

111TH CONGRESS
1ST SESSION

H. R. 682

To prohibit securities and commodities trading based on nonpublic information relating to Congress, and to require additional reporting by Members and employees of Congress of securities transaction, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 2009

Mr. BAIRD (for himself, Ms. SLAUGHTER, and Mr. WALZ) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on House Administration, the Judiciary, Agriculture, and Standards of Official Conduct, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prohibit securities and commodities trading based on nonpublic information relating to Congress, and to require additional reporting by Members and employees of Congress of securities transaction, 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 Trading on Con-
5 gressional Knowledge Act”.

1 **SEC. 2. NONPUBLIC INFORMATION RELATING TO CON-**
2 **GRESS.**

3 (a) SECURITIES TRANSACTIONS.—Section 10 of the
4 Securities Exchange Act of 1934 is amended by adding
5 at the end the following:

6 “(c) NONPUBLIC INFORMATION RELATING TO CON-
7 GRESS.—Not later than 270 days after the date of enact-
8 ment of this subsection, the Commission shall by rule pro-
9 hibit any person from buying or selling the securities of
10 any issuer while such person is in possession of material
11 nonpublic information, as defined by the Commission, re-
12 lating to any pending or prospective legislative action re-
13 lating to such issuer if—

14 “(1) such information was obtained by reason
15 of such person being a Member or employee of Con-
16 gress; or

17 “(2) such information was obtained from a
18 Member or employee of Congress, and such person
19 knows that the information was so obtained.

20 “(d) NONPUBLIC INFORMATION RELATING TO
21 OTHER FEDERAL EMPLOYEES.—

22 “(1) RULEMAKING.—Not later than 270 days
23 after the date of enactment of this subsection, the
24 Commission shall by rule prohibit any person from
25 buying or selling the securities of any issuer while
26 such person is in possession of material nonpublic

1 information derived from Federal employment and
2 relating to such issuer if—

3 “(A) such information was obtained by
4 reason of such person being an employee of an
5 agency, as such term is defined in section
6 551(1) of title 5, United States Code; or

7 “(B) such information was obtained from
8 such an employee, and such person knows that
9 the information was so obtained.

10 “(2) MATERIAL NONPUBLIC INFORMATION.—

11 For purposes of this subsection, the term ‘material
12 nonpublic information’ means any information that
13 an employee of an agency (as such term is defined
14 in section 551(1) of title 5, United States Code)
15 gains by reason of Federal employment and that
16 such employee knows or should know has not been
17 made available to the general public, including infor-
18 mation that—

19 “(A) is routinely exempt from disclosure
20 under section 552 of title 5, United States
21 Code, or otherwise protected from disclosure by
22 statute, Executive order, or regulation;

23 “(B) is designated as confidential by an
24 agency; or

1 “(C) has not actually been disseminated to
2 the general public and is not authorized to be
3 made available to the public on request.”.

4 (b) COMMODITIES TRANSACTIONS.—Section 4c of the
5 Commodities Exchange Act (7 U.S.C. 6c) is amended by
6 adding at the end the following:

7 “(h) NONPUBLIC INFORMATION RELATING TO CON-
8 GRESS.—Not later than 270 days after the date of enact-
9 ment of this subsection, the Commission shall by rule pro-
10 hibit any person from buying or selling any commodity
11 for future delivery while such person is in possession of
12 material nonpublic information, as defined by the Com-
13 mission, relating to any pending or prospective legislative
14 action relating to such commodity if—

15 “(1) such information was obtained by reason
16 of such person being a Member or employee of Con-
17 gress; or

18 “(2) such information was obtained from a
19 Member or employee of Congress, and such person
20 knows that the information was so obtained.

21 “(i) NONPUBLIC INFORMATION RELATING TO OTHER
22 FEDERAL EMPLOYEES.—

23 “(1) RULEMAKING.—Not later than 270 days
24 after the date of enactment of this subsection, the
25 Commission shall by rule prohibit any person from

1 buying or selling any commodity for future delivery
2 while such person is in possession of material non-
3 public information derived from Federal employment
4 and relating to such commodity if—

5 “(A) such information was obtained by
6 reason of such person being an employee of an
7 agency, as such term is defined in section
8 551(1) of title 5, United States Code; or

9 “(B) such information was obtained from
10 such an employee, and such person knows that
11 the information was so obtained.

