

119TH CONGRESS
1ST SESSION

S. _____

To amend chapter 131 of title 5, United States Code, to prohibit transactions involving certain financial instruments by Members of Congress.

IN THE SENATE OF THE UNITED STATES

Mr. HAWLEY 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 prohibit transactions involving certain financial instruments by Members of Congress.

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 “Preventing Elected
5 Leaders from Owning Securities and Investments
6 (PELOSI) Act”.

7 **SEC. 2. BANNING INSIDER TRADING IN CONGRESS.**

8 (a) IN GENERAL.—Chapter 131 of title 5, United
9 States Code, is amended by adding at the end the fol-
10 lowing:

1 **“Subchapter IV—Banning Insider Trading in**
2 **Congress**

3 “§ 13161. Definitions

4 “In this subchapter:

5 “(1) COVERED FINANCIAL INSTRUMENT.—

6 “(A) IN GENERAL.—The term ‘covered fi-
7 nancial instrument’ means—

8 “(i) any investment in—

9 “(I) a security (as defined in sec-
10 tion 3(a) of Securities Exchange Act
11 of 1934 (15 U.S.C. 78c(a)));

12 “(II) a security future (as de-
13 fined in that section); or

“(III) a commodity (as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a)); and

“(ii) any economic interest com-
parable to an interest described in clause
(i) that is acquired through synthetic
means, such as the use of a derivative, in-
cluding an option, a warrant, or other
similar means.

23 “(B) EXCLUSIONS.—The term ‘covered fi-
24 nancial instrument’ does not include—

25 “(i) a diversified mutual fund;

1 “(ii) a diversified exchange-traded
2 fund;

3 “(iii) a United States Treasury bill,
4 note, or bond; or

5 “(iv) compensation from the primary
6 occupation of a spouse or dependent child
7 of a Member of Congress.

8 “(2) DEPENDENT CHILD; MEMBER OF CON-
9 GRESS.—The terms ‘dependent child’ and ‘Member
10 of Congress’ have the meanings given those terms in
11 section 13101.

12 “(3) SUPERVISING ETHICS COMMITTEE.—The
13 term ‘supervising ethics committee’ means, as appli-
14 cable—

15 “(A) the Select Committee on Ethics of
16 the Senate; and

17 “(B) the Committee on Ethics of the
18 House of Representatives.

19 **“§ 13162. Prohibition on certain transactions and**
20 **holdings involving covered financial in-**
21 **struments**

22 “(a) PROHIBITION.—Except as provided in sub-
23 section (b), a Member of Congress, or any spouse of a
24 Member of Congress, may not, during the term of service

1 of the Member of Congress, hold, purchase, or sell any
2 covered financial instrument.

3 “(b) EXCEPTIONS.—The prohibition under sub-
4 section (a) shall not apply to a sale by a Member of Con-
5 gress, or a spouse of a Member of Congress, that is com-
6 pleted by the date that is—

7 “(1) for a Member of Congress serving on the
8 date of enactment of the Preventing Elected Leaders
9 from Owning Securities and Investments (PELOSI)
10 Act, 180 days after that date of enactment; and

11 “(2) for any Member of Congress who com-
12 mences service as a Member of Congress after the
13 date of enactment of the Preventing Elected Leaders
14 from Owning Securities and Investments (PELOSI)
15 Act, 180 days after the first date of the initial term
16 of service.

17 “(c) PENALTIES.—

18 “(1) DISGORGEMENT.—A Member of Congress
19 shall disgorge to the Treasury of the United States
20 any profit from a transaction or holding involving a
21 covered financial instrument that is conducted in
22 violation of this section.

23 “(2) FINES.—A Member of Congress who holds
24 or conducts a transaction involving, or whose spouse
25 holds or conducts a transaction involving, a covered

1 financial instrument in violation of this section may
2 be subject to a civil fine assessed by the applicable
3 supervising ethics committee under section 13164.

4 **“§ 13163. Certification of compliance**

5 “(a) IN GENERAL.—Not less frequently than annu-
6 ally, each Member of Congress shall submit to the applica-
7 ble supervising ethics committee a written certification
8 that the Member of Congress has achieved compliance
9 with the requirements of this subchapter.

10 “(b) PUBLICATION.—The supervising ethics commit-
11 tees shall publish each certification submitted under sub-
12 section (a) on a publicly available website.

