Dear Members and Staff of the Commission:

## I. Introduction and Summary

This comment is submitted in support of a category of event contracts that has emerged on registered designated contract markets ("DCMs") and that has, as a result of its growing visibility, attracted both substantial public engagement and a degree of regulatory scrutiny: cash-settled, fully-collateralized binary contracts that resolve based on whether an identified speaker utters one or more pre-specified words or phrases during a defined, publicly recorded event. These contracts are commonly referred to as "Mentions Markets," and they reference events ranging from Federal Open Market Committee press conferences and corporate earnings calls to congressional hearings, addresses by heads of state, and broadcast sports events.

The purpose of this comment is twofold. First, it sets forth the affirmative case that Mentions Markets are a legitimate, economically meaningful, and regulatorily orthodox category of event contract that fits comfortably within the framework of the Commodity Exchange Act ("CEA") and the Commission's rules. Second, it engages directly with the principal objections that have been raised against these contracts in public commentary, academic settings, and informal regulatory dialogue, and shows that each objection is either factually unsupported, conceptually mistaken, or fully addressed by existing market-integrity safeguards.

The central submission is that Mentions Markets do not represent a regulatory edge case. They are the natural, granular, and transparent extension of an existing multibillion-dollar industry that already aggregates institutional expectations about what powerful speakers will say in defined forums. They reference an economically significant variable, the language of identifiable communicators, that the academic literature has, for two decades, recognized as a distinct and priceable risk factor capable of moving trillions of dollars in financial markets. They raise none of the harms that Section 5c(c)(5)(C) of the CEA and Commission Rule 40.11 were designed to address.

For the reasons set forth below, the Commission should permit these contracts to continue to trade on registered DCMs without imposing categorical restrictions. The robust framework of CEA Core Principles, DCM self-regulation, market-conduct surveillance, and the Commission's residual Section 5c(c)(5)(C) authority is fully sufficient to address the limited and remediable risks these contracts present.

## II. The Subject Contracts

Mentions Markets, as currently listed on registered DCMs, share several defining structural features. They are binary, YES/NO, cash-settled contracts. They reference a single, named, identifiable speaker (a chief executive officer, a central-bank chair, an elected official, a regulator, a head of state, a broadcaster, or a public commentator) and a single, defined, publicly observable event (an earnings call, a press conference, a hearing, an address, or a broadcast). They specify, in advance and with technical precision, a set of root words whose statement during the event triggers YES resolution. Settlement may rely upon an identified source of truth, ordinarily the official published transcript of the event. They are subject to position limits, customer KYC and AML, daily reporting to the Commission, and surveillance by the listing DCM.

These structural features matter. They distinguish Mentions Markets from the kind of free-form, judgment-laden contracts the Commission has historically viewed with concern, and they place these contracts at the most objectively verifiable end of the event-contract spectrum.

## III. The Affirmative Case

### A. Mentions Markets aggregate granular information about an economically significant variable: the language of identifiable speakers.

Prediction markets aggregate dispersed private information into single decision-relevant prices and called on regulators to facilitate, rather than chill, that aggregation. The granularity provided by Mention Markets is regulatorily and economically meaningful because, as a long line of academic literature establishes, the words frequently are the policy.

The literature on the economic significance of identifiable communicators' language is by now vast and uncontroversial. Blinder, Ehrmann, Fratzscher, De Haan, and Jansen, Central Bank Communication and Monetary Policy: A Survey of Theory and Evidence, 46 Journal of Economic Literature 910 (2008), surveyed an "ever-growing literature" and concluded that communication is "an important and powerful part of the central bank's toolkit since it has the ability to move financial markets, to enhance the predictability of monetary policy decisions, and potentially to help achieve central banks' macroeconomic objectives." The Federal Reserve Bank of San Francisco confirmed the point in March 2026, finding that "monetary policy surprises—changes in various interest rates around central bank communication events—reflect new information . . . and have, in recent years, often led to meaningful market surprises."

