

Christopher Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street NW  
Washington, DC 20581

April 30, 2026

**Re: Response to the Commodity Futures Trading Commission’s Request for Comments on Event Contract Derivatives Traded on Prediction Markets** (RIN 3038-AF65)

Dear Secretary Kirkpatrick,

The Coalition for Prediction Markets (the “*Coalition*”) is a unified industry voice working with policymakers, regulators, and the public to facilitate the orderly development of prediction markets. Our members are committed to transparent, responsible rules for prediction markets, which offer new opportunities for risk management and produce new information about uncertain future outcomes.

The advance notice of proposed rulemaking (“*ANPRM*”)<sup>1</sup> represents a critical opportunity for the Commodity Futures Trading Commission (“*CFTC*” or “*Commission*”) to reaffirm its commitment to fair and transparent access to prediction markets under a consistent federal framework with appropriate guardrails. As detailed below, the Coalition urges the Commission to apply its existing principles-based regulatory framework to prediction markets offering event contracts. Using this framework, the Commission has successfully regulated commodity derivatives markets for decades, through many periods of change and innovation. The Commission, and its regulatory framework, are well-situated to address the innovations of today.

As further detailed below, the Coalition recommends that the CFTC amend § 40.11(a) of CFTC regulations (“*CFTC Regulations*”)<sup>2</sup> to align it better with Congressional intent as demonstrated by § 5c(c)(5)(C) of the Commodity Exchange Act (“*CEA*”).<sup>3</sup> The Coalition also recommends that, in any new rule, the CFTC define “gaming” to cover casino-style games.

**I. Prediction Markets Fall Squarely Within the CFTC’s Exclusive Jurisdiction**

While prediction markets have some novel features, they are not fundamentally different from more traditional commodity derivatives markets: prediction markets enable parties to hedge their various risks, take positions on future outcomes or occurrences, speculate, and, most importantly, engage in valuable price discovery. However, unlike traditional futures and swaps markets, prediction markets offer trading in nearly every major event—from weather events to

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<sup>1</sup> *Prediction Markets*, 91 FED. REG. 12516 (March 16, 2026).

<sup>2</sup> 17 C.F.R. § 1 *et seq.*

<sup>3</sup> 7 U.S.C. § 1a *et seq.*

the winner of the World Series. Derivatives on specific events have numerous benefits. They allow hedgers exposed to those events to more effectively manage their unique risks. And, by publicly disseminating real-world event-based predictive pricing information, these markets can improve decision-making across the economy—for the public at large, not just for the traders themselves.

The CEA grants the CFTC “exclusive jurisdiction” over swaps and futures traded on CFTC-regulated markets and preempts state gaming laws.<sup>4</sup> Prediction markets, and the event contracts they list, fall squarely within the CFTC’s exclusive jurisdiction under the CEA.<sup>5</sup> Event contracts are currently structured as swaps.<sup>6</sup> A “swap” includes “any” “contract . . . that provides for any purchase, sale, payment, or delivery” and “depend[s] on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence.”<sup>7</sup> This language is broad because Congress intended to ensure that an inefficient state-law patchwork did not govern the national derivatives market. As the CFTC put it, the CEA, as amended in 2010, creates “a comprehensive . . . regulatory framework” for swaps.<sup>8</sup> And “‘any’ has an expansive meaning,” undoubtedly encompassing the contracts prediction markets offer.<sup>9</sup>

The swaps definition is certainly broad enough to capture sports-related event contracts. These contracts “provid[e] for . . . payment” that “depend[s] on the occurrence” of a “contingency.”<sup>10</sup> And as the Third Circuit recently held, the “outcome of a sports event certainly can be associated with a potential financial, economic, or commercial consequence,” affecting stakeholders such as “sponsors, advertisers, television networks, franchises, and local and national communities.” For example, the Seattle Seahawks’ appearance in the most recent Super Bowl led to a significant increase in business for Seattle retailers.<sup>11</sup>

The Coalition supports the CFTC’s consistent affirmation that event contracts are swaps—and that prediction markets are subject to CFTC jurisdiction and the CEA’s preemptive force.<sup>12</sup> The CFTC should continue to defend its jurisdiction against attempts by states to

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<sup>4</sup> 7 U.S.C. § 2(a)(1)(A); *KalshiEX, LLC v. Flaherty*, 2026 WL 924004 at \*3 (3d Cir. 2026).

