REAKT Solutions LLC

Submitted via Regulations.gov

August 13, 2026

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

Re: Conflicts and Affiliations, RIN 3038-AF76 (Docket No. CFTC-2026-1686); 91 FR 50926 (Aug. 6, 2026)

Dear Mr. Kirkpatrick:

REAKT Solutions LLC ("REAKT") respectfully submits this comment in response to the Commission's Notice of Proposed Rulemaking on Conflicts and Affiliations (the "Proposal"). REAKT is a proprietary trading firm that provides automated liquidity on event and prediction-market contracts across multiple venues. We write as a market participant with direct, recent experience of the affiliated market-structure the Proposal addresses, and we support the Commission's effort to establish a consistent, enforceable baseline for the conflicts of interest that such structures present.

Our comment makes a single, focused point: the conflicts the Commission has identified do not manifest solely through the sharing of non-public information or the surveillance of an affiliate. They also manifest through access — specifically, through a vertically integrated exchange's discretion over who, other than its own affiliate, may make markets on the platform. We urge the Commission to pair its proposed conditions on affiliate market makers with an express impartial-access safeguard, so that an affiliate's protected trading status cannot coexist with the practical exclusion of unaffiliated firms that stand ready to provide the same liquidity.

I. Interest of the commenter

REAKT operates automated market-making and liquidity-provision strategies on CFTC-regulated event-contract markets and comparable venues. We are capitalized, technologically prepared to connect via industry-standard protocols, and experienced in posting continuous two-sided quotes in these markets. Our interest in this Proposal is practical rather than theoretical: we recently sought direct participant access to a newly designated, vertically integrated prediction-market DCM and encountered the precise conflict the Commission describes, in the form of access denial.

II. The Proposal correctly identifies discretionary decision-making as a core conflict, but its remedies focus on information and surveillance rather than access

The Commission states that an affiliation between an exchange and a market participant raises questions about, among other things, "discretionary decision-making by the DCO, DCM, or SEF," and that a shared-ownership structure "presents conflict of interest concerns regarding an exchange's enforcement of its rules for the affiliated participant." We agree. The Proposal's substantive remedies, however, are

directed principally at (i) the integrity of self-regulatory surveillance where an SRO oversees an affiliate FCM, and (ii) information barriers preventing an affiliate market maker from accessing non-public information. These are necessary safeguards, and REAKT supports them.

But the discretion the Commission identifies has a second, equally consequential form that the proposed text does not squarely reach: the exchange's discretion over admission of unaffiliated participants. Where an exchange's affiliate is permitted to make markets while unaffiliated firms seeking to make the same markets are placed on an indefinite, discretionary waitlist, the affiliate obtains a durable competitive advantage that no information barrier addresses. The conflict is not merely that the affiliate might receive better data or lighter surveillance; it is that the affiliate faces no competition, because the exchange controls whether competition is permitted to arrive.

III. REAKT's recent experience illustrates the access dimension of the conflict

We offer the following as a factual, documented example, not as an allegation of bad faith. In 2026, REAKT sought direct participant access to Rothera Exchange and Clearing LLC ("Rothera"), a recently designated prediction-market DCM formed through a corporate transaction involving affiliates that also include the exchange's anchor market maker and the only currently integrated futures commission merchant. REAKT expressly sought access for ordinary order-book trading on standard fee terms, disclaiming any request for maker incentives or rebates.

Rothera's Business Development team advised, in substance, that: (i) it was "not currently onboarding additional liquidity providers as direct participants" and that all firms expressing interest would be "added to a waiting list"; and (ii) direct access is "only available to market makers and FCMs," that the sole FCM presently integrated with the platform is the affiliated broker, and that additional FCMs were "not yet enabled." The practical effect is that, at present, an unaffiliated firm has no available channel to provide liquidity on the platform: the direct market-maker path is closed by discretionary waitlist, and the only live intermediated path runs through the exchange's own affiliate. Meanwhile, the affiliated market maker provides liquidity without restriction.

We do not contend that a new exchange must onboard every applicant instantly, or that reasonable operational sequencing is improper. Building certification capacity and enabling additional intermediaries takes time. Our point is narrower and structural: the impartial-access core principle loses its force if an exchange may keep the competitive market-making function closed to all unaffiliated firms for an indefinite period — citing operational readiness or sufficient existing liquidity — while its own affiliate trades. "Not yet" and "no" become indistinguishable in effect, and the affiliate is the sole beneficiary of the delay.

IV. Recommendations

REAKT respectfully recommends that the Commission strengthen the Proposal in the following respects.

1. Pair the affiliate market-maker exception with an express impartial-access condition. Proposed Regulation 38.852(b)–(c) would prohibit affiliate principal trading except for bona fide market making meeting specified conditions. REAKT supports conditioning the affiliate's privileged status on genuine market-making function. We urge the Commission to add, as a further condition of that exception, that the DCM afford unaffiliated firms impartial, non-discriminatory access to the same market-making or

liquidity-provision opportunity on comparable terms. An affiliate should not be permitted to rely on the bona fide market-making exception while the exchange simultaneously forecloses unaffiliated firms from competing to provide that liquidity.

2. Treat prolonged, discretionary exclusion of unaffiliated market makers as a conflict subject to the rule. The Commission should make clear — in rule text or acceptable practices under Core Principles 2 (access) and 12/16 (conflicts) — that an exchange's indefinite or open-ended deferral of unaffiliated participant access, while an affiliate trades, is a form of the discretionary decision-making conflict the Proposal targets. Objective, transparent, time-bounded criteria for admission decisions would give the impartial-access principle practical content in the affiliated context.

3. Support a volume- or value-based cap on affiliate market-maker activity. Among the alternatives the Commission identifies is a volume- or value-based cap on affiliate market-maker activity, including a phased or sunset cap. REAKT supports this alternative as a complement to an access safeguard. A cap directly limits the degree to which an affiliate can occupy the entire liquidity-provision function of a venue, and a phased or sunset design would create a natural incentive for the exchange to open genuine access to unaffiliated firms as the market matures — aligning the affiliate's permitted role with the transitional, market-seeding rationale the Commission notes exchanges themselves offer for affiliated market makers.

4. Locate admission discretion with the impartial regulatory function. To the extent proposed Regulation 38.853 addresses board composition, the regulatory oversight committee, and disciplinary panels, REAKT encourages the Commission to ensure that discretionary gatekeeping over participant admission in an affiliated structure is subject to the same impartiality safeguards — so that decisions determining whether a competitor of the affiliate may access the market are not made by, or under the influence of, the commercial side of the enterprise that benefits from exclusion.

V. Conclusion

REAKT supports the Commission's decision to establish an enforceable baseline for conflicts arising in affiliated market structures. We ask only that the Commission recognize access denial as a genuine form of the conflict it has identified, and address it directly. The value of an impartial-access principle is measured not when access is convenient to grant, but when a commercially interested, vertically integrated exchange would prefer to withhold it from a competitor of its own affiliate. We appreciate the opportunity to comment and would welcome the chance to provide further detail, including supporting correspondence, at the Commission's request.

Respectfully submitted,

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