

## Second Circuit Lowers the Bar for Charging Criminal Insider Trading

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On December 30, 2019, the United States Court of Appeals for the Second Circuit affirmed the convictions of four individuals charged with disclosing and trading on nonpublic government information, adding a new twist to decades of judicial precedent on the definition of insider trading. The court held that the “personal-benefit” test for insider trading established by the Supreme Court in *Dirks v. SEC* does not apply to wire and securities fraud under Title 18 of the U.S. Code. The ruling will make it easier for the government to prosecute insider trading even when there is no clear benefit to the source who provided the 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.

**Greg D. Andres**

+1 212 450 4724  
greg.andres@davispolk.com

**Martine M. Beamon**

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

**Angela T. Burgess**

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

**Neil H. MacBride**

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

**Tatiana R. Martins**

+1 212 450 4085  
tatiana.martins@davispolk.com

**Fiona R. Moran**

+1 202 962 7137  
fiona.moran@davispolk.com

**Paul J. Nathanson**

+1 202 962 7055  
+1 212 450 3133  
paul.nathanson@davispolk.com

**Linda Chatman Thomsen**

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

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