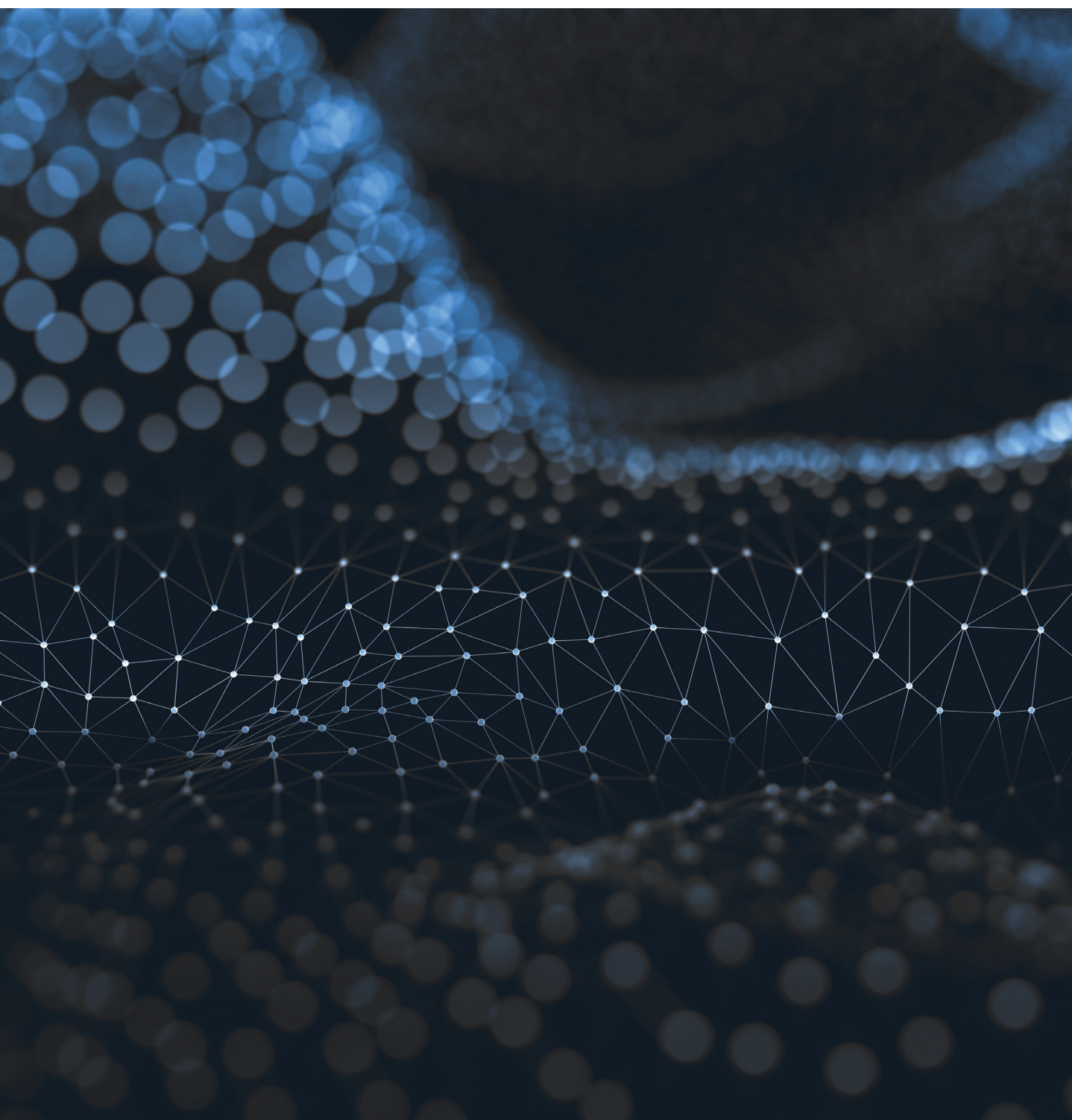


# 10b5-1 Plan Trends Report

How Companies Are Navigating Regulation,  
Risk and Responsible Insider Trading



# Contents

## Executive Summary →

### 1 10b5-1 plans are popular and growing in use →

### 2 Regulatory requirements are raising awareness and accountability →

### 3 Reassessment of 10b5-1 plans is ongoing →

### 4 Companies are increasingly looking for partners that offer education and strategic guidance →

## About this Research<sup>1</sup>

The 10b5-1 Plan Trends Survey was commissioned by Morgan Stanley at Work and conducted from January 23–February 19, 2025, in partnership with 8 Acre Perspective, an independent research firm.

The survey was conducted with 202 professionals involved in the approval or administration of 10b5-1 plans. To qualify, respondents had to hold a senior-level role (e.g., stock plan administrator, HR/Benefits manager or above) in Human Resources, Legal, Risk or Compliance functions. Participation was limited to professionals of publicly traded companies that offer an equity compensation plan and have at least one insider who used a 10b5-1 plan in the past five years.

Survey findings explore differences in attitudes and usage of 10b5-1 plans based on the respondent firms' market capitalization, defined as follows:

#### **SMALL CAP:**

Companies with a market capitalization of less than \$2 billion.

#### **MID CAP:**

Companies with a market capitalization of at least \$2 billion but less than \$10 billion.

