

112TH CONGRESS
1ST SESSION

S. _____

To prohibit Members of Congress and employees of Congress from using nonpublic information derived from their official positions for personal gain, and for other purposes.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice
and referred to the Committee on _____

A BILL

To prohibit Members of Congress and employees of Congress from using nonpublic information derived from their official positions for personal gain, 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 Trading on Con-
5 gressional Knowledge Act of 2012”.

1 **SEC. 2. USE OF NONPUBLIC INFORMATION FOR PERSONAL**
2 **GAIN PROHIBITED.**

3 The Congressional Accountability Act of 1995 (Pub-
4 lic Law 104–1; 2 U.S.C. 1301 et seq.) is amended by at
5 the end the following:

6 **“TITLE VI—USE OF NONPUBLIC**
7 **INFORMATION FOR PER-**
8 **SONAL GAIN PROHIBITED**

9 **“SEC. 601. DEFINITION.**

10 “In this title—

11 “(1) the term ‘Member of Congress’ means a
12 member of the Senate or the House of Representa-
13 tives, a Delegate to the House of Representatives,
14 and the Resident Commissioner from Puerto Rico;
15 and

16 “(2) the term ‘employee of Congress’ means—

17 “(A) an employee of the Senate; and

18 “(B) an employee of the House of Rep-
19 resentatives.

20 **“SEC. 602. GENERAL PROHIBITION.**

21 “No Member of Congress and no employee of Con-
22 gress shall use any nonpublic information derived from the
23 individual’s position as a Member of Congress or employee
24 of Congress, or gained from performance of the individ-
25 ual’s duties, for personal benefit.

1 **“SEC. 603. IMPLEMENTING RULES.**

2 “The Select Committee on Ethics of the Senate and
3 the Committee on Standards of Official Conduct of the
4 House of Representatives shall issue rules or regulations
5 to carry out the purposes of section 602.

6 **“SEC. 604. APPLICABILITY TO SECURITIES LAWS.**

7 “(a) IN GENERAL.—For the purposes of the insider
8 trading prohibitions arising under section 10(b) of the Se-
9 curities Exchange Act of 1934 and rule 10b–5 thereunder,
10 the prohibition set forth in section 602 states a duty of
11 trust and confidence of each Member of Congress and of
12 each employee of Congress to Congress, the United States
13 Government, and the citizens of the United States.

14 “(b) RULEMAKING AUTHORITY.—The Securities and
15 Exchange Commission may issue such rules or regulations
16 as the Commission determines are necessary or appro-
17 priate to implement subsection (a) or to otherwise ensure
18 that Members of Congress and employees of Congress are
19 subject to the insider trading prohibitions that apply gen-
20 erally.

21 **“SEC. 605. APPROPRIATE PUNITIVE, DISCIPLINARY, AND**
22 **OTHER REMEDIAL ACTION.**

23 “A Member of Congress or an employee of Congress
24 who violates the prohibition under section 602 shall be
25 subject to appropriate punitive, disciplinary, and other re-

1 medial action in accordance with any applicable laws, reso-
2 lutions, rules, or regulations.

3 **“SEC. 606. RULE OF CONSTRUCTION.**

4 “Nothing in this title shall be construed to be in dero-
5 gation of existing legal obligations of a Member of Con-
6 gress or an employee of Congress or to limit or otherwise
7 alter the securities laws, the authority of the Securities
8 and Exchange Commission under such laws, or other laws
9 of the United States.”.

10 **SEC. 3. TECHNICAL, CONFORMING, AND CLERICAL AMEND-**
11 **MENTS.**

12 The Congressional Accountability Act of 1995 is
13 amended—

14 (1) in section 1(b) by inserting, after the item
15 relating to section 509, the following:

“TITLE VI—USE OF NONPUBLIC INFORMATION FOR PERSONAL
GAIN PROHIBITED

“Sec. 601. Definition.

“Sec. 602. General prohibition.

“Sec. 603. Implementing rules.

“Sec. 604. Applicability to securities laws.

“Sec. 605. Appropriate punitive, disciplinary, and other remedial action.

“Sec. 606. Rule of construction.”;

16 and

17 (2) in section 413 (2 U.S.C. 1413) by striking
18 “408” and inserting “408, or to bring a judicial pro-
19 ceeding to enforce the prohibition under section
20 602,”.

1 **SEC. 4. CONFORMING CHANGES TO THE COMMODITY EX-**
2 **CHANGE ACT.**

3 Section 4c(a) of the Commodity Exchange Act (7
4 U.S.C. 6c(a)) is amended by—

5 (1) inserting “or any Member of Congress or
6 congressional employee” after “Federal Govern-
7 ment,”—

8 (A) the first time it appears in paragraph

9 (3);

10 (B) the first time it appears in paragraph

11 (4)(A);

12 (C) in paragraph (4)(B); and

13 (D) in paragraph clause (4)(C)(iii);

14 (2) inserting “or by Congress”—

15 (A) in paragraph (3), before “in a man-
16 ner”;

17 (B) in paragraph (4)(A), before “in a man-
18 ner”; and

19 (C) in paragraph (4)(C)—

20 (i) before “that may affect” and

21 (ii) before “in a manner” ;

22 (3) in paragraphs (3) and (4)(A), inserting
23 “Member,” after “position of the”; and

24 (4) in paragraph (4)(C)(iii), inserting “to Con-
25 gress” after “Federal Government”.

1 **SEC. 5. PROMPT REPORTING OF FINANCIAL TRANS-**
2 **ACTIONS.**

3 (a) REPORTING REQUIREMENT.—Section 101 of the
4 Ethics in Government Act is amended by adding at the
5 end the following subsection:

6 “(j) Within 30 days after any transaction required
7 to be reported under subparagraph 102(a)(5)(B) of this
8 Act, a Member of Congress or officer or employee of Con-
9 gress shall file a report of the transaction.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall apply to transactions occurring on or
12 after the date that is 90 days after the date of enactment
13 of this Act.

14 **SEC. 6. REPORT ON POLITICAL INTELLIGENCE ACTIVITIES.**

15 (a) REPORT.—

16 (1) IN GENERAL.—Not later than 12 months
17 after the date of enactment of this Act, the Comp-
18 troller General of the United States, in consultation
19 with the Congressional Research Service, shall sub-
20 mit to the Committee on Homeland Security and
21 Governmental Affairs of the Senate and the Com-
22 mittee on Oversight and Government Reform of the
23 House of Representatives a report on the role of po-
24 litical intelligence in the financial markets.

25 (2) CONTENTS.—The report required by this
26 section shall include a discussion of—

1 (A) what is known about the prevalence of
2 the sale of political intelligence and the extent
3 to which investors rely on such information;

4 (B) what is known about the effect that
5 the sale of political intelligence may have on the
6 financial markets;

7 (C) the extent to which information which
8 is being sold would be considered non-public in-
9 formation;

10 (D) the legal and ethical issues that may
11 be raised by the sale of political intelligence;

12 (E) any benefits from imposing disclosure
13 requirements on those who engage in political
14 intelligence activities; and

15 (F) any legal and practical issues that may
16 be raised by the imposition of disclosure re-
17 quirements on those who engage in political in-
18 telligence activities.

19 (b) DEFINITION.—For purposes of this section, the
20 term “political intelligence” shall mean information that
21 is—

22 (1) derived by a seller from direct communica-
23 tions with executive branch and legislative branch of-
24 ficials; and

1 (2) provided in exchange for financial com-
2 pensation to a client who intends, and who is known
3 by the seller to intend, to use the information to in-
4 form investment decisions.