

114TH CONGRESS
1ST SESSION

S. 702

To strengthen the prohibitions on insider trading, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 11, 2015

Mr. REED (for himself and Mr. MENENDEZ) introduced the following bill;
which was read twice and referred to the Committee on Banking, Housing,
and Urban Affairs

A BILL

To strengthen the prohibitions on insider trading, 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 Illegal Insider
5 Trading Act”.

6 **SEC. 2. STRENGTHENING THE PROHIBITION ON INSIDER**
7 **TRADING.**

8 Section 10 of the Securities Exchange Act of 1934
9 (15 U.S.C. 78j) is amended—

1 (1) in the matter immediately preceding the
2 flush text at the end of the section, by inserting at
3 the end the following:

4 “(d)(1)(A) To purchase, sell, or cause the purchase
5 or sale of any security on the basis of material information
6 that the person knows or has reason to know is not pub-
7 licly available.

8 “(B) To knowingly or recklessly communicate mate-
9 rial information that the person knows or has reason to
10 know is not publicly available to any other person under
11 circumstances in which it is reasonably foreseeable that
12 such communication is likely to result in a violation of sub-
13 paragraph (A).

14 “(2) For purposes of this subsection, the term ‘not
15 publicly available’ shall not include information that the
16 person has independently developed from publicly available
17 sources.

18 “(3) The Commission may, by rule, exempt any per-
19 son, transaction, or communication, or any class of per-
20 sons, transactions, or communications from the prohibi-
21 tions under this subsection, if the Commission determines
22 that such exemption is necessary or appropriate in the
23 public interest and consistent with the protection of inves-
24 tors.

1 “(4) Nothing in this subsection shall be construed to
2 affect liability under subsection (b).”; and

3 (2) in the flush text at the end of the section—

4 (A) by striking “Rules promulgated” and
5 inserting “Subsection (d) and rules promul-
6 gated”; and

7 (B) by inserting “or subsection (d)” after
8 “subsection (b)” each place that term appears.

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