US CONGRESSMAN

JIM HIMES

REPRESENTING CONNECTICUT'S FOURTH DISTRICT

The NO PROFIT ACT

Summary

The Problem: President Trump routinely uses Truth Social to announce government decisions that immediately move financial markets. Trump Media is now seeking to profit from these market-moving posts through its new "Truth API," which would allow paying customers, including high frequency traders, to receive President Trump's posts faster than ordinary users for reportedly $100,000 per month.

This creates a two-tiered system for government information, where paying firms can receive market-moving statements from the President and trade on them before that information is available to the general public.

The arrangement also raises serious conflict-of-interest concerns, as President Trump uses Truth Social as a primary channel for communicating, while retaining a substantial financial interest in the company.

Truth API also gives Trump Media significant discretion over access, raising concerns about favoritism, market manipulation, and the potential for certain firms to receive an advantage over others.

The Solution: The NO PROFIT Act

The NO PROFIT Act would:

- **Stop social media platforms from selling preferential access to covered government communications.** The bill covers posts from the President, Congress, Justices and judges, and their employees and family members.

- **Prohibit trading on market-moving information obtained through preferential access.** A person who knows, or reasonably should know, that they received material information through preferential access could not trade on it before the information is generally available through the platform's standard, no-cost interface.

- **Apply the prohibition across financial markets.** The bill covers securities, commodities, futures, options, swaps, and prediction-market contracts, so firms could not avoid the restriction simply by using a different type of financial instrument.

- **Prevent firms from getting around the prohibition by passing the information to someone else.** The bill also prohibits directing another person to trade or sharing the information with someone likely to trade before it becomes generally available.

- **Preserve legitimate emergency and public safety communications.** Platforms could continue prioritizing certain government posts, as well as ordinary algorithmic rankings and personalized feeds.

- **Give regulators clear enforcement authority.** The SEC and CFTC would enforce the trading restrictions using their existing authorities and civil penalties, while social media platforms that knowingly provide prohibited preferential access would face separate penalties.

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Section-by-Section

Section 1. Short Title

- The NO PROFIT Act — No Preferential Release Of Federal Information for Transactions Act

Section 2. Definitions

- Defines the government officials, accounts, and communications covered by the bill.
- The bill applies to social media accounts associated with the President, Vice President, Members of Congress, congressional and executive branch employees, federal judges and judicial employees, covered family members, and federal agencies.
- Also establishes when access to a government communication is considered "prioritized," including when certain users can receive or process the information before it is generally available.

Section 3. Prohibition on Trading While Aware of Prioritized Covered Information

- Makes it unlawful to trade on material information obtained through prioritized access before that information is generally available to the public.
- The prohibition applies to securities, commodities, futures, options, swaps, and prediction-market contracts, and covers directing another person to trade or passing the information to someone likely to trade on it.
- This section also makes clear that a person must know, or reasonably should know, that the information came through prioritized access, and that regulators do not need to prove a traditional breach of fiduciary duty or other relationship of trust or confidence.
- The SEC and CFTC could impose civil penalties of up to three times the profit made or loss avoided, depending on the type of trade.

Section 4. Prohibition on Prioritized Access to Covered Social Media Accounts

- Prohibits social media platforms from knowingly selling, licensing, or otherwise providing prioritized access to communications from covered government accounts.
- The section preserves legitimate uses of expedited communications. Platforms could continue prioritizing public health, public safety, emergency and disaster information, as well as ordinary algorithmic ranking, personalized feeds, accessibility accommodations, and prioritized services for accounts not covered by the bill.
- A social media platform that knowingly violates the prohibition could be fined an amount equal to the total amount of revenue the platform earned from that violating conduct.
- The Department of Justice would be responsible for enforcing the prohibition and collecting penalties.