§ 78p. Directors, officers, and principal stockholders

(a) Disclosures required

(1) Directors, officers, and principal stockholders required to file

Every person who is directly or indirectly the beneficial owner of more than 10 percent of any class of any equity security (other than an exempted security) which is registered pursuant to section 78l of this title, or who is a director or an officer of the issuer of such security, shall file the statements required by this subsection with the Commission.

(2) Time of filing

The statements required by this subsection shall be filed—

(A) at the time of the registration of such security on a national securities exchange or by the effective date of a registration statement filed pursuant to section 78l (g) of this title;

(B) within 10 days after he or she becomes such beneficial owner, director, or officer, or within such shorter time as the Commission may establish by rule;

(C) if there has been a change in such ownership, or if such person shall have purchased or sold a security-based swap agreement involving such equity security, before the end of the second business day following the day on which the subject transaction has been executed, or at such other time as the Commission shall establish, by rule, in any case in which the Commission determines that such 2-day period is not feasible.

(3) Contents of statements

A statement filed—

(A) under subparagraph (A) or (B) of paragraph (2) shall contain a statement of the amount of all equity securities of such issuer of which the filing person is the beneficial owner; and

(B) under subparagraph (C) of such paragraph shall indicate ownership by the filing person at the date of filing, any such changes in such ownership, and such purchases and sales of the security-based swap agreements or security-based swaps as have occurred since the most recent such filing under such subparagraph.

(b) Profits from purchase and sale of security within six months

For the purpose of preventing the unfair use of information which may have been obtained by such beneficial owner, director, or officer by reason of his relationship to the issuer, any profit realized by him from any purchase and sale, or any sale and purchase, of any equity security of such issuer (other than an exempted security) or a security-based swap agreement involving any such equity security within any period of less than six months, unless such security or security-based swap agreement was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the issuer, irrespective of any intention on the part of such beneficial owner, director, or officer in entering into such transaction of holding the security or security-based swap agreement purchased or of not repurchasing the security or security-based swap agreement sold for a period exceeding six months. Suit to recover such profit may be instituted at law or in equity in any court of competent jurisdiction.
by the issuer, or by the owner of any security of the issuer in the name and in behalf of the issuer if
the issuer shall fail or refuse to bring such suit within sixty days after request or shall fail diligently
to prosecute the same thereafter; but no such suit shall be brought more than two years after the date
such profit was realized. This subsection shall not be construed to cover any transaction where such
beneficial owner was not such both at the time of the purchase and sale, or the sale and purchase, of
the security or security-based swap agreement or a security-based swap involved, or any transaction or
transactions which the Commission by rules and regulations may exempt as not comprehended within
the purpose of this subsection.

(c) Conditions for sale of security by beneficial owner, director, or officer

It shall be unlawful for any such beneficial owner, director, or officer, directly or indirectly, to sell
any equity security of such issuer (other than an exempted security), if the person selling the security
or his principal

(1) does not own the security sold, or

(2) if owning the security, does not deliver it against such sale within twenty days thereafter,
or does not within five days after such sale deposit it in the mails or other usual channels of
transportation; but no person shall be deemed to have violated this subsection if he proves that
notwithstanding the exercise of good faith he was unable to make such delivery or deposit within
such time, or that to do so would cause undue inconvenience or expense.

(d) Securities held in investment account, transactions in ordinary course of business, and
establishment of primary or secondary market

The provisions of subsection (b) of this section shall not apply to any purchase and sale, or sale and
purchase, and the provisions of subsection (c) of this section shall not apply to any sale, of an equity
security not then or theretofore held by him in an investment account, by a dealer in the ordinary course
of his business and incident to the establishment or maintenance by him of a primary or secondary
market (otherwise than on a national securities exchange or an exchange exempted from registration
under section 78e of this title) for such security. The Commission may, by such rules and regulations
as it deems necessary or appropriate in the public interest, define and prescribe terms and conditions
with respect to securities held in an investment account and transactions made in the ordinary course
of business and incident to the establishment or maintenance of a primary or secondary market.

(e) Application of section to foreign or domestic arbitrage transactions

The provisions of this section shall not apply to foreign or domestic arbitrage transactions unless made
in contravention of such rules and regulations as the Commission may adopt in order to carry out the
purposes of this section.

(f) Treatment of transactions in security futures products

The provisions of this section shall apply to ownership of and transactions in security futures products.

(g) Limitation on Commission authority

The authority of the Commission under this section with respect to security-based swap agreements
shall be subject to the restrictions and limitations of section 78c–1 (b) of this title.

