

112TH CONGRESS  
1ST SESSION

# S. 1903

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.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 17, 2011

Mrs. GILLIBRAND (for herself, Mr. TESTER, Ms. STABENOW, Mr. DURBIN, Mrs. McCASKILL, Ms. KLOBUCHAR, Mr. RUBIO, and Mr. BLUMENTHAL) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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## A BILL

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.

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”.

1 **SEC. 2. NONPUBLIC INFORMATION RELATING TO CON-**  
2 **GRESS AND OTHER FEDERAL EMPLOYEES.**

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

6 “(h) **NONPUBLIC INFORMATION.**—

7 “(1) **DEFINITIONS.**—In this subsection:

8 “(A) **AGENCY.**—The term ‘agency’ has the  
9 meaning given the term in section 551 of title  
10 5, United States Code.

11 “(B) **MATERIAL NONPUBLIC INFORMA-**  
12 **TION.**—The term ‘material nonpublic informa-

13 tion’—  
14 “(i) has the meaning given the term  
15 by the Commission by rule;

16 “(ii) includes any information that—

17 “(I) a member or employee of  
18 Congress, or an employee of an agen-  
19 cy, as applicable, gains by reason of  
20 that position or employment; and

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

25 “(iii) includes information that—

1                   “(I) is routinely exempt from dis-  
2                   closure under section 552 of title 5,  
3                   United States Code, or otherwise pro-  
4                   tected from disclosure by law (includ-  
5                   ing Executive orders and regulations);

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

8                   “(III) has not actually been dis-  
9                   seminated to the general public and is  
10                  not authorized to be made available to  
11                  the public on request.

12                  “(2) NONPUBLIC INFORMATION RELATING TO  
13                  CONGRESS.—Not later than 270 days after the date  
14                  of enactment of this subsection, the Commission  
15                  shall by rule prohibit any person from buying or sell-  
16                  ing any commodity for future delivery or swap while  
17                  the person is in possession of material nonpublic in-  
18                  formation relating to any pending or prospective leg-  
19                  islative action relating to the commodity if—

20                         “(A)(i) the information was obtained by  
21                         reason of the person being a Member or em-  
22                         ployee of Congress; or

23                         “(ii)(I) the information was obtained from  
24                         a Member or employee of Congress; and

1           “(II) the person knows that the informa-  
2           tion was so obtained; and

3           “(B) the person acted with the intent to  
4           assist another person, directly or indirectly, to  
5           use the information to enter into, or offer to  
6           buy or sell the securities of such publicly traded  
7           company based on such information.

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

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

19               “(ii)(I) the information was obtained from  
20               an employee of an agency; and

21               “(II) the person knows that the informa-  
22               tion was so obtained; and

23               “(B) the person acted with the intent to  
24               assist another person, directly or indirectly, to  
25               use the information to enter into, or offer to

1 buy or sell the securities of such publicly traded  
2 company based on such information.”.

3 (b) SECURITIES TRANSACTIONS.—

4 (1) DEFINITIONS.—As used in this sub-  
5 section—

6 (A) the term “agency” has the same mean-  
7 ing as in section 551(1) of title 5, United  
8 States Code;

9 (B) the term “Commission” means the Se-  
10 curities and Exchange Commission; and

11 (C) the term “material nonpublic informa-  
12 tion”—

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

15 (ii) includes any information that a  
16 member or employee of Congress or an em-  
17 ployee of an agency, as applicable, gains by  
18 reason of such position or employment,  
19 and that such member or employee knows  
20 or should know has not been made avail-  
21 able to the general public, including infor-  
22 mation that—

23 (I) is routinely exempt from dis-  
24 closure under section 552 of title 5,  
25 United States Code, or otherwise pro-

1                    tected from disclosure by statute, Ex-  
2                    ecutive Order, or regulation;

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

5                    (III) has not actually been dis-  
6                    seminated to the general public and is  
7                    not authorized to be made available to  
8                    the public on request.

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

17                    (A)(i) such information was obtained by  
18                    reason of such person being a Member or em-  
19                    ployee of Congress; or

20                    (ii) such information was obtained from a  
21                    Member or employee of Congress, and such per-  
22                    son knows that the information was so ob-  
23                    tained;

24                    (B) the person acted with the intent to as-  
25                    sist another person, directly or indirectly, to use

1           the information to enter into, or offer to buy or  
2           sell the securities of such publicly traded com-  
3           pany based on such information.

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

13                 (A)(i) such information was obtained by  
14                 reason of such person being an employee of an  
15                 agency; or

16                 (ii) such information was obtained from  
17                 such an employee, and such person knows that  
18                 the information was so obtained; and

19                 (B) the person acted with the intent to as-  
20                 sist another person, directly or indirectly, to use  
21                 the information to enter into, or offer to buy or  
22                 sell the securities of such publicly traded com-  
23                 pany based on such information.