12 “(2) MATERIAL NONPUBLIC INFORMATION.—

13 For purposes of this subsection, the term ‘material
14 nonpublic information’ means any information that
15 an employee of an agency (as such term is defined
16 in section 551(1) of title 5, United States Code)
17 gains by reason of Federal employment and that
18 such employee knows or should know has not been
19 made available to the general public, including infor-
20 mation that—

21 “(A) is routinely exempt from disclosure
22 under section 552 of title 5, United States
23 Code, or otherwise protected from disclosure by
24 statute, Executive order, or regulation;

1 “(B) is designated as confidential by an
2 agency; or

3 “(C) has not actually been disseminated to
4 the general public and is not authorized to be
5 made available to the public on request.”.

6 **SEC. 3. AMENDMENT TO THE RULES OF THE HOUSE OF**
7 **REPRESENTATIVES REGARDING SECURITIES**
8 **TRADING BASED ON NONPUBLIC INFORMA-**
9 **TION.**

10 Rule XXIII (known as the “Code of Official Con-
11 duct”) of the Rules of the House of Representatives is
12 amended by redesignating clause 18 as clause 19 and by
13 inserting after clause 17 the following new clause:

14 “18. A Member, Delegate, Resident Commis-
15 sioner, officer, or employee of the House shall not—

16 “(a) disclose material nonpublic informa-
17 tion relating to any pending or prospective leg-
18 islative action relating to any publicly-traded
19 company if that Member, Delegate, Resident
20 Commissioner, officer, or employee has reason
21 to believe that the information will be used to
22 buy or sell the securities of such publicly-traded
23 company based on such information; or

24 “(b) disclose material nonpublic informa-
25 tion relating to any pending or prospective leg-

1 islative action relating to any commodity if that
2 Member, Delegate, Resident Commissioner, offi-
3 cer, or employee has reason to believe that the
4 information will be used to buy or sell such
5 commodity for future delivery based on such in-
6 formation.”.

7 **SEC. 4. TIMELY REPORTING OF SECURITIES TRANS-**
8 **ACTIONS.**

9 (a) **AMENDMENT.**—Section 103 of the Ethics in Gov-
10 ernment Act of 1978 is amended by adding at the end
11 the following subsection:

12 “(l) Within 90 days after the purchase, sale, or ex-
13 change of any stocks, bonds, commodities futures, or other
14 forms of securities that are otherwise required to be re-
15 ported under this Act and the transaction of which in-
16 volves at least \$1000 by any Member of Congress or offi-
17 cer or employee of the legislative branch required to so
18 file, that Member, officer, or employee shall file a report
19 of that transaction with the Clerk of the House of Rep-
20 resentatives in the case of a Representative in Congress,
21 a Delegate to Congress, or the Resident Commissioner
22 from Puerto Rico, or with the Secretary of the Senate in
23 the case of a Senator.”.

24 (b) **EFFECTIVE DATE.**—The amendment made by
25 subsection (a) shall apply to transactions occurring on or

1 after the date that is 90 days after the date of the enact-
2 ment of this Act.

3 **SEC. 5. DISCLOSURE OF POLITICAL INTELLIGENCE ACTIVI-**
4 **TIES UNDER LOBBYING DISCLOSURE ACT.**

5 (a) DEFINITIONS.—Section 3 of the Lobbying Disclo-
6 sure Act of 1995 (2 U.S.C. 1602) is amended—

7 (1) in paragraph (2)—

8 (A) by inserting after “lobbying activities”
9 each place that term appears the following: “or
10 political intelligence activities”; and

11 (B) by inserting after “lobbyists” the fol-
12 lowing: “or political intelligence consultants”;
13 and

14 (2) by adding at the end the following new
15 paragraphs:

16 “(17) POLITICAL INTELLIGENCE ACTIVITIES.—
17 The term ‘political intelligence activities’ means po-
18 litical intelligence contacts and efforts in support of
19 such contacts, including preparation and planning
20 activities, research, and other background work that
21 is intended, at the time it is performed, for use in
22 contacts, and coordination with such contacts and
23 efforts of others.

