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April 30, 2026

Christopher Kirkpatrick
Secretary, 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)

Dear Secretary Kirkpatrick:

I write on behalf of the Office of the Commissioner of Baseball ("MLB") to reiterate our support for appropriate regulation related to sports event contracts. We applaud the CFTC for recently issuing a "Prediction Markets Advisory" that encourages DCMs to collaborate with sports leagues in numerous ways for integrity purposes, and we would support incorporating those recommendations into more formal CFTC regulations.[1] This comment is intended to build on that recent Advisory and provide high-level suggestions for what corresponding regulations could look like.

I. Market Controls

The Advisory encouraged DCMs to, among other things, engage in "pre-self-certification communications" with relevant sports leagues and consult "any league integrity standards or guidance" when considering whether to list a particular contract. We strongly support this recommendation. Regulations codifying this concept could, for example, state that DCMs should not list contracts that a league has identified—through a public notice or other mechanism—as readily susceptible to manipulation or unfair trading practices. Regulations could also direct DCMs to implement position limits or other restrictions requested by leagues when an outright ban on a market is not necessary to protect the integrity of sporting events or prediction markets.[2] Along these same lines, and as the Advisory alluded to, DCMs should be required to include in self-certification documentation for sports event contracts an explanation of "whether the contract is consistent with the relevant league's or governing body's integrity standards, as applicable."

In sum, leagues are best placed to identify which markets related to their respective sports raise significant manipulation or insider trading concerns. If a league issues guidance or sets standards on acceptable practices concerning event contracts related to its sport, DCMs should be held accountable to follow that guidance and/or those standards.

[1] The CFTC could, for example, create a new Appendix to 17 CFR Part 38 that consolidates the CFTC's guidance related to sports event contracts.

[2] For instance, a league may believe that a certain prop market could be readily susceptible to manipulation if based on some, but not all, players.

II. Information Sharing and Investigation Cooperation

The Advisory asked DCMs to consider "establishing information-sharing and data arrangements with the relevant sports integrity monitoring organization." We again agree with the import of this recommendation but want to emphasize that DCMs should be establishing information-sharing agreements with leagues themselves, not just third-party integrity monitoring organizations. To that end, CFTC regulations could state that any DCM intending to list contracts related to a given sport should have an information-sharing agreement with the relevant league. Regulations could further specify that, at a league's request, DCMs should share pseudonymized transaction level data with the league so that the league can independently supplement the DCMs' own trade surveillance systems. Beyond that, we support formalizing the Advisory's recommendation that "DCMs cooperate with any league-run investigations into potential manipulation or insider trading investigations" and requiring DCMs to directly report to the relevant league any suspicious trading activity or potential violations of league rules.

Similar obligations should be passed down from DCMs to intermediaries. CFTC regulations could clarify that DCMs can—and should—include language in their respective rulebooks obligating Futures Commission Merchants and Introducing Brokers to share information with leagues for integrity purposes and cooperate with league investigations.

As we wrote in our letter to the CFTC last year,[3] information sharing and collaboration in the sports betting industry has been critical to enforcing league rules and upholding game integrity. We encourage the CFTC to carry over those best practices into the event contract space through formal regulations, not just advisories.

III. Responsible Trading and Consumer Protections

We support regulations aimed at fostering responsible trading practices and protecting consumers. In the sports betting context, for example, certain laws prohibit misleading advertising, require operators to adopt self-exclusion programs, ban wagering on credit, and create funding for research, education, and treatment surrounding problem gambling. The CFTC should consider adopting similar measures for prediction markets and collaborating with the National Futures Association to ensure uniform customer protections across derivatives intermediaries.

Additionally, the Advisory recognized that DCMs should rely on "official data provided by the relevant league or governing body, as applicable, as the settlement source." We agree, and, to be clear, we view this as both a consumer protection and market integrity issue; slow, unreliable data sources that are susceptible to human error and not tethered to official league scoring can render contracts readily susceptible to manipulation and undermine consumer trust. A regulation codifying the Advisory's recommendation on official data would therefore be appropriate and, as the Advisory put it, "further a DCM's ability to comply with their obligations" under the CFTC's core principles.

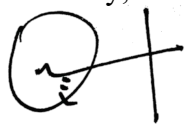
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MLB will continue to engage with the CFTC and other stakeholders in this space as necessary to protect the integrity of sports-related prediction markets and the actual events that underlie those markets. We were pleased to sign a Memorandum of Understanding with the Commission last month to establish the foundation for collaboration and advance our shared goals.

[3] March 7, 2025, Letter from B. Seeley to Acting Commissioner Pham, re: Sports Event Contracts.

We look forward to our future discussions and continued partnership. Please do not hesitate to contact me with any questions about this comment or related matters.

Sincerely,



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