

April 30, 2026

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Advance Notice of Proposed Rulemaking: Prediction Markets

Dear Mr. Kirkpatrick:

QCX LLC (d/b/a Polymarket US), a designated contract market (“DCM”), and QC Clearing LLC (d/b/a Polymarket Clearing), a derivatives clearing organization (“DCO”, and with the DCM, “Polymarket US”), appreciate the opportunity to comment on the Advance Notice of Proposed Rulemaking (“ANPRM”)¹ by the Commodity Futures Trading Commission (“CFTC” or the “Commission”).²

Markets thrive on clarity. We applaud the Commission, and Chairman Michael Selig, for asserting the CFTC’s longstanding exclusive jurisdiction over prediction markets. We agree with Chairman Selig that the ANPRM is “an important step in the Commission’s continued effort to promote responsible innovation in our derivatives markets.”³

Prediction markets are a rapidly growing sector, and Polymarket US appreciates the Commission’s efforts to thoughtfully examine the current regulatory structure to ensure that any proposed rules are appropriately fashioned to address event contracts.

¹ Prediction Markets, 91 Fed. Reg. 12516 (March 16, 2026).

² As a DCM, Polymarket US operates as a self-regulatory organization (“SRO”) responsible for establishing, monitoring, and enforcing rules designed to promote fair, orderly, and transparent markets. As a DCO, Polymarket Clearing provides secure clearing and settlement services for event-based derivatives traded on partner exchanges. In these comments, we refer to Polymarket US and Polymarket Clearing together as “Polymarket US.”

In 2025, Blockratize Inc. (d/b/a Polymarket) acquired Polymarket US and Polymarket Clearing, representing a pivotal milestone in Polymarket’s mission to expand access to regulated prediction markets in the United States. Polymarket is the world’s largest prediction market. On Polymarket, traders predict the outcome of future events and win when they are right. As traders react to breaking news in real-time, market prices are the best gauge of the likelihood of events occurring. Institutions, individuals, and the media rely on these forecasts to report the news and better understand the future – across politics, current events, pop culture, and more.

³ See CFTC Seeks Public Comment on Advance Notice of Proposed Rulemaking Relating to Prediction Markets (Mar. 12, 2026), available at <https://www.cftc.gov/PressRoom/PressReleases/9194-26>.

I. Overview

We support Chairman Selig’s regulatory philosophy to ensure that the CFTC promotes “smart, clear regulations.”⁴ While Commission guidance or rulemaking may be appropriate in targeted areas, a bespoke set of new prediction market regulations would be largely duplicative of existing rules, impose unnecessary regulatory burdens, stifle innovation, and run contrary to the CFTC’s longstanding principles-based approach to regulation.

In our comments, we focus on two primary objectives:

1. Many of the questions asked in the ANPRM are not unique to prediction markets. These topics are already well addressed in the Commodity Exchange Act (“CEA”), as well as the CFTC’s existing rules and Commission and staff guidance. As the ANPRM notes, prediction markets “must comply with the substantive and procedural requirements that apply, more generally, to the listing for trading, or making available for clearing, of derivative contracts.”⁵ The CFTC’s longstanding commitment to principles-based regulation has provided the base for decades of American innovation and we believe that the CEA’s core principles framework remains the appropriate regulatory approach to foster the development of new markets, including event contracts.
2. Our comments identify features implemented by Polymarket US to protect and promote transparency and accountability, consistent with and in furtherance of the CFTC’s current principles-based framework. Polymarket US’s recent actions include the publishing of enhanced market integrity rules that provide additional clarity and market participant safety protections.⁶

II. Prediction markets provide important, accurate information.

A prediction market is a financial exchange where participants buy and sell contracts tied to the outcome of real-world events, from elections and award shows to the weather. Generally, event contracts are priced between \$0.01 and \$1.00, directly reflecting the market’s collective probability estimate. A contract at \$0.70 means that the market sees a 70% chance the event occurs. When someone buys “Yes” at \$0.70, someone else buys “No” at \$0.30. If the event happens, “Yes” pays \$1.00; “No” pays nothing; and vice versa.

