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AMERICAN INSTITUTE
FOR BOYS AND MEN

April 29, 2026

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Prediction Markets, RIN 3038-AF65 (Comment for Proposed Rule 91 FR 12516)

Dear Secretary Kirkpatrick,

I am writing from the American Institute for Boys and Men (AIBM) with comments for Proposed Rule 91 FR 12516. AIBM is a national think tank committed to research and policy development to enhance the wellbeing of boys and men. Our interest in prediction markets relates to our work on the digital lives of young men: the ways they use the internet for connection, for excitement, and for pecuniary gain.

As a digital technology, prediction markets represent an important new financial product, one that could play an important—positive or negative—role in the lives of young male users. My comments center on two ideas, with responses to specific Commission questions included throughout.

The first idea is that sports event contracts are a form of gambling/gaming and as such should not be listed on prediction markets. Second, especially if sports contracts remain on prediction markets, the Commission should require substantially stronger consumer protections than those that currently exist.

These comments are rooted in my and AIBM's work on sports gambling, on digital technology, and the impact of these technologies on individuals and society.[1]

[1] For example, our policy framework on sports betting reforms: https://aibm.org/policy/how-sports-betting-looks-in-america-and-where-policy-can-reduce-harms/

I. Gaming and Sports Event Contracts

Since early 2025, major prediction markets legally operating in the United States have offered event contracts on sporting events, from Major League Baseball to Premier League Darts. Such contracts are not a trivial part of prediction markets' business. On the largest prediction market currently operating in the U.S., sports-related contracts frequently account for as much as 90 percent of total trading volume.[2]

The Commission asks (Question II.C.19.a): "Are there characteristics—such as an entertainment purpose, or an element of chance—that distinguish gaming from other activities?"

Sports event contracts serve no economic purpose beyond entertainment, and as such constitute a form of gaming. According to polling conducted by AIBM in partnership with Ipsos, half of prediction market users said their "top reason for using prediction markets" was "for entertainment purposes" (41 percent said their top reason was "to make money," 7 percent said "something else").[3]

Sports contracts do not allow ordinary members of the public to hedge any genuine economic exposure. Outside of edge cases, the only people who would reasonably need a sports event contract as a hedging instrument are the players, coaches, and league officials who determine the outcome of the games in question—the very people who are prohibited from purchasing the contracts because of their access to inside information and their ability to manipulate the markets.

II. Consumer Protections

When shaping the rules around prediction markets, the Commission should consider the ways technology has supercharged these platforms. Modern prediction markets move quickly. The assigned probabilities on specific markets can change rapidly over the course of a sporting event, an election night, or a political address. On the one hand, this reflects the epitome of what prediction markets are designed for: real-time trading bolstered by a constantly updating aggregation of the wisdom of the crowds.

On the other hand, the fast-moving nature of these event contracts means greater risk for users. The Commission's public interest determination (per Question II.B.7) should reflect the unique danger posed by fast-moving online gambling and gambling-like activities, including prediction markets. The risks involved in prediction markets do, per Question II.F.33, "differentiate them

[2] https://closingline.substack.com/p/the-takeaway-kalshi-non-sports-volume
[3] https://aibm.org/research/most-americans-see-prediction-markets-as-more-like-gambling-than-investing-new-aibm-ipsos-poll-finds/

from other commodity derivative instruments." Some commodity derivative instruments resolve quickly. But few resolve as quickly as some prediction market event contracts, for example whether either team in a baseball game will score a run in the first inning, the words the announcers or politicians will say over the course of a broadcast, or whether the price of Bitcoin will exceed a certain amount in a given 15-minute period.[4]

In online gambling, regulating speed is tantamount to ensuring safety.[5] With fast-moving gambling products, users can place bets, see those bets resolve quickly, and then bet again. The speed of these markets serves to remove any opportunity for reflection by the user. Caught up in the rush of betting, gambling can take on a logic of its own, resulting in someone gambling more than they intended when they placed their initial wager.

Research shows that online gambling leads to extreme financial losses. Since 2018, the arrival of online sports gambling in a state has been correlated with an increase in bankruptcies, increase in the use of debt consolidation loans, and reduction in savings and investment in low-income households.[6] Data indicates that harms have been particularly concentrated among young men who, per Question II.C.19.d, also constitute the primary user base for prediction markets.[7] Without consumer protections imposed by the CFTC, prediction markets are likely to sustain or exacerbate these trends.

