Insider Activity Tracker: What Form 4 Filings Actually Tell You

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Track Form 4 insider buying and selling, CEO trades, cluster buys, and executive confidence signals from SEC filings.

What Is Form 4?

Form 4 is an SEC filing that corporate insiders must submit within 2 business days of any transaction in the company's equity securities. It is one of the most timely and useful public signals available to outside investors - disclosing exactly what company insiders are doing with their own money in real time, with full details on transaction type, share count, price, and post-transaction ownership.

The 2-business-day deadline makes Form 4 data significantly more timely than quarterly reports. If a CEO buys $500,000 of stock on Monday, the Form 4 appears publicly on EDGAR by Wednesday. No analyst report, earnings call, or press release delivers insider conviction signals that fast.

Who Counts as an Insider

Not every employee has to file Form 4. The SEC defines "insider" as any officer, director, or beneficial owner of more than 10% of a class of equity securities registered under Section 12 of the Exchange Act. In practice this includes:

* Officers - CEO, CFO, COO, General Counsel, VP of Finance, and any other officer formally listed with the SEC
* Directors - every member of the board of directors, including independent directors
* 10%+ shareholders - any person or entity (including hedge funds) owning more than 10% of any share class

Beneficial ownership is defined broadly. If an insider's spouse owns shares, if a trust they control owns shares, or if a fund they manage owns shares, those all count toward their beneficial ownership total and must be reported on Form 4.

Form 4 Transaction Codes

Every Form 4 transaction carries a one-letter code identifying the nature of the activity. Most Form 4 data services display these codes, but the signal interpretation varies significantly by code type:

Code

Transaction Type

Signal Strength

P

Open market purchase

Bullish - insider spending personal cash voluntarily

S

Open market sale

Watch context - check for 10b5-1, role, and size

A

Grant or award

Neutral - standard equity compensation, no cash spent

M

Option exercise

Neutral - typically followed immediately by an S sale

F

Tax withholding payment

Neutral - automatic share surrender to cover income tax on grants

D

Disposition to the issuer

Neutral - shares returned to company, often tied to performance vesting

G

Bona fide gift

Neutral - estate planning or charitable transfer

J

Other acquisition/disposition

Read the footnotes - catch-all for unusual transactions

The only code that represents a genuinely informed, voluntary capital commitment is P. An insider who files a Code P transaction has used their own money - not compensation shares, not options already granted - to buy stock at market price. That is the signal worth watching.

Reading Buy Signals by Insider Role

Not all insider purchases carry equal weight. The significance of a buy depends heavily on who is doing the buying:

CFO Purchases (Highest Signal Weight)

The Chief Financial Officer has the most complete and current view of company finances of any insider who regularly trades. The CFO sees real-time cash flows, knows the exact state of the balance sheet, and is typically the first to know if liquidity is tightening or if a financing transaction is being planned. When a CFO buys shares in the open market - particularly after a price decline - it is the strongest possible insider signal because they have the most to lose if their information is wrong and the most comprehensive view of the company's actual financial position.

CEO Purchases (High Signal Weight)

CEO purchases are the most visible and publicly discussed insider buys, and they carry genuine weight - particularly when large relative to the CEO's salary or when made after bad news has

already hit the stock price. However, CEOs sometimes buy for optics (to signal confidence publicly) in ways that CFOs rarely do. A CEO buying $50,000 worth of stock after a 40% decline at a company worth $500 million in annual revenue is a symbolic gesture. A CFO buying $50,000 at the same time is a meaningful statement.

Director Purchases (Moderate Signal Weight)

Board directors are typically informed about strategic matters and are required to exercise oversight, but they do not have the same day-to-day operational visibility as officers. Director purchases matter most when they occur in clusters, when the purchasing director is the audit committee chair (who sees the financial reporting closest), or when multiple directors buy in the same window.

Size Relative to Compensation (Critical Context)

A $25,000 purchase by a CEO earning $5 million annually is noise. The same $25,000 purchase by a small-cap director earning board fees of $30,000 is a meaningful commitment. Always normalize the purchase size against the insider's known compensation before assigning it significance.

10b5-1 Plans: When Insider Selling Doesn't Matter

Rule 10b5-1 of the Securities Exchange Act allows insiders to establish pre-planned selling programs at a time when they are not aware of material nonpublic information. The plan specifies future sales by date, price trigger, or volume formula - and once established, the sales execute automatically regardless of what the insider knows at the time of execution.

This matters because a large fraction of insider selling is entirely uninformative. If a CFO established a 10b5-1 plan in January to sell 10,000 shares per month through December, the April and June and September sales all appear on Form 4 - but they carry no information about the CFO's current view of the company. They were scheduled months ago.

