

Stop Trading On Congressional Knowledge (STOCK) Act

April 12, 2012

STOCK Act

- Enacted into law on April 4, 2012
 - <http://www.govtrack.us/congress/bills/112/s2038/text>
- Places requirements on:
 - Agencies
 - Post 278 reports on their websites.
 - 278 filers
 - Report financial transactions and employment negotiations; and
 - Refrain from purchasing securities through an IPO.

Posting of 278 Reports

- NIH will be required to post 278 reports filed in 2012 on its website:
 - Posting requirement will affect over 600 NIH senior employees.
 - Deadline for posting reports on the web likely to be August 31, 2012.
 - Requirement to post reports likely to include reports of former employees and those reports filed prior to the Act's effective date.

3

Implementation of Posting of 278 Reports

- Blanket 45-day extension of the May 15th filing deadline has been granted to all annual 278 filers.
- Ethics Offices, at filers' requests, will conduct a pre-filing review of reports.
- Training for filers will be provided to:
 - Avoid over-reporting of unnecessary information; and
 - Give reporting tips so to more precisely disclose only required information, e.g., report within value ranges.
 - Discourage attaching brokerage statements.
 - Encourage using assistants to help prepare reports.
 - Report in the aggregate like holdings.

4

Reporting of Employment Negotiations and Future Employment

- 278 filers may not negotiate or have any agreement for future employment unless the filer, within 3 business days after starting such negotiation or agreement, notifies the ethics office.
 - The reporting requirement applies to employment negotiations that started on or after April 4, 2012, and agreements for future employment reached on or after April 4, 2012.
 - Future employment is defined as employment commencing after the termination of federal government employment. Employment that will occur concurrently with NIH work (i.e., outside activities) is not covered by this provision.
 - No nexus between the potential job and the employee's NIH duties is necessary to trigger the reporting requirement.
 - The filer is also required to file with his/her ethics office a recusal statement with respect to NIH matters that are in conflict with the potential or future employment.

7

Stocks Thru IPO & Mortgages

- 278 filers can only purchase securities that are the subject of an initial public offering through terms offered to the general public.
- PAS and 0-7s need to disclose the name of the lender, the terms and conditions of the loan, and a notation as to whether the mortgage is on a personal residence or an investment property. They are not required to disclose the location of a residence secured by the mortgage.

8

Additional Information

- Questions? Contact Holli Beckerman Jaffe
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- IC Ethics Officials: see link for contact information
 - <http://ethics.od.nih.gov/coord.pdf>