⁴ See Michael S. Selig, WaPo Op-Ed America’s Financial Markets are ready for a Golden Age (Jan. 20, 2026), available at <https://www.cftc.gov/PressRoom/SpeechesTestimony/seligstatement012026>.

⁵ See ANPRM at 12518.

⁶ See Polymarket Publishes Enhanced Market Integrity Rules Across Its DeFi Platform and CFTC-Regulated U.S. Exchange (Mar. 23, 2026), available at <https://www.businesswire.com/news/home/20260320997513/en/Polymarket-Publishes-Enhanced-Market-Integrity-Rules-Across-Its-DeFi-Platform-and-CFTC-Regulated-U.S.-Exchange>; see also Polymarket US, Market Integrity: Our Rules, Our Standards, Our Commitments, available at <https://www.polymarketexchange.com/market-integrity.html>.

Prediction markets operate similarly to other financial markets overseen by the CFTC, enabling participants to hedge financial risk through the purchase and sale of contracts. On exchanges, prices are set purely by participant supply and demand in open market trading, and not by any operator or algorithm. Unlike non-market platforms like sportsbooks and casinos, in prediction markets, there is no house “edge.” Because participants put real money behind their views, prediction markets have consistently proven to be accurate forecasts of future events – producing genuine public informational value.⁷

III. Polymarket US strongly condemns insider trading and market abuse, and will continue to partner with regulators to deter and discipline bad actors.

We want to be clear: there is no room for insider trading, market manipulation, or any other abusive trading behavior that degrades market integrity and harms market participants. While this is true for all capital markets, we believe this is particularly important for prediction markets, where information drives decision-making. We strongly support the CFTC’s efforts to root out and punish bad actors, and take seriously our role as an SRO responsible for activity that takes place on our exchange.

As demonstrated by our actions in recent notable events, Polymarket US and our affiliated companies will continue to proactively share information and cooperate with regulators and law enforcement to protect the quality and integrity of our markets.⁸ We appreciated that the United States Attorney for the Southern District of New York acknowledged Polymarket’s cooperation in this investigation.

In recent remarks, CFTC Director of Enforcement David I. Miller emphasized that insider trading is prohibited in prediction markets under CEA Section 6(c)(1) and CFTC Rule 180.1. Director Miller discussed the application of the misappropriation theory in the context of prediction markets. Under this theory, liability attaches when an individual: (1) possesses material non-public information; (2) misappropriates that information by trading on or tipping in breach of a duty of trust and confidence owed to the source of the information; and (3) does so

⁷ See, e.g., Dr. Jason Wingard, The Polymarket Effect: How Prediction Markets Are Beating The Experts, Forbes (Nov. 19, 2025), available at <https://www.forbes.com/sites/jasonwingard/2025/11/19/the-polymarket-effect-how-prediction-markets-are-beating-the-experts/>; see also Kelly Cloonan, Why prediction markets can be more accurate than polls at predicting election results, Business Insider (Aug. 18, 2024), available at <https://markets.businessinsider.com/news/stocks/trump-harris-prediction-markets-polls-presidential-election-polymarket-024-8>.

⁸ See *United States v. Van Dyke*, No. 26 Cr. 156 (S.D.N.Y. Apr. 23, 2026), available at <https://www.justice.gov/usao-sdny/media/1437781/dl>; see also *CFTC v. Van Dyke*, No. 26-cv-3369 (S.D.N.Y. Apr. 23, 2026) *United States v. Pritzker*, No. 1:26-cv-03659 (N.D. Ill. Apr. 2, 2026), available at <https://www.cftc.gov/media/13761/EnfGannonKenVanDykeComplaint042326/download>.

with scienter.⁹ Polymarket US agrees with this analysis and the regulatory approach of protecting customers and ensuring fair and transparent markets.

