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Whether (and How) to Conduct Compliance Training Beyond the C-Suite



Nearly all companies conduct insider trading and Reg FD compliance training for those in the C-Suite as well as for those that regularly touch material nonpublic information. Trainees would include the staffers in the controller's and CFO's offices; the investor relations (IR), corporate communications teams, and anyone else who deals with analysts and investors; and the corporate lawyers that deal with disclosure issues. It also may include folks in operations that get asked to participate in Investor Days.

But what about training beyond the usual suspects? Most companies provide insider trading and Reg FD training as part of the employee onboarding process.

And some companies go beyond initial onboarding, mandating periodic public company compliance training to a group broader than those that regularly touch material nonpublic information.

They may outsource this compliance training to service providers that have specific modules related to insider trading and the responsibilities of a public company. It's part of the online modules for LRN, SAI Global, Skillssoft, etc. All of these major compliance vendors have something that would fit the bill -anywhere between "Public Company 101" and routine confidentiality reminder modules.

Some companies don't want an off-the-shelf solution and offer bespoke training instead. They might outsource the creation of a bespoke module to consultants who specialize in this sort of thing, like Lumen Worldwide Endeavors.

Or a company may make the effort to drum up their own training module. This takes a lot of work, but some companies have the resources and desire to do this.

Here are some examples of the practical takeaways that might be included in such a module:

- **Don't respond to systemwide questions.** You can respond about how flooding/damage is affecting one machine in a particular factory, but don't respond to how it may be affecting the company's overall performance or overall performance for that factory.
- **Don't quantify.** The closer you get to "quantifying," the more careful you need to be. It's hard to make materiality decisions on the fly; the easier approach is to not quantify so that you can go back to the office and talk it through with your legal advisors.
- **Speak to previously disclosed information in black and white.** Avoid speaking in purple by adding more color through tone and body language than what was previously disclosed.
- **Don't be afraid to punt.** It's okay to reply vaguely with something like "Great question, I'll address that issue when I present to the full group in webcast format." Or "Great question, let me look into it and I'll address it on our next earnings call." You should think carefully before answering any hallway questions and before/after one-on-one conversations with analysts.
- **Watch to see who is following you to the restroom.** I know this might sound funny, but this will be the rule that everyone remembers the most. Just being aware that people may be trying to get nonpublic information from you helps put you in the right frame of mind.

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