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Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
Sent Via: CFTC Comments Portal: https://comments.cftc.gov

Re: Comment on Proposed Rulemaking Regarding Event Contracts (90 Fed. Reg. 12516, Mar. 16, 2026)/ RIN 3038–AF65

Mr. Kirkpatrick:

On behalf of the Kalispel Tribe of Indians ("Tribe"), I respectfully submit these comments regarding the Commission's proposed rulemaking addressing event contracts and prediction markets. The Tribe is a federally recognized Indian tribe and a sovereign government that relies on Indian gaming conducted pursuant to the Indian Gaming Regulatory Act ("IGRA"), 25 U.S.C. § 2701 et seq., to fund essential governmental services.

The Tribe urges the Commission to clarify that so-called "prediction markets" that allow users to stake money on uncertain future events, such as sports outcomes, elections, and other contingencies, constitute unlawful gaming rather than permissible derivatives activity. As currently structured and marketed, these products are indistinguishable from traditional gambling and undermine federal law, state law, and longstanding public policy.

I. Prediction Markets Function as Gambling, Not Legitimate Derivatives

Prediction market platforms allow participants to risk money on the outcome of future contingent events, with payouts determined by whether a specified event occurs. These features satisfy the traditional elements of gambling: (1) consideration (money risked), (2) chance (uncertain outcomes not controlled by the participant), and (3) prize (monetary payout).

The Washington Attorney General's recent enforcement action illustrates this reality. As alleged, users on such platforms "wager on issues ranging from sports scores [and] political elections" and receive a fixed payout if their prediction is correct, while the platform collects fees on each transaction. These platforms also actively ensure liquidity and act economically as the "house," further reinforcing their gambling character.



Labeling these activities as "event contracts" or "prediction markets" does not alter their substance. Courts and regulators have long rejected attempts to evade gambling laws through formalistic recharacterizations. The Commission should do the same here.

II. Conflict with the Indian Gaming Regulatory Act

Congress enacted IGRA to establish a comprehensive federal framework governing gaming on Indian lands, balancing tribal sovereignty, federal oversight, and state interests. IGRA reflects a careful allocation of authority over gaming activities, including sports wagering and other forms of Class III gaming.

Allowing federally regulated "prediction markets" to offer what are, in substance, sports bets and other wagers outside IGRA's framework undermines that statutory scheme. It would permit non-tribal, non-state actors to offer gaming products nationwide—without tribal compacts, without state authorization, and without the regulatory safeguards Congress required.

This result would directly erode tribal gaming exclusivity on Indian lands and the economic foundation IGRA was designed to protect. Tribal gaming revenues fund essential governmental services, including healthcare, housing, education, and public safety. The Commission should not adopt an interpretation of the Commodity Exchange Act that effectively nullifies IGRA's carefully constructed regime.

III. Violation of Washington Law and Tribal Exclusivity

Washington law provides a clear example of the conflict between prediction markets and state-regulated gaming. Washington broadly prohibits online gambling and allows sports wagering only on tribal lands pursuant to tribal-state compacts under IGRA.

Despite this framework, prediction market platforms have offered Washington residents the ability to place wagers online from anywhere in the state including on Indian lands such as the Kalispel Reservation. These activities directly contravene state law and undermine the exclusivity granted to tribes for sports betting.

The Commission should not preempt or displace state and tribal gambling laws—particularly where those laws are intertwined with tribal sovereignty and federally protected gaming rights. To the extent prediction markets function as gambling, they must comply with applicable state and tribal law, not circumvent it.

IV. Public Policy Concerns

Prediction markets also raise significant public policy concerns that mirror—and in some respects exacerbate—those associated with traditional gambling. As documented in the Washington Attorney General's complaint, these platforms are designed to maximize engagement and betting volume through constant wagering opportunities, mobile accessibility, and behavioral design features that encourage compulsive use. They promote continuous betting across an "almost limitless array" of topics, from sports to politics to public health events.

Online gambling is associated with higher rates of problem gambling and addiction compared to in-person gaming, and unrestricted nationwide access heightens these risks. Unlike tribal gaming

operations, which are subject to strict regulatory controls and responsible gaming requirements, prediction markets operate without comparable safeguards. Moreover, allowing wagering on political events and public discourse raises additional concerns about market manipulation, integrity, and the commodification of democratic processes.

V. The Commission Should Clarify That These Contracts Are Prohibited

The Commodity Exchange Act prohibits certain event contracts involving gaming and other activities contrary to public interest. The Commission should:

1. Clarify that contracts based on sports outcomes, elections, or other contingent events that resemble wagering constitute prohibited gaming contracts;
2. Reject attempts to recharacterize gambling products as financial instruments where no legitimate hedging or price discovery function exists;
3. Affirm that federal commodities regulation does not preempt state gambling laws or IGRA; and
4. Ensure that its regulatory framework does not create a backdoor for nationwide online gambling.

VI. Conclusion

Prediction markets, as currently structured, are not innovative financial tools. They are merely gambling products repackaged to evade existing legal frameworks. Permitting their expansion would undermine IGRA, violate state law, and conflict with longstanding public policy protections.

For these reasons, the Kalispel Tribe respectfully urges the Commission to adopt a clear and restrictive approach that treats these products as prohibited gaming contracts and preserves the integrity of federal, state, and tribal gaming regimes.

Respectfully submitted,

Glen Nenema
Chairman