

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.

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IN THE SENATE OF THE UNITED STATES

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

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## **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.