



Regulatory Alert

Regulatory Insights

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SEC Beneficial Ownership Reporting Amendments

Regulatory Insights:

- Continued SEC amendments to improve market transparency and reporting timelines
- Requires an investor with more than 5 percent of a covered class of equity securities to publicly file (Schedule 13D or Schedule 13G)
- Shortens report filing deadlines

The Securities and Exchange Commission (SEC) adopts [amendments](#) to modernize the filing deadlines and disclosure requirements for beneficial ownership reports filed on Schedules 13D and 13G. The amendments are intended to protect market participants by increasing the timeliness and transparency of “material” beneficial ownership information (BOI).

Summarized in the table and text below, the amendments include changes to initial Schedule 13D and 13G filing deadlines, changes to Rule 13d-2 regarding filing updates, clarification around disclosures of cash-settled derivatives, and new structured data requirements.

	Current Schedule 13D	New Schedule 13D	Current Schedule 13G	New Schedule 13G
Initial Filing Deadline	Within 10 days after acquiring beneficial ownership of more than 5% or losing eligibility to file on Schedule 13G. Rules 13d-1(a), (e), (f), and (g).	Within five business days after acquiring beneficial ownership of more than 5% or losing eligibility to file on Schedule 13G. Rules 13d-1(a), (e), (f), and (g)	<p><u>QIIs & Exempt Investors:</u> 45 days after calendar year-end in which beneficial ownership exceeds 5%. Rules 13d-1(b) and (d).</p> <p><u>QIIs:</u> 10 days after month-end in which beneficial ownership exceeds 10%. Rule 13d1(b).</p> <p><u>Passive Investors:</u> Within 10 days after acquiring beneficial ownership of more than 5%. Rule 13d-1(c).</p>	<p><u>QIIs & Exempt Investors:</u> 45 days after calendar quarter-end in which beneficial ownership exceeds 5%. Rules 13d-1(b) and (d).</p> <p><u>QIIs:</u> Five business days after month-end in which beneficial ownership exceeds 10%. Rule 13d-1(b).</p> <p><u>Passive Investors:</u> Within five business days after acquiring beneficial ownership of more than 5%. Rule 13d-1(c).</p>



Amendment Triggering Event	Material change in the facts set forth in the previous Schedule 13D. Rule 13d-2(a).	Same as current Schedule 13D: Material change in the facts set forth in the previous Schedule 13D. Rule 13d-2(a).	<u>All Schedule 13G Filers:</u> Any change in the information previously reported on Schedule 13G. Rule 13d-2(b). <u>QIIs & Passive Investors:</u> Upon exceeding 10% beneficial ownership or a 5% increase or decrease in beneficial ownership. Rules 13d2(c) and (d).	<u>All Schedule 13G Filers:</u> Material change in the information previously reported on Schedule 13G. Rule 13d-2(b). <u>QIIs & Passive Investors:</u> Same as current Schedule 13G: Upon exceeding 10% beneficial ownership or a 5% increase or decrease in beneficial ownership. Rules 13d2(c) and (d).
Amendment Filing Deadline	Promptly after the triggering event. Rule 13d-2(a).	Within two business days after the triggering event. Rule 13d-2(a).	<u>All Schedule 13G Filers:</u> 45 days after calendar year-end in which any change occurred. Rule 13d-2(b). <u>QIIs:</u> 10 days after month-end in which beneficial ownership exceeded 10% or there was, as of the month-end, a 5% increase or decrease in beneficial ownership. Rule 13d2(c). <u>Passive Investors:</u> Promptly after exceeding 10% beneficial ownership or a 5% increase or decrease in beneficial ownership. Rule 13d2(d).	<u>All Schedule 13G Filers:</u> 45 days after calendar quarter-end in which a material change occurred. Rule 13d-2(b). <u>QIIs:</u> Five business days after month-end in which beneficial ownership exceeds 10% or a 5% increase or decrease in beneficial ownership. Rule 13d-2(c). <u>Passive Investors:</u> Two business days after exceeding 10% beneficial ownership or a 5% increase or decrease in beneficial ownership. Rule 13d2(d).
Filing "Cut-Off" Time	5:30 p.m. eastern time. Rule 13(a)(2) of Regulation S-T.	10 p.m. eastern time. Rule 13(a)(4) of Regulation S-T.	<u>All Schedule 13G Filers:</u> 5:30 p.m. eastern time. Rule 13(a)(2) of Regulation S-T.	<u>All Schedule 13G Filers:</u> 10 p.m. eastern time. Rule 13(a)(4) of Regulation S-T.

