

# How the Stop Insider Trading Act Fails to Solve the Congressional Stock Trading Problem

H.R. 7008, the Stop Insider Trading Act ("SITA"), will not restore voters' confidence that members of Congress are prioritizing the public good over their own pocketbooks. While SITA purportedly seeks to reduce concerns about lawmakers' trading on non-public information, it fails to address the two inherent problems with congressional stock ownership: the appearance of insider trading and members' ability to profit from their official position.

SITA does not actually ban congressional stock trading, and it will thus not remove the cloud of distrust that hangs over lawmakers' suspicious stock sales. Moreover, this legislation does nothing to limit members' ability to use official actions to benefit the stocks they own, even if no trading occurs. Finally, SITA's limited ban on stock purchases creates exceptions that swallow the rule.

## SITA Does Not Address the Appearance of Insider Trading

The [Stop Trading on Congressional Knowledge \(STOCK\) Act of 2012](#) already prohibits the use of non-public information for private profit, including insider trading by members of Congress. However, because of the high standard for insider trading under the STOCK Act and investigatory hurdles, no lawmaker has actually been prosecuted for this crime.

**Yet the harm to public trust persists because the simple appearance of insider trading associated with suspicious transactions causes the damage, not just actual instances of prosecuted crimes.** Voters lose confidence in the ethical integrity of their elected officials if they believe insider trading is happening, and SITA fails to address this critical issue.

**While members cannot buy stocks under SITA, they can continue to sell stocks.** This structure suggests that buying stock based on non-public information constitutes insider trading, but selling stock on such information is permissible. This logic is not only flawed but would allow the same kind of suspicious sales that generated the current push for reform. Specifically, SITA would not have prevented a lawmaker from [selling over \\$1 million in assets](#) approximately one week before the COVID-19 pandemic hit the U.S., even though they may have had non-public information about the looming health emergency and its negative impact on the stock market. The bill's short public notice requirement for stock sales does not actually stop these kinds of transactions. This example therefore demonstrates how any so-called "ban" on congressional stock trading that still allows for stock sales is no ban at all, and why SITA will not solve Congress's ethical problem.

## SITA Does Not Prevent Lawmakers from Profiting from their Position

Even if members of Congress do not trade stocks, there is a public perception that lawmakers use their official positions to benefit the stocks that they own. This is because officials who maintain

ownership of individual stock can easily use their position's power to increase the value of their holdings. Even if this kind of financial gain is not a specific member's motivation for their decisions, the appearance of the conflict of interest will persist until reforms are enacted.

**By allowing lawmakers to keep their existing assets, SITA ignores that nearly 50% of members of Congress own stock and will have potential conflicts of interest.** Based on annual financial disclosures reports filed in 2025, this ownership is in both chambers of Congress and across both political parties. Under SITA, all of these members can keep their stock and continue to prompt ethics questions when they take officials actions that seem to benefit these investments.

**SITA also ignores public concern with stock sales during economic crises.** During multiple volatile periods in the financial markets, lawmakers have engaged in stock sales apparently based on public knowledge of a crisis. The harm to Americans' trust in government is that it appears like these officials are prioritizing their investments instead of resolving the crisis. This happened during the [2020 pandemic](#), the [2025 tariff announcements](#), and the [2025 government shutdown](#).

**Finally, SITA allows members to own stock in companies influenced by their decisions, including their committee assignments.** Elected officials craft laws that directly impact the lives of Americans, and voters have a right to know that their representatives' decisions are not for personal financial gain. Yet a 2022 New York Times [study](#) found that “[a]t least 97 current members of Congress bought or sold stock, bonds or other financial assets that intersected with their congressional work or reported similar transactions by their spouse or a dependent child.” SITA will not mitigate the risk of similar conflicts of interest moving forward. Instead, lawmakers could continue to hold stock connected to the industries they regulate, and the public will continue to question their motivations.

### SITA Creates Loopholes that Ensure it is Ineffective

Even to the extent that SITA's ban on buying stocks will address public concern with unethical purchases, it provides exceptions that allow many suspicious transactions to continue, including:

- Cryptocurrency purchases
- Commodity purchases
- Bond purchases
- Industry specific mutual fund or exchange-traded fund purchases
- Any purchases made from a non-blind trust

For these reasons, Congress should reject the Stop Insider Trading Act and focus instead on real solutions that prohibit not only the buying and selling of individual stocks, but also the ownership of such assets.

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