

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 7008
OFFERED BY MR. STEIL OF WISCONSIN**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Stop Insider Trading
3 Act”.

4 SEC. 2. RESTRICTIONS ON COVERED INVESTMENTS.

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

SUBCHAPTER IV. RESTRICTIONS ON COVERED INVESTMENTS

13151. Definitions.

13152. Restrictions on covered investments.

13153. Penalties.

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

11 “SUBCHAPTER IV—RESTRICTIONS ON
12 COVERED INVESTMENTS

13 “§ 13151. Definitions

14 “In this subchapter:

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

3 “(A) A Member of Congress, as defined in
4 section 13101.

5 “(B) A dependent child (as defined in sec-
6 tion 13101) or a spouse of a Member of Con-
7 gress.

8 “(2) COVERED INVESTMENT.—

9 “(A) IN GENERAL.—The term ‘covered in-
10 vestment’ means a security issued by a publicly
11 traded company or any comparable economic
12 interest acquired through synthetic means, such
13 as the use of a derivative, including an option,
14 warrant, or other similar means.

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

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

19 “(ii) any other fund that would be an
20 excepted investment fund but for the fact
21 that the fund does not meet the diversifica-
22 tion requirement solely because the fund is
23 concentrated in—

24 “(I) the United States; or

1 “(II) the State, territory, or Dis-
2 trict of residence of the covered indi-
3 vidual who owns the fund;

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

7 “(iv) investments held in a trust if no
8 covered individual has any authority over a
9 trustee of the trust, including the authority
10 to appoint, replace, or direct the actions of
11 such a trustee, and the trustee is not the
12 spouse, child, parent, or sibling of a Mem-
13 ber of Congress.

14 “(3) PUBLICLY TRADED COMPANY.—The term
15 ‘publicly traded company’ means an issuer that has
16 a class of securities registered under section 12 of
17 the Securities Exchange Act of 1934 (15 U.S.C.
18 78l).

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

22 “(5) SUPERVISING ETHICS OFFICE.—The term
23 ‘supervising ethics office’ has the meaning given the
24 term in section 13101.

1 **“§ 13152. Restrictions on covered investments**

2 “(a) CONDUCT DURING FEDERAL SERVICE.—Except
3 as described in subsection (c), no covered individual may
4 purchase a covered investment.

5 “(b) ADVANCED NOTICE REQUIREMENT.—

6 “(1) IN GENERAL.—No covered individual shall
7 sell a covered investment, unless a notice of intent
8 to sell the covered investment is made by the Mem-
9 ber of Congress and publicly disclosed at least 7 cal-
10 endar days, and no more than 14 calendar days,
11 prior to the sale in accordance with the requirements
12 of this subsection.

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

15 “(A) The projected date of sale of a cov-
16 ered investment.

17 “(B) A description of such sale.

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

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

24 “(4) FILING.—A Member of Congress shall file
25 the notice under paragraph (1) for each intended

1 sale by the Member, or the spouse or dependent
2 child of the Member, with—

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

7 “(B) the Secretary of the Senate, in the
8 case of a Senator.

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

15 “(c) EXCEPTIONS.—

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

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

23 “(B) made as a part of compensation from
24 an employer of such individual or in further-

1 ance of any fiduciary or occupational obliga-
2 tions of such individual.

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

8 **“§ 13153. Enforcement**

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

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

15 “(A) caused the violation; or

16 “(B) is the spouse or parent of a covered
17 individual who caused the violation; and

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

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

23 “(1) \$2,000 or ten percent of the value of the
24 transaction in the covered investment which violates
25 section 13152, whichever is greater; and

1 “(2) the net gain realized, if any, from the cov-
2 ered investment during the period beginning on the
3 most recent date on which the individual became a
4 covered individual and ending on the date of dispo-
5 sition of the covered investment, as determined by the
6 supervising ethics office.

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

10 “(1) The Members’ Representational Allowance.

11 “(2) The Senators’ Official Personnel and Of-
12 fice Expense Account.

13 “(3) Any contribution (as defined in section
14 301(8) of the Federal Election Campaign Act of
15 1971 (52 U.S.C. 30101(8))) accepted as a can-
16 didate, and any other donation received as support
17 for activities of the individual as a holder of Federal
18 office.

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

23 “(e) REFERRAL.—Upon the assessment of a fee
24 under this section, the supervising ethics office has the
25 authority to refer a Member of Congress to the Depart-

1 ment of Justice in the same manner and to the same ex-
2 tent as a violation under section 13106 if such Member
3 of Congress resigns or retires before paying such assessed
4 fee.

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

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

