Before the
Commodity Futures Trading Commission
Washington, D.C. 20581

In the Matter of

Prediction Markets

RIN 3038-AF65

COMMENTS OF SPORTS FANS COALITION, INC.

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April 30, 2026

INTRODUCTION AND SUMMARY

Sports Fans Coalition, Inc. ("SFC") respectfully submits these comments in response to the Commodity Futures Trading Commission's ("Commission" or "CFTC") Advance Notice of Proposed Rulemaking ("ANPRM") regarding Prediction Markets.[1]

SFC is a national nonprofit, nonpartisan consumer advocacy organization founded in 2009 with a mission to give fans a seat at the table wherever public policy impacts the games they love. SFC has deep institutional history before Congress, federal agencies, and state legislatures on issues ranging from media access and broadcast policy to competitive markets and consumer protection.

SFC has been at the forefront of consumer protection in sports wagering since the Supreme Court's 2018 decision to strike down the federal ban on sports betting. In the immediate wake of that decision, SFC convened a symposium at the George Washington University Law School bringing together academics, consumer protection advocates, and regulators to debate what consumer protections should accompany sports betting legalization. Out of that symposium, SFC published a white paper and created the Sports Bettors' Bill of Rights, a set of five principles designed to encourage sports fans to leave the underground illegal market and conduct safe, legal transactions. Those five rights are:

[1] Advance Notice of Proposed Rulemaking: Prediction Markets, 91 Fed. Reg. 12516 (Mar. 16, 2026) ("ANPRM").

1. integrity and transparency, including clear disclosure of odds, rules, and prohibitions on fraud and deception;
2. data privacy and security;
3. self-exclusion programs allowing bettors to voluntarily remove themselves from wagering;
4. protection of the vulnerable, including minors and individuals with gambling disorders; and
5. recourse, including clear complaint protocols and the preservation of consumers' private right of action without forced arbitration.

SFC successfully advocated for the adoption of the Sports Bettors' Bill of Rights in Maryland, Virginia, and the District of Columbia, making these among the first jurisdictions in the nation to codify comprehensive consumer protections for sports bettors. We bring that same perspective to the prediction market context. The responsible trading protections we recommend in these comments are a direct extension of the principles SFC has championed for nearly a decade in the sports betting arena.

Prediction markets, particularly sports events contracts, are an important form of entertainment and economic activity for the fans we represent. These fans stand to benefit the most from well-regulated prediction markets or suffer the most from inadequate oversight, especially as it relates to responsible trading and addiction prevention.

Overall, we urge the Commission to more comprehensively regulate sports events contracts, not prohibit them. An overly broad public interest prohibition would not eliminate consumer demand for these products; it would simply drive that demand to unregulated, offshore platforms where consumers have no protections whatsoever, as evidenced by the popularity of existing offshore platforms. The Commission's proper role is to establish a clear, consistent regulatory framework that protects consumers, safeguards the integrity of sporting events, and promotes responsible participation.

I. Sports Integrity and the Protection of Athletes

A market built on the outcome of a game is only as valuable as the belief that the game is real. If prediction markets create incentives for the corruption of athletic competition, that harms the fan experience. SFC urges the Commission to make integrity the centerpiece of its regulatory approach to sports event contracts.

A. The Manipulation Risks of Sports Event Contracts

Sports event contracts present manipulation risks that differ from those posed by traditional commodity derivatives. In most commodity markets, the underlying reference is determined by broad market forces that no single actor can easily control. In some sports event contracts, by contrast, the underlying event may be influenced, or even determined, by one individual. These persons may possess material nonpublic information about injuries, game plans, disciplinary actions, and lineup decisions that can directly affect the likelihood of the contract's outcome.

This creates a dual risk. First, insiders may trade on their private information for personal gain, to the detriment of other market participants who lack that information. Second, insiders may be

incentivized to manipulate the underlying event itself in order to profit from a prediction market position. This is the match-fixing problem, and recent events have demonstrated it is not hypothetical: in November 2025, two Cleveland Guardians pitchers were indicted on federal charges alleging they accepted bribes to rig individual pitches, enabling co-conspirators to win at least $450,000 in fraudulent prop bets.[2] Those indictments came on the heels of similar charges involving NBA players and coaches.[3] It is worth noting that these scandals arose in connection with traditional sports betting, not prediction markets. By their very nature prediction markets improve transparency that can be helpful in combatting manipulation, though platforms, leagues, and the Commission must remain vigilant.

