



April 28, 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 Advance Notice of Proposed Rulemaking, “Prediction Markets,” RIN 3038-AF65

Dear Mr. Kirkpatrick:

We are submitting these comments on behalf of our more than 6000 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.

We strongly urge the CFTC to address what has become one of the most pressing consumer protection issues in America, *especially* for the nation’s young adults and teens: the predatory and manipulative practices of online gambling companies claiming they are prediction market platforms.

We do not oppose prediction markets categorically. Contracts tied to interest rates, weather indices, and economic indicators can serve legitimate purposes. But that is not what the Commission has been approving. What trades today on federally-regulated prediction markets is, by volume and by design, commercialized gambling. It is commercialized gambling without age restrictions for minors, without addiction prevention measures, without position limits, and without the consumer protections that every state in America requires of every other commercialized gambling operator.

I. Prediction Markets Are Blatantly Targeting and Preying Upon Young People to Lure Them Into Developing a Gambling Habit

A *Wall Street Journal* investigative report in March 2026 spotlighted how prediction market operators were using aggressive, predatory marketing campaigns to lure young people to

begin gambling on their online platforms, a demographic that is the most vulnerable to develop a severe gambling addiction and to engage in high-risk financial behavior.

The predatory and harmful business practices revealed by the *WSJ* investigation include:

- **Operators have been spending lavishly on marketing towards college-age students under 21 years old.** One operator “offered to pay fraternities, in exchange for signing up users, money that can be spent on throwing “epic parties”—one frat raised \$30,510 over a two-week period.”¹
- **Prediction market platforms have been paying student influencers to promote them as ways to raise fun money, enlisting student athletes as brand representatives and supporting student clubs.**²
- **On TikTok and Instagram, prediction markets “have paid creators including college students to produce a tsunami of content featuring the prediction markets.** The content often doesn’t disclose that the video has been sponsored. On X, Kalshi has highlighted the success of young bettors.”³
- **Because prediction market bets are regulated as financial derivatives contracts by the CFTC, people as young as 18 can wager.** That creates a three-year window for prediction markets to become ingrained among young users.
- **Prediction market companies enlisted college fraternities on becoming a partner:** “For each person who signed up for an account with the fraternity referral code, \$10 in cash would go to SigEp, and the same amount would be deposited in the new user’s account to bet with. The chapter’s revenue, \$30,510 in two weeks, made it a “top earner,” according to a Polymarket slide deck reviewed by the *Journal*.”⁴
- **One prediction platform “reached out to fraternities and social clubs across the University of California, Berkeley, last fall, according to**

¹ “Is This Insider Information? The Prediction Market Bets Driving a Campus Frenzy,” *The Wall Street Journal*, By Katherine Long and team, March 5, 2026. https://www.wsj.com/business/media/prediction-markets-campus-e57cd19f?mod=author_content_page_1_pos_1

² *Ibid.*

³ *Ibid.*

⁴ *Ibid.*

students there, offering company-branded beer pong cups and up to \$1,000 for parties.”⁵

- **Kalshi announced a nationwide push to sponsor campus clubs:** “College campuses are the best place to spark new financial movements and will play a key role in bringing the next 100M users to prediction markets,” the company posted on X.”⁶
- **Students were paid by the prediction market platforms to target and recruit other students as new users because according to a company supervisor, they “spend money recklessly.”⁷**
- **The operators have focused most of their outreach on social-media influencers, which company employees see as a relatively inexpensive way to win over potential new teen and college-age users, according to people who work with the companies:** “The content is usually students talking directly to the camera about the trading odds on sports or news events, according to a *Journal* review of hundreds of TikTok and Instagram videos made by Kalshi and Polymarket partners.”⁸
- **The companies have invested massive sums of money into marketing in order to normalize these online gambling platforms as an everyday part of college life for young people:** “Sophia Panossian, a water polo player at the University of Michigan, urged viewers to help her ‘get ready with me’ by checking Kalshi’s weather odds. Ethan Dang, a Vanderbilt University freshman, joked that a fellow student bet \$4,000 on Polymarket on somebody farting during a speech by President Trump. Another showed Dylan Gold, a Southern Methodist University junior, partying at a concert and a game, all under text saying ‘average weekend using Kalshi.’”⁹

⁵ *Ibid.*

⁶ “‘Is This Insider Information?’ The Prediction Market Bets Driving a Campus Frenzy,” *The Wall Street Journal*, By Katherine Long and team, March 5, 2026. https://www.wsj.com/business/media/prediction-markets-campus-e57cd19f?mod=author_content_page_1_pos_1

⁷ *Ibid.*

⁸ *Ibid.*

⁹ *Ibid.*

II. Prediction Markets Do Not Produce the Information the Commission Claims

The Commission describes prediction markets as “information aggregation vehicles” whose prices reflect participants’ collective beliefs about future events. For a narrow class of contracts, that description has merit. For the vast majority of what trades on regulated prediction markets today, it does not.

Approximately 90% of trading volume on the largest regulated prediction markets is sports-related.¹⁰ Betting on the outcome of a basketball game does not aggregate useful information. It aggregates opinions about an event that is, by design, unpredictable. The Commission has allowed a federal gambling operation to grow behind the shield of a claim that has almost no application to what is actually being traded.

