

WAC 173-446-440 Compliance instrument transactions—Prohibited actions.

(1) Other than the account representatives directly involved in a transaction, no party holding confidential or privileged information on a compliance instrument may trade that compliance instrument, disclose the information or recommend that another party trade the compliance instrument, except if the party has reason to believe that the information is known to the public or to the other party in the transaction. However, the party may disclose the information or recommend that another party trade the compliance instrument if the party is required to disclose the information in the course of business, and if nothing leads the person to believe that the information will be used or disclosed in contravention of this section.

(2) No party prevented from trading compliance instruments pursuant to subsection (1) of this section may use the confidential or privileged information in any other way, unless the party has reason to believe that the information is known to the public. In particular, the party may not carry out operations on futures contracts or other derivatives within the meaning of the Commodities Exchange Act, 7 U.S.C. Chapter 1 involving a compliance instrument.

(3) A party with knowledge of material order information may not carry out or recommend that another party carry out a transaction involving a compliance instrument, or disclose the information to any other party except if:

(a) The party has reason to believe the other party is already aware of the information;

(b) The party must disclose the information in the course of business, and nothing leads the party to believe that it will be used or disclosed in contravention of this section; and

(c) The party carries out a transaction involving the compliance instrument concerned by the information in order to perform a written obligation that the party contracted before becoming aware of the information.

(d) For the purposes of this section, material order information is any information concerning an order to buy or an order to sell a compliance instrument that could have a material impact on the price of a compliance instrument.

(4) False or misleading information.

(a) No party may disclose false or misleading information or information that must be filed pursuant to this chapter before it is filed, in order to carry out a transaction.

(b) For the purpose of this section, false or misleading information is any information likely to mislead on an important fact, as well as the simple omission of an important fact; an important fact is any fact that may reasonably be believed to have a material impact on the price or value of a compliance instrument.

[Statutory Authority: RCW 70A.65.220. WSR 22-20-056 (Order 21-06), § 173-446-440, filed 9/29/22, effective 10/30/22.]