

Up to the Minute:

On Wednesday, April 4, President Obama signed the STOCK Act into law.

[To learn more about the bill signing and read statements from President Obama and Congresswoman Slaughter, click here.](#)

The Issue:

Day Trading

There have been reports that Members of Congress and Congressional staff may have been engaged in, or were engaged in, day trading of securities. Nonpublic information about current or upcoming congressional activities may be used, or may have been used, in some of these trading decisions. For example, the Wall Street Journal reported that from 1999-2000 the Deputy Chief of Staff to then Majority Leader Tom Delay bought and sold hundreds of stocks from his congressional office computer. This information has been confirmed by other Delay aides and in year-end financial disclosure forms.

Political Intelligence

According to additional accounts, there is reason to believe some Members of Congress or their

staff may have shared nonpublic information about current or upcoming Congressional activities with individuals outside of Congress working for political intelligence firms. These reports indicate that these individuals or their firms may have used this for investment purposes.

The increase in the number of political intelligence firms suggests that the leaking of nonpublic congressional information occurs regularly. What started out as a handful of firms in the 1970s, political intelligence firms have grown into an industry that brings in an estimated \$40 million a year.

What the STOCK Act Does:

Prohibits Members and employees of Congress from buying or selling securities, swaps, security based swaps, or commodity futures based on nonpublic information they obtain because of their status;

Prohibits Executive Branch employees from buying or selling securities, swaps, security based swaps, or commodity futures based on nonpublic information they obtain because of their status;

Prohibits those outside Congress from buying or selling securities, swaps, security based swaps, or commodity futures based on nonpublic information obtained from within Congress or the Executive Branch;

Prohibits Members and employees of Congress from disclosing any non-public information about any pending or prospective legislative action for investment purposes;

Requires Members and employees of Congress to report the purchase, sale or exchange of any stock, bond, or commodity future transaction in excess of \$1,000 within 90 days. Members and employees who choose to place their stock in holdings in blind trusts or mutual funds would be exempt from the reporting requirement; and,

Requires firms that specialize in "political intelligence" and that obtain their information directly from Congress to register with the House and Senate, much like lobbying firms are now required to do.

Why the STOCK Act is Needed:

There is no oversight authority on Congressional insider trading

Insider trading is the buying or selling of financial instruments on the basis of material, nonpublic information in violation of a duty of confidentiality – either to the issuing company or to the source of information. Under current law, Members of Congress and their staff do not owe a duty of confidentiality to Congress, and therefore are not liable for insider trading.

We need sunlight and transparency of the political intelligence industry

Political intelligence firms first appeared in the 1970s and have been on the rise in the past decade, but the industry remains relatively unknown because the firms are currently not required to register their clients or their earnings. By having these firms register with Congress along with lobbyists, the public will gain knowledge on who might be gaining an unfair advantage in the financial markets at the expense of the average financial investor.

A timeline of Slaughter's years of work leading to today's vote is included below.

Timeline

March 28, 2006 – Slaughter along with Rep. Brian Baird (WA-3) first introduced the STOCK Act.

In that 109th Congress, the bill received 13 co-sponsors. Earlier, the [Wall Street Journal reported](#) that Tony Rudy, Chief of Staff to then House Majority Leader Tom DeLay, "bought and sold hundreds of stocks from his computer in the U.S. Capitol in 1999 and 2000, according to financial-disclosure forms and other DeLay aides." The STOCK Act was reintroduced by Baird and Slaughter again in 2007 and 2009 never gaining more than 9 co-sponsors.

March 17, 2011 – Slaughter reintroduces the STOCK Act into the 112th Congress with Rep. Tim Walz (MN-01). It is supported by good government groups Common Cause, CREW, Democracy 21, Public Citizen and US PIRG.

November 13, 2011 - [60 Minutes ran a story](#) pointing out the problem of insider trading in Congress. Prior to the piece, the bill had 9 co-sponsors. The next day, the STOCK Act began an explosion of support. Slaughter said recently, "In my 20 years here, I've never seen anything like it."

November 15, 2011 – a Senate counterpart to the STOCK Act is introduced for the first time by Senator Scott Brown (R-MA). Two days later, Senator Gillibrand (D-NY) introduced a second version of the STOCK Act in the Senate. The bills are later combined.

December 1, 2011 - The Senate Homeland Security and Governmental Affairs Committee holds a hearing on the STOCK Act

December 6, 2011 – The House Financial Services Committee holds a hearing on the STOCK Act where Slaughter and Walz testify. Chairman Bachus schedules a markup of the bill for December 14.

December 7, 2011 – [Politico reports](#) that the markup scheduled in the Financial Services Committee is postponed under pressure from House Majority Leader Eric Cantor.

December 8, 2011 – Slaughter and Walz's STOCK Act receives the overwhelming support of a majority of the House of Representatives. More than 218 members (the number needed to pass

the bill under regular order), co-sponsor the bill.

December 17, 2011 – With pressure mounting, Majority Leader Cantor tells CBS he will take up the STOCK Act.

December 20, 2011 – The [Wall Street Journal reported on dozens of meetings](#) set up by political intelligence firms with their clients and lawmakers, giving hedge funds and other financial institutions access to privileged information that made them untold sums of money. Slaughter and Walz say this is further evidence that transparency is needed in the political intelligence industry.

January 24, 2011 – President Obama says in his State of the Union, "Send me a bill that bans insider trading by Members of Congress, and I will sign it tomorrow."

February 1, 2011 – Slaughter and Walz introduce a discharge petition that would bring their STOCK Act up for a vote on the House floor. In the first day it is signed by 115 Members of Congress. In total 171 Members signed the discharge petition.

February 2, 2011 – The Senate passes their version of the STOCK Act by a vote of 96-3. It includes an amendment by Sen. Chuck Grassley (R-IA) that includes language from Slaughter's bill regulating the political intelligence industry.

February, 6, 2011 – As Slaughter and Walz continue to pressure Cantor for a vote on the STOCK Act, it was clear that he would introduce his own version of the bill. He never consults the bill's original authors. Meanwhile Slaughter's bill gains the support of 286 co-sponsors including 99 Republicans.

February 7, 2011 - At 10:30 pm, Cantor's office finally releases text of his changes to be voted on by the House and makes clear that he will bring it a vote using a procedure that does not allow for amendments or changes. Slaughter says repeatedly that this version of the bill is weakened. It does not include her provision to regulate the \$402 million a year political intelligence industry.

February 8, 2011 – Slaughter and Walz react to the weakened version of the House bill. Slaughter tells reporters in the Capitol, "Our job here is never done. That's the beauty of a legislature, you're never truly defeated until you stop trying and I don't give up so easily." Meanwhile [Cantor releases a statement praising Slaughter's years of work](#) on this issue.

February 9, 2011 – The STOCK Act passes the House by an overwhelming vote of 417-2. Slaughter vows to fight for a conference committee to make the bill that will be sent to President Obama even stronger.