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ONE HUNDRED TWELFTH CONGRESS

U.S. House of Representatives

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August 17, 2012

MEMORANDUM TO ALL HOUSE MEMBERS, OFFICERS, AND EMPLOYEES

FROM: Committee on Ethics
Jo Bonner, Chairman *JB*
Linda T. Sánchez, Ranking Member *AS*

SUBJECT: Periodic Reporting of Personal Financial Transactions Pursuant to the STOCK Act, **as amended**¹

Among other requirements, the Stop Trading on Congressional Knowledge Act (STOCK Act)² requires Members, officers, and employees who file personal Financial Disclosure (FD) Statements pursuant to the Ethics in Government Act of 1978 (EIGA)³ to file Periodic Transaction Reports (PTRs) with the Clerk of the House. Filers must make periodic reports of financial transactions valued over \$1,000 in stocks, bonds, and other securities owned by the filer or by the filer jointly with another person. ***Starting on September 30, 2012, this requirement extends to transactions in assets owned by the filer's spouse and dependent child.*** If the filer, the filer's spouse, or the filer's dependent children do not have any reportable transactions, then no PTR is required (although the transactions may still need to be reported on the filer's annual FD). This memorandum summarizes the rules regarding the periodic reporting of personal financial transactions by House Members, officers, and certain senior employees,⁴ as required by the amended STOCK Act.

NOTE: Staff may become subject to this filing requirement mid-year due to a pay raise or bonus.

¹ This memo supersedes and replaces the original memorandum issued on this topic on June 7, 2012. The STOCK Act was amended by the passage of S. 3510 on August 2, 2012, which was enacted as Pub. L. 112-__ following its signature by the President on August 16, 2012. This memorandum reflects guidance on the implementation of the STOCK Act following its amendment.

² STOCK Act, Pub. L. No. 112-105, as amended (Apr. 4, 2012) (hereinafter STOCK Act).

³ 5 U.S.C. app. 4 §§ 101 *et seq.*

⁴ The terms "staff" and "employee" are used interchangeably throughout this memorandum to refer to persons who are employed by a House Member, committee, leadership office, or other legislative branch office. See note 5 below for more information on other legislative branch offices.

WHO IS REQUIRED TO FILE PERIODIC TRANSACTION REPORTS

The requirement to file PTRs applies to:

- Members,⁵
- Officers, and
- Senior staff, meaning any employee paid at the senior staff rate for any two months during a calendar year, as explained more fully below.⁶

While the definition of “senior staff” has not changed, the Committee takes this opportunity to remind you that *it is your responsibility to know if you are senior staff and to comply with the ethics requirements that attach to that designation.*

Senior Staff

The EIGA defines senior staff as those House officers and employees whose “rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS-15 of the General Schedule” for at least 60 days at any time during a calendar year, provided that the officer or employee “performs the duties of his [or her] position or office for a period in excess of sixty days in that calendar year.”⁷ For CY 2012 the triggering rate of annual pay is **\$119,553.60**,⁸ or a monthly salary at or above \$9,962.80.⁹ An employee whose base salary is raised above the senior staff rate, \$9,962.80, for any two months (which for House purposes means two pay periods)¹⁰ in a calendar year is senior staff for that calendar year for EIGA purposes. The months do not have to be consecutive. This often happens when House employees are awarded

⁵ The requirement to file PTRs does not apply to candidates for the U.S. House of Representatives. See 5 U.S.C. app. 4 § 103(l).

⁶ The obligation to file PTRs also applies to FD Statement filers who are employees of various legislative branch agencies, including, but not necessarily limited to, the Architect of the Capitol, United States Capitol Police, Congressional Budget Office, and Library of Congress. 5 U.S.C. app. 4 § 103(h)(1)(A)(i)(I). Pursuant to its authority under 5 U.S.C. app. 4 § 106(b), the Committee has delegated to the Congressional Budget Office, Library of Congress, Architect of the Capitol, Government Printing Office, and Capitol Police the responsibility of reviewing and certifying FD Statements and PTRs for their own employees. Employees of those agencies should contact their respective general counsel’s offices with any questions about their disclosure obligations. Employees of agencies designated under the authority of the U.S. Senate for these purposes should consult with the Senate for rules regarding PTRs.

