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April 30, 2026

VIA ELECTRONIC SUBMISSION

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

Re: Request for Comment on Advanced Notice of Proposed Rulemaking Relating to Prediction Markets (Release Number 9194-26)

Dear Mr. Kirkpatrick:

Robinhood Derivatives, LLC ("Robinhood Derivatives")[1] respectfully submits this letter to the Commodity Futures Trading Commission ("Commission" or "CFTC") in response to the above-referenced Request for Comment on the Advanced Notice of Proposed Rulemaking ("ANPR") relating to prediction markets and event contracts.[2] Robinhood Derivatives supports market structure innovation that expands access to financial tools, increases competition, and fosters price discovery. Such innovation must be grounded in and applied consistently with the core customer protection principles embedded in the Commodity Exchange Act ("CEA") and the Commission's regulations.

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[1] Robinhood Derivatives, a registered FCM and "swaps firm", is a wholly owned subsidiary of Robinhood Markets, Inc. ("Robinhood"). Recently, Robinhood Derivatives's parent entity, Robinhood Markets, Inc., in partnership with Susquehanna International Group, acquired MIAXdx (now known as Rothera), to deliver a better experience and more innovative products to customers interested in prediction markets. *See Robinhood Extends its Prediction Markets Offering through New Joint Venture and Partnership with Susquehanna to Operate CFTC-Licensed Exchange and Clearinghouse*, Robinhood Newsroom (Jan. 20, 2026), https://robinhood.com/us/en/newsroom/robinhood-prediction-markets-joint-venture/.

[2] *See* Prediction Markets, 91 Fed. Reg. 12516 (proposed Mar. 16, 2026).

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I. Background of Robinhood Derivatives

Robinhood's mission is to "democratize finance for all" by making financial markets more accessible. Robinhood Derivatives is a registered futures commission merchant ("FCM") that provides Robinhood Financial LLC's ("Robinhood Financial")[3] self-directed retail clients access to derivatives markets regulated by the Commission. Robinhood Derivatives enables individuals to trade derivatives on CFTC-regulated marketplaces through the Robinhood mobile and web platform. As relevant to the ANPR, Robinhood Derivatives provides a prediction markets offering for its customers, allowing customers to hedge or otherwise take a view on, among other things, future climate, economic, political, and sporting events through event contracts.[4]

Prediction markets offer a mechanism for aggregating dispersed information, allowing participants to hedge and speculate based on their beliefs about future events. Because prediction markets incorporate diverse perspectives and involve market participants putting their own capital behind their predictions, these markets can produce accurate forecasts, often outperforming expert analysis and other traditional information sources.

II. Prediction Markets: Framework and Key Issues

Robinhood Derivatives supports prediction markets and customers' ability to trade event contracts in a safe, regulated manner. U.S. capital markets, including the derivatives markets, are among the most developed globally due to strong customer protection and market integrity requirements. However, some policymakers and commenters have nonetheless described prediction markets as "unregulated" or "the Wild West." These characterizations do not reflect the existing regulatory framework.

While prediction markets have grown rapidly over the past two years, the markets on which they are listed and the intermediaries through which they are offered have been regulated by the Commission for decades.[5] Event contracts are properly classified as "swaps" under Section 1a(47) of the CEA, which expressly encompasses transactions based on the occurrence or non-occurrence of events associated with potential financial, economic or commercial consequences.[6] Designated contract markets ("DCMs") must certify the event contracts they list under Part 40 of the CFTC's rules, which provides mechanisms for the Commission to review and, if appropriate, prohibit certain event contracts from being offered to the public. FCMs, like Robinhood Derivatives, are also regulated by the National Futures Association ("NFA"), which

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[3] Robinhood Financial is an SEC-registered broker dealer and FINRA member firm. Robinhood Financial is an affiliate of Robinhood Derivatives.

[4] *See* Robinhood Markets, Inc., *Prediction Markets Policy Paper* (Mar. 2025), *available at* https://cdn.robinhood.com/assets/robinhood/legal/prediction_markets_memo.pdf.

[5] In 2004, the Commission approved HedgeStreet, Inc.'s application to operate as a Designated Contract Market offering event contracts. *See* Press Release, CFTC, CFTC Designates HedgeStreet, Inc. as the First Contract Market Dedicated to Trading Event Contracts (Feb. 20, 2004), https://www.cftc.gov/sites/default/files/opa/press04/opa4894-04.htm.