The same insight extends to corporate disclosure. Loughran and McDonald, When Is a Liability Not a Liability? Textual Analysis, Dictionaries, and 10-Ks, 66 Journal of Finance 35 (2011), produced the dictionary that has become the industry standard for measuring sentiment in financial text. Tetlock, Giving Content to Investor Sentiment: The Role of Media in the Stock Market, 62 Journal of Finance 1139 (2007), demonstrated that media language predicts stock returns. Price, Doran, Peterson, and Bliss, Earnings Conference Calls and Stock Returns: The Incremental Informativeness of Textual Tone, 36 Journal of Banking & Finance 992 (2012), found that conference-call linguistic tone is a significant predictor of abnormal returns and trading volume, and that the tone signal dominates the headline earnings surprise over the sixty trading days following the call. García, Hu, and Rohrer, The Colour of Finance Words, Journal of Financial Economics (2023), quantify abnormal returns in excess of one and one-half percent associated with one-standard-deviation changes in earnings-call sentiment.

The words an identifiable speaker uses in an identifiable forum constitute a distinct, persistent, and economically large risk factor. Mentions Markets give that risk factor a transparent venue. They do for language risk what weather derivatives did for temperature risk and what credit default swaps did for reference-entity behavior.

It is sometimes suggested that Mentions Markets create demand for granular speech analysis where none previously existed. Rather, they aggregate, in a transparent and publicly observable form, an institutional demand that already exists at industrial scale.

AlphaSense, the leading institutional platform for parsing earnings calls, expert interviews, and corporate disclosures, was valued in excess of $4 billion in 2024 following its acquisitions of Sentieo (2022), Tegus for approximately nine hundred and thirty million dollars (2024), and Carousel (2025).

Its enterprise customers pay annual subscriptions ranging from approximately fifty thousand dollars to over one million dollars to access tools whose sole purpose is to anticipate and decode what specific people say in specific forums. Bloomberg Terminal serves over three hundred and twenty-five thousand subscribers at approximately thirty thousand dollars per seat, a meaningful share of which is dedicated to real-time transcript search and earnings-call language analytics. The U.S. corporate communications market generated roughly two and two-tenths billion dollars in 2024 with a fourteen percent compound annual growth rate; the global corporate communications services market has been projected to grow from two hundred and sixty-four billion dollars in 2021 to over one trillion dollars by 2033. The political-risk consulting industry (Eurasia Group, Teneo, McLarty, and dozens of others) is built on the same activity in a different domain. Sell-side equity research desks at every major investment bank devote substantial resources to anticipating the precise language management will use on earnings calls. These figures are not dispositive of the regulatory question, but they refute the notion that Mentions Markets are frivolous. They formalize and democratize a documented, lawful, and economically central activity. To prohibit them would be to insist that the analytical activity remain confined to expensive private channels and to offshore, unregulated venues, an outcome inconsistent with the Commission's mandate under CEA Section 3 to "promote responsible innovation and fair competition."

Mentions resolve against the official, public, release of what is said (whether they be by a transcript or video/audio of the event). There is no agency report subject to revision, no league or referee whose discretion governs the outcome, no contested election certification, no proprietary calculation by an interested third party. The outcome is verifiable by any member of the public; the surveillance staff of the Commission can verify resolution readily.

An under-appreciated dimension of Mentions Markets is the civic engagement they produce. Mentions Markets create direct financial incentives to attend to substantive public events: Federal Reserve press conferences (the principal venue through which monetary policy is communicated), congressional budget hearings (where public officials answer for trillions of dollars in federal spending), corporate earnings calls (the primary disclosure mechanism for the public companies in which most American retirement assets are held), addresses by heads of state, and major broadcast events. A Mentions Market on the Federal Reserve Chair's April press conference creates an incentive for thousands of citizens to actually watch that press conference, in real time, with focused attention on what is said and how it is framed. A Mentions Market on a Department of Defense budget hearing creates an audience for that hearing, an event ordinarily attended to only by a small community of specialists.

