

Practice Update

SEC Enforcement Division Issues Warnings Regarding Market Integrity and Preventing Insider Trading

March 26, 2020

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On Monday, March 23, 2020, the co-directors of the SEC's Division of Enforcement issued a statement regarding the need to vigorously guard the integrity of the markets. The statement focused on the importance of following corporate controls and procedures and emphasized an individual's obligation not to trade on any material nonpublic information that they become aware of in these extraordinary times.

The statement also reminded companies to pay attention to their obligations to follow and enforce their policies and procedures, including insider trading prohibitions and selective disclosure prohibitions. Finally, the co-directors continued their focus on protecting main street investors by reminding broker-dealers, investment advisers and others regarding their obligation to prevent the misuse of material nonpublic information.

The Enforcement Division's statement is an important reminder that during these uncertain times the SEC will vigorously protect the integrity of the markets. This is in addition to Department of Justice laying down its own marker regarding prosecuting individuals who attempt to profit from the current pandemic.

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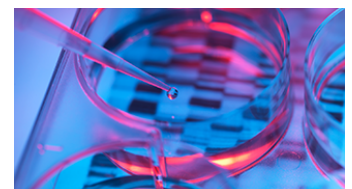
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