

119TH CONGRESS
2^D SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

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

A BILL

To amend chapter 131 of title 5, United States Code, 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 the fol-
7 lowing:

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’ means—

22 “(i) a security issued by a publicly
23 traded company; or

1 “(ii) any derivative, option, warrant,
2 swap, or other instrument that provides
3 economic exposure to, or the value of
4 which is determined by reference to, a se-
5 curity described in clause (i).

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

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

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

15 “(I) the United States; or

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

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

22 “(iv) any investment held in a trust
23 if—

24 “(I) no covered individual has
25 any authority, directly or indirectly, to

1 direct, veto, or materially influence
2 any specific investment decisions of
3 the trust, including any right to ap-
4 prove, disapprove, or require par-
5 ticular purchases, sales, or investment
6 strategies; and

7 “(II) the trustee of the trust is
8 not the spouse, child, parent, or sib-
9 ling of a Member of Congress.

10 “(3) PUBLICLY TRADED COMPANY.—The term
11 ‘publicly traded company’ means an issuer that has
12 a class of securities registered under section 12 of
13 the Securities Exchange Act of 1934 (15 U.S.C.
14 78l).

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

18 “(5) SUPERVISING ETHICS OFFICE.—The term
19 ‘supervising ethics office’ has the meaning given the
20 term in section 13101.

21 **“§ 13152. Restrictions on covered investments**

22 “(a) CONDUCT DURING FEDERAL SERVICE.—Except
23 as described in subsection (c), no covered individual may
24 purchase a covered investment.

25 “(b) ADVANCED NOTICE REQUIREMENT.—

1 “(1) IN GENERAL.—No covered individual may
2 sell a covered investment, unless a notice of intent
3 to sell the covered investment is made by the rel-
4 evant Member of Congress, on behalf of the Member
5 of Congress or the spouse or dependent child of the
6 Member of Congress, as applicable, and publicly dis-
7 closed at least 7 calendar days, and not more than
8 14 calendar days, prior to the sale in accordance
9 with the requirements of this subsection.

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

12 “(A) The projected date of sale of a cov-
13 ered investment.

14 “(B) A description of such sale.

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

16 “(3) WITHDRAWAL.—The notice under para-
17 graph (1) shall be withdrawn by the Member of Con-
18 gress who filed it, prior to the close of the expiration
19 of the notice, if the covered individual to whom the
20 notice applies determines not to sell the covered in-
21 vestment.

22 “(4) FILING.—A Member of Congress shall file
23 the notice under paragraph (1) for each intended
24 sale by the Member of Congress, or the spouse or
25 dependent child of the Member of Congress, with—

1 “(A) the Clerk of the House of Represent-
2 atives, in the case of a Representative in Con-
3 gress, a Delegate to Congress, or the Resident
4 Commissioner from Puerto Rico; or

5 “(B) the Secretary of the Senate, in the
6 case of a Senator.

7 “(5) PUBLICATION.—The notice under para-
8 graph (1) and the withdrawal under paragraph (3)
9 shall, upon receipt, be made publicly available on a
10 website controlled by the Clerk of the House of Rep-
11 resentatives or the Secretary of the Senate, as appli-
12 cable.

13 “(c) EXCEPTIONS.—

14 “(1) OCCUPATION.—The requirements of sub-
15 sections (a) and (b) shall not apply to a spouse or
16 dependent child of a Member of Congress with re-
17 spect to a transaction in a covered investment which
18 is—

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

21 “(B) made as a part of compensation from
22 an employer of such individual or in further-
23 ance of any fiduciary or occupational obliga-
24 tions of such individual.

1 “(2) OTHER.—The requirements of subsection
2 (a) shall not apply to a covered individual with re-
3 spect to a transaction in a covered investment made
4 for the purpose of reinvesting dividends received
5 from such covered investment.

6 **“§ 13153. Enforcement**

7 “(a) IN GENERAL.—Any covered individual who vio-
8 lates the restrictions under section 13152 with respect to
9 a covered investment, shall, at the direction of the super-
10 vising ethics office—

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

13 “(A) caused the violation; or

14 “(B) is the spouse or parent of the covered
15 individual who caused the violation; and

16 “(2) in the case of a purchase of a covered in-
17 vestment, be required to sell the covered investment
18 purchased in violation of section 13152(a).

19 “(b) CALCULATION OF FEES.—The fee required
20 under subsection (a)(1) shall be equal to the sum of—

21 “(1) \$2,000 or 10 percent of the value of the
22 transaction in the covered investment that violates
23 section 13152, whichever is greater; and

24 “(2) the net gain realized, if any, from the cov-
25 ered investment during the period beginning on the

1 most recent date on which the individual became a
2 covered individual and ending on the date of dispo-
3 sition of the covered investment, as determined by the
4 supervising ethics office.

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

8 “(1) If the covered individual is a Senator, the
9 Senators’ Official Personnel and Office Expense Ac-
10 count.

11 “(2) If the covered individual is a Member of
12 the House of Representatives, the Members’ Rep-
13 resentational Allowance.

14 “(3) Any contribution (as defined in section
15 301 of the Federal Election Campaign Act of 1971
16 (52 U.S.C. 30101)) accepted as a candidate (as de-
17 fined in that section), and any other donation re-
18 ceived as support for activities of the covered indi-
19 vidual as a holder of Federal office (as defined in
20 that section).

21 “(d) MISCELLANEOUS RECEIPTS.—Any amounts col-
22 lected in fees authorized by this section shall be deposited
23 in the general fund of the Treasury as miscellaneous re-
24 cepts in accordance with section 3302(b) of title 31.

1 “(e) REFERRAL.—Upon the assessment of a fee
2 under this section, the supervising ethics office may refer
3 a Member of Congress to the Attorney General in the
4 same manner and to the same extent as a violation under
5 section 13106 if such Member of Congress resigns or re-
6 tires before paying such assessed fee.

7 “(f) INTERPRETATIVE GUIDANCE.—Each supervising
8 ethics office may issue interpretative guidance relating to
9 this subchapter and, in issuing such guidance, may con-
10 sider mitigating or aggravating circumstances.”.

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