Comment of Stephen Russell

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Advance Notice of Proposed Rulemaking on Prediction Markets
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My background is in software engineering — including work at a financial institution — and undergraduate research on human-AI teaming at Clemson University's TRACE Lab. I'm filing this comment as someone who has spent time thinking about how you get reliable signal out of distributed human judgment, which is the core problem prediction markets are designed to solve.

The research at TRACE Lab was essentially about that problem: under what conditions do people and AI systems together produce better decisions than either would alone? Prediction markets are a different kind of answer to the same question. When they're designed well and pointed at scientific or policy-relevant problems, they produce probability estimates that researchers and decision-makers can actually use — not just prices, but calibrated signals about uncertain futures. That's a different thing than what a commercial event contract platform produces, even if the surface mechanics look similar.

The Commission asks what role event contracts play in discovering and disseminating pricing information under § 3(a). I think the honest answer is that it depends on who the market is built for and what question it's trying to answer. A nonprofit research market produces probability estimates for scientists, forecasters, and public institutions. A commercial platform produces them for people with a financial stake in the outcome. Those are different functions, and treating them as the same regulatory category doesn't reflect what either one is actually doing.

My concern is as much practical as it is regulatory. The public narrative around prediction markets has largely collapsed the distinction between research infrastructure and sports-adjacent betting, and that conflation does real damage to the research use case. If the Commission's framework reinforces that conflation rather than corrects it, the nonprofit research pathway gets crowded out — not because it failed on its merits, but because the rules never gave it room to be something distinct.