

Domestic Filers vs. Foreign Private Issuers: Strategic Considerations for Accessing U.S. Capital Markets



Framing the Decision

The decision to access U.S. capital markets requires more than selecting the right listing path. It also involves understanding how a company will be classified once public. Whether a company is treated as a Domestic Filer or a Foreign Private Issuer (FPI) has significant implications for reporting requirements, governance expectations, and overall compliance burden. These distinctions ultimately shape the public company experience, influencing everything from internal resourcing to investor engagement.

While regulatory criteria determine filer status, it is not entirely static. Companies can influence their classification through decisions related to ownership, geographic footprint, and operational structure. As a result, understanding the differences between Domestic Filer and FPI status is a critical early step in aligning capital markets strategy with long-term business objectives.



Who Qualifies – and Why It Matters

The qualification criteria establish the foundation for all subsequent reporting, governance, and compliance obligations in the U.S. public markets. Understanding how these tests operate is critical, as shifts in ownership or operational footprint can trigger a change in status with meaningful downstream implications.

Domestic Filer

A company qualifies as a Domestic Filer if it is incorporated in the United States or, if incorporated outside the United States, does not meet the criteria to qualify as an FPI.

FPI

A company must first be a foreign issuer (incorporated outside the U.S.) and then satisfy at least one of the two primary tests:

- 1. The Shareholder Test:** A company qualifies as an FPI if 50% or less of its outstanding voting securities are held of record by U.S. residents. This test includes a look-through provision that requires companies to consider the U.S. residency of accounts held through brokers, dealers, banks, and other nominees in the U.S., the company's home jurisdiction, or its primary trading market.
- 2. The Business Contacts Test:** If a company fails the shareholder test (i.e., U.S. residents hold more than 50% of its voting securities), it may still qualify as an FPI if none of the following conditions are met:
 - o **Management:** A majority of executive officers or directors are U.S. citizens or residents.
 - o **Assets:** More than 50% of assets are in the United States.
 - o **Administration:** The company's business is principally administered in the United States.

Companies must reassess their FPI status annually as of the last business day of their second fiscal quarter.

Side-by-Side: Key Reporting Requirements

While the distinction between Domestic Filer and FPI status begins with qualification criteria, its real impact is felt in ongoing reporting and compliance requirements. The differences span financial reporting timelines, disclosure obligations, governance expectations, and interaction with U.S. regulatory frameworks. For executives, these variations directly influence cost, complexity, and internal resource demands. The comparison below highlights the most consequential distinctions that shape day-to-day public company operations.

Requirement	Domestic Filer	FPI
Accounting	U.S. GAAP only.	IFRS, as issued by IASB, or U.S. GAAP.
Quarterly Reports	Form 10-Q: due within 40–45 days of quarter-end.	Not required; may furnish Form 6-K for local updates.
Annual Report	Form 10-K: due within 60–90 days.	Form 20-F: due within 4 months of year-end.
Insider Reporting	Full Section 16 reporting and short-swing profit liability.	Directors and officers subject to Section 16(a) reporting (Forms 3/4/5) as of March 2026; not subject to short-swing profit liability (16(b)) or short-sale restrictions (16(c)). 10% beneficial owners remain exempt.
Proxy Rules	Full compliance with U.S. proxy statement rules.	Exempt from SEC proxy and say-on-pay rules; instead follow home-country governance practices with required U.S. exchange disclosures.
Current Reports	Form 8-K: due within 4 business days of triggering event.	Form 6-K: furnished for material information made public at home or otherwise disclosed to investors; no fixed filing deadline.
Regulation FD	Fully subject to Regulation FD's prohibition on selective disclosure of material nonpublic information.	Exempt from Regulation FD.
Operating/Financial Discussion	MD&A (item 303 of Regulation S-K) in Form 10-K.	Operating and Financial Review and Prospects (item 5 of Form 20-F) - substantively similar, different form/item name.

Domestic filers generally face more frequent reporting obligations, shorter filing timelines, and broader governance requirements, including SEC proxy rules and Section 16 insider reporting. FPIs benefit from several accommodations, including annual reporting on Form 20-F, the absence of quarterly reporting requirements, and flexibility to follow certain home-country governance practices.

