Submitted via Regulations.gov

[Date], 2026

Christopher Kirkpatrick, Secretary

Commodity Futures Trading Commission

Three Lafayette Centre

1155 21st Street, NW

Washington, DC 20581

**Re:** Data Reporting Requirements for Certain Event Contracts, RIN 3038-AF73

Dear Secretary Kirkpatrick:

## I. Introduction and Summary of Comments

These comments are submitted in response to the Notice of Proposed Rulemaking published by the Commodity Futures Trading Commission ("Commission" or "CFTC") on July 1, 2026, regarding Data Reporting Requirements for Certain Event Contracts, RIN 3038-AF73 (the "Proposal" or "AF73").[1] The undersigned submitted comments on June 30, 2026 in the concurrent rulemaking on Prediction Markets; Public Interest Determinations, RIN 3038-AF65 (the "AF65 Letter"), documenting a specific regulatory gap: the absence of any rule requiring disclosure of the financial relationship between an event contract's designer and the entity that subsequently makes markets in that contract.[2] These comments address a related but distinct question, one that does not depend on how the Commission ultimately resolves the public interest issues raised in AF65.

The question is this: what data must the Commission collect in order to supervise the market it has agreed to regulate? The Proposal substantially modernizes the Commission's transaction-reporting framework for Covered Event Contracts, adapting large-trader reporting concepts developed for futures markets to a product category that did not exist when those concepts were designed. That modernization is a genuine improvement, and the undersigned supports it. But the Proposal, as drafted, reports on transactions. It does not report on the relationships that produce them. A DCM's reporting file under proposed § 16.03 will show the Commission who traded, in what size, and how often. It will not show the Commission whether the trader supplying liquidity on one side of that transaction also designed the contract, holds an ownership or liquidity-

[1]Data Reporting Requirements for Certain Event Contracts, 91 Fed. Reg. 40,102 (proposed July 1, 2026) (to be codified at 17 CFR pts. 15-17) ("Proposal" or "AF73").

[2]Letter from Steven G. Brubaker, President, Brubaker Public Relations, Inc., to Christopher Kirkpatrick, Secretary, CFTC, Re: Prediction Markets; Public Interest Determinations, RIN 3038-AF65 (submitted via Regulations.gov June 30, 2026) ("AF65 Letter").

provision agreement with the DCM, or prices that contract using a correlation model unavailable to the counterparty on the other side.

That gap can be summarized in a single proposition, and the undersigned respectfully submits it as the organizing principle of this comment: ***the Commission cannot regulate relationships it does not identify, and it cannot identify relationships it does not collect as reportable data.*** These comments describe why that limitation matters for a market structure that is changing quickly, and propose a small number of specific, additive data elements the Commission could require under its existing statutory authority to close it — independent of, and regardless of the outcome of, the public interest determinations pending in AF65.

## II. The Structural Limitation in the Proposed Reporting Framework

Proposed § 16.03 would require DCMs listing Covered Event Contracts to collect and report position and transaction data modeled on the Commission's existing large-trader reporting framework, using a 125,000-contract reporting threshold calibrated to exclude the great majority of retail accounts.[3] For accounts that meet the threshold, § 16.03(g) would require DCMs to collect trader-identifying data — name, address, email, phone, occupation, employer — together with the identity of any person guaranteeing the account or holding a financial interest of 10 percent or more in the trader or the trading account.[4] This is a meaningful advance over the reporting vacuum that has existed for these products, and the Commission is right to extend large-trader-style reporting to Covered Event Contracts.

But the structure of the data collected is transactional and ownership-based, not relational. It identifies who controls an account. It does not identify what role that account plays in the market's architecture — whether the account is a designated liquidity provider under a formal agreement with the DCM, whether it is affiliated with the DCM or its designated clearing organization, whether it participated in specifying the contract's terms before self-certification, or whether its pricing of a given contract is generated by a proprietary correlation model rather than continuous two-sided quoting. None of this is a criticism of what the Proposal does; it is an observation about what the Proposal, by its own terms, does not reach. Reporting data built to answer “who is trading and how much” cannot, without modification, answer “what relationship does this trader have to the product.”

