

To the Commissioners of the Commodity Futures Trading Commission,

We are a group of progressive legislators, policymakers, activists, journalists, pollsters and grassroots organizers. We are writing this letter in staunch opposition to the Commission's rumored action prohibiting election prediction markets. A prohibition is not customer protection and it is not market integrity preservation. The evidence is clear: **the potential decision to prohibit election markets actively undermines election integrity and shakes our confidence in the ability of the CFTC to effectively protect consumers in emerging markets.** Instead the Commission would be unfairly stifling valuable innovation.

Prohibiting prediction markets threatens election integrity.

In short, prohibiting these markets doesn't protect election integrity; it actively undermines it by furthering polarization, worsening the public's understanding of our democratic process and promoting unsafe, black market exchanges. To ban these markets is highly contrary to the public interest.

The Commission must look and evaluate the hard evidence. Real-world data repeatedly emphasizes the superior forecasting accuracy of prediction markets to polls and pundits. Because traders have financial skin in the game, their principal incentive is to predict accurately, instead of merely supporting a partisan line. In 2020, small-scale prediction markets were one of the few remaining places where people from different political walks of life interacted with each other regarding politics, and it helped to moderate right-wing extremist beliefs about the inevitability of Trump's re-election. Going forward, as the threat of right-wing radicalism only grows, it's more important than ever to have these mechanisms that combat extremism in place. Beyond participants, these markets benefit the public as well: these accurate forecasts help regular citizens understand elections far better than relying on the right-wing media ecosystem or a social media echo chamber. Banning these markets, moreover, will only push this activity onto offshore, unregulated platforms without customer protection and surveillance. Protecting customers and our elections means these markets need to be on regulated exchanges, not relegated to the shadows where the CFTC can pretend their hands are clean so it isn't their problem.

Accusations of heightened manipulation risk are unfounded.

There are mountains of data from other countries and in smaller-scale markets such as PredictIt that these prices are resilient to manipulation. Many features of the market—low position limits, bounded prices, the ultimate resolution of the contract to a 0 or 1—make these markets more resistant to market irrationalities or manipulation than metals futures, energy commodity futures, or even many equities. Protecting markets and election integrity means looking at evidence and the data, not idle speculation.

The risk of insider trading is minimal, especially in relative terms.

Unlike in energy commodities where a single EIA report could swing the outcome, there is little genuinely decisive and actionable material nonpublic information for the aggregated results of over 450 elections. Standard market procedures, including KYC, exchange rules, CFTC regulations, trader prohibitions and market surveillance, are more than sufficient to mitigate this risk.

The CFTC should not privilege speculative insider trading concerns over real-world data showing these markets can be offered safely. These concerns are no basis to block a market. How will the CFTC handle other markets' insider trading threat—will they prohibit all trading there as well? CFTC and exchange rules and protections exist for a reason: they work.

The CFTC has an opportunity.

The CFTC has an opportunity to allow these markets to foster with the appropriate safeguards. The CFTC must approve election markets.

Signatories:

Rep. Ritchie Torres (D-NY 15)

Sean McElwee (Founder, Data for Progress)

Drey Samuelson (Co-founder TakeItBack.org)

Dylan Matthews (Vox)

Joel Wertheimer (Civil rights lawyer)

Ethan Winter (progressive pollster)

About the Signatories

Ritchie Torres is the U.S. Representative for New York's 15th District, which is primarily located in the South Bronx. Torres is a lifelong progressive, and a member of the Congressional Progressive Caucus. He is also a co-chair of the Congressional LGBTQ+ Equality Caucus, and a member of the Congressional Black Caucus and the Congressional Hispanic Caucus. He is a supporter of protecting elections and voting rights, and was a supporter of the For the People Act.

Sean McElwee is the founder of Data for Progress, the leading progressive polling and political consultancy organization. Data for Progress is the industry leader in issue polling and specializes in helping progressives use data to optimize their advocacy efforts and political strategy. Sean's writing has been featured in the New York Times, the Washington Post and The Atlantic. Sean is an expert in election integrity, and is the founder of AVR NOW, an advocacy group dedicated to passing automatic voter registration in the state of New York. He recently testified in front of the New York State assembly on issues of election security and integrity.

Drey Samuelson is a former Chief of Staff for Senator Tim Johnson (D-SD), working for him from 1997 to 2015. He is the co-founder of TakeItBack.org, an organization dedicated to helping build grassroots organizations to support progressive candidates and causes, including promoting Medicaid expansion and voter turnout.

Dylan Matthews is a senior correspondent and lead writer at Vox and a founder of Vox's Future Perfect, a series focusing on "finding the best ways to do good". His writing focuses on economic policy, poverty reduction and global health. He previously wrote for the Washington Post.

Joel Wertheimer is a civil rights lawyer, political consultant and an advisor to New York State Senator Alessandra Biaggi. He also served as Assistant Staff Secretary to President Barack Obama and Staff Secretary to Governor Andrew Cuomo. His civil rights work focuses on many causes, including wrongful convictions and police misconduct.

Ethan Winter is a leading progressive pollster, having advised Super PACs, pro-choice ballot initiatives and democracy partners.