Dear Commodity Futures Trading Commission,

I am writing to express my strong opposition to the proposed ban on election event contracts. This proposal fails to recognize the crucial role these markets play in risk management and hedging for a wide range of businesses and individuals. I urge the Commission to reject this ban and instead work towards a regulatory framework that preserves these valuable financial tools.
Election outcomes have far-reaching economic consequences that affect numerous industries and market participants. Election event contracts provide a vital mechanism for hedging against these political risks. Here are several important use cases that demonstrate the necessity of these markets:

1. Energy Sector Hedging: Renewable energy companies face significant policy risk based on election outcomes. These firms could use election contracts to hedge against potential changes in subsidies, tax