## III. The Commission Cannot Regulate Relationships It Does Not Collect

DCM Core Principle 4 requires each designated contract market to maintain a program of market surveillance adequate to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process.[5] A surveillance program is only as capable as the data available to it. Where that data consists of transaction records and ownership percentages, the surveillance program built on it can detect concentration, unusual volume, and connected ownership. It

[3] 91 Fed. Reg. at 40,110 (discussing the proposed 125,000-contract reporting level and its rationale).

[4] Proposed 17 CFR 16.03(g), 91 Fed. Reg. at 40,112 (requiring DCMs to obtain, for every reportable customer, data identifying the trader by name, physical address, email address, phone number, occupation, and employer, and, where applicable, the identity of any person guaranteeing the account or holding a financial interest of 10 percent or more in the trader or trading account).

[5] DCM Core Principle 4 (Prevention of Market Disruption), CEA section 5(d)(4), 7 U.S.C. 7(d)(4); 17 CFR 38.151 (implementing DCM market surveillance program requirements).

cannot detect a structural relationship between a contract's designer and its principal liquidity provider unless that relationship is itself recorded as data. A surveillance analyst reviewing § 16.03(g) data for a multi-leg combination contract will see, at most, that one account exceeded the reporting threshold and that a named individual or entity holds a qualifying interest in it. Nothing in the data will indicate whether that account also has a designated liquidity provider agreement with the DCM, or whether the entity behind it proposed the contract's specification before self-certification.

This is the proposition the undersigned asks the Commission to treat as the organizing question of this rulemaking: ***the Commission cannot regulate relationships it does not identify, and it cannot identify relationships it does not collect as reportable data.*** This is not a claim about gambling, market integrity findings, or the public interest factors at issue in AF65. It is a claim about the basic architecture of a reporting regime — one that would apply with equal force if Covered Event Contracts settled on weather, agriculture, or macroeconomic indicators rather than sporting events. A regulator's visibility into a market is bounded by what its reporting rules require market participants to disclose. AF73 is the rulemaking in which the Commission is currently deciding the boundaries of that visibility for this product category, and the undersigned respectfully submits that the boundaries as proposed leave out exactly the category of information — relationships, not just transactions — that this market's current structure makes most relevant.

## IV. Relationship Data as a Market Surveillance Tool

The concept of relationship-level reporting is not foreign to the Proposal. Section 16.03(g)'s requirement that DCMs identify guarantors and 10-percent-or-greater interest holders in a trading account is itself a relationship-reporting requirement — it asks not merely who controls an account's trades, but who stands behind it financially.[6] The recommendation in Section VII below is a direct extension of that same concept, applied to a different but equally material relationship: the relationship between the trading account and the entity that designed, certified, or supplies standing liquidity to the contract being traded.

Relationship data of this kind functions as a surveillance tool in a way that transaction data alone cannot. A surveillance program that knows an account is a designated liquidity provider, rather than treating it as an undifferentiated large trader, can calibrate its expectations of that account's trading pattern accordingly — wide, continuous, two-sided quoting is unremarkable for a liquidity provider and anomalous for an ordinary large trader. A surveillance program that knows an account participated in specifying a contract's terms before certification can evaluate whether that account's subsequent trading in the contract raises questions the Commission's existing manipulation-based surveillance was never built to ask. Without that relationship flag, the two accounts are indistinguishable in the Commission's data, even though they present entirely different supervisory questions.

## V. The Evolution of Event Contract Market Structure

The market structure AF73 is being written to supervise has changed materially since large-trader reporting concepts were first developed for futures markets, and it continues to change

[6]Proposed 17 CFR 16.03(g), 91 Fed. Reg. at 40,112.

during the pendency of this rulemaking. Three features of that evolution are directly relevant to the data elements recommended below.