These markets also produce real-time, market-priced expectations against which subsequent journalism and academic analysis can be calibrated. When the consensus market price for a particular phrase appearing in a public address is at ninety percent and the phrase does not appear, that gap is itself news, and a useful signal for journalists, scholars, and citizens evaluating official communication.**B. CFTC-regulated DCMs are the appropriate venue for activity that exists and will continue to exist regardless of the regulatory posture taken here.**

The threshold policy question is not whether these markets will exist. They exist today, they will exist tomorrow, and the Commission's choice is between a US-regulated venue and the alternatives. Offshore venues not registered with the Commission have listed comparable contracts. Offshore venues offer none of the protections that animate the Commission's mandate. They impose no position limits, conduct no KYC or AML diligence, do not segregate customer funds, and report no data to the Commission. They are not subject to CEA Section 4c(a)(3), Regulation FD, Section 6(c),

or Rule 180.1. They publish no rulebook of meaningful depth, and customers harmed by their conduct have no arbitration, no CFTC reparations forum, and no practical recourse in US courts. The Commission can compel records and surveillance cooperation from a registered DCM at the speed of a routine request; it cannot do so against a foreign exchange whose principals decline to appear. A categorical prohibition that pushes Mentions activity offshore does not reduce the activity, but substitutes a venue where the Commission's tools work for one where they do not.

Section 3 of the CEA directs the Commission to "promote responsible innovation and fair competition." The framework of CEA Core Principles, Rule 40.11, Section 5c(c)(5)(C), and the antifraud authorities catalogued throughout this letter is purpose-built for the onshore case and non-portable to the offshore alternative. The Commission's interests, and the public interest, are best served by keeping this activity within the regulated perimeter.

## IV. Anticipated Objections and Responses

The following section engages directly with the principal objections raised, explicitly or implicitly, against Mentions Markets.

### A. Response to "Mentions Markets are a form of "gaming" within the meaning of CEA Section 5c(c)(5)(C)."

The objection misreads both the statutory term and the proposed regulatory definition, and it elides the distinction between the speech of a public communicator and the performance of a competitor in a game. A Federal Reserve press conference is not a game. A congressional budget hearing is not a game. An earnings call is not a game. Even under the broader gaming definition the Commission proposed (but did not adopt) in May 2024, the conduct of a public communicator delivering a press conference or testifying before a committee is not the "performance of one or more competitors in one or more contests or games." There is no contest. There are no competitors, and no game.

The subset of Mentions Markets that reference sports broadcasters (for example, what a network announcer will say during the call of a particular game) is several layers removed from the "gaming" activity Section 5c(c)(5)(C) was designed to police. Such contracts resolve on the language of the broadcaster, not on the outcome of the underlying game (if that constitutes gaming, which it likely does not).

Rather, as discussed above, whether or not a given government official, corporate executive, and others say a given word or phrase is clearly of great interest to the public writ large as well as specific parties exposed to related cash flows.

### B. Response to "Mentions Markets create manipulation incentives because the speaker can control the outcome."

This is fully addressable, and has been substantially addressed, through ordinary market-integrity tools. It does not justify a categorical prohibition.

First, the relevant universe of potential manipulators is unusually narrow. It consists of the named speaker, a small number of persons in the speaker's direct orbit (immediate family, communications staff, executive assistants, and similar), and any persons with whom they share inside information about planned remarks. The narrowness of the universe makes ex ante and ex post mitigation effective. Listing DCMs can adopt rules excluding the named speaker, the speaker's immediate family, and the speaker's direct staff from holding positions in the referenced contract. Surveillance

can detect anomalous trading patterns in accounts traceable to potential insiders. Position accountability limits cap concentration. The Commission's general antifraud and antimanipulation authority under CEA Sections 6(c) and 9(a) reaches deliberate manipulation of these markets just as it reaches deliberate manipulation of any other CFTC-regulated market.

The suggestion that Mentions Markets create "new" manipulation incentives is, on close inspection, overstated. Public communicators already have substantial financial incentives to choose their words carefully. The chief executive of a public company who utters, or fails to utter, particular guidance language can move tens of billions of dollars in equity market capitalization. Mentions Markets do not create incentives to manipulate speech where none previously existed; they merely add a marginal, regulated, transparent, position-limited, surveilled increment to a vastly larger existing incentive structure.

