To prohibit commodities and securities trading based on nonpublic information relating to Congress, to require additional reporting by Members and employees of Congress of securities transactions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. Brown introduced the following bill; which was read twice and referred to the Committee on ________

A BILL

To prohibit commodities and securities trading based on non-public information relating to Congress, to require additional reporting by Members and employees of Congress of securities transactions, and for other purposes.

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 “Stop Trading on Congressional Knowledge Act”.
SEC. 2. NONPUBLIC INFORMATION RELATING TO CONGRESS AND OTHER FEDERAL EMPLOYEES.

(a) COMMODITIES TRANSACTIONS.—Section 4e of the Commodity Exchange Act (7 U.S.C. 6c) is amended by adding at the end the following:

"(h) NONPUBLIC INFORMATION.—

“(1) DEFINITIONS.—In this subsection:

“(A) AGENCY.—The term ‘agency’ has the meaning given the term in section 551 of title 5, United States Code.

“(B) MATERIAL NONPUBLIC INFORMATION.—The term ‘material nonpublic information’—

“(i) has the meaning given the term by the Commission by rule;

“(ii) includes any information that—

“(I) a member or employee of Congress, or an employee of an agency, as applicable, gains by reason of that position or employment; and

“(II) the member or employee knows or should know has not been made available to the general public;

and

“(iii) includes information that—
“(1) is routinely exempt from disclosure under section 552 of title 5, United States Code, or otherwise protected from disclosure by law (including Executive orders and regulations);

“(II) is designated as confidential by an agency; or

“(III) has not actually been disseminated to the general public and is not authorized to be made available to the public on request.

“(2) Nonpublic information relating to Congress.—Not later than 270 days after the date of enactment of this subsection, the Commission shall by rule prohibit any person from buying or selling any commodity for future delivery or swap while the person is in possession of material nonpublic information relating to any pending or prospective legislative action relating to the commodity if—

“(A) the information was obtained by reason of the person being a Member or employee of Congress; or

“(B)(i) the information was obtained from a Member or employee of Congress; and
“(ii) the person knows that the information was so obtained.

“(3) NONPUBLIC INFORMATION RELATING TO OTHER FEDERAL EMPLOYEES.—Not later than 270 days after the date of enactment of this subsection, the Commission shall by rule prohibit any person from buying or selling any commodity for future delivery or swap while the person is in possession of material nonpublic information derived from Federal employment and relating to the commodity if—

“(A) the information was obtained by reason of the person being an employee of an agency; or

“(B)(i) the information was obtained from an employee of an agency; and

“(ii) the person knows that the information was so obtained.”.

(b) SECURITIES TRANSACTIONS.—

(1) DEFINITIONS.—As used in this subsection—

(A) the term “agency” has the same meaning as in section 551(1) of title 5, United States Code;

(B) the term “Commission” means the Securities and Exchange Commission; and
(C) the term “material nonpublic information”—

(i) has the meaning given that term by rule of the Commission; and

(ii) includes any information that a member or employee of Congress or an employee of an agency, as applicable, gains by reason of such position or employment, and that such member or employee knows or should know has not been made available to the general public, including information that—

(I) is routinely exempt from disclosure under section 552 of title 5, United States Code, or otherwise protected from disclosure by statute, Executive Order, or regulation;

(II) is designated as confidential by an agency; or

(III) has not actually been disseminated to the general public and is not authorized to be made available to the public on request.

(2) NONPUBLIC INFORMATION RELATING TO CONGRESS.—Not later than 270 days after the date
of enactment of this Act, the Commission shall, by
rule, prohibit any person from buying or selling the
securities or security-based swaps of any issuer while
such person is in possession of material nonpublic
information relating to any pending or prospective
legislative action relating to such issuer, if—

(A) such information was obtained by rea-
son of such person being a Member or employee
of Congress; or

(B) such information was obtained from a
Member or employee of Congress, and such per-
son knows that the information was so ob-
tained.

(3) NONPUBLIC INFORMATION RELATING TO
OTHER FEDERAL EMPLOYEES.—Not later than 270
days after the date of enactment of this subsection,
the Commission shall, by rule, prohibit any person
from buying or selling the securities or security-
based swaps of any issuer while such person is in
possession of material nonpublic information derived
from Federal employment and relating to such
issuer, if—

(A) such information was obtained by rea-
son of such person being an employee of an
agency; or
(B) such information was obtained from such an employee, and such person knows that the information was so obtained.

SEC. 3. COMMITTEE HEARINGS ON IMPLEMENTATION.