B. Athletes and Their Families Are Under Attack

The growth of sports wagering has coincided with an increase in harassment, abuse, and physical threats directed at athletes and their families by individuals who lose money on sports wagers.

An NCAA study found that one in three high-profile college athletes receive abusive messages (including death threats) from individuals with a betting interest.[4] During the 2026 NCAA basketball tournament alone, monitoring firms logged more than 2,500 abusive messages directed at college basketball players in a single week.[5] At the professional level, MLB players have reported that their families have received death threats from overseas bettors who lost money, and multiple players have stated publicly that online abuse has gotten "progressively worse" in recent years.[6]

As the Commission considers whether and how to permit sports event contracts on prediction markets, it should weigh the impact on the athletes whose performances form the basis of these contracts, including the physical safety of those athletes and their families.

C. Certain Sports-Related Contracts May Be Readily Susceptible to Manipulation

The Commission's Division of Market Oversight has already identified categories of sports-related event contracts that may raise heightened concerns under Core Principle 3. In its March 2026 Prediction Markets Advisory, DMO urged DCMs to consider whether contracts that

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[2]See United States v. Clase De La Cruz, No. 25-CR-00478 (E.D.N.Y. Nov. 9, 2025) (indictment alleging Cleveland Guardians pitchers Emmanuel Clase and Luis Ortiz accepted bribes to rig individual pitches, enabling co-conspirators to win at least $450,000 in fraudulent prop bets).

[3]See United States v. Rozier, No. 25-CR-00371 (E.D.N.Y. Oct. 2025); United States v. Billups, No. 25-CR-00370 (E.D.N.Y. Oct. 2025).

[4]NCAA, Online Abuse of Student-Athletes: 2023-24 Championship Season Report (May 2024) (finding one in three high-profile athletes receive abusive messages from individuals with a "betting interest," including death threats during March Madness); see also ESPN, NCAA: 1-in-3 Star Athletes Receive Abuse, Threats by Bettors (May 17, 2024).

[5]See CNN, Sports Betting Is Legal and Growing More Popular. Harassment of Athletes by Angry Gamblers Is Rising Too (June 9, 2025) (reporting Houston Astros pitcher Lance McCullers Jr.'s family received death threats from an overseas bettor who lost money; Boston Red Sox pitcher Liam Hendriks reported similar abuse and stated "with the rise of sports gambling, it's gotten a lot worse").

[6]See Big Ten Student Athlete Issues Commission, Letter to NCAA President Charlie Baker Regarding Prop Bets and Athlete Harassment (Feb. 2026); see also Sports Illustrated, How the NCAA Aims to Tackle the Surge of Online Abuse Targeting College Athletes (Apr. 2, 2026) (reporting 2,500 abusive messages directed at college basketball players in a single week of the 2026 NCAA tournament).

settle based on injuries, unsportsmanlike conduct, physical altercations, and officiating actions "create a heightened potential for manipulation or price distortion."[7]

SFC agrees with DMO's assessment. Contracts that settle on the basis of events within the control of a single person—such as which athlete will enter the transfer portal, whether a specific coach will be fired mid-season, or the outcome of a single pitch or free throw—present obvious manipulation risks that are qualitatively different from contracts tied to the final outcome of a game or season-long team performance. The Commission should provide clear guidance, or adopt rules, identifying categories of sports event contracts that are presumptively susceptible to manipulation and therefore subject to heightened scrutiny under Core Principle 3.

D. Integrity Monitoring Must Include Players Unions

SFC recommends that the Commission require, as a condition of listing sports-related event contracts, that DCMs enter into information-sharing agreements with the relevant sports leagues, governing bodies, and/or integrity monitoring organizations. These agreements should provide for the real-time sharing of suspicious trading activity and other indicators of potential manipulation.

