

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4335
[8-K TRADING GAP ACT OF 2019]
OFFERED BY MRS. CAROLYN B. MALONEY OF
NEW YORK

Strike all after the enacting clause and insert the following:

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 following:
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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

1 and directors of the issuer from purchasing, selling, or
2 otherwise transferring any equity security of the issuer,
3 directly or indirectly—

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

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

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

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

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

14 “(B) the filing or furnishing of a current
15 report on Form 8–K with respect to such event.

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

18 “(1) may exempt certain transactions that the
19 Commission determines is appropriate, including
20 those that—

21 “(A) occur automatically;

22 “(B) are made pursuant to an advance
23 election; or

24 “(C) except as provided in paragraph (2),
25 involve a purchase or sale of equity securities

1 that satisfies the conditions under section
2 240.10b5–1(c) of title 17, Code of Federal Reg-
3 ulations;

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

7 “(A) is described in section 240.10b5–
8 1(c)(1)(i)(A)(3) of title 17, Code of Federal
9 Regulations; and

10 “(B) was adopted—

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

14 “(I) the occurrence of such event;
15 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 “(ii) with respect to an event de-
20 scribed in section 7 or 8 of Form 8–K, be-
21 tween—

22 “(I) the date on which the issuer
23 determines that it will disclose such
24 event; and

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

4 “(3) shall exempt from those rules—

5 “(A) issuers required to adopt and admin-
6 ister a code of ethics pursuant section 270.17j-
7 1 of title 17, Code of Federal Regulations, and
8 any other issuers registered under the Invest-
9 ment Company Act of 1940 whose investment
10 advisers are required to adopt and administer a
11 code of ethics pursuant to section 275.204A-1
12 of title 17, Code of Federal Regulations; and

13 “(B) any event where such event is de-
14 scribed in sections 1 through 6 of Form 8-K
15 and the issuer has announced such event in a
16 press release or other method of dissemination
17 that complies with the requirements of section
18 101(e)(2) of Regulation FD (17 C.F.R. Part
19 243.101(e)(2)).”.

