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April 30, 2026

VIA CFTC COMMENTS PORTAL

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

Re: Advance Notice of Proposed Rulemaking on Prediction Markets, RIN 3038–AF65, 91 Fed. Reg. 12516 (March 16, 2026)

Dear Mr. Kirkpatrick:

Douro Labs LLC ("Douro Labs" or "we"), a core contributor to the Pyth Network ("Pyth"), respectfully submits these comments in response to the Commodity Futures Trading Commission's ("Commission" or "CFTC") Advance Notice of Proposed Rulemaking on Prediction Markets (the "ANPR").[1] We thank the Commission for soliciting public input on this rapidly growing market and welcome the opportunity to contribute.

Pyth is a first-party financial market data network.[2] Over 125 institutional publishers—including exchanges, market makers, and trading firms—publish proprietary price and liquidity data directly to Pyth. Pyth aggregates those contributions into attested reference prices for equities, fixed income, commodities, FX, and digital assets, and delivers them to over 100 blockchains and more than 700 businesses. Pyth's data is used today by hundreds of trading venues and applications that have processed more than $2 trillion in cumulative trading volume.

On August 15, 2025, we submitted a comment letter to the Commission requesting a confirmation that the laws and regulations administered by the CFTC do not preclude the use of pricing data from alternative data sources, such as Pyth, to determine the value of reference assets for purposes of settling futures contracts and swaps (the "2025 Pyth Letter").[3] In that letter, we explained how Pyth can serve as a primary settlement source for perpetual and other derivative contracts and why a first-party, decentralized oracle architecture addresses the manipulation, surveillance, and reliability concerns the Commission has historically identified with on-chain reference data.

This letter builds on the 2025 Pyth Letter and focuses on the issues most directly implicated by the ANPR. First, we introduce the Commission to Pyth and explain the specific ways Pyth's architecture can serve prediction markets and why Pyth's unique perspective on these markets can be valuable for the Commission as it considers purpose built rules. Second, we address two of the Commission's questions on which our perspective is most directly useful: (i) the classification of event contracts as swaps under Commodity Exchange Act ("CEA") § 1a(47)(A)(ii) (ANPR Questions 33–34), which is dispositive of the

[1] Prediction Markets, U.S. Commodity Futures Trading Comm'n, 91 Fed. Reg. 12,516 (proposed Mar. 16, 2026).
[2] *See generally* https://pyth.network; https://pythdata.app.
[3] Letter from Douro Labs LLC to Christopher J. Kirkpatrick, Sec'y, Commodity Futures Trading Comm'n, Re: Request for Input on Listing of Spot Crypto Asset Contracts, (May 21, 2025), https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=108111.

Commission's exclusive jurisdiction, and (ii) the factors the Commission should consider in setting expectations for resolution criteria and resolution data sources under DCM Core Principle 2 (ANPR Question 2.b).

I. About Pyth

Pyth is a first-party, institutionally-sourced market data network. Over 125 disclosed, reputable publishers contribute data directly to Pyth, including some of the largest trading firms in the world. Each publisher contributes prices from its own trading and market-making activity rather than aggregating third-party quotes. Pyth publishes data for more than 3,000 assets across U.S. and international equities, fixed income, commodities, FX, and digital assets. Pyth has secured more than $2 trillion in cumulative trading volume and is used by more than 700 applications and trading venues. In August 2025, the U.S. Department of Commerce selected Pyth to publish official U.S. macroeconomic data (beginning with GDP), a first-of-its-kind engagement.[4]

For each price feed, Pyth combines publisher submissions using a robust aggregation that includes both a price and a per-publisher confidence interval. The aggregate price is a weighted median, which prevents any single publisher from moving the reference price materially and is resistant to outliers and malicious submissions. The aggregate is published together with a confidence interval that communicates the quality and dispersion of the underlying contributions in real time. Publishers are compensated based on their data contributions and quality, and rewards can be slashed if a publisher's submissions fall outside defined integrity thresholds. In effect, each publisher has capital at risk tied to the accuracy of its submissions—an accountability mechanism that is absent at traditional single-vendor data providers.

Every publisher submission and every aggregate price is signed, time-stamped, and recorded. Any market participant, DCM, or regulator can see, for any moment in time, (i) what each submitted, (ii) how the aggregate was computed, and (iii) what the published confidence interval was. This produces a tamper-evident audit trail of reference prices.