#### **LARGE CAP:**

Companies with a market capitalization of \$10 billion or more.

# Executive Summary

## 1 **10b5-1 plans are popular and growing in use.**

Nearly all (97%) public companies surveyed report insider use of 10b5-1 plans in the most recent fiscal year, up from 74% in the 2021 survey.<sup>1</sup> In addition, the share of total Form 144 filing values attributable to 10b5-1 plans is growing, reaching 39% in 2024, up from 22% in 2022.<sup>2</sup> These findings suggest more companies are institutionalizing 10b5-1 plans as a core component of their insider trading practices.

## 2 **Increased regulatory requirements are raising awareness and accountability for insider trading.**

The Securities and Exchange Commission's (SEC) 2022 amendments to Rule 10b5-1 and related rules introduced stricter requirements and greater transparency, prompting many companies to re-evaluate their policies. Still, 9 in 10 (93%) respondents agree that the new rules offer clear guidance for staying compliant.

## 3 **Companies are expanding 10b5-1 plan use and tightening policies around their governance.**

Companies are expanding eligibility to a broader set of insiders while also introducing new restrictions to ensure responsible use. The percentage of companies requiring or strongly encouraging 10b5-1 plan usage to non-directors and those outside of the C-suite has more than tripled, reaching 39% from just 11% in 2021.<sup>1</sup>

## 4 **Training and advice are important.**

Nearly half (48%) of public company respondents strongly agree that training and education are essential components of a 10b5-1 provider's offering, and 65% already offer holistic planning services to their executives. The demand for education and strategic advice suggests companies view 10b5-1 plans not just as a legal and compliance consideration but as a means of supporting executives in liquidity and personal financial planning.



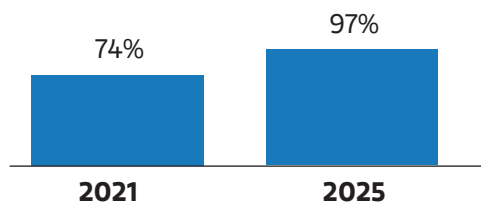
# 1 10b5-1 plans are popular and growing in use

Rule 10b5-1 plans are a valuable tool companies can use to manage insider stock transactions, offering structure, transparency and legal safeguards for executives and other insiders. With the 2022 SEC amendments to Rule 10b5-1 and related rules, public companies may be re-evaluating how these plans fit into their governance practices, equity compensation strategies and the growing need for education, compliance and strategic guidance.

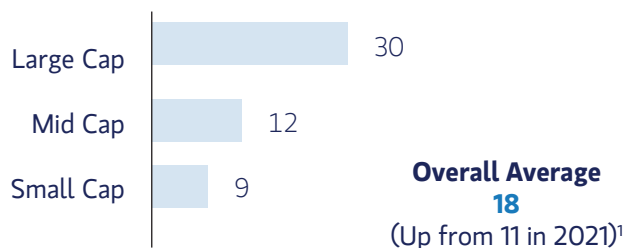
97% of surveyed companies reported insider use of Rule 10b5-1 trading plans, up from 74% in 2021.<sup>1</sup> During that same period, the average number of participating insiders per company rose from 11 to 18 and is highly correlated with companies' market capitalization. Financial services and technology companies reported a higher-than-average number of users (21 for financial services and 24 for technology companies) compared to firms in other sectors.



**% OF COMPANIES WITH INSIDERS USING 10b5-1 PLANS LAST FISCAL YEAR**



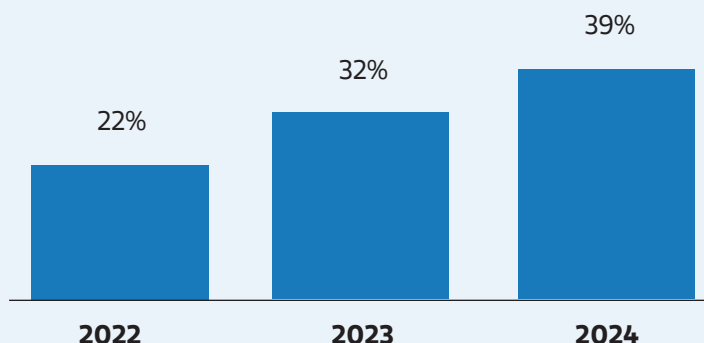
**AVERAGE NUMBER OF INSIDERS PER COMPANY USING 10b5-1 PLANS LAST FISCAL YEAR**



Further evidence of growth in 10b5-1 plans is the increasing share of Form 144 filing values tied to these plans as a percentage of total Form 144 filing values overall.

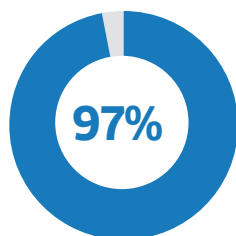
The SEC requires the public filing of Form 144 for any affiliate who sells company stock in amounts exceeding 5,000 shares or \$50,000 in value over a three-month period. Even if the trades take place under a 10b5-1 plan, Form 144 still needs to be filed to provide public notice of the sales.

