

Agencies to share critical and timely information with their community partners, thus creating an unnecessary barrier for individuals seeking assistance by requiring them to resubmit the same information and paperwork to multiple entities.

The Homeless Assistance Act will allow agencies to share relevant client data with local government entities and nonprofits, solely for the purpose of expediting the identification, assessment, and linkage of individuals experiencing homelessness to housing and supportive services.

As founder and co-chair of the Congressional Homelessness Caucus, I am proud to support the advancement of resources and capabilities needed to address housing insecurity and access to affordable housing in our communities.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Guam (Mr. SAN NICOLAS) that the House suspend the rules and pass the bill, H.R. 4335, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### 8-K TRADING GAP ACT OF 2019

Mr. SAN NICOLAS. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 4335) to amend the Securities Exchange Act of 1934 to require the Securities and Exchange Commission to issue rules that prohibit officers and directors of certain companies from trading securities in anticipation of a current report, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4335

*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 “8-K Trading Gap Act of 2019”.

#### SEC. 2. PROHIBITION ON CERTAIN TRADING IN ANTICIPATION OF A CURRENT REPORT.

The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 10D the following:

#### “SEC. 10E. PROHIBITION ON CERTAIN TRADING IN ANTICIPATION OF A CURRENT REPORT.

“(a) PROHIBITION.—Not later than 1 year after the date of enactment of this section, the Commission shall issue rules that require each issuer that is subject to reporting requirements under section 13(a) or 15(d) to establish and maintain policies, controls, and procedures that are reasonably designed to prohibit executive officers and directors of the issuer from purchasing, selling, or otherwise transferring any equity security of the issuer, directly or indirectly—

“(1) with respect to an event described in sections 1 through 6 of Form 8-K, between—

“(A) the occurrence of such event; and

“(B) the filing or furnishing of a current report on Form 8-K with respect to such event; and

“(2) with respect to an event described in section 7 or 8 of Form 8-K, between—

“(A) the date on which the issuer determines that it will disclose such event; and

“(B) the filing or furnishing of a current report on Form 8-K with respect to such event.

“(b) PERMISSIBLE TRANSACTIONS.—In issuing rules under subsection (a), the Commission—

“(1) may exempt certain transactions that the Commission determines is appropriate, including those that—

“(A) occur automatically;

“(B) are made pursuant to an advance election; or

“(C) except as provided in paragraph (2), involve a purchase or sale of equity securities that satisfies the conditions under section 240.10b5-1(c) of title 17, Code of Federal Regulations;

“(2) may not exempt from those rules a transaction made by an executive officer or director of an issuer under a plan that—

“(A) is described in section 240.10b5-1(c)(1)(i)(A)(3) of title 17, Code of Federal Regulations; and

“(B) was adopted—

“(i) with respect to an event described in sections 1 through 6 of Form 8-K, between—

“(I) the occurrence of such event; and

“(II) the filing or furnishing of a current report on Form 8-K with respect to such event; and

“(ii) with respect to an event described in section 7 or 8 of Form 8-K, between—

“(I) the date on which the issuer determines that it will disclose such event; and

“(II) the filing or furnishing of a current report on Form 8-K with respect to such event; and

“(3) shall exempt from those rules—

“(A) issuers required to adopt and administer a code of ethics pursuant section 270.17j-1 of title 17, Code of Federal Regulations, and any other issuers registered under the Investment Company Act of 1940 whose investment advisers are required to adopt and administer a code of ethics pursuant to section 275.204A-1 of title 17, Code of Federal Regulations; and

“(B) any event where such event is described in sections 1 through 6 of Form 8-K and the issuer has announced such event in a press release or other method of dissemination that complies with the requirements of section 101(e)(2) of Regulation FD (17 C.F.R. Part 243.101(e)(2)).”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Guam (Mr. SAN NICOLAS) and the gentleman from Arkansas (Mr. HILL) each will control 20 minutes.

The Chair recognizes the gentleman from Guam.

#### GENERAL LEAVE

Mr. SAN NICOLAS. Madam Speaker, I ask unanimous consent that all Members may 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 Guam?

There was no objection.

Mr. SAN NICOLAS. Madam Speaker, I yield myself as much time as I may consume.