1 **SEC. 3. AMENDMENT TO THE RULES OF THE SENATE RE-**  
2 **GARDING FINANCIAL TRADING BASED ON**  
3 **NONPUBLIC INFORMATION.**

4 Rule XXXVII of the Standing Rules of the Senate  
5 is amended by—

6 (1) redesignating paragraph 15 as paragraph  
7 16; and

8 (2) inserting at the end the following:

9 “15. A Member, officer, or employee of the Senate  
10 shall not—

11 “(1) disclose material nonpublic information re-  
12 lating to any pending or prospective legislative ac-  
13 tion relating to any publicly traded company if that  
14 Member, officer, or employee acts with the intent to  
15 assist another person, directly or indirectly, to use  
16 the information to enter into, or offer to buy or sell  
17 the securities of such publicly traded company based  
18 on such information; or

19 “(2) disclose material nonpublic information re-  
20 lating to any pending or prospective legislative ac-  
21 tion relating to any commodity if that Member, offi-  
22 cer, or employee acts with the intent to assist an-  
23 other person, directly or indirectly, to use the infor-  
24 mation to enter into, or offer to buy or sell the secu-  
25 rities of such publicly traded company based on such  
26 information.”.



1 **SEC. 4. TIMELY REPORTING OF FINANCIAL TRANSACTIONS.**

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

5 “(l) Within 90 days after the purchase, sale, or ex-  
6 change of any stocks, bonds, commodities futures, or other  
7 forms of securities that are otherwise required to be re-  
8 ported under this Act and the transaction of which in-  
9 volves at least \$1,000 by any Member of Congress or offi-  
10 cer or employee of the legislative branch required to so  
11 file, that Member, officer, or employee shall file a report  
12 of that transaction with the Clerk of the House of Rep-  
13 resentatives in the case of a Representative in Congress,  
14 a Delegate to Congress, or the Resident Commissioner  
15 from Puerto Rico, or with the Secretary of the Senate in  
16 the case of a Senator.”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 subsection (a) shall apply to transactions occurring on or  
19 after the date that is 90 days after the date of the enact-  
20 ment of this Act.

21 **SEC. 5. DISCLOSURE OF POLITICAL INTELLIGENCE ACTIVI-**  
22 **TIES UNDER LOBBYING DISCLOSURE ACT.**

23 (a) DEFINITIONS.—Section 3 of the Lobbying Dislo-  
24 sure Act of 1995 (2 U.S.C. 1602) is amended—

25 (1) in paragraph (2)—

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

4 (B) by inserting after “lobbyists” the fol-  
5 lowing: “or political intelligence consultants”;  
6 and

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

9 “(17) POLITICAL INTELLIGENCE ACTIVITIES.—  
10 The term ‘political intelligence activities’ means po-  
11 litical intelligence contacts and efforts in support of  
12 such contacts, including preparation and planning  
13 activities, research, and other background work that  
14 is intended, at the time it is performed, for use in  
15 contacts, and coordination with such contacts and  
16 efforts of others.

17 “(18) POLITICAL INTELLIGENCE CONTACT.—

18 “(A) DEFINITION.—The term ‘political in-  
19 telligence contact’ means any oral or written  
20 communication (including an electronic commu-  
21 nication) to or from a covered executive branch  
22 official or a covered legislative branch official,  
23 the information derived from which is intended  
24 for use in analyzing securities or commodities  
25 markets, or in informing investment decisions,

1 and which is made on behalf of a client with re-  
2 gard to—

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

6 “(ii) the formulation, modification, or  
7 adoption of a Federal rule, regulation, Ex-  
8 ecutive order, or any other program, policy,  
9 or position of the United States Govern-  
10 ment; or

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

16 “(B) EXCEPTION.—The term ‘political in-  
17 telligence contact’ does not include a commu-  
18 nication that is made by or to a representative  
19 of the media if the purpose of the communica-  
20 tion is gathering and disseminating news and  
21 information to the public.

22 “(19) POLITICAL INTELLIGENCE FIRM.—The  
23 term ‘political intelligence firm’ means a person or  
24 entity that has 1 or more employees who are polit-

1 ical intelligence consultants to a client other than  
2 that person or entity.

3 “(20) POLITICAL INTELLIGENCE CONSULT-  
4 ANT.—The term ‘political intelligence consultant’  
5 means any individual who is employed or retained by  
6 a client for financial or other compensation for serv-  
7 ices that include one or more political intelligence  
8 contacts.”.