**% OF FORM 144 FILING VALUE ATTRIBUTABLE TO 10b5-1 PLANS<sup>2</sup>**



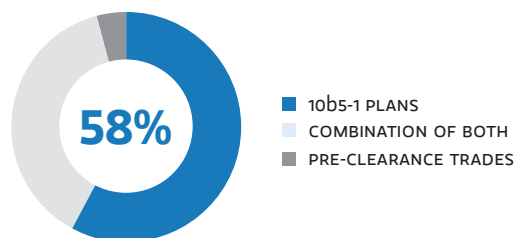
## 10b5-1 plans are an important component of a company's equity compensation strategy.

Nearly all company respondents view 10b5-1 plans as an essential element of their company's broader equity compensation strategy, aligning executive trading activity with sound governance and regulatory compliance.



Agree that the company views 10b5-1 plans as an integrated component of overall equity compensation strategy.

10b5-1 plans are also the preferred method of executive trading, per company respondents. 96% prefer to use them alone (58%) or in tandem with pre-clearance trades (38%).



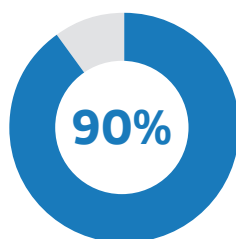
Report that the company's preferred method for executive trading is 10b5-1 plans.

## Respondents appreciate 10b5-1 plans for enabling a disciplined and transparent approach to executive sales

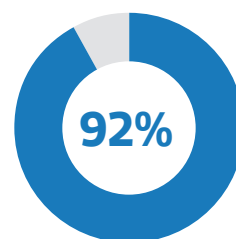
For companies, requiring or encouraging 10b5-1 plan use as part of an overall insider trading policy can signal to investors and regulators that the company takes compliance seriously and that insider sales will be disciplined. For executives, these plans provide a structured approach to diversifying concentrated stock positions over time, helping to address liquidity and financial planning needs. In addition, their preset nature protects insiders from "emotional" selling and mitigates potential negative signaling from liquidating their holdings.<sup>4</sup>

### Top Reported Benefits of Using 10b5-1 Plans:

- 1 Establishes a disciplined approach to executive sales.
- 2 Allows executives to trade during closed-window periods.
- 3 Improves public/market perception of executive sales.



Agree 10b5-1 plans are an essential risk management tool for both the company and its executives (29% strongly agree).



Agree public disclosures of 10b5-1 plan adoption and trades enhance transparency and investor confidence (52% strongly agree).



## 2 Recent changes to Rule 10b5-1 and related rules drew more attention to insider transactions, potentially contributing to the uptick in plans

Rule 10b5-1, enacted by the SEC in 2000, offers corporate insiders a potential affirmative defense against claims of insider trading. Rule 10b5-1 generally requires that insiders who adopt their trading plan at a time when they are not aware of material non-public information (MNPI), observe a cooling-off period before trading begins, act in good faith with respect to the plan, and do not subsequently influence or deviate from the planned trades.

The goal of Rule 10b5-1 is to protect both insiders and investors by establishing a clear, rules-based framework for legitimate insider trading. Over time, concerns relating to the misuse of these plans prompted the SEC to amend the rule in 2022 to reinforce the original intent of the rule, enhance transparency and build confidence in executive stock transactions.

### SEC's 2022 amendments to Rule 10b5-1 and related rules include:<sup>3</sup>

- ✓ Mandatory cooling-off period.
- ✓ Restrictions on single trade-plans.
- ✓ Prohibition of overlapping sales plans.
- ✓ Requiring insiders to act in good faith with respect to the plan.
- ✓ Company disclosure requirements for Section 16 officers and directors.

*A heightened focus on insider trading led to the 2022 10b5-1 rule amendments. Since then, issuers and plan administrators are turning to 10b5-1 plans more than ever before to be their preferred liquidation method for their insiders."*

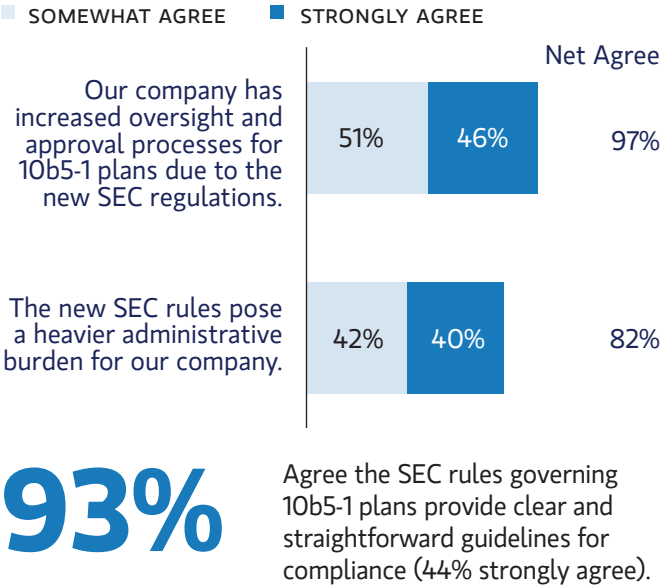
— Joshua Shek, Executive Director, Morgan Stanley at Work



While compliance with SEC rules relating to 10b5-1 plans requires additional time and effort, survey respondents generally have a favorable view of the changes.

