Hivemind

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April 30, 2026

Via Electronic Submission to CFTC Comments Portal
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: RIN 3038-AF65 – Prediction Markets (Advance Notice of Proposed Rulemaking)

Dear Mr. Kirkpatrick,

Hivemind Capital Partners LLC ("**Hivemind**") is a global investment group operating at the intersection of traditional markets and the onchain economy. Hivemind deploys institutional capital across differentiated strategies and develops purpose-built web3 infrastructure, alongside protocols, platforms, and market participants that comprise the emerging digital asset economy, including entities that operate or seek to operate prediction markets. Hivemind therefore has a direct and substantial interest in the regulatory framework governing event contracts and prediction markets pursuant to the Commodity Exchange Act ("**CEA**") and the authority of the Commodity Futures Trading Commission ("**CFTC**").

Hivemind welcomes the opportunity to submit these comments in response to the CFTC Advance Notice of Proposed Rulemaking on Prediction Markets (the "**ANPRM**") regarding event contracts traded on CFTC-regulated prediction markets. The ANPRM solicits public input regarding the application of statutory core principles and CFTC regulations to prediction markets, the categories of event contracts potentially subject to prohibition as contrary to the public interest, cost-benefit considerations implicated by the rise of prediction markets, and other related matters. Hivemind submits these comments to urge the CFTC to use this rulemaking process to clarify the scope of its jurisdiction over event contracts and to establish a transparent, principled regulatory framework that fosters responsible innovation while preserving market integrity pursuant to its statutory mandate and core principles.

The CEA vests the CFTC with exclusive jurisdiction over derivatives listed on registered designated contract markets ("**DCMs**") and swap execution facilities pursuant to CEA Section 2(a)(1)(A).[1] CEA Section 5c(c)(5)(C) further reflects Congress's recognition that event contracts fall squarely within that jurisdictional framework.[2] The provision does not merely tolerate the CFTC's oversight of such contracts, it presupposes it. By enumerating specific categories of event contracts over which the CFTC may make a contrary-to-the-public-interest determination, Congress necessarily acknowledged that such contracts fall within the CFTC's regulatory ambit in the first instance. To hold otherwise, would render the provision's enumerated categories superfluous. The CFTC should make clear in any forthcoming

[1] CEA § 2(a)(1)(A), 7 U.S.C. § 2(a)(1)(A).
[2] CEA § 5c(c)(5)(C), 7 U.S.C. § 7a-2(c)(5)(C).

rulemaking that Section 5c(c)(5)(C) operates as a screening authority within an established jurisdictional framework, and that the existence of the public interest determination requirement does not diminish but rather confirms the CFTC's regulatory authority over prediction markets.

In response to **Question 11** of the ANPRM, the CFTC's authority to promote responsible innovation and fair competition under CEA Section 3(b)[3] further reinforces the case for a comprehensive rulemaking framework governing prediction markets. The CFTC should consider whether its regulatory approach adequately deters manipulation and protects market participants without unduly constraining the market integrity and innovation that prediction markets can provide. Where tension exists between these purposes, for instance, between fostering fair competition and preventing abusive practices, the CFTC should resolve that tension through clear, principles-based guidance that sets consistent standards across all market participants rather than through ad hoc or reactive enforcement. The rapid proliferation of event contracts since 2021, including the certification of approximately 1,600 event contracts in 2025 alone,[4] and the significant increase in pending DCM applications from entities focused exclusively on offering regulated prediction markets demonstrate that informal guidance and piecemeal no-action relief are no longer adequate to fulfill the CFTC's statutory mandate. As considered in **Question 13**, a rulemaking that firmly articulates the CFTC's authority, establishes clear standards for public interest determinations, and provides transparent guidance on the application of DCM Core Principles[5] to prediction markets would advance the CEA's core purposes, deterring manipulation, protecting market participants, and promoting innovation.

Prediction markets represent one of the most promising frontiers in modern financial markets, not merely as instruments of speculation, but as powerful tools for price discovery, risk management, and the aggregation of distributed information. Unlike gambling, where a bettor wagers against a single counterparty that may adjust rules and eligibility on an arbitrary basis, deny exit from a position, hold customer funds as a general unsecured creditor, or restrict access based on performance, prediction markets are structured financial contracts with the same structural hallmarks as regulated markets. For instance, they settle against objective, measurable benchmarks, trade on many venues with transparent, consistently applied rules, afford participants the ability to exit at prevailing market prices in a continuous liquid market, and protect customer funds through federally enforceable segregation requirements that insulate participants from counterparty insolvency risk. These foundational differences are not merely academic. It is the reason state gambling law, designed for the single-counterparty, house-edge model, is an ill fit for exchange-traded financial contracts, and why federal jurisdiction under the CEA is necessary. The CFTC already regulates the infrastructure that gives prediction markets characteristics such as designated contract markets, derivatives clearing organizations, and futures commission merchants through which these products are offered. Subjecting prediction markets instead to a fragmented patchwork of inconsistent state regimes would not only create regulatory arbitrage and fragment liquidity but would also risk dismantling the very structural features that distinguish prediction markets from gambling in the first place. The CFTC stands at a pivotal moment: the decisions it makes in response to the ANPRM will shape whether prediction markets develop within a coherent, protective federal framework or are left under a body of law that is not designed to govern them.

Hivemind's position regarding Questions 11 and 13 is straightforward. The CEA's grant of exclusive jurisdiction to the CFTC is not merely a technicality, it is the foundation upon which any durable regulatory

[3] CEA § 3(b), 7 U.S.C. § 5(b).
[4] *See* Prediction Markets, 91 FR 12517, n.9 (March 16, 2026). The ANPR notes that event contract listings averaged approximately five per year from 2006 to 2020, rose to 131 in 2021, and reached approximately 1,600 certified contracts in 2025.
[5] CEA § 5(d), 7 U.S.C. § 7(d).

framework must rest. This rulemaking is an opportunity for the CFTC to make that foundation explicit, to resolve jurisdictional uncertainty and to build clear frameworks that allow prediction market innovation to grow. Hivemind is ready to work with the CFTC to develop the specific contours of the framework that fosters prediction markets that are transparent, and worthy of public trust.