**C. Response to "Mentions Markets serve no hedging or price-discovery purpose and are pure speculation."**

The objection rests on a cramped reading of "hedging" and "price discovery" that the Commission has long since rejected, and it ignores identifiable parties with cognizable hedging interests in these contracts.

Identifiable parties do have cognizable hedging interests in Mentions Markets. Macro and rates-focused investment funds whose models depend on specific Federal Reserve rhetorical postures have model risk that Mentions Markets can hedge. Political risk consultancies, lobbyists, and journalists whose forecasting reputations depend on anticipating official rhetoric have direct exposure. The price-discovery utility is meaningful and well documented. Mentions Markets generate publicly observable, real-time aggregations of expectations about the language of consequential public events. Those aggregations inform investment decisions (a market predicting that a Federal Reserve Chair is unlikely to use a particular dovish phrase has direct implications for rate-sensitive asset positioning), journalistic coverage (real-time market expectations against which delivered remarks can be calibrated), and corporate strategy (what the broader market expects an executive to say informs how the executive should frame remarks).

**D. Response to "Mentions Markets cheapen, commodify, or trivialize public discourse."**

There is no evidence that the existence of Mentions Markets has changed the substantive conduct of any of the underlying events. Federal Reserve press conferences continue to address monetary policy. Congressional hearings continue to address questions of public concern. Earnings calls continue to disclose financial information. The notion that the marginal existence of a market on the words used in these events has corrupted them is unsupported by any documented instance. If anything, the normative claim cuts the other way. Mentions Markets reward attention to substantive public discourse. They turn passive media consumption into engaged, real-time listening. They produce participants who care about the difference between "patient" and "vigilant" in Federal Reserve communication, who track the precise language of corporate guidance, who follow congressional hearings on substantive matters of public concern. To the extent the underlying public events deserve attention, and they do, markets that incentivize that attention serve the public interest, not against it.

The broader American tradition is consistent with this view. Markets pricing public discourse have operated openly in the United States for more than a century. Election prediction markets operated on Wall Street from the 1860s through the 1940s and were reported on the front page of the New

York Times as routine economic news. Iowa Electronic Markets, PredictIt, and academic prediction-market research have priced political speech for decades. The proposition that a market on what a public official will say cheapens public discourse is not borne out by historical experience and proves too much: it would condemn the entire prediction-market tradition.

**E. Response to "Mentions Markets risk resolution disputes due to ambiguous wording or speech."**

Resolution risk is real for any event contract. It is, however, low for Mentions Markets, and the existing contract-design and rulebook tools fully address it. Kalshi's contract specifications for Mentions Markets are extremely precise. Listing DCMs publish rules detailing the exact variants that count. Where ambiguity arises, the rulebook provides for review by the DCM's team under published procedures, with the Commission's antifraud and antimanipulation authority as a backstop. The same architecture governs every other CFTC-regulated reference market.

**F. Response to "Mentions Markets allow Federal Government insiders to monetize advance knowledge of public speech."**

The conduct the objection describes is already unlawful under existing federal law. Section 4c(a)(3) of the Commodity Exchange Act expressly prohibits any "employee or agent of any department or agency of the Federal Government or any Member of Congress or employee of Congress . . . or any judicial officer or judicial employee" from using nonpublic information acquired by virtue of their position "to enter into, or offer to enter into" any swap, futures contract, or commodity option, where the information may "affect or tend to affect the price of any commodity in interstate commerce." 7 U.S.C. § 6c(a)(3). Section 4c(a)(4) prohibits the same persons from communicating that information to others for personal gain. 7 U.S.C. § 6c(a)(4). The Stop Trading on Congressional Knowledge Act of 2012 (Pub. L. No. 112-105) extended an analogous regime to securities-based instruments and to all branches of the Federal Government. The conduct is, today, a federal offense, whether the trade is in a Mentions Market, a Treasury futures position, an equity index option, an FX forward, or any other CFTC-regulated derivative whose price is affected by the speaker's remarks.