Critically, the Commission should ensure that players unions are included in these integrity frameworks, not just the leagues. Athletes are the individuals most directly affected by the integrity risks of sports event contracts. Players unions represent their interests and have independent expertise on the pressures athletes face. The CFTC-MLB MOU signed on March 19, 2026[8] is a promising model, but it should be expanded to include the Major League Baseball Players Association and, as similar frameworks are developed for other sports, the relevant players associations in those leagues as well. Leagues may own the game but the players are the game. Both must be at the table.

This approach has direct precedent in the regulated sports betting industry, where state regulators routinely require licensed operators to participate in integrity monitoring programs and to share data with leagues and independent integrity bodies. There is no principled reason why the Commission should demand less of DCMs listing sports event contracts than state gaming regulators demand of sportsbooks.

However, the Commission must be careful. State requirements for integrity monitoring or requirements that sports betting operators have official partnerships with in-state special interests can have an anticompetitive effect that ends up creating one or two dominant DCMs, effectively monopolizing a nascent and still competitive landscape. Integrity requirements must be robust but not stifle innovation or new entrants.

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[7]CFTC Division of Market Oversight, Prediction Markets Advisory (Mar. 12, 2026).

[8]See CFTC and MLB Sign Groundbreaking MOU, CFTC Press Release No. 9199-26 (Mar. 19, 2026); see also MLB Press Release, MLB Names Polymarket Exclusive Prediction Market Exchange Partner and Signs Agreement with CFTC to Establish Integrity Framework (Mar. 19, 2026).

II. Mandatory Responsible Trading Protections

SFC's answer to the Commission's questions about responsible gaming standards is unequivocal: responsible trading protections should not be optional, aspirational, or left to the discretion of individual DCMs. The Commission should adopt specific rules requiring prediction markets that list sports-related event contracts to implement a baseline set of responsible trading measures.

A. The Case for Mandatory Standards

The Commission's ANPRM correctly identifies that prediction market participants tend to skew younger than those trading other financial instruments. This demographic reality reinforces the need for mandatory protections. Sports fans, particularly younger fans, are drawn to prediction markets in part because of their connection to the sports they already follow. For many of these participants, prediction markets may be their first experience with derivative contracts and leveraged financial products. The Commission has a responsibility to ensure that these consumers are not exposed to the kinds of harms that responsible trading frameworks are specifically designed to prevent.

The ways these products are marketed and advertised is also concerning, especially with the ease from mobile apps. A July 2025 study by the National Consumers League found that the three largest sports betting apps overwhelmingly used push notifications to advertise their products, with 93% of notifications containing advertising material and 62% containing explicit prompts to place a wager. The apps appeared to tailor their advertising to user behavior, sharply increasing notification volume after a user began placing bets, and continuing to push wagers even after the user withdrew their cash balance.[9] These practices can prey on fans who may be at risk of addiction.

Leaving responsible trading standards to the voluntary discretion of DCMs is inadequate. The competitive dynamics of the prediction market industry create a race-to-the-bottom incentive: platforms that impose fewer restrictions on their users may attract more trading volume, creating pressure on competitors to relax their own standards. Only mandatory, Commission-imposed requirements can neutralize this dynamic and ensure a level playing field.

B. Specific Measures the Commission Should Require

SFC recommends that the Commission require the following responsible trading protections for prediction markets listing sports-related event contracts:

- A national self-exclusion program that allows participants to voluntarily bar or limit themselves from trading on the platform for a defined period, with mechanisms to prevent circumvention. DCMs should be required to honor these self-imposed limitations

[9] National Consumers League, *Pushing Addiction: The Use of Push Notifications to Advertise Sports Betting* (July 2025) NCL collected more than 100 push notifications from the three largest sports betting apps over a four-week period and found that 93% contained advertising material, 62% contained "bet pushes" urging the user to place a wager, 50% contained promotional offers including bonuses and "no sweat" bets, and 15% marketed riskier bets (parlays) than the user had been placing. The apps appeared to adapt to user behavior, with notifications increasing sharply after the tester began placing bets and continuing even after the user withdrew their cash balance. None of the three apps allowed users to disable advertising notifications without also disabling critical account security alerts, and one app automatically enabled notification delivery without requesting user permission.

regardless of which platform the participant self-excluded on. This would require the Commission to establish and manage a centralized self-exclusion registry.