[6] *See* 7 U.S.C. § 1a(47)(A).

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serves as the primary self-regulatory organization for the derivatives industry, and qualify as "financial institutions" under the Bank Secrecy Act. Robinhood Derivatives has implemented controls designed to comply with applicable regulatory requirements. Additionally, under our "Safety Always" approach to the markets in which we operate, Robinhood has adopted several additional market integrity and customer protection measures, including (i) extensive "know your customer" requirements to mitigate the risk of market manipulation and insider trading; (ii) a comprehensive listing process in which we evaluate each event contract that we offer and prohibit contracts that may be particularly susceptible to manipulation (such as certain mention markets and micro "proposition" contracts); and (iii) additional disclosures tailored to specific client characteristics.

Robinhood Derivatives acknowledges that there are discrete areas where market structure innovation has outpaced regulatory safeguards. For example, as described in more detail below, certain key customer protection rules currently applicable to FCMs do not apply to DCMs, even though many DCMs now also directly serve retail customers. We believe customers should be afforded the same protections regardless of whether they access the market through an FCM or directly on a DCM: the customer protection rules that apply to FCMs relating to customer onboarding and marketing, among others, should be equally applicable to DCMs with direct retail clients.[7] The current regulatory gap between FCMs and DCMs appears to be one factor contributing to critics incorrectly asserting that prediction markets are "unregulated."

The Commission's request for comment provides an opportunity to promote the integrity, resilience, and vibrancy of prediction markets through appropriately tailored regulations. With targeted enhancements, the Commission's existing statutory and regulatory framework can effectively address the risks the Commission has identified in the ANPR while fostering innovation and investor choice. Specifically, **we recommend the Commission: (1) enhance Core Principle 2 through greater fee transparency, guidance confirming the application of federal law to DCM-listed event contracts, and clear settlement standards; (2) strengthen listing standards and surveillance frameworks to address contracts susceptible to manipulation; (3) harmonize customer protection requirements applicable to FCMs and DCMs serving retail customers; (4) anchor the "public interest" test in the CEA's statutory objectives and provide clarity on the definition of "gaming"; and (5) establish a clear jurisdictional framework, in coordination with the SEC, regarding the classification of certain event contracts.** These steps will further enhance market integrity, protect customers, and provide the regulatory clarity needed for prediction markets to grow responsibly.

[7] Please refer to Section VII, *infra*, for a more detailed discussion.

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III. Fair Access, Jurisdictional Clarity, and Contract Design (Core Principle 2)[8]

Core Principle 2 requires a DCM to establish procedures to provide fair and impartial access to its markets, to prevent abusive trade practices, and to establish and enforce rules governing contract terms and conditions.[9]

a. Fee Transparency is Necessary to Ensure Fair and Impartial Access

With respect to fair and impartial access to its markets, DCMs are required to provide "[c]omparable fee structures for members."[10] Robinhood Derivatives has observed that the fee structures for DCMs that list event contracts vary in terms of transparency, including whether intermediaries receive differentiated fee structures and the terms of those arrangements.[11] To provide its customers access to competitive pricing**,** Robinhood Derivatives believes that DCMs should be required to publicly disclose a complete accounting of the fee structures for all products and categories of market participants, including any differentiated fee structures or incentives**.**[12] Transparency in fee structures is particularly important in a principles-based regime, as it enables market participants and the Commission to assess whether access is fair and impartial.

b. Federal Law Should Govern DCM-Listed Event Contracts

The Commission should, via formal rulemaking or guidance, clarify the interaction between federal regulation under the CEA and emerging state efforts to regulate certain event contracts as state-regulated gaming.[13] Where contracts are listed on a DCM and fall within the statutory definition of swaps, the CEA's comprehensive federal framework should govern. Long-term uncertainty regarding the applicability of state gaming laws risks undermining the uniformity and impartial access required under Core Principle 2, particularly where such laws would impose geographic restrictions inconsistent with national market access. As discussed in further detail in Section IX, *infra*, we also recommend that the Commission consider potential rulemaking to further define that "gaming" means "playing a game of chance for stakes."

