Cory Fox
Cory.Fox@fanduel.com

April 30, 2026

Via Electronic Submission

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

Re: Advance Notice of Proposed Rulemaking Concerning "Prediction Markets"

Dear Mr. Kirkpatrick,

On behalf of FanDuel Group, Inc. ("FanDuel"), we appreciate the opportunity to provide comments on the Commodity Futures Trading Commission's (the "Commission's") Advance Notice of Proposed Rulemaking[1] regarding prediction markets. As a leading operator in the digital sports entertainment space, we support the Commission's efforts to develop a clear regulatory framework for event contracts traded on designated contract markets ("DCMs") and other Commission-registered venues. Following the Supreme Court's decision to strike down the Professional and Amateur Sports Protection Act in May of 2018, FanDuel has become the leading sports wagering operator, and the largest online real-money gaming operator, in the United States. FanDuel currently operates online sports wagering in 24 states, Washington, D.C., Puerto Rico, and Ontario.

Prediction markets have developed rapidly, both in terms of trading volume and the diversity of events underlying listed contracts. This growth heightens the importance of fit-for-purpose, clear regulation to ensure that these markets continue to develop in a manner that promotes market integrity, consumer protection and sustainable industry growth. We support the Commission's focus on gathering information from market participants as it considers new rules to govern these platforms and promote "responsible innovation" in U.S. derivatives markets.[2] In our view, new rules that appropriately balance prediction markets' unique innovations against the risks they present, both to derivatives markets and to the events they reference, are the correct next step in the advancement of the Commission's approach to regulating these markets. We believe greater regulatory clarity will serve to support increased investment and innovation in prediction markets.

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[1] *Prediction Markets*, RIN 3038-AF65 (Mar. 12, 2026) ("ANPR").
[2] *See* Section 3(b) of the Commodity Exchange Act ("CEA"), 7 U.S.C. § 5(b) (setting forth the purpose of the CEA); *see also* Chairman Selig, *America's Financial Markets are ready for a Golden Age* (Jan. 20, 2026), https://www.cftc.gov/PressRoom/SpeechesTestimony/seligstatement012026 (noting a desire to avoid regulation that would send "many of the most enterprising businesses offshore").

We look forward to engaging with Staff and the Commission as the market and regulatory framework for prediction markets continues to develop.

I. Information Sharing and Surveillance for Sports-Related Prediction Markets

Due to their event-driven nature, prediction markets present unique market surveillance and associated integrity considerations. The Commission has a long history of working with cash market regulators to ensure comprehensive supervision and oversight of derivatives relating to those markets.[3] The Commission's approach to market monitoring and surveillance in the sports-related prediction market context should be informed by that history while recognizing the unique challenges presented by sports-related prediction markets, given the relationship of the market to an athletic competition that presents its own integrity considerations. As a sports wagering operator, FanDuel has a unique perspective on these considerations, which have informed the build-out of integrity protections across the sports betting ecosystem. We think that the Commission can and should build out analogous protections here.

First, and consistent with the Division of Market Oversight's recent Prediction Markets Advisory (the "Advisory"),[4] FanDuel urges the Commission to consider amending existing regulations applicable to DCMs, Futures Commission Merchants ("FCMs"), and Introducing Brokers ("IBs") offering or facilitating access to sports-related prediction markets (such DCMs, FCMs and IBs, collectively, "Operators") related to information sharing[5] to require Operators to:

(i) report to the Commission information relating to suspicious trading activity (including but not limited to potential DCM rule or regulatory violations) in sports-related prediction markets;

(ii) enter into information-sharing arrangements with relevant sports governing bodies, other Operators and sports leagues to enable coordination across the industry to address harmful market activity; and

(iii) fully cooperate in any investigations related to prediction market activity on the DCM or facilitated by the FCM or IB conducted by sports governing bodies, sports leagues and/or regulatory authorities.

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[3] For example, Commission guidance on compliance with the requirement to ensure listed contracts are not readily susceptible to manipulation under DCM Core Principle 3 provides that a DCM "should, whenever practicable, enter into an information-sharing agreement" with a third-party provider of cash settlement price data to monitor for manipulation in reference markets for cash-settled futures and swaps. 17 C.F.R. Appendix C to Part 38 (c)(3)(i), (g)(1)(i).

[4] CFTC Staff Advisory, *Prediction Markets Advisory*, CFTC Letter No. 26-08 at 5 (March 12, 2026), https://www.cftc.gov/csl/26-08/download.

