

112TH CONGRESS
2^D SESSION

H. R. 4009

To prohibit Members of Congress, senior congressional staffers, and administration executives from making certain purchases or sales of registered securities, futures, swaps, security futures products, security-based swaps, and options, to prohibit bonus payments to executives at Fannie Mae and Freddie Mac, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 2012

Mr. ISSA introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on House Administration and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prohibit Members of Congress, senior congressional staffers, and administration executives from making certain purchases or sales of registered securities, futures, swaps, security futures products, security-based swaps, and options, to prohibit bonus payments to executives at Fannie Mae and Freddie Mac, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. LIMITATIONS ON DISCRETION OVER INVEST-**
2 **MENTS IN REGISTERED SECURITIES.**

3 (a) IN GENERAL.—Members of Congress, senior con-
4 gressional staffers, and administration executives are pro-
5 hibited from the purchase or sale of registered securities,
6 futures, swaps, security futures products, security-based
7 swaps, and options on such securities, futures, and swaps,
8 subject to exceptions for the purchase or sale of—

9 (1) exchange traded funds, exchange traded
10 notes, and mutual funds registered with the Securi-
11 ties and Exchange Commission that contain greater
12 than 10 single name securities;

13 (2) commodity-based swaps, futures, exchange
14 traded funds and exchange traded notes;

15 (3) security-based swaps or security futures
16 products whose value is not primarily dependent on
17 10 or fewer single name securities;

18 (4) Treasury, State, and municipal securities;

19 (5) options on any investments described under
20 paragraphs (1) through (4); and

21 (6) securities, security-based swaps, and secu-
22 rity futures products whose value is primarily de-
23 pendent on 10 or fewer single name securities, or
24 options on such investments, subject to—

25 (A) preapproval by the Securities and Ex-
26 change Commission;

1 (B) compliance with a written contract re-
2 lying on any of the affirmative defenses avail-
3 able under section 240.10b5-1(c)(1) of title 17,
4 Code of Federal Regulations, where such writ-
5 ten contract is executed and delivered to the Se-
6 curities and Exchange Commission, or its des-
7 ignated agent, at least 30 days prior to the date
8 of the first scheduled purchase or sale trans-
9 action; or

10 (C) such purchase or sale being made on
11 behalf of such person by a qualified blind trust
12 (as defined under section 102(f)(3) of the Eth-
13 ics in Government Act of 1978), where notice of
14 the execution of a blind trust agreement is pro-
15 vided to the Securities and Exchange Commis-
16 sion, or its designated agent, not later than 3
17 days after executing such agreement.

18 (b) PENALTY.—Any person who violates subsection
19 (a) shall be subject to the provisions of section 240.10b5-
20 1 of title 17, Code of Federal Regulations, relating to ma-
21 terial nonpublic information received in the course of em-
22 ployment.

23 (c) DEFINITIONS.—For purposes of this section:

24 (1) ADMINISTRATION EXECUTIVES.—The term
25 “administration executive” means—

1 (A) the President;

2 (B) the Vice President;

3 (C) any position in the executive branch
4 the appointment to which is made by the Presi-
5 dent and requires advice and consent of the
6 Senate; or

7 (D) an officer or employee of the executive
8 branch, including all Federal agencies, who, for
9 at least 60 days, occupies a position for which
10 the rate of basic pay is equal to or greater than
11 120 percent of the minimum rate of basic pay
12 payable for GS-15 of the General Schedule.

13 (2) MEMBER OF CONGRESS.—The term “Mem-
14 ber of Congress” means a member of the Senate or
15 House of Representatives, a Delegate to the House
16 of Representatives, or the Resident Commissioner
17 from Puerto Rico.

18 (3) SENIOR CONGRESSIONAL STAFFER.—The
19 term “senior congressional staffer” means an officer
20 or employee of the legislative branch who, for at
21 least 60 days, occupies a position for which the rate
22 of basic pay is equal to or greater than 120 percent
23 of the minimum rate of basic pay payable for GS-
24 15 of the General Schedule.

1 (d) EFFECTIVE DATE.—This section shall take effect
2 after the end of the 270-day period beginning on the date
3 of the enactment of this Act.

4 **SEC. 2. LIMITATION ON BONUSES TO EXECUTIVES OF**
5 **FANNIE MAE AND FREDDIE MAC.**

6 Notwithstanding any other provision in law, senior
7 executives at the Federal National Mortgage Association
8 and the Federal Home Loan Mortgage Corporation are
9 prohibited from receiving bonuses during any period of
10 conservatorship for those entities on or after the date of
11 enactment of this Act.

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