

Ending Trading and Holdings in Congressional Stocks (ETHICS) Act

Recent polling shows that 70% of voters across the political spectrum support banning Members of Congress from holding individual stocks. Senator Merkley's *Ending Trading and Holdings in Congressional Stocks (ETHICS) Act* would ban Members of Congress and their immediate family members from owning or trading stocks and other covered assets.

Specifically, the ETHICS Act:

- Prohibits Members of Congress (MOC), their spouses, and dependent minors from owning or trading securities, commodities, or futures.
- Immediately bans stock trading for MOC upon enactment, with an optional 90-day divestiture period in which members may sell current holdings.
- Prohibits holding covered assets by MOCs, their spouses and dependent children upon the MOC's new term after their reelection. Options for currently owned assets include:
 - Divest covered assets;
 - Diversify into allowable assets such as mutual funds or exchange traded funds (ETFs); or
 - Place assets in a Qualified Blind Trust (QBT) with a divestiture requirement to ensure it is truly blind.
 - Trustees must sell original covered assets on behalf of the Member within 120 days of the establishing of a QBT, or within 120 days of their new term following re-election for Members with existing QBTs.
- Penalty for Continuing to Hold or Trade Covered Assets: Amount is the greater of the monthly equivalent of the annual rate of pay or 10% of the value of each asset in violation.
- Penalty for Breaking QBT Communication Rules: Amount is up to \$10,000 per communication, or 1% of QBT value at time of the violation, whichever is greater.
- Additional Provisions:
 - The ban on trading is in effect for 90 days after the MOC's last service date.
 - Minor dependents can hold and trade covered assets valued at up to \$10,000.
 - Expanded STOCK Act disclosure requirements and increased penalties.
- Requires Reporting of Federal Benefits by MOC e.g. loans, agreements, contracts, grants, and payments.