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8 *See* Prediction Markets, 91 Fed. Reg. 12516, 12519 (proposed Mar. 16, 2026). Specifically, the Commission has asked for comments pertaining to Core Principle 2 that may be unique to prediction markets.

9 *See* 7 U.S.C. § 7(d)(2); 17 C.F.R. § 38.151.

10 *See* 17 C.F.R. § 38.151(b)(2).

11 KalshiEx LLC, for example, provides one fee schedule across both its retail members and its intermediaries. *See* Kalshi, Kalshi Fee Schedule (Feb. 5, 2026), https://kalshi.com/docs/kalshi-fee-schedule.pdf. The Chicago Mercantile Exchange ("CME") for its futures contracts, provides specific volume-based discounts if any of its qualified members reach the threshold. *See* CME Grp., CME Group Fee Schedule (Apr. 1, 2026), https://www.cmegroup.com/trading/clearing/files/cme-fee-schedule.xlsx.

12 Fees are considered "terms and conditions" of "rules" under Part 40. *See* 17 C.F.R. § 40.1. Core Principle 7 requires DCMs maintain and publish accurate rules relating to its market that are readily accessible by market participants and the general public. 17 C.F.R. § 38.400.

13 *See, e.g., State v. KalshiEX LLC,* No. CR2026-000173 (Ariz. Super. Ct. Mar. 17, 2026), *Massachusetts v. KalshiEX LLC*, No. 2584CV02311 (Mass. Super. Ct. filed Sept. 2025) (preliminary injunction granted Jan. 2026 barring sports bets), *N. Am. Derivatives Exch., Inc. v. Dreitzer*, No. 25-1903 (9th Cir. filed Jan. 2026) (appeal regarding Nevada Gaming Control Board's authority to regulate sports event contracts), *In re Blockratize, Inc. (Polymarket)*, No. 26-IGB-004 (Ill. Gaming Bd. filed Jan. 2026) (administrative cease-and-desist regarding sports-linked event contracts).

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c. Clear Settlement Criteria Are Critical for Market Integrity

With respect to settlement resolutions and potential disputes surrounding the resolution of event contracts, Robinhood Derivatives requests that the Commission review whether the current resolution criteria for potentially ambiguous contracts can be further enhanced by the DCMs. [14] As the prediction market industry continues to mature, requiring DCMs to provide clear explanations of resolution mechanics will help investors make more informed decisions.[15]

IV. Strengthening Listing Standards to Address Manipulation Risk (Core Principle 3)[16]

Core Principle 3 requires a DCM to list contracts that are "not readily susceptible to manipulation."[17] To meet this obligation and align with recent Commission guidance,[18] DCMs should have heightened listing standards for contracts more prone to manipulation. Specifically, DCMs should distinguish between categories of event contracts based on the degree of control a single individual or small group has over the underlying event, applying enhanced scrutiny where influence is highly concentrated. Recent controversies[19] surrounding certain types of mention markets[20] highlight the need for this level of diligence.

V. Existing Surveillance and Anti-Manipulation Frameworks Should Be Applied Consistently (Core Principle 4)[21]

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14 *See, e.g., Kalshi Codifies Death Settlement Rule in CFTC Filing Amid Backlash Over Iran Market*, DeFi Rate (Mar. 3, 2026), https://defirate.com/news/kalshi-codifies-death-settlement-rule-in-cftc-filing-amid-backlash-over-iran-market/.

15 *See, e.g., Kalshi, How High Will WTI Oil Get by End of Year?* (Mar. 4, 2026), https://kalshi.com/markets/kxwtimax/wti-oil-yearly-high/kxwtimax-26dec31. This event contract resolves using a different source of data than the WTI futures contracts offered by the CME. For example, futures traders utilize WTI Crude Oil contracts as a primary source of liquidity for trading crude oil in the futures market. A futures trader interested in trading related WTI Crude Oil event contracts on a prediction market may expect the resolution price to be dependent on the futures market, and these expectations may be at odds with actual resolution criteria.

16 *See* Prediction Markets, 91 Fed. Reg. 12516, 12519 (proposed Mar. 16, 2026). The Commission has asked for comments pertaining to Core Principle 3 that may be unique to prediction markets.