(a) IN GENERAL.—The Committee on Agriculture of the House of Representatives shall hold a hearing on the implementation by the Commodity Futures Trading Commission of subsections (h) and (i) of section 4c of the Commodity Exchange Act (as added by section 2(b) of this Act), and the Committee on Financial Services of the House of Representatives shall hold a hearing on the implementation by the Securities Exchange Commission of subsections (d) and (e) of section 10 of the Securities Exchange Act of 1934 (as added by section 2(a) of this Act).

(b) EXERCISE OF RULEMAKING AUTHORITY.—Subsection (a) is enacted—

(1) as an exercise of the rulemaking power of the House of Representatives and, as such, shall be considered as part of the rules of the House, and such rules shall supersede any other rule of the House only to the extent that rule is inconsistent therewith; and

(2) with full recognition of the constitutional right of the House to change such rules (so far as relating to the procedure in the House) at any time,
in the same manner, and to the same extent as in
the case of any other rule of the House.

SEC. 4. TIMELY REPORTING OF FINANCIAL TRANSACTIONS.

(a) REPORTING REQUIREMENT.—Section 103 of the
Ethics in Government Act of 1978 is amended by adding
at the end the following subsection:

“(l) Within 90 days after the purchase, sale, or ex-
change of any stocks, bonds, commodities futures, or other
forms of securities that are otherwise required to be re-
ported under this Act and the transaction of which in-
volves at least $1000 by any Member of Congress or offi-
cer or employee of the legislative branch required to so
file, that Member, officer, or employee shall file a report
of that transaction with the Clerk of the House of Rep-
resentatives in the case of a Representative in Congress,
a Delegate to Congress, or the Resident Commissioner
from Puerto Rico, or with the Secretary of the Senate in
the case of a Senator.”.

(b) EFFECTIVE DATE.—The amendment made by
subsection (a) shall apply to transactions occurring on or
after the date that is 90 days after the date of the enact-
ment of this Act.
SEC. 5. DISCLOSURE OF POLITICAL INTELLIGENCE ACTIVITIES UNDER LOBBYING DISCLOSURE ACT.

(a) Definitions.—Section 3 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1602) is amended—

(1) in paragraph (2)—

(A) by inserting after “lobbying activities” each place that term appears the following: “or political intelligence activities”; and

(B) by inserting after “lobbyists” the following: “or political intelligence consultants”; and

(2) by adding at the end the following new paragraphs:

“(17) Political intelligence activities.—

The term ‘political intelligence activities’ means political intelligence contacts and efforts in support of such contacts, including preparation and planning activities, research, and other background work that is intended, at the time it is performed, for use in contacts, and coordination with such contacts and efforts of others.

“(18) Political intelligence contact.—

“(A) Definition.—The term ‘political intelligence contact’ means any oral or written communication (including an electronic communication) to or from a covered executive branch
official or a covered legislative branch official, the information derived from which is intended for use in analyzing securities or commodities markets, or in informing investment decisions, and which is made on behalf of a client with regard to—

“(i) the formulation, modification, or adoption of Federal legislation (including legislative proposals);

“(ii) the formulation, modification, or adoption of a Federal rule, regulation, Executive order, or any other program, policy, or position of the United States Government; or

“(iii) the administration or execution of a Federal program or policy (including the negotiation, award, or administration of a Federal contract, grant, loan, permit, or license).

“(B) EXCEPTION.—The term ‘political intelligence contact’ does not include a communication that is made by or to a representative of the media if the purpose of the communication is gathering and disseminating news and information to the public.
“(19) **Political intelligence firm.**—The term ‘political intelligence firm’ means a person or entity that has 1 or more employees who are political intelligence consultants to a client other than that person or entity.

“(20) **Political intelligence consultant.**—The term ‘political intelligence consultant’ means any individual who is employed or retained by a client for financial or other compensation for services that include one or more political intelligence contacts.”.

(b) **Registration Requirement.**—Section 4 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1603) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by inserting after “whichever is earlier,” the following: “or a political intelligence consultant first makes a political intelligence contact,”; and

(ii) by inserting after “such lobbyist” each place that term appears the following: “or consultant”;

(B) in paragraph (2), by inserting after “lobbyists” each place that term appears the
following: “or political intelligence consultants”;

and

(C) in paragraph (3)(A)—

(i) by inserting after “lobbying activities” each place that term appears the following: “and political intelligence activities”; and

(ii) in clause (i), by inserting after “lobbying firm” the following: “or political intelligence firm”;

(2) in subsection (b)—

(A) in paragraph (3), by inserting after “lobbying activities” each place that term appears the following: “or political intelligence activities”;

