

FREQUENTLY ASKED QUESTIONS: 10B5-1 TRADING PLANS

What is the benefit of a Rule 10b5-1 trading plan?

Rule 10b5-1 provides an affirmative defense to insider trading liability. It can be helpful to think of Rule 10b5-1 as a roadmap for how to carefully comply with insider trading rules. If you meet the conditions of Rule 10b5-1 and Apple's Insider Trading Policy, you will establish a presumption that your trading under the plan was legitimate.

You will lose the benefit of the Rule 10b5-1 affirmative defense if you do not enter into the plan in good faith or continue to act in good faith with respect to the plan, or if the plan is an attempt to evade insider trading rules. For instance, terminating your plan early is permissible, even if you are aware of material nonpublic information, but it might raise questions about transactions already executed under the plan. It could also make law enforcement agencies question whether you entered into the plan only to avoid insider trading laws.

How do I set up a plan for my Apple stock?

Apple offers Rule 10b5-1 trading plan option for all employees through E*TRADE.

You can create a Rule 10b5-1 trading plan online by logging in to your E*TRADE Stock Plan account, accessing the "10b5-1 Plans" tab under "My Account", and following the instructions on the system. Once you have created a plan, it will be shared automatically through the portal with Apple's Corporate Legal team for review and sign off, before being executed by E*TRADE and finalized. Please note that you can only enter into a Rule 10b5-1 trading plan during an open trading window, which means that the entire process on the system needs to be completed during an open trading window, or the plan is automatically cancelled.

Employees interested in setting up a Rule 10b5-1 trading plan can attend one of the E*TRADE led 10b5-1 trainings that are offered during open trading windows each quarter. The dates are announced as part of the Restricted Trading Period Communications sent out by Apple's Corporate Legal team each quarter.

If you have any questions, please contact Apple's Insider Trading Team by emailing InsiderTrading@apple.com or calling 408-862-2255.

What are the costs involved?

Establishing a plan at E*TRADE is free, and, at this time, E*TRADE does not charge Apple employees a fee to execute transactions under a plan. Please always consult with E*TRADE on the most up-to-date pricing for Rule 10b5-1 trading plans.

Is there a standard Rule 10b5-1 trading plan document to use?

The E*TRADE online portal is using a form of plan that has been pre-approved by Apple's Corporate Legal team. Even though Apple's Corporate Legal team reviews and preapproves all Rule 10b5-1 trading plans entered into by our employees, Apple is not a party to the plan. All Rule 10b5-1 trading plans are entered into solely between our employees and E*TRADE. You should review the terms of the Rule 10b5-1 trading plan carefully prior to executing it and consult with your legal and financial advisors.

What are the required waiting periods?

Apple's Insider Trading Policy imposes a mandatory waiting period between the establishment or modification of a Rule 10b5-1 trading plan and the date the initial trade is executed. The required waiting periods are:

- for members of the Board of Directors, executive officers and any other individuals subject to Section 16 of the Securities Exchange Act of 1934, until the later of (i) 90 calendar days from the date the trading plan is executed or modified, or (ii) two business days following the filing of Apple's Form 10-Q or Form 10-K for the completed fiscal quarter in which the plan was adopted, up to a maximum of 120 days; and
- for all other employees and covered persons, until the later of 30 calendar days from the date the plan is executed and 24 hours after the public announcement of our earnings for the quarter in which the plan is executed.

Modifications that change the amount, price, or timing of the purchase or sale of the securities underlying the trading plan will trigger a new waiting period before any transactions can occur under the modified plan.

Can I modify my trading plan at any time?

Modifications to Rule 10b5-1 trading plans are permitted in an open trading window, as long as you make the modification in good faith, you are not aware of material nonpublic information at the time of the modification, and you continue to meet all other requirements for creating the plan. Modifications of a plan are subject to the preapproval of Apple's Corporate Legal team. However, modifications should be avoided because they create the perception that you are manipulating the plan to benefit from material nonpublic information, jeopardizing the good faith element and the affirmative defense. As noted above, modifications to trading plans that change the amount, price, or timing of the purchase or sale of the securities underlying the trading plan will trigger a new waiting period.

Can I enter into more than one Rule 10b5-1 trading plans on E*TRADE?

You may simultaneously maintain two Rule 10b5-1 trading plans on E*TRADE if one of them is meant to serve as a successor trading plan under which trades are not scheduled to begin until completion or expiration of the earlier plan. If your predecessor plan is terminated early, trading under the successor plan cannot commence until the cooling-off period has run from the termination date of the predecessor plan. To ensure compliance with this requirement, the E*TRADE platform will proceed to notify users that the successor plan will be canceled simultaneously with the predecessor plan so that employees can enter into a new successor plan that observes the cooling-off period. The E*TRADE 10b5-1 Plan portal is set up to automatically allow for two plans as described above.

What are "single trade plans" and why does it matter?

"Single trade plans" are plans designed to effect the purchase or sale of securities as a single transaction. Under the new rules, individuals are only allowed to enter into one single-trade plan during any consecutive 12-month period, subject to limited exceptions. As a result, E*TRADE will monitor plans for compliance with this requirement and will notify individuals if they inadvertently try to enter into a second single trade plan in violation of the rules. The E*TRADE platform will consider all trades that are scheduled to be executed on the same day as a "single trade" In practice this means that you will have to enter into at least two trading instructions to be executed on separate days if you want to avoid a "single trade plan."

Can I execute a trade outside a Rule 10b5-1 trading plan?

If you enter into a Rule 10b5-1 trading plan with E*TRADE, you are still allowed to execute trades outside the plan assuming you are in an open trading window, have no material nonpublic information, and are not entering into or altering a corresponding or hedging transaction or position with respect to the securities that are subject to a Rule 10b5-1 trading plan.

Can a Rule 10b5-1 trading plan be terminated?

Termination of a Rule 10b5-1 trading plan is not advisable, as it may create the appearance that the plan is being manipulated, jeopardizing the good faith element and the affirmative defense. However, termination of a plan is not a violation of Rule 10b5-1 because the termination does not occur in connection with the sale or purchase of securities. Under E*TRADE's rules, a plan may not be terminated until the termination is acknowledged by Apple's Corporate Legal team. Please allow for at least 72 hours for Apple's Corporate Legal team to acknowledge the termination of your plan. If you do not submit your request for termination in a timely manner, it might result in the execution of scheduled trades pending receipt of Apple's acknowledgment.

Can a person enter into trades to hedge or alter a transaction under a Rule 10b5-1 trading plan?

No. Rule 10b5-1 prohibits you from entering into or altering a corresponding or hedging transaction or position with respect to securities subject to a Rule 10b5-1 trading plan.

I heard there are new 10b5 -1 rules, how do they affect me?

At the end of 2022, the SEC adopted revised 10b5-1 rules, which became effective on February 27, 2023. These rules will only affect you going forward, and we have already worked with E*TRADE to make sure that all plans executed on their platform going forward comply with the new rules.

If you have a Rule 10b5-1 trading plan in effect before February 27, 2023, your plan is "grandfathered" in and will not need to be amended to comply with the new rules. However, if you amend or modify your grandfathered plan in a manner that changes the amount, price or timing of transactions under the plan, your plan will be deemed to be terminated and replaced with a new plan, making it subject to the new rules.