<sup>5</sup> Congressional intent for the CFTC to have exclusive jurisdiction over event contracts, including those involving “gaming,” is clearly demonstrated by § 5c(c)(5)(C), added as part of the Dodd-Frank Act of 2010 amendments to the CEA. There, Congress specifically provided a Special Rule for Review and Approval of Event Contracts and Swaps Contracts. The Special Rule addressed CFTC oversight of several enumerated categories of event contract, including those involving “gaming.” If the CFTC did not have exclusive jurisdiction over these contracts, there would be no need to provide a “special rule” relating to them.

<sup>6</sup> See 91 FED. REG. at 12523 (asking whether event contracts are “appropriately [] classified as swaps”). As noted in the ANPRM, *id.* at 12517, event contracts can also be structured as futures or options on futures traded on Designated Contract Markets.

<sup>7</sup> 7 U.S.C. §§ 1a(47)(A) & 1a(47)(A)(ii).

<sup>8</sup> *Interim Final Rule for Reporting Pre-Enactment Swap Transactions*, 75 FED. REG. 63080, 63081 (Oct. 14, 2010).

<sup>9</sup> *HUD v. Rucker*, 535 U.S. 125, 126 (2002); *United States v. Gonzales*, 520 U.S. 1, 5 (1997).

<sup>10</sup> 7 U.S.C. § 1a(47)(A)(ii).

<sup>11</sup> See Egan Ward, *Seahawks’ Super Bowl Appearance Means Big Business for Seattle Retailers*, PUGET SOUND BUS. J. (Jan. 27, 2026), <https://www.bizjournals.com/seattle/news/2026/01/27/seahawks-retail-super-bowl-nfl-impact-boost.html>.

<sup>12</sup> See, e.g., CFTC, Press Release, *CFTC Reaffirms Exclusive Jurisdiction over Prediction Markets in U.S. Circuit Court Filing* (Feb. 17, 2026), <https://www.cftc.gov/PressRoom/PressReleases/9183-26>; CFTC Sues Trio of States to

regulate CFTC-registered exchanges, *i.e.*, designated contract markets (“*DCMs*”) and swap execution facilities (“*SEFs*”), and the products they list.

## II. Responses to Specific Questions in the ANPRM

Established by Congress in the Commodity Futures Modernization Act of 2000 (“*CFMA*”), the CFTC’s principles-based regulatory framework ensures that derivatives regulation grows with—rather than in the way of—new markets.<sup>13</sup> Since the *CFMA*, this framework has operated effectively, empowering *DCMs* to take the lead in certifying innovative products and facilitating the growth of liquid and well-risk-managed markets.<sup>14</sup> Designed to meet the regulatory needs of new markets, this principles-based framework is well-suited to prediction markets and the event contracts they list.

### 1. Core Principle 2 and the SRO function of Prediction Markets

The ANPRM asks about the application of Core Principle 2 to prediction markets.<sup>15</sup> *DCM* Core Principle 2 requires a *DCM* to “establish, monitor, and enforce compliance with [its] rules.”<sup>16</sup> Under this Core Principle, *DCMs*, including prediction markets, act as self-regulatory organizations (“*SROs*”), overseeing the integrity of their markets. As the derivatives industry’s “frontline regulators,” *DCMs* play a key role in market surveillance and oversight.<sup>17</sup> The best way to meet the market surveillance, compliance, and enforcement needs of prediction markets is to continue to hold *DCMs* to the high standards the U.S. Supreme Court, the CEA, and the CFTC have set for *SROs*.<sup>18</sup>

Reliance on the *SRO* function of *DCMs* to support market integrity recognizes that they have the incentives and expertise to get it right. For example, as the ANPRM notes,<sup>19</sup> prediction markets arbitrate disputes regarding contract settlement. Since market participants can choose the markets on which they transact, prediction markets are heavily incentivized to ensure that their methods of dispute resolution are transparent and fair.