⁷ 5 U.S.C. app. 4 §§ 109(13) & 101(d).

⁸ This amount is referred to as the “senior staff rate.”

⁹ The Committee publishes a memorandum at the beginning of each calendar year that provides the senior staff rate for that year. The memorandum is available on the Committee Web site, www.ethics.house.gov, under “General Advisories.”

¹⁰ The House payroll department operates on a 30-day payroll cycle, meaning that each monthly pay period, regardless of its actual length, is counted as 30 days. Thus, a change to an employee’s base rate of pay in any two months during the calendar year (even non-consecutive months) may trigger the requirement to file an FD Statement. This is true even if the pay change affects only part of a month.

year-end bonuses that are paid out over two paychecks. As a result, House officers and employees whose basic rate of pay is equal to or greater than the senior staff rate (\$119,553.60 for CY 2012) for at least **60 days** (two pay periods) during **2012** must file PTRs for transactions in their own assets and those they hold jointly with another person.¹¹ They must also report transactions in assets that are in the name of their spouse or dependent child that are made on or after **September 30, 2012**.¹²

NOTE: Paying a bonus through a lump sum payment rather than through raising an employee's base rate of pay does not trigger the EIGA filing requirements and therefore would not trigger the requirement to file PTRs.

FD filings and filing requirements are generally considered on a calendar-year basis. Thus, new employees and employees paid at or above the senior staff rate on January 1, or their first day of employment if after January 1, must file PTRs for that calendar year. Any employee who receives a pay increase (or mid-year bonus) that results in the employee being paid the senior staff rate (\$9,962.80 monthly gross in 2012) in two pay periods must begin filing PTRs for all transactions executed following the second pay period. However, the PTR filing requirement would not attach to an employee who does not become "senior staff" until December 31 (for example, by receiving a year-end bonus), unless the employee's pay rate remains above the senior staff rate on January 1. Specific examples demonstrating these rules are provided below.

The PTR filing requirement remains in effect for senior staff who take leave without pay (LWOP) or medical or family leave (including maternity or paternity leave) from their House employment.

Principal Assistants

Pursuant to the EIGA, every Member office must have at least one employee who files an annual FD Statement.¹³ Most offices will have at least one employee who is paid at or above the senior staff rate and therefore is required to file both an annual FD Statement and PTRs. If a Member does not have an employee paid at or above the senior staff rate, the Member must designate at least one current employee as a principal assistant to file an annual FD Statement. ***However, principal assistants are not required to file PTRs.*** Thus, the only employees required to file PTRs are those who qualify as senior staff, as defined above.

¹¹ STOCK Act § 6; 5 U.S.C. app. 4 §§ 101(c), 101(f)(10), 103(I), and 109(13).

¹² S. 3510 § 2, 112th Cong. 2d. Sess. (Aug. 2, 2012), Pub. L. No. 112-___ § 2 (Aug. 16, 2012).

¹³ 5 U.S.C. app. 4 §§ 101(d), 101(f)(10), and 109(13).

