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SEC ADOPTS FINAL RULE AMENDMENTS MANDATING SECTION 16 REPORTING BY FOREIGN PRIVATE ISSUER INSIDERS

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WHAT HAPPENED

On February 27, 2026, the SEC adopted [final rule amendments](#) requiring directors and officers (referred to as “insiders”) of foreign private issuers (“FPIs”) with equity securities registered under Section 12 of the Exchange Act to file Section 16 reports disclosing insider holdings and transactions in issuer securities. As discussed in our [December 29, 2025 post](#), the new reporting requirement was mandated by the “Holding Foreign Insiders Accountable Act” (“HFIAA”), which was enacted into law on December 18, 2025 as part of the National Defense Authorization Act for Fiscal Year 2026. The HFIAA eliminated the long-standing exemption from the Section 16 reporting requirement available to FPI insiders.

TAKEAWAYS

The final rule amendments adopted by the SEC largely follow the statutory requirements of the HFIAA. Initial Form 3 reports for FPI insiders are due March 18, 2026.

Although permitted by the HFIAA, the SEC did not adopt any exemptions to the Section 16 reporting obligations for insiders of FPIs that are subject to substantially similar securities ownership/reporting requirements under foreign law. However, in a [statement made on February 27, 2026](#), Chairman Paul S. Atkins indicated that the staff is actively evaluating whether it will recommend any such exemptions to the SEC. The timing for an exemption, if any, is uncertain, so FPI insiders should continue to prepare for their initial filings to be made on March 18, 2026.

Additionally, in adopting the final rule amendments, the SEC did not:

- extend Section 16 reporting obligations to holders of 10% or greater of FPI equity securities registered under Section 12; or
- apply the short-swing profit rule set forth in Exchange Act Section 16(b) to FPI insiders.

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Pursuant to the HFIAA, FPI directors and officers will be required to file initial reports regarding their beneficial ownership of FPI equity securities by March 18, 2026. As defined by Exchange Act Rule 16a-1(f), the officers to be subject to the Section 16 reporting obligations are the FPI's president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the issuer in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs significant policy-making functions, or any other person who performs similar significant policy-making functions for the FPI. Pursuant to Rule 16a-1(f), officers of an FPI's subsidiaries are deemed officers of the FPI if they perform such policy-making functions for the issuer.

In the rule release, the SEC staff indicated that the extension of the Section 16 reporting requirements to FPI insiders will benefit investors by increasing transparency about the trading and beneficial ownership positions of the insiders. The staff indicated that the benefits of Section 16 reporting of beneficial ownership, acquisitions, dispositions and partial information about equity incentive awards by FPI insiders may:

- “aid investors in obtaining a more accurate picture of incentives of directors and officers of FPIs and a potentially more accurate valuation of the issuer’s shares, enabling better informed investment decisions and contributing to more efficient allocation of investor capital;”
- provide information about the extent of alignment of directors’ and officers’ interest, which is not available in other FPI disclosures;
- “provide investors with context for supplementing and understanding other corporate disclosures that are used to value the companies’ shares and make informed investment decisions (especially to the extent that FPIs provide disclosures that are different from U.S. domestic issuers due to certain FPI accommodations);”
- eliminate the information asymmetry between FPI insiders and outside investors by providing additional trading and ownership information of insiders, which is expected to “result in more informationally efficient stock prices;” and
- draw additional market scrutiny to the trading of FPI insiders, which may serve to deter and reduce the risk of FPI insiders trading on the basis of material non-public information and result in increased investor confidence and willingness to trade in an FPI’s shares.

In order to implement the new FPI insider reporting obligations, the SEC amended the following Exchange Act rules:

- Rule 3a12-3 - eliminate the exemption from Section 16(a) for securities of FPIs; and
- Rule 16a-2 – make explicit that beneficial owners of more than 10% of a class of equity securities of FPIs registered pursuant to Section 12 are not subject to the Section 16(a)

reporting obligations.

Additionally, the SEC made minor changes to the instructions to Forms 3, 4 and 5, and added a box to each form to report an FPI's foreign trading symbol.

Given the proximity to the initial reporting deadline, we expect that a majority of FPIs have begun to prepare for the new reporting obligations. To the extent useful, FPIs may refer to our [December 29, 2025 post](#) for suggested actions as they continue to prepare for the reporting requirements.

MEET THE TEAM



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