

116TH CONGRESS  
2D SESSION

# H. R. 6401

To prohibit Members of Congress from purchasing or selling certain investments, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2020

Mr. KRISHNAMOORTHY (for himself, Ms. OCASIO-CORTEZ, and Mr. NEGUSE) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Agriculture, and House Administration, 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 Members of Congress from purchasing or selling certain investments, 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 “Ban Conflicted Trad-  
5 ing Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act—

1           (1) the term “commodity” has the meaning  
2 given the term in section 1a of the Commodity Ex-  
3 change Act (7 U.S.C. 1a);

4           (2) the term “covered investment”—

5                 (A) means investment in a security, a com-  
6 modity, or a future, or any comparable eco-  
7 nomic interest acquired through synthetic  
8 means such as the use of a derivative; and

9                 (B) does not include—

10                         (i) a widely held investment fund de-  
11 scribed in section 102(f)(8) of the Ethics  
12 in Government Act of 1978 (5 U.S.C.  
13 App.); or

14                         (ii) a United States Treasury bill,  
15 note, or bond;

16           (3) the term “covered person” means—

17                 (A) a sitting Member of Congress; and

18                 (B) an individual employed as an officer or  
19 employee of Congress required to file a report  
20 under the Ethics in Government Act of 1978 (5  
21 U.S.C. App.);

22           (4) the term “future” means a financial con-  
23 tract obligating the buyer to purchase an asset or  
24 the seller to sell an asset, such as a physical com-

1       modity or a financial instrument, at a predetermined  
2       future date and price; and

3               (5) the term “security” has the meaning given  
4       the term in section 3(a) of the Securities Exchange  
5       Act of 1934 (15 U.S.C. 78c(a)).

6 **SEC. 3. PROHIBITIONS.**

7       (a) TRANSACTIONS.—Except as provided in sections  
8       4 and 5, no covered person may—

9               (1) purchase or sell any covered investment; or

10              (2) enter into a transaction that creates a net  
11       short position in any security.

12       (b) POSITIONS.—A covered person may not serve as  
13       an officer or member of any board of any for-profit asso-  
14       ciation, corporation, or other entity.

15 **SEC. 4. EXCEPTIONS.**

16       (a) INVESTMENTS HELD BEFORE TAKING OF-  
17       FICE.—

18              (1) IN GENERAL.—A covered person may have  
19       control over or knowledge of the management of any  
20       covered investment held by the covered person as of  
21       the day before the date on which the covered person  
22       took office.

23              (2) PROHIBITION ON PURCHASING OR SELL-  
24       ING.—A covered person may not buy or sell any in-

1 vestment described in paragraph (1) except in the  
2 case of—

3 (A) placing the investment in a qualified  
4 blind trust described in section 5; or

5 (B) divesting themselves of any investment  
6 under subsection (b).

7 (b) DIVESTITURE.—A covered person may sell a cov-  
8 ered investment during the 6-month period beginning  
9 on—

10 (1) the date on which the covered person takes  
11 office or begins employment, as applicable; or

12 (2) the date of enactment of this Act.

13 **SEC. 5. TRUSTS.**

14 (a) IN GENERAL.—On a case-by-case basis, the Se-  
15 lect Committee on Ethics may authorize a covered person  
16 to place their securities holdings in a qualified blind trust  
17 approved by the committee under section 102(f) of the  
18 Ethics in Government Act of 1978 (5 U.S.C. App.).

19 (b) BLIND TRUST.—A blind trust permitted under  
20 this subsection shall meet the criteria in section  
21 102(f)(4)(B) of the Ethics in Government Act of 1978 (5  
22 U.S.C. App.), unless an alternative arrangement is ap-  
23 proved by the Select Committee on Ethics.

24 **SEC. 6. ADMINISTRATION AND ENFORCEMENT.**

25 (a) ADMINISTRATION.—

1           (1) IN GENERAL.—The provisions of this Act  
2 shall be administered by the Select Committee on  
3 Ethics of the Senate and the Committee on Ethics  
4 of the House of Representatives.

5           (2) GUIDANCE.—The Select Committee on Eth-  
6 ics of the Senate and the Committee on Ethics of  
7 the House of Representatives are authorized to issue  
8 guidance on any matter contained in this Act, in-  
9 cluding—

10                   (A) whether a covered person may hold an  
11 employee stock option, or similar instrument,  
12 that had not vested before the date on which  
13 the covered person was elected; and

14                   (B) the process and timeline for when a  
15 covered person shall no longer serve as an offi-  
16 cer or member of any board of any for-profit  
17 association, corporation, or other entity.

18           (b) ENFORCEMENT.—Whoever knowingly fails to  
19 comply with this Act shall be subject to a civil penalty  
20 of not less than 10 percent of the value of the covered  
21 investment that was purchased or sold or the security in  
22 which a net short position was created in violation of this  
23 Act, as applicable.

○