In addition to providing more structure, standardization and transparency around 10b5-1 plans, the SEC’s Rule 10b5-1 amendments have also raised the bar for internal compliance and oversight. Those at companies supporting insider transactions and plans face more complex and potentially resource-intensive compliance processes due to these changes, prompting many to implement stricter approval protocols. Despite these added demands, a strong majority of company respondents agree that the new rules offer clear, straightforward guidance for staying compliant.

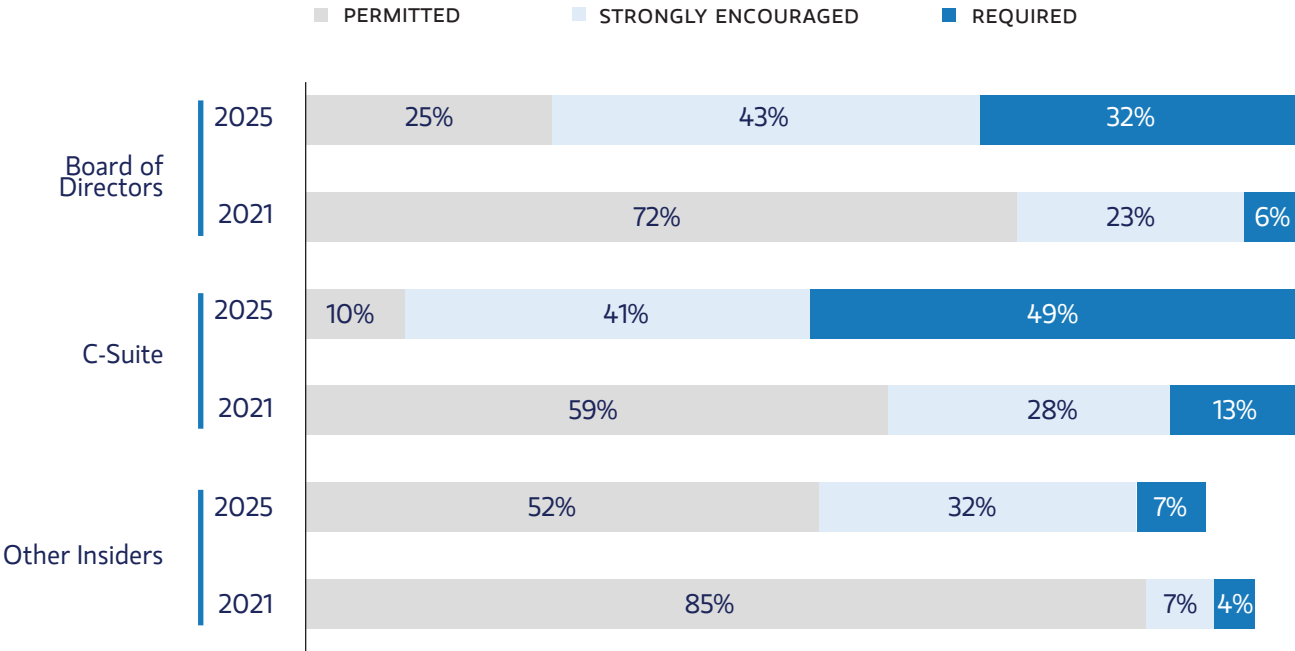
IMPACT OF NEW SEC REGULATIONS ON CORPORATE COMPLIANCE



With increased attention on Rule 10b5-1 compliance, more companies are strongly encouraging, if not requiring, 10b5-1 plan use among all insiders.

Since 2021, when this survey was last conducted and prior to the SEC’s Rule 10b5-1 amendments, the percentage of companies encouraging or requiring 10b5-1 plans has increased significantly across all insider groups.<sup>1</sup> Increased use of these plans can help mitigate legal and reputational risks and demonstrates good corporate governance.

COMPANY APPROACH TO THE USE OF 10b5-1 PLANS BY INSIDER GROUP

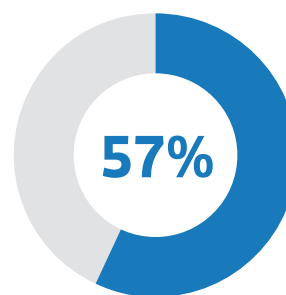




In addition to the increase in companies encouraging or requiring 10b5-1 plan use, a majority of respondents see value in allowing employees at all levels to use 10b5-1 plans versus reserving their use exclusively for senior executives. This provides insight into how organizations may view equity ownership, compliance and financial well-being across their employee base with many companies taking a more inclusive approach to risk management and personal financial planning.