Choosing Your Advantage: How Reporting Status Shapes Strategic Outcomes

Beyond compliance requirements, the choice of reporting status carries meaningful strategic implications. Differences in regulatory burden, financial reporting flexibility, investor perception, and governance expectations can create distinct advantages depending on a company's footprint and growth objectives. For executive teams, understanding these advantages is critical to aligning reporting status with broader capital markets strategy. The table below highlights where each model can offer a strategic edge:

Benefit	Domestic Filer	FPI
Primary Benefit	Maximum Liquidity: Greater potential eligibility for major U.S. indices (e.g., S&P 500), subject to index-specific domicile and eligibility criteria.	Lower Compliance Costs: Reduced reporting burden: no quarterly 10-Qs, no individual named-executive compensation disclosure - aggregate disclosure permitted, and the option to use IFRS rather than U.S. GAAP.
Financial Reporting	Standardization: Must use U.S. GAAP, which is more familiar to many U.S. investors and analysts.	Flexibility: Can use IFRS as issued by the IASB without reconciliation to U.S. GAAP.
Governance	Strict Compliance: Must follow full SEC and U.S. exchange (NYSE/Nasdaq) governance and proxy rules.	Home Country Deference: May follow home-country corporate governance practices, subject to exchange disclosure requirements.
Reporting Timeline	Investor Transparency: More frequent disclosures can enhance credibility and visibility with U.S. investors.	Reporting Flexibility: Extended timeline (4 months for Form 20-F) reduces pressure on finance teams and allows for greater preparation time.

Note: Although FPIs continue to benefit from certain reporting accommodations as noted earlier, the regulatory gap between FPIs and Domestic Filers has narrowed over time as U.S. disclosure expectations and governance standards have increasingly aligned. Notable examples include the SEC's 2023 cybersecurity disclosure rules, which apply to both Domestic Filers and FPIs and require timely reporting of material cybersecurity incidents and annual disclosures around risk management and governance. Similarly, Dodd-Frank clawback policy requirements now extend to FPIs listed on U.S. exchanges.

Areas where meaningful differences remain include quarterly reporting cadence, individual executive compensation disclosure, and proxy rules — each continuing to represent a tangible compliance advantage for FPIs. Section 16 has partially converged: as of March 2026, FPI directors and officers must comply with Section 16(a) reporting, though FPI insiders remain exempt from short-swing profit liability and short-sale restrictions, and 10% beneficial owners remain exempt entirely.

On May 5, 2026, the SEC proposed allowing domestic filers to elect semiannual reporting (Form 10-S) in lieu of quarterly Form 10-Q filings — a change that, if adopted, would apply only to Domestic Filers and would further narrow the quarterly-reporting gap with FPIs.

Key Market Trends Shaping U.S. Reporting Status Decisions

Recent market activity underscores a clear shift in how non-U.S. companies approach public listings and reporting status. Valuation dynamics, sector concentration (particularly in technology and AI), and increased alignment with U.S. investors are driving more companies to prioritize U.S. markets and, in some cases, transition toward Domestic Filer status.

The trends below highlight how strategic, operational, and capital market considerations are converging to reshape traditional listing decisions. While several recent examples are UK-based, these dynamics are broadly relevant to non-U.S. companies evaluating access to U.S. capital markets:

- **The Valuation Gap Pursuit:** UK-listed companies and founders increasingly cite a valuation gap versus U.S. markets as a factor in considering U.S. listings. Differences in growth expectations, profitability/ROIC, sector mix, and investor allocation patterns can contribute to this gap, and have fueled renewed discussion of U.S. relistings.
- **Pre-IPO Simplification and Focus:** Some UK fintechs have adjusted geographic strategy ahead of an IPO to present a clearer operating story. For example, Monzo exited the U.S. market in 2026, shortly after securing a full European banking license in late 2025. This was a milestone that sharpened the case for concentrating resources on its UK and European operations, where its regulatory footing was strongest. The decision also reflected the lasting effect of a 2021 U.S. charter application that was withdrawn, which had long capped Monzo's ability to offer a full suite of banking products in the U.S. The exit further simplified its operating story ahead of a planned London IPO.
- **AI and Tech Infrastructure:** Technology, Media, and Telecommunications (TMT) drove a substantial share of 2025 U.S. IPO proceeds. This has kept attention on UK fintech leaders like Revolut, which has reportedly been weighing a dual London–New York listing.
- **Large-Cap Retail and Energy-Adjacent Operators:** Beyond tech, large consumer and fuel/convenience operators have also explored U.S. listings, reflecting the depth of U.S. capital markets for scaled businesses.



