

Congress of the United States
Washington, DC 20515

June 28, 2010

The Honorable Nancy Pelosi
HT-232, The Capitol
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi,

As you know, there has been growing attention to the problem of insider trading within Congress. As Members of Congress, we not only have access to information before others do, but we also have significant influence over the market through the legislation we offer, debate, and vote on. This opportunity to access and create information of consequence carries with it a profound responsibility and trust that has not always been upheld.

We have consulted with many legal experts about this problem, and the consensus is that we can, without legislation, create a duty of confidentiality between Members of Congress, staff, and Congress itself. This duty would deter unethical activity and provide grounds for sanctioning those who have violated the rule.

To accomplish this, the House Committee on Standards of Official Conduct can amend the ethics manual to create a restriction that:

1. Explicitly prohibits Members and staff from making financial transactions on the basis of information that they know or have reason to believe is not available to the general public and from disclosing information that they know or have reason to believe is not available to the general public if there is reason to believe the recipient will use it for financial transactions.
2. Creates a mechanism for educating Members and staff of their ethical responsibilities and the consequences of violating these responsibilities. All public companies are required to have an insider trading policy and most require employees to be trained on and to sign that policy. Education through training or a handbook is essential, because Members and staff must be aware of the boundaries surrounding insider trading and the risks involved.
3. Updates the rules for financial disclosure by creating an electronic filing mechanism and by requiring reporting of financial transactions over \$1,000 within five days.

Given your strong commitment to the transparency and accountability of this Congress, we believe this is an opportune moment to address the issue of Congressional insider trading. We hope that we can work together with the Committee on Standards of Official Conduct to amend the rules on insider trading and financial disclosure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brian Baird".

Brian Baird
Member of Congress

A handwritten signature in blue ink, appearing to read "Tim Walz".

Tim Walz
Member of Congress