24 “(18) POLITICAL INTELLIGENCE CONTACT.—

1 “(A) DEFINITION.—The term ‘political in-
2 telligence contact’ means any oral or written
3 communication (including an electronic commu-
4 nication) to or from a covered executive branch
5 official or a covered legislative branch official,
6 the information derived from which is intended
7 for use in analyzing securities or commodities
8 markets, or in informing investment decisions,
9 and which is made on behalf of a client with re-
10 gard to—

11 “(i) the formulation, modification, or
12 adoption of Federal legislation (including
13 legislative proposals);

14 “(ii) the formulation, modification, or
15 adoption of a Federal rule, regulation, Ex-
16 ecutive order, or any other program, policy,
17 or position of the United States Govern-
18 ment; or

19 “(iii) the administration or execution
20 of a Federal program or policy (including
21 the negotiation, award, or administration
22 of a Federal contract, grant, loan, permit,
23 or license).

24 “(B) EXCEPTION.—The term ‘political in-
25 telligence contact’ does not include a commu-

1 nication that is made by or to a representative
2 of the media if the purpose of the communica-
3 tion is gathering and disseminating news and
4 information to the public.

5 “(19) POLITICAL INTELLIGENCE FIRM.—The
6 term ‘political intelligence firm’ means a person or
7 entity that has 1 or more employees who are polit-
8 ical intelligence consultants to a client other than
9 that person or entity.

10 “(20) POLITICAL INTELLIGENCE CONSULT-
11 ANT.—The term ‘political intelligence consultant’
12 means any individual who is employed or retained by
13 a client for financial or other compensation for serv-
14 ices that include one or more political intelligence
15 contacts.”.

16 (b) REGISTRATION REQUIREMENT.—Section 4 of the
17 Lobbying Disclosure Act of 1995 (2 U.S.C. 1603) is
18 amended—

19 (1) in subsection (a)—

20 (A) in paragraph (1)—

21 (i) by inserting after “whichever is
22 earlier,” the following: “or a political intel-
23 ligence consultant first makes a political
24 intelligence contact,”; and

1 (ii) by inserting after “such lobbyist”
2 each place that term appears the following:
3 “or consultant”;

4 (B) in paragraph (2), by inserting after
5 “lobbyists” each place that term appears the
6 following: “or consultants”; and

7 (C) in paragraph (3)(A)—

8 (i) by inserting after “lobbying activi-
9 ties” each place that term appears the fol-
10 lowing: “and political intelligence activi-
11 ties”; and

12 (ii) in clause (i), by inserting after
13 “lobbying firm” the following: “or political
14 intelligence firm”;

15 (2) in subsection (b)—

16 (A) in paragraph (3), by inserting after
17 “lobbying activities” each place that term ap-
18 pears the following: “or political intelligence ac-
19 tivities”;

20 (B) in paragraph (4)—

21 (i) in the matter preceding subpara-
22 graph (A), by inserting after “lobbying ac-
23 tivities” the following: “or political intel-
24 ligence activities”; and

1 (ii) in subparagraph (C), by inserting
2 after “lobbying activity” the following: “or
3 political intelligence activity”;

4 (C) in paragraph (5), by inserting after
5 “lobbying activities” each place that term ap-
6 pears the following: “or political intelligence ac-
7 tivities”;

8 (D) in paragraph (6), by inserting after
9 “lobbyist” each place that term appears the fol-
10 lowing: “or political intelligence consultant”;
11 and

12 (E) in the matter following paragraph (6),
13 by inserting “or political intelligence activities”
14 after “such lobbying activities”;

15 (3) in subsection (c)—

16 (A) in paragraph (1), by inserting after
17 “lobbying contacts” the following: “or political
18 intelligence contacts”; and

19 (B) in paragraph (2)—

20 (i) by inserting after “lobbying con-
21 tact” the following: “or political intel-
22 ligence contact”; and

23 (ii) by inserting after “lobbying con-
24 tacts” the following: “and political intel-
25 ligence contacts”; and

1 (4) in subsection (d), by inserting after “lob-
2 bying activities” each place that term appears the
3 following: “or political intelligence activities”.

