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VIA ELECTRONIC SUBMISSION (PDF)

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Proposed Rulemaking: Data Reporting Requirements for Certain Event Contracts (17 CFR Parts 15, 16, and 17 | RIN 3038-AF73)

Dear Mr. Kirkpatrick:

Sporttrade Inc. ("Sporttrade") appreciates the opportunity to comment on the Commodity Futures Trading Commission's ("CFTC" or "Commission") Notice of Proposed Rulemaking regarding Data Reporting Requirements for Certain Event Contracts (the "NPRM" or "Proposal").[1]

Sporttrade is currently an applicant for registration as both a Designated Contract Market ("DCM") and a Derivatives Clearing Organization ("DCO"). If approved, Sporttrade intends to offer innovative sports event contracts on both an intermediated and disintermediated basis. Founded in 2018, Sporttrade's core mission is to apply sophisticated electronic market principles to sports trading in a manner that unyieldingly puts the consumer first.

Sporttrade strongly supports the Proposal, which would establish a permanent regulatory framework governing the reporting of qualifying event contracts, in keeping with Chairman Selig's commitment to "develop clear rules of the road for market

[1] Data Reporting Requirements for Certain Event Contracts, 91 Fed. Reg. 40102 (July 1, 2026), *available at* https://www.govinfo.gov/content/pkg/FR-2026-07-01/pdf/2026-13239.pdf [hereinafter "NPRM"].

participants that will be codified through notice-and-comment rulemaking to ensure that the regulatory requirements do not change wildly from administration to administration."[2]

The Proposal appropriately recognizes that fully collateralized event contracts traded on DCMs possess fundamentally different characteristics from traditional over-the-counter swaps and therefore warrant a reporting framework tailored to their actual economic and operational characteristics.[3]

The Proposal replaces an increasingly burdensome no-action process with a uniform regulatory framework that preserves regulatory oversight while reducing unnecessary operational complexity. We believe this is sound regulatory policy and respectfully offer several recommendations that we believe would further strengthen the final rule.

I. Codifying Existing No-Action Relief Promotes Regulatory Certainty

Sporttrade strongly supports the Commission's decision to codify the reporting relief that has historically been provided through a series of Staff No-Action Letters.

The current process requires each DCM listing qualifying event contracts to separately request substantially identical relief from swap data reporting requirements. While this process has functioned effectively, it has become increasingly duplicative as additional DCMs seek to list event contracts.

The Commission correctly observes that these contracts are fully collateralized, centrally cleared, and traded on a registered DCM.[4]

These characteristics distinguish qualifying event contracts from the bilateral, customized, and credit-sensitive transactions that the swap reporting framework was designed to address.

Accordingly, Sporttrade agrees that reporting these contracts pursuant to the futures and options reporting framework provides the Commission with the information necessary to conduct effective market surveillance while avoiding the costs associated with reporting numerous swap-specific data fields that have little or no relevance to fully collateralized event contracts.

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[2] Commodity Futures Trading Comm'n Chairman Michael S. Selig, America's Financial Markets Are Ready for a Golden Age, WASH. POST (Jan. 20, 2026), *available at* https://www.cftc.gov/PressRoom/SpeechesTestimony/seligstatement012026.

[3] NPRM at 40105.

[4] *Id.* at 40106.

We believe codification promotes regulatory certainty, improves consistency across registered exchanges, and allows market participants to devote resources toward compliance with meaningful regulatory obligations rather than repeatedly seeking individualized exemptive relief.

II. The Definition of "Covered Event Contract" Should Remain Principles-Based

The Commission requests comment regarding the proposed definition of "Covered Event Contract." Under the proposed definition, a covered event contract must (1) meet the definition of swap set forth in § 1a(47)(A)(i) or (ii) of the Commodity Exchange Act; (2) be listed for trade on a DCM and cleared through a DCO; (3) trade as a fully collateralized position; and (4) have either a binary or variable payout structure.[5]

Sporttrade respectfully recommends that the Commission adopt a principles-based framework focused on the structural characteristics that justify alternative reporting rather than on the particular subject matter of the underlying event.

Specifically, the Commission should consider defining Covered Event Contracts as contracts that: are fully collateralized, are traded on a registered DCM, are cleared through a registered DCO, and otherwise satisfy the Commission's applicable requirements governing event contracts.

These objective characteristics directly address the regulatory concerns underlying swap reporting, including counterparty credit risk and systemic risk, while providing market participants with a clear and administrable standard that remains applicable as new categories of event contracts are introduced.

A principles-based definition would also reduce the need for future interpretive guidance as innovation continues within regulated prediction markets.