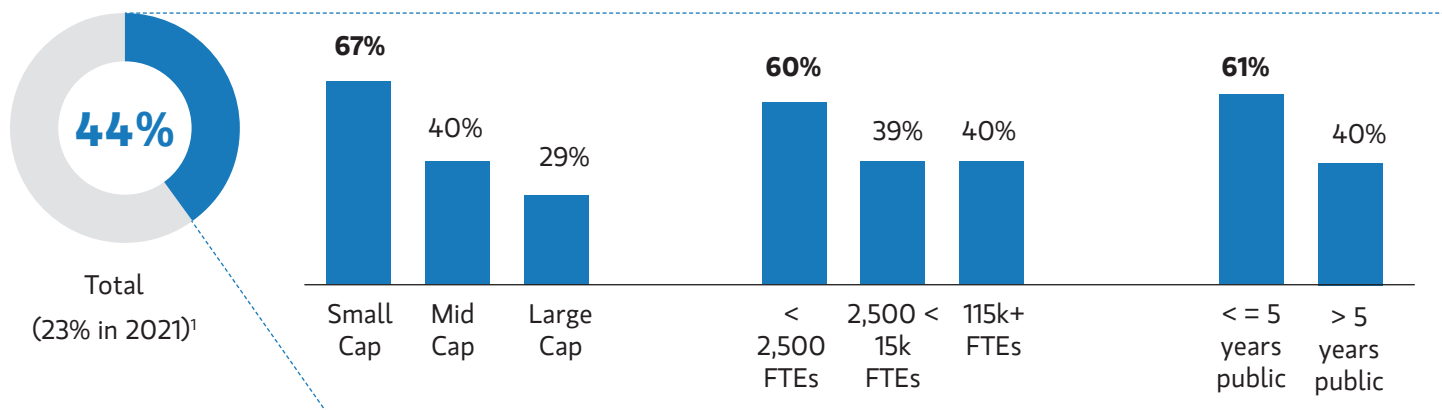
Although 91% of companies permit the use of 10b5-1 plans by employees other than the C-suite and board of directors, many limit which employees can participate. The percentage of companies adding criteria to their insider trading policies defining which “other insiders” (i.e., those not on the board or in the C-suite), are eligible for 10b5-1 plans (44%) has nearly doubled from 23% in 2021.<sup>1</sup> Interestingly, larger, more established firms are less likely to impose eligibility limitations on other insiders, suggesting a greater ability to administratively support this broader insider participation.

#### PERSPECTIVE ON BROAD EMPLOYEE ACCESS TO 10b5-1 PLANS



See value in allowing broader access to 10b5-1 plans across all levels of employees, not just senior executives.

#### % OF COMPANIES LIMITING OTHER INSIDERS' ELIGIBILITY FOR 10b5-1 PLANS<sup>4</sup>



#### How Companies Are Limiting Other Insiders' Eligibility

- 34%** allow other insiders with regular access to material non-public information.
- 24%** allow other insiders from certain departments.
- 24%** allow other insiders at a certain level.

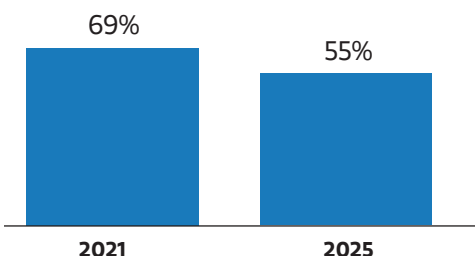


# 3

## Following regulatory changes, companies are adjusting 10b5-1 plan policies and restrictions in some areas

Compared to feedback from the 2021 survey, more 10b5-1 plan policies today impose guardrails around outside sales, amendments, terminations and plan providers.<sup>1</sup>

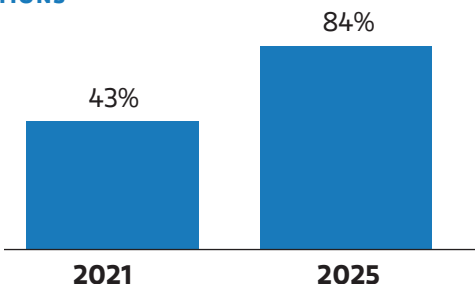
### % PERMITTING EXISTING 10b5-1 PLAN USERS TO SELL SHARES OUTSIDE THE PLAN



For example, fewer companies (55%) permit company insiders with an existing 10b5-1 plan to sell shares outside their plan (69% in 2021).<sup>1</sup> For those that do allow this, the majority of respondents report that outside sales are allowed on an exception basis only (36%), while 2% allow it under certain circumstances, and 17% allow it routinely.

Large Cap companies place more limitations on outside sales with just 43% of existing 10b5-1 plan users being allowed to sell outside the plan compared to 64% of Mid Cap and 60% of Small Cap companies.

### % LIMITING THE FREQUENCY OF AMENDMENTS/TERMINATIONS



Companies have also tightened restrictions related to timing of plan amendments and terminations. In fact, the percentage of companies limiting the frequency of plan amendments/terminations has nearly doubled since the 2021 survey (84% from 43% in 2021).<sup>1</sup> Large Cap (89%) and Mid Cap (87%) companies are more likely than Small Cap companies (74%) to limit the frequency of amendments/terminations.

Further, more companies are restricting termination timing to open trading windows (79% vs. 34% in 2021), and written company pre-clearance of terminations are more common today (58%) than in 2021 (40%).<sup>1</sup>

### Common 10b5-1 Plan Policy Restrictions:



Minimum and maximum term periods (83% and 84%, respectively).



Allow plan terminations before scheduled expiration date, but only during an open trading window (79%).



Require written pre-clearance and approval prior to plan termination (58%).

