

Equifax Data Breach: Preliminary Lessons for the Adoption and Implementation of Insider Trading Policies

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Insider trading allegations have surfaced at Equifax, a credit rating agency that last week announced a data breach that could potentially affect 143 million consumers in the United States, nearly half of the country's population. SEC filings show that three Equifax executives sold nearly \$2 million in shares of the company's common stock days after the cyberattack was discovered but before the news was publicly announced. It was unclear whether their share sales had anything to do with the breach. None of the SEC filings list the sales as being conducted as part of pre-established 10b5-1 trading plans. Equifax said in a statement that the three executives sold a "small percentage" of their shares on August 1 and August 2, adding they "had no knowledge that an intrusion had occurred at the time they sold their shares." Following the company's announcement of the data breach on September 9, Equifax shares traded down by almost 14 percent. The SEC has not commented on the share sales.

The developing circumstances at Equifax serve as a reminder for public companies to consider several important provisions when implementing or revising an insider trading policy. Read more in our eUpdate here:
www.dorsey.com/newsresources/publications/client-alerts/2017/09/equifax-data-breach.

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