First, the roles of contract originator, market maker, and designated liquidity provider — historically separate functions performed by different, often unaffiliated parties — are increasingly concentrated. The Commission's own record in this rulemaking recognizes that some DCMs listing Covered Event Contracts permit both intermediated and non-intermediated retail participants in the same contract market,[7] a structural feature that did not exist in the futures markets for which large-trader reporting was originally designed. Publicly documented examples elsewhere in the current record — an institutional market maker that is simultaneously a minority owner of a separate designated contract market, and a designated contract market operator that self-certifies its own contracts and separately announces a market-making program on those same contracts — illustrate that vertically integrated arrangements are not a hypothetical risk but a present feature of the market the Commission is regulating.[8].

Second, the Commission's own threshold analysis in this Proposal confirms that this market is structurally concentrated at the liquidity-provision layer. The Commission estimates that a 125,000-contract reporting threshold will produce a 97 to 99 percent reduction in reportable accounts, deliberately calibrated to capture a relatively small number of significant traders in more liquid markets, such as market makers and institutional traders, while excluding the vast majority of retail traders.[9] This calibration, however, rests on an assumption the Proposal does not test: that a market maker's activity produces a reportable end-of-day position at all. A market maker whose function is to provide continuous two-sided liquidity typically flattens its inventory before the close, so that its net end-of-day position — the only quantity the proposed threshold measures — can remain near zero regardless of how much volume it intermediated during the trading day. An end-of-day position threshold is calibrated to detect overnight risk retention, not intraday liquidity-provision volume, and the two are not equivalent for an entity whose business model is to avoid retaining risk. The Commission's estimate of a 97 to 99 percent reduction in reportable accounts should accordingly not be read to confirm that market makers as a class will generate reportable data under this threshold; it may instead describe a threshold that excludes them along with retail traders, for a different structural reason. The Commission's own analysis, in other words, describes a market with significant retail participation at the base[10] and a small, concentrated population of sophisticated liquidity providers at the top — precisely the structure in which the Commission's visibility into that small population matters disproportionately to its surveillance capability — whether the resulting gap takes the form of incomplete relationship data for accounts that do meet the reporting threshold, or, as discussed above, the absence of any

[7] 91 Fed. Reg. at 40,108-09 ("The Commission recognizes that some DCMs listing Covered Event Contracts for trade may permit both intermediated and non-intermediated retail participants in the same contract market.").
[8] See AF65 Letter, supra note 2, at 4-6, § III.A-C (documenting Susquehanna International Group's disclosed role as Kalshi's primary institutional market maker and its co-ownership, with Robinhood, of Rothera, and the launch of DKeX/Railbird Exchange, which combines DCM ownership, contract self-certification, and an announced market-making program in a single entity).
[9] 91 Fed. Reg. at 40,110 ("[A] reporting level representing an end-of-day position with a $125,000 notional value will exclude the vast majority of retail traders from large trader reporting for most markets and will generally capture a relatively small number of significant traders in more liquid markets, such as market makers and institutional traders. The proposed 125,000 reporting level could result in a 97 to 99 percent reduction in the number of potentially reportable special accounts.").
[10] 91 Fed. Reg. at 40,114 (describing Covered Event Contracts as contracts that "have significant retail participation and typically trade as one-dollar contracts").

reportable data for market makers whose inventory-flattening keeps them below it. Either way, a gap affecting a handful of accounts affects a correspondingly large share of the market's liquidity and pricing.

Third, the pricing of multi-leg combination contracts increasingly depends on correlation modeling that is not observable from transaction data alone. A single-leg, binary event contract trading on a continuous order book generates a price that is, in principle, attributable to ordinary supply and demand. A multi-leg combination contract's price reflects an assumption about the correlation between its component legs — an assumption embedded in the contract at the point of quoting, not visible in the resulting transaction record, and generated in many cases by a proprietary pricing model belonging to whichever party is quoting the combination. Reporting data that records only the transaction — price, size, and account identity — cannot distinguish a combination contract priced by continuous competitive quoting from one priced by a single liquidity provider's proprietary correlation model. The Commission's surveillance capability with respect to combination contracts specifically would be materially improved by a reporting taxonomy that distinguishes single-leg from multi-leg contracts and identifies, for multi-leg contracts, whether pricing is generated algorithmically by an affiliated or contracted party.