13 **“§ 13164. Authority of supervising ethics committees**

14 “(a) IN GENERAL.—The supervising ethics commit-
15 tees may implement and enforce the requirements of this
16 subchapter, including by—

17 “(1) issuing—

18 “(A) for Members of Congress—

19 “(i) rules governing that implementa-
20 tion; and

21 “(ii) 1 or more reasonable extensions
22 to achieve compliance with this subchapter,
23 if the applicable supervising ethics com-
24 mittee determines that a Member of Con-

1 gress is making a good faith effort to di-
2 vest any covered financial instruments; and

3 “(B) guidance relating to covered financial
4 instruments;

5 “(2) publishing on the internet certifications
6 submitted by Members of Congress under section
7 13163(a); and

8 “(3) assessing civil fines against any Member of
9 Congress who is in violation of this subchapter, sub-
10 ject to subsection (b).

11 “(b) REQUIREMENTS FOR CIVIL FINES.—

12 “(1) IN GENERAL.—Before imposing a fine pur-
13 suant to this section, the applicable supervising eth-
14 ics committee shall provide to the applicable Member
15 of Congress—

16 “(A) a written notice describing each cov-
17 ered financial instrument transaction for which
18 a fine will be assessed; and

19 “(B) an opportunity, with respect to each
20 such covered financial instrument transaction—

21 “(i) for a hearing; and

22 “(ii) to achieve compliance with the
23 requirements of this subchapter.

24 “(2) ENFORCEMENT.—

1 “(A) IN GENERAL.—In the event of con-
2 tinuing noncompliance after issuance of the no-
3 tice described in paragraph (1), the applicable
4 supervising ethics committee shall impose a civil
5 penalty, in the amount described in subpara-
6 graph (B), on the Member of Congress to whom
7 a notice was provided—

8 “(i) on the date that is 30 days after
9 the date of provision of the notice; and

10 “(ii) during the period in which such
11 noncompliance continues, not less fre-
12 quently than once every 30 days thereafter.

13 “(B) AMOUNT.—The amount of each civil
14 penalty imposed on a Member of Congress pur-
15 suant to subparagraph (A) shall be an amount
16 equal to 10 percent of the value of each covered
17 financial instrument that was not divested in
18 violation of this subchapter during the period
19 covered by the penalty.

20 “(3) PUBLICATION.—Each supervising ethics
21 committee shall publish on a publicly available
22 website a description of—

23 “(A) each fine assessed by the supervising
24 ethics committee pursuant to this section;

1 “(B) the reasons why each such fine was
2 assessed; and

3 “(C) the result of each assessment, includ-
4 ing any hearing under paragraph (1)(B)(i) re-
5 lating to the assessment.

6 “(4) APPEAL.—A Member of Congress may ap-
7 peal the assessment of a fine under this section to
8 a vote on the floor of the Senate or the House of
9 Representatives, as applicable, as a privileged mo-
10 tion.

11 **“§ 13165. Audit by Government Accountability Office**

12 “Not later than 2 years after the date of enactment
13 of the Preventing Elected Leaders from Owning Securities
14 and Investments (PELOSI) Act, the Comptroller General
15 of the United States shall—

16 “(1) conduct an audit of the compliance by
17 Members of Congress with the requirements of this
18 subchapter; and

19 “(2) submit to the supervising ethics commit-
20 tees a report describing the results of the audit con-
21 ducted under paragraph (1).”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) TABLE OF SECTIONS.—The table of sections
24 for chapter 131 of title 5, United States Code, is
25 amended by adding at the end the following:

“SUBCHAPTER IV—BANNING INSIDER TRADING IN CONGRESS

“13161. Definitions.

“13162. Prohibition on certain transactions and holdings involving covered financial instruments.

“13163. Certification of compliance.

“13164. Authority of supervising ethics committees.

“13165. Audit by Government Accountability Office.”.

1 (2) PERSONS REQUIRED TO FILE.—Section
2 13103(f) of title 5, United States Code, is amend-
3 ed—

4 (A) in paragraph (9), by striking “as de-
5 fined in section 13101 of this title”;

6 (B) in paragraph (10), by striking “as de-
7 fined in section 13101 of this title”;

8 (C) in paragraph (11), by striking “as de-
9 fined in section 13101 of this title”; and

10 (D) in paragraph (12), by striking “as de-
11 fined in section 13101 of this title”.

12 (3) LOBBYING DISCLOSURE ACT OF 1995.—Sec-
13 tion 3(4)(D) of the Lobbying Disclosure Act of 1995
14 (2 U.S.C. 1602(4)(D)) is amended by striking “leg-
15 islative branch employee serving in a position de-
16 scribed under section 13101(13) of title 5, United
17 States Code” and inserting “officer or employee of
18 Congress (as defined in section 13101 of title 5,
19 United States Code)”.