Comment of Hardy Nagrecha, Founder, Build AI Hardware LLC
Re: Advance Notice of Proposed Rulemaking on Prediction Markets, RIN 3038-AF65

My work researching consumer hardware puts me in constant need of forward-looking signals. Technology adoption curves, market timing, the pace at which new categories cross from enthusiast to mainstream — these are not questions that historical data answers well. I rely on forecasts, and the quality of those forecasts depends heavily on whether the underlying information source has any reason to be neutral.

Nonprofit prediction markets, run by ex-academic researchers under 501(c)(3) governance, produce price discovery that carries a different kind of credibility than what a commercial platform generates. The incentive structure is different: a nonprofit has no proprietary data product to protect, no trading revenue to optimize around, and institutional accountability to the public dissemination of results. When a market mechanism is governed that way, the signal it produces is easier to use as actual research input.

This is the distinction the Commission should preserve in its regulatory framework. Section 3(a)'s purposes — price discovery and dissemination of pricing information — are served differently by a nonprofit research market than by a commercial platform, even when the contract mechanism looks identical. Collapsing the two into a single regulatory category because they share a surface structure would sacrifice a functional difference that matters to researchers and practitioners who actually use these signals. Commercial and nonprofit prediction markets may share a mechanism, but they serve different principals — and a framework that treats them identically will, over time, produce less useful public information.