Pyth's data quality is quantitatively demonstrable. In our February 2026 submission to the Securities and Exchange Commission ("SEC") on market structure reform, Beyond Reg NMS, A Market Structure Framework for the Modern Era, Douro Labs published the results of an independent comparison of Pyth reference prices to the National Best Bid and Offer ("NBBO") reported by the Securities Information Processors.[5] Over a four-week measurement window covering more than 929 million observations, Pyth prices for the top 100 U.S. equities by market capitalization fell within the NBBO 94.2% of the time, rising to 96.1% excluding the "Magnificent Seven" names that trade at penny spreads. For the three most liquid equity index futures, Pyth prices fell within the NBBO 99.1% of the time across 1.29 billion observations. For crude oil futures, Pyth prices fell within the NBBO 98.1% of the time across 322 million observations. Where Pyth prices fell outside the NBBO, median deviation ranged from 1.32 to 2.70 basis points. Coverage is equally broad: the number of assets priced by Pyth has grown 8.8x over the past two years, driven largely by demand for equities, commodities, and other real-world assets. This is institutional-grade price quality at institutional-grade breadth. These capabilities are already in production at a CFTC-registered DCM. On April 22, 2026, Kalshi announced that Pyth is the resolution data provider

[4] *See* Press Release, U.S. Dep't of Commerce, Department of Commerce Posts 2nd Quarter Gross Domestic Product to the Blockchain (Aug. 28, 2025), https://www.commerce.gov/news/press-releases/2025/08/department-commerce-posts-2nd-quarter-gross-domestic-product-blockchain.

[5] Douro Labs, Beyond Reg NMS, A Market Structure Framework for the Modern Era (Feb. 2026), https://www.sec.gov/files/douro-labs-beyond-reg-nms-022026.pdf.

for its newly launched Commodities Hub, where event contracts on gold, silver, oil, natural gas, copper, corn, soybeans, wheat, and other physical commodities resolve against Pyth price feeds.[6]

These features matter for prediction markets because the economic risk in an event contract is concentrated almost entirely at the point of resolution. A prediction market's matching engine, margin framework, and surveillance program can be perfectly designed, and the contract can still fail if the resolution source is compromised, disputed, or opaque. Pyth is purpose-built to eliminate that point of failure for the broad category of event contracts whose outcomes can be expressed in terms of observable financial, economic, or commercial data. Pyth offers DCMs a single, unified resolution layer that (i) covers every asset class in which event contracts are likely to proliferate, (ii) operates continuously without regard to the operating hours of any source exchange, (iii) produces the same attested output for every contract regardless of underlying, and (iv) is backed by the economic stakes of the same institutional market makers that set prices on the underlying venues. The result is that a DCM listing event contracts across oil, equities, FX, and crypto can rely on a common resolution infrastructure—the same infrastructure Kalshi selected for its Commodities Hub—rather than integrating and supervising four distinct vendor relationships with four different risk profiles.

II. Event Contracts Are Properly Classified as Swaps, and the Commission's Exclusive Jurisdiction Follows (Questions 33–34)

We support the Commission's position, consistently articulated by Chairman Selig and in recent Commission filings, that event contracts listed on CFTC-registered DCMs fall within the Commission's exclusive jurisdiction.[7] The cleanest statutory path to that result, and the one we encourage the Commission to advance in any future rulemaking, is to treat event contracts as swaps under CEA § 1a(47)(A)(ii). These are not house-hosted, single-counterparty, arbitrary-rules-based gambling programs. They are many-to-many derivatives markets, matching willing buyers and sellers in standardized, exchange-listed contracts that transfer price and outcome risk between independent counterparties. That is the market structure the CEA has regulated since its inception, and when Congress, through the Dodd-Frank Act, extended the CEA's reach to swaps, it expressly wrote the swap definition to capture event-contingent payoffs of precisely this kind.

The statutory text supports this classification. CEA § 1a(47)(A)(ii) defines "swap" to include "any agreement, contract, or transaction … that provides for any purchase, sale, payment, or delivery … that is dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence." That language is, in substance, a description of an event contract. The 2012 joint further definition of "swap" adopted by the Commission and the SEC confirmed that subparagraph (A)(ii) reaches contingency-dependent payoffs,

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[6] *See* Press Release, Pyth Network, Pyth Network Selected as Resolution Source for Kalshi's Expanded Commodities Markets (Apr. 22, 2026), https://www.businesswire.com/news/home/20260422753096/en/Pyth-Network-Selected-as-Resolution-Source-for-Kalshis-Expanded-Commodities-Markets.

