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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend chapter 131 of title 5 to require certain restrictions on stocks for Members of Congress and their spouses and dependents, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend chapter 131 of title 5 to require certain restrictions on stocks for Members of Congress and their spouses and dependents, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop Insider Trading
5 Act”.

1 **SEC. 2. RESTRICTIONS ON COVERED INVESTMENTS.**

2 (a) TABLE OF CONTENTS.—The table of contents for
3 chapter 131 of title 5, United States Code, is amended
4 by adding at the end the following:

SUBCHAPTER IV. RESTRICTIONS ON COVERED INVESTMENTS

13151. Definitions.

13152. Restrictions on covered investments.

13153. Penalties.

5 (b) RESTRICTIONS.—Chapter 131 of title 5, United
6 States Code, is amended by adding at the end a new sub-
7 chapter:

8 “SUBCHAPTER IV—RESTRICTIONS ON
9 COVERED INVESTMENTS

10 **“§ 13151. Definitions**

11 “In this subchapter:

12 “(1) COVERED INDIVIDUAL.—The term ‘cov-
13 ered individual’ means any of the following:

14 “(A) A Member of Congress, as defined in
15 section 13101.

16 “(B) A dependent child (as defined in sec-
17 tion 13101) or a spouse of a Member of Con-
18 gress.

19 “(2) COVERED INVESTMENT.—

20 “(A) IN GENERAL.—The term ‘covered in-
21 vestment’—

22 “(i) means a security issued by a pub-
23 licly traded company or any comparable

1 economic interest acquired through syn-
2 thetic means, such as the use of a deriva-
3 tive, including an option, warrant, or other
4 similar means; and

5 “(B) EXCLUSION.—The term ‘covered in-
6 vestment’ does not include—

7 “(i) an excepted investment fund (as
8 described in section 13104(f)(8));

9 “(ii) any other fund that would be an
10 excepted investment fund but for the fact
11 that the fund does not meet the diversifica-
12 tion requirement solely because the fund is
13 concentrated in—

14 “(I) the United States; or

15 “(II) the State, territory, or Dis-
16 trict of residence of the covered indi-
17 vidual who owns the fund;

18 “(iii) an interest in a small business
19 concern as defined under section 3 of the
20 Small Business Act (15 U.S.C. 632); or

21 “(iv) investments held in a trust if no
22 covered individual has any authority over a
23 trustee of the trust, including the authority
24 to appoint, replace, or direct the actions of
25 such a trustee, and the trustee is not the

1 spouse, child, parent, or sibling of a Mem-
2 ber of Congress.

3 “(3) PUBLICLY TRADED COMPANY.—The term
4 ‘publicly traded company’ means an issuer that has
5 a class of securities registered under section 12 of
6 the Securities Exchange Act of 1934 (15 U.S.C.
7 78l).

8 “(4) SECURITY.—The term ‘security’ has the
9 meaning given the term in section 3(a) of the Secu-
10 rities Exchange Act of 1934 (15 U.S.C. 78c(a)).

11 “(5) SUPERVISING ETHICS OFFICE.—The term
12 ‘supervising ethics office’ has the meaning given the
13 term in section 13101.

14 **“§ 13152. Restrictions on covered investments**

15 “(a) CONDUCT DURING FEDERAL SERVICE.—Except
16 as described in subsection (c), no covered individual may
17 purchase a covered investment.

18 “(b) ADVANCED NOTICE REQUIREMENT.—

19 “(1) IN GENERAL.—No covered individual shall
20 sell a covered investment, unless a notice of intent
21 to sell the covered investment is made by the Mem-
22 ber of Congress and publicly disclosed at least 7 cal-
23 endar days, and no more than 14 calendar days,
24 prior to the sale in accordance with the requirements
25 of this subsection.

1 “(2) CONTENTS OF NOTICE.—The notice under
2 paragraph (1) shall include the following:

3 “(A) The projected date of sale of a cov-
4 ered investment.

5 “(B) A description of such sale.

6 “(C) The number of shares in such sale.

7 “(3) WITHDRAWAL.—The notice under para-
8 graph (1) shall be withdrawn by the Member of Con-
9 gress who filed it, prior to the close of the expiration
10 of the notice, if the covered individual determines
11 not to sell the covered asset.

