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117TH CONGRESS
1ST SESSION

H. R. 1528

IN THE SENATE OF THE UNITED STATES

APRIL 22, 2021
Received; read twice and referred to the Committee on Banking, Housing, and Urban Affairs

AN ACT

To require the Securities and Exchange Commission to carry out a study of Rule 10b5–1 trading plans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Promoting Transparent Standards for Corporate Insiders Act''.

SEC. 2. SEC STUDY.

(a) STUDY.—

(1) IN GENERAL.—The Securities and Exchange Commission shall carry out a study of whether Rule 10b5–1 (17 CFR 240.10b5–1) should be amended to—

(A) limit the ability of issuers and issuer insiders to adopt a plan described under paragraph (c)(1)(i)(A)(3) of Rule 10b5–1 (''trading plan'') to a time when the issuer or issuer insider is permitted to buy or sell securities during issuer-adopted trading windows;

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

(C) establish a mandatory delay between the adoption of a trading plan and the execution of the first trade pursuant to such a plan and, if so and depending on the Commission's findings with respect to subparagraph (A)—

(i) whether any such delay should be the same for trading plans adopted during an issuer-adopted trading window as opposed to outside of such a window; and

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

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

(E) require issuers and issuer insiders to file with the Commission trading plan adoptions, amendments, terminations and transactions; or

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

(i) adopt policies covering trading plan practices;

(ii) periodically monitor trading plan transactions; and

(iii) ensure that issuer policies discuss trading plan use in the context of guidelines or requirements on equity hedging, holding, and ownership.

(2) ADDITIONAL CONSIDERATIONS.—In carrying out the study required under paragraph (1), the Commission shall consider—

(A) how any such amendments may clarify and enhance existing prohibitions against insider trading;

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

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

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

(E) any other consideration that the Commission considers necessary and appropriate for the protection of investors.

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

(c) RULEMAKING.—After the completion of the study required under subsection (a), the Commission shall,

subject to public notice and comment, revise Rule 10b5–1 consistent with the results of such study.

Passed the House of Representatives April 20, 2021.

Attest: CHERYL L. JOHNSON,

Clerk.