

## Stephen Quinlivan Quoted on Rule 10b5-1 in *Agenda* Article

In the News

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Minneapolis Partner [Stephen Quinlivan](#) recently talked with *Agenda* on contemplated changes with respect to Security and Exchange Commission's (SEC) Rule 10b5-1. The rule allows company insiders to set up a predetermined plan to sell company stocks in accordance with insider trading laws.

According to the article, research suggests that Rule 10b5-1 is being used by some parties as a legal cover for "sketchier trades" instead of as a compliance tool. Calls for increased transparency under the rule have been amplified in light of recent developments involving the trading of shares by pharmaceutical personnel prior to vaccine efficacy announcements. Events such as these encouraged the U.S. House of Representatives to pass a bill that would reexamine the workings of Rule 10b5-1.

In the article, Steve explained that disclosing to the public when executives are trading under a 10b5-1 plan could put companies at a disadvantage by leading to "unwarranted scrutiny" regarding the timing of trades. Steve instead suggests that internal approval of trade processes and providing time between the implementation of plans and the first trade would be ideal in such circumstances. He also noted to readers that the burden lies on the executive, not the SEC, to prove against any questionable trading practices.

"I think a lot of executives believe that if they have a plan, they can't get into trouble... a lot of people don't understand that the SEC doesn't have to prove you have a bad plan; you have to prove you have a good plan and didn't know anything."

Steve practices primarily in the areas of mergers and acquisitions, REITs, sports law, securities and international transactions. He also has significant experience counseling boards of directors in corporate governance and liability-related issues. He is also a lead writer on Stinson's Dodd-Frank blog.

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