

118TH CONGRESS
2D SESSION

S. 5127

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 SENATE OF THE UNITED STATES

SEPTEMBER 19, 2024

Mr. VAN HOLLEN introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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 2024”.

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 (15
5 U.S.C. 78j-4) the following:

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 or
16 interest in an equity security of the issuer, directly or indi-
17 rectly—

18 “(1) with respect to an event described in any
19 of sections 1 through 6 of the form described in sec-
20 tion 249.308 of title 17, Code of Federal Regula-
21 tions (referred to in this section as ‘Form 8-K’), be-
22 tween—

23 “(A) the occurrence of that event; and

24 “(B) the filing or furnishing of a current
25 report on Form 8-K with respect to that event;
26 and

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

3 “(A) the date on which the issuer deter-
4 mines that the issuer will disclose that event;
5 and

6 “(B) the filing or furnishing of a current
7 report on Form 8–K with respect to that event.

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

10 “(1) may exempt certain transactions that the
11 Commission determines are appropriate, including
12 those transactions that—

13 “(A) occur automatically;

14 “(B) are made pursuant to an advance
15 election; or

16 “(C) except as provided in paragraph (2),
17 involve a purchase or sale of equity securities
18 that satisfies the conditions under section
19 240.10b5–1(c) of title 17, Code of Federal Reg-
20 ulations;

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

1 “(A) is described in section 240.10b5–
2 1(e)(1)(i)(A)(3) of title 17, Code of Federal
3 Regulations; and

4 “(B) was adopted—

5 “(i) with respect to an event described
6 in any of sections 1 through 6 of Form 8–
7 K, between—

8 “(I) the occurrence of that event;

9 and

10 “(II) the filing or furnishing of a
11 current report on Form 8–K with re-
12 spect to that event; and

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

16 “(I) the date on which the issuer
17 determines that the issuer will disclose
18 that event; and

19 “(II) the filing or furnishing of a
20 current report on Form 8–K with re-
21 spect to that event; and

22 “(3) shall exempt from those rules—

23 “(A) issuers required to adopt and admin-
24 ister a code of ethics pursuant section 270.17j–
25 1 of title 17, Code of Federal Regulations;

1 “(B) any other issuer registered under the
2 Investment Company Act of 1940 (15 U.S.C.
3 80a–1 et seq.), the investment advisers of which
4 are required to adopt and administer a code of
5 ethics pursuant to section 275.204A–1 of title
6 17, Code of Federal Regulations; and

7 “(C) any event that is—

8 “(i) described in any of sections 1
9 through 6 of Form 8–K; and

10 “(ii) announced by the issuer in a
11 press release or other method of dissemina-
12 tion described in section 243.101(e)(2) of
13 title 17, Code of Federal Regulations.

14 “(c) FOREIGN ISSUERS.—In issuing rules under sub-
15 section (a), the Commission may include foreign issuers
16 required to use the form described in section 249.306 of
17 title 17, Code of Federal Regulations.

18 “(d) RULE OF CONSTRUCTION.—Each reference in
19 this section to a provision of the Code of Federal Regula-
20 tions (including each reference in this section to Form 8–
21 K) shall be construed as a reference to that provision as
22 in effect on the date of enactment of this section.”.

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