## VI. Why Transaction Data Alone Is Insufficient

Consider two accounts that each exceed the proposed 125,000-contract reporting threshold trading the same multi-leg combination contract in comparable volume. Under the Proposal as drafted, § 16.03(g) will require both accounts to be identified by name, address, occupation, employer, and 10-percent interest holder. If neither account happens to cross the guarantor or 10-percent-interest threshold with respect to the DCM itself, the two accounts will appear identical in the Commission's reportable data — regardless of whether one is an ordinary institutional trader and the other is the entity that designed the contract's correlation pricing and operates as the DCM's principal liquidity provider under a standing agreement. The reporting file will show the Commission how much each account traded. It will not show the Commission why the presence of one of those accounts in the market matters differently than the presence of the other — a distinction that goes to the heart of what a market surveillance program under Core Principle 4 exists to detect. The same blind spot carries a cost beyond market-structure surveillance: because Bank Secrecy Act compliance operates independently at the futures commission merchant level with no visibility into affiliated-account structuring across a DCM's full customer base, an identical reporting gap — two accounts appearing unrelated in reportable data despite coordinated activity — would leave coordinated conduct between affiliated accounts equally undetectable, independent of whether either account happens to be a market maker.

This is not a hypothetical concern about a future market structure. It describes, in general terms, market conditions that already exist in the current DCM landscape for sports-related event contracts, as documented in the public record accompanying the AF65 rulemaking.[11] The undersigned raises it here not to relitigate the public interest questions pending in that docket, but to make the narrower point that the reporting architecture under consideration in this rulemaking will not give the Commission visibility into that condition, however AF65 is ultimately resolved.

[11]See AF65 Letter, supra note 2, at 7-9, § IV (describing the structural hold embedded in same-game-parlay-style multi-leg combination contracts and its compounding effect where the entity holding retail counterparty risk also designed the contract's correlation pricing).

## VII. Recommended New Reportable Data Elements

The undersigned recommends that the Commission add the following data elements to proposed § 16.03(g), as a direct extension of the trader-identifying and interest-holder data the Proposal already requires:

**1. Contract originator identification.** Where a DCM is aware that a trading account, or an entity affiliated with a trading account, provided material input into the specification of a Covered Event Contract prior to its self-certification under 17 CFR 40.2, that relationship should be recorded as part of the account's reportable data.

**2. Market maker / designated liquidity provider status.** Reportable data should indicate whether a trading account operates under a market maker agreement, designated liquidity provider agreement, or comparable standing arrangement with the DCM, distinguishing that account from an ordinary large trader.

**3. DCM/DCO affiliate status.** Reportable data should indicate whether a trading account is owned by, under common control with, or a joint-venture partner of the DCM, its designated clearing organization, or an entity performing both roles.

**4. Algorithmic or model-driven pricing indicator, for multi-leg contracts.** Where a trading account's quotes on a multi-leg combination contract are generated by a proprietary pricing or correlation model rather than derived from continuous competitive quoting, that fact should be recorded as part of the account's reportable data for that contract.

**5. Single-leg / multi-leg contract indicator.** The Commission's reporting taxonomy should distinguish single-outcome event contracts from multi-leg combination contracts, so that surveillance analysis, and any future rulemaking addressing combination-contract-specific risks, can be conducted using data that already separates the two categories rather than requiring reconstruction after the fact.

**6. Intraday volume or trade-count reporting trigger, independent of end-of-day position.** As discussed in Section V above, an end-of-day position threshold does not reliably capture a market maker whose function is to flatten inventory before the close. The Commission should adopt a supplemental reporting trigger set at the same 125,000-contract level already proposed for the end-of-day threshold, but measured on a cumulative intraday basis: an account should become reportable the moment its cumulative contract volume for the trading day reaches 125,000 contracts, regardless of what time of day that level is reached and regardless of the account's net position at any subsequent point, including at the close. The relevant question is the level of activity intermediated, not when during the day it occurred or whether it was later unwound; a market maker who intermediates 125,000 contracts of two-sided flow before noon and flattens to zero by the close has engaged in the same volume of activity, and presents the same surveillance interest, as a trader who accumulates an equivalent net position and holds it overnight. This trigger would apply independently of, and in addition to, the existing end-of-day threshold, and any account it captures would be subject to the same trader-identifying and Contract Relationship Data requirements proposed above.

