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# sec announces adoption of amendments to rule 10b5-1 insider trading plans and related disclosures

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*MSK Client Alert*

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On December 14, 2022, the Securities and Exchange Commission ("SEC") announced that they adopted amendments to Rule 10b5-1 under the Securities Exchange Act of 1934 ("Exchange Act").

Rule 10b5-1 was first adopted by the SEC in August 2000, which provided affirmative defenses for corporate insiders and companies to buy and sell company stock pursuant to a 10b5-1 plan, so long as they adopted such plans in good faith and before becoming aware of material nonpublic information. Since then, SEC Chair Gary Gensler explained, "we've heard from courts, commenters, and members of Congress that insiders have sought to benefit from the rule's liability protections while trading securities opportunistically on the basis of material nonpublic information. I believe today's amendments will help fill those gaps."<sup>[i]</sup>

The proposed amendments were first introduced in January 2022, which also included additional disclosure requirements to enhance investor protections concerning insider trading. The final adopted amendments include modifications to Rule 10b5-1(c)(1) affirmative defense to insider trading liability, including...

[i] <https://www.sec.gov/news/press-release/2022-222#:~:text=%E2%80%gCAbout%2020%20years%20ago%2C%20the,said%20SEC%20Chair%20Gary%20Gensler>.

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