Hoerha Harikoro
Founder of a new type of **SEF**

April 30, 2026

Re: Prediction Markets – RIN 3038-AF65

I've designed a NEW Type of Prediction Market that will operate as a **SEF**, with a **NEW Type of Event Contract**; that is COMPLETELY DIFFERENT, to how the current ones are operating.

And because of that, I want to give some answers and comments on the "Types of Event Contracts".

Which I would like the Innovation Task Force staff to consider, when making up new regulations for Innovators to abide by.

As such, the comments that follow, refer to the **SEF** I've designed. Which I will be submitting for registration sometime later.

F. Types of Event Contracts and Other Issues

Q33.1 – What aspects of prediction markets are relevant to whether event contracts should, or should not, appropriately be classified as swaps?
Q33.2 – What aspects, if any, distinguish event contracts from other types of swaps?

If the Event Contract traded on the Prediction Market depends on the Supply & Demand ratios of what is traded, to determine the prices of the trade. And the transaction happens because of the occurrence or nonoccurrence of an Event.
Then the Event Contract should be classified as a SWAP.

That aspect distinguishes an event contract, traded as such, from other types of swaps.

Q33.3 – What potential financial, economic, or commercial consequences underlie event contracts?

It depends on what the event contract is designed to achieve.

For the SEF I've designed, the Event Contracts are designed to achieve**:**
1. High Liquidity &
2. To Reduce Trade Uncertainty.

That design achieves the intended potential financial, economic, or commercial consequences, for which the SEF is designed for.

What that is, will be made available when I submit my SEF application for registration.

As such, I want to point out that, event contracts traded as swaps, do have potential financial, economic, or commercial consequences.

Note: The Consequences are NOT the same, as the ones given by Kalshi and Polymarket.

Q33.4 – How are any event contracts based on the value of financial or economic interests or property?

It is possible, because that is how the event contract on the SEF I've designed, is like.

How that is so, will be explained during my SEF application for registration.

Q35.1 – Are there any event contracts that are based on events that are not within this statutory definition?

YES. Like the event contract for the **SEF**, I've designed.
Which is based on the statutory definition of the term **"swap"** in CEA section 1a(47)(A).

Q35.2 – If so, how are those event contracts similar to, or different from, event contracts based on events that are within the statutory definition of "excluded commodity"?

Similarity: The buy or sell happens in response to the occurrence of an event.
Difference: The Price does not determine the likelihood of the occurrence of an event.

Q35.3 – How are such differences, if any, relevant to the Commission's regulation of event contracts and prediction markets?

The Price is derived from the value of a commodity.
The Commodities have a time-period of trade that depends on the Supply & Demand levels of the Commodities.

As such, the value of a Commodity would be transacted on in **2 different stages**, before its withdrawn from trading.

Stage 1. When its value is being traded-off. That is, being used for trade by Traders.

Stage 2. The SEF would need to find ways to build up the value of the commodity again, for it to be removed from trading.

This is to make way for NEW Commodities brought in to be traded.
Because of the Difference in the Supply and Demand levels between the OLD & NEW Commodities.

Why it would be relevant for SEFs to do this, is to **show the AUDIT TRAIL** of that process. So that, Traders trade on the most recent Commodities.

This audit trail would also be proof that, SEFs are using the most recent values of commodities for trade.

It is now up to a SEF to implement this.

So, that is how relevant that difference is, for the Commission and the Innovation Task Force staff to consider and include, this as part of the regulation for event contracts and prediction markets.

Note:

A clear example of what I'm describing here, can be referenced from **my SEF application** for registration, which I will be submitting sometime later.

B. Public Interest

Q9: Please include elements of the former "economic purpose" test, to be part of the determination for public interest. – So that event contracts that look like gambling would come under State Regulations.

Q12: I think Prediction Markets should be allowed to cover some of the Risks that Insurance firms take. Because that will Increase COMPETITION.
Which will **LOWER** the Prices. And that is good for the Public Interest.

Thank you for your consideration.