

.....  
(Original Signature of Member)

119TH CONGRESS  
2D SESSION

**H. R.**

---

To amend chapter 131 of title 5 to require certain restrictions on stocks for Members of Congress and their spouses and dependents, and for other purposes.

---

IN THE HOUSE OF REPRESENTATIVES

M\_\_. \_\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

---

**A BILL**

To amend chapter 131 of title 5 to require certain restrictions on stocks for Members of Congress and their spouses and dependents, 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 Insider Trading  
5       Act”.

1 **SEC. 2. RESTRICTIONS ON COVERED INVESTMENTS.**

2 (a) TABLE OF CONTENTS.—The table of contents for  
3 chapter 131 of title 5, United States Code, is amended  
4 by adding at the end the following:

SUBCHAPTER IV. RESTRICTIONS ON COVERED INVESTMENTS

13151. Definitions.  
13152. Restrictions on covered investments.  
13153. Penalties.

5 (b) RESTRICTIONS.—Chapter 131 of title 5, United  
6 States Code, is amended by adding at the end a new sub-  
7 chapter:

8 “SUBCHAPTER IV—RESTRICTIONS ON  
9 COVERED INVESTMENTS

10 **“§ 13151. Definitions**

11 “In this subchapter:

12 “(1) COVERED INDIVIDUAL.—The term ‘cov-  
13 ered individual’ means any of the following:

14 “(A) A Member of Congress, as defined in  
15 section 13101.

16 “(B) A dependent child (as defined in sec-  
17 tion 13101) or a spouse of a Member of Con-  
18 gress.

19 “(2) COVERED INVESTMENT.—

20 “(A) IN GENERAL.—The term ‘covered in-  
21 vestment’—

22 “(i) means a security issued by a pub-  
23 licly traded company or any comparable

1 economic interest acquired through syn-  
2 synthetic means, such as the use of a deriva-  
3 tive, including an option, warrant, or other  
4 similar means; and

5 “(B) EXCLUSION.—The term ‘covered in-  
6 vestment’ does not include—

7 “(i) an excepted investment fund (as  
8 described in section 13104(f)(8));

9 “(ii) any other fund that would be an  
10 excepted investment fund but for the fact  
11 that the fund does not meet the diversifica-  
12 tion requirement solely because the fund is  
13 concentrated in—

14 “(I) the United States; or

15 “(II) the State, territory, or Dis-  
16 trict of residence of the covered indi-  
17 vidual who owns the fund;

18 “(iii) an interest in a small business  
19 concern as defined under section 3 of the  
20 Small Business Act (15 U.S.C. 632); or

21 “(iv) investments held in a trust if no  
22 covered individual has any authority over a  
23 trustee of the trust, including the authority  
24 to appoint, replace, or direct the actions of  
25 such a trustee, and the trustee is not the

1 spouse, child, parent, or sibling of a Mem-  
2 ber of Congress.

3                   “(3) PUBLICLY TRADED COMPANY.—The term  
4                   ‘publicly traded company’ means an issuer that has  
5                   a class of securities registered under section 12 of  
6                   the Securities Exchange Act of 1934 (15 U.S.C.  
7                   78l).

8                   “(4) SECURITY.—The term ‘security’ has the  
9                   meaning given the term in section 3(a) of the Secu-  
10                  rities Exchange Act of 1934 (15 U.S.C. 78c(a)).

11                   “(5) SUPERVISING ETHICS OFFICE.—The term  
12                   ‘supervising ethics office’ has the meaning given the  
13                   term in section 13101.

## 14 “§ 13152. Restrictions on covered investments

15        "(a) CONDUCT DURING FEDERAL SERVICE.—Except  
16 as described in subsection (c), no covered individual may  
17 purchase a covered investment.

18        "(b) ADVANCED NOTICE REQUIREMENT.—

19       “(1) IN GENERAL.—No covered individual shall  
20       sell a covered investment, unless a notice of intent  
21       to sell the covered investment is made by the Mem-  
22       ber of Congress and publicly disclosed at least 7 cal-  
23       endar days, and no more than 14 calendar days,  
24       prior to the sale in accordance with the requirements  
25       of this subsection.

1               “(2) CONTENTS OF NOTICE.—The notice under  
2       paragraph (1) shall include the following:

3               “(A) The projected date of sale of a cov-  
4       ered investment.

5               “(B) A description of such sale.

6               “(C) The number of shares in such sale.