*This table was sourced directly from Pages 10-11 of the SEC's final rule, found [here](#).

Shortening and Aligning Initial Filing Deadlines

The SEC amendments to Rules 13d-1 will shorten initial Schedule 13D and initial Schedule 13G filing deadlines:

- Schedule 13D: The deadline has been amended from 10 calendar days to 5 business days after the date on which beneficial ownership exceeds 5 percent of a covered class.
- Schedule 13G for Qualified Institutional Investors (QIIIs), Exempt Investors, and Passive Investors: Deadlines have been shortened as follows:
 - QIIIs and Exempt Investors: Initial filing deadline changed to within 45 days after the end of the

- calendar quarter when beneficial ownership exceeds 5 percent of a covered class. Additionally, QIIIs will be required to file within 5 business days after the month-end in which beneficial ownership exceeds 10 percent of a covered class.
- Passive Investors: Initial filing deadline shortened to 5 business days after the date on which beneficial ownership exceeds 5 percent of a covered class.

Revising Filing Deadlines for Amendments to Schedules 13D and 13G

The SEC amendments to Rules 13d-2 revise the filing deadlines for amendments to Schedules 13D and 13G:

- Schedule 13D: Amendment filing deadline changed to two business days following the date of a material change. Note: SEC adopted the proposed revision from “any” change to “material” change to serve as the standard for triggering amendment obligations.
- Schedule 13G:
 - QIIs and Exempt Investors: Amendment filing deadline shortened to 45 days after calendar quarter-end if material changes occurred during the quarter. Additionally, QIIs will be required to file amendments within 5 business days after the month-end in which beneficial ownership exceeds 10 percent or has a 5 percent increase or decrease in beneficial ownership.
 - Passive Investors: Amendment filing deadline set at two business days after beneficial ownership exceeds 10 percent or has a 5 percent increase or decrease in beneficial ownership.

For purposes of this section, an acquisition or disposition of beneficial ownership of securities in an amount equal to one percent or more of the class of securities shall be deemed “material”; however, acquisitions or dispositions of less than those amounts may be material, depending upon the facts and circumstances.

Additional Amendments

The SEC final rule also adopts the following amendments:

- Extension of the filing “cut-off” times in Regulation S-T for Schedules 13D and 13G from 5:30PM to 10:00PM Eastern Time (ET).
- Revisions to Rule 13d-101 to expressly state that derivative contracts, arrangements, understandings, and relationships with respect to an issuer’s

securities, including cash-settled derivatives, need to be disclosed under Item 6 of Schedule 13D.

Proposed Amendment to Rule 13d-3 – Cash-Settled Derivatives

SEC did not adopt the proposed amendment to Rule 13d-3(e), which would have deemed certain holders of cash-settled derivative securities as beneficial owners of the reference covered class. In the final rule, SEC notes that Rule 13d-3(d)(1) applies to beneficial ownership determination, regardless of the origin of the right to acquire an equity security.

Structured Data Requirement for Schedules 13D and 13G

The SEC amendments will require use of 13D/G-specific XML for the disclosures reported on those Schedules. This change enables reporting persons to submit filings directly to EDGAR in 13D/G-specific XML or use a web-based reporting application developed by SEC to generate the Schedule in 13D/G-specific XML in connection with the submission of the filing to EDGAR.

Temporary Hardship Exemption Unavailable for Schedule 13D and 13G Filers

The amendments remove the temporary hardship exemption under Rule 201(a) of Regulation S-T for Schedule 13D and 13G filers. However, filers can still request a filing date adjustment under Rule 13(b) of Regulation S-T if they experience unanticipated technical difficulties.

Compliance Dates

The final amendments become effective ninety (90) days after publication in the Federal Register. However, the revised Schedule 13G filing deadlines under Rules 13d-1 and 13d-2 will not be required before September 30, 2024. The structured data requirement for Schedules 13D and 13G will not be enforced until December 18, 2024, with voluntary compliance permitted beginning December 18, 2023.

For more information, please contact [John Caruso](#) or [Michaela Soctomah](#)

Contact the author:



Amy Matsuo
Principal and National Leader
Regulatory Insights
amatsuo@kpmg.com

kpmg.com/socialme



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