EXPEDITED SCHEDULE 13G DEADLINES ARE NOW IN EFFECT

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US Corporate Alert

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In October 2023, the US Securities and Exchange Commission (SEC) adopted amendments to modernize its beneficial ownership rules, which we previously addressed in this news alert. These updates include revised filing deadlines for reports on Schedule 13G, which go into effect today.

The new deadlines for Schedule 13G are notably shorter and will require more frequent amendments than under the prior rule. One of the most significant differences is the requirement for Schedule 13G filings to be amended after the end of each quarter in which a material change occurs, rather than annually without regard to materiality.

The new filing deadlines vary depending on type of filer:

QUALIFIED INSTITUTIONAL INVESTORS (EXCHANGE ACT RULE 13D-1(B) FILERS)

Initial Filing Deadline

Forty-five days after the calendar quarter-end in which beneficial ownership exceeds 5% or five business days after the month-end in which beneficial ownership exceeds 10%.

Amendment Filing Deadline

Forty-five days after the calendar quarter-end in which a material change from the information reported in the previous Schedule 13G occurs or five business days after the month-end in which beneficial ownership exceeds 10% or changes by more than 5%.

PASSIVE INVESTORS (EXCHANGE ACT RULE 13D-1(C) FILERS)

Initial Filing Deadline

Five business days after acquiring beneficial ownership of more than 5%.

Amendment Filing Deadline

Forty-five days after the calendar quarter-end in which a material change from the information reported in the previous Schedule 13G occurs or two business days after beneficial ownership exceeds 10% or changes by more than 5%.

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EXEMPT INVESTORS (EXCHANGE ACT RULE 13D-1(D) FILERS)

Initial Filing Deadline

Forty-five days after the calendar quarter-end in which beneficial ownership exceeds 5%.

Amendment Filing Deadline

Forty-five days after the calendar quarter-end in which a material change from the information reported in the previous Schedule 13G occurs.

IMPORTANT CONSIDERATIONS FOR INVESTORS AND COMPANIES

An Investor's failure to disclose in a timely manner, or of a public company to disclose such violations of its investors, could lead to serious consequences. Just a few days ago on 25 September 2024, the SEC announced charges against 23 individuals and entities, as well as two public companies, for failing to timely report beneficial ownership information. The civil penalties imposed on the parties ranged from US$10,000 to US$750,000. Preparation for these new deadlines is crucial for compliance.

Investors should review their internal processes, procedures, and policies to ensure they can comply with these shorter and more frequent filing deadlines. Additionally, public companies should ensure that internal teams are aware of the new deadlines and are prepared to field more frequent questions regarding changes in their shareholder base.

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