Insider Trading: New Rules, New Planning Opportunities

2000-11-03

The SEC recently adopted new insider trading rules that clarify and expand the prohibition against insider trading. New Rule 10b5-1 also includes affirmative defenses that enable an insider to structure a selling program that will not violate insider trading laws. The new rules, which were adopted at the same time as Regulation FD, took effect on October 23, 2000. Although adopted with little fanfare, the new insider trading rules - particularly the new affirmative defenses - may have more far-reaching implications than Regulation FD for insiders of public companies.

Public companies should review their insider trading policies and practices in light of these new rules, and individual insiders should consider adopting pre-arranged trading programs.

Hale and Dorr has just published a Corporate Advisor containing:

- a summary of the new insider trading rules;
- an explanation of the new affirmative defenses to insider trading claims;
- examples of pre-arranged trading programs under the new rules;
- a discussion of the use of blind trusts as an alternative means to protect insiders from insider trading liability; and
- other planning opportunities and best practices for both companies and insiders arising under the new rules.

Click here to read the Corporate Advisor. If you have any questions about the new insider trading rules or pre-arranged trading programs, you may contact:

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