

## SEC Approves Aggregate Transaction Reporting for Section 16(a) Reports

In a no-action letter issued June 25th, the SEC staff agreed that Section 16 reporting persons may aggregate the reporting of same-way transactions that occur within a \$1.00 price range on the same day. This letter effectively reverses the previous staff position that each purchase or sale that occurred at a specific price had to be reported on a separate line on the form. The new guidance should lead to shorter and more concise Forms 4 and 5.

Under the conditions in the letter, a reporting person who effects multiple, same-way transactions on the same day through a broker-dealer can:

- Report all transactions that occur within a \$1.00 price range on a single line,
- Report in the price column the weighted average purchase or sale price for the transactions reported on that line,
- Specify in a footnote the range of prices for the transactions, and
- Undertake in a footnote to provide to the SEC staff, upon request, full information about the subject transaction.

There are two conditions noted in the letter. First, the position only applies to open market purchases and sales through a broker-dealer. Second, transactions in which the reporting person has a direct ownership interest may not be aggregated with those in which the interest is indirect, nor may different forms of indirect ownership be aggregated.

### Ask Ropes & Gray

The SEC no-action letter will provide welcome relief for those responsible for preparing Section 16(a) reports for multiple transactions. For more information and guidance on this topic, please contact your usual Ropes & Gray attorney.

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