

House Passes 8-K Trading Gap Act

January 21, 2020 | Client Update

Last week, the House overwhelmingly passed legislation aimed at closing what lawmakers have called a “loophole” for insider trading—corporate insiders trading between the occurrence of a corporate event and its disclosure through a Form 8-K filing (the “8-K Gap”). The [8-K Trading Gap Act](#) (“the Bill”) passed with broad bipartisan support. If passed by the Senate and enacted into law, it would require public companies to adopt policies and procedures reasonably designed to prevent corporate insiders from trading before Form 8-K disclosures. Although most or all public companies already have internal policies to prevent insider trading, the Bill would require policies as a matter of law, would create a new risk of SEC enforcement action if a company’s policies are deemed unreasonable, and would require that policies extend to some announcements even if they do not involve material information.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Martine M. Beamon

+1 212 450 4262
martine.beamon@davispolk.com

Angela T. Burgess

+1 212 450 4885
angela.burgess@davispolk.com

Robert A. Cohen

+1 202 962 7047
robert.cohen@davispolk.com

Michael Kaplan

+1 212 450 4111
michael.kaplan@davispolk.com

Neil H. MacBride

+1 202 962 7035
neil.macbride@davispolk.com

Stefani Johnson Myrick

+1 202 962 7165
stefani.myrick@davispolk.com

Annette L. Nazareth

+1 202 962 7075
annette.nazareth@davispolk.com

Margaret E. Tahyar

+1 212 450 4379
margaret.tahyar@davispolk.com

Linda Chatman Thomsen

+1 202 962 7125
linda.thomsen@davispolk.com

Richard D. Truesdell, Jr.

+1 212 450 4674
richard.truesdell@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.

Related materials

[Read the full update](#)