In our view, the combination of (i) the CFTC’s anti-fraud authority under CEA Section 6(c)(1) and CFTC Rule 180.1 and (ii) DCMs’ SRO oversight authority provide sufficient protection against market abuses and insider trading concerns in prediction markets.¹⁰ We do not believe that additional CFTC regulation is needed in this area. Rather, it is more appropriate to view DCMs, as SROs, as the “first line” of defense to ensure that these markets continue to operate with trust and transparency. The first line of defense is, of course, supported by the regulatory and enforcement authority that the CFTC provides and ensures consistent oversight nationally.

In recent months, Polymarket US implemented controls designed to further detect and prohibit insider trading abuses.¹¹ The current surveillance operates at three levels: (i) partnerships with world-class trade surveillance and technology specialists; (ii) a control desk conducting real-time surveillance to identify unusual or disruptive trading activity; and (iii) a Regulatory Services Agreement with the National Futures Association to conduct trade practice surveillance, detect potential rule violations, and investigate and sanction persons who violate exchange rules. If a participant is found to have violated Polymarket US’s rules or applicable law or regulation, sanctions may include suspension, termination, monetary penalties, or referral to regulatory or law enforcement authorities.

Further, Polymarket US has strictly prohibited insider trading on its platform and prohibits other related conduct. Specifically, Polymarket US forbids: (i) trades on stolen confidential information; (ii) trades on illegal tips; and (iii) trades if a participant holds a position of authority or influence sufficient to affect the outcome of the event underlying the contract, or if the participant has been directed or solicited to trade by a person who holds a position of authority or influence.

Through robust surveillance, monitoring, and oversight, as well as clear contract design and resolution criteria, market integrity can be furthered in a manner consistent with the CEA core principles. Creating market integrity-specific rules for prediction markets would undermine innovation and would suggest that DCMs are otherwise incapable of regulating themselves - a concept with which we strongly disagree and which would be inconsistent with decades of history.

⁹United States v. O’Hagan, 521 U.S. 642, 652–55 (1997); see also *Salman v. United States*, 580 U.S. 39, 41–42 (2016) (reaffirming the O’Hagan framework and confirming that in a tipping case a gift of confidential information to a trading relative satisfies the personal-benefit requirement); *United States v. Chow*, 993 F.3d 125, 134–39 (2d Cir. 2021) (holding that a non-disclosure agreement created a duty of trust and confidence sufficient to support insider trading liability under the misappropriation theory).

¹⁰ The CFTC also works closely with federal criminal authorities at the Department of Justice and, as we have seen recently, makes criminal referrals as appropriate for activity in CFTC-regulated markets.

¹¹ See Polymarket US, Market Integrity: Our Rules, Our Standards, Our Commitment, *available at* <https://www.polymarketexchange.com/market-integrity.html>.

IV. **The CEA core principles, as implemented through CFTC’s regulations, already provide a comprehensive framework for prediction markets.**

Polymarket US believes that the Commission need not consider new or different factors when evaluating whether to provide guidance on the application of CEA Section 5(d) to prediction markets. As described below, the CEA and CFTC regulations currently impose a range of obligations on CFTC registrants—particularly DCMs and DCOs—that already address many of the questions raised in the ANPRM. Our comments discuss the applicability of the CEA core principles and the effectiveness of the current framework for DCMs and DCOs set in place through applicable regulations.

For DCMs, Section 5(d) of the CEA and Part 38 of the CFTC’s regulations subject DCMs to comprehensive oversight.¹² We believe it is critical for DCMs to proactively monitor and prevent abuse and should act as the “first line of defense” to protect market integrity.¹³ DCMs should carry out this role not only because it is required by law, but also because customers must trust the exchange or they will move their business elsewhere.

DCMs must responsibly create and offer new contracts for trading on their markets. If done within the core principles framework described below, we believe prediction markets can continue to be robust, competitive, transparent venues where participants can transact and trust that the market is formed and operated fairly and with integrity. With the hallmarks of a healthy DCM ecosystem in place (surveillance, contracts not readily susceptible to manipulation, addressing conflicts of interest, etc.), the CFTC can maintain its principles-based supervisory oversight of markets and participants.

