



July 25, 2026

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

**RE: Comments on Notice of Proposed Rulemaking, “Prediction Markets;
Public Interest Determinations,” RIN 3038-AF65, 91 FR 35806 (June 12,
2026)**

Dear Mr. Kirkpatrick:

We are submitting these comments on behalf of our more than 6,000 members of Stop Predatory Gambling, a national nonprofit organization with members in all 50 states whose mission is to reveal the truth behind commercialized gambling, to advocate for those who have suffered harm, to prevent more victims, and to champion policy reforms that stop predatory gambling.

On April 28, 2026, we filed comments on the Commission’s Advance Notice of Proposed Rulemaking on prediction markets. We wrote then that federally-regulated prediction markets are, by volume and by design, commercialized gambling operating without the consumer protections every state requires of every other gambling operator. The Commission has now answered us. This 66-page proposal is the most permissive posture toward prediction markets in the agency’s history. It defines “gaming” for the first time, and writes the definition narrowly enough that much of what troubles us slips past it. It builds a public interest test with almost no floor. And it does this while its own economic analysis admits, in language taken nearly verbatim from the clinical literature on gambling addiction, that these products are built to keep people trading.

We again urge the Commission to reject this framework and adopt one that treats consumer harm as seriously as it treats compliance cost.

I. This Is Gambling, Not Investing, and the Commission’s Own History Says So

The proposal opens by calling prediction markets “a source of reliable information” and “a source of responsible financial innovation.”¹ Most Americans would call that description absurd when applied to a market on whether the NFL’s Buffalo Bills beat the New England Patriots. This is not new territory. Congress has already drawn this line twice, and it drew it by name.

The CEA excludes exactly two things from the definition of “commodity”: onions and motion picture box office receipts.² Congress excluded onions after a manipulation scandal made onion futures a punchline. It excluded box office receipts in 2010, one month after the Commission approved them, because a market built around a single movie’s opening weekend was too easily gamed and too disconnected from real commercial risk.³ Twice, when a proposed derivatives product looked more like a novelty bet than a hedge, Congress said so in the statute itself.

The industry has outgrown case-by-case correction. Total volume on CFTC-registered prediction markets exceeded \$25 billion in 2025.⁴ The Commission calls this “a small share” of the \$31 trillion futures market, or roughly eight-hundredths of one percent.⁵ That framing is meant to make the number look trivial. It should instead raise the question of why a market this small, this new, and this saturated with sports and novelty bets needs looser rules rather than the restraint Congress has shown before. On one major platform, average daily contract listings grew from roughly 1,600 in April 2025 to 162,000 in April 2026.⁶ Historically the Commission saw about five new event contract types certified per year. More than 8,000 were trading in May 2026 alone.⁷ That is not growth. It is an explosion, and the Commission’s proposed answer to an explosion is to write rules that let it keep going.

II. The Commission Prices What *Industry* Loses. It Never Prices What *People* Lose.

Section 15(a) of the CEA requires the Commission to weigh costs and benefits. It does this carefully for industry: implementing the new “gaming” definition alone is estimated to cost

¹ NPRM, Section I.A (Prediction Markets).

² CEA sec. 1a(9), 7 U.S.C. 1a(9); NPRM, Section I.A.

³ NPRM, Section I.C.3 (2010 Approval of Event Contracts on Box Office Receipts).

⁴ NPRM, Section I.A, citing CFTC, FY 2025 Agency Financial Report 4 (2026).

⁵ NPRM, Section I.A; Section III.C.2 (Baseline), n.308.

⁶ NPRM, Section III.C.2 (Baseline), n.298.

⁷ NPRM, Section III.C.2 (Baseline), n.303.

each prediction market \$6,400 to \$16,000 and 40 to 100 staff hours.⁸ It does this barely at all for the public.

Buried in the cost-benefit section, under “Other Public Interest Considerations,” the Commission admits that prediction market features including “outcomes occurring at unpredictable intervals, perception of skill-based decision making, near-miss experiences, and potential for loss chasing behavior are generally associated with addictive potential,” and that these features “can lead to financial harm as users accumulate losses through high frequency trading... and have trouble disengaging voluntarily.”⁹ That is the Commission’s own description of a product built the way a slot machine is built. It appears nowhere in the actual public interest factors that decide whether any contract can be listed.