Elements 1 through 5 are additive to data the Proposal already requires DCMs to collect and would not require restructuring the reporting framework the Commission has proposed. Element

6 is different in kind: rather than adding a data field, it supplements the trigger that determines which accounts must report at all — a supplement made necessary by the gap identified in Section V above, since elements 1 through 4 improve the quality of data collected about reportable accounts but do nothing for market makers who generate no reportable position in the first place. Each element is calibrated to answer a question the Commission's own record in this rulemaking shows it currently cannot answer from transaction and ownership data alone.

## VIII. Existing Commission Authority

The Commission has the authority necessary to adopt these recommendations without expanding its jurisdiction. DCM Core Principle 4 and 17 CFR 38.151 already require DCMs to maintain surveillance programs sufficient to detect market disruption; a reporting rule that supplies the relationship data those surveillance programs need is a natural application of authority the Commission already exercises, not a novel extension of it.[12] The Proposal's own § 16.03(g) already establishes the precedent that ownership and interest-holder relationships are properly treated as reportable data alongside transaction records; extending that same concept to originator, market-maker, and affiliate relationships applies an approach the Commission has already adopted in this rulemaking to a small number of additional, clearly definable relationships.

## IX. Proposed Regulatory Amendments

The undersigned respectfully requests that the Commission amend proposed § 16.03(g) to add a new reportable data category — which might be titled “Contract Relationship Data” — encompassing the five elements identified in Section VII above, to be collected and reported using the same mechanism, frequency, and confidentiality protections already proposed for the trader-identifying data in § 16.03(g). The undersigned further requests that the Commission's reporting taxonomy for Covered Event Contracts, wherever it is finalized, include a data field distinguishing single-leg from multi-leg contracts, independent of whether the Commission adopts the relationship-reporting recommendations above.

Finally, the undersigned requests that the Commission supplement the 125,000-contract end-of-day reporting threshold with a cumulative intraday trigger set at the same 125,000-contract level, so that an account becomes reportable the moment its cumulative same-day contract volume reaches 125,000 contracts, irrespective of the time of day that level is reached and irrespective of the account's net position at the close. An account would be reportable if it meets either threshold, whichever occurs first. This amendment addresses the gap discussed in Section V above: an end-of-day position threshold, standing alone, may not capture a market maker whose business model depends on flattening inventory before the close, regardless of the volume it intermediates intraday.

## X. Conclusion

The Proposal represents a substantial and overdue modernization of the Commission's data-reporting framework for event contracts, and the undersigned supports its core approach. But a

[12] 17 CFR 38.151 (DCM market surveillance program requirements implementing Core Principle 4); 17 CFR 40.2 (governing DCM self-certification of new contracts).

reporting framework capable of observing trades while remaining unable to observe the market structure that increasingly defines those trades will leave the Commission's surveillance program working with an incomplete picture of the market it supervises. ***The Commission cannot regulate relationships it does not identify, and it cannot identify relationships it does not collect as reportable data.*** The recommendations in this letter — five additive data elements and one complementary amendment to the reporting trigger itself, tied to authority the Commission already exercises and to a reporting concept the Proposal itself has already adopted for ownership and interest-holder relationships — would close that gap at modest incremental cost, and would do so regardless of how the Commission ultimately resolves the public interest questions raised in the concurrent AF65 rulemaking. That durability is, in the undersigned's view, the point: sound market surveillance depends on what data a regulator collects, a principle that will remain true for event contracts long after the current debate over their proper classification is settled.

Respectfully submitted,

Steven G. Brubaker

Mobile Gambling Analyst

President, Brubaker Public Relations, Inc.

Stevengbrubaker@gmail.com

PO Box 212

Chatham, IL 62629-0212