Additional Reporting and Regulatory Considerations

In addition to strategic considerations, reporting obligations and issuer-status requirements can materially impact a company's long-term public-company profile.

Triggers for Loss of FPI Status

A company may lose its FPI status if it no longer meets the SEC's eligibility criteria.

Key trigger events include:

- U.S. shareholder ownership exceeding 50%, combined with additional U.S. nexus factors (e.g., U.S.-based management, assets, or operations).
- Significant migration of executive leadership or principal business operations to the United States.
- Changes in shareholder composition following capital raises or public listing.

Loss of FPI status results in a transition to U.S. Domestic Filer requirements, including Form 10-K/10-Q reporting, accelerated filing deadlines, and expanded governance and disclosure obligations. If a company no longer qualifies as an FPI based on this assessment, the change in status generally takes effect at the start of the company's next fiscal year, providing a transition window to prepare for domestic filer reporting and governance requirements.

What It Takes: Evaluating a Transition to Domestic Filer Status

Transitioning to Domestic Filer status is a consequential decision that extends well beyond technical compliance. It requires careful consideration of investor perception, operational readiness, and the company's ability to meet more rigorous U.S. reporting and governance expectations. At the same time, the strategic rationale must be clearly articulated, particularly as the gap between FPI and domestic requirements continues to narrow. The considerations below outline the key factors executives should evaluate when assessing whether the Domestic Filer path aligns with their long-term capital markets strategy.

- **Potential Roadblock:** Expect scrutiny from investors around the company choosing the more expensive and rigorous domestic filing path.
- **Operational Readiness:** Demonstrate IPO readiness, including meeting domestic deadlines (60–90 days for 10-Ks), while managing a predominantly non-U.S. accounting and operations team.
- **Internal Controls and SOX Compliance:** FPIs are equally subject to SOX Sections 302/404 and ICFR reporting on Form 20-F; transitioning to Domestic Filer status compresses the SOX calendar onto accelerated reporting timelines, requiring earlier readiness, including management's assessment of internal control over financial reporting.
- **Tax and Corporate Culture:** Investors may be wary of the complexity of a non-U.S.-managed business being subjected to U.S. domestic governance and tax laws, which could create friction for a non-U.S. leadership team.
- **Framing the Equity Story:** While it might seem counterintuitive, investors generally view a voluntary domestic filing status as a commitment to the U.S. market, which can simplify the investment case for institutional funds. To succeed, the roadshow presentation should pivot from where the revenue is today to where the capital is being deployed.
 - **Highlight the U.S. Pipeline:** Focus on U.S. revenue growth. Domestic filing may make perfect sense as a forward-looking move.
 - **Regulatory Convergence:** The regulatory gap between FPIs and Domestic Filers has gradually narrowed as the SEC continues to align disclosure expectations across issuers.
 - **Liquidity Focus:** Use the domestic status to emphasize that the company is seeking maximum liquidity and the best possible peer-group valuation by aligning with U.S. standards.

Given the complexity of evaluating a transition to domestic filer status from technical qualification analysis to investor narrative and internal readiness, companies often benefit from experienced guidance well before a final decision is required. Connor Group regularly advises clients navigating FPI and domestic filer considerations, including readiness assessments, SOX and internal controls preparation, and capital markets strategy. Companies should consider engaging early if they are approaching a potential shift in shareholder composition, evaluating a U.S. listing or relisting, or want to stress-test their equity story ahead of a transition.

Where You Stand Determines How You Compete

The choice between Domestic Filer and FPI status is ultimately a strategic one, with far-reaching implications across reporting, governance, investor perception, and long-term capital markets positioning. While technical qualification tests determine status in many cases, companies increasingly influence the outcome through decisions relating to ownership structure, operational footprint, and market focus. As U.S. markets continue to attract global issuers, particularly in high-growth and technology sectors, the importance of aligning reporting status with broader corporate strategy has only intensified.

