



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 30, 2012
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 2038 – Stop Trading on Congressional Knowledge (STOCK) Act of 2012

(Sen. Lieberman, ID-Connecticut)

The Administration strongly supports Senate passage of S. 2038. This legislation makes it clear that Members of Congress may not engage in insider trading. It will help to limit the corrosive influence of money in politics and ensure that the Congress is playing by the same set of rules as everyone else, an important component of the President's Blueprint for an America Built to Last.

S. 2038 clarifies that Members and employees of Congress are subject to the prohibitions arising under Section 10(b) of the Securities Exchange Act of 1934 and the Securities and Exchange Commission's Rule 10b-5, including the prohibition on insider trading. In particular, it makes clear that Members and employees of Congress owe a duty arising from their position of trust and confidence not to use nonpublic information obtained by virtue of their position for personal benefit. It also requires reporting of various transactions, including purchases and sales of stock, within 30 days.

In addition, S. 2038 requires the Comptroller General in consultation with the Congressional Research Service to prepare a report for submission to the Congress on the role of political intelligence in the financial markets. This report would address, among other things, the effects of the sale of political intelligence on the financial markets, related legal and ethical considerations, and the merits of imposing disclosure requirements on those who engage in political intelligence activities.

As the President said in his State of the Union message, it is critical that the Congress take steps to restore the American people's trust in Washington. Members of Congress should not be able to trade stocks based on nonpublic information gleaned on Capitol Hill. The Administration believes this bipartisan legislation is an important first step to prevent Members of Congress from profiting from their positions and calls for swift passage.

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