9 (b) REGISTRATION REQUIREMENT.—Section 4 of the  
10 Lobbying Disclosure Act of 1995 (2 U.S.C. 1603) is  
11 amended—

12 (1) in subsection (a)—

13 (A) in paragraph (1)—

14 (i) by inserting after “whichever is  
15 earlier,” the following: “or a political intel-  
16 ligence consultant first makes a political  
17 intelligence contact,”; and

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

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

25 (C) in paragraph (3)(A)—

1 (i) by inserting after “lobbying activi-  
2 ties” each place that term appears the fol-  
3 lowing: “and political intelligence activi-  
4 ties”; and

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

8 (2) in subsection (b)—

9 (A) in paragraph (3), by inserting after  
10 “lobbying activities” each place that term ap-  
11 pears the following: “or political intelligence ac-  
12 tivities”;

13 (B) in paragraph (4)—

14 (i) in the matter preceding subpara-  
15 graph (A), by inserting after “lobbying ac-  
16 tivities” the following: “or political intel-  
17 ligence activities”; and

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

21 (C) in paragraph (5), by inserting after  
22 “lobbying activities” each place that term ap-  
23 pears the following: “or political intelligence ac-  
24 tivities”;

1 (D) in paragraph (6), by inserting after  
2 “lobbyist” each place that term appears the fol-  
3 lowing: “or political intelligence consultant”;  
4 and

5 (E) in the matter following paragraph (6),  
6 by inserting “or political intelligence activities”  
7 after “such lobbying activities”;  
8 (3) in subsection (c)—

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

12 (B) in paragraph (2)—

13 (i) by inserting after “lobbying con-  
14 tact” the following: “or political intel-  
15 ligence contact”; and

16 (ii) by inserting after “lobbying con-  
17 tacts” the following: “and political intel-  
18 ligence contacts”; and

19 (4) in subsection (d), by inserting after “lob-  
20 bying activities” each place that term appears the  
21 following: “or political intelligence activities”.

22 (c) REPORTS BY REGISTERED POLITICAL INTEL-  
23 LIGENCE CONSULTANTS.—Section 5 of the Lobbying Dis-  
24 closure Act of 1995 (2 U.S.C. 1604) is amended—

1           (1) in subsection (a), by inserting after “lob-  
2           bying activities” the following: “and political intel-  
3           ligence activities”;

4           (2) in subsection (b)—

5           (A) in paragraph (2)—

6           (i) in the matter preceding subpara-  
7           graph (A), by inserting after “lobbying ac-  
8           tivities” the following: “or political intel-  
9           ligence activities”;

10          (ii) in subparagraph (A)—

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

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

17           (iii) in subparagraph (B), by inserting  
18           after “lobbyists” the following: “and polit-  
19           ical intelligence consultants”; and

20           (iv) in subparagraph (C), by inserting  
21           after “lobbyists” the following: “or political  
22           intelligence consultants”;

23          (B) in paragraph (3)—

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

4 (ii) by inserting after “lobbying activi-  
5 ties” each place that term appears the fol-  
6 lowing: “or political intelligence activities”;  
7 and

8 (C) in paragraph (4), by inserting after  
9 “lobbying activities” each place that term ap-  
10 pears the following: “or political intelligence ac-  
11 tivities”; and

12 (3) in subsection (d)(1), in the matter pre-  
13 ceding subparagraph (A), by inserting “or a political  
14 intelligence consultant” after “a lobbyist”.

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

18 (1) in paragraph (3)(A), by inserting after “lob-  
19 bying firms” the following: “, political intelligence  
20 consultants, political intelligence firms,”;

21 (2) in paragraph (7), by striking “or lobbying  
22 firm” and inserting “lobbying firm, political intel-  
23 ligence consultant, or political intelligence firm”; and



1           (3) in paragraph (8), by striking “or lobbying  
2           firm” and inserting “lobbying firm, political intel-  
3           ligence consultant, or political intelligence firm”.

4           (e) RULES OF CONSTRUCTION.—Section 8(b) of the  
5           Lobbying Disclosure Act of 1995 (2 U.S.C. 1607(b)) is  
6           amended by striking “or lobbying contacts” and inserting  
7           “lobbying contacts, political intelligence activities, or polit-  
8           ical intelligence contacts”.

9           (f) IDENTIFICATION OF CLIENTS AND COVERED OF-  
10          FICIALS.—Section 14 of the Lobbying Disclosure Act of  
11          1995 (2 U.S.C. 1609) is amended—

12                 (1) in subsection (a)—

13                         (A) in the heading, by inserting “OR PO-  
14                         LITICAL INTELLIGENCE” after “LOBBYING”;

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

18                         (C) in paragraph (2), by inserting “or po-  
19                         litical intelligence activity, as the case may be”  
20                         after “lobbying activity”;

21                 (2) in subsection (b)—

22                         (A) in the heading, by inserting “OR PO-  
23                         LITICAL INTELLIGENCE” after “LOBBYING”;

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

4 (C) in paragraph (2), by inserting “or po-  
5 litical intelligence activity, as the case may be”  
6 after “lobbying activity”; and

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

9 (g) ANNUAL AUDITS AND REPORTS BY COMP-  
10 TROLLER GENERAL.—Section 26 of the Lobbying Disclo-  
11 sure Act of 1995 (2 U.S.C. 1614) is amended—

12 (1) in subsection (a)—

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

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

18 (2) in subsection (b)(1)(A), by inserting “polit-  
19 ical intelligence firms, political intelligence consult-  
20 ants,” after “lobbying firms”; and

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

23 **SEC. 6. EFFECTIVE DATE.**

24 Subject to section 5(b), this Act and the amendments  
25 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  
2 Act.

○