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Comment Text:

Hi,

I have clear hedging utility for political elections contracts - to the tune of millions of dollars of risk.

I'm a 3rd year associate at a private equity firm. In the next year, I expect to make VP and I'll begin to earn "carry".

Carry is short for "carried interest", and it's basically the profits taken when we sell a company. It gets split up amongst the partners and VPs at the firm. In my first year of having carry, I expect to receive about \$2 million as my carry.

Because we buy and sell companies over the term of several years, it gets taxed at the capital gains tax rate, which is 28%. If it was taxed as normal income, the last \$1.5mm of income would have been taxed at 37%.

The difference is 9%, and 9% of \$1.5mm is \$135k. So, this tax treatment will save me about \$135k for the first year of carry, and will obviously make more of a difference as I progress more in my career.

Recently, congress was literally *one vote* away from changing the capital gains tax treatment. It was in the original draft of the Inflation Reduction Act, which had 49 votes in support. If it weren't for Kyrsten Sinema (D-AZ), that stipulation wouldn't have been dropped and my taxes would have increased, and my personal projected net income would have decreased by literally millions of dollars.

If the Democrats had even one more additional senator, this would have gone through.

It is an absolute no-brainer for me to hedge my risk with election events contracts. I would buy YES on Democrats controlling both houses, and in 2024 I would buy YES on the Democratic nominee to win the White House.

Not only is the control of congress directly relevant to my personal financial situation to the tune of millions of dollars, it comes down to individual races as well. Sinema is a business-friendly Democrat who protects my interests. If she was up for re-election this cycle, I would buy NO on her winning her primary and general race, because if she isn't re-elected that meaningfully affects the probability that my taxes will increase, and thus my expected future earnings. So, I believe contracts on individual races should exist as well.

I also believe I am an example of someone who would actually use the full \$25k limit allotted to traders on Kalshi. In fact, I could see myself taking out an even larger position - in the relative terms of my financial situation, it is clearly worth it.

The price-basing utility is very clear. If I'm curious as to the probability that Democrats win control the House, Senate, and White House, then I can look at the market prices for the best estimate.

I can then use that probability to plan my personal finances. Say it looks very likely that Democrats will win, I would then move to increase my savings rate now in anticipation that my future take-home earnings will be decreased.

I do well for myself, clearly. But I came from modest means, and my net-worth is not at the level where I can go to an investment bank like Goldman Sachs and ask them to engineer for me a basket of securities, swaps, and other instruments that go up if Democrats win and down if Republicans win.

That kind of service is reserved for billionaires and institutions. Why should they be able to hedge against elections and not me? Kalshi is proposing a product that would bring that to the masses and make a huge difference for a lot of people.

I strongly encourage the CFTC to allow Kalshi to bring election contracts to Americans.

Thanks,
Ian