



**U.S. House of Representatives Committee on Financial Services  
Hearing on “Game Stopped? Who Wins and Loses When Short Sellers, Social Media, and  
Retail Investors Collide”**

**Testimony Submitted for the Record by  
Mr. Steve Huffman, Co-Founder & CEO of Reddit, Inc.**

**February 18, 2021**

**I. Introduction**

Madam Chairwoman, Mister Ranking Member, Honorable Members of the Committee:

My name is Steve Huffman. I am the co-founder and CEO of Reddit, and I’m pleased to talk with you today about how Reddit works and what we have seen on the site in the past few weeks.

**II. What Reddit is**

**A. Founding & Mission**

Reddit’s mission is to bring community and belonging to everyone in the world.

What started in 2005 as a single community has since evolved into a vast network of many thousands of communities. They range from standard topics, like news, sports, and politics, to internet culture, to support. For example, our unemployment community has become a source of support for hundreds of thousands of Americans, who have turned to this community after losing their jobs during the pandemic.

Our communities are created and run by our users. Because of this, we describe Reddit as the most human place on the internet. Though we are small compared to the largest platforms, our communities provide an online home for millions of people every day.

**B. Site Structure**

**1. Sitewide Content Policy and Actions Taken by Reddit, Inc.**

I’d like to share a bit about how content moderation on Reddit works.

Reddit’s moderation system starts with our Content Policy,<sup>1</sup> the platform-wide rules which all communities must follow. Among other things, these rules prohibit hate, harassment, bullying, and illegal activity on Reddit. They are enforced by Reddit’s Anti-Evil team, composed of engineers, data scientists, and other specialists. This team also ensures the integrity of the site, and we have continuously honed our methods to stay ahead of bad actors by monitoring data flows to detect and remove threats like spammers, bots, and others.

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<sup>1</sup> <https://www.redditinc.com/policies/content-policy>

Centralized moderation like this is common, but Reddit additionally uses a governance structure akin to a federal democracy, where the aforementioned policies and teams represent the federal government, and the communities themselves represent states.

## **2. Subreddits**

All communities, or “subreddits,” are created by users that we call moderators. They set the community’s rules, which may be as strict as they like as long as they are not in conflict with our platform-wide policies, and they have a variety of tools to enforce them independently. Moderators are not paid employees, but rather users who are passionate about their communities. They have the context and judgement to make decisions no algorithm could.

## **3. Upvotes/Downvotes**

The members of each community contribute both the content itself and the ranking of it by voting up or down on any post or comment. Unlike other platforms where a submission has a built-in audience through the author’s follower count, every piece of content on Reddit—no matter how famous the author—starts at zero and has to earn its visibility. Through their votes, the community itself enforces not just the explicit rules of their community, but also the unwritten rules that define their culture. This layered approach has helped our users create the most authentic communities online.

### **III. What We’ve Seen**

#### **A. WallStreetBets is a real community**

The specific community we’d like to talk about today is WallStreetBets. It’s important to understand that WallStreetBets is one of many finance and investing-related communities on Reddit. This particular community specializes in higher-risk, higher-reward investments than what you might find in other, more conservative, financial communities on Reddit such as r/personalfinance, r/investing, and r/financialindependence, to name a few.

I will stress that WallStreetBets is first and foremost a real community. The self-deprecating jokes, the memes, the crass-at-times language, all reflect this. And if you spend time on WallStreetBets, you’ll find a significant depth to this community, exhibited by the affection its members show one another. They are just as quick to support a fellow member after a big loss as they are to celebrate after a big gain.

A few weeks ago, we saw the power of community in general and of this community in particular when the traders of WallStreetBets banded together at first to seize an investment opportunity not usually accessible to retail investors, but later more broadly to defend all retail investors against the criticism of the financial establishment.

#### **B. Sudden Traffic Influx**

With the increase in attention, WallStreetBets unsurprisingly faced a surge in traffic and new users. At Reddit, our first duty in these situations is to our communities, and our role in this moment was to keep WallStreetBets online. Working around the clock, we scaled our infrastructure and made technology changes to help this community withstand the onslaught of traffic, and we acted as diplomats to help resolve conflict within WallStreetBets’ leadership.

### **C. Authenticity Investigation**

We have since analyzed the activity in WallStreetBets to determine whether bots, foreign agents, or other bad actors played a significant role. They have not. In every metric that we checked, the activity in WallStreetBets was well within normal parameters, and its moderation tools were working as expected.

### **D. Regulators**

We will of course cooperate with valid legal requests from federal and state regulators. That said, we do believe that this community was well within the bounds of our own policies.

## **IV. Conclusion**

To conclude, I would like to reiterate why it is important to protect online communities like WallStreetBets. WallStreetBets may look sophomoric or chaotic from the outside, but the fact that we are here today means they've managed to raise important issues about fairness and opportunity in our financial system. I'm proud they used Reddit to do so.

Thank you, and I look forward to your questions.