A. Impartial Access is Critical to All Participants.

Polymarket US believes Core Principle 2, implemented in CFTC Rules 38.150-38.160, effectively addresses concerns related to impartial access. Polymarket US already has strong rules prohibiting the preferential treatment of affiliates,¹⁴ while also guarding against abusive and manipulative trading practices. Although impartial access is critical to the operation of a well-functioning market, including a prediction market, we do not believe that prediction market-specific rules are required to further implement Core Principle 2.

B. Contracts Cannot be Readily Susceptible to Manipulation or Disrupt Markets.

DCM Core Principle 3 and Core Principle 4, implemented in CFTC Rules 38.200, 38.201, and 38.250-38.258, are critical to the operation of a prediction market. Polymarket US has measures in place to address these requirements and does not believe additional rules are necessary.

¹² 7 USC 7(d); 17 C.F.R. § 38

¹³ See CFTC Staff Letter 26-08 (Mar. 12, 2026), available at: <https://www.cftc.gov/csl/26-08/download>.

¹⁴ See Polymarket US Rulebook (Mar. 20, 2026), available at [https://polymarketexchange.com/files/legal/Polymarket%20US%20Rulebook%20\(2026.04.21\).pdf](https://polymarketexchange.com/files/legal/Polymarket%20US%20Rulebook%20(2026.04.21).pdf).

Before a market is created, Polymarket US maintains high standards related to the internal development and review of potential new contracts to ensure, among other things, that we have considered relevant factors to alleviate the potential risks of a particular contract being readily susceptible to manipulation. This means, for example, that an event contract where the outcome is under the control of a single individual or small group of individuals, the contract must be structured in such a way that it cannot be easily manipulated. And, finally, in order for that market to be listed for participant trading, the DCM must submit the contract with the Commission for review under Part 40 of its rules, discussed below.

Once a market is available to trade, our rules prohibit fraudulent or deceitful conduct, abusive trading, or any activity that would upset the equilibrium of the market in any contract. Polymarket US has rules specifically intended to address insider and abusive trading. Rule 7.2(g) prohibits trading on the basis of confidential information relating to the outcome or likely outcome of the event underlying such Contract, where trading on such information would constitute a breach of a pre-existing duty of trust and confidence owed to another person or entity. Rule 7.2(h) prohibits trading on the basis of confidential information relating to the outcome or likely outcome of an event where the information comes from a person who owed a pre-existing duty of trust and confidence to another person or entity, if the participant knows or has reason to know that trading on such information by the person who communicated it or directed or solicited the trading would be prohibited. Rule 7.2(i) prohibits trading with respect to a contract if a participant holds a position of authority or influence sufficient to affect the outcome of the event underlying the contract, or if the participant has been directed or solicited to trade by a person who holds a position of authority or influence.

Polymarket US also conducts sophisticated real-time and T+1 surveillance over our markets, relying on technology and human-based resources to address attempts to manipulate contracts or engage in other forms of abusive trading activity.¹⁵ For those contracts under the control of a single individual or small group of individuals, it is critical that we identify and investigate abnormal trading patterns that might suggest manipulation or abusive trading. Our rulebook requires an investigation where there is a possible Polymarket US rule violation in connection with activity on our exchange.¹⁶

These measures, combined with accurate trade reconstruction, are designed to ensure that anomalies and abnormal trading patterns are identified, investigated, and, where appropriate, prosecuted. Polymarket US Rule 8.14 allows the exchange to summarily suspend, limit, condition, restrict, or qualify trading privileges if necessary to protect markets, Polymarket US, the public, or other participants.

¹⁵ We note that the ANPRM also asks about blockchain-based settlement. Polymarket US supports the potential for on-chain prediction markets, as we believe these advancements represent responsible innovation and will reduce counterparty risk and provide the benefit of additional transparency to market participants, as all transaction activity will be published and made available to the public for review. We welcome additional opportunities to discuss with the CFTC Polymarket's unique expertise in operating an on-chain prediction market.

