

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Mariel Ridgway, one of his secretaries.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, January 28, 2019.

Hon. NANCY PELOSI,
The Speaker, House of Representatives,
Washington, DC.

DEAR MADAM SPEAKER: Pursuant to the permission granted in Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on January 28, 2019, at 2:36 p.m.:

That the Senate agreed to Relative to the death of Harris L. Wofford, Jr. S. Res. 31

With best wishes, I am,

Sincerely,

KAREN L. HAAS.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or votes objected to under clause 6 of rule XX.

The House will resume proceedings on postponed questions at a later time.

PROMOTING TRANSPARENT STANDARDS FOR CORPORATE INSIDERS ACT

Mr. HIMES. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 624) to require the Securities and Exchange Commission to carry out a study of Rule 10b5-1 trading plans, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 624

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Promoting Transparent Standards for Corporate Insiders Act".

SEC. 2. SEC STUDY.

(a) STUDY.—

(1) IN GENERAL.—The Securities and Exchange Commission shall carry out a study of whether Rule 10b5-1 (17 C.F.R. 240.10b5-1) should be amended to—

(A) limit the ability of issuers and issuer insiders to adopt a plan described under paragraph (c)(1)(i)(A)(3) of Rule 10b5-1 ("trading plan") to a time when the issuer or issuer insider is permitted to buy or sell securities during issuer-adopted trading windows;

(B) limit the ability of issuers and issuer insiders to adopt multiple trading plans;

(C) establish a mandatory delay between the adoption of a trading plan and the execu-

tion of the first trade pursuant to such a plan and, if so and depending on the Commission's findings with respect to subparagraph (A)—

(i) whether any such delay should be the same for trading plans adopted during an issuer-adopted trading window as opposed to outside of such a window; and

(ii) whether any exceptions to such a delay are appropriate;

(D) limit the frequency that issuers and issuer insiders may modify or cancel trading plans;

(E) require issuers and issuer insiders to file with the Commission trading plan adoptions, amendments, terminations and transactions; or

(F) require boards of issuers that have adopted a trading plan to—

(i) adopt policies covering trading plan practices;

(ii) periodically monitor trading plan transactions; and

(iii) ensure that issuer policies discuss trading plan use in the context of guidelines or requirements on equity hedging, holding, and ownership.

(2) ADDITIONAL CONSIDERATIONS.—In carrying out the study required under paragraph (1), the Commission shall consider—

(A) how any such amendments may clarify and enhance existing prohibitions against insider trading;

(B) the impact any such amendments may have on the ability of issuers to attract persons to become an issuer insider;

(C) the impact any such amendments may have on capital formation;

(D) the impact any such amendments may have on an issuer's willingness to operate as a public company; and

(E) any other consideration that the Commission considers necessary and appropriate for the protection of investors.

(b) REPORT.—Not later than the end of the 1-year period beginning on the date of the enactment of this Act, the Commission shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing all findings and determinations made in carrying out the study required under section (a).

(c) RULEMAKING.—After the completion of the study required under subsection (a), the Commission shall, subject to public notice and comment, revise Rule 10b5-1 consistent with the results of such study.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Connecticut (Mr. HIMES) and the gentleman from North Carolina (Mr. MCHENRY) each will control 20 minutes.

The Chair recognizes the gentleman from Connecticut.

GENERAL LEAVE

Mr. HIMES. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. HIMES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am delighted to rise in support of H.R. 624 and to recognize the bipartisan fashion in which this bill is being brought to the floor and, in par-

ticular, thank Ranking Member MCHENRY for his work on this bipartisan bill.

It is terrific to see the first bill out of the committee and onto the floor be not only a bipartisan bill, but the kind of thing that I think we should be able to find agreement on in this Congress.

We have a robust debate in the committee and in this Congress around the question of how we establish well-balanced regulation on the capital markets and the financial services industry. That is a good debate in which the answer is always moving, but it is terrific to see that we can agree that wherever there is an opportunity either for fraudulent behavior, insider trading, or rent-seeking to occur—that is to say, when there is an advantage for a particular player in the market—that the parties can come together to move legislation like H.R. 624.

Whatever we may think and however we may argue over the proper balance of regulation, if market participants do not have confidence in those markets, we have a huge problem. And nothing erodes confidence so much as the suspicion that there may be players in the market who have an inside advantage who are operating fraudulently.

So, again, I thank Mr. MCHENRY for his work on this bill. I thank Chairwoman WATERS, in particular, for her hard work on this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MCHENRY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 624, the Promoting Transparent Standards for Corporate Insiders Act.

This bipartisan legislation is critical for protecting mom-and-pop investors from the effects of insider trading while ensuring that the rules are clear, fair, and not unduly burdensome.

I want to first thank Chairwoman WATERS for her sponsorship of this bill and for writing this legislation. I am glad to join her in a meaningful effort to help the Securities and Exchange Commission better understanding illicit trading, and I look forward to working with her in many more bipartisan efforts and her leadership on the Financial Services Committee.

Mr. Speaker, preventing and cracking down on fraud and abuse within our financial system, such as illegal insider trading, is apolitical and should be.

When a corporate insider breaks the rules on trading and profits from trading on insider information, that illegal activity hurts everyday investors who diligently put their hard-earned money away for retirement.

To be clear, most corporate insiders faithfully follow the insider trading guidelines under Rule 10b5-1. I know that is not an everyday quoted thing, but those folks who are abiding by the law are complying with this very complex but important rule from the Securities and Exchange Commission. That allows for them to purchase and sell securities without concern for insider trading liability.