

House Passes 8-K Trading Gap Act

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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.

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