

Regulation FD

Regulation FD, for "Fair Disclosure," dictates how public companies and their representatives disclose "inside" information about the company. In essence, Regulation FD requires that a public company's communication of material, nonpublic information be made in approved forms of public disclosure. The purpose of the regulation is to make all material information about a company available to all investors at the same time.

Regulation FD addresses a practice known as "selective disclosure," in which companies provide inside information to market analysts, other securities-market professionals and shareholders before announcing the information publicly. Selective disclosure is very similar to the phenomenon of "tipping" that is at the heart of insider trading — that is, they enable a privileged few to acquire information that they can use to turn a profit or avoid a loss, rather than having to rely on their skill, business acumen and/or diligence.

But while "tipping" and other forms of insider trading have long been subject to severe punishments under the anti-fraud provisions of the federal securities laws, selective disclosure was not expressly prohibited until the SEC's enactment of Regulation FD in 1990.

Course Summary

This 30-minute course explains the basic principles of Regulation FD 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 Regulation FD
- Regulation FD and insider trading
- Regulation FD in a nutshell
- Who is subject to Regulation FD?
- What is material, nonpublic information?
- To whom are disclosures prohibited?
- Fair disclosure methods
- Fair disclosure safeguards
- Other communications
- Violations