(B) in paragraph (4)—

(i) in the matter preceding subparagraph (A), by inserting after “lobbying activities” the following: “or political intelligence activities”; and

(ii) in subparagraph (C), by inserting after “lobbying activity” the following: “or political intelligence activity”;

(C) in paragraph (5), by inserting after “lobbying activities” each place that term ap-
appears the following: “or political intelligence activities”;

(D) in paragraph (6), by inserting after “lobbyist” each place that term appears the following: “or political intelligence consultant”; and

(E) in the matter following paragraph (6), by inserting “or political intelligence activities” after “such lobbying activities”;

(3) in subsection (c)—

(A) in paragraph (1), by inserting after “lobbying contacts” the following: “or political intelligence contacts”; and

(B) in paragraph (2)—

(i) by inserting after “lobbying contact” the following: “or political intelligence contact”; and

(ii) by inserting after “lobbying contacts” the following: “and political intelligence contacts”; and

(4) in subsection (d), by inserting after “lobbying activities” each place that term appears the following: “or political intelligence activities”.

(c) Reports by Registered Political Intelligence Consultants.—Section 5 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1604) is amended—

(1) in subsection (a), by inserting after “lobbying activities” the following: “and political intelligence activities”;

(2) in subsection (b)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by inserting after “lobbying activities” the following: “or political intelligence activities”;

(ii) in subparagraph (A)—

(I) by inserting after “lobbyist” the following: “or political intelligence consultant”; and

(II) by inserting after “lobbying activities” the following: “or political intelligence activities”;

(iii) in subparagraph (B), by inserting after “lobbyists” the following: “and political intelligence consultants”; and

(iv) in subparagraph (C), by inserting after “lobbyists” the following: “or political intelligence consultants”;
(B) in paragraph (3)—

(i) by inserting after “lobbying firm” the following: “or political intelligence firm”; and

(ii) by inserting after “lobbying activities” each place that term appears the following: “or political intelligence activities”; and

(C) in paragraph (4), by inserting after “lobbying activities” each place that term appears the following: “or political intelligence activities”; and

(3) in subsection (d)(1), in the matter preceding subparagraph (A), by inserting “or a political intelligence consultant” after “a lobbyist”.

(d) DISCLOSURE AND ENFORCEMENT.—Section 6(a) of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1605) is amended—

(1) in paragraph (3)(A), by inserting after “lobbying firms” the following: “, political intelligence consultants, political intelligence firms,”;

(2) in paragraph (7), by striking “or lobbying firm” and inserting “lobbying firm, political intelligence consultant, or political intelligence firm”; and
(3) in paragraph (8), by striking “or lobbying firm” and inserting “lobbying firm, political intelligence consultant, or political intelligence firm”.

(e) Rules of Construction.—Section 8(b) of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1607(b)) is amended by striking “or lobbying contacts” and inserting “lobbying contacts, political intelligence activities, or political intelligence contacts”.

(f) Identification of Clients and Covered Officials.—Section 14 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1609) is amended—

(1) in subsection (a)—

(A) in the heading, by inserting “OR POLITICAL INTELLIGENCE” after “LOBBYING”;  

(B) by inserting “or political intelligence contact” after “lobbying contact” each place that term appears; and  

(C) in paragraph (2), by inserting “or political intelligence activity, as the case may be” after “lobbying activity”;  

(2) in subsection (b)—

(A) in the heading, by inserting “OR POLITICAL INTELLIGENCE” after “LOBBYING”;  

(B) by inserting “or political intelligence contact” after “lobbying contact” each place that term appears; and

(C) in paragraph (2), by inserting “or political intelligence activity, as the case may be” after “lobbying activity”; and

(3) in subsection (c), by inserting “or political intelligence contact” after “lobbying contact”.

(g) ANNUAL AUDITS AND REPORTS BY COMPTROLLER GENERAL.—Section 26 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1614) is amended—

(1) in subsection (a)—

(A) by inserting “political intelligence firms, political intelligence consultants,” after “lobbying firms”; and

(B) by striking “lobbying registrations” and inserting “registrations”;

(2) in subsection (b)(1)(A), by inserting “political intelligence firms, political intelligence consultants,” after “lobbying firms”; and

(3) in subsection (c), by inserting “or political intelligence consultant” after “a lobbyist”.

SEC. 6. EFFECTIVE DATE.

Subject to section 4(b), this Act and the amendments made by this Act shall take effect at the end of the 90-
1 day period beginning on the date of the enactment of this Act.