Examples of Employees Who Must File PTRs

1. An employee is hired with a starting salary of \$130,000 and begins work on October 1, 2012. The employee must file a PTR for any reportable transaction on or after October 1, 2012 (new employee beginning House employment at senior staff rate).
2. An employee's salary for the year, on January 1, 2013, is \$135,000. That employee must file a PTR for any reportable transaction on or after January 1, 2013 (senior staff at start of new reporting period).
3. An employee is promoted on August 1, 2012, and her August and September monthly gross pay rate is now \$9,963. The employee must file a PTR for every reportable transaction executed on or after October 1, 2012 (staffer becomes a senior staffer after 60 days at senior staff pay rate; PTR filing requirement begins at 60-day mark of being senior staff).
4. An employee receives bonuses in February and October 2012 that increases his gross rate of pay above \$9,962.80 for those two months. The employee must file a PTR for every reportable transaction executed on or after November 1, 2012 (staffer becomes a senior staffer after 60 days at senior staff pay rate; PTR filing requirement begins at 60-day mark of being senior staff).
5. An employee whose base salary rate for 2012 is \$115,000 receives a bonus in November and December 2012 that increases her gross rate of pay above \$9,962.80 for those two months. The employee's salary is \$115,000 on January 1, 2013. The employee will not file PTRs in 2013, but will file an annual FD Statement covering all of CY 2012 (not senior staff until end of 2012 pay period, and not senior staff at start of new 2013 reporting period).
6. An employee whose base salary rate for 2012 is \$115,000 receives a bonus in November and December 2012 that increases his gross rate of pay above \$9,962.80 for those two months. The employee's salary is increased to \$125,000 starting on January 1, 2013. The employee must file a PTR for any reportable transaction on or after January 1, 2013, and will also file an annual FD Statement for CY 2012 (not senior staff until end of 2012 pay period, but is senior staff at start of new 2013 reporting period; has PTR filing requirement for all 2013 transactions).
7. An employee whose base salary rate for 2012 is \$115,000 receives a bonus in December 2012 and January 2013 that increases his gross rate of pay above \$9,962.80 for those two months. The employee's salary is decreased to \$115,000 starting on February 1, 2013. The employee must file a PTR for any reportable transaction on or after January 1, 2013, but will not file an annual FD Statement for CY 2012 (bonus made the person senior staff at start of new reporting period).

8. A Member designates an employee as her principal assistant on August 15, 2012. The employee must file an annual FD Statement on May 15, 2013, but is not required to file any PTRs (designated PA filer; no PTR filing requirement).

WHAT TRANSACTIONS MUST BE REPORTED

Among other requirements, filers must report on their annual FD Statement each purchase, sale, or exchange transaction involving stocks, bonds, commodities futures, or other securities owned by the filer, the filer's spouse, and the filer's dependent child, (or owned jointly with any other person) when the amount of the transaction(s) in an asset exceeds \$1,000. (The requirement to report transactions in the assets of spouses and dependent children is effective for transactions executed on or after September 30, 2012).

In addition to this annual disclosure, FD filers are now required to report on a PTR individual transactions for which the gross value of the transaction exceeds \$1,000, with some exceptions. The STOCK Act did not eliminate the need to report these transactions on the annual FD Statement, and therefore each transaction reported on a PTR also must be reported on the annual FD Statement. Please see the chart at the end of this document for examples of how some typical assets are treated on PTRs and the annual FD Statement.

NOTE: If the filer, the filer's spouse, or the filer's dependent children do not have any reportable transactions, then no periodic report is required (although the transactions may still need to be reported on the filer's annual FD). This differs from the requirement to file annual FDs, which must be filed even where a filer has no transactions, assets, or other reportable items to disclose.

Reportable Transactions

A PTR filing is required for any single purchase, sale, or exchange transaction of a stock, bond, commodities future, or other security when the amount of the transaction exceeds \$1,000.¹⁴ For sales transactions, the \$1,000 threshold is based on the total dollar value of the transaction, not the gain or loss made on the sale.

The term "security" has been broadly defined in the securities statutes¹⁵ to include notes, options, futures, debentures, and "investment contracts," among other things. The Supreme Court laid down a basic test for an investment contract in *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946). The test is whether "a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third

¹⁴ Voluntary over-disclosure on annual FD Statements and on PTRs is always permitted. However, voluntary disclosure regarding an asset on the annual FD Statement does not necessarily create a PTR obligation regarding that asset. Filers may want to include a comment or footnote regarding the voluntary disclosure so that anyone reviewing the reports understands the characteristics of the asset or transactions that make them exempt from reporting on a PTR.

