

Union Calendar No. 689

115TH CONGRESS
2D SESSION

H. R. 6320

[Report No. 115–891]

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

AUGUST 3, 2018

Additional sponsor: Mr. McHENRY

AUGUST 3, 2018

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

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

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

18 (B) limit the ability of issuers and issuer
19 insiders to adopt multiple, overlapping trading
20 plans;

21 (C) establish a mandatory delay between
22 the adoption of a trading plan and the execu-
23 tion of the first trade pursuant to such a plan
24 and, if so and depending on the Commission’s
25 findings with respect to subparagraph (A)—

1 (i) whether any such delay should be
2 the same for trading plans adopted during
3 an issuer-adopted trading window as op-
4 posed to outside of such a window; and

5 (ii) whether any exceptions to such a
6 delay are appropriate;

7 (D) limit the frequency that issuers and
8 issuer insiders may modify or cancel trading
9 plans;

10 (E) require issuers and issuer insiders to
11 file with the Commission trading plan adop-
12 tions, amendments, terminations and trans-
13 actions; or

14 (F) require boards of issuers that have
15 adopted a trading plan to—

16 (i) adopt policies covering trading
17 plan practices;

18 (ii) periodically monitor trading plan
19 transactions; and

20 (iii) ensure that issuer policies discuss
21 trading plan use in the context of guide-
22 lines or requirements on equity hedging,
23 holding, and ownership.

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

4 (A) how any such amendments may clarify
5 and enhance existing prohibitions against in-
6 sider trading;

7 (B) the impact any such amendments may
8 have on the ability of issuers to attract persons
9 to become an issuer insider;

10 (C) the impact any such amendments may
11 have on capital formation;

12 (D) the impact any such amendments may
13 have on an issuer’s willingness to operate as a
14 public company; and

15 (E) any other consideration that the Com-
16 mission considers necessary and appropriate for
17 the protection of investors.

18 (b) REPORT.—Not later than the end of the 1-year
19 period beginning on the date of the enactment of this Act,
20 the Commission shall issue a report to the Committee on
21 Financial Services of the House of Representatives and
22 the Committee on Banking, Housing, and Urban Affairs
23 of the Senate containing all findings and determinations
24 made in carrying out the study required under section (a).

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

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