Madam Speaker, I thank Representative MALONEY, the chair of the Committee on Oversight and Reform and a member of the Financial Services Committee, for authoring H.R. 4335, the 8-K Trading Gap Act, a commonsense bill that would close a loophole in our secu-

rities laws that has been exploited by corporate insiders.

Currently, public companies must disclose significant corporate events, such as bankruptcy or major cybersecurity hacks, to investors and the public on Form 8-K. However, the law gives them 4 business days after the event occurs to make this disclosure. As a result, corporate executives have the benefit of knowing material, nonpublic information for 4 days before investors and the rest of the public.

This is a problem because there is no rule prohibiting these executives from buying or selling the company's securities during this 4-day gap, and there is evidence that certain executives have done so and profited handsomely. According to a 2015 study, over a 6-year period, insiders who traded during this 4-day gap successfully earned \$105 million in above-market returns on these trades.

H.R. 4335, the 8-K Trading Gap Act, fixes this loophole by requiring public companies to put in place policies and procedures that are reasonably designed to prohibit officers and directors from trading company stock after the company has determined that a significant corporate event has occurred and before the company has filed a Form 8-K disclosing such event.

I support this commonsense fix and encourage my colleagues to join me in supporting the bill.

Madam Speaker, I reserve the balance of my time.

Mr. HILL of Arkansas. Madam Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 4335, the 8-K Trading Gap Act of 2019.

Madam Speaker, I thank my friend, the gentlewoman from New York, Congresswoman MALONEY, and her staff for her efforts on this bill and for working with Republicans to make this a bipartisan bill.

Madam Speaker, we all agree that fraud and abuse, such as illegal insider trading, have no place in our financial system. Bad actors damage the integrity, efficiency, and effectiveness of our markets, which in turn hurts everyday investors.

□ 1700

When significant corporation events occur, such as the appointment of a new chief financial officer, public companies must disclose these events to shareholders and to the public on form 8-K. This form must be filed within 4 business days of that significant event.

It is reasonable to believe that company insiders may have knowledge of the event or material, nonpublic information is disclosed to the general public and shareholders.

Most companies and their executives strive to operate within the law. Trading within that period is clearly illegal. However, there is no SEC rule that explicitly prohibits insiders from buying or selling company stock during

this 4-business-day gap, which starts at the time the event occurred and ends with the filing of form 8-K in which information about the event is then disclosed to the public.

Simply put, that is what this measure does. The bill before us today prohibits executive insiders from profitably trading in their company's stock while in possession of material, non-public information stemming from a yet-to-be-disclosed event.

At the same time, the bill also provides appropriately tailored exemptions for companies not intended to be covered by the bill, such as registered funds or business development corporations.

In addition, the bill provides flexibility to companies by allowing for announcements via press releases while not requiring the immediate filing of form 8-K.

Again, I thank our chair of the Oversight and Reform Committee, a former loyal and longstanding member of the House Committee on Financial Services, and her staff for her diligent efforts in working across the aisle to draft and design this bipartisan bill that strikes the right balance of strengthening our securities laws while tailoring the bill to minimize unintended and unnecessary application.

Madam Speaker, I urge all of my colleagues to join me in supporting this well-balanced piece of legislation, and I reserve the balance of my time.

Mr. SAN NICOLAS. Madam Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY), chairwoman of the Oversight and Reform Committee and the sponsor of this legislation.

Mrs. CAROLYN B. MALONEY of New York. Madam Speaker, I rise in strong support of this bill, the 8-K Trading Gap Act. I thank Mr. SAN NICOLAS for yielding and for his leadership on the committee, and, of course, Chairwoman WATERS.

This bill would fix a loophole in our current law that allows corporate executives to trade on information before it is disclosed to the public and to their own shareholders.

Right now, when there is a significant corporate event in a public company, the company has to disclose that event to the public by filing a form 8-K within 4 days of the event occurring. Of course, during this 4-day gap, executives at the company know about the significant event, but other investors do not.

There has been research from academics at Columbia Law School and Harvard Law School that shows that executives do actually trade in this 4-day gap and profit significantly from it. In fact, one of the authors of this study was Robert Jackson, who is now an SEC Commissioner.

