

115TH CONGRESS
1ST SESSION

S. 350

To amend the Securities Exchange Act of 1934 to prohibit Members of Congress from receiving a discounted price in certain private offerings of securities.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 9, 2017

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

A BILL

To amend the Securities Exchange Act of 1934 to prohibit Members of Congress from receiving a discounted price in certain private offerings of securities.

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 “End Congressional
5 Stock Market Abuse Act of 2017”.

1 **SEC. 2. PARTICIPATION IN SECURITIES TRANSACTIONS BY**
 2 **PUBLIC OFFICIALS.**

3 Section 21A of the Securities Exchange Act of 1934
 4 (15 U.S.C. 78u-1) is amended by adding at the end the
 5 following:

6 “(j) PARTICIPATION IN SECURITIES TRANSACTIONS
 7 BY MEMBERS OF CONGRESS.—

8 “(1) DEFINITIONS.—In this subsection—

9 “(A) the term ‘covered security’—

10 “(i) means any security that is regu-
 11 larly traded on a United States or foreign
 12 securities exchange; and

13 “(ii) includes any comparable eco-
 14 nomic interest acquired through synthetic
 15 means such as the use of a derivative or
 16 short selling any publicly traded security;

17 “(B) the term ‘price’—

18 “(i) means—

19 “(I) in the case of a purchase,
 20 the national best offer, as defined in
 21 section 242.600(c) of title 17, Code of
 22 Federal Regulations;

23 “(II) in the case of a sale, the
 24 national best bid, as defined in section
 25 242.600(c) of title 17, Code of Fed-
 26 eral Regulations; or

1 “(III) any other value, as deter-
 2 mined by the Commission; and

3 “(ii) does not include any commission
 4 or fee paid to a broker or third party; and

5 “(C) the term ‘United States or foreign se-
 6 curities exchange’ means—

7 “(i) a national exchange described in
 8 section 6; and

9 “(ii) a designated offshore securities
 10 market, as defined in section 230.92 of
 11 title 17, Code of Federal Regulations.

12 “(2) PROHIBITION.—

13 “(A) IN GENERAL.—Except as provided in
 14 subparagraph (B), a Member of Congress may
 15 not—

16 “(i) purchase a covered security for
 17 less than the price available on a United
 18 States or foreign exchange; or

19 “(ii) sell a covered security for more
 20 than the price available on a United States
 21 or foreign exchange.

22 “(B) EXCEPTION.—Subparagraph (A)
 23 shall not apply if a Member of Congress reason-
 24 ably believes that—

1 “(i) in the case of a purchase of a
2 covered security, the discount was obtained
3 in a manner generally available to the pub-
4 lic; or

5 “(ii) in the case of a sale of a covered
6 security, the premium was obtained in a
7 manner generally available to the public.”.

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