From: margaret S stumpp
Organization(s): Co-founder QMA.

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Comment Text:

1. In an efficient market, security prices should reflect all available information.
2. Asset prices for contingent outcomes (eg, elections) have been shown to provide better forecasts than polls.
3. Consequently, a well functioning market for contingent political outcomes should improve the prices at which other securities (eg, stocks, bonds, options, etc…) trade. This reduces uncertainty, enhances capital market liquidity, and improves the efficiency by lowering uncertainty.
4. The usual rationales for prohibiting “wagering”, which normally apply to rigged sporting events, do not apply in well funded, highly transparent political contests.
5. There is no evidence of negative externalities associated with political betting markets in other countries.