The price impact of public-figure speech on existing CFTC-regulated derivatives is documented, large, and continuous. A Federal Reserve Chair's choice between near-synonymous adjectives can move trillions of dollars in expected interest-rate paths within seconds; a Treasury Secretary's testimony can move dollar pairs and rates curves; a House Financial Services Committee chair's remarks can move sector-level equity index futures. The Federal Government employee or Member of Congress who today possesses advance knowledge of those remarks already has a Section 4c(a)(3) problem in every CFTC-regulated derivative whose price will respond. Mentions Markets do not create the misuse opportunity; they create a *transparent surveillance venue* for a problem that exists today across rates, FX, and equity index markets, and that today is policed only with the diffuse and difficult-to-implement tools of cross-asset surveillance.

The surveillance posture in a Mentions Market is, if anything, materially better than in the rates-FX-equity venues where this misuse occurs today. A Section 4c(a)(3) violation in a five-year Treasury note future requires the Commission to identify a price-affecting piece of nonpublic information, link it to a particular speaker, link the speaker to a particular trader, and trace the trade through the FCM and clearing system. The same violation in a Mentions Market on the same speaker's same speech is one step removed: the price-affecting information is the speech itself, the

linkage to the speaker is the contract terms, and the trader is identified through the same FCM and clearing infrastructure. The Mentions Market is, structurally, the single easiest venue in which the Commission's Division of Enforcement can detect and prosecute Section 4c(a)(3) misuse, and the only venue in which the trade and the underlying information are matched at the level of the contract specification.

The comparison set demonstrates that the Commission has consistently approved derivative markets where Federal Government personnel possess price-relevant information, on the understanding that the existing statutory framework is sufficient to address the misuse risk. Treasury futures resolve against price-relevant information held by Treasury, Federal Reserve, and OMB officials. SOFR and Eurodollar futures resolve against information held by FOMC participants. Equity index futures resolve against information held by every Cabinet department whose announcements move markets. Each is a CFTC-regulated derivative the Commission has long permitted, on the same statutory framework that should govern Mentions Markets.

**G. Response to "Mentions Markets create incentives for corporations to change their communications with investors."**

Like the federal-employee point addressed above, this identifies a real concern; but like that point, it is a concern the existing federal regulatory framework already addresses, with Mentions Markets serving as a complementary surveillance venue rather than a new misuse vector.

First, Regulation FD, 17 C.F.R. § 243.100 et seq., directly governs selective disclosure of material nonpublic information by public-company issuers and persons acting on their behalf. The text of a chief executive's earnings-call script is, in nearly every case, material nonpublic information until it is publicly delivered; selectively communicating that text to a Mentions Market trader is a Regulation FD violation, prosecutable by the Securities and Exchange Commission, with all of the disclosure-remediation, civil-penalty, and reputational consequences that follow. The regime is mature, supported by detailed compliance infrastructure at every public company, and has produced consistent enforcement output for the twenty-five years since its 2000 adoption.

Second, the universe of insiders here is precisely the universe Regulation FD is designed to police: the named speaker, the speaker's communications and IR staff, the speaker's outside disclosure counsel, and any third party with whom the issuer has shared the script. That universe is narrow, identified, professionally supervised, and already subject to detailed pre-disclosure protocols at every public company. Listing DCMs can, and should, adopt rules excluding these categories of persons from positions in contracts referencing the issuer's communicative events, mirroring the Regulation FD Rule 100(b)(2) covered-person enumeration. The administrative architecture is portable from the existing securities regime to the Mentions context with no novel design work required.

Third, the corporate-insider-trading regime under section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 reaches misappropriation-based trading by tippees of nonpublic information about scripted remarks, regardless of whether the trade is in the issuer's equity, in a Mentions contract referencing the issuer's executive, or in any other instrument whose price is affected by the disclosure. The Commission's own anti-manipulation jurisdiction under CEA Section 6(c)(1) and Rule 180.1 reaches the same conduct in the CFTC-regulated venue. The legal architecture is layered, complementary, and fully sufficient.

Sincerely,

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