Pub. L. 106–554, § 1(a)(5) [title II, § 208(b)(3), title III, § 303(g), (h)], Dec. 21, 2000, 114 Stat. 2763,

Amendment of Section

Unless otherwise provided, amendment by subtitle B (§§ 761–774) of title VII of Pub. L. 111–203 effective on the
later of 360 days after July 21, 2010, or, to the extent a provision of subtitle B requires a rulemaking, not less than 60
days after publication of the final rule or regulation implementing such provision of subtitle B, see 2010 Amendment notes and Effective Date of 2010 Amendment note below.

Amendments

2010—Subsec. (a)(1). Pub. L. 111–203, § 929R(b)(1), struck out “(and, if such security is registered on a national securities exchange, also with the exchange)” after “Commission”.

Subsec. (a)(2)(B). Pub. L. 111–203, § 929R(b)(2), inserted “, or within such shorter time as the Commission may establish by rule” after “officer”.


Subsec. (a)(3)(B). Pub. L. 111–203, § 762(d)(5)(B), which directed amendment of subpar. (B) by inserting “or security-based swaps” after “security-based swap agreement”, was executed by making the insertion after “security-based swap agreements”, to reflect the probable intent of Congress.

Subsec. (b). Pub. L. 111–203, § 762(d)(5)(D), which directed amendment of subsec. (b) by substituting “or a security-based swap” for “(as defined in section 206B of the Gramm-Leach-Bliley Act)” in third sentence, was executed by making the substitution for “(as defined in section 206B of the Gramm-Leach-Bliley Act)” in third sentence, to reflect the probable intent of Congress.


2002—Pub. L. 107–204 reenacted section catchline without change, added heading and text of subsec. (a), and struck out former subsec. (a) which read as follows: “Every person who is directly or indirectly the beneficial owner of more than 10 per centum of any class of any equity security (other than an exempted security) which is registered pursuant to section 78l of this title, or who is a director or an officer of the issuer of such security, shall file, at the time of the registration of such security on a national securities exchange or by the effective date of a registration statement filed pursuant to section 78l (g) of this title, or within ten days after he becomes such beneficial owner, director, or officer, a statement with the Commission (and, if such security is registered on a national securities exchange, also with the exchange) of the amount of all equity securities of such issuer of which he is the beneficial owner, and within ten days after the close of each calendar month thereafter, if there has been a change in such ownership or if such person shall have purchased or sold a security-based swap agreement (as defined in section 206B of the Gramm-Leach-Bliley Act) involving such equity security during such month, shall file with the Commission (and if such security is registered on a national securities exchange, shall also file with the exchange), a statement indicating his ownership at the close of the calendar month and such changes in his ownership and such purchases and sales of such security-based swap agreements as have occurred during such calendar month.”

2000—Subsecs. (a), (b). Pub. L. 106–554, § 1(a)(5) [title III, § 303(g)], amended subsecs. (a) and (b) generally, revising provisions to extend application to security-based swap agreements.


Subsec. (g). Pub. L. 106–554, § 1(a)(5) [title III, § 303(h)], added subsec. (g).

1964—Subsec. (a). Pub. L. 88–467, § 8(a), substituted “registered pursuant to section 78l of this title” for “registered on a national securities exchange”, “Commission (and, if such security is registered on a national securities exchange, also with the exchange)” for “exchange (and a duplicate original thereof with the Commission)”, “a change” for “any change”, and “Commission (and if such security is registered on a national securities exchange, shall also file with the exchange)” for “exchange a statement (and a duplicate original thereof with the Commission)”, and inserted “on a national securities exchange or by the effective date of a registration statement filed pursuant to section 78l (g) of this title” after “registration of such security”.

Subsecs. (d), (e). Pub. L. 88–467, § 8(b), added subsec. (d) and redesignated former subsec. (d) as (e).

Effective Date of 2010 Amendment

Amendment by section 929R(b) of Pub. L. 111–203 effective 1 day after July 21, 2010, except as otherwise provided, see section 4 of Pub. L. 111–203, set out as an Effective Date note under section 5301 of Title 12, Banks and Banking.

Amendment by section 762(d)(5) of Pub. L. 111–203 effective on the later of 360 days after July 21, 2010, or, to the extent a provision of subtitle B (§§ 761–774) of title VII of Pub. L. 111–203 requires a rulemaking, not less than 60 days after publication of the final rule or regulation implementing such provision of subtitle B, see section 774 of Pub. L. 111–203, set out as a note under section 77b of this title.
Effective Date of 2002 Amendment

Pub. L. 107–204, title IV, § 403(b), July 30, 2002, 116 Stat. 789, provided that: “The amendment made by this section [amending this section] shall be effective 30 days after the date of the enactment of this Act [July 30, 2002].”

Effective Date of 1964 Amendment


Transfer of Functions

For transfer of functions of Securities and Exchange Commission, with certain exceptions, to Chairman of such Commission, see Reorg. Plan No. 10 of 1950, §§ 1, 2, eff. May 24, 1950, 15 F.R. 3175, 64 Stat. 1265, set out under section 78d of this title.