### 2. Application of Core Principle 3 to Prediction Markets

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Reaffirm its Exclusive Jurisdiction Over Prediction Markets, Press Release No. 9206-26 (Apr. 2, 2026), [https://www.cftc.gov/PressRoom/PressReleases/9206-26?utm\\_source=govdelivery](https://www.cftc.gov/PressRoom/PressReleases/9206-26?utm_source=govdelivery).

<sup>13</sup> See S. 2697—[*CFMA*]: Joint Hearing Before the S. Comm. on Agric., Nutrition, and Forestry and the H. Comm. on Banking, Hous., and Urb. Affs., 106th Cong. 2 (2000).

<sup>14</sup> See Bart Chilton, CFTC Commissioner, Speech before the Futures Industry Association, Law and Compliance Luncheon (Nov. 13, 2007), <https://www.cftc.gov/PressRoom/SpeechesTestimony/opachilton-4>.

<sup>15</sup> 91 FED. REG. at 12519 (Questions 2a-2b).

<sup>16</sup> 17 C.F.R. § 38.150(a).

<sup>17</sup> *Financial Surveillance Examination Program Requirements for [SROs]*, 83 FED. REG. 31078, 31079 (July 3, 2018).

<sup>18</sup> We note that in 1905, well before the CEA was enacted and the CFTC was established, the U.S. Supreme Court recognized that organized commodity exchanges serve a valuable purpose in the national economy and are materially distinguishable from bucket shops facilitating gambling. *Chicago Board of Trade v. Christie Grain & Stock Co.*, 198 U.S. 236 (1905).

<sup>19</sup> 91 FED. REG. at 12519 (Question 2b).

The ANPRM requests comment on the application of Core Principle 3 to prediction markets.<sup>20</sup> Core Principle 3 requires a DCM to list “only contracts that are not readily susceptible to manipulation.”<sup>21</sup> DCMs operating prediction markets must comply with this Core Principle. As different event contracts pose different possibilities for manipulation, a principles-based approach will effectively deter manipulation in prediction markets without restricting innovation and market development. For example, contracts where the underlying events are under the control of a single or small group of individuals may face unique contract design challenges—which are identifiable, quantifiable, and addressable. Because both the challenges and solutions vary by contract and event type, these issues are best handled by the DCMs that design, list, and oversee the contracts. We also note that the CFTC retains the authority to review event contracts listed on a DCM or a SEF even if these contracts are self-certified.<sup>22</sup>

### 3. *Prohibitions on Misuse of Inside Information Protect Prediction Market Integrity*

The ANPRM also requests comment on the misuse of inside information on prediction markets.<sup>23</sup> There is no public interest benefit to allowing those who misappropriate material insider information to transact in event contracts. Prediction markets require public trust to function, and as such, they proactively limit trading based on a trader’s access to nonpublic information.<sup>24</sup> The Commission should continue to make clear that its existing anti-fraud and anti-manipulation authorities, including CFTC Rule 180.1, apply fully to event contracts and should enforce these rules against violations on prediction markets, just as it currently does in other markets. The CFTC should also continue to prioritize enforcement actions involving the misuse of inside information in prediction markets, as the CFTC’s Director of Enforcement explained in a recent speech.<sup>25</sup>

### 4. *The CFTC Should Amend Rule 40.11(a)*

As already explained, the CFTC’s principles-based regulatory framework applies to prediction markets and provides for robust oversight. Any event-contract-specific regulation should be consistent with the framework set out by Congress in the CEA. Accordingly, the Coalition supports the amendment of Rule 40.11(a). The rule has been misunderstood to categorically and in one broad stroke prohibit five types of event contract.<sup>26</sup> This interpretation is overly prescriptive, contrary to a principles-based approach, and goes beyond the authorization of CEA § 5c(c)(5)(C), which requires a specific public interest determination before banning an event contract from being listed on a DCM.<sup>27</sup> An amended rule should make this statutory requirement clear.

### 5. *Any New Rule Should Define “Gaming” to Cover Traditional Casino-Style Games*

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<sup>20</sup> 91 FED. REG. at 12519 (Question 2c).

