

Congress of the United States

Washington, DC 20515

March 29, 2026

The Honorable Michael S. Selig
Chairman
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Division Directors
U.S. Office of Government Ethics
250 E Street, SW., Suite 750
Washington, DC 20024

Dear Chairman Selig and Division Directors of the Office of Government Ethics:

We ask that the Commodity Futures Trading Commission (CFTC) and the Office of Government Ethics (OGE) circulate executive branch-wide guidance explaining that federal employees must refrain from insider trading in prediction markets.

In recent weeks, multiple incidents have prompted speculation about possible insider trading in prediction markets by federal employees. Over the weekend of January 3-4, 2026, a Polymarket user made \$400,000 by betting on the capture of Venezuela's former leader, Nicolás Maduro, raising suspicions that the user traded with insider government knowledge.¹ Then on January 7, 2026, prediction market users projected that White House Press Secretary Karoline Leavitt's speech would last for less than 65 minutes, and profited when she abruptly ended the speech just 30 seconds before the 65-minute mark² — reinforcing concerns that government officials sometimes have control over events on prediction markets. More recently, it has been reported that a number of users engaged in suspicious trades relating to the invasion of Iran and the death of Ayatollah Khamenei (sparking national security concerns about signaling impending attacks),³ and on whether former DHS Secretary Kristi Noem would be fired.⁴

Under the Commodity Exchange Act (CEA), as amended by the STOCK Act,⁵ it is “unlawful for any employee or agent of any department or agency of the Federal Government” to use certain information — information that (1) is non-public, (2) is acquired by virtue of the individual's

¹ National Public Radio, “A \$400,000 profit on Maduro's capture raises insider trading questions on Polymarket,” Bobby Allyn, January 5, 2026, <https://www.npr.org/2026/01/05/nx-s1-5667232/polymarket-maduro-bet-insider-trading>; PBS News, “A \$400,000 payout after Maduro's capture put prediction markets in the spotlight. Here's how they work,” Wyatt Grantham-Philips, January 12, 2026, <https://www.pbs.org/newshour/nation/a-400000-payout-after-maduros-capture-put-prediction-markets-in-the-spotlight-heres-how-they-work>.

² Raw Story, “Leavitt's abrupt stage exit triggers 'insider trading' accusations in prediction markets,” Daniel Hampton, January 7, 2026, <https://www.rawstory.com/karoline-leavitt-2674858929/>.

³ National Public Radio, “Prediction market trader 'Magamyman' made \$553,000 on death of Iran's supreme leader,” Bobby Allyn, March 1, 2026, <https://www.npr.org/2026/03/01/nx-s1-5731568/polymarket-trade-iran-supreme-leader-killing>; New York Times, “How Anonymous Bettors Cashed In on the Iran Strike, Just Hours Before It Happened,” Amy Fan, March 3, 2026, <https://www.nytimes.com/2026/03/03/upshot/prediction-markets-iran-strikes.html>; Atlantic, “Insider Trading Is Going to Get People Killed,” Saahil Desai, March 7, 2026, <https://www.theatlantic.com/technology/2026/03/polymarket-insider-trading-going-get-people-killed/686283/>.

⁴ Newsweek, “Kristi Noem's Chances of Leaving Cabinet Surge After Trump Report,” Billal Rahman, March 5, 2026, <https://www.newsweek.com/kristi-noem-chances-leaving-cabinet-surge-trump-report-11625985>.

⁵ Sec. 5, Stop Trading on Congressional Knowledge (STOCK) Act of 2012, Public Law 112-105.

government employment, and (3) may affect or tends to affect the price of a commodity or swap — “in his personal capacity and for personal gain to enter into, or offer to enter into” a futures contract, option, or swap.⁶

The CFTC has determined that event contracts are derivatives that depend on the occurrence or nonoccurrence of an event “with a potential financial, economic, or commercial consequence.”⁷ Thus, the CEA’s prohibition on government officials engaging in insider trading⁸ also applies to such activity in prediction markets, and the CFTC is currently seeking public feedback on how the government insider trading provision should inform its regulation of prediction markets.⁹ While there is pending litigation concerning whether particular categories of event contracts traded on prediction markets should be regulated as derivatives under the CEA or as gambling under state law (or both),¹⁰ the CFTC maintains that event contracts are a type of swap subject to its jurisdiction,¹¹ and, therefore, it should ensure that federal employees understand existing restrictions on prediction market insider trading.

In short, given the exponential growth in prediction market trading,¹² rising evidence suggesting possible governmental insider trading in prediction markets, and potential confusion surrounding existing law in this area, we ask that the CFTC and OGE issue guidance reminding federal employees of their existing legal obligation to refrain from using their insider governmental information to profit from prediction market trades. This guidance would align with the CFTC’s

⁶ 7 U.S.C. § 6c(a)(3); see also 17 CFR 180.1.