12 “(4) FILING.—A Member of Congress shall file
13 the notice under paragraph (1) for each intended
14 sale by the Member, or the spouse or dependent
15 child of the Member, with—

16 “(A) the Clerk of the House of Represent-
17 atives, in the case of a Representative in Con-
18 gress, a Delegate to Congress, or the Resident
19 Commissioner from Puerto Rico; or

20 “(B) the Secretary of the Senate, in the
21 case of a Senator.

22 “(5) PUBLICATION.—The notice under para-
23 graph (1) and the withdrawal under paragraph (3)
24 shall, upon receipt, be made publicly available on a
25 website controlled by the by the Clerk of the House

1 of Representatives or the Secretary of the Senate, as
2 applicable.

3 “(c) EXCEPTIONS.—

4 “(1) OCCUPATION.—The requirements of sub-
5 sections (a) and (b) shall not apply to a spouse or
6 dependent child of a Member of Congress with re-
7 spect to a transaction in a covered investment which
8 is—

9 “(A) on behalf, or for the benefit, of any
10 person other than a covered individual; or

11 “(B) made as a part of compensation from
12 an employer of such individual or in further-
13 ance of any fiduciary or occupational obliga-
14 tions of such individual.

15 “(2) OTHER.—The requirements of subsection
16 (a) shall not apply to a covered individual with re-
17 spect to a transaction in a covered investment made
18 for the purpose of reinvesting dividends received
19 from such covered investment.

20 **“§ 13153. Enforcement**

21 “(a) IN GENERAL.—Any covered individual who vio-
22 lates the restrictions in section 13152 with respect to a
23 covered investment, shall, at the direction of the super-
24 vising ethics office—

1 “(1) incur a fee, as calculated in subsection (b),
2 to be paid by the Member of Congress who—

3 “(A) caused the violation; or

4 “(B) is the spouse or parent of a covered
5 individual who caused the violation; and

6 “(2) in the case of a purchase of a covered in-
7 vestment, be required to sell a covered investment
8 purchased in violation of section 13152(a).

9 “(b) CALCULATION OF FEES.—The fee required
10 under subsection (a) shall be equal to the sum of—

11 “(1) \$2,000 or ten percent of the value of the
12 transaction in the covered investment which violates
13 section 13152, whichever is greater; and

14 “(2) the net gain realized, if any, from the cov-
15 ered investment during the period beginning on the
16 most recent date on which the individual became a
17 covered individual and ending on the date of disposi-
18 tion of the covered investment, as determined by the
19 supervising ethics office.

20 “(c) PAYMENT RESTRICTIONS.—A Member of Con-
21 gress may not pay any of the fees under this section by
22 using amounts from the following sources:

23 “(1) The Members’ Representational Allowance.

24 “(2) The Senators’ Official Personnel and Of-
25 fice Expense Account.

1 “(3) Any contribution (as defined in section
2 301(8) of the Federal Election Campaign Act of
3 1971 (52 U.S.C. 30101(8))) accepted as a can-
4 didate, and any other donation received as support
5 for activities of the individual as a holder of Federal
6 office.

7 “(d) MISCELLANEOUS RECEIPTS.—Any amounts col-
8 lected in fees authorized by this section shall be deposited
9 in the general fund of the Treasury as miscellaneous re-
10 ceipts in accordance with section 3302(b) of title 31.

11 “(e) REFERRAL.—Upon the assessment of a fee
12 under this section, the supervising ethics office has the
13 authority to refer a Member of Congress to the Depart-
14 ment of Justice in the same manner and to the same ex-
15 tent as a violation under section 13106 if such Member
16 of Congress resigns or retires before paying such assessed
17 fee.

18 “(f) INTERPRETATIVE GUIDANCE.—Each supervising
19 ethics office may issue interpretative guidance on this sub-
20 chapter and in issuing such guidance, may consider miti-
21 gating or aggravating circumstances.”.

22 “(c) EFFECTIVE DATE.—The amendments made by
23 this Act shall take effect on the date that is 180 days
24 after the date of enactment of this Act.