Trading plans for company insiders

Don’t let insider status keep you from having an investment strategy. While you may be considered an insider when it comes to trading your company stock, your status shouldn’t prevent you from pursuing your long-term investing goals. Thanks to Rule 10b5-1, it doesn’t have to.

A trading plan helps mitigate “insider trading” issues.

This Securities and Exchange Commission rule may give you “safe harbor” by allowing you to continue trading company shares, including stock options (even during trading blackout periods), while avoiding insider-trading liability. The key is to establish a predetermined trading plan (or, more specifically, a 10b5-1 trading plan), which is easily done with the help of the 10b5-1 professionals at Fidelity Executive Services.SM

What a 10b5-1 trading plan can do for you.

Your predetermined trading plan allows you to sell or buy company stock according to a schedule you establish up front, even at times when other trading would be impermissible, while minimizing the risk of violating insider-trading laws. This results in several very important benefits.

A thoughtfully designed 10b5-1 trading plan helps you:

- Keep your long-term investment strategy, and larger financial plan, on track by helping you avoid interruptions and insider-trading risks.
- Keep your portfolio diversified by avoiding too large a concentration of company shares.
- Provide predictable cash flow for your individual goals.
- Adopt a strategy for stock option exercises, which is particularly useful in exercising expiring options.

Action Plan

- Decide how company stock trades fit into your larger investment strategy.
- Establish a plan for predetermined trading activity.
- Talk to a Fidelity Executive ServicesSM Representative about getting started today.
What you need to do.
First, think about your larger investment strategy and how your company stock trades fit into it. Then determine an appropriate trading plan to fit your investment strategy—including dates, number of shares, and target price range—for future sales or purchases of company shares and the exercise of company stock options. Once you establish your 10b5-1 trading plan, Fidelity will execute your trades according to your formula.

Let Fidelity Executive Services help.
Fidelity provides you ready access to a team of experienced and dedicated 10b5-1 professionals, ensuring that you receive all the support you need to establish and execute your 10b5-1 trading plan. If you prefer, we can discuss your objectives and help you formulate a trading plan to help meet them.

What to keep in mind.
A preestablished, written 10b5-1 trading plan helps you create an affirmative defense against insider-trading liability under federal securities laws. Fidelity’s procedures are designed to help maximize these protections. In order to offer this protection, your 10b5-1 plan may only be established—or modified—during a period when trading is allowable for insiders (an open window), and when you’re not in possession of material nonpublic information.

If your plan allows, you may be able to modify your plan, but any plan modification requires the approval of your company counsel. You may also cancel your plan at any time. All these actions must be accepted as being “in good order” by Fidelity. Various types of trading instructions are available, including good-till-canceled (GTC) orders lasting up to one year. We’ll tell you about all your options.

Executed according to plan.
For a 10b5-1 trading plan to protect you from insider-trading liability, trades must be executed according to the formula set down in your plan, and without your involvement in future investment decisions with respect to the trading instructions set forth in that plan.

For example, a typical formula could direct Fidelity to make trades filtered through the following criteria:

- **Order Type:** Sell long shares
- **Quantity:** 1,000 shares
- **Type of Order:** Market
- **Date:** First trading day of each month

How to get started.
Contact Fidelity Stock Plan Services to speak with an experienced 10b5-1 trading plan specialist. Call **800.823.0217**, weekdays from 8:00 a.m. to 4:30 p.m. Eastern time.