¹⁵ See 15 U.S.C. § 77b(a)(1) and 15 U.S.C. § 78c(a)(10).

party.”¹⁶ Among the types of interests which have been deemed securities under this standard are interests in: oil and gas drilling programs; partnerships; farm animals; commodity options contracts; whiskey warehouse receipts; and multilevel distributorship arrangements and merchandise marketing schemes. While the above definitions and standards may not be binding for purposes of reporting under the EIGA, they do provide helpful guidance to determine what must be reported. If you have a question regarding whether a particular asset is a security, please contact the Committee.

Purchase transactions which must be disclosed on a PTR include:

- Individual purchases involving an asset listed above in which the transaction amount exceeds \$1,000; or
- Reinvestment of income (such as dividends or interest) in a reportable asset in which the amount of a single reinvestment transaction exceeds \$1,000.

Sales transactions which must be disclosed on a PTR are:

- Individual sales involving an asset listed above in which the transaction amount exceeds \$1,000. As stated above, for sales transactions, the \$1,000 threshold is based on the total dollar value of the transaction, not the gain or loss made on the sale.

Exchange transactions valued at more than \$1,000 must be disclosed on a PTR. Such transactions, however, are somewhat rare and refer only to a limited set of circumstances that involves the exchange of stock certificates following the purchase of one company by another or a merger of two companies. For example, if you own stock in Company A and that company is purchased by (or merged with) Company B, your Company A stock may be exchanged for Company B stock. An exchange transaction may be disclosed in a single entry on a PTR. For example, you may state in the “Asset” column “Company A stock exchanged for Company B stock following merger.” There are many transactions that filers believe are exchanges, but are really purchases and sales. If you believe you have an exchange and it does not fit the example above, please contact Committee staff for guidance.

NOTE: Purchase and sales transactions involving assets held within self directed retirement accounts such as 401(k) plans and IRAs must be disclosed on a PTR if they exceed \$1,000 in value. For example, if you have a 401(k) plan and direct the plan administrator to sell your entire \$10,000 holding in “Mega Corporation” stock and purchase shares in “Zoro Company” stock, you must separately disclose both of these transactions on a PTR. Likewise, the reallocation of funds among currently-held assets within these accounts is also considered to be both purchase and sale transactions and must be disclosed if the transaction exceeds \$1,000 in any asset. However, purchases or sales of widely held investment funds within retirement accounts do not have to be reported on a PTR, as discussed below under “Excluded Transactions.”

¹⁶ *SEC v. W.J. Howey Co.*, 328 U.S. at 299.

The reporting threshold for disclosure of transactions is reached when the *gross* amount of either a single purchase or sales transaction exceeds \$1,000. *This includes transactions that result in a net loss.* Thus, a sales transaction of an asset for \$5,000 for which you previously paid \$7,000 must be disclosed even though it resulted in a \$2,000 loss. You do not need to indicate on a PTR whether you had a capital gain or loss resulting from a sale.¹⁷

Excluded Transactions

Transactions in certain types of assets are excluded from the PTR filing requirement, as explained below.

You are not required to report transactions in a widely held investment fund (*e.g.*, a mutual fund or exchange traded fund (ETF)) on a PTR if:

1. You neither exercise control over nor have the ability to exercise control over the financial interests held by the fund; **and**
2. (a) The fund is publicly traded; **or**
(b) The assets of the fund are widely diversified.¹⁸

As a result of this exception, every transaction of a publicly traded fund (mutual fund or ETF) is exempted from disclosure on a PTR. Examples of assets for which transaction reports would not be required include, but are not limited to, the Vanguard Energy Fund (sector mutual fund), Fidelity Contrafund (mutual fund), T. Rowe Price High Yield Fund (mutual fund), SPDR S&P 500 (ETF), iShares S&P Target Date 2045 Index Fund (ETF), iShares S&P Europe 350 Index Fund (geographic ETF), and VEST Potomac Portfolio (Virginia 529). However, transactions in these funds must still be disclosed on the filer's annual FD Statement if they meet the \$1,000 threshold.