[7] *See* Press Release, U.S. Commodity Futures Trading Comm'n, Release No. 9183-26, CFTC Reaffirms Exclusive Jurisdiction over Prediction Markets in U.S. Circuit Court Filing (Feb. 17, 2026), https://www.cftc.gov/PressRoom/PressReleases/9183-26 (announcing the Commission's Ninth Circuit amicus filing and reaffirming the CFTC's exclusive jurisdiction over event contracts traded on CFTC-registered designated contract markets); Press Release, U.S. Commodity Futures Trading Comm'n, Release No. 9206-26, CFTC Sues Trio of States to Reaffirm its Exclusive Jurisdiction Over Prediction Markets (Apr. 2, 2026), https://www.cftc.gov/PressRoom/PressReleases/9206-26 (announcing federal lawsuits against Arizona, Connecticut, and Illinois to defend the Commission's exclusive regulatory authority over event contracts listed on CFTC-registered DCMs).

and the ANPR itself reiterates that event contracts "can fall within multiple subsections of the CEA's definition of 'swap'" under CEA section 1a(47)(A)(ii).[8]

A swap classification produces concrete benefits for the regulatory framework:

First, it aligns with the Commission's own already-articulated position. DMO Staff Advisory Letter 26-08 (March 12, 2026) treats event contracts as swaps.[9] The Commission's February 17, 2026 amicus brief in the Ninth Circuit prediction markets appeals (consolidated with Kalshi for oral argument), and its April 2026 enforcement actions against Illinois, Arizona, and Connecticut, each proceed on the swap theory and on the exclusive-jurisdiction and preemption consequences that follow from it.[10]

Second, it supplies the strongest preemption footing. CEA § 2(a)(1)(A), as amended by Dodd-Frank, extends the Commission's "exclusive jurisdiction" to "transactions involving swaps" traded on DCMs. The states challenging DCM-listed event contracts have argued that such contracts are gambling products subject to state gaming law. Classifying event contracts as swaps places them squarely within a category for which Congress, in 2010, established a federal regulatory regime with express preemptive effect—a statutory posture materially stronger than the pre-Dodd-Frank futures framework on which the preemption argument would otherwise have to rely.

We note that swap classification does not disturb the DCM listing pathway. CEA § 5h(g) and Part 38 of the CFTC rules permit DCMs to list swaps, and the Commission has long recognized that a DCM may self-certify swap contracts under the same Core Principles and Part 38 procedures that apply to futures.

We encourage the Commission, in any forthcoming rulemaking, to state expressly that event contracts listed on a DCM qualify as swaps under CEA § 1a(47)(A)(ii), that they fall within the Commission's exclusive jurisdiction under CEA § 2(a)(1)(A).

III. Pyth Prices Should Be Recognized as an Acceptable Resolution Data Source (Question 2.b)

Question 2.b. asks what factors the Commission should consider regarding a DCM's rules for resolving event contracts, including rules addressing disputes over whether the trigger event has occurred. We submit that the single most important determinant of a resolution rule's reliability is the integrity of the underlying data source. In contrast to price-referenced swaps and futures, where manipulation concern centers on the reference price at settlement, event contracts depend on a binary or scalar determination by a resolution source at a single moment in time. The entire notional value of the contract turns on that

[8] *See* Further Definition of "Swap," "Security-Based Swap," and "Security-Based Swap Agreement"; Mixed Swaps; Security-Based Swap Agreement Recordkeeping, 77 Fed. Reg. 48,208 (Aug. 13, 2012) (joint final rule of the CFTC and SEC interpreting CEA § 1a(47)(A)(ii) to encompass agreements, contracts, or transactions dependent on the occurrence, nonoccurrence, or extent of an event or contingency associated with a potential financial, economic, or commercial consequence); Prediction Markets, 91 Fed. Reg. at 12,517.

[9] CFTC Staff Letter No. 26-08, Div. of Mkt. Oversight, U.S. Commodity Futures Trading Comm'n, Prediction Markets Advisory (Mar. 12, 2026), https://www.cftc.gov/csl/26-08/download.

