

AMENDMENT TO H.R. 1

OFFERED BY MR. KRISHNAMOORTHY OF ILLINOIS

After subtitle H of title VIII, insert the following (and redesignate subtitle I and section 8081 as subtitle J and section 8091, respectively):

1 Subtitle I—Ban Conflicted Trading

2 SEC. 8081. SHORT TITLE.

3 This subtitle may be cited as the “Ban Conflicted
4 Trading Act”.

5 SEC. 8082. DEFINITIONS.

6 In this subtitle—

7 (1) the term “commodity” has the meaning
8 given the term in section 1a of the Commodity Ex-
9 change Act (7 U.S.C. 1a);

10 (2) the term “covered investment”—

11 (A) means investment in a security, a com-
12 modity, or a future, or any comparable eco-
13 nomic interest acquired through synthetic
14 means such as the use of a derivative; and

15 (B) does not include—

16 (i) a widely held investment fund de-
17 scribed in section 102(f)(8) of the Ethics

1 in Government Act of 1978 (5 U.S.C.
2 App.); or

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

5 (3) the term “covered person” means—

6 (A) a sitting Member of Congress; and

7 (B) an individual employed as an officer or
8 employee of Congress required to file a report
9 under the Ethics in Government Act of 1978 (5
10 U.S.C. App.);

11 (4) the term “future” means a financial con-
12 tract obligating the buyer to purchase an asset or
13 the seller to sell an asset, such as a physical com-
14 modity or a financial instrument, at a predetermined
15 future date and price; and

16 (5) the term “security” has the meaning given
17 the term in section 3(a) of the Securities Exchange
18 Act of 1934 (15 U.S.C. 78c(a)).

19 **SEC. 8083. PROHIBITIONS.**

20 (a) **TRANSACTIONS.**—Except as provided in sections
21 8084 and 8085, no covered person may—

22 (1) purchase or sell any covered investment; or

23 (2) enter into a transaction that creates a net
24 short position in any security.

1 (b) POSITIONS.—A covered person may not serve as
2 an officer or member of any board of any for-profit asso-
3 ciation, corporation, or other entity.

4 **SEC. 8084. EXCEPTIONS.**

5 (a) INVESTMENTS HELD BEFORE TAKING OF-
6 FICE.—

7 (1) IN GENERAL.—A covered person may have
8 control over or knowledge of the management of any
9 covered investment held by the covered person as of
10 the day before the date on which the covered person
11 took office.

12 (2) PROHIBITION ON PURCHASING OR SELL-
13 ING.—A covered person may not buy or sell any in-
14 vestment described in paragraph (1) except in the
15 case of—

16 (A) placing the investment in a qualified
17 blind trust described in section 8085; or

18 (B) divesting themselves of any investment
19 under subsection (b).

20 (b) DIVESTITURE.—A covered person may sell a cov-
21 ered investment during the 6-month period beginning
22 on—

23 (1) the date on which the covered person takes
24 office or begins employment, as applicable; or

25 (2) the date of enactment of this Act.

1 **SEC. 8085. TRUSTS.**

2 (a) IN GENERAL.—On a case-by-case basis, the Se-
3 lect Committee on Ethics may authorize a covered person
4 to place their securities holdings in a qualified blind trust
5 approved by the committee under section 102(f) of the
6 Ethics in Government Act of 1978 (5 U.S.C. App.).

7 (b) BLIND TRUST.—A blind trust permitted under
8 this subsection shall meet the criteria in section
9 102(f)(4)(B) of the Ethics in Government Act of 1978 (5
10 U.S.C. App.), unless an alternative arrangement is ap-
11 proved by the Select Committee on Ethics.

12 **SEC. 8086. ADMINISTRATION AND ENFORCEMENT.**

13 (a) ADMINISTRATION.—

14 (1) IN GENERAL.—The provisions of this sub-
15 title shall be administered by the Select Committee
16 on Ethics of the Senate and the Committee on Eth-
17 ics of the House of Representatives.

18 (2) GUIDANCE.—The Select Committee on Eth-
19 ics of the Senate and the Committee on Ethics of
20 the House of Representatives are authorized to issue
21 guidance on any matter contained in this subtitle,
22 including—

23 (A) whether a covered person may hold an
24 employee stock option, or similar instrument,
25 that had not vested before the date on which
26 the covered person was elected; and

1 (B) the process and timeline for when a
2 covered person shall no longer serve as an offi-
3 cer or member of any board of any for-profit
4 association, corporation, or other entity.

5 (b) ENFORCEMENT.—Whoever knowingly fails to
6 comply with this subtitle shall be subject to a civil penalty
7 of not less than 10 percent of the value of the covered
8 investment that was purchased or sold or the security in
9 which a net short position was created in violation of this
10 subtitle, as applicable.

