

114TH CONGRESS
1ST SESSION

H. R. 1463

To amend the Securities Exchange Act of 1934 to provide for a one-year employment restriction for ex-employees of the Securities and Exchange Commission seeking to work for companies against which the Commission brought enforcement actions that were participated on by such ex-employees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2015

Mr. LYNCH introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Securities Exchange Act of 1934 to provide for a one-year employment restriction for ex-employees of the Securities and Exchange Commission seeking to work for companies against which the Commission brought enforcement actions that were participated on by such ex-employees, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “SEC Revolving Door
5 Restriction Act of 2015”.

1 **SEC. 2. ONE-YEAR EMPLOYMENT RESTRICTION RELATED**
2 **TO ENFORCEMENT MATTERS.**

3 (a) IN GENERAL.—The Securities Exchange Act of
4 1934 (15 U.S.C. 78a et seq.) is amended by inserting after
5 section 4E the following new section:

6 **“SEC. 4F. ONE-YEAR EMPLOYMENT RESTRICTION RELATED**
7 **TO ENFORCEMENT MATTERS AND REQUIRED**
8 **ETHICS OPINIONS.**

9 “(a) ONE-YEAR EMPLOYMENT RESTRICTION.—Any
10 person who is an employee of the Commission and who,
11 within 1 year after the termination of such employment
12 with the Commission, works for any company or individual
13 against whom the Commission brought an enforcement ac-
14 tion, where such action (or a waiver related to such action)
15 was brought within the previous 18 months and was par-
16 ticipated on by such person, shall be subject to the same
17 penalties as provided for in section 216 of title 18, United
18 States Code, for offenses described in that section.

19 “(b) REQUIRED ETHICS OPINION.—

20 “(1) IN GENERAL.—Any person who is an em-
21 ployee of the Commission and who, within 1 year
22 after the termination of such employment with the
23 Commission, seeks to work for any company or indi-
24 vidual against whom the Commission brought an en-
25 forcement action (or issued a waiver related to such
26 action) where such action (or waiver) was partici-

1 pated on by such person, shall first receive an ethics
2 opinion from the Commission.

3 “(2) ETHICS OPINION.—

4 “(A) CONTENT.—The ethics opinion de-
5 scribed in paragraph (1) shall include a deter-
6 mination of whether such person should be per-
7 mitted to work for such company or individual.

8 “(B) DETERMINATION REQUIREMENTS.—

9 The Commission may not determine, under sub-
10 paragraph (A), that such person should be per-
11 mitted to work for such company or individual
12 unless the Commission finds that—

13 “(i) there would be no appearance of
14 impropriety for such person to work for
15 such company or individual;

16 “(ii) no material advantage would be
17 gained by such company or individual be-
18 cause such person participated on an en-
19 forcement action (or a waiver related to
20 such action); and

21 “(iii) the integrity of any ongoing en-
22 forcement action participated on by such
23 person is not diminished by such person
24 going to work for such company or indi-
25 vidual.

1 “(C) REGULATIONS.—The Chairman of
2 the Commission shall provide for regulations for
3 the issuance of ethics opinions under this sub-
4 section.

5 “(3) PENALTIES.—A person shall be subject to
6 the same penalties as provided for in section 216 of
7 title 18, United States Code, for offenses described
8 in that section, if such person—

9 “(A) receives an ethics opinion under para-
10 graph (1), where such ethics opinion states that
11 such person should not be permitted to work
12 for a particular company or individual; and

13 “(B) within 1 year after the termination of
14 such person’s employment with the Commis-
15 sion, the person works for such company or in-
16 dividual.

17 “(c) EXCEPTION FOR NON-PROFESSIONAL STAFF.—
18 The provisions of this section shall not apply to a person
19 who is a non-professional staff employee of the Commis-
20 sion.

21 “(d) DEFINITIONS.—For purposes of this section:

22 “(1) ENFORCEMENT ACTION.—The term ‘en-
23 forcement action’ means such court actions, adminis-
24 trative proceedings, Commission opinions, and other

1 actions, as the Commission may determine appro-
2 priate.

3 “(2) PARTICIPATED ON.—With respect to an
4 enforcement action (or a waiver related to such ac-
5 tion) and a person, the term ‘participated on’ means
6 the person either—

7 “(A) participated personally in the enforce-
8 ment action (or waiver related to such action);
9 or

10 “(B) knew or reasonably should have
11 known that the enforcement action (or waiver
12 related to such action) was under his or her of-
13 ficial responsibility as an employee of the Com-
14 mission.

15 “(3) WORK FOR.—The term ‘work for’
16 means—

17 “(A) employed by;

18 “(B) volunteers for;

19 “(C) lobbies on behalf of; or

20 “(D) consults for.”.

21 (b) REPORT.—One year after the date of the enact-
22 ment of this Act, the Chairman of the Securities and Ex-
23 change Commission shall submit a report to the Congress
24 analyzing the impact that the provisions of this Act have

1 had on recruitment and retention of employees by the Se-
2 curities and Exchange Commission.

3 (c) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall take effect 60 days after the date of
5 the enactment of this Act.

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