A fund is widely diversified if it:

1. Holds no more than 5% of the value of its portfolio in the securities of any issuer (other than the U.S. government); **and**
2. Holds no more than 20% of the value of its portfolio in any particular economic sector or geographic region.¹⁹

¹⁷ If the sale of the asset resulted in a capital gain of over \$200 that capital gain must be reported as unearned income on Schedule III of your annual FD Statement.

¹⁸ STOCK Act § 14. Transactions in a widely held investment fund must continue to be reported on the annual FD Statement even though they are exempted from PTR disclosure.

¹⁹ See 5 C.F.R. § 2634.310(c)(3) (2006).

Further explanation of certain terms used in the definition of “widely diversified” is as follows:

- **Issuer:** A legal entity that develops, registers, and sells securities for the purpose of financing its operations.
- **Economic Sector:** An area of the economy in which businesses share or offer the same or a related product or service and share common characteristics. Investors use sectors to place stocks and other investments into categories like technology, health care, energy, utilities, and telecommunications.
- **Geographic Region:** A single region of the globe, such as Europe, Asia, or Latin America, or an individual country or small group of countries. This definition only applies to geographic regions outside the United States.

If you have a question regarding whether your non-publicly traded fund (*e.g.*, hedge fund or private equity fund) is widely diversified, you should contact Committee staff for guidance. If you determine that you do not need to file a PTR for transactions in a non-publicly traded fund, in which the particular holdings are confidential, you must obtain a letter from the fund manager, on the fund stationery, in which the fund manager states that the assets held by the fund are confidential and are not disclosed to anyone. In addition, the letter must state that the fund holds no more than 5% of the value of its portfolio in the securities of any issuer (other than the U.S. government) and that it holds no more than 20% of the value of its portfolio in any particular economic sector or geographic region.

The following transactions are **not** required to be disclosed on a PTR, **but may be required to be disclosed on the annual FD Statement:**

- Any transaction with a gross value equal to or less than \$1,000;
- Any transaction in real property;
- The purchase or sale of any widely held investment fund that is either publicly traded or widely diversified and is not controlled by the filer; and
- Any transaction in a mutual fund or Exchange Traded Fund (ETF).

The following transactions are **not** required to be disclosed on either a PTR or the annual FD Statement:

- Any transactions solely by and between you, your spouse, or your dependent child;
- Any transactions in a federal retirement program, including the Thrift Savings Plan (TSP);
- Bequests or inheritances;

- Stock splits and spin-offs;
- The opening or closing of bank or similar accounts (such as money market funds), or deposits or withdrawals from a bank account;
- The purchase or sale of certificates of deposit; and
- The rollover of assets from one retirement account to another.

ATTESTATION REGARDING IPO PARTICIPATION

Section 12 of the STOCK Act amends the Securities Exchange Act of 1934 to ban Members, officers, and employees who file FD statements from participating in an Initial Public Offering (IPO) in a manner “other than is available to members of the public generally.” However, opportunities for the general public to participate in an IPO are very limited.²⁰ As a result of the ban, filers will be required to indicate whether they purchased any shares that were allocated as part of an IPO on the PTR form. If you answer “yes” to the question because you received an IPO allocation, please contact Committee staff to discuss the disclosure format.²¹

WAIVERS AND EXCLUSIONS

Section 6 of the STOCK Act requires the filing of PTRs “subject to any waivers and exclusions.” As a result, any House employee who receives a filing waiver under section 101(i) of the EIGA is not required to file PTRs. In addition, PTRs are not required to be filed for transactions in a “Qualified Blind Trust” as defined in section 102(f)(3) of the EIGA or an “excepted trust” as defined in EIGA section 102(f)(2)(B). An excepted trust is a trust (1) which was not created by the filer, or by the filer’s spouse or dependent child; and (2) for which neither the filer nor the filer’s spouse or dependent child have any knowledge of the contents.

