



United States Senate

Committee on Homeland Security and Governmental Affairs

Senator Susan M. Collins

Opening Statement of Senator Susan M. Collins HSGAC Business Meeting December 14, 2011

Mr. Chairman, the most important bill of today's agenda is the "STOCK Act," a bill first introduced in the Senate by Senator Brown that is intended to ensure that Members of Congress do not profit from trading on insider information. This bill, and similar legislation introduced by Senator Gillibrand, is intended to address questions about whether or not Members of Congress may be exempt – legally or practically – from the reach of our insider trading laws.

While some of the witnesses who appeared before our Committee regarding the STOCK Act testified that there is no legal exemption for Members of Congress, confusion and uncertainty persist.

Just yesterday, in the *Wall Street Journal*, for example a Yale professor wrote that, "the Securities and Exchange Commission has determined that insider trading laws do not apply to Members of Congress or their staff." This is directly contradicted by the testimony that the SEC Enforcement Director submitted to the Committee, who said: "There is no reason why trading by Members of Congress or their staff members should be considered exempt from the federal securities laws, including trading prohibitions. . . "

As a cosponsor of Senator Brown's bill, I believe we need to send a strong message making absolutely clear that Members of Congress and their staff are not exempt from insider trading laws. So, I am pleased that the Chairman has agreed to join me in an amendment to include in this legislation an unambiguous statement that Members and their staff are not exempt from the insider trading laws.

The simpler and more direct we can be, the better. This is a point made by several of the witnesses, most notably Professors Nagy and Coffee.

We have moved very quickly to address this issue, with the hearing on the bill just two weeks ago. I applaud the Chairman for moving this legislation, and working with Senators Brown and Gillibrand to develop the bill before us today. I would caution, however, that we are legislating in an exceptionally complex area of the law. I share the Chairman's commitment to getting this right, and I believe that further refinements of the bill may well be necessary and why I support it.

It is, however, essential that we close possible loopholes that undermine the public's already low confidence in this institution. Elective office is a place for public service, not private gain. That is the intent of this legislation.