



California Public Employees' Retirement System

Executive Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3829 | Fax: (916) 795-3410

888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232 The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204 The Capitol
Washington, DC 20515

December 3, 2019

Subject: H.R. 2534, The "Insider Trading Prohibition Act"

Dear Speaker Pelosi and Minority Leader McCarthy:

On behalf of the California Public Employees' Retirement System (CalPERS), I write to express support for H.R. 2534, the "Insider Trading Prohibition Act." CalPERS believes it is important to protect investors and public companies from insider trading, and H.R. 2534 would provide much needed clarity in public law.

CalPERS is the largest public, defined benefit plan pension fund in the United States, with approximately \$400 billion in global assets. CalPERS manages investment assets on behalf of more than 1.9 million public employees, retirees, and beneficiaries. As a global institutional investor with a long-term investment horizon, we understand the lasting harm that insider trading causes public companies and investors.

The definition of insider trading has evolved from case law in piecemeal fashion and has created an uncertain enforcement environment. The lack of statutory clarity and the patchwork of enforcement cases creates confusion and potential loopholes. We believe that H.R. 2534 provides much needed clarity by:

- defining insider trading and "tipping" of insider information;
- removing the insider trading limitations created by *U.S. v. Newman*; and
- clarifying derivative liability for the acts of others.

Thank you for considering our views. We look forward to continuing to work with Congress as you work to advance investor protection initiatives. Please do not hesitate to contact me directly at (916) 795-3818, or your staff may contact Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance as this measure proceeds.

Sincerely,

Marcie Frost
Chief Executive Officer