

Avoiding Insider Trading

Investing in the stock market has become an important factor in the financial lives of millions of people across many income levels. News reports of fortunes being won and lost in the stock market can tempt employees to try to capitalize on "inside" information that they learn at work before it is available to the general public. But whether these employees buy or sell stock themselves or "tip" others to do so, their activities could violate federal securities laws and lead to severe fines and even prison sentences — for themselves, their supervisors, friends and family, and their company.

Thus, it is essential that public companies — and businesses that come in contact with material, nonpublic information about public companies — provide their employees with a basic understanding of insider-trading law and policy.

Course Summary

This 25-minute course explains the laws prohibiting insider trading in simple, understandable terms. It includes pop-quizzes, news clippings and a final quiz highlighting real-world compliance issues that employees should learn to recognize and respond to appropriately.

The topics covered in the course include —

- Overview of insider trading
- What information is "material"?
- What is "non-public" information?
- Who may be liable for insider trading?
- Civil and criminal penalties for insider-trading violations
- Insider trading and Regulation FD