<sup>21</sup> 17 C.F.R. § 38.200.

<sup>22</sup> 7 U.S.C. § 7a-2(c)(5)(C).

<sup>23</sup> 91 FED. REG. at 12522-23 (Questions 29-32).

<sup>24</sup> See, e.g., *Insider Trading Prohibitions*, KALSHI, <https://kalshi.com/market-integrity/insider-trading>.

<sup>25</sup> David I. Miller, *Remarks at NYU Law School – CFTC Enforcement Priorities, Insider Trading in the Prediction Markets, and Cooperation with the CFTC* (Mar. 31, 2026), <https://www.cftc.gov/PressRoom/SpeechesTestimony/opamiller1>.

<sup>26</sup> 17 C.F.R. § 40.11(a).

<sup>27</sup> Compare *id.* to § 5c(c)(5)(C) (codified at 7 U.S.C. § 7a-2(c)(5)(C)).

The ANPRM also requests comment on the scope of “gaming” as used in CEA § 5c(c)(5)(C).<sup>28</sup> The Coalition supports a formal rule defining “gaming” to cover the casino-style games traditionally regulated by states.<sup>29</sup> This will make clear the difference between event contracts traded on DCMs (*i.e.* federally-regulated prediction markets) as swaps or futures and casino-style wagers.<sup>30</sup>

Prediction markets are organized, regulated DCMs and SEFs that facilitate trading between multiple participants on an open, competitive, and impartial marketplace. In contrast, casino games are entertainment products, generally played against the casino itself. Prediction markets facilitate price discovery, providing useful information about the probability of future events. There is no price discovery function to casino-style games. Event contracts on DCMs are tied to real-world events associated with a potential financial, economic, or commercial consequence. Wagers on casino games have no economic significance apart from the wager itself. The Coalition recognizes these fundamental formal and substantive differences between DCMs and gambling operations and does not support listing contracts on traditional casino games (such as slot machines, roulette, or “table games”) on prediction market platforms.

### III. Conclusion

Prediction markets are not fundamentally different from other DCMs that the CFTC has successfully regulated for decades. In fact, the same provisions in the CEA and CFTC Regulations that apply to prediction markets apply to, for example, traditional wheat and corn futures contracts that have successfully traded on commodity exchanges in the U.S. for almost two centuries. The CFTC’s existing regulatory framework, including its Core Principles for DCMs, will facilitate innovation while protecting market integrity. The Coalition supports the continued application of this framework to prediction markets and event contracts. The Coalition also supports amending CFTC Rule 40.11(a) and, in any new rule, defining the term “gaming” to cover traditional casino-style games.

Sincerely,

The Coalition for Prediction Markets

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<sup>28</sup> 91 FED. REG. at 12521 (Question 19). We acknowledge that CFTC’s previous attempt at defining “gaming” in its 2024 proposed rule was inadequate and was properly withdrawn by the CFTC. *See* CFTC, Release No. 8907-24, *CFTC Issues Proposal on Event Contracts* (May 10, 2024), <https://www.cftc.gov/PressRoom/PressReleases/8907-24>; CFTC, Release No. 9179-26, *CFTC Withdraws Event Contracts Rule Proposal and Staff Sports Event Contracts Advisory* (Feb. 4, 2026), <https://www.cftc.gov/PressRoom/PressReleases/9179-26>.

<sup>29</sup> For clarity, such a definition would not include bets placed at sportsbooks. However, even if “gaming” includes sports events, the Coalition notes that any contracts deemed to involve “gaming” are not automatically barred from being listed on DCMs. Rather, contracts involving gaming are subject to a public interest review under § 5c(c)(5)(C). To whatever extent “gaming” includes sports events, the Coalition believes that the CFTC should permit contracts on such events as they are not contrary to the public interest.

<sup>30</sup> There had been longstanding confusion over whether derivatives markets activity involves gaming or gambling. For example, Illinois still has a statute defining as “gambling” entering into a commodity futures contract that will settle for cash. 720 Ill. Comp. Stat. Ann. 5/28-1(a)(4). The CEA settled that debate: activities on federally-regulated derivatives exchanges are legitimate financial activity, not gaming or gambling.