaller reporting company,” underscoring the disproportionate burden placed on smaller, less-established companies compared with their larger and more sophisticated counterparts. While it remains to be seen how these priorities will materialize, if at all, Atkins’ remarks indicate a broad appetite for addressing the challenges facing smaller companies that are weighing the possibility of going public.

A Potential Shift Away from Quarterly Reporting in the US?

Authors: Macy M. Hawkins and Adam Finerman

As of December 2025, mandatory quarterly reporting for most U.S. public companies remains in force, but the Securities and Exchange Commission (SEC) is actively considering proposals, including a 2025 rulemaking petition, to permit optional semiannual reporting, aligning U.S. practice more closely with the U.K. and European Union, which have already shifted to semiannual reporting. No final rule has been proposed or adopted, but the likelihood of change is higher than in previous years, with formal SEC rulemaking possible in 2026.

The current legal requirement for quarterly reporting by U.S. public companies is set forth in Rule 13a-13 of the Securities Exchange Act of 1934 (the Exchange Act). This rule obligates issuers with securities registered under Section 12 of the Exchange Act, and those that file annual reports on Form 10-K, to submit quarterly reports on Form 10-Q for each of the first three fiscal quarters, subject to certain exceptions (such as for investment companies, foreign private issuers and asset-backed issuers).

The SEC has periodically revisited the question of reporting frequency. In 2018, prompted by concerns about “short-termism” and regulatory burden, the SEC issued a request for comment on whether to provide companies with flexibility regarding the frequency of periodic reporting. The response from market participants was overwhelmingly in favor of retaining quarterly reporting, and the SEC ultimately took no action to change the rules at that time.

The landscape shifted in 2025, with renewed and intensified calls for reform. On Sept. 30, the Long-Term Stock Exchange (LTSE) filed a formal rulemaking petition with the SEC, requesting amendments to Rules 13a-13 and 15d-13 and the general instructions for Form 10-Q. The LTSE’s proposal would allow public companies to opt for comprehensive interim reports on a semiannual basis while maintaining Form 10-K and Form 8-K requirements. This proposal was quickly followed by public statements from President Donald Trump advocating for a shift to six-month reporting cycles and by SEC Chairman Paul Atkins, who indicated that the SEC was actively evaluating whether to propose rule changes to permit semiannual reporting. Atkins suggested that the SEC may seek public feedback on whether a uniform reporting model remains appropriate, noting that smaller issuers might benefit from reduced compliance costs while others may prefer to continue quarterly disclosures.

Despite the flurry of policy activity and public debate in 2025, the legal requirement for quarterly reporting remains unchanged as of December. No final rule or amendment has been adopted to permit semiannual reporting, and the SEC has not yet issued a formal notice of proposed rulemaking or completed the required notice-and-comment process.

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