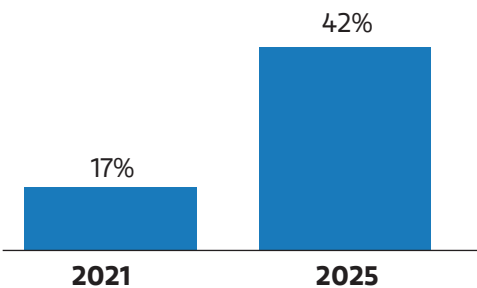
**Policies around the use of pre-selected brokerage firms are on the rise.**

As companies seek to strengthen internal controls and minimize compliance risk, many are also adopting more structured policies around the use of designated brokerage firms for 10b5-1 plans. Since 2021, the percentage of companies requiring insiders to use a pre-selected provider has more than doubled, and nearly half (44%) of survey respondents say they would ideally consolidate all 10b5-1 activity with a single provider.<sup>2</sup> Preferences to use a single provider are more prevalent among Large Cap companies (59%) versus Mid Cap (39%) and Small Cap firms (31%). More than half believe that allowing insiders to use their own brokers introduces unnecessary risk. These findings indicate a preference to centralize 10b5-1 plans with one or a small number of providers.

**Minimum and maximum term periods have become more common.**

Eighty-three percent of companies surveyed have a minimum term period for their 10b5-1 plans, up from 54% in 2021, while 84% have a maximum term period, compared to 50% in 2021.<sup>1</sup> The average minimum term period is 8 months while the maximum is 20 months.

% REQUIRING USE OF PRE-SELECTED BROKERAGE FIRMS

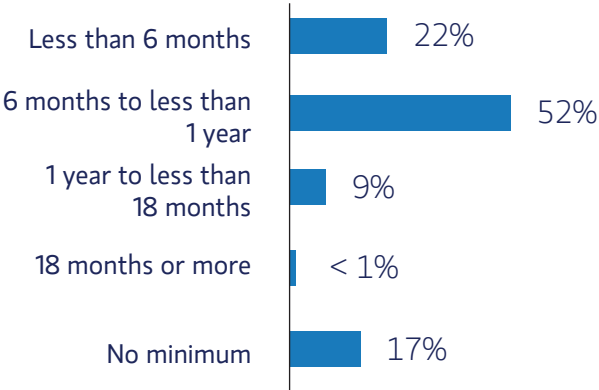


44% 56%

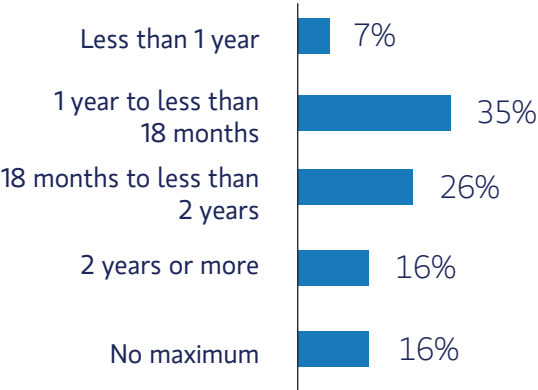
Agree they would ideally use a single brokerage provider for all of their 10b5-1 plans (38% strongly agree).

Agree that allowing company executives to use their own brokerage firm for 10b5-1 plans adds unnecessary risk to the company (21% strongly agree).

MINIMUM TERM PERIODS



MAXIMUM TERM PERIODS



# 4

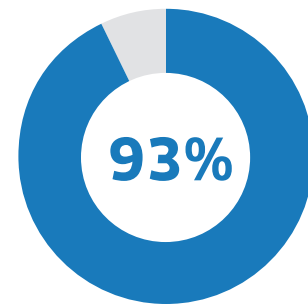
## Advice and education are critical components of a 10b5-1 plan provider's services

Training and education emerged as important differentiators among survey respondents and are viewed as critical elements of a 10b5-1 plan provider's value proposition.

This emphasis on 10b5-1 education compliments a broader focus on executive support. Two out of three companies (65%) provide holistic planning services for executives, and another 24% are considering it. The prevalence of holistic planning services for executives increases with company market capitalization. Eighty-five percent of Large Cap companies provide their executives with holistic planning compared to 68% of Mid Cap and just 38% of Small Cap companies.

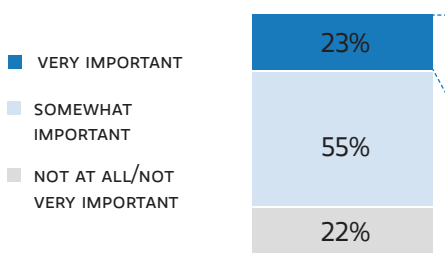
The importance respondents place on training, education and holistic planning likely stems from the increasing complexity and visibility of 10b5-1 plans. Expert support on trading and regulatory matters provides value to both companies and insiders.

### IMPORTANCE OF 10b5-1 TRAINING AND EDUCATION

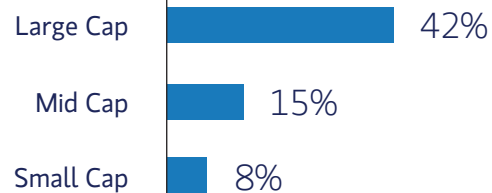


Agree a 10b5-1 plan provider's training and education is an important component of their overall offering.

### IMPORTANCE OF PROVIDING HOLISTIC PLANNING FOR EXECUTIVES



### % WHO VIEW HOLISTIC PLANNING FOR EXECUTIVES AS VERY IMPORTANT



### Companies highly value 10b5-1 providers that can combine demonstrated expertise with exceptional service and support.