17 *See* 7 U.S.C. § 7(d)(3).

18 CFTC, *Prediction Markets Advisory*, Letter No. 26-08 (Mar. 12, 2026).

19 See Alexander Osipovich et al., What Will Trump Say Next? Prediction-Market Traders Are Betting on It, Wall St. J. (Feb. 24, 2026), https://www.wsj.com/finance/investing/what-will-trump-say-next-prediction-market-traders-are-betting-on-it-3209bdc0.

20 Mention markets are understood to be types of event contracts on what people will say, or "mention," during a scheduled event. *See, e.g.,* Alexander Osipovich, Caitlin Ostroff & Katherine Long, *What Will Trump Say Next? Prediction-Market Traders Are Betting on It*, WALL ST. J. (Feb. 24, 2026), https://www.wsj.com/finance/investing/what-will-trump-say-next-prediction-market-traders-are-betting-on-it-3209bdc0.

21 *See* Prediction Markets, 91 Fed. Reg. 12516, 12519 (proposed Mar. 16, 2026). The Commission has asked for comments pertaining to Core Principle 4 that may be unique to prediction markets.

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Core Principle 4 generally requires a DCM to establish procedures to prevent "manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures."[22]

As referenced above, Robinhood Derivatives agrees that certain categories of event contracts may be uniquely susceptible to price distortion by a single actor or small group.[23] Importantly, the existence of contracts that may be more susceptible to manipulation does not imply that event contracts, as a category, present systemic market integrity risks. Rather, it underscores the need to apply the Commission's existing anti-manipulation authority, together with DCMs' listing standards and surveillance obligations, to all markets.

Regarding sports-related event contracts, professional leagues and the NCAA have raised concerns about identifying athletes and other personnel who are potentially prohibited from trading such products.[24] Robinhood Derivatives supports strengthening the integrity of the markets and sharing information with appropriate authorities and leagues. However, as an FCM, Robinhood Derivatives can share information only with authorities permitted to obtain customer information under applicable rules and regulations.[25] The Commission should assess whether the current regulatory framework permits DCMs and FCMs to share information directly with sports leagues, or whether further rulemaking may be needed to facilitate this information sharing.

VI. Leveraged Event Contract Trading Should Occur Via FCM Intermediation (Core Principle 11)[26]

Under Core Principle 11, DCMs are required to establish processes to ensure "the financial integrity of transactions," which includes "clearance and settlement of the transactions with a derivatives clearing organization," as well as ensuring the financial integrity of any FCM.[27]

The ANPR raises questions regarding direct access models for fully collateralized event contracts. While such models may be appropriate in some cases, the introduction of leverage[28]

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22 *See* 7 U.S.C. § 7(d)(4).

23 *See* CFTC, *Prediction Markets Advisory*, Letter No. 26-08 (Mar. 12, 2026).

24 *See e.g.,* Letter from Charlie Baker, President, NCAA, to Michael S. Selig, Chairman, Comm. Fut. Trading Comm'n (Mar. 17, 2026); Kendall Baker, *NFL Targets Prediction Markets Over Sports Betting Concerns*, Axios (Aug. 25, 2025), https://www.axios.com/2025/08/25/nfl-sports-betting-prediction-markets; Dan Bernstein, *NBA Raises Integrity Concerns Over Unregulated Sports Prediction Markets*, Sportico (May 5, 2025), https://www.sportico.com/leagues/basketball/2025/nba-cftc-letter-prediction-markets-1234850875/.

25 For example, an FCM maintains regulatory obligations to provide required information to the DCM for a particular transaction. An FCM, however, does not have the authority to provide customer information directly to a third-party such as a sports league.

26 *See* Prediction Markets, 91 Fed. Reg. 12516, 12519 (proposed Mar. 16, 2026). The Commission has asked for comments pertaining to Core Principle 11 that may be unique to prediction markets.

27 *See* 7 U.S.C. § 7(d)(11). *See also* 17 C.F.R. § 38.600.

28 Recent media reports suggest that margin trading may be possible in the future for event contracts. *See* Erik Gibbs*, Kalshi Secures NFA Approval for Margin Trading,* NEXT.io (Mar. 30, 2026), https://next.io/news/prediction-markets/kalshi-secures-nfa-approval-margin-trading/.

