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115TH CONGRESS
1ST SESSION

H. R. 2277

To amend the Securities Exchange Act of 1934 to prohibit Members of Congress from receiving a discounted price in certain private offerings of securities.

IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2017

Ms. SLAUGHTER introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Securities Exchange Act of 1934 to prohibit Members of Congress from receiving a discounted price in certain private offerings of securities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "End Congressional Stock Market Abuse Act of 2017".

SEC. 2. PARTICIPATION IN SECURITIES TRANSACTIONS BY PUBLIC OFFICIALS.

Section 21A of the Securities Exchange Act of 1934 (15 U.S.C. 78u–1) is amended—

(1) in subsection (i), by striking ''(within the meaning given such term in section 12(f)(1)(G)(i))'' and inserting ''on a United States or foreign securities exchange''; and

(2) by adding at the end the following:

''(j) PARTICIPATION IN SECURITIES TRANSACTIONS BY MEMBERS OF CONGRESS.—

''(1) DEFINITIONS.—In this subsection—

''(A) the term 'covered security'—

''(i) means any security that is regularly traded on a United States or foreign securities exchange; and

''(ii) includes any comparable economic interest acquired through synthetic means such as the use of a derivative or short selling any publicly traded security;

''(B) the term 'price'—

''(i) means—

''(I) in the case of a purchase, the national best offer, as defined in section 242.600(c) of title 17, Code of Federal Regulations;

''(II) in the case of a sale, the national best bid, as defined in section

242.600(c) of title 17, Code of Federal Regulations; or

"(III) any other value, as determined by the Commission; and

"(ii) does not include any commission or fee paid to a broker or third party; and

"(C) the term 'United States or foreign securities exchange' means—

"(i) a national exchange described in section 6; and

"(ii) a designated offshore securities market, as defined in section 230.92 of title 17, Code of Federal Regulations.

"(2) PROHIBITION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a Member of Congress may not—

"(i) purchase a covered security for less than the price available on a United States or foreign exchange;

"(ii) sell a covered security for more than the price available on a United States or foreign exchange; or "(iii) purchase a private placement offering of a covered security available on a United States or foreign exchange.

"(B) EXCEPTION.—Subparagraph (A) shall not apply if a Member of Congress reasonably believes that—

"(i) in the case of a purchase of a covered security, the discount was obtained in a manner generally available to the public; or

"(ii) in the case of a sale of a covered security, the premium was obtained in a manner generally available to the public.".

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