¹⁶ See Polymarket US Rulebook (Mar. 20, 2026), available at [https://polymarketexchange.com/files/legal/Polymarket%20US%20Rulebook%20\(2026.04.21\).pdf](https://polymarketexchange.com/files/legal/Polymarket%20US%20Rulebook%20(2026.04.21).pdf).

C. The Importance of DCM Self-Certification.

Polymarket US strongly supports the current self-certification framework. Since the Commodity Futures Modernization Act of 2000, the self-certification process has increasingly become the standard method DCMs have taken to list event contracts under Part 40 of the CFTC's regulations.¹⁷ In fact, only a few contracts have been voluntarily submitted for Commission approval since the adoption of the Dodd-Frank Act. The self-certification process requires DCMs, among other things, to submit a detailed description of the contract to be listed with a clear explanation of the contract's compliance with the CEA and CFTC's regulations. The self-certification process strikes an important balance: allowing markets to efficiently engage in innovation while requiring that DCMs ensure that the contract does not violate any provision of the CEA or the CFTC's regulations and policies.¹⁸

Much has been made of the increased volume of new contracts filed for self-certification. We recognize there is a common misconception that prediction markets allow participants to list any market they choose. However, as just described, that simply is not the case. Only DCMs can submit new contracts. The contracts are subject to CFTC review prior to listing. Prediction market operators are highly regulated, and the prediction markets they list are subject to the CFTC's authority under the CEA. Simply stated, individual participants cannot create, publish, or list their own contracts or markets freely.

Absent self-certification, contract listings would take longer to reach market participants, which limits a market participant's ability to hedge or speculate on these important events and would stifle innovation in markets. As some of these events happen with little or no advance warning, speed to market (with the appropriate protections discussed above) is critical to a well-functioning marketplace.

Accordingly, the Commission should avoid amending the listing processes set forth in the Part 40 rules or establish new or revised factors for evaluating the listing of event contracts on prediction markets. The CFTC's existing principles-based regulatory framework is effective and well-suited to oversee prediction markets. The introduction of a prediction market specific contract submission regime would be unnecessarily prescriptive and unwarranted.

V. **The CFTC's public interest determination authority should only be exercised in limited instances.**

As detailed in the ANPRM, Section 5c(c)(5)(C) of the CEA provides that the CFTC *may* determine that contracts based on the occurrence of an event are contrary to the public interest if the contracts involve: (i) activity that is unlawful under any federal or state law; (ii) terrorism; (iii) assassination; (iv) war; (v) gaming; or (vi) other similar activity determined by the

¹⁷ 17 C.F.R. § 40.2.

¹⁸ See CFTC, Self-Certification Filing Procedures, available at <https://www.cftc.gov/IndustryOversight/ContractsProducts/ListingProcedures/index.htm>.

Commission, by rule or regulation, to be contrary to the public interest.¹⁹ Notably, Congress authorized that the CFTC “may” issue public determinations, but Congress also did not mandate public interest determinations.

As with the Commission’s authority in Section 4(c) of the CEA, the CFTC should consider carefully whether and how it makes such determinations so that markets and market participants can assess such a determination for future contract types. Those determinations should be made based on a number of factors, such as hedging, price risk, price discovery, and price dissemination, which are all elements of the CEA public interest determinations framework. We would welcome the opportunity to further engage with the Commission on the enumerated categories.

VI. The CFTC has exclusive jurisdiction over prediction markets, preempting state regulation.

Congress intentionally defined a “swap” broadly, and the increased value placed on prediction markets underscores that many stakeholders benefit from having an impartial venue to hedge (or speculate) on important events that may have a consequence.²⁰ As articulated by the CFTC, “[e]vent contracts listed on CFTC-regulated DCMs are a type of ‘swap’ as defined by the CEA.”²¹

Section 16 of the CEA's preemption provision and the Supremacy Clause of the U.S. Constitution supersede state laws that conflict with the federal framework.²² In particular, Congress recognized the need for uniform and nationwide regulation of futures and options markets because concurrent regulation by the states or other federal regulators, such as the Securities and Exchange Commission, could lead to “total chaos.”²³

The Commission has recently articulated this position in court, citing amendments to the CEA in the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) that “expressly extended the CFTC’s ‘exclusive jurisdiction’ to encompass ‘transactions involving swaps,’ eliminating the remaining concurrent jurisdiction of States as to off-exchange swap

¹⁹ 7 U.S.C. § 7a-2(c)(5)(C). Emphasis added.

