Comment Text:

Prediction markets are incredibly powerful tools for decision making. And, have the potential to dramatically improve how we make decisions as a society.

Prediction markets do have potential negative side effects. However, given how nascent they are, it makes sense to have a nurturing attitude towards them. Especially if there are contract limits. Once we get more data, there is plenty of time to add more thoughtful evidence-based regulations.

Specifically in reference to this political contract, I have made some small (<$500 total across all trades) on PredictIt. But, mainly I use prediction markets to get a sense of the political environment. I find prediction markets much more accurate than polling or listening to pundits. Lots of times in conversations with friends, we talk about what the prediction markets have said. Even though PredictIt overall had not that much trading due to the limits, it still was an incredible public good for even those who were not participating in the market.

I would also like to talk about competition. Requiring an onerous process for creating new contracts, and also shutting down markets like PredictIt or Polymarket, significantly stifles innovation in prediction markets. I think the regulatory plan should be allow lots of different markets with signifiant trade/contract limits. See how the markets develop and the technology improves. At the same time think about what useful regulations may be needed with a evidence based approach. Otherwise, it will be hard to achieve the promise of prediction markets. I haven't used Kalshi, but it seems to me to have worse user experience than PredictIt.