

116TH CONGRESS
2^D SESSION

H. R. 4335

IN THE SENATE OF THE UNITED STATES

JANUARY 14, 2020

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To amend the Securities Exchange Act of 1934 to require the Securities and Exchange Commission to issue rules that prohibit officers and directors of certain companies from trading securities in anticipation of a current report, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “8–K Trading Gap Act
3 of 2019”.

4 **SEC. 2. PROHIBITION ON CERTAIN TRADING IN ANTICIPATION OF A CURRENT REPORT.**

6 The Securities Exchange Act of 1934 (15 U.S.C. 78a
7 et seq.) is amended by inserting after section 10D the fol-
8 lowing:

9 **“SEC. 10E. PROHIBITION ON CERTAIN TRADING IN ANTICIPATION OF A CURRENT REPORT.**

11 “(a) PROHIBITION.—Not later than 1 year after the
12 date of enactment of this section, the Commission shall
13 issue rules that require each issuer that is subject to re-
14 porting requirements under section 13(a) or 15(d) to es-
15 tablish and maintain policies, controls, and procedures
16 that are reasonably designed to prohibit executive officers
17 and directors of the issuer from purchasing, selling, or
18 otherwise transferring any equity security of the issuer,
19 directly or indirectly—

20 “(1) with respect to an event described in sec-
21 tions 1 through 6 of Form 8–K, between—

22 “(A) the occurrence of such event; and

23 “(B) the filing or furnishing of a current
24 report on Form 8–K with respect to such event;

25 and

1 “(2) with respect to an event described in sec-
2 tion 7 or 8 of Form 8-K, between—

3 “(A) the date on which the issuer deter-
4 mines that it will disclose such event; and

5 “(B) the filing or furnishing of a current
6 report on Form 8-K with respect to such event.

7 “(b) PERMISSIBLE TRANSACTIONS.—In issuing rules
8 under subsection (a), the Commission—

9 “(1) may exempt certain transactions that the
10 Commission determines is appropriate, including
11 those that—

12 “(A) occur automatically;

13 “(B) are made pursuant to an advance
14 election; or

15 “(C) except as provided in paragraph (2),
16 involve a purchase or sale of equity securities
17 that satisfies the conditions under section
18 240.10b5-1(e) of title 17, Code of Federal Reg-
19 ulations;

20 “(2) may not exempt from those rules a trans-
21 action made by an executive officer or director of an
22 issuer under a plan that—

23 “(A) is described in section 240.10b5-
24 1(e)(1)(i)(A)(3) of title 17, Code of Federal
25 Regulations; and

1 “(B) was adopted—

2 “(i) with respect to an event described
3 in sections 1 through 6 of Form 8–K, be-
4 tween—

5 “(I) the occurrence of such event;
6 and

7 “(II) the filing or furnishing of a
8 current report on Form 8–K with re-
9 spect to such event; and

10 “(ii) with respect to an event de-
11 scribed in section 7 or 8 of Form 8–K, be-
12 tween—

13 “(I) the date on which the issuer
14 determines that it will disclose such
15 event; and

16 “(II) the filing or furnishing of a
17 current report on Form 8–K with re-
18 spect to such event; and

19 “(3) shall exempt from those rules—

20 “(A) issuers required to adopt and admin-
21 ister a code of ethics pursuant section 270.17j-
22 1 of title 17, Code of Federal Regulations, and
23 any other issuers registered under the Invest-
24 ment Company Act of 1940 whose investment
25 advisers are required to adopt and administer a

1 code of ethics pursuant to section 275.204A-1
2 of title 17, Code of Federal Regulations; and

3 “(B) any event where such event is de-
4 scribed in sections 1 through 6 of Form 8-K
5 and the issuer has announced such event in a
6 press release or other method of dissemination
7 that complies with the requirements of section
8 101(e)(2) of Regulation FD (17 CFR Part
9 243.101(e)(2)).”.

Passed the House of Representatives January 13,
2020.

Attest: CHERYL L. JOHNSON,
Clerk.