
SEC Proposes Amendments Relating to Rule 10b5-1 Trading Plans and Related Disclosures

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In January 2022, the Securities and Exchange Commission (“SEC”) [proposed amendments](#) to Rule 10b5-1 under the Securities Exchange Act of 1934 (“Exchange Act”) to enhance disclosure requirements and investor protections against insider trading. The proposed amendments were largely expected and aligned with the [recommendations](#) issued by the Investor Advisory Committee in September 2021. In particular, the proposed amendments to Rule 10b5-1 would update the requirements needed to assert the affirmative defense provided in the rule, including imposing a cooling-off period, imposing certain certification requirements, prohibiting overlapping Rule 10b5-1(c)(1) trading plans (“10b5-1 plans”), limiting single-trade plans to one trading plan per 12-month period, and expanding the “good faith” requirement. The proposed amendments also would require more comprehensive disclosure about issuers’ insider trading policies and procedures, and their practices regarding the timing of option grants.

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