7               “(3) WITHDRAWAL.—The notice under para-  
8       graph (1) shall be withdrawn by the Member of Con-  
9       gress who filed it, prior to the close of the expiration  
10      of the notice, if the covered individual determines  
11      not to sell the covered asset.

12               “(4) FILING.—A Member of Congress shall file  
13      the notice under paragraph (1) for each intended  
14      sale by the Member, or the spouse or dependent  
15      child of the Member, with—

16               “(A) the Clerk of the House of Represent-  
17       atives, in the case of a Representative in Con-  
18       gress, a Delegate to Congress, or the Resident  
19       Commissioner from Puerto Rico; or

20               “(B) the Secretary of the Senate, in the  
21       case of a Senator.

22               “(5) PUBLICATION.—The notice under para-  
23       graph (1) and the withdrawal under paragraph (3)  
24       shall, upon receipt, be made publicly available on a  
25       website controlled by the by the Clerk of the House

1 of Representatives or the Secretary of the Senate, as  
2 applicable.

3 **“(c) EXCEPTIONS.—**

4       **“(1) OCCUPATION.—**The requirements of sub-  
5        sections (a) and (b) shall not apply to a spouse or  
6        dependent child of a Member of Congress with re-  
7        spect to a transaction in a covered investment which  
8        is—

9               **“(A) on behalf, or for the benefit, of any**  
10              person other than a covered individual; or

11               **“(B) made as a part of compensation from**  
12              an employer of such individual or in further-  
13              ance of any fiduciary or occupational obliga-  
14              tions of such individual.

15               **“(2) OTHER.—**The requirements of subsection  
16        (a) shall not apply to a covered individual with re-  
17        spect to a transaction in a covered investment made  
18        for the purpose of reinvesting dividends received  
19        from such covered investment.

20 **“§ 13153. Enforcement**

21        **“(a) IN GENERAL.—**Any covered individual who vio-  
22        lates the restrictions in section 13152 with respect to a  
23        covered investment, shall, at the direction of the super-  
24        vising ethics office—

1               “(1) incur a fee, as calculated in subsection (b),  
2               to be paid by the Member of Congress who—

3                       “(A) caused the violation; or  
4                       “(B) is the spouse or parent of a covered  
5               individual who caused the violation; and  
6                       “(2) in the case of a purchase of a covered in-  
7               vestment, be required to sell a covered investment  
8               purchased in violation of section 13152(a).

9               “(b) **CALCULATION OF FEES.**—The fee required  
10       under subsection (a) shall be equal to the sum of—

11               “(1) \$2,000 or ten percent of the value of the  
12       transaction in the covered investment which violates  
13       section 13152, whichever is greater; and

14               “(2) the net gain realized, if any, from the cov-  
15       ered investment during the period beginning on the  
16       most recent date on which the individual became a  
17       covered individual and ending on the date of disposi-  
18       tion of the covered investment, as determined by the  
19       supervising ethics office.

20               “(c) **PAYMENT RESTRICTIONS.**—A Member of Con-  
21       gress may not pay any of the fees under this section by  
22       using amounts from the following sources:

23               “(1) The Members’ Representational Allowance.  
24               “(2) The Senators’ Official Personnel and Of-  
25       fice Expense Account.

1               “(3) Any contribution (as defined in section  
2               301(8) of the Federal Election Campaign Act of  
3               1971 (52 U.S.C. 30101(8))) accepted as a can-  
4               didate, and any other donation received as support  
5               for activities of the individual as a holder of Federal  
6               office.

7               “(d) MISCELLANEOUS RECEIPTS.—Any amounts col-  
8               lected in fees authorized by this section shall be deposited  
9               in the general fund of the Treasury as miscellaneous re-  
10               ceipts in accordance with section 3302(b) of title 31.

11               “(e) REFERRAL.—Upon the assessment of a fee  
12               under this section, the supervising ethics office has the  
13               authority to refer a Member of Congress to the Depart-  
14               ment of Justice in the same manner and to the same ex-  
15               tent as a violation under section 13106 if such Member  
16               of Congress resigns or retires before paying such assessed  
17               fee.

18               “(f) INTERPRETATIVE GUIDANCE.—Each supervising  
19               ethics office may issue interpretative guidance on this sub-  
20               chapter and in issuing such guidance, may consider miti-  
21               gating or aggravating circumstances.”.

22               (c) EFFECTIVE DATE.—The amendments made by  
23               this Act shall take effect on the date that is 180 days  
24               after the date of enactment of this Act.