

116TH CONGRESS
1ST SESSION

H. R. 4335

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.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 16, 2019

Mrs. CAROLYN B. MALONEY of New York introduced the following bill; which was referred to the Committee on Financial Services

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “8-K Trading Gap Act
5 of 2019”.

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

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

6 **“SEC. 10E. PROHIBITION ON CERTAIN TRADING IN ANTICIPATION OF A CURRENT REPORT.**
7

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

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

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

20 “(B) the filing or furnishing of a current
21 report on Form 8-K with respect to such event;
22 and

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

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

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

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

5 “(1) may exempt certain transactions that the
6 Commission determines is appropriate, including
7 those that—

8 “(A) occur automatically;

9 “(B) are made pursuant to an advance
10 election; or

11 “(C) except as provided in paragraph (2),
12 involve a purchase or sale of equity securities
13 that satisfies the conditions under section
14 240.10b5–1(e) of title 17, Code of Federal Reg-
15 ulations; and

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

19 “(A) is described in section 240.10b5–
20 1(e)(1)(i)(A)(3) of title 17, Code of Federal
21 Regulations; and

22 “(B) was adopted—

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

1 “(I) the occurrence of such event;
2 and

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

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

9 “(I) the date on which the issuer
10 determines that it will disclose such
11 event; and

12 “(II) the filing or furnishing of a
13 current report on Form 8-K with re-
14 spect to such event.”.

○