Company respondents who are "very satisfied" with their 10b5-1 plan provider most often recognize their provider for:

- ✓ Excellence in service/support (e.g., responsive, timely, helpful, efficient, proactive).
- ✓ Assistance with compliance and regulatory matters.
- ✓ Sharing expertise, advice and knowledge.



## 10b5-1 plan providers can add value by assisting companies in addressing executives' questions.

Company executives and other insiders can benefit from education, advice and tailored support to trade responsibly under 10b5-1 plans, especially when navigating their personal liquidity needs and market conditions.<sup>3</sup>

### Common Questions Survey Respondents Receive from Executives on 10b5-1 Plans



#### LEGAL:

Includes questions related to compliance/SEC regulations, insider trading risks and protection, penalties for violations, tax implications/strategies, and disclosure concerns.



#### TRADING:

Includes questions related to trade timing (e.g., trading windows, cooling-off/blackout periods) and transaction related questions (e.g., number and types of shares that can be traded), and frequency of transactions.



#### PLAN-RELATED:

Includes questions related to benefits/drawbacks of 10b5-1 plans, plan duration, eligibility, how it operates and plan administration (e.g., change/modifications, terminations, setup and structure, execution, managing the plan, flexibility and tracking).



#### IMPACT ON PERSONAL FINANCES:

Includes questions related to financial implications, impact on goals, impact on other benefits, coordination with executives' overall financial planning, market impact on price, etc.

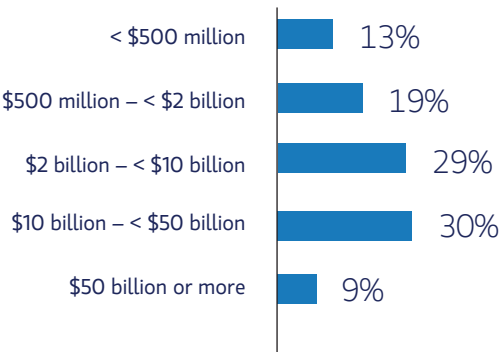
### Early, expert advice is essential to prepare private company insiders before and after an IPO:

For late-stage pre-IPO companies, advice and planning are critical to ensuring responsible outcomes for future trading by officers, directors and other key insiders.

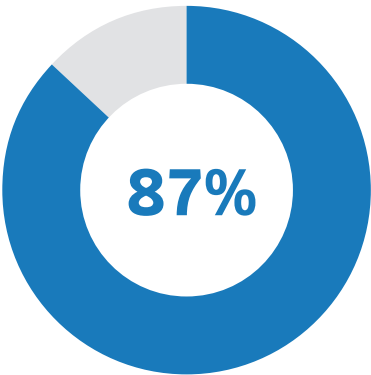
- ✓ Transactions can be nuanced and complex and require both legal and broker expertise to execute.
- ✓ These can be the most sensitive transactions in your company's stock once lock-ups expire, so preparation is key.
- ✓ It is important to have conversations with your counsel and broker partner(s) prior to going public to understand the liquidation options and implications for your officers, directors and other key insiders.
- ✓ Many companies are turning to 10b5-1 plans to create an organized approach to manage these complex transactions.

