

From: Adam Siegel

Organization(s): Cultivate Labs

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Comment Text:

To the Commissioners of the CFTC,

My name is Adam Siegel, and I am the CEO and co-founder of Cultivate Labs. At Cultivate Labs, we have built a crowdsourced forecasting platform for private businesses, governments (we have multiple projects running with the U.S. Government), NGOs and research institutions to use. In many ways, they are conceptually similar to a prediction market: both use the wisdom of the crowd in order to solicit insights about the future.

Election prediction markets are a valuable activity that the CFTC should embrace, not repel. From our research and the weight of the academic scholarship on the topic, we know that individual experts and pundits - who are positioned by the media as authoritative sources - are usually inaccurate when it comes to making predictions. Further, existing polling outlets are typically asking for people's personal desires, not their predictions, leading to issues of bias and even purposeful mis-direction by poll takers. Finally, the language of communicating predictions in the public discourse (e.g. "Likely, unlikely, almost certain") is ripe for broad interpretation.

One of the key truths that motivates us at Cultivate is the fact that diverse crowds of properly incentivized individuals can result in both a major improvement in predictive accuracy and calibration, and the generation of useful insights that aid in decision and policymaking. A government agency trying to formulate technology policy needs to know what capabilities will exist in the next few years. A business trying to expand into new markets needs to understand what their competitors will do and what customer demand will be like. Predicting the future is hard, but it's important, and we know that one of the best ways to do so - especially for problems that have little historical precedence or clean data to model from - is using the wisdom of the crowd.

As a business owner and CEO myself, I know that prediction market contracts can offer valuable hedging utility. We work with multiple U.S. Government agencies, and other governments around the world, so changes in government control or the tax environment can potentially impact our business's bottom line. Since we work with foreign governments, we are also exposed to various changes in foreign policy. While we never know for sure what one government or another will enact, the increased probability of certain policies being enacted is more than sufficient for a prediction market contract to be a valuable hedging instrument for companies like us.

In short, these proposed contracts are in the public interest and offer Americans both a valuable data point to make informed decisions and a vehicle to reduce their risk exposure to politics. The CFTC should permit them to go forward.