Congress of the United States

Washington, DC 20515

April 15, 2026

The Honorable Michael Selig
Chair
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Dear Chair Selig,

I write in response to your request for feedback as the Commodity Futures Trading Commission (CFTC) considers regulations on event contracts.

As you know, prediction markets have experienced rapid growth this year, overwhelmingly based on offering "event contracts" linked to the outcomes of collegiate and professional sporting events. This has happened despite prior acknowledgment by certain platforms that sports contracts constitute gaming and therefore run afoul of CFTC regulations.

These platforms now contend that sports event contracts are financial derivatives, effectively conflating sports betting with a form of investment. This distinction is not merely semantic; it carries serious consequences for consumers who may misunderstand the risks involved and assume protections that do not exist. While proponents of sports event contracts claim they offer financial products distinct from sports betting, their own advertising says otherwise. Kalshi, for example, has promoted itself as a platform where users can "bet on the NFL in all 50 states" and "bet on the NBA legally." The scale and speed of this activity underscore the urgency of the issue. During Super Bowl LX, for instance, Kalshi's trading volume exceeded $1 billion, a reported 2,700% increase from the previous year.

Given these developments, it is deeply concerning that the Commission has not taken more decisive action. This inaction runs counter to both the regulatory and statutory authority given to the CFTC to prohibit such contracts from being listed or traded.

In 2010, Congress established a public interest review under Section 5c(c)(5)(C) of the Commodity Exchange Act (CEA), authorizing the CFTC to prohibit the listing of certain types of event contracts. Senator Blanche Lincoln stated explicitly that the purpose of this section was to "prevent gambling through futures markets" and prohibit event contracts "around sporting events such as the Super Bowl, the Kentucky Derby, and Masters Golf Tournament." The Commission implemented this provision via CFTC Regulation 40.11 which explicitly prohibits registered entities under the Commission's jurisdiction from offering contracts involving "terrorism, assassination, war, gaming, or an activity that is unlawful under any State or Federal law," as well as other similar activity the Commission deems contrary to the public interest.

As prediction markets rapidly expanded into areas traditionally governed by state gaming frameworks, the CFTC appropriately recognized the need for clarity. In 2024, the Commission proposed amendments to Regulation 40.11 to better define "gaming" and delineate which

markets fall outside its public interest guardrails. The proposed amendments would have clarified that gaming includes contracts on the outcome of a game in which one or more athletes compete.

Building on that effort, the Commission in 2025 issued an advisory urging prediction market platforms to exercise caution in offering sports event contracts while related state litigation remained pending. Together, these actions reflected a deliberate and measured approach to preserving statutory intent, regulatory certainty, and cooperative federal-state oversight. Your remarks on January 29, 2026, at the CFTC–SEC Joint Event on Harmonization, however, signaled a significant shift, announcing the rescission of both the 2024 proposed rule and the 2025 advisory.

Regardless of how these products are labeled, sports event contracts are functionally indistinguishable from traditional sports wagering. Section 5c(c)(5)(C) was intended as a statutory safeguard against repurposing federally regulated markets for betting activity unrelated to legitimate risk management. Maintaining that boundary is essential not only to uphold congressional intent, but also to preserve market integrity, regulatory clarity, and public confidence in the Commission's oversight framework.

These contracts are also in violation of the Wire Act and the Indian Gaming Regulatory Act which guarantees tribal sovereignty over gaming on their lands. Such contracts effectively create a backdoor mechanism to offer sports betting in states that have not authorized it. The regulation and legalization of sports betting have traditionally been dealt with at the state level in the United States. Since the Supreme Court allowed for states to legalize sports betting in 2018, 39 states and the District of Columbia have set up regulatory frameworks, many in close coordination with tribal governments. Each state that legalizes sports betting includes a variety of requirements for consumer protections, age verification, responsible gaming, tax revenue, integrity safeguards, and anti-money laundering (AML) compliance. As the Commission noted in its prior proposed rulemaking, "In the United States, gambling is overseen by state regulators with particular expertise and governed by state gaming laws aimed at addressing particular risks and concerns associated with gambling. **The Commission is not a gaming regulator**."

Opposition to these contracts continues to grow among stakeholders and across party lines. Notably, NCAA President Charlie Baker sent a letter to the agency urging the CFTC to suspend college sports event contracts, underscoring the risk these platforms pose to game integrity and the well-being of players themselves. Similarly, former acting White House chief of staff, Mick Mulvaney, and former governor Chris Christie have joined the groundswell of opposition to the proliferation of these nominally regulated markets.

In your November 2025 nomination hearing, you consistently deferred to the courts regarding sports event contracts. While these comments per se were a worrying abdication of the CFTC's authority, subsequent actions have been inconsistent with that stated deference. On February 17, 2026, the CFTC filed an amicus brief in *North American Derivatives Exchange, Inc. v. The State of Nevada* in the Ninth Circuit asserting exclusive jurisdiction over prediction markets. Most recently, on April 2, 2026, the Commission moved to sue the states of Illinois, Connecticut, and Arizona for their attempts to reign in unchecked sports event contracts. These actions exemplify a marked escalation and suggest the agency's intent to effectively nationalize sports betting under the guise of derivatives regulation.

As the Commission looks to set regulations for these platforms, the stakes are clear. Allowing sports event contracts to proliferate on federally registered exchanges would undermine long-standing statutory boundaries, erode state and tribal regulatory authority, and expose consumers to significant and poorly understood risks.

The Commission should act decisively. It must reaffirm its statutory obligations, restore clear regulatory guardrails, and explicitly prohibit the listing and trading of sports-related event contracts. Anything less would constitute a failure to uphold the law and the public interest Congress entrusted the CFTC to protect.

Sincerely,



Dina Titus
Member of Congress