III. Additional Settlement Transparency Would Benefit Market Participants

Proposed § 16.03(f) would require DCMs to publish the execution timestamp, contract ticker symbol, trade quantity, and price for each Covered Event Contract "as soon as technologically practicable."[6] Additionally, DCMs listing Covered Event Contracts must

[5] *Id.*

[6] *Id.* at 40111.

make transaction data available on their website for at least one year.[7] Sporttrade supports this requirement for public dissemination of transaction information.

We respectfully suggest one modest enhancement that would further improve market transparency without imposing significant operational burden on reporting markets, as Proposed §16.03(b)(2) already requires collection of the two data fields discussed below.[8]

Specifically, DCMs should publicly report two additional settlement fields for each settled contract: (1) Settlement Timestamp and (2) Settlement Source. Such reporting should occur as soon as technologically practicable after settlement and the data should be made available on the DCM's website for at least one year.

The Settlement Source would identify the authoritative source relied upon by the DCM in determining the settlement value of the contract, whether that source is a governmental agency, league or sport governing body, official statistics provider, data vendor, exchange rule, or other published reference.

Although each DCM already identifies settlement procedures within its contract specifications and rulebook, making this information readily available alongside publicly reported settlement data would improve transparency for market participants reviewing historical market activity. It would also complement the Commission's recommendation in a recent proposed rulemaking that prediction markets offering sports event contracts coordinate and enter into information-sharing agreements with sports leagues and governing bodies.[9]

Publicly available settlement information may be particularly useful in circumstances involving delayed official statistics, weather revisions, suspended sporting events,

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[7] *Id.*

[8] *Id.* at 40132.

[9] *See* Prediction Markets; Public Interest Determinations, 91 Fed. Reg. 35806, 35836 (June 12, 2026), *available at* https://www.federalregister.gov/documents/2026/06/12/2026-11854/prediction-markets-public-interest-determinations ("To the extent a prediction market coordinated with or entered into information sharing arrangements with the relevant sports leagues or governing bodies and/or designs event contracts in accordance with league integrity standards, where applicable, those facts would weigh against a finding that the applicable event contracts are contrary to the public interest. For these reasons, the Commission preliminarily believes that event contracts based on the aggregate outcomes of professional or collegiate sports events, based on objective and verifiable settlement criteria, listed by prediction markets that maintain appropriate surveillance, trading prohibitions, and coordination with relevant sports governing bodies, are, depending on the full record and the Commission's evaluation of all relevant factors, unlikely to be found to be contrary to the public interest").

shortened contests, or other situations in which settlement questions may naturally arise.

Providing the settlement timestamp together with the settlement source would further enhance confidence in the integrity and transparency of regulated event contract markets while imposing only minimal additional reporting obligations.

IV. Large Trader Reporting Should Reflect Actual Risk Exposure

The Commission's proposed large trader reporting scheme would require DCMs, futures commission merchants, clearing members, and foreign brokers to report positions, ownership information, and account details for covered event contracts that exceed certain reporting thresholds.[10] Sporttrade agrees with the Commission's objective of identifying participants holding substantial market positions.

However, as event contract markets continue to evolve, the Commission should ensure that any aggregation methodology reflects a participant's actual economic exposure rather than simply summing gross positions across related contracts.

Many event contract products consist of multiple related strikes or outcomes that naturally offset one another.

For example, a participant may simultaneously hold positions across several related strike levels within a single underlying market (for example, a long contract based on whether a temperature gauge hits 75 degrees Fahrenheit and a short contract based on whether the same gauge hits 80 degrees). Evaluating those positions independently—or simply adding gross contract quantities together—may significantly overstate the participant's actual market exposure.

Modern event contract risk engines are capable of calculating a participant's maximum potential exposure across all mutually exclusive outcomes within a product. Such risk-based methodologies more accurately reflect the economic exposure presented to both the market and the clearing system.

Accordingly, if the Commission ultimately adopts an aggregation framework for related event contracts, Sporttrade encourages the Commission to consider methodologies that account for offsetting positions and actual net risk rather than relying exclusively on gross contract counts.

[10] NPRM at 40108.

Such an approach would better align large trader reporting with the Commission's surveillance objectives.

Conclusion

Sporttrade appreciates the Commission's thoughtful approach to modernizing the reporting framework applicable to qualifying event contracts.

The Proposal appropriately recognizes that exchange-traded, fully collateralized event contracts present materially different regulatory considerations from traditional swaps. Establishing a permanent reporting framework based upon the existing futures and options reporting regime will improve regulatory certainty, reduce unnecessary operational burden, preserve transparency, and enhance the Commission's ability to conduct effective market surveillance.

Sporttrade respectfully encourages the Commission to finalize the Proposal and to consider the recommendations described above regarding principles-based contract eligibility, enhanced settlement transparency, and risk-based treatment of related event contract positions.

We appreciate the Commission's consideration of these comments and would be pleased to discuss any of these recommendations further.

Respectfully submitted,

/s/ Alexander Kane

Alexander Kane

Founder and CEO, Sporttrade Inc.