[5] *See*, *e.g.*, 17 C.F.R. § 38.5 (requiring a DCM to file information related to its business, including data entry and trade details, with the Commission upon its request); 17 C.F.R. § 1.31(d) (providing that all regulatory records maintained by entities required by Commission regulations to keep regulatory records, including FCMs and IBs, are open to inspection by the Commission); *see also* 31 C.F.R. § 1026.320 (requiring FCMs and IBs, as "financial institutions" under the Bank Secrecy Act, to file suspicious activity reports and supporting documentation with FinCEN and, upon request by the Commission, to make such reports and supporting documentation available to the Commission and NFA).

As applied to DCM Operators, such requirements would be consistent with Core Principle 3 as they would render sports-related event contracts more resilient against manipulation[6] by providing for stronger, more coordinated and more effective oversight of underlying events.[7] Further, the Commission should encourage the National Futures Association ("NFA") and/or DCMs to require (*i.e.*, through their rulebook provisions or applicable membership agreements) member FCMs to participate in the information sharing described above to the extent they provide customers with access to sports-related event contracts. For example, NFA and/or DCMs should require such FCMs to share individual customer- or account-level information with relevant sports governing bodies, subject to appropriate customer disclosures and consent, to promote market integrity. Such requirements would be consistent with the requirement in DCM Core Principle 12 that DCMs establish and enforce rules that "protect the market and market participants from abusive practices" and "promote fair and equitable trading" on the platform.[8]

Second, to ensure industry-wide coordination and communication given the rapidly evolving and multifaceted nature of this space, the Commission should adopt regulations requiring Operators to

(i) join an integrity monitoring association;

(ii) enter into information-sharing arrangements with these associations to enable cross-market monitoring; and

(iii) implement systems specifically designed to detect and flag to the relevant association unusual trading patterns or potential manipulation in prediction markets.[9]

Active participation by Operators in such an integrity monitoring association for sports-related prediction markets would help establish a level playing field from an integrity perspective for prediction markets and the traditional sports betting industry, where such associations already exist and see active participation by sports betting industry participants, including FanDuel.[10]

Finally, in recognition of the novel risks and surveillance challenges presented by sports-related prediction markets, the Commission should encourage the use of specialized, fit-for-purpose integrity monitoring tools designed for efficacy in the sports prediction market context.[11] For example, in sports, certain event outcomes (*e.g.*, sporting outcomes inconsistent with good-faith competition, or which are statistically aberrant) may themselves be evidence of match-fixing or similar manipulative practices. Surveillance and investigation of such outcomes could uncover instances of fraud or abuse that purely trade-based surveillance may miss. Effective monitoring in this regard will require coordination across registrants, as DCMs have access to market data across

[6] *See supra* note 3.
[7] *See* ANPR Questions 2(d), 5(a).
[8] 17 C.F.R. § 38.651.
[9] Under DCM Core Principle 4, DCMs are already required to have the capacity to prevent manipulation, price distortion and settlement disruption through market surveillance, among other things. *See* 17 C.F.R. Part 38 Subpart E.
[10] *See*, *e.g.*, International Betting Integrity Association, https://ibia.bet/.
[11] *See* ANPR Questions 2(c–d).

access points (including trading via multiple FCMs as well as direct access to the DCM) and FCMs have access to more granular customer-related information.

Relatedly, in recognition of the unique interaction between real-world event outcomes and sports-related prediction market activity, the Commission should require DCMs to prohibit their participants from engaging in match-fixing and other actions designed to affect the outcome of sporting events in order to manipulate a related prediction market, similar to prohibitions on other forms of manipulating cash markets to affect derivatives prices.[12]

II. Prevention of Insider Trading and Other Forms of Manipulation

As recognized by Commission Staff in the Advisory, certain event contracts may "create a heightened potential for manipulation or price distortion."[13]

Sports wagering participants have addressed similar considerations in that context through close coordination with sports governing bodies. As in that context, sports governing bodies are uniquely equipped to identify which event contracts raise manipulation concerns given their expertise, stewardship, and long histories of experience monitoring and policing integrity in the sports they oversee. Appropriate oversight can mitigate the integrity risks of sports-related event contracts that are more susceptible to manipulation, such as those that settle based on an isolated (*e.g.*, in-game) event that can be controlled by a single person. To this end, the Commission should ensure that the integrity standards and rules of relevant sports governing bodies are reflected in determinations regarding whether a sports-related event contract is readily susceptible to manipulation for purposes of Core Principle 3 or raises concerns about abusive practices or unfair or inequitable trading for purposes of Core Principle 12.[14]