²⁰ The CEA defines a “swap,” in part, as “any agreement, contract, or transaction . . . that provides for any purchase, sale, payment, or delivery (other than a dividend on an equity security) that is dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a *potential* financial, economic, or commercial consequence.” See CEA 1a(47)(A)(ii) (emphasis added). Whether a weather event, political event, macroeconomic event, or a sporting event outcome, there are potential financial, economic, or commercial consequences to each of these.

²¹ *United States v. Hobbs*, No. 26-cv-02246 (D. Ariz. Apr. 2, 2026) (Complaint for Declaratory and Injunctive Relief), ¶ 35; *United States v. Pritzker*, No. 1:26-cv-03659 (N.D. Ill. Apr. 2, 2026) (Complaint for Declaratory and Injunctive Relief), ¶ 35; *United States v. Lamont*, No. 26-cv-00498 (D. Conn. Apr. 2, 2026) (Complaint for Declaratory and Injunctive Relief), ¶ 34.

²² 7 U.S.C. § 16.

²³ See Commodity Futures Trading Act of 1974: Hearings Before the S. Comm. on Agric. & Forestry on S. 2485, S. 2578, S. 2837, H.R. 13113, 93d Cong., 2d Sess. 685 (1974) (statement of Sen. Clark).

transactions.” The Commission articulated that “[a]fter Dodd-Frank, Congress had removed all authority for States to regulate swaps of any kind, creating a complete framework for the CFTC’s exclusive jurisdiction and occupying the regulatory field.”²⁴ Federal courts have backed this view, finding that the CFTC has exclusive jurisdiction over the prediction markets space. Recently, a three-judge panel of the U.S. Circuit Court of Appeals for the Third Circuit held that the CFTC has exclusive jurisdiction over trades on DCMs, including sports-related event contracts.²⁵

Polymarket US’s DCM designation reflects a deliberate decision to operate within — and fully subject itself to — federal oversight, providing regulatory certainty for participants and regulators alike. Polymarket US actively cooperates with the CFTC and welcomes dialogue with state officials to explain how federal oversight addresses the consumer protection and market integrity goals that state regulators rightly care about. We believe in these markets, we believe in transparency, and we believe that the CFTC should continue to exercise its exclusive jurisdiction over prediction markets and promote the integrity, resilience, and vibrancy of the U.S. derivatives markets, including prediction markets, through sound regulation.

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²⁴ *United States v. Hobbs*, No. 26-cv-02246 (D. Ariz. Apr. 2, 2026) (Complaint for Declaratory and Injunctive Relief), ¶ 52. The Commission further noted that “Congress made clear that the CFTC has exclusive jurisdiction over event contracts. In CEA § 5c(c)(5)(C) (codified at 7 U.S.C. § 7a-2(c)(5)(C)), Congress provided the CFTC with specific oversight and prohibitory authority over event contracts. Under § 5c(c)(5)(C), the CFTC ‘may determine’ that event contracts involving certain categories ‘are contrary to the public interest’ and may not be listed on CFTC-regulated markets . . . By creating a specific public interest review process, Congress signaled that these contracts belong within the CFTC’s exclusive regulatory purview, not the States.” See ¶ 53 and ¶ 54.

²⁵ *KalshiEX LLC v. Flaherty*, No. 25-1922 (3d Cir. Apr. 6, 2026).

Polymarket US appreciates the attention which the CFTC has taken to consider clarifications to current regulations affecting prediction markets, and we respectfully encourage the CFTC to consider our comments to the questions proposed in the ANPRM. We welcome discussing our comments with the CFTC and its staff to work toward a practical regulatory regime that encourages the growth of this industry while protecting participants.

* * *

Sincerely,



Justin Hertzberg
CEO
Polymarket US