To: Christopher Kirkpatrick, Secretary of the Commission

From: William McLaughlin

Date: April 27, 2026

Re: Advance Notice of Proposed Rulemaking on Prediction Markets (RIN 3038-AF65)

I am a Vice President at Mad River Glen Capital, a tech buyout fund. My professional background is in growth-stage private equity and strategic finance for startups. I am writing to provide an independent perspective on the Commission's request for comment regarding event contracts and the regulatory framework for prediction markets.

Q10: Price Discovery and Dissemination

In my work evaluating tech buyouts, valuation often hinges on predicting variables that don't have a liquid financial market. When we look at investments in fast-growing enterprise software companies, there is no "market price" for the risks involved. We are essentially forced to rely on internal models and fragmented data.

Nonprofit prediction markets fill this gap. They provide a mechanism for the "dissemination of pricing information" under § 3(a) that is qualitatively different from commercial platforms. The value of these markets isn't the trading volume; it is the signal they generate for the public and for investors like myself. By providing a clear price for scientific and policy-relevant events, these markets help professionals in the private sector more accurately price risk and allocate capital toward growth-stage companies.

Q1: Two-Submarket Recognition and Core Principles

From an operational and strategic finance standpoint, regulatory architecture dictates whether a product can exist. Forcing a research-focused, nonprofit platform to comply with the same DCM Core Principles as a high-volume commercial exchange is a category error. I have seen firsthand how excessive compliance costs can prevent a startup or a data project from ever reaching viability.

The "compliance tax" associated with full DCM status is appropriate for commercial platforms where consumer protection and market integrity must scale with volume. However, for nonprofit entities focused on research and education, these requirements are often prohibitive. Instead of

the current system of discretionary "no-action" letters, the Commission should codify a streamlined pathway for nonprofit research markets. This would allow these platforms to focus on generating accurate price discovery without being crushed by the overhead required for a commercial derivative exchange.

Conclusion

The Commission should stop treating all prediction markets as a single category. There is a fundamental difference between a platform designed for commercial speculation and one designed to generate data for the public good. I support the thesis that these two submarkets require distinct regulatory treatment to ensure that the vital research infrastructure provided by nonprofit markets is preserved.