Some filers, filer’s spouses, and dependent children may be the beneficiary of trusts (or other financial arrangements) that do not meet the above criteria because the filer, filer’s spouse, or dependent child does receive reports on the contents of the trust. However, some trust beneficiaries are entitled, under the terms of the trust or state law, to receive such reports only on a quarterly or annual basis, rather than monthly. In such circumstances, the Committee may also waive the PTR filing requirement for such trusts or other financial arrangements on a *case-by-case basis*. To qualify for such a waiver, you must meet the following criteria:

²⁰ If you would like to participate in an IPO, we recommend contacting the Committee in advance to determine whether or not the purchase would be permissible.

²¹ While interpretation of the STOCK Act regarding participation in IPOs will fall to the Securities and Exchange Commission, Department of Justice, or the courts, the opinion of the Committee is that, as drafted, the STOCK Act prohibits only the filer from participating in IPOs, but not the filer’s spouse or dependent child, assuming the assets used for the purchase and the securities purchased are wholly owned by the spouse or dependent child, separate and independent of the filer. *See* STOCK Act § 13.

1. You (the filer), your spouse, or dependent child must have a beneficial interest in a trust or some other financial arrangement;
2. If it is a trust, the trust was not established by you, your spouse, or dependent child (or you, your spouse, or dependent child jointly with another person);
3. You, your spouse, and dependent child do not have the power to direct the investments of the trust or other financial arrangement; **and**
4. You, your spouse, and dependent child are not entitled by law or contract (including trust documents) to receive statements on a monthly (or more frequent) basis.

With regard to item 1, the types of non-trust financial arrangements that will qualify for this waiver are very limited. With regard to item 3, whether you, your spouse, or dependent child have the authority or discretion to direct, *even if not exercised*, the investment in a trust or other financial arrangement is construed broadly by the Committee when making waiver determinations. The power to direct includes, but is not limited to, the ability to select the investments among a variety of investment options, the ability to allocate the percentage of your contributions among your designated investment options, the ability to move funds among and between your designated investment options (or select new ones), and the ability to place a certain investment option “off limits.”

To receive a PTR filing waiver for such a trust, you must seek written approval of the Committee. Any such request must include a letter from the trustor (or representative of the investment company) attesting that (1) you, your spouse, or dependent child do not have power to direct the investments of the trust or account, and (2) under state law, the trust agreement, or some other legal authority, you, your spouse, or dependent child are entitled to reports only on a quarterly, annual, or other, less-than-monthly basis. A waiver request must also contain a certification by you, or by the trustee or financial institution, that the trust was not created by you, your spouse, or your dependent child.

The Committee’s letter granting your waiver will be placed in the public record by the Clerk of the House. This waiver would apply only to the filing of PTRs; the transaction information will still be required on your annual FD Statement.

WHEN MUST TRANSACTIONS BE REPORTED

Transactions must be reported to the Office of the Clerk, Legislative Resource Center, B-106 Cannon House Office Building, ***within 30 days of you becoming aware of the transaction, but no later than 45 days after the transaction.*** Unless it is the 45th day, if the date on which a report is required to be filed falls on a weekend or holiday, the filing deadline is extended to the next business day. If the 45th day falls on a holiday or weekend, the deadline will be the last business day before the holiday or weekend. Reports are considered timely if they are received or legibly postmarked on or before the due date.

Even if you do not find out about a transaction until after the 45-day deadline, by statute, the PTR is late. Subject to a 30-day grace period, any required late fee must be attached to the late report, but you may simultaneously seek a waiver of that fee, as discussed below under “Late Filing Fee.” You do not need to amend a previously filed report that should have included a transaction, rather you should submit a new report that includes the omitted transaction. If you had no reportable transactions, no periodic report is due (although some transactions may still need to be reported on the filer’s annual FD).

No extensions of the 30- or 45-day time limits will be allowed. No such extensions are permitted by the terms of the STOCK Act.

You are responsible for alerting your broker, investment advisor, trustee, or anyone else who makes reportable transactions on your behalf, or on behalf of your spouse or dependent children, that they must inform you of any reportable transaction in a timely fashion. For example, if you currently receive only quarterly statements from your broker, you may need to change to monthly reports to meet the PTR filing requirement.