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would fundamentally alter the risk profile and regulatory analysis underlying the current exemptive relief.[29] Robinhood Derivatives agrees that "the customer protection and risk management functions of FCM intermediaries are indispensable to the system's safety and soundness."[30] To the extent that margin trading for event contracts is permitted by the Commission in the future, we believe that any such trading should occur via an FCM. For additional discussion of how this exemptive relief further impacts the applicable regulatory framework, please also see our discussion in Section VII below.

VII. Customer Protection Requirements Should Be Harmonized Across FCMs and DCMs[31]

FCMs must obtain customer information under NFA rules that are not required of DCMs and derivatives clearing organizations ("DCOs") — including employment information, risk tolerance, and investment objectives.[32] Obtaining such information from the customer at on-boarding helps a financial institution assess a customer's profile, and where appropriate, provide supplemental risk disclosures. The NFA also has strict rules relating to marketing practices[33] that currently do not apply to DCMs and DCOs. Furthermore, in addition to the discussion provided under Section VI, *supra*, Robinhood Derivatives provided a separate comment letter to the Commission with respect to the risks posed by direct clearing models for retail customers.[34] We reiterate that there are still customer protections that remain unresolved without the involvement of an intermediary. These risks include: 1) customer funds protection; 2) risk management; 3) anti-money laundering; 4) disclosure (including at customer on-boarding); and 5) antifraud and deceptive practices (including deceptive marketing practices).[35] We believe that customers should be afforded the same protections regardless of the manner in which they access the market. We therefore request that the Commission close the regulatory gaps between FCMs and DCMs that allow direct market access by enhancing customer and market integrity protections applicable to such DCMs.

In addition to our previous comments, we also highlight a potential regulatory gap regarding CFTC Rule 155.3.[36] Currently, the rule lacks a requirement for DCMs to provide the

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29 *See Request for Exemption from Certain Commission Regulations*, CFTC Staff Letter No. 14-04 (Jan. 14, 2014), https://www.cftc.gov/sites/default/files/idc/groups/public/@lrlettergeneral/documents/letter/14-04.pdf. *See also* Press Release, *CFTC Staff Issues Conditional Relief from Reporting Fully Collateralized Binary Option Data to Swap Data Repositories,* CFTC (Apr. 22, 2021), https://www.cftc.gov/PressRoom/PressReleases/8382-21. In 2014, the Commission first provided exemptive relief that paved the way for exchanges that list and clear fully collateralized products to directly onboard retail customers.

30 Futures Indus. Ass'n, *FIA Response to CFTC on Direct Clearing of Derivatives by Retail Investors* (Feb. 2026), https://www.fia.org/sites/default/files/2026-02/FIA%20Response%20to%20CFTC%20on%20Direct%20Clearing%20of%20Derivatives%20by%20Retail%20Investors.pdf.

31 *See* Prediction Markets, 91 Fed. Reg. 12516, 12520 (proposed Mar. 16, 2026). The Commission has asked for comments pertaining to Core Principle 11 that may be unique to prediction markets.

32 *See* NFA Rule 2-30.

33 *See* NFA Rule 2-29.

34 *See Robinhood Derivatives, LLC,* Comment Letter on Request for Comment on Direct Clearing of Derivatives by Retail Participants (Jan. 16, 2026), https://comments.cftc.gov/Handlers/PdfHandler.ashx?id=35787.

35 *See id*.

36 *See* 17 C.F.R. §§ 155.3(b), (c), and (d).

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same level of transparency and authorization required of FCMs regarding employee trading. This gap permits situations that are contrary to the Commission's regulatory objectives — specifically, allowing FCM or DCM employees to maintain trading accounts without the oversight mechanisms (such as duplicate statements) that are standard for other market intermediaries. Closing this gap is essential to maintaining a level playing field and ensuring effective internal controls across the industry.

