

## Bruce Newsome in Boardroom Insider: Are you Ready for the new Stock Hedging Disclosure'

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In an interview with *Boardroom Insider*, Haynes Boone Partner [Bruce Newsome](#) discussed stock hedging disclosure policies for directors, officers and employees.

Here is an excerpt:

When the U.S. Dodd-Frank legislation burst onto the scene a decade ago, American business was still in shock from the 2008 recession, and anticipated quick, radical change as the law's enabling rules rolled out. Well, we should have known that nothing happens fast in Washington. It wasn't until the end of 2018 that the D-F rules on disclosure of employee stock hedging policies (Item 407I) were finally released. These became effective this July and become law of the land for corporate disclosures starting next proxy season. Yet the long lag between first mention of hedging disclosure and final implementation in itself has added to confusion on policies. What do your board and its compensation committee need to do now to be in compliance for proxy season 2020?

- First, realize what the new rule doesn't require. Nothing in the new Dodd-Frank regulation says that your company needs to set a policy on hedging of company stock by directors, officers and employees. It just says that if you do have such a policy, it needs to be disclosed and explained in your proxy filing. But, when the rule was first set out a decade ago, most public companies played it safe and wrote up some sort of a policy.
- Why dig into a policy that's been on file for a decade? Companies have likely "had the same policy in place for a few years now, and they need to reexamine it," says Bruce Newsome, a partner with the law firm Haynes Boone in Texas, and an expert on compensation issues. The new hedging rules are broader than first discussed. Essentially all U.S. public companies are covered under the final rule, including "smaller reporting" and "emerging growth" ones (though the latter two have an extra year to comply). Also, your policy will now need to address everyone, not just top officers and directors. Anyone who receives stock in a parent company or any subsidiaries must be covered.
- Get good advice on meeting the new requirement. "Talk with your compensation consultants and other advisors now on your policy, and how broad it needs to be," counsels Newsome. "You don't want to be scrambling with this in early 2020."

To read the full article, click [here](#). (Subscription required)