

.....  
(Original Signature of Member)

116TH CONGRESS  
1ST SESSION

# H. R.

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

Ms. WATERS introduced the following bill; which was referred to the Committee on \_\_\_\_\_

---

# 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.—

1           (1) IN GENERAL.—The Securities and Ex-  
2           change Commission shall carry out a study of  
3           whether Rule 10b5–1 (17 C.F.R. 240.10b5–1)  
4           should be amended to—

5                   (A) limit the ability of issuers and issuer  
6                   insiders to adopt a plan described under para-  
7                   graph (c)(1)(i)(A)(3) of Rule 10b5–1 (“trading  
8                   plan”) to a time when the issuer or issuer in-  
9                   sider is permitted to buy or sell securities dur-  
10                  ing issuer-adopted trading windows;

11                  (B) limit the ability of issuers and issuer  
12                  insiders to adopt multiple trading plans;

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

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

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

1 (D) limit the frequency that issuers and  
2 issuer insiders may modify or cancel trading  
3 plans;

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

8 (F) require boards of issuers that have  
9 adopted a trading plan to—

10 (i) adopt policies covering trading  
11 plan practices;

12 (ii) periodically monitor trading plan  
13 transactions; and

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

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

21 (A) how any such amendments may clarify  
22 and enhance existing prohibitions against in-  
23 sider trading;

1           (B) the impact any such amendments may  
2           have on the ability of issuers to attract persons  
3           to become an issuer insider;

4           (C) the impact any such amendments may  
5           have on capital formation;

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

9           (E) any other consideration that the Com-  
10          mission considers necessary and appropriate for  
11          the protection of investors.

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

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