⁷ 7 U.S.C. § 1a(19)(iv), (47)(a)(ii); 7 U.S.C. § 7a–2(c)(5)(C)(i); Commodity Futures Trading Commission, No-Action Relief from Commission Regulations 38.8(b), 38.10, 38.951 (In Part), and 39.20(b)(2), and Parts 43 and 45, for Binary Options Traded On or Pursuant to the Rules of KalshiEX LLC and Cleared by LedgerX, LLC, April 22, 2021, <https://www.cftc.gov/csl/21-11/download>; Commodity Futures Trading Commission, CFTC Reaffirms Exclusive Jurisdiction over Prediction Markets in U.S. Circuit Court Filing, February 17, 2026, <https://www.cftc.gov/PressRoom/PressReleases/9183-26>; Federal Register, Further Definition of “Swap,” “Security-Based Swap,” and “Security-Based Swap Agreement”; Mixed Swaps; Security-Based Swap Agreement Recordkeeping, September 13, 2012, <https://www.federalregister.gov/documents/2012/08/13/2012-18003/further-definition-of-swap-security-based-swap-and-security-based-swap-agreement-mixed-swaps> (defining swaps); Dodd Frank Act (giving CFTC special review authority over event contracts, 7 U.S.C. § 7a-2(c)(5)(C).

⁸ 7 U.S.C. § 6c(a)(3).

⁹ Commodities Futures Trading Commission, “Advance notice of proposed rulemaking; request for comments.” <https://www.cftc.gov/PressRoom/PressReleases/9194-26>.

¹⁰ See, e.g., compare KalshiEX LLC v. Martin, 793 F. Supp. 3d 667, 679 (D. Md. 2025), with KALSHIEX LLC, Plaintiff, v. WILLIAM ORGEL, in his official capacity as Chairman of the Tennessee Sports Wagering Council; MARY BETH THOMAS, in her official capacity as the Exec. Dir. of the Tennessee Sports Wagering Council; TENNESSEE SPORTS WAGERING COUNCIL; & JONATHAN SKRMETTI, in his official capacity as Att’y Gen. of Tennessee, Defendants., No. 3:26-CV-00034, 2026 WL 474869, at *8 (M.D. Tenn. Feb. 19, 2026) with N. Am. Derivatives Exch., Inc. v. Nevada on Rel. of Nevada Gaming Control Bd., No. 2:25-CV-00978-APG-BNW, 2025 WL 2916151, at *11 (D. Nev. Oct. 14, 2025) and KalshiEX LLC v. Commodity Futures Trading Comm’n, No. CV 23-3257 (JMC), 2024 WL 4164694, at *8 (D.D.C. Sept. 12, 2024), dismissed, No. 24-5205, 2025 WL 1349979 (D.C. Cir. May 7, 2025)

¹¹ See, e.g., N. Am. Derivatives Exch., Inc. d/b/a Crypto.com v. Nevada, No. 25-7187 (9th Cir. Feb. 17, 2026), Brief of Amicus Curiae Commodity Futures Trading Comm’n, ECF No. 37.2, at 14.

¹² International Banker, “Accounting for the Explosive Growth in Prediction Markets,” Hilary Schmidt, January 21, 2026, <https://internationalbanker.com/finance/accounting-for-the-explosive-growth-in-prediction-markets/>.

growing focus on “polic[ing] illegal trading practices occurring on . . . prediction markets,”¹³ as reflected in its recent advance notice of proposed rulemaking¹⁴ and its flagging of Kalshi’s internal enforcement cases related to prediction market insider trading.¹⁵ As concerns grow about illegal insider trading in prediction markets by government officials, the CFTC and OGE should work with appropriate partners to prophylactically remind federal personnel of their obligations in this arena.

We request a staff-level briefing on these matters, along with answers to the following questions, by Monday, April 13:

1. Has the CFTC, OGE, or another agency distributed guidance instructing federal employees that they must refrain from insider trading in prediction markets?
2. Has the CFTC investigated, received reports of, or otherwise become aware of instances of federal employees engaging in insider trading in prediction markets?
3. What steps, if any, is the CFTC taking to detect and prevent insider trading by federal employees on unregulated or overseas prediction markets?
4. What steps, if any, will the CFTC take to increase federal employees’ understanding of restrictions on insider trading in prediction markets?
5. What steps, if any, is the CFTC taking to work with the designated contract markets it regulates to detect and prevent insider trading by federal employees?

Thank you for your attention to this matter.

Sincerely,


Elizabeth Warren
United States Senator


Jeffrey A. Merkley
United States Senator

¹³ Commodity Futures Trading Commission, “CFTC Enforcement Division Issues Prediction Markets Advisory,” press release, February 25, 2026, <https://www.cftc.gov/PressRoom/PressReleases/9185-26>.

¹⁴ Commodities Futures Trading Commission, “CFTC Seeks Public Comment on Advanced Notice of Proposed Rulemaking Relating to Prediction Markets.” press release, <https://www.cftc.gov/PressRoom/PressReleases/9194-26>.

¹⁵ Commodity Futures Trading Commission, “Advisory on Enforcement Authority over Event Contracts,” https://www.cftc.gov/media/13351/Enf_AdvisoryKalshi022526/download.



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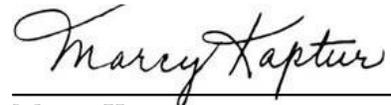
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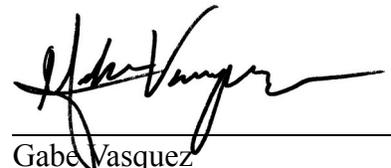
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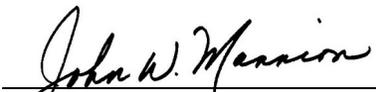
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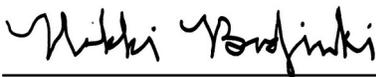
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Cc: Scott Kupor, Director of the U.S. Office of Personnel Management