



## Buyer/Seller Beware: SEC Continues to Scrutinize Rule 10b5-1 Plans

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By: Kerry E. Berchem, Garrett A. DeVries, John Patrick Clayton

In prepared remarks given on June 7, 2021, Gensler noted that there is currently no required cooling off period following implementation of a 10b5-1 plan and suggested consideration of a mandated four- to six-month cooling off period. This cooling off period had been suggested by former Commission Chair, John Clayton, and the former head of the Commission's Division of Corporate Finance.

Gensler also requested the Commission staff to consider, among other potential reforms:

- Limits on when and how a 10b5-1 plan can be cancelled.
- Disclosure requirements regarding the adoption, modification and terms of Rule 10b5-1 plans.
- Limits on the number of 10b5-1 plans that insiders can adopt.
- The intersection of Rule 10b5-1 and share buybacks.

Gensler also reiterated that insiders must act in good faith when using 10b5-1 plans.

Companies that have, or whose insiders have, 10b5-1 plans should review those plans and confirm that they have been implemented and amended (or cancelled) in good faith.

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