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(Original Signature of Member)

116TH CONGRESS  
1ST SESSION

**H. R.**

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 when in possession of material nonpublic information, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

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

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**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 when in possession of material nonpublic information, 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 WHEN IN POS-**  
2 **SESSION OF MATERIAL NONPUBLIC INFOR-**  
3 **MATION.**

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

7 **“SEC. 10E. PROHIBITION ON CERTAIN TRADING WHEN IN**  
8 **POSSESSION OF MATERIAL NONPUBLIC IN-**  
9 **FORMATION.**

10 “(a) COVERED PERIOD DEFINED.—In this section,  
11 the term ‘covered period’ means a period beginning on the  
12 date on which an issuer determines that the issuer pos-  
13 sesses material nonpublic information and ending on the  
14 date on which that information is publicly disclosed or no  
15 longer material.

16 “(b) PROHIBITION.—Not later than 1 year after the  
17 date of enactment of this section, the Commission shall  
18 issue rules that require each issuer that is subject to re-  
19 porting requirements under section 13(a) or 15(d) to es-  
20 tablish and maintain policies, controls, and procedures  
21 that are reasonably designed to prohibit executive officers  
22 and directors of the issuer from purchasing, selling, or  
23 otherwise transferring any equity security of the issuer,  
24 directly or indirectly, during a covered period with respect  
25 to the issuer.

1       “(c) PERMISSIBLE TRANSACTIONS.—In issuing rules  
2 under subsection (b), the Commission—

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

6                       “(A) occur automatically;

7                       “(B) are made pursuant to an advance  
8 election; or

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

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

17                       “(A) is described in section 240.10b5–  
18 1(e)(1)(i)(A)(3) of title 17, Code of Federal  
19 Regulations; and

20                       “(B) was adopted during a covered period  
21 with respect to the issuer.”.