

115TH CONGRESS
2D SESSION

H. R. 6320

To require the Securities and Exchange Commission to carry out a study of Rule 10b5–1 trading plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2018

Ms. MAXINE WATERS of California introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the Securities and Exchange Commission to carry out a study of Rule 10b5–1 trading plans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Promoting Trans-
5 parent Standards for Corporate Insiders Act”.

6 **SEC. 2. SEC STUDY.**

7 (a) STUDY.—

8 (1) IN GENERAL.—The Securities and Ex-
9 change Commission shall carry out a study of

1 whether Rule 10b5–1 (17 C.F.R. 240.10b5–1)
2 should be amended to—

3 (A) limit the ability of issuers and issuer
4 insiders to adopt a plan described under para-
5 graph (c)(1)(i)(A)(3) of Rule 10b5–1 (“trading
6 plan”) when the issuer or issuer insider is per-
7 mitted to buy or sell securities during issuer-
8 adopted trading windows;

9 (B) limit the ability of issuers and issuer
10 insiders to adopt multiple, overlapping trading
11 plans;

12 (C) establish a mandatory delay between
13 the adoption of a trading plan and the execu-
14 tion of the first trade pursuant to such a plan
15 and, if so and depending on the Commission’s
16 findings with respect to subparagraph (A)—

17 (i) whether any such delay should be
18 the same for trading plans adopted during
19 an issuer-adopted trading window as op-
20 posed to outside of such a window; and

21 (ii) whether any exceptions to such a
22 delay are appropriate;

23 (D) limit the frequency that issuers and
24 issuer insiders may modify or cancel trading
25 plans;

1 (E) require issuers and issuer insiders to
2 file with the Commission trading plan adop-
3 tions, amendments, terminations and trans-
4 actions; or

5 (F) require boards of issuers that have
6 adopted a trading plan to—

7 (i) adopt policies covering trading
8 plan practices;

9 (ii) periodically monitor trading plan
10 transactions; and

11 (iii) ensure that issuer policies discuss
12 trading plan use in the context of guide-
13 lines or requirements on equity hedging,
14 holding, and ownership.

15 (2) ADDITIONAL CONSIDERATIONS.—In car-
16 rying out the study required under paragraph (1),
17 the Commission shall consider—

18 (A) how any such amendments may clarify
19 and enhance existing prohibitions against in-
20 sider trading;

21 (B) the impact any such amendments may
22 have on the ability of issuers to attract persons
23 to become an issuer insider;

24 (C) the impact any such amendments may
25 have on capital formation;

1 (D) the impact any such amendments may
2 have on an issuer's willingness to operate as a
3 public company; and

4 (E) any other consideration that the Com-
5 mission considers necessary and appropriate for
6 the protection of investors.

7 (b) REPORT.—Not later than the end of the 1-year
8 period beginning on the date of the enactment of this Act,
9 the Commission shall issue a report to the Committee on
10 Financial Services of the House of Representatives and
11 the Committee on Banking, Housing, and Urban Affairs
12 of the Senate containing all findings and determinations
13 made in carrying out the study required under section (a).

14 (c) RULEMAKING.—After the completion of the study
15 required under subsection (a), the Commission shall, sub-
16 ject to public notice and comment, revise Rule 10b5–1
17 consistent with the results of such study.

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