If, by law or binding agreement to which you are not a party, you are not entitled to prompt notice of a reportable transaction, please consult the “Waivers and Exclusions” section above and/or contact the Committee for guidance.

Examples of PTR Due Dates

The following examples illustrate when a PTR would be due under various circumstances.

1. You direct the purchase of Mega Corporation stock on July 10. You must report that transaction by August 9 (30 days after awareness of the transaction).
2. Your broker purchases Mega Corporation stock on July 10 and informs you of the transaction on July 16. You must report that transaction by August 15 (30 days after awareness of the transaction, but still within the 45-day limit).
3. Your broker purchases Mega Corporation stock on July 10 and informs you of the transaction on July 31. You must report that transaction by August 24 (30 days after awareness of the transaction, but capped by the 45-day limit).
4. Your broker purchases Mega Corporation stock on July 12 and informs you of the transaction on July 31. August 26, the 45th day after July 12, falls on a weekend. As a result, you must report that transaction by August 24 (30 days after awareness of the transaction, but capped by the 45-day limit, which is rolled back to the 43rd day because of the weekend).

5. Your broker purchases Mega Corporation stock on July 10 and informs you of the transaction on September 3. You must report that transaction immediately, but no late fee is due (report is late, but is filed within the 30-day grace period).
6. Your broker purchases Mega Corporation stock on July 10 and informs you of the transaction on September 30. You must report that transaction immediately and enclose a check for \$200 payable to the U.S. Treasury as a late fee. You may also request a waiver of the late filing fee, which will be granted in “extraordinary circumstances” (report is late and is filed outside of the 30-day grace period, meaning a late fee is due).
7. If you, your spouse, or your dependent children have no reportable transactions, then no periodic report is due (although some transactions may still need to be reported on your annual FD).

Again, you are responsible for alerting your broker, investment advisor, trustee, or anyone else who makes reportable transactions on your behalf, or on behalf of your spouse or dependent children, that they must inform you of any reportable transaction in a timely fashion.

HOW AND WHERE TRANSACTIONS MUST BE REPORTED

The form (“Ethics in Government Act Periodic Transaction Report”) for use in making a PTR is available on the Committee Web site, www.ethics.house.gov, under the “Financial Disclosure” tab. The Committee is also exploring creating an “Excel” version of the form, and will post that version in the same place as soon as it is available. No changes should be made by a filer to the forms provided.

Until the electronic filing system is available, Members must file an original (with an original signature) and two copies of the PTR, and staff must file an original and one copy. Due to impending electronic filing requirements, a PTR must be filed on the designated PTR form and no other form of submission can be accepted. Therefore, you may not submit brokerage statements or your own spreadsheet in lieu of completing, or as an attachment to, a PTR form.²²

The reports may be hand delivered or mailed to the Legislative Resource Center, B-106 Cannon House Office Building, Washington, D.C. 20515. A report is timely if it is postmarked (legibly) by the due date. The Legislative Resource Center does not accept submissions by facsimile or email.

²² The STOCK Act requires the development and implementation of an electronic filing procedure that will produce searchable, sortable, and downloadable filings. This procedure is expected to be implemented by October of 2013. See STOCK Act § 8.

LATE FILING FEE

As stated above, no extensions of the 30- or 45-day filing limits will be granted. An individual who files a PTR or any amendment more than 30 days after the date the PTR or amendment is required to be filed must pay a late filing fee of \$200. Filers will owe a late filing fee for each PTR that is late and not filed within the grace period. The late fee shall be paid by check or money order made out to the United States Treasury and submitted to the Clerk at the filing address along with the PTR. Payment of the fee does not preclude the Committee from taking other disciplinary action authorized by law or the rules of the House of Representatives.

The Committee has authority to waive the fee, but only in extraordinary circumstances. Waiver requests must be directed in writing to the Chairman and Ranking Member of the Committee and signed by the filer, and must state the circumstances believed to justify the waiver. The request may either be faxed to the Committee at (202) 225-3713 or submitted with the PTR at the time of filing.