VIII. The Public Interest Test Should be Anchored in the CEA's Statutory Objectives[37]

In evaluating whether a contract is "contrary to the public interest" under Section 5c(c)(5)(C), the Commission should be guided by the statutory purposes set forth in Section 3(a) of the CEA. That provision emphasizes the role of derivatives markets in facilitating price discovery, enabling hedging and risk transfer, and promoting price discovery via fair and liquid markets. Event contracts that contribute to those functions – by aggregating information, enabling market participants to hedge specific risks, or generating price signals useful to decision-making – are consistent with the public interest as defined by Congress. Accordingly, the public interest analysis under Section 5c(c)(5)(C) should be anchored in the Section 3(a) objectives, rather than in evolving conceptions of social desirability. Fitting within the broader statutory framework, Section 5c(c)(5)(C) is best understood as a tool that the Commission may apply to a narrow band of the broad category of event contracts, only where an affirmative determination is made that a particular contract both involves an enumerated activity and is contrary to the public interest.

The Commission also asked for industry input as to whether the Commission should consider reviving the "economic purpose" test that was previously repealed in 2000.[38] We respectfully submit that reintroducing an "economic purpose" test would be duplicative of the existing statutory definition of a "swap." The statutory definition of a "swap" includes "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."[39] Accordingly, an additional "economic purpose" test would not meaningfully enhance regulatory clarity and risks introducing ambiguity into an otherwise well-defined framework.

IX. "Gaming" Should Be Clearly Defined and Interpreted Consistently with the CEA[40]

The Commission is seeking input regarding the regulatory standards applicable to

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37 *See* Prediction Markets, 91 Fed. Reg. 12516, 12520 (proposed Mar. 16, 2026). The Commission has asked for comments pertaining to the public interest element under 7 U.S.C. § 7a-2(c)(5)(C).

38 *See id.*

39 7 U.S.C. § 1a(47)(A).

40 *See* Prediction Markets, 91 Fed. Reg. 12516, 12521 (proposed Mar. 16, 2026). The Commission has asked for comments pertaining to the specified activities listed under 7 U.S.C. § 7a-2(c)(5)(C).

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"gaming." The Commission has previously acknowledged that the term "gaming" "is not susceptible to easy definition."[41] To future-proof this term, we ask that the Commission issue principles-based guidance that provides a clear, workable definition of gaming. For example, the Commission could consider whether "gaming" should be defined as "playing a game of chance for stakes." Such a definition would provide helpful clarity to market participants.

CEA Section 5c(c)(5)(C) provides the statutory framework for the types of event contracts that the Commission may determine should be prohibited.[42] In interpreting the enumerated activities in Section 5c(c)(5)(C), the Commission should adopt an interpretation that is (1) consistent with the statutory text, (2) administrable in practice and (3) clear to market participants. As Chairman Selig stated, the Commission should work toward future-proofing its approach to regulation.[43] Creating a clear standard would help market participants better understand the applicable regulatory landscape.

In addition, the Commission asked to what extent it should consider "responsible gaming standards" that may be prevalent in the wagering industry. As a predominantly self-directed investing platform, we provide investors the ability to opt-out of certain asset classes and sub-categories, at their discretion. We respectfully submit that such customer-level controls are more consistent with the CEA's principles-based approach than categorical prohibitions or prescriptive rules that may be typical in the wagering industry.

X. Clarifying the Scope of "Involves" in CEA Section 5c(c)(5)(C)[44]

The CEA permits the Commission to disallow certain event contracts from being listed as a matter of public interest for event contracts that "involve" the enumerated activities.[45] Consistent with the district court ruling in *KalshiEX LLC v. Commodity Futures Trading Commission*,[46] the Commission should clarify that "a contract or transaction 'involves' an enumerated activity if the event being offered and traded as part of that contract or transaction relates to that activity," as "[t]hat is the most natural, and only consistently workable, reading of the provision" provided in the CEA.[47]

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41 *See Provisions Common to Registered Entities,* 76 Fed. Reg. 44776, 44785 (July 27, 2011).

42 *See* 7 U.S.C. § 7a-2(c)(5)(C). *See also* 17 C.F.R. §40.11.

43 *See Michael S. Selig, Chairman, CFTC,* The New Frontier: Soundproofing the Commodity Exchange Act for the 21st Century (Jan. 29, 2026), https://www.cftc.gov/PressRoom/SpeechesTestimony/selig-keynote-012926.

44 *See* Prediction Markets, 91 Fed. Reg. 12516, 12522 (proposed Mar. 16, 2026). The Commission has asked for comments pertaining to the procedural activities listed under 7 U.S.C. § 7a-2(c)(5)(C).

