

United States Senate

WASHINGTON, DC 20510

April 2, 2026

The Honorable Paul S. Atkins
Chair
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

The Honorable Platte B. Moring III
Inspector General
U.S. Department of Defense
4800 Mark Center Drive
Alexandria, VA 22350-1500

Dear Chair Atkins and Inspector General Moring,

We write to request your immediate attention to potential violations of federal securities laws related to insider trading. Recent reports of equity trading that occurred shortly before significant government policy announcements suggest that federal officials are disclosing material non-public information for financial gain. These actions undermine public interest and market integrity, and demand oversight by each of your respective authorities, as well as by Congress.

Public reporting has described instances in which large positions in equities and equity-linked derivatives were established shortly before major policy decisions with significant market impact, including the war in Iran, decisions related to tariff policy, and other geopolitical developments.¹ In several cases, these announcements were followed by immediate and material movements in equity markets, creating the potential for significant financial gains by traders positioned ahead of the announcements. The timing described in these reports raises questions about whether any individuals with prior knowledge of these policy announcements may have had access to material nonpublic information, including classified or otherwise sensitive information.

Reporting describes elevated trading in S&P 500 futures and related products tied to major equity indices in the minutes leading up to public statements suggesting that talks between the United States and Iran aimed at reducing the risk of broader military escalation in the Middle East were progressing positively, with markets moving immediately after those remarks.² In a separate episode, reporting describes a similar spike in equity index-linked trading roughly 10 to 15 minutes before public indications that planned military action involving Iran would be delayed, again preceding a rapid market reaction.³

Separately, according to public reporting, shortly before President Trump publicly announced a 90-day pause on certain tariffs in April 2025, there was a surge in short-term call option activity tied to a widely traded S&P 500-tracking exchange-traded fund. These positions were structured to benefit from a sharp same-day increase in equity markets and rose significantly in value following the announcement.⁴

¹ Reuters, “Lucrative bets that anticipated Trump’s policy surprises warrant scrutiny, experts say,” Mar. 29, 2026.

² Reuters, “Lucrative bets that anticipated Trump’s policy surprises warrant scrutiny, experts say,” Mar. 29, 2026.

³ *Id.*

⁴ The Wall Street Journal, “The well-timed trades made moments before Trump’s policy surprises,” Mar. 2026.

Recently it was reported that a Morgan Stanley broker connected to Secretary of Defense Pete Hegseth, had attempted to make a multimillion-dollar investment in a defense industry-focused ETF in the weeks preceding the U.S. war against Iran.⁵ The reporting notes that the investment was not ultimately made, as the fund was not yet available for Morgan Stanley clients to purchase. Even the possibility that someone connected to the Secretary of Defense may have been attempting to trade on material non-public information is highly concerning, and presents serious implications for U.S. national security.

These episodes suggest a potential pattern of trading ahead of highly sensitive, market-moving government actions, with trading activity closely preceding public disclosure of those developments. The appearance that material nonpublic information may be unevenly distributed in advance of government announcements risks undermining investor confidence and the integrity of U.S. capital markets.

At a time of heightened market sensitivity to policy developments, it is critical that all market participants operate on a level playing field. Federal securities laws prohibit trading on material nonpublic information in breach of a duty of trust or confidence, and the STOCK Act makes clear that this duty applies to Members of Congress and federal employees, including those in the executive branch.

Given your respective responsibilities to protect investors, ensure compliance with federal ethics requirements, and safeguard sensitive government information, we request that you provide a briefing and written response addressing the following by no later than April 16, 2026:

1. Have your agencies reviewed, or do your agencies intend to review, the trading activity described in recent public reporting regarding trading ahead of market-moving policy announcements?
2. What tools and authorities do your agencies currently rely on to detect suspicious trading tied to policy or geopolitical announcements affecting equity markets?
3. Do your agencies believe there are gaps in your ability to monitor such activity?
4. What safeguards and enforcement mechanisms are in place within your agencies to prevent the misuse or unauthorized dissemination of material nonpublic information related to sensitive government decisions?
5. What safeguards and enforcement mechanisms are in place within your agencies to prevent federal officials from misusing material nonpublic information from government decisions for personal gain?

Sincerely,

⁵ Financial Times, "Pete Hegseth's broker looked to buy defence fund before Iran attack," Mar. 30, 2026.



Mark R. Warner
United States Senator



Adam B. Schiff
United States Senator