In fact, some of the products offered by prediction markets resemble the products offered by online sports betting companies. "Combos," as they are called on one leading platform, allow users to combine multiple contracts. For example, rather than purchasing a contract on a certain player to score a touchdown, a combo could entail Player A to score a touchdown, Player B to record 300 passing yards, Player C to rush for 100 yards, and so on. To the user, Combos are indistinguishable from parlays, a popular sports betting product.[8]

Per above, sports event contracts do not belong on prediction markets. But, especially if the Commission were to determine that prediction markets can continue offering sports contracts, a baseline level of guardrails is necessary to protect consumers of these products and to prevent extreme financial losses, addictive behavior, or outright gambling addiction. Doing so would be in line with CEA section 15(a)(2): that a consideration of "the costs and benefits of the proposed Commission action shall be evaluated in light of—(A) *considerations of protection of market*

[4] https://kalshi.com/markets/kxbtc15m/bitcoin-price-up-down/kxbtc15m-26apr222300
[5] https://pubmed.ncbi.nlm.nih.gov/28643152/
[6] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4881086;
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4903302;
[7] https://navigatorresearch.org/americans-oppose-unfair-prediction-markets/;
https://www.paradigm.xyz/2026/03/paradigm-february-2026-poll-on-prediction-markets;
https://aibm.org/research/most-americans-see-prediction-markets-as-more-like-gambling-than-investing-new-aibm-ipsos-poll-finds/
[8] https://www.sportico.com/business/sports-betting/2025/kalshi-parlay-combo-rfq-explainer-1234877038/

participants and the public" (emphasis added). As of this writing, numerous states have considered or begun implementing additional guardrails for online sports betting. The CFTC should do the same.

Consumer protections on prediction markets should be guided by the concept of friction. Many gambling and investment platforms are frictionless—they are designed to be seamless and easy to use, to be continuously engaging. But a lack of friction also means a lack of protections. Users face few or no external checks on their use, natural speed bumps preventing them from gambling or trading more than they otherwise would have to try to recoup their mounting losses. Such moments can represent the beginning of a problematic relationship with gambling, including addictive behavior.

Per Question II.C.19.e, prediction markets should absolutely adhere to responsible gaming standards. Especially if they provide sports event contracts, operators should be required to offer optional tools such as self-exclusion, deposit limits, and time limits, and should be required to warn users when they are escalating their trading in such a way that might be indicative of unsafe platform use.

However, these responsible gaming standards represent the bare minimum of consumer protections and hardly represent an optimal set of guardrails. As a model, responsible gaming is fundamentally inadequate for protecting users. Responsible gaming programs require large amounts of foresight from someone who might not expect to ever need them. And data indicates that only a small fraction of sports bettors ever use optional responsible gaming tools.[9] Some tools—such as disclaimers or win/loss statements—might in fact be counterproductive.[10] And tools like self-exclusion only help those who have already suffered extreme losses or gambling-related harm and who want to prevent a potentially already bad situation from deteriorating further.

In its public interest determination around prediction markets, the Commission should go beyond these responsible gaming standards. It should adopt upstream guardrails designed to prevent users from engaging in unsafe platform use in the first place.

Examples of friction for prediction markets could include:

- Setting the minimum age to trade on prediction markets at 21. The earlier someone is exposed to gambling, the greater risk they run of adjusting to risky behavior and developing a gambling problem later in life.[11]
- Setting heightened default loss limits for younger users (for example those under the age of 25), with any increase in or removal of loss limit requiring action by the user. An

[9] https://playerprotectionhub.com/2023/11/mgc-expresses-concern-over-low-rg-tool-uptake/
[10] https://gamblingharm.org/betting-win-loss-statement-trackers-reduce-harm/
[11] https://pmc.ncbi.nlm.nih.gov/articles/PMC8997231/

increase or removal of loss limits should only take effect after a designated cooling-off period (say 24 hours).

- Setting responsible gaming tools—such as deposit limits and loss limits—as the default for *all* users. Users over the age of 25 would be able to remove or adjust these limits at will, but they should be required to opt out of them, rather than opt in.
- Automatic flagging of users who exhibit signs of loss chasing, for example increasing their typical bet size and session length, late night play, making multiple deposits in short succession, failed deposits, and increasing bet velocity. Platforms should be required to have mechanisms to detect potentially problematic behaviors and to take escalating steps to slow use by anyone meeting these criteria. Escalating steps could include mandatory cool downs, human outreach, or temporary blockage of platform access.
- Prohibiting the integration of prediction market event contracts into brokerage platforms. The ability to seamlessly transfer money from a traditional investing account into a prediction market blurs the line between long-term investing and a fast-moving, gambling-like activity. A lack of friction between traditional investing and prediction markets poses a danger to users who, in moments of frustration following a loss, may drain accounts meant to secure their financial future.

The Commission asks (Question II.A.2.f) about "what factors should the Commission consider in determining whether prediction markets should be permitted to offer trading on margin, and should such factors be different for retail as opposed to institutional customers?"

Allowing retail customers the opportunity to trade on margin would be disastrous. For the reasons described above, many aspects of prediction markets mean they resemble gambling platforms more than investment platforms. And many of prediction markets' primary users are already prone to risky financial decisions. As such, trading on margin could set up retail traders for severe financial harms: someone could lose a trade, place another—perhaps with even more money—and continue trading, a well-documented phenomenon in gambling known as "loss chasing." If allowed to gamble on margin, the trader could accumulate larger and larger margin positions, resulting in debts they might not be able to easily repay.

Please feel free to contact me (jonathan@aibm.org) to further discuss any of the above proposals, or any other issues related to prediction markets on which the Commission is seeking comment.

Sincerely,
Jonathan D. Cohen