How to Identify 10b5-1 Sales

Check the footnotes section of any Form 4 filing. 10b5-1 sales will include language like "This transaction was made pursuant to a Rule 10b5-1 trading plan adopted on [date]." If the adoption date is more than 30 days before the transaction, treat the sale as neutral. Sales outside a 10b5-1 plan with no footnote explanation are the ones to pay attention to.

The SEC tightened 10b5-1 rules in December 2022, adding a mandatory cooling-off period between plan adoption and first trade (120 days for officers and directors, 30 days for other insiders). This reduced but did not eliminate the use of 10b5-1 plans as a shield for opportunistic selling.

Cluster Buying: The Strongest Insider Signal

Cluster buying - multiple different insiders making open market purchases in the same short window - is the most statistically reliable insider signal available to public investors. A single insider buying could be personal financial planning. Two or three insiders independently spending their own money on the same stock within the same two-week period suggests a shared, informed view that the stock is undervalued.

What makes cluster buying particularly significant is the coordination it implies without any coordination being required. Insiders cannot tip each other off to insider information for trading purposes without violating securities laws. When cluster buying appears, it means multiple people with the most information about the company have independently arrived at the same conclusion

through their own observations of operations, pipeline, or financials.

The most powerful cluster buy patterns:

* Three or more insiders buying within 10 business days
* At least one CFO or CEO in the cluster
* Total aggregate purchase size exceeding $500,000 across the cluster
* Purchases following a price decline of 20% or more from recent highs
* No offsetting 10b5-1 sales by other insiders in the same period

Form 144: Advance Warning Before the Sale

Form 144 is a notice of intent to sell restricted or control securities - filed before the sale occurs. Unlike Form 4 (which reports completed transactions), Form 144 gives investors advance notice that an insider plans to sell restricted shares into the public market within the next 90 days.

Restricted securities are shares acquired through private transactions - employee stock plans, private placements, founder shares - that were not registered with the SEC for public resale. Before an insider can sell these shares, they must file Form 144, giving the public a preview of planned selling pressure.

The practical difference:

* Form 144 = Notice of intent (filed before sale, up to 90 days advance warning)
* Form 4 = Completed transaction report (filed within 2 business days after sale)

In dilution-risk contexts, Form 144 filings are worth monitoring for companies that have recently issued large amounts of restricted securities through PIPE deals or private placements. When those lock-up periods expire, the Form 144 filings will begin - signaling that the PIPE investors are about to sell their discounted shares into the market.

How to Find Form 4 Filings on EDGAR

Form 4 filings are publicly available on SEC EDGAR at no cost. The fastest search method:

* Go to sec.gov/cgi-bin/browse-edgar
* Enter the company ticker or name in the search box
* Set "Filing Type" to 4 and click Search
* Results show all Form 4 filings sorted by date, with the filing person's name and transaction date

For real-time monitoring, the EDGAR full-text search at efts.sec.gov shows Form 4 filings as they are submitted throughout the trading day. Many third-party services also aggregate Form 4 data into screeners that allow filtering by transaction type, size, and insider role.

Insider Activity and Dilution Risk

Insider buying and selling patterns are one of the most underused tools for dilution risk assessment. The connections are direct:

The Bearish Combination: ATM Program + Insider Selling

When a company has an active at-the-market offering program - continuously selling new shares into

the market - and executives are simultaneously selling their personal holdings, it creates a compounding supply pressure. The company is increasing share count from one direction while insiders are adding to the float from the other. This combination is one of the most reliably bearish setups in small-cap markets.

Absence of Buying Despite Low Prices

When a stock has dropped 50% from its high and no insiders are buying, that absence of buying is itself informative. Insiders who believe the selloff is overdone and the company's prospects are sound have a financial incentive to buy cheap shares. When they don't, it raises the question of what they know that the market doesn't yet.

Pre-Shelf Insider Selling

Board members and officers who sell shares in the 60-90 days before a company files a new shelf registration are a red flag pattern. Shelf registrations are discussed internally before they are filed publicly. While insiders cannot trade on material nonpublic information about a planned offering, the pattern of sales preceding shelf filings appears frequently enough to be worth monitoring as a corroborating signal alongside DilutionScore changes.

Insider Buying as an Anti-Dilution Signal

When insiders are buying aggressively, it is sometimes the best signal that dilution is not imminent. A CEO who just purchased $1 million of stock at $2.50 has a strong personal incentive to avoid running a dilutive offering at $2.00 and destroying the value of that purchase. Insider conviction buying can function as an informal commitment signal against near-term dilution.

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