April 29, 2026

BY ELECTRONIC SUBMISSION ONLY

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 – Prediction Markets (RIN 3038-AF65)

Mr. Kirkpatrick:

The NIBA appreciates the opportunity to submit its comments in response to the Commodity Futures Trading Commission's (the "Commission" or "CFTC") Advance Notice of Proposed Rulemaking on Prediction Markets (the "ANPR"). Founded in 1991, NIBA is the trade association for registered derivatives professional. NIBA provides its members with education and the advocacy essential to operating a successful business in the futures and options industry. Our membership includes Introducing Brokers (IBs), Commodity Trading Advisors, Futures Commission Merchants and other firms and individuals who support the industry. These comments are submitted on behalf of NIBA's IB members only.

NIBA's comments are confined to Topic II.B of the ANPR concerning the public interest determination under Section 5c(c)(5)(C) of the Commodity Exchange Act (the "CEA"). Our IB members are often the only point of contact between the listed derivatives markets and the customer. Over the course of 35 years, NIBA and its members have explained to customers and to the public, that the U.S. commodity futures markets are not a venue for wagering. They are a critical economic infrastructure that allows for commercial participants to hedge price risk while supporting speculation that fosters reliable price discovery.

The Commission's analysis of whether an event contract is "contrary to the public interest" within the meaning of Section 5c(c)(5)(C) should be guided by the purposes Congress identified in Section 3(a) of the CEA. Section 3(a) clearly defines the public

interest in transactions on CFTC-registered markets as "providing a means for managing and assuring price risks, discovering prices or disseminating pricing information." 7 U.S.C. Sec. 5(a). The Commission should consider these public interest considerations when determining whether an event contract is consistent with, or contrary to, the public interest.

In doing so, the Commission should consider whether the underlying event or occurrence creates any price risk, or carries any price outside of the event contract itself. Where an event contract references an underlying with an identifiable price risk or price, trading in the contract can aggregate dispersed information, generate a publicly observable price signal and provide hedging utility to participants who bear the underlying exposure. Where it does not, a contract whose value is determined by the event does not serve the public interest in "providing a means for managing and assuming price risks, discovering prices or disseminating pricing information through trading in liquid, fair and financially secure trading facilities." 7 U.S.C. Sec. 5(a). Additionally, contracts based on events that have no real-world prices do not seem to meet the definition of swaps in the CEA. That definition only encompasses event contracts whose value is determined with reference to an "event or contingency associated with a potential financial, economic or commercial consequence." 7 U.S.C. Sec. 1a(47)(A)(ii).

While some event contracts eventually listed on Commission-regulated venues might involve an underlying contract and fit the definitions above, many do not seem to serve the Congressionally identified public interests. There is no price associated with the outcome of sporting events, pop culture events or on whether someone says a specific word. In the absence of any price tied to the underlying event itself, contracts based on those events do not serve the public interest of managing price risk or discovering or disseminating prices. The listing of such contracts alongside contracts on agricultural commodities, energy, interest rates and equity indices risk blurring a distinction from wagering that the industry and the Commission have worked for decades to maintain.

NIBA urges the Commission – in any rulemaking that results from this ANPR – to ground its public interest determination in the purposes set out in Section 3(a) of the Commodity Exchange Act.

Respectfully submitted,

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