

The STOCK Act: Implications for Trading on Political Intelligence

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On March 22, 2012, the Senate voted 96-3 to adopt the House version of the Stop Trading on Congressional Knowledge Act (the “STOCK Act”), which most notably extends insider trading laws to members of Congress, their staffs, and other government officials and employees and prohibits them from using “nonpublic information derived from such person’s position [or] ... official responsibilities as a means for making a private profit.” It is expected that the President will sign the bill into law next week. The STOCK Act has potentially significant implications not only for government officials, but also for market participants who interact with and otherwise receive information from government officials. This memorandum provides a summary of the STOCK Act and highlights certain key issues market participants should be aware of as a result of the Act.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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