

## Press Release

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# SEC Proposes Amendments Regarding Rule 10b5-1 Insider Trading Plans and Related Disclosures

The proposal would strengthen the requirements to access the affirmative defense to insider trading and improve related transparency around insider transactions in company securities

### FOR IMMEDIATE RELEASE

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Washington D.C., Dec. 15, 2021 — The Securities and Exchange Commission today proposed amendments to Rule 10b5-1 under the Securities Exchange Act of 1934 to enhance disclosure requirements and investor protections against insider trading. The proposal includes updates to Rule 10b5-1(c), which provides an affirmative defense to insider trading for parties that frequently have access to material nonpublic information, including corporate officers, directors and issuers.

"Over the past two decades, we've heard concerns about and seen gaps in Rule 10b5-1 — gaps that today's proposals would help fill," said SEC Chair Gary Gensler. "These issues speak to the confidence that investors have in the markets. Anytime we can increase investor confidence in the markets, that's a good thing. It helps investors deciding where to put their money. It lowers the cost of capital for businesses seeking to raise capital, grow, and innovate, and thus facilitates capital formation. I'm pleased to support today's proposal and, subject to Commission approval, look forward to the public's feedback."

The proposed amendments to Rule 10b5-1 would update the requirements for the affirmative defense, including imposing a cooling off period before trading could commence under a plan, prohibiting overlapping trading plans, and limiting single-trade plans to one trading plan per twelve month period. In addition, the proposed rules would require directors and officers to furnish written certifications that they are not aware of any material nonpublic information when they enter into the plans and expand the existing good faith requirement for trading under Rule 10b5-1 plans.

The amendments also would elicit more comprehensive disclosure about issuers' policies and procedures related to insider trading and their practices around the timing of options grants and the release of material nonpublic information. A new table would report any options granted within 14 days of the release of material nonpublic information and the market price of the underlying securities the trading day before and the trading day after the disclosure of the material non-public information. Insiders that report on Forms 4 or 5 would have to indicate via a new checkbox whether the reported transactions were made pursuant to a Rule 10b5-1(c) or other trading plan. Finally, gifts of securities that were previously permitted to be reported on Form 5 would be required to be reported on Form 4.

Collectively, these proposed amendments aim to address critical gaps in the SEC's insider trading regime and to help shareholders understand when and how insiders are trading in securities for which they may at times have material nonpublic information.

The proposing release will be published on SEC.gov and in the Federal Register. The comment period will remain open for 45 days after publication in the Federal Register.

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## Related Materials

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- [Proposed Rule](#)
- [Fact Sheet](#)