States at least attempt to recognize this harm with licensing, disclosure, and consumer protection requirements. Prediction markets carry none of that. A market only has to certify to itself that a contract complies with the law, and it can list the contract the very next business day.

III. The Commission Defined a Game, Not “Gaming”

The Commission’s proposed definition of gaming ignores the common definition of the word, which plainly includes gambling. Proposed section 40.11(b)(1) defines gaming as an activity participants typically engage in for recreation or to entertain others, governed by rules, with outcomes depending on luck, skill, or athletic ability.¹⁰ Nothing in it requires that anyone stake anything on the outcome. The Commission’s own dictionary contradicts the omission: it concedes that “in some dictionaries, the primary definition of the term ‘gaming’ is playing games for stakes, i.e., gambling,” and quotes Merriam-Webster directly: “the practice or activity of playing games for stakes: gambling.”¹¹ Having quoted the dictionary’s primary sense of the word, the Commission defines gaming without the one element that entry treats as essential, and waves the mismatch away in two sentences. The result lets the Commission scrutinize games while waving through markets that are obviously about gambling and nothing else, exactly how, as discussed below, mention markets and ultra-short-duration financial contracts escape review: they may not be games, but the definition never asks whether they are gambling.

This is also the second time the agency has tried to bend the word to a preferred outcome rather than accept its ordinary meaning. In 2023, under prior Commission leadership, the

⁸ NPRM, Section III.C.3(b)(ii) (Proposed Amendment: Revised Definition of “Gaming,” Cost).

⁹ NPRM, Section III.C.4(e) (Other Public Interest Considerations).

¹⁰ Proposed 17 CFR 40.11(b)(1); NPRM, Section II.D.3 (Gaming).

¹¹ NPRM, Section II.D.3, n.199, citing Merriam-Webster.com Dictionary, “gaming” (n.).

agency argued to the D.C. District Court that gaming meant gambling with no limitation at all. The court rejected that reading.¹² This proposal swings to the opposite extreme: a definition of gaming with no gambling in it.

A definition built around a non-gambling recreational or entertainment purpose also fails one of gambling's oldest games. The Commission explains that professional athletes satisfy "recreation or entertainment" because their purpose, as participants, is to entertain an audience.¹³ Horse racing is plainly a contest, governed by rules, with an outcome depending on athletic ability. But horse racing's audience is, and always has been, overwhelmingly a wagering audience; strip out the betting and little independent spectator draw remains. If horse racing's real draw is the gambling on it, and the Commission's definition requires a purpose that is not gambling, horse racing itself may not qualify as gaming. The narrower the Commission defines gaming to keep gambling out, the more it risks defining out the activities everyone would call gambling in the first place.

The same gap reaches further abroad. Cockfighting is illegal everywhere in the United States, under federal law and in all 50 states. Held abroad, it violates no U.S. law at all, so the "unlawful activity" prong never applies, since the Commission has limited that prong to conduct unlawful under Federal or State law.¹⁴ A rooster, in any case, cannot supply the "recreation or entertainment" purpose the gaming definition requires any more than a horse can. A market on a foreign cockfight could clear the Special Rule entirely, not because the underlying conduct is legal anywhere, but because neither prong the Commission built was designed to look outside the United States. The Commission should clarify how, if at all, non-human participants and foreign conduct are captured by either category.

IV. Mention Markets Fall Outside All Five Categories, and Would Be Approved by Default

Nowhere in this proposal does the word "mention" appear. Mention markets, which settle on whether a broadcaster says a specific word during a game, are already trading, and under this framework they may never trigger a public interest review at all.

Deciding whether to say a word is not luck, skill, or athletic ability. A mention market likely does not meet the Commission's own "gaming" definition, and it plainly does not involve unlawful activity, terrorism, assassination, or war. If a contract does not involve any of the

¹² NPRM, Section II.D.3, discussing *KalshiEX LLC v. CFTC*, 2024 U.S. Dist. LEXIS 163925, at *8, *20-22.

¹³ NPRM, Section II.D.3; Appendix F(d)(3)(i)(B).

¹⁴ Proposed 17 CFR 40.11(a)(4)(i); NPRM, Section II.D.1 (Activity That Is Unlawful Under Any Federal or State Law).

five enumerated activities, the Special Rule does not apply, and neither does any public interest factor in proposed section 40.11(a)(5) or (a)(6), including the general information-aggregation factor.¹⁵ The contract instead goes through ordinary self-certification, checked only against the much lower “not readily susceptible to manipulation” standard, and lists the next business day.¹⁶

That is precisely backwards. A mention market is a discrete outcome controlled entirely by one identifiable person. The Commission’s own reasoning already flags this exact fact pattern as a central concern, citing “officiating calls made by referees in a specific game” as an example where “the individuals with genuine insight... are typically subject to fiduciary duties or confidentiality obligations that would prevent them from lawfully transacting.”¹⁷ A broadcaster is exactly that person.

We ask the Commission to state explicitly that a contract whose settlement is controlled by a single identifiable person’s discretionary act, including a broadcaster’s word choice, is either gaming or a “similar activity” under clause (VI) of the Special Rule, so that it receives public interest review at all.

V. Prediction Markets Can Be Synthetic Slot Machines, and the Commission’s Safeguard Doesn’t Reach Them

The Commission states that contracts settled by “purely random events, such as the spin of a roulette wheel,” are “highly likely” contrary to the public interest.¹⁸ We support that principle, but the safeguard lives entirely inside the gaming category. A market on whether Bitcoin’s price is higher or lower in fifteen minutes is not gaming under the Commission’s own definition; nobody is recreating, nobody is being entertained, it is a financial reference price. The random-chance screen can never reach it, no matter how short the window gets. At intervals of five or fifteen minutes, currency and crypto price movement is statistically indistinguishable from a coin flip for the retail trader placing the bet. This is a slot machine wearing a ticker symbol.

The only thing standing between a ten-second Bitcoin contract and a listing is the general price discovery factor, and that factor has no floor. The Commission writes that “whether event contracts can be used directly for hedging is of limited importance... rather, the question is whether the information derived from event contract pricing can be used to

¹⁵ NPRM, Section I.B.3, n.53; Section II.A (Overview of Proposed Changes to Part 40).

¹⁶ 17 CFR 40.2(a)(2); NPRM, Section I.B.2 (CEA Section 5c(c)(5)(C)).

¹⁷ NPRM, Section II.E.2(a) (Information aggregation).

¹⁸ Proposed 17 CFR 40.11(a)(6)(iii)(A); NPRM, Section II.E.3(c)(i) (Games of Random Chance Are Likely Contrary to the Public Interest).

guide hedging decisions,” illustrated by a chain running from corn futures, to a farm equipment manufacturer’s production plans, to an investor’s decision to buy that manufacturer’s stock.¹⁹ Chase that logic far enough and no contract fails it.

We ask the Commission to apply the random-chance principle to any contract whose settlement window is short enough to be statistically indistinguishable from chance, regardless of gaming classification, and to require that all event contracts settle no more frequently than hourly, at the top of the hour. We further ask the Commission to require that a market invoking hedging utility name the actual class of participants who use the pricing this way, not a hypothetical chain of downstream users.

VI. Proposed Rules Allow Harmful Markets (as Long as They’re Addictive)

The Commission has built itself a standing excuse for declining to act, and the excuse is strongest exactly when it is needed least. Among the factors the Commission will weigh in deciding whether an event contract is contrary to the public interest is what would happen to the trading if the contract were prohibited. The Commission writes that “the likelihood that prohibiting an event contract would push trading activity into less transparent and less regulated foreign markets is a factor that weighs against finding that the event contract is contrary to the public interest.”²⁰

Read closely, that factor rewards precisely the contracts that most deserve scrutiny. A contract nobody wants creates no such argument, since nobody would bother chasing it to an unregulated site abroad. A contract popular enough, or addictive enough, that its users would follow it offshore is exactly the contract this factor protects from prohibition. The worse a product is for the people trading it, the stronger the Commission’s own reasoning defends keeping it listed here rather than losing it to somewhere worse. That is both backwards and self-fulfilling: the more harmful and popular a product becomes, the stronger the argument against stopping it. It also runs against the actual research on gambling liberalization, which tends to expand exposure to a behavior rather than simply substitute for an illegal alternative elsewhere. Most people, and virtually every company managing real commercial risk, will not bother routing money through an unregulated offshore site in the first place. **We ask the Commission to strike this factor.**

¹⁹ NPRM, Section II.E.2(a) (Use of information in economic decisions).

²⁰ NPRM, Section II.E.2(a) (Innovation and fair competition).

VII. A 90-Day Review Can Take 100 Days. Most of These Contracts Are Gone in Hours.

Review is capped at 90 days from commencement, with a hard outer limit of 100 days from listing.²¹ For a season-long contract that is a slow check. For a single-game, single-fight, or single-day contract, it is no check at all; most of the money has changed hands before the Commission's own 10-day trigger for beginning review has even passed.

The Commission's remedy, cancel the contract and "return the purchase price and fees paid by market participants,"²² is meaningful for a contract still open on day 90. It is meaningless for one that settled on day one.

We ask the Commission to require, not merely request, that prediction markets suspend trading in any contract under Special Rule review, at minimum for contracts with settlement windows shorter than the ten-day period the Commission has set for commencing review.

Recommendations

Our position has not changed since April. The Commission should find that event contracts substantially similar to sports and other novelty gambling products are categorically contrary to the public interest and prohibit their listing under the Special Rule, rather than clearing them one contract at a time under a multi-factor test built with more exceptions than it has rules.

If the Commission declines to prohibit these contracts outright, it should at minimum impose meaningful position and participation limits on any it permits to trade, along the lines of the \$850 per-contract cap and 5,000-trader limit the Commission's own staff required of PredictIt from 2014 to 2024.²³ Those limits preserved genuine price discovery while removing the profit motive for manipulation. The Commission has already proven this model works. It should not abandon it now that the industry is larger and the stakes are higher.

Failing both of the above, Stop Predatory Gambling urges the Commission to:

²¹ Proposed 17 CFR 40.11(e)(1)(ii); NPRM, Section II.G.3.

²² NPRM, Section II.G.1 (The Process for Commission Action Under § 40.11).

²³ NPRM, Section I.C.1 (Staff Actions), discussing CFTC Staff Letter No. 14-130 issued to Victoria University of Wellington (Oct. 29, 2014); Stop Predatory Gambling Comment Letter (Apr. 28, 2026), n.12.

- Reject “the likelihood that prohibiting an event contract would push trading activity into less transparent and less regulated foreign markets” as a public interest factor, and remove it from the final rule.
- Require prediction markets to suspend trading, as a mandatory condition rather than a discretionary request, in any contract under Special Rule review, particularly contracts with settlement windows shorter than the ten-day period set for commencing review.
- Adopt a minimum settlement duration for all event contracts, aligned to at least the top of the hour, and apply the “games of random chance” principle to any contract whose settlement window is short enough to be statistically indistinguishable from chance, regardless of gaming classification.
- Replace “can be used to guide hedging decisions” with a requirement that the market identify an actual, named class of participants who use the contract’s pricing this way.
- State explicitly that a contract whose outcome is controlled by a single identifiable person’s discretionary act, including a broadcaster’s word choice, is either gaming or a “similar activity” under clause (VI), so that it receives public interest review at all.
- Clarify whether and how the “gaming” and “unlawful activity” prongs reach conduct outside the United States and conduct involving non-human participants, so foreign animal fighting cannot escape both categories at once.
- Require the Commission’s public interest analysis to weigh consumer financial harm and addiction risk with the same rigor it applies to industry compliance cost, rather than confining that discussion to a section with no bearing on any listing decision.

Americans suffering financial and psychological harm from the predatory practices of prediction market operators deserve a regulator that treats their losses as seriously as it treats industry’s compliance costs. This rulemaking is a chance to do that. We urge the Commission to use it.

Thank you for your serious consideration of our comments. We urge you to act boldly and decisively on this matter. If you need further information, we invite you to please contact us by email mail@stoppredatorygambling.org or phone (202) 567-6996.

Thank you for your work.

Sincerely,



Les Bernal, National Director
Stop Predatory Gambling



Dr. Noah Goodall, Special Advisor on
Prediction Markets for Stop Predatory
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