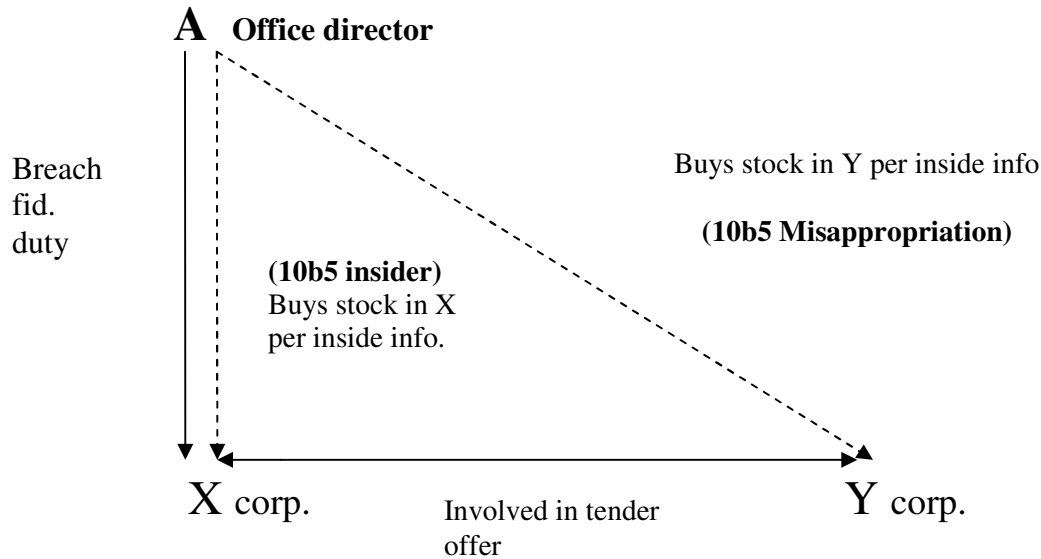
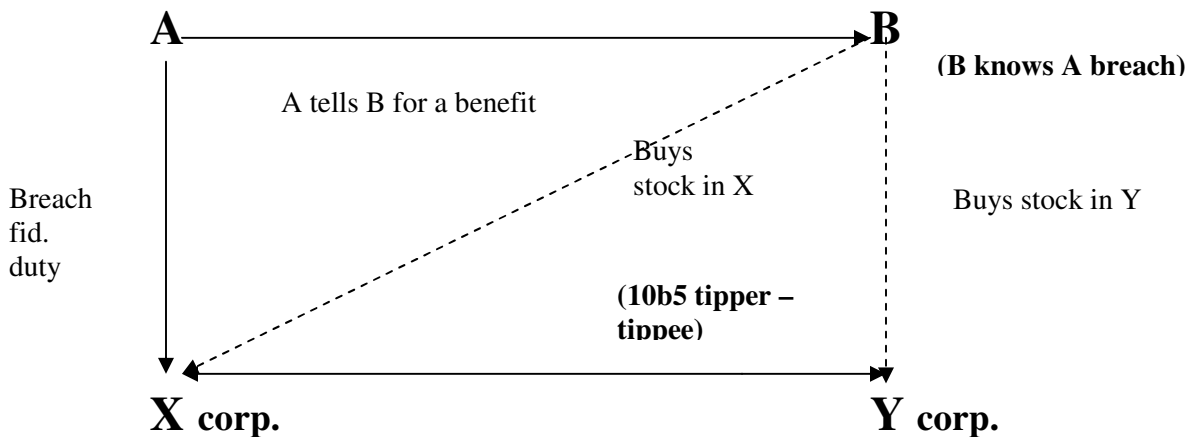


## DIAGRAM OF 10 B 5 ACTIONS

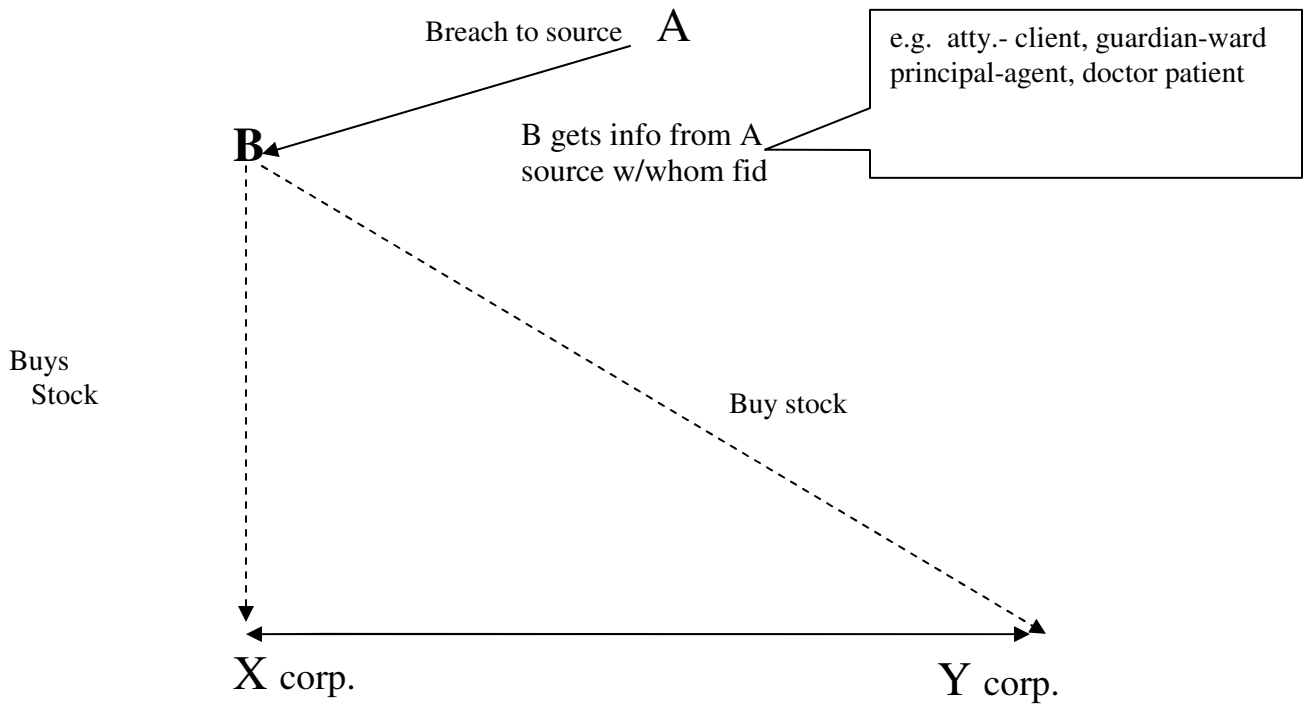
**Insider – Tippee/Tipper**  
**Outside – Misappropriation**



1) If A buys stock in X based upon insider information regarding a tender offer, then A is liable for **Insider trading** and also liable under **Williams Act** regarding a **tender offer**. If A buys stock in Y, then A is liable under the misappropriation.



2) **Insider trading (tipper-tippee)** A is the tipper, B is the tippee



**3) 10 b 5 Misappropriation:** B has a duty of confidentiality with A, from whom he gets the information, buys stock in X and Y, then B is liable under the **Misappropriation Theory**.

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