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Congress Passes Act Extending Section 16(a) Reporting Requirements

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Hughes Hubbard & Reed LLP • A New York Limited Liability Partnership
One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

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Dec. 23, 2025 – On Dec. 17, the U.S. Senate passed the National Defense Authorization Act (the NDAA), comprehensive legislation setting forth various policies and authorities for the 2026 fiscal year. Among the NDAA's various provisions is the Holding Foreign Insiders Accountable Act¹ (the HFIAA). (The House of Representatives passed the NDAA on Dec. 10, and it now awaits signature by the president to become law.) The HFIAA amends Section 16(a) of the Securities Exchange Act of 1934 to extend Section 16(a)'s reporting requirements to all directors and officers of foreign private issuers (FPIs).

Currently, Section 16(a) requires insiders of a public domestic company to disclose their ownership of the company's equity securities and any transactions in the company's equity securities. Insiders disclose to the SEC their holdings under Form 3 and any changes in their holdings on Form 4. Historically, FPI insiders were exempt from Section 16(a).

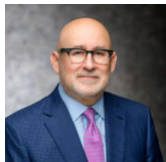
If signed into law by the president as expected, the NDAA will amend Section 16(a) to extend this reporting obligation to FPIs. The final HFIAA, unlike earlier iterations, applies Section 16(a) only to directors and officers (and not 10% owners) of FPIs. Importantly, the final HFIAA also preserves the exemption for directors and officers of FPIs from short-swing profit liability under Section 16(b). Notwithstanding its broad coverage, the HFIAA contains a provision granting the SEC broad authority to exempt any person, security or transaction from these new FPI reporting obligations if the SEC determines that the laws of the FPI's foreign jurisdiction place "substantially similar requirements" on such person, security or transaction as those of the U.S.

The HFIAA requires that the SEC enact final rules within 90 days of the HFIAA's enactment. It is not yet known how and to what extent the SEC will exercise its broad delegation of authority under the HFIAA to interpret and apply the "substantially similar requirements" language. Whatever the case, the SEC would have wide latitude in its regulatory powers, which also include the authority to "issue such additional regulations (or amend or rescind, in whole or in part, existing regulations of the Commission) as necessary to implement the intent of [the HFIAA]."

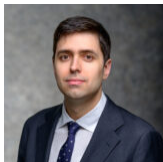
The president is expected to sign the NDAA into law as early as late December. In light of the 90-day effectiveness period, the new Section 16(a) reporting obligations under Forms 3 and 4 would begin in late March 2026.

1. The full text of the NDAA can be found at the following [link](#). 

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