- Deposit and loss limits that allow participants to set maximum amounts for deposits, losses, or trading activity within a given period, with mandatory cooling-off periods before limits can be increased. Again, DCMs should be required to honor these limits regardless of the platform.
- Prohibitions on the use of credit cards to fund accounts.
- Clear and prominent risk disclosures.
- Advertising and marketing standards that prohibit misleading claims about the ease or likelihood of profit, that require responsible trading messaging in all advertising, and that restrict marketing targeted at minors.
- Restrictions on the use of digital push notifications for marketing purposes. Push notifications should be limited to account security purposes, such as credential changes, suspicious activity warnings, outcome results and withdrawal confirmations. They should not be used to induce the user to place a trade or otherwise engage with the trading product.
- Robust age verification procedures to prevent participation by underage individuals.
- The Commission should require DCMs listing sports event contracts to contribute to independently administered problem gambling prevention and treatment programs, with a particular focus on resources tailored to younger participants.
- Access to responsible trading resources, including information about problem gambling helplines and support organizations, including those designed for younger participants prominently displayed on the platform.

These measures are not novel. They are standard features of regulated sports betting markets across the United States, and there is no reason why prediction markets should be held to a lower standard. The Commission can and should draw on the experience of state gaming regulators in implementing these protections, while exercising its own independent judgment about what the CEA and the public interest require.

III. The Scope of "Gaming" Under CEA Section 5c(c)(5)(C)

The Commission asks what factors should inform its determination of the scope of "gaming" under the fifth listed activity in CEA section 5c(c)(5)(C), and how various types of contests should be treated. These are among the most consequential questions in this ANPRM for sports fans, and SFC urges the Commission to proceed with care.

A. "Gaming" Should Be Construed Narrowly

SFC urges the Commission to adopt a narrow construction of "gaming" that does not categorically encompass all event contracts tied to sporting events. The term "gaming" in CEA section 5c(c)(5)(C) appears alongside terrorism, assassination, war, and unlawful activity, a

statutory context that strongly suggests Congress intended it to refer to activities that, like those other categories, pose a clear and direct threat to the public interest.

The Commission should look to the characteristics that distinguish gaming from legitimate market activity. Pure games of chance, such as roulette, slot machines, or lotteries, are properly understood as gaming because the outcome is determined entirely or predominantly by chance. The participant has no informational advantage to bring to bear, and the activity serves no price discovery or information aggregation function. By contrast, event contracts tied to the outcomes of real-world sporting events are based on observable, verifiable occurrences that involve skill, strategy, and publicly available information. Their prices aggregate the collective judgment of informed participants about future outcomes; precisely the kind of information aggregation function that the Commission has recognized as a core attribute of prediction markets.

This distinction is not merely academic. Sports-related event contracts can serve genuine hedging and risk management functions for businesses and individuals whose economic exposure is tied to the outcomes of sporting events, including broadcasters, advertisers, hospitality and tourism businesses, and municipalities that host major events.

For example, a waitress at a sports bar near a professional sports stadium relies on tips for a significant portion of her income. If the local team is not doing well during the season, tips will be adversely affected by a lack of customers on game day. She has a financial interest in hedging on sports events. An overbroad "gaming" prohibition would eliminate these benefits without a corresponding public interest justification.

B. Sports Competitions Should Be Distinguished from Pure Games of Chance

SFC believes sports competitions should be treated differently, and that the relevant factors include the degree of public observability, the role of skill versus chance, and the informational value of the resulting contract prices. Sporting events are among the most publicly observable occurrences in American life. Their outcomes are determined on the field, in front of millions of witnesses, with extensive real-time data collection and independent verification. This transparency makes sports event contracts particularly well-suited to the prediction market model: settlement is objective and verifiable, and the risk of disputes over whether the underlying event occurred is minimal compared to other types of event contracts.

The Commission should also consider that the line between prediction markets and traditional sports betting, while real, is not a line that the CFTC needs to police through a blanket prohibition. The relevant question is not whether a sports event contract resembles a sports bet. The question is whether the contract, when traded on a regulated DCM subject to the Commission's full suite of Core Principles, serves the public interest. SFC believes the answer is yes, provided that appropriate integrity and consumer protection measures are in place.