45 *See* 7 U.S.C. § 7a-2(c)(5)(C)(i).

46 *See KalshiEX LLC v. Commodity Futures Trading Comm'n, No. 23-3257 (JMC),* 2024 WL 4164694 (D.D.C. Sept. 12, 2024).

47 *Id*.

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XI. CFTC and SEC Jurisdiction Over Certain Event Contracts[48]

While this letter focuses on event contracts classified as swaps under the Commodity Exchange Act, Robinhood Derivatives notes that certain event contracts may fall within the jurisdiction of the Securities and Exchange Commission ("SEC") or present classification questions under existing regulatory frameworks. In particular, the application of the "security-based swap" definition – especially the third prong requirement that an event "directly affect" the financial condition, financial statement, or financial obligations of an issuer – remains an area of uncertainty in the context of event-based contracts.[49] More broadly, overlapping statutory definitions and product characteristics may result in economically similar contracts being characterized in different ways, including as swaps, security-based swaps, or even securities options, depending on their structure and listing venue.[50] This is not inherently problematic, but underscores the need for clear and consistent classification.

Consistent with the Commission's interest in regulatory harmonization with the SEC,[51] Robinhood Derivatives respectfully requests that the Commission, in coordination with the SEC, provide additional guidance regarding product jurisdiction and classification. Greater clarity would be particularly helpful with respect to (i) the application of prong three of the security-based swap definition, (ii) the treatment of event contracts based on "broad-based security indexes,"[52] and (iii) circumstances in which economically equivalent or functionally similar products may be listed on both a DCM and a national securities exchange.

These clarifications would promote greater consistency across regulatory regimes, reduce uncertainty, and support the development of well-structured markets. Robinhood Derivatives welcomes the opportunity to engage further with the Commission and the SEC on these issues.

XII. Conclusion

Robinhood Derivatives supports the Commission's efforts to develop a coherent prediction markets regulatory approach. A principles-based framework grounded in the CEA will

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48 *See* Prediction Markets, 91 Fed. Reg. 12516, 12523 (proposed Mar. 16, 2026). The Commission has asked for comments pertaining to the various types of event contracts that could be offered.

49 *See* 15 U.S.C. § 78c(a)(68).

50 NASDAQ recently filed a rule proposal with the Securities & Exchange Commission to allow the trading of "outcome-related options" on one of its exchanges. *See Nasdaq MRX, LLC,* A Proposal to List Outcome-Related Options, File No. SR-MRX-2026-05 (Mar. 2, 2026), https://listingcenter.nasdaq.com/assets/rulebook/mrx/filings/SR-MRX-2026-05.pdf. Likewise, the CBOE announced a similar prediction markets product to be centrally cleared by the Options Clearing Corporation. *See Press Release,* Cboe Introduces Innovative Prediction Markets Framework, Expanding Choice Beyond Yes-Or-No Outcomes, Cboe Glob. Mkts. (Mar. 9, 2026), https://ir.cboe.com/news/news-details/2026/Cboe-Introduces-Innovative-Prediction-Markets-Framework-Expanding-Choice-Beyond-Yes-Or-No-Outcomes/default.aspx.

51 *See Press Release*, SEC and CFTC Announce Historic Memorandum of Understanding Between Agencies, U.S. Sec. & Exch. Comm'n (Mar. 11, 2026), https://www.sec.gov/newsroom/press-releases/2026-26-sec-cftc-announce-historic-memorandum-understanding-between-agencies.

52 *See* 17 C.F.R. § 240.3a68-3.

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provide the clarity and predictability necessary to support continued innovation in this growing market. Such an approach can preserve market integrity and customer protection while allowing for responsible innovation. The Commission's existing authority, supplemented by targeted guidance or rulemaking, is sufficient to address the risks identified in the ANPR, without categorical prohibitions, prescriptive rules or duplicative tests. We welcome further engagement with the Commission and its staff as this process continues. Please contact Robinhood's General Counsel, Lucas Moskowitz, at lucas.moskowitz@robinhood.com with any questions.

Respectfully submitted,

Signed by:
JB Mackenzie
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JB Mackenzie
President
Robinhood Derivatives, LLC