Any PTR that is submitted more than 30 days after the due date without the required late filing fee shall be deemed procedurally deficient and not properly filed. Thus, you must submit the late filing fee at the time you file your PTR. The fee will be deposited immediately *unless* a fee waiver is requested at the time of filing, in which case it will not be deposited until the Committee acts on the fee waiver request. If the fee waiver is granted, your check or money order will be returned to you by the Clerk of the House.

PENALTIES FOR FAILURE TO FILE AND FILING FALSE INFORMATION

Each individual is responsible for the completeness and accuracy of the information contained in the individual's PTR, even if someone else prepared, or assisted in preparing, all or part of the report. The EIGA provides that the Attorney General may seek up to one year in prison and a fine of up to \$50,000 against an individual who knowingly and willfully falsifies a PTR, and up to a \$50,000 fine for anyone who knowingly and willfully fails to file a PTR required by the EIGA.

In addition, 18 U.S.C. § 1001, as amended by the False Statements Accountability Act of 1996, is applicable to PTRs. That criminal statute provides for a fine and/or imprisonment for up to five years for knowingly and willfully making any materially false, fictitious, or fraudulent statement or representation, or falsifying, concealing, or covering up a material fact, in a filing under the EIGA.

House Rule 26 provides that title I of the EIGA shall be deemed to be a rule of the House with regard to House Members, officers, and employees. The House, acting on the recommendation of the Committee, may therefore impose penalties on Members, officers, and employees in addition to those noted above.

GETTING ASSISTANCE

Filers are encouraged to carefully read these instructions and the instructions that accompany the PTR form. Any filer who has questions concerning the reporting requirements or how to fill out the PTR should call the Committee at (202) 225-7103. Committee staff is available to review your PTR before filing (pre-screen). To have your PTR pre-screened, please fax it to (202) 225-3713 or e-mail it to financial.disclosure@mail.house.gov.

Additional copies of the form can be obtained by visiting the Committee Web site at www.ethics.house.gov and clicking on the "Financial Disclosure" tab. If you would like additional information about financial disclosure requirements generally, it can be found in the FORM A Instruction Guide, also available on the Committee Web site.

DISCLOSURE REQUIREMENT FOR SELECTED ASSETS

Asset	Report on PTR²³	Report on FD Sch. IV²⁴	Report on FD Sch. III²⁵	Do Not Report
Stocks	X	X	X	
Bonds	X	X	X	
TSP Contributions				X
U.S. Treasury Bonds	X	X	X	
Mutual Funds		X	X	
Exchange Traded Funds (ETFs)		X	X	
Real Estate Investment Trusts (REITs)	Maybe ²⁶	X	X	
Options	X	X	X	
Futures	X	X	X	
529 Prepaid Plans		X	X	
529 Portfolio/ Mutual Funds		X	X	
529 Stocks/ Bonds	X	X	X	
Hedge/Private Equity Funds	Maybe ²⁷	X	X	
Bank Accounts/ Money Markets			X	
Life Insurance Policies ²⁸	Maybe	Maybe	X	
Income-Producing Real Property		X	X	

²³ Reportable if the gross value of the transaction in the asset is more than \$1,000.

²⁴ Schedule IV is the transaction schedule on the annual FD Statement. Reportable if the gross value of the transaction or series of transactions in an asset is over \$1,000.

²⁵ Schedule III is the assets and unearned income schedule on the annual FD Statement. Reportable if the asset is worth more than \$1,000 or generates unearned income of more than \$200.

²⁶ If the REIT is publicly traded, transactions in the REIT do not have to be reported on PTRs. If the REIT is private, transactions must be reported.

²⁷ Please consult factors outlined in the "Excluded Transactions" section on page 7.

²⁸ Transactions in assets within a variable annuity may be reportable if they are otherwise independently reportable. Transactions in fixed annuities and universal and whole life insurance policies are not reportable transactions.