4 (c) REPORTS BY REGISTERED POLITICAL INTEL-
5 LIGENCE CONSULTANTS.—Section 5 of the Lobbying Dis-
6 closure Act of 1995 (2 U.S.C. 1604) is amended—

7 (1) in subsection (a), by inserting after “lob-
8 bying activities” the following: “and political intel-
9 ligence activities”;

10 (2) in subsection (b)—

11 (A) in paragraph (2)—

12 (i) in the matter preceding subpara-
13 graph (A), by inserting after “lobbying ac-
14 tivities” the following: “or political intel-
15 ligence activities”;

16 (ii) in subparagraph (A)—

17 (I) by inserting after “lobbyist”
18 the following: “or political intelligence
19 consultant”; and

20 (II) by inserting after “lobbying
21 activities” the following: “or political
22 intelligence activities”;

23 (iii) in subparagraph (B), by inserting
24 after “lobbyists” the following: “or political
25 intelligence consultants”; and

1 (iv) in subparagraph (C), by inserting
2 after “lobbyists” the following: “or political
3 intelligence consultants”;

4 (B) in paragraph (3)—

5 (i) by inserting after “lobbying firm”
6 the following: “or political intelligence
7 firm”; and

8 (ii) by inserting after “lobbying activi-
9 ties” each place that term appears the fol-
10 lowing: “or political intelligence activities”;
11 and

12 (C) in paragraph (4), by inserting after
13 “lobbying activities” each place that term ap-
14 pears the following: “or political intelligence ac-
15 tivities”; and

16 (3) in subsection (d)(1), in the matter pre-
17 ceding subparagraph (A), by inserting “or a political
18 intelligence consultant” after “a lobbyist”.

19 (d) DISCLOSURE AND ENFORCEMENT.—Section 6(a)
20 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1605)
21 is amended—

22 (1) in paragraph (3)(A), by inserting after “lob-
23 bying firms” the following: “, political intelligence
24 consultants, political intelligence firms,”;

1 (2) in paragraph (7), by striking “or lobbying
2 firm” and inserting “lobbying firm, political intel-
3 ligence consultant, or political intelligence firm”; and

4 (3) in paragraph (8), by striking “or lobbying
5 firm” and inserting “lobbying firm, political intel-
6 ligence consultant, or political intelligence firm”.

7 (e) RULES OF CONSTRUCTION.—Section 8(b) of the
8 Lobbying Disclosure Act of 1995 (2 U.S.C. 1607(b)) is
9 amended by striking “or lobbying contacts” and inserting
10 “lobbying contacts, political intelligence activities, or polit-
11 ical intelligence contacts”.

12 (f) IDENTIFICATION OF CLIENTS AND COVERED OF-
13 FICIALS.—Section 14 of the Lobbying Disclosure Act of
14 1995 (2 U.S.C. 1609) is amended—

15 (1) in subsection (a)—

16 (A) in the heading, by inserting “OR PO-
17 LITICAL INTELLIGENCE” after “LOBBYING”;

18 (B) by inserting “or political intelligence
19 contact” after “lobbying contact” each place
20 that term appears; and

21 (C) in paragraph (2), by inserting “or po-
22 litical intelligence activity, as the case may be”
23 after “lobbying activity”;

24 (2) in subsection (b)—

1 (A) in the heading, by inserting “OR PO-
2 LITICAL INTELLIGENCE” after “LOBBYING”;

3 (B) by inserting “or political intelligence
4 contact” after “lobbying contact” each place
5 that term appears; and

6 (C) in paragraph (2), by inserting “or po-
7 litical intelligence activity, as the case may be”
8 after “lobbying activity”; and

9 (3) in subsection (c), by inserting “or political
10 intelligence contact” after “lobbying contact”.

11 (g) ANNUAL AUDITS AND REPORTS BY COMP-
12 TROLLER GENERAL.—Section 26 of the Lobbying Dislo-
13 sure Act of 1995 (2 U.S.C. 1614) is amended—

14 (1) in subsection (a), by inserting “political in-
15 telligence firms, political intelligence consultants,”
16 after “lobbying firms”;

17 (2) in subsection (b)(1)(A), by inserting “polit-
18 ical intelligence firms, political intelligence consult-
19 ants,” after “lobbying firms”; and

20 (3) in subsection (c), by inserting “or political
21 intelligence consultant” after “a lobbyist”.

1 **SEC. 6. EFFECTIVE DATE.**

2 This Act and the amendments made by this Act shall
3 take effect at the end of the 90-day period beginning on
4 the date of the enactment of this Act.

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