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DEPARTMENT OF STATE

State of New York

Executive Chamber

No. 60

EXECUTIVE ORDER

PROHIBITING STATE EMPLOYEES FROM PROFITING ON INSIDER INFORMATION

WHEREAS, the maintenance of public trust is founded on the principle that public servants are charged with using their positions to benefit the public good, that no governmental decision should be motivated by achieving personal financial gain, and that public servants should not utilize their access to government information for personal financial gain;

WHEREAS, the recent proliferation of prediction markets, platforms where individuals can make monetary bets on the outcomes of events, has heightened the potential for misconduct whereby those with privileged information can seek to personally profit by trading on insider information;

WHEREAS, prediction markets offer opportunities to effectively place wagers on all manner of events, including both major events such as outcomes of military activity, election results, or the severity of natural disasters, as well as obscure and manipulable events such as betting on the attire of public officials at appearances, when the President of the United States would next publicly insult a person, or the volume of social media posts made by an individual;

WHEREAS, these platforms contend they are not subject to State law or regulation, including both limits on the types of events on which wagers can be accepted, as well as State policies designed to protect consumers from gambling addiction and predatory behavior and prevent unscrupulous activity;

WHEREAS, New York State contends that these unlicensed platforms are subject to State law and regulation, and that by allowing users to bet money on the outcome of future events that are uncertain and outside the control of the bettor, or hinge on a game of chance, prediction markets constitute illegal gambling operations;

WHEREAS, despite the proliferation of wagering opportunities now facilitated by these companies, federal regulators have not to date required any meaningful ethical standards relating to conduct on these markets, including protections against insider trading, nor have they undertaken any meaningful enforcement actions to prevent insider trading, but they have instead focused on precluding States from exercising oversight authority over the gambling undertaken on these platforms;

WHEREAS, recent news reports have suggested the possibility of individuals having utilized nonpublic government information to brazenly profit on bets placed on predictive markets relating to actions by the federal government, including reported instances of bets made relating to the war in Iran and military action within Venezuela;

WHEREAS, New York State requires the highest standard of public integrity from its civil servants irrespective of any new technologies which carry the risk of potentially facilitating unethical conduct stemming from attempts to profit or assist others in profiting off of non-public information about governmental decision making;

WHEREAS, state officers and employees are subject to the Code of Ethics, codified at Public Officers Law § 74;

WHEREAS, under the Code of Ethics, no state officer or employee "should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interests." Specifically, one cannot "disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interest." Further, one "should endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust"; and

WHEREAS, the Code of Ethics not only addresses actual conflicts of interest, but also conduct that can create the appearance of a conflict of interest;

NOW THEREFORE, I, Kathy Hochul, Governor of the State of New York, by virtue of the authority vested in me by the Constitution and the laws of the State of New York, do hereby order as follows:

No officer or employee of a state agency who serves at the pleasure of the Governor or their appointing authority, and no member of a public authority appointed by the Governor, may use any nonpublic information obtained in the course of their official duties to seek profit or avoid loss from participation in a prediction market or similar service or assist any other person in seeking profit or avoiding loss from participation in a prediction market or similar service.

Any violation of this order may result in dismissal or other appropriate sanction as determined by the appointing authority of the individual committing such violation and may be referred to law enforcement, the Commission on Ethics and Lobbying in Government, or other authorities as appropriate.

Each public authority shall adopt policies or rules applying the restrictions set forth above to all officers and employees who serve at the pleasure of their appointing authority.

For the purposes of this order: (1) "state agency" means any state agency, department, office, board, commission or other instrumentality of the State, other than a public authority; (2) "public authority" means a public authority or public benefit corporation created by or existing under any State law, at least one of whose members is appointed by the Governor (including any subsidiaries of such public authority or public benefit corporation), other than an interstate or international authority or public benefit corporation; and (3) "prediction market" means an exchange-traded platform or service that is not licensed or permitted by the New York State Gaming Commission used by participants to buy and sell contracts contingent on future events, such as elections, sporting events, actions or speech of individuals, and economic indicators. A platform or services will not be considered a "prediction market" solely because the platform or service is used to trade futures contracts or options to purchase or sell securities, commodities, or other goods or services.

GIVEN under my hand and the Privy Seal of the State in the City of Albany this 22nd day of April in the year two thousand twenty-six.

Kathy Hochul

BY THE GOVERNOR

Secretary to the Governor