Relatedly, prediction markets raise distinct concerns relating to the misuse of material nonpublic information and the exploitation of unfair informational advantages. Current regulations require DCMs to prohibit abusive trading practices, including insider trading.[15] These concerns are particularly salient with respect to event contracts on sports events, as a relatively small group of individuals (such as referees, athletes, coaches, or other team or league personnel) often have access to nonpublic information that may materially affect outcomes. We recommend that the Commission adopt clear prohibitions on trading by such "insiders" in contracts related to sporting events with respect to which they may possess material nonpublic information. Further, the Commission should require Operators to enforce and implement technical mechanisms to carry out prohibitions on trading by individuals included on sports "insider" lists provided by sports governing bodies. As noted above, governance bodies are well-positioned to determine which individuals have access to sensitive information or the ability to manipulate outcomes. These measures would help mitigate systemic risks associated with asymmetric information, reduce incentives to misappropriate information or tamper with event resolution, and reinforce perceptions of market fairness.[16]

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[12] *See* ANPR Question 2(a).
[13] Advisory at 4.
[14] *See* ANPR Questions 2(c), 8, 11.
[15] 17 C.F.R. § 38.152.
[16] *See* ANPR Questions 29–32.

III. Consumer Protection Standards

Wagering on sports games and many other categories of event outcomes elicits well-studied risks to individual consumers, particularly absent corresponding consumer protections designed to mitigate such risks. Even putting aside whether certain event contracts constitute "gaming", the Commission has broad public interest authority under § 5c(c)(5)(C) of the CEA[17] (the "Special Rule"). In exercising this authority, the Commission should look to the core policy functions of federal and state gaming regulations to help inform which types of, or with what circumstances or conditions, event contracts are contrary to the public interest.[18] In particular, the Commission should assess what event contracts raise similar consumer protection concerns to traditional betting or wagering activity and subject trading in those contracts to similar rules. And more generally, in recognition of increasing retail participation in Commission-regulated derivatives markets generally and prediction markets specifically,[19] we encourage the Commission to work with NFA to bolster customer protections under Commission regulations and NFA rules. We describe several relevant protections below. To ensure consistency and efficacy, these standards should be coordinated and enforced across the ecosystem, including for all intermediaries (*e.g.*, DCOs, DCMs, FCMs, and IBs) that may be entry points for individual consumers.

A. Trading Safeguards and Risk Controls; User Education

We support the development of tools that enable participants to manage their trading activity responsibly.[20] Modern state gaming regulations are instructive in this regard, including position limits, loss limits, and self-exclusion mechanisms.[21] These tools also further the underlying goals of the CEA, enhancing market efficiency and price discovery by inhibiting trading activity that is potentially harmful.

In addition to mechanical safeguards, the Commission should require that market participants receive proper education about the mechanics and risks of prediction markets. For markets to operate smoothly and for individual retail participants to benefit from their participation, they must understand the mechanics of event contracts, the risks involved, and the potential for loss. This is especially important given the binary payoff structure that characterizes many contemporary event contracts.[22]

B. Advertising and Promotional Practices

Because of the consumer-oriented posture of sports-related event contracts, advertising and promotional practices are woven into the fabric of how these markets operate. Consumers rely on advertisements to gain information about the content, risks, and implications of participating in prediction markets. In particular, standards promoting accuracy, balance, and appropriate risk disclosure would support informed participation and align with existing principles requiring fair

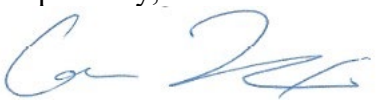
[17] 7 U.S.C. § 7a-2(c)(5)(C).
[18] *See* ANPR Questions 19(a–b) (regarding the definition of "gaming"), (c–d, f) (features relevant to public-interest determinations).
[19] CFTC Staff, *Request for Comment on the Direct Clearing of Derivatives by Retail Participants* (Dec. 18, 2025), https://www.cftc.gov/media/12861/DerivativesRetailInvestors_RFC121725/download.
[20] *See* ANPR Questions 2(e–f).
[21] *See* ANPR Question 19(e).
[22] *See* ANPR Questions 5(a), 2(f).

and accurate public information.[23] With the rise of DCMs offering direct retail access, this is an area where it is especially important to ensure that all registered market participants that serve as an entry point for retail customers are subject to harmonized, robust consumer protection standards. Specifically, the Commission and the NFA should collaborate to ensure that uniform requirements and standards relating to promotional practices are applicable to direct-access DCMs in addition to FCMs and IBs.[24]

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FanDuel appreciates the CFTC's consideration of our comments. If you have questions or would like to discuss these comments further, please reach out to me.

Respectfully,



Cory Fox
Senior Vice President, Public Policy & Sustainability
FanDuel Group, Inc.

[23] *See* ANPR Question 19(e).

[24] We note that the NFA has historically issued and enforced product-specific customer protection rules, including for retail foreign exchange contracts, security futures products and digital assets. NFA Compliance Rules 2-39, 2-36(l); NFA Compliance Rule 2-37(g); NFA Compliance Rule 2-51.