IV. The Public Interest Favors Robust Regulation

The Commission asks what factors should guide its public interest determination under CEA section 5c(c)(5)(C). SFC urges the Commission to ground that determination in the practical realities facing consumers today.

Prediction markets are popular, and consumer demand for event contracts, including those tied to sporting events, is significant and growing. The Commission's own data reflects this: from an average of five event contracts per year between 2006 and 2020, DCMs certified approximately 1,600 event contracts in 2025 alone. Applications for DCM registration have more than doubled in the past year. This is not an industry the Commission or Congress can wish away through prohibition.

The Commission's public interest authority is a tool for ensuring that prediction markets operate within a framework of robust consumer protection, market integrity, and transparency. This interpretation is consistent with CEA section 3(b)'s enumerated purposes, which include not only the deterrence of manipulation and protection from abusive practices, but also the promotion of responsible innovation and fair competition. These purposes are complementary, not conflicting, and a well-designed regulatory framework can advance all of them.

The Commission should use its existing authority to the fullest extent to protect consumers participating in prediction markets. Overly broad prohibition would not eliminate consumer demand, it would drive activity to unregulated offshore platforms where consumers have no protections whatsoever.

V. The Commission Needs Adequate Resources and Consumers Need a Private Right of Action

Rules without enforcement are just suggestions and an under-resourced regulator is an invitation to the next scandal. SFC urges the Commission to consider whether its current enforcement resources are adequate to the task of overseeing sports events contracts and whether consumers should have the ability to seek redress directly when DCMs fail to protect them.

A. The Commission Is Under-Resourced for This Mandate

The explosive growth of prediction markets has occurred against the backdrop of a Commission whose budget and staffing levels were designed for a very different market landscape. The number, diversity, and complexity of these contracts continues to expand. Meanwhile, the Commission is simultaneously managing its existing oversight responsibilities for traditional futures and swaps markets.

SFC encourages the Commission to communicate clearly to Congress that it needs additional appropriations to hire staff, develop surveillance technology, and build the enforcement capacity necessary to oversee prediction markets effectively. An under-resourced regulator is, from the consumer's perspective, no regulator at all. The responsible gaming standards, integrity monitoring requirements, and market surveillance obligations discussed in these comments will be meaningless if the Commission lacks the personnel and technology to enforce them.

B. Congress Should Establish a Private Right of Action

Even a well-funded Commission cannot be everywhere at once. SFC therefore urges the Commission to ensure consumers have a private right of action if they are harmed by a DCM's failure to comply with responsible trading requirements, integrity monitoring obligations, or other consumer protection rules to seek redress directly in federal court.

Consistent with the fifth right of the Sports Bettors' Bill of Rights, a private right of action would serve multiple purposes. It would provide an additional enforcement mechanism to complement the Commission's own resources. It would create a direct financial incentive for DCMs to comply with consumer protection rules, rather than treating fines as a cost of doing business. And it would give the consumers who are most directly harmed by bad actors, the sports fans who participate in prediction markets, a meaningful avenue for accountability. The CEA already provides private rights of action in other contexts, and the Commission should reaffirm this for fans.

VI. Conclusion

Fans built the sports industry. They should not be collateral damage as the prediction market industry grows. They are the participants, the stakeholders in the integrity of athletic competition, and the individuals most directly affected by the Commission's regulatory choices. SFC urges the Commission to make those choices with fans' interests foremost in mind.

The path forward is regulation, not prohibition. The Commission should adopt a regulatory framework that keeps prediction market activity within supervised, transparent markets. That framework should include robust integrity monitoring requirements developed in partnership with leagues and players unions, mandatory responsible trading standards that protect consumers from foreseeable harms, a narrow construction of the "gaming" prohibition that distinguishes between pure chance and skill-based sporting events, and adequate enforcement resources—including a private right of action for consumers—to ensure that these protections are more than words on paper.

SFC stands ready to serve as a resource to the Commission as it develops this framework. We appreciate the opportunity to comment and look forward to continued engagement.

Respectfully submitted,



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