Submitted via Regulations.gov

July 13, 2026

Christopher Kirkpatrick, Secretary

Commodity Futures Trading Commission

Three Lafayette Centre

1155 21st Street, NW

Washington, DC 20581

Re: RIN 3038-AF73 – Event Contracts: Reporting Framework and the Commission's Departure from the Standard Derivatives Reporting Regime

Dear Secretary Kirkpatrick,

I. Introduction and summary of comments

These comments address a single issue: the Commission's decision to replace the reporting framework that would otherwise apply to event contracts under the Commission's existing reporting regulations with a new, standalone reporting regime tailored specifically to this product category, without adequately explaining how the substitute framework preserves the level of regulatory transparency the existing framework was designed to provide.

II. The baseline being displaced, precisely stated.

The Notice explains that certain existing reporting requirements have been administered through no-action relief because they are not well suited to fully collateralized event contracts. That relief is important context, but it should not be mistaken for the baseline against which this rulemaking should be measured. No-action relief is discretionary, non-binding staff guidance addressing specific mechanical incompatibilities—it does not itself constitute the reporting regime these products would otherwise be subject to.

Absent that relief, event contracts would be subject to the Commission's generally applicable reporting framework. AF73 does not merely codify or formalize the scope of existing no-action relief; it constructs an alternative reporting architecture, with its own thresholds, definitions, and reporting triggers, in place of the reporting framework that would otherwise govern these products. That is the departure requiring justification—not a reversal of informal staff relief, but a wholesale substitution for the regulatory framework otherwise applicable to derivatives the Commission oversees.

III. Why that departure requires a reasoned explanation.

The Commission may ultimately determine that an alternative reporting framework is appropriate for this product category. However, when an agency adopts a materially different regulatory approach for a defined class of products than the one generally applicable to comparable products it regulates, settled administrative law principles require the agency to supply a reasoned explanation for that choice. See *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29 (1983) (an agency must articulate a satisfactory explanation for its action, including a rational connection between the facts found and the choice made); *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502 (2009) (an agency changing course must show that the new policy rests upon reasoned consideration, and must be cognizant that longstanding policies may have engendered serious reliance interests).

While AF73 does not reverse a prior Commission rule in the conventional sense, it does displace the reporting framework that would otherwise govern these products, and the same underlying obligation applies with equal force: the Commission should explain why the generally applicable framework is inappropriate here, what regulatory objectives the substitute framework preserves, and how any resulting reduction in reported information will not impair the Commission's surveillance responsibilities.

The Notice does not perform that analysis. It documents the operational burden of applying the generally applicable reporting framework to fully collateralized event contracts, but it does not evaluate what transparency, if any, is lost by replacing that framework rather than adapting it, nor does it explain why the substitute thresholds and reporting triggers it proposes are calibrated to preserve equivalent oversight capability.

IV. The jurisdictional stakes of that gap.

For several years, the Commission has consistently maintained that exchange-listed event contracts fall within the Commodity Exchange Act and are subject to exclusive federal regulation as derivatives. That position has been central to the Commission's assertion of exclusive jurisdiction over these markets, including sports event contracts, in the face of ongoing state regulatory action and litigation.

A reporting framework that provides materially less visibility than the generally applicable derivatives reporting framework creates an unresolved tension within the Notice. If the Commission concludes that these products warrant a reporting framework materially different from the one generally applicable to derivatives, the Notice should explain why those same

differences do not affect the Commission's broader characterization of these products or the level of regulatory oversight necessary to support exclusive federal jurisdiction.

V. Recommendation.

I respectfully recommend that the Commission supplement the final rule with an explicit finding that the reporting framework adopted under AF73 provides regulatory transparency substantially equivalent to the generally applicable reporting framework, as applied to exchange-listed, fully collateralized event contracts.

That finding should not be conclusory. It should be supported by a field-by-field analysis identifying the categories of information the generally applicable framework would otherwise capture, explaining whether each category continues to be captured under AF73, and, where reporting is reduced or eliminated, explaining why that information is no longer necessary for effective market oversight of this product category specifically.

At minimum, the Commission should evaluate whether the proposed framework provides equivalent transparency regarding:

- beneficial ownership of reportable positions;
- affiliated entities and common control relationships between registered entities and market participants;
- market maker and liquidity provider participation, including proprietary trading by exchange affiliates;
- concentration of positions;
- changes in reportable positions over time;
- clearing relationships;
- economic exposure; and
- other information necessary to identify conflicts of interest or coordinated trading activity.

Where equivalent reporting is not proposed, the Commission should explain why the omitted information is unnecessary to fulfill its surveillance responsibilities for this product category.

VI. Conclusion

The issue presented by AF73 is not whether event contracts require identical reporting obligations as every other derivative product. Different products may justify different reporting mechanisms. The issue is whether the Commission has demonstrated that the substitute framework preserves the same supervisory capability. Without such a demonstration, the administrative record does not establish that the Commission will possess equivalent visibility into the structure, participants, and economic relationships operating within these markets after AF73 becomes effective.

This recommendation does not ask the Commission to impose reporting requirements that are operationally incompatible with fully collateralized event contracts. It asks the Commission to

demonstrate, on the record, that any resulting reduction in reporting is justified by the actual characteristics of these products, rather than assumed as a byproduct of administrative convenience.

Transparency is not merely a compliance obligation imposed on market participants; it is the principal mechanism through which the Commission exercises effective oversight. The Commission cannot regulate relationships it does not identify, and it cannot identify relationships it does not require market participants to report. A reporting framework that departs from the generally applicable baseline should be accompanied by a demonstration that the Commission's visibility into these markets, and the relationships operating within them, will not be diminished as a result.

For these reasons, I respectfully urge the Commission to revise AF73 to expressly demonstrate that its proposed reporting framework provides transparency substantially equivalent to the generally applicable reporting framework it displaces or, alternatively, to supplement AF73 with additional reporting requirements sufficient to preserve that level of regulatory oversight.

Respectfully submitted,

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