

SEC Large Trader Rule: Impact on Corporations and Related Individuals

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The SEC's new Large Trader Reporting Rule should be reviewed by corporations and individuals that exercise discretion over transactions in U.S.-listed listed stocks and options. Effecting even a single trade can require a corporation or individual to register as a "large trader." New Rule 13h-1 requires large traders to register with the SEC by December 1, 2011 by filing Form 13H.

In general, we expect that most corporations outside the financial services industry and most individuals will not be subject to the rule. Many ordinary corporate activities in listed stocks, such as self-tenders and other share repurchases, administering equity compensation plans, and engaging in mergers and acquisitions involving public companies, will not trigger registration.

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.

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