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H.R. 5015 [109th]: Stop Trading on Congressional Knowledge Act

Bill Status

Introduced: Mar 28, 2006

Sponsor: [Rep. Brian Baird \[D-WA\]](#)

Status: Dead

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Introduced in House: This is the original text of the bill as it was written by its sponsor and submitted to the House for consideration.

Text of Legislation

HR 5015 IH

109th CONGRESS

2d Session

H. R. 5015

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

IN THE HOUSE OF REPRESENTATIVES

March 28, 2006

Mr. BAIRD (for himself and Ms. SLAUGHTER) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on House Administration, the Judiciary, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prohibit securities trading based on nonpublic information relating to Congress, and to require additional reporting by Members and employees of Congress of securities transaction, 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.

(a) Securities Transactions- Section 10 of the Securities Exchange Act of 1934 is amended by adding at the end the following:

(c) Nonpublic Information Relating to Congress-

(1) PROHIBITION- 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 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 reason 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 person knows that the information was so obtained.

(2) DISCLOSURE- Not later than 270 days after the date of enactment of this subsection, the Commission shall by rule prohibit any Member or employee of Congress, or any other person from disclosing material nonpublic information relating to any pending or prospective legislative action relating to any issuer if that Member, employee, or other person has reason to believe that the information will be used to buy or sell the securities of such issuer based on such information.!

(b) Commodities Transactions- Section 4c of the Commodities Exchange Act (7 U.S.C. 6c) is amended by adding at the end the following:

(h) Nonpublic Information Relating to Congress-

(1) PROHIBITION- 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 while such person is in possession of material nonpublic information relating to any pending or prospective legislative action relating to such commodity if--

(A) such information was obtained by reason 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 person knows that the information was so obtained.

(2) DISCLOSURE- Not later than 270 days after the date of enactment of this subsection, the Commission shall by rule prohibit any Member or employee of Congress, or any other person from disclosing material nonpublic information relating to any pending or prospective legislative action relating to any commodity if that Member, employee, or other person has reason to believe that the information will be used to buy or sell such commodity for future delivery based on such information.!

SEC. 3. TIMELY REPORTING OF SECURITIES TRANSACTIONS.

(a) Amendment- Section 103 of the Ethics in Government Act of 1978 is amended by adding at the end the following subsection:

(l) Within 30 days after the purchase, sale, or exchange of any stocks, bonds, commodities futures, or other forms of securities that are otherwise required to be reported under this Act and the transaction of which

involves at least \$1000 by any Member of Congress or officer 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 Representatives 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 enactment of this Act.

SEC. 4. REGISTRATION OF POLITICAL INTELLIGENCE FIRMS.

(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' both places such 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 the political intelligence activities 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 legislative branch official, the information derived from which is intended for use in analyzing securities or commodities markets, that is made on behalf of a client with regard to the formulation, modification, or adoption of Federal legislation (including legislative proposals).

`(B) EXCEPTION- The term 'political intelligence contact' does not include a communication that is made by or to a representative of a media organization 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 that Act ([2 U.S.C. 1603](#)) is amended--

(1) in subsection (a)(1)--

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

(B) by inserting after 'such lobbyist' both places such term appears the following: 'or consultant';

(2) in subsection (a)(2), by inserting after 'lobbyists' both places such term appears the following: 'or

consultants';

(3) in subsection (a)(3)(A)--

(A) by inserting after `lobbying activities' each place such term appears the following: `and political intelligence activities'; and

(B) in clause (i), by inserting after `lobbying firm' the following: `or political intelligence firm';

(4) in subsection (b)(3), by inserting after `lobbying activities' both places such term appears the following: `or political intelligence activities';

(5) in subsection (b)(4), by inserting after `lobbying activities' the following: `or political intelligence activities';

(6) in subsection (b)(4)(C), by inserting after `lobbying activity' the following: `or political intelligence activity';

(7) in subsection (b)(5), by inserting after `lobbying activities' both places such term appears the following: `or political intelligence activities';

(8) in subsection (b)(6), by inserting after `lobbyist' both places such term appears the following: `or political intelligence consultant';

(9) in subsection (c)(1), by inserting after `lobbying contacts' the following: `or political intelligence contacts';

(10) in subsection (c)(2)--

(A) by inserting after `lobbying contact' the following: `or political intelligence contact'; and

(B) by inserting after `lobbying contacts' the following: `and political intelligence contacts'; and

(11) in subsection (d)(1), by inserting after `lobbying activities' both places such 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)(2)--

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

(B) 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';

(C) in subparagraph (B), by inserting after `lobbyists' the following: `or political intelligence consultants'; and

(D) in subparagraph (C), by inserting after `lobbyists' the following: `or political intelligence consultants';

(3) in subsection (b)(3)--

(A) by inserting after `lobbying firm' the following: `or political intelligence firm'; and

(B) by inserting after `lobbying activities' both places such term appears the following: `or political intelligence activities'; and

(4) in subsection (b)(4), by inserting after `lobbying activities' both places such term appears the following: `or political intelligence activities'.

(d) Disclosure and Enforcement- Section 6 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 inserting after `lobbying firm' the following: `, or political intelligence consultant or political intelligence firm,'; and

(3) in paragraph (8), by inserting after `lobbying firm' the following: `, or political intelligence consultant or political intelligence firm,'.

(e) Rules of Construction- Section 8 of the Lobbying Disclosure Act of 1995 ([2 U.S.C. 1607](#)) is amended in subsection (b) by inserting after `lobbying contacts' the following: `, or political intelligence activities or political intelligence contacts,'.