# 2025 Survey Respondent Demographics

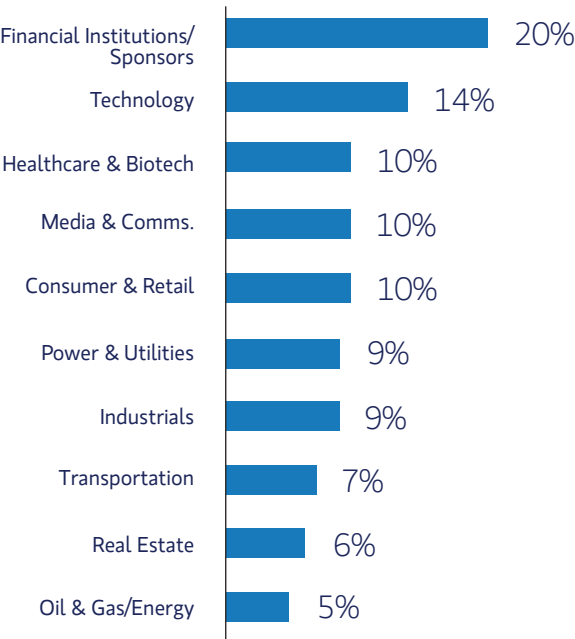
## MARKET CAPITALIZATION



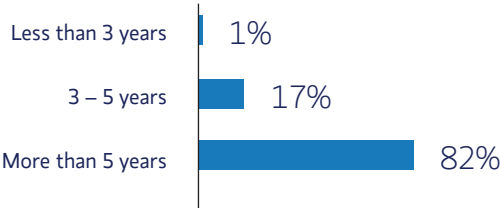
## S&P 500 COMPANY



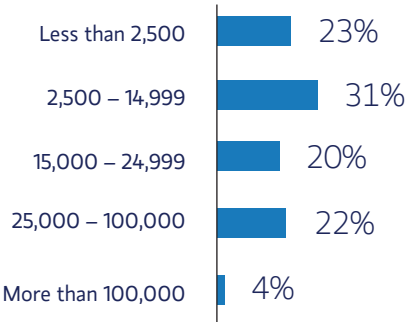
## INDUSTRY



## NUMBER OF YEARS PUBLIC



## NUMBER OF EMPLOYEES



---

## DISCLOSURES

<sup>1</sup> In this presentation, we compare the 2025 survey results to the results of a 2021 survey, which was designed by Morgan Stanley in partnership with Wilson Sonsini Goodrich & Rosati and the Society for Corporate Governance and in consultation with Steve Giove of Ebullience.com. The 2021 survey was conducted with members of the Society and asked questions similar to those in the 2025 survey about 10b5-1 plan usage and policies. Any overlap in respondent groups between the two surveys is unintentional. This presentation and the 2025 survey are not in any way attributable to the Society except for the inclusion of results from the 2021 survey as noted above. A link to the 2021 survey can be found [here](#).

<sup>2</sup> Reprinted with the permission of The Washington Service. 301-913-5100, [www.washingtonservice.com](http://www.washingtonservice.com). The above data is compiled by The Washington Service from Form 144 filings with the Securities and Exchange Commission.

<sup>3</sup> "Demystifying 10b5-1 Plans." Morgan Stanley Wealth Management Global Investment Office, <https://www.morganstanley.com/atwork/employees/learning-center/articles/demystifying-10b5-1-plans>.

<sup>4</sup> Bold scores are significantly higher than underlined scores at the 95% confidence level.

This report is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. This material does not provide individually tailored investment advice and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it.

This report has been prepared solely for information purposes. The information herein is in-part based on, derived from, or includes information generally available to the public and has been obtained from sources believed to be reliable. Morgan Stanley Smith Barney LLC does not guarantee their accuracy or completeness.

This report includes select statements made by certain survey participants. Morgan Stanley makes no representation or warranty concerning the content of such statements and is not implying an affiliation or approval with/of any such persons or the views expressed by such persons.

This material may provide the addresses of, or contain, hyperlinks for websites. Except to the extent to which the material refers to website material of Morgan Stanley Wealth Management, the firm has not reviewed the linked site.

Equally, except to the extent to which the material refers to website material of Morgan Stanley Wealth Management, the firm takes no responsibility for, and makes no representations or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink (including addresses or hyperlinks to website material of Morgan Stanley Wealth Management) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through the material or the website of the firm shall be at your own risk and we shall have no liability arising out of, or in connection with, any such referenced website.

Employee stock plan solutions are offered by E\*TRADE Financial Corporate Services, Inc., Solium Capital LLC, Solium Plan Managers LLC and Morgan Stanley Smith Barney LLC ("MSSB"), which are part of Morgan Stanley at Work.

Morgan Stanley at Work services and stock plan accounts are provided by wholly owned subsidiaries of Morgan Stanley.

Morgan Stanley at Work stock plan accounts were previously referred to as Shareworks, Stock Plan Connect or E\*TRADE stock plan accounts, as applicable.

In connection with stock plan solutions offered by Morgan Stanley at Work, securities products and services are offered by MSSB, Member SIPC.

E\*TRADE from Morgan Stanley is a registered trademark of MSSB.

All entities are separate but affiliated subsidiaries of Morgan Stanley.

Content and services available to non-US participants may be different than those available to US participants.

Individuals executing a 10b5-1 trading plan should keep the following important considerations in mind: (1) 10b5-1 trading plans should be reviewed and approved by the legal and compliance department of the individual's company. (2) Most companies will permit 10b5-1 trading plans to be entered into only during open window periods. (3) Recent rule changes will require a mandatory cooling-off period between the execution of a 10b5-1 trading plan (or a modification) and the first sale pursuant to the plan (or the first sale following such modification). (4) 10b5-1 trading plans do not alter the nature of restricted and/or control stock or regulatory requirements that may otherwise be applicable (e.g., Section 16, Section 13). (5) 10b5-1 trading plans that are terminated early may weaken or cause the individual to lose the benefit of the affirmative defense. (6) 10b5-1 trading plans may require a cessation of trading activities at times when lockups may be required at the company (e.g., secondary offerings). (7) Recent rule changes will require companies to publicly disclose material terms of Section 16 director and officer 10b5-1 trading plans, and the early termination of such plans.

The laws, regulations, and rulings addressed by the products, services, and publications offered by Morgan Stanley and its affiliates are subject to various interpretations and frequent change. Morgan Stanley and its affiliates do not warrant these products, services, and publications against different interpretations or subsequent changes of laws, regulations, and rulings. Morgan Stanley and its affiliates do not provide legal, accounting, or tax advice. Always consult your own legal, accounting, and tax advisor.

Morgan Stanley at Work, Shareworks, Morgan Stanley Smith Barney LLC, and its affiliates, employees and Financial Advisors do not provide legal or tax advice. Individuals should consult with their tax/legal advisors before making any tax/legal-related investment decisions. Stocks/equities fluctuate in value and may be worth more or less than their original cost. Past performance is no guarantee of future results.

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States.

© 2025 Morgan Stanley at Work and Shareworks services are provided by Morgan Stanley Smith Barney LLC, member SIPC, and its affiliates, all wholly owned subsidiaries of Morgan Stanley.

© Morgan Stanley. All rights reserved.