[10] *See* Brief for the U.S. Commodity Futures Trading Comm'n as Amicus Curiae Supporting Plaintiff-Appellant, N. Am. Derivatives Exch., Inc. v. Nevada, No. 25-7187 (9th Cir. Feb. 17, 2026) (arguing that event contracts traded on CFTC-registered DCMs are swaps under CEA § 1a(47), that CEA § 2(a)(1)(A) vests the Commission with exclusive jurisdiction over such swaps, and that state gambling laws are preempted as applied to DCM-traded event contracts); Complaint, United States v. Illinois, No. 1:26-cv-03659 (N.D. Ill. filed Apr. 2, 2026) (advancing the same swap-classification and exclusive-jurisdiction theories as the basis for declaratory and injunctive relief against Illinois enforcement); Complaint, United States v. Arizona, No. 2:26-cv-02246 (D. Ariz. filed Apr. 2, 2026) (same); Complaint, United States v. Lamont, No. 3:26-cv-00498 (D. Conn. filed Apr. 2, 2026) (same).

determination. This creates a concentrated manipulation surface that differs in kind, not just degree, from traditional derivatives.

For the large class of event contracts whose triggers are expressible as financial, economic, or commercial data points—closing prices, index levels, price thresholds, volume or spread measures, FX fixings, or similar observable values—a DCM's designation of a manipulation-resistant, independently-verifiable data source at listing substantially forecloses post-resolution disputes.

We encourage the Commission to articulate the criteria that a DCM should consider when designating a data source for event-contract resolution. We submit that the criteria should enable DCMs to rely on a wide array of structurally sound data sources, including Pyth data, so long as such data sources can satisfy certain minimum criteria. We encourage the Commission to consider the following minimum criteria for such data source's eligibility:

- Independence: the degree to which the resolution source is operationally and economically independent from large position-holders in the event contract;
- Redundancy: whether the resolution source consists of a single point of determination or aggregates multiple independent inputs;
- Transparency & Auditability: whether the data underlying the resolution is published or able to be made available contemporaneously in a tamper-evident form, permitting ex-post reconstruction of the resolution and whether the methodology for such data source is publicly disclosed in plain-language documentation sufficient for a reasonable market participant to understand how displayed information is derived;
- Accountability: whether the entities providing inputs to the resolution source bear economic and/or reputational consequences for inaccurate data; and
- Dispute Procedure: whether there is a pre-defined, transparent dispute resolution procedure with bounded timelines and defined evidentiary standards.

Pyth is designed to satisfy each of these criteria, and does so today for DCM-eligible reference values including equity closing prices, major equity indices, Treasury yields, FX fixings, spot commodity prices, and digital-asset reference prices. We are not asking the Commission to "recognize" Pyth or any other specific data source. In fact, we would caution against a recognition regime: the existing framework vests the resolution-source designation in the DCM's rulebook subject to Commission review under the Core Principles, which is the locus at which the judgment is best made and which has now produced a concrete, product-ready outcome without Commission pre-approval.

Our narrower request is that the Commission, in any forthcoming rulemaking or guidance, articulate the criteria above (or some subset of them) as the factors it will consider when reviewing a DCM's resolution-source designation under Core Principles 2 and 3. Published review criteria give DCMs predictable guidance on how the Commission evaluates self-certified event contracts, without converting the Commission into a gatekeeper of individual data providers.

Adopting this framework would have a direct benefit for the Commission's Core Principle 3 analysis of whether an event contract is "not readily susceptible to manipulation." For event contracts resolved against a manipulation-resistant, multi-source, transparent, and auditable data feed, the most tractable avenue for manipulation—compromise of the resolution source—is structurally foreclosed. That narrows the manipulation inquiry to the underlying market or event itself, which is the analysis the Commission has performed for decades for cash-settled futures and, since Dodd-Frank, for cash-settled swaps.

We are prepared to provide the Commission with technical documentation, reference implementations, and access to Pyth's publisher network to support staff analysis of these criteria.

IV. Conclusion

Douro Labs supports the Commission's exercise of exclusive jurisdiction over prediction markets and encourages the Commission to anchor that jurisdiction in the swaps classification. For the substantial portion of event contracts whose triggers are expressible as financial, economic, or commercial data, a structurally manipulation-resistant, multi-source, cryptographically-attested data feed substantially resolves the resolution-integrity problem at the core of the Commission's Core Principle inquiries. Pyth is such a feed, and we welcome the opportunity to engage with staff on its application to DCM-listed event contracts.

Please contact us at brandon@dourolabs.xyz with any questions.

Respectfully submitted,



Brandon Ferrick
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cc: Michael Cahill, Chief Executive Officer, Douro Labs LLC