



PwC Legal Japan News

New SEC Section 16(a) Reporting Requirements for Foreign Private Issuers

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In brief

For a company to be eligible to trade on a United States 'national securities exchange', such as the New York Stock Exchange or Nasdaq Stock Market, it must register that class of securities (either debt or equity) with the U.S. Securities and Exchange Commission (the '**SEC**') under Section 12(b) of the Securities Exchange Act of 1934, as amended (the '**Exchange Act**'). By registering securities under Section 12(b) of the Exchange Act, a company becomes subject to the periodic and current reporting requirements of Section 13(a) of the Exchange Act.

Prior to 18 March 2026, directors¹ and officers² of foreign private issuers ('**FPIs**')³ were not subject to the insider reporting requirements under Section 16 of the Exchange Act. On 18 December 2025, the Holding Foreign Insiders Accountable Act (the '**HFIAA**') was signed into law and, on 27 February 2026, the SEC adopted the final rule to conform rules and forms under Section 16(a) of the Exchange Act to the requirements of the HFIAA, which require all directors and officers of FPIs to file beneficial ownership reports (as further discussed below), regardless of their percentage of beneficial ownership in an FPI⁴.

¹ The Exchange Act Section 3(a)(7) defines 'director' as 'any director of a corporation or any person performing similar functions with respect to any organization, whether incorporated or unincorporated'. 15 U.S.C. § 78c(a)(7) (2018).

² The Rule 16a-1(f) of the Exchange Act defines 'officer' as 'an issuer'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 a policy-making function, or any other person who performs similar policy-making functions for the issuer'. 17 C.F.R. § 240.16a-1(f) (2024).

³ A Foreign Private Issuer is any foreign issuer desiring to raise capital in the US, unless: (1) more than 50 percent of the issuer's outstanding voting securities are held directly or indirectly by residents of the US and (2) any of the following applies: (i) the majority of the issuer's executive officers or directors are US citizens or residents, (ii) more than 50 percent of the issuer's assets are located in the US or (iii) the issuer's business is administered principally in the US. See 17 C.F.R. § 240.3b-4 (2024).

⁴ *Holding Foreign Insiders Accountable Act Disclosure*, Exchange Act Release No. 34-104903 (Feb. 27, 2026).

In detail

1. Section 16(a) Reporting Requirements for Directors and Officers of Foreign Private Issuers

On 27 February 2026, the SEC adopted final rules to implement the HFIAA, which amended Section 16(a) of the Exchange Act to require directors and officers of FPIs to file beneficial ownership reports and subsequent changes in beneficial ownership reports on Form 3 (an initial statement of beneficial ownership), Form 4 (statements of changes in beneficial ownership) and Form 5 (annual statements), effective as of 18 March 2026. The amended Section 16(a) eliminated the longstanding exemption for directors and officers of FPIs from Section 16 reporting requirements. Consistent with the HFIAA, the SEC clarified that ten percent beneficial stockholders of FPIs, who are not directors or officers, will be exempt from Section 16 disclosure requirements.

- (1) Form 3: A form for reporting initial beneficial ownership of a company's securities. Any individual who is a director or officer of an FPI needs to file a Form 3 by 10pm Eastern Standard Time on 18 March 2026. New directors and officers joining after 18 March 2026 must file a Form 3 within ten calendar days of their appointment date. For FPIs going public in the US after 18 March 2026, their directors and officers must file a Form 3 by 10pm Eastern Standard Time on the date the company's Section 12 registration under the Exchange Act becomes effective (typically the pricing date in an initial public offering).
- (2) Form 4: A form for disclosing changes in beneficial ownership of a company's securities. After filing Form 3, directors and officers of an FPI must report transactions in the company's securities on Form 4 by 10pm Eastern Standard Time on the second business day following the transaction. Reportable events include purchases or sales of securities, grants of equity-based compensation awards, vesting and settlement of equity-based compensation awards, exercise of stock options, sales or withholding of stock for tax payments on equity-based compensation awards and gifts of securities.
- (3) Form 5: A form for reporting an annual statement of changes in beneficial ownership of a company's securities. For all transactions that occurred during the previous fiscal year that are permitted to be filed on a Form 5 or should have been reported on a Form 3 or Form 4 but were not, a catch-up Form 5 is required to be filed within 45 calendar days after the end of the FPI's fiscal year.

2. SEC Exemptions for Qualifying Jurisdictions

On 5 March 2026, the SEC issued an exemptive order granting relief from Section 16(a) reporting for directors and officers of FPIs where the SEC determined that the laws of the FPIs' home jurisdiction impose substantially similar insider reporting requirements (the '**Qualifying Jurisdictions**').⁵ As of the date of this newsletter, the Qualifying Jurisdictions include Canada, Chile, the European Economic Area, the Republic of Korea, Switzerland and the United Kingdom. The exemption is subject to two conditions: (1) the director or officer must report transactions in the issuer's securities pursuant to the applicable qualifying regulation and (2) any report filed pursuant to a qualifying regulation must be made publicly available in English within two business days of its public posting. The SEC noted that it may extend similar relief to additional jurisdictions in future orders if it determines that other jurisdictions impose substantially similar reporting requirements. Currently, Japan is not included among the Qualifying Jurisdictions.

FPIs relying on a qualifying jurisdiction exemption should confirm on an ongoing basis that the applicable local filing regime remains available and that the conditions of the SEC exemptive order, including English public availability requirements, are satisfied.

⁵ *Order Granting Directors and Officers of Certain Foreign Private Issuers an Exemption from the Filing Requirements of Section 16(a) of the Exchange Act*, Exchange Act Release No. 34-104931, 91 Fed. Reg. 11,587 (Mar. 5, 2026).

3. Next Steps

- (1) Confirm which directors and officers would be subject to the Section 16(a) reporting requirements.
- (2) Verify the company's security ownership information for all directors and officers.
- (3) Collect all necessary information for filing on the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system for all directors and officers.
- (4) Review the company's insider trading policies to ensure compliance with the Section 16(a) reporting requirements for directors and officers.

The takeaway

Starting 18 March 2026, all directors and officers of FPIs, regardless of their ownership percentage, with a class of securities registered pursuant to Section 12 of the Exchange Act are required to disclose their beneficial ownership via Forms 3, 4 and 5 with the SEC, unless an exemption applies.

For FPIs incorporated in a Qualifying Jurisdiction and subject to qualifying regulations, directors and officers will not be required to disclose their beneficial ownership pursuant to Section 16(a) of the Exchange Act, provided that certain conditions are satisfied. Currently, Japan is not a Qualifying Jurisdiction.

In light of the recent effectiveness of these beneficial ownership reporting requirements, FPIs should promptly implement internal procedures designed to ensure compliance with the Section 16(a) reporting obligations applicable to their directors and officers.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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