



**California Public Employees' Retirement System**

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The Honorable Maxine Waters  
U.S House of Representatives  
2221 Rayburn House Office Building  
Washington, DC 20515

The Honorable Patrick McHenry  
U.S House of Representatives  
2004 Rayburn House Office Building  
Washington, DC 20515

January 22, 2019

**Subject: H.R. 624, The "Promoting Transparent Standards for Corporate Insiders Act"**

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the California Public Employees' Retirement System (CalPERS), I write to express support for H.R. 624, the "Promoting Transparent Standards for Corporate Insiders Act," legislation that would protect investors and public companies from insider trading and improve investor confidence in public capital markets.

CalPERS is the largest public, defined benefit pension fund in the United States, with approximately \$344.83 billion in global assets. CalPERS manages investment assets on behalf of more than 1.8 million public employees, retirees, and beneficiaries. As a global, institutional investor with a long-term investment horizon, we understand the lasting harm that insider trading causes public companies and investors. We believe that the Securities and Exchange Commission (SEC) must take additional steps to prevent insider trading; H.R. 624 is a good move in the right direction.

H.R. 624 is a thoughtful measure that will eliminate certain problematic insider trading. SEC Rule 10b5-1, as currently constituted, does not adequately restrict insider trading because it allows issuers and issuer insiders to make certain changes to their trading plans and adopt multiple trading plans. H.R. 624 promotes more efficient and fair capital markets by requiring the SEC to comprehensively analyze and design amendments to SEC Rule 10b5-1 that address, among other things:

- Multiple and overlapping trading plans;
- Timing of trades under trading plans;
- Timing of trade plan modifications and cancellations; and
- Disclosure of trade plan adoptions, amendments, terminations and transactions;

Moreover, the bill's requirement that the SEC report its findings to Congress will ensure public transparency and accountability.

I applaud you for your leadership on this measure and for your bipartisan approach to protect and promote public capital markets.

Please do not hesitate to contact me directly at (916) 795-3818 or your staff can contact Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance as this measure proceeds.

Sincerely,

Marcie Frost  
Chief Executive Officer