FPI status remains an attractive path for companies seeking to maintain a non-U.S. operational center of gravity, minimize compliance burden, and continue reporting under IFRS. In contrast, Domestic Filer status is often better aligned with companies that intend to position themselves as fully aligned with U.S. capital markets, whether to access deeper pools of capital, achieve inclusion in major U.S. indices, or leverage equity as an acquisition currency. Notably, as regulatory requirements between the two regimes continue to converge, the historical advantages of FPI status are becoming more nuanced and, in some cases, less pronounced.

Regardless of the path, success in the U.S. public markets requires more than meeting technical requirements. Companies must be prepared to clearly articulate their equity story, demonstrate operational readiness, and engage effectively with investors through the IPO process and beyond. A thoughtful, well-informed approach to reporting status grounded in both compliance considerations and strategic objectives will be critical to maximizing valuation, liquidity, and long-term market credibility.

Importantly, FPI status is not static. Companies that successfully access U.S. capital markets through this pathway may ultimately transition to Domestic Filer requirements as their investor base and operational footprint evolve.

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We are a professional services firm focused on the most critical opportunities and challenges facing ambitious companies. Our teams lead in accounting, compliance, M&A, IPOs, and digital solutions - including automation and AI enablement. Trusted by more than 2,000 of the world's most innovative companies, we bring deep expertise, pragmatic execution, and uncompromising quality.

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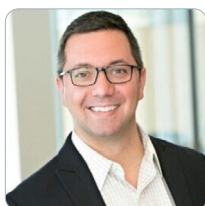


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Glossary – Key Terms and Acronyms

Domestic Filer: A company that is incorporated in the United States, or a non-U.S. company that does not meet the criteria to qualify as a Foreign Private Issuer under SEC rules.

Foreign Private Issuer (FPI): A non-U.S. company that meets specific SEC criteria based on shareholder ownership and business contacts, allowing it to benefit from reduced reporting and governance requirements compared to Domestic Filers.

Form 10-K: The annual report required for U.S. Domestic Filers, providing audited financial statements and comprehensive disclosures about the company's business, operations, and financial condition.

Form 10-Q: The quarterly report required for U.S. Domestic Filers, providing unaudited financial statements and updates on company performance and key developments.

Form 20-F: The annual report required for Foreign Private Issuers, similar to Form 10-K but with more flexible reporting timelines and disclosure requirements.

Form 6-K: A report furnished by Foreign Private Issuers to disclose material information made public in their home country or otherwise shared with investors.

Form 8-K: A current report filed by U.S. Domestic Filers to disclose material corporate events (e.g., leadership changes, acquisitions, bankruptcy) within 4 business days of the triggering event.

IASB: International Accounting Standards Board

ICFR: Internal Control over Financial Reporting; the processes designed to provide reasonable assurance regarding the reliability of financial reporting, assessed annually under SOX Section 404.

IFRS: International Financial Reporting Standards

MD&A: Management's Discussion and Analysis; the narrative section of Form 10-K (Item 303 of Regulation S-K) in which Domestic Filers discuss financial condition, results of operations, and material trends.

Nasdaq: A leading U.S. stock exchange known for its concentration of technology and growth-oriented companies, operating as a fully electronic trading platform.

NYSE: New York Stock Exchange

Regulation FD: "Fair Disclosure" - an SEC rule prohibiting selective disclosure of material nonpublic information to select investors or analysts without simultaneous public disclosure. Domestic Filers are fully subject to Regulation FD; FPIs are exempt.

ROIC: Return on Invested Capital

SEC: U.S. Securities and Exchange Commission; the federal agency that regulates securities markets and enforces securities laws.

Section 16: A provision of U.S. securities law requiring directors and officers to report transactions in company stock. Domestic Filers' directors, officers, and 10%+ shareholders are fully subject to Section 16, including short-swing profit rules. As of March 2026, FPI directors and officers are also subject to Section 16(a) reporting, but FPIs remain exempt from short-swing profit liability (16(b)), short-sale restrictions (16(c)), and the requirement extends only to directors/officers, not 10% shareholders.

SOX: Sarbanes-Oxley Act of 2002; a U.S. law that strengthened corporate governance, financial reporting, and internal control requirements for public companies.

U.S. GAAP: Generally Accepted Accounting Principles in the United States of America