Commissioner Jackson brought this issue to my attention when he was still an academic, and I would like to thank him for his hard work on this issue.

My bill would address this problem by simply prohibiting executives from

trading during this 4-day gap that they know about and the public doesn't, which is clearly illegal.

When SEC Chairman Clayton testified before the Financial Services Committee, I asked him about this bill. He said that he thought it was "good corporate hygiene that, once a determination has been made that there is a material event to disclose, that the company's insider trading policy . . . would have a control in there where the senior executives would not be allowed to trade."

This is basically an endorsement of this bill. That is exactly what my bill would do, and I think it is just plain common sense.

I very much want to thank Ranking Members MCHENRY, HUIZENGA, and HILL for their work with me on this bill, and I would also like to thank Chairwoman WATERS for her support.

I urge my colleagues to support it. It is a commonsense, good-government bill. It will help investors and help the entire system.

Mr. HILL of Arkansas. Madam Speaker, I am prepared to close. I urge my colleagues to support Mrs. MALONEY's good work. I thank my friend from Guam for his leadership, and I yield back the balance of my time.

Mr. SAN NICOLAS. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, investor confidence and market integrity are built on the premise that our markets are fair and transparent. H.R. 4335 will help ensure that this is the case by preventing corporate insiders from unfairly taking advantage of significant corporate events before they are disclosed to the public.

For that reason, the bill is supported by investor groups, like the Council of Institutional Investors, as well as our State securities regulators, which are represented by the North American Securities Administrators Association.

Madam Speaker, I urge all of my colleagues to join me in their support of H.R. 4335. I thank our colleagues on the other side of the aisle for their support.

With publicly traded companies, Madam Speaker, nobody should have an advantage over the public. I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Guam (Mr. SAN NICOLAS) that the House suspend the rules and pass the bill, H.R. 4335, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the yeas have it.

Mr. SAN NICOLAS. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

## PRUDENTIAL REGULATOR OVERSIGHT ACT

Ms. WATERS. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 4841) to require the prudential banking regulators to provide annual testimony to Congress on their supervision and regulation activities, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4841

*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 "Prudential Regulator Oversight Act".

### SEC. 2. ANNUAL TESTIMONY.

(a) IN GENERAL.—The Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301 et seq.) is amended by adding at the end of title VI the following:

#### "SEC. 629. ANNUAL TESTIMONY OF PRUDENTIAL REGULATORS.

"(a) SEMI-ANNUAL REPORT.—

"(1) IN GENERAL.—The prudential regulators shall each issue a semi-annual report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives regarding the efforts, activities, objectives, and plans of the regulator with respect to the conduct of supervision and regulation of depository institution holding companies, depository institutions, and credit unions.

"(2) SPECIFIC CONTENTS.—Each report required under paragraph (1) shall include a description of—

"(A) the safety and soundness of depository institution holding companies, depository institutions, and credit unions, including capital, liquidity, leverage, stress testing, and living wills, as applicable;

"(B) the examination and supervision of depository institution holding companies, depository institutions, and credit unions, particularly G-SIBs, including—

"(i) a detailed description of public enforcement actions taken during the reporting period;

"(ii) aggregate data regarding supervisory concerns examiners have issued in writing to the boards of regulated institutions during the reporting period;

"(iii) supervisory observations by the regulator on particular areas and topics of concern identified through the examination and supervisory process; and

"(iv) a description of the regulator's exercise of all available tools beyond imposing public fines to ensure compliance with all applicable laws and regulations, as well as actions to ensure accountability for culpable executives;

"(C) emerging risks that may affect depository institutions and potential threats to the financial stability of the United States, and any actions the regulator took in coordination with the Office of Financial Research, to identify and mitigate those threats;

"(D) any recent actions taken by the regulator as a voting member of the Financial Stability Oversight Council and any updates related to authorities the regulator has under title I or title VIII of this Act with respect to enhanced prudential standards and supervision of large bank holding companies and firms designated by the Financial Stability Oversight Council;

"(E) the implementation of the regulator's diversity and inclusion efforts, including its implementation of section 342 of this Act and the regulator's compliance with section 308