Beyond sports, the Commission has approved contracts with no informational value of any kind. “Mentions markets” are just one example, where users can bet on whether a single person will say a single word during a press conference, earnings call, or even a sporting event. Even the target words appear meaningless, asking whether an announcer will say “schedule” during a college basketball game.¹¹ There is no public benefit to knowing those odds. There is no risk being hedged. The only purpose these contracts serve is to generate more gambling.

The Commission has also never explained why prediction markets need to be unlimited in size to produce informational value. From 2014 to 2024, PredictIt operated a prediction market for real money on a wide range of political and social topics, limiting participants to \$850 per contract and capping participation at 5,000 traders per market.¹² Those markets produced genuine price discovery. They also produced virtually no insider trading, because no rational person risks their career or their freedom for a few hundred dollars in winnings. Position limits do not destroy informational value, but they destroy the profit motive for manipulation. The Commission has never acknowledged this tradeoff, let alone explained why it came down on the side of unlimited exposure.

Even for contracts addressing consequential events, the evidence that prediction markets produce reliable information is weak. The 2024 presidential election is the industry’s best recent example, and it does not hold up. When the Selzer Iowa poll showed Harris performing

¹⁰ “Kalshi in court over 19 federal lawsuits. What’s the future of prediction markets?” *NPR*, January 30, 2026, <https://www.npr.org/2026/01/30/nx-s1-5691837/lawsuits-prediction-market-kalshi>

¹¹ Kalshi’s mentions market for the St. John’s vs. Duke men’s college basketball game on Friday March 27, 2026, <https://kalshi.com/markets/kxncaabmention/college-basketball/kxncaabmention-26mar27sjuduke>

¹² CFTC’s no-action letter No. 14-130 to Victory University of Wellington, October 29, 2024, <https://www.cftc.gov/sites/default/files/idc/groups/public/@lrllettergeneral/documents/letter/14-130.pdf>

better than expected, Trump's odds on betting markets dropped in direct response — the markets were reacting to the poll, not the other way around.¹³ The markets got the popular vote wrong, and produced significant individual misses: Polymarket showed the Democratic Senate candidate in Pennsylvania at 75% odds of winning on election eve; he lost.¹⁴ As economist James Broughel noted in *Forbes*, rather than delivering clear signals, prediction markets “delivered significant confusion and contradiction.”¹⁵

III. The Commission's “Risk Management” Argument is Shallow and Unserious

The Commission argues that prediction markets allow everyday Americans to hedge legitimate financial risks. In narrow circumstances, that may be true. But roughly 90% of prediction market volume flows through sports contracts. Whatever legitimate hedging use exists at the margins does not justify a regulatory regime built around it. If the hedging rationale is real, the Commission should be able to name who benefits and how.

When Commission Chairman Michael Selig was asked how a regular person might use prediction markets for risk management, he said:

“This is a real opportunity for everyday Americans to be able to manage certain risk. I do view this as something that democratizes access to our derivatives market. Say somebody has a condition. They want to be able to manage the potential risk of having a future treatment or medical costs. They can enter into a prediction market and place a bet on the likelihood of something passing a drug trial.”¹⁶

The Chairman is arguing, on the record, that people should bet on drug trials as a means to pay for treatment. This is shocking, dystopian, and inhumane. Worst of all, it is not even feasible. Drugs that fail their trials become losing bets, leaving a sick person poorer at the moment they can least afford it, unable to fund the next treatment. That this is the Commission's best argument for everyday hedging demonstrates it is far removed from the reality of ordinary Americans.

¹³ “Iowa Poll: Kamala Harris leads Donald Trump in Iowa presidential race,” *Des Moines Register*, November 2, 2024, <https://www.desmoinesregister.com/story/news/politics/iowa-poll/2024/11/02/iowa-poll-kamala-harris-leads-donald-trump-2024-presidential-race/75354933007/>.

¹⁴ Polymarket, Pennsylvania U.S. Senate Election Winner, <https://polymarket.com/event/pennsylvania-us-senate-election-winner/will-a-democrat-win-pennsylvania-us-senate-election?tid=1731011501640>.

¹⁵ James Broughel, “The 2024 Election's Other Big Loser: Prediction Markets,” *Forbes*, November 6, 2024, <https://www.forbes.com/sites/jamesbroughel/2024/11/06/the-2024-elections-other-big-loser-prediction-markets/>.

¹⁶ Brendan Pedersen, “Vault: Prediction markets have a champion in the CFTC,” *Punchbowl News*, March 12, 2026, <https://punchbowl.news/article/vault/prediction-markets-cfte-champion/>.

IV. Prediction Markets Are Not the Stock Market Nor Are They Peer Betting

Prediction market operators make two arguments to deflect regulatory scrutiny. When defending their legitimacy, they compare their platforms to the stock market. When defending their accessibility, they compare them to casual betting among friends. Both comparisons are false, and the industry cannot have it both ways.

The stock market comparison fails for a simple reason: the stock market is not zero-sum. When the economy grows, companies create value, and investors on both sides of a trade can come out ahead over time. Prediction markets, however, create no value. Every dollar won is a dollar taken from another participant. Retail customers trade *against* market makers and institutional investors, as one side only profits when the other loses by definition.

This matters because of who is on the other side of the trade. Prediction markets are not populated by peers making casual bets. They are dominated by institutional investors given higher market limits¹⁷ and leverage via brokers.¹⁸ They may well have access to order book information and priority execution.

Retail users must also contend with professional market makers — firms that profit by capturing the gap between what buyers will pay and what sellers will accept. Market makers provide this service on stock exchanges too, and there it benefits everyone because rising markets mean rising prices. On a prediction market, where profits only come at the expense of other participants, market makers can (and will) only profit when retail customers lose.

What makes this worse is that at least one major prediction market operator has acknowledged running its own market-making operation.¹⁹ An exchange that is also its own market maker has access to the full order book, every pending buy and sell, before other participants do. The potential for front-running in that arrangement is significant, and the Commission has not addressed it.

Prediction market operators have spent considerable effort arguing that their platforms are not casinos because users trade against each other rather than against the house. That argument collapses when sophisticated, well-funded institutions are involved. A retail customer placing a \$50 bet on an election outcome is not trading against a peer with the same

¹⁷ Individuals in some markets were limited to \$7,000,000 while “eligible market participants” were limited to \$100,000,000, https://kalshi-public-docs.s3.amazonaws.com/contract_terms/PRES.pdf

¹⁸ “Prime brokers race to give Wall Street access to events bets,” *Bloomberg News*, March 11, 2026. <https://www.bloomberg.com/news/articles/2026-03-11/prime-brokers-race-to-give-wall-street-access-to-event-bets>

¹⁹ Luana Lopes Lara (@luanalopeslara), Twitter/X, November 28, 2025, <https://x.com/luanalopeslara/status/1994418071629336978>.

information and the same tools. They are trading against firms with tens of millions of dollars in capital, teams of quantitative analysts running algorithmic strategies, and access to data feeds an ordinary person has never heard of. **In a zero-sum market, that is not a level playing field. It is a casino where the house has simply rebranded itself as another player at the table.**

V. Prediction Markets Without Limits Are Slot Machines

The Commission has set no limits on how frequently an event contract can settle, and no limits on how much a retail participant can lose on a single contract. The result of this inaction is predictable.

Operators currently offer contracts on whether specific cryptocurrencies will rise or fall within the next fifteen minutes.²⁰ These contracts run continuously, around the clock, every day of the year. There is no economic purpose served by a fifteen-minute cryptocurrency contract that is not equally served by an hourly or daily one. A business with genuine exposure to cryptocurrency prices does not need to hedge it every fifteen minutes. The only market for a fifteen-minute settlement contract is someone who wants to gamble as fast as possible.

This is not a theoretical concern. The defining feature of a slot machine is not the imagery on its face. It is the speed of play and the absence of any pause between bets. **A contract that resets every fifteen minutes, with no position limit and no cooling-off period, is a slot machine with a trading interface.** The Commission has not explained why this is acceptable, because there is no acceptable explanation.

The Commission should establish minimum settlement durations for event contracts available to retail participants, calibrated to whether a contract serves a genuine hedging or price discovery function. A weekly cryptocurrency contract can serve legitimate purposes. A fifteen-minute one cannot. The line is not difficult to draw. The Commission has simply declined to draw it.

VI. The Commission Has Refused to Do What Congress Required

This rulemaking is framed as a search for information. But the Commission does not lack information. It lacks clarity of purpose. Congress prohibited event contracts involving gambling in CEA § 5c(e)(5)(C). The Commission enacted 17 C.F.R. § 40.11 to implement that

²⁰ Kalshi 15-minute crypto markets, https://kalshi.com/category/crypto/frequency/fifteen_min and Polymarket 5-minute crypto markets, <https://polymarket.com/crypto/5M>.

prohibition. Then, when operators began listing contracts that any reasonable person would recognize as sports betting, the Commission stood aside.

Once again, the consequences of that inaction are now visible across the country. States have filed dozens of lawsuits against prediction market operators. Congress and state legislatures have filed legislation to stop the predatory and harmful practices of prediction markets.

This is not a sign that the law is ambiguous. It is a sign that the Commission declined to enforce it, and left states, courts, citizens, and now Congress to fight over the consequences.

The Commission still has an important and urgent opportunity to take much-needed action. Stop Predatory Gambling strongly urges the Commission to:

- Define “gambling” clearly and categorically to include sports wagering, entertainment contests, and novelty contracts;
- Require meaningful position limits on all event contracts available to retail participants; and
- Stop approving contracts that have no economic purpose beyond commercialized gambling, regardless of how those contracts are labeled.

Americans who are suffering life-changing harm to their financial, mental, and social well-being because of the predatory and manipulative business practices of prediction market operators have largely been dismissed. They desperately need a federal regulator who will fight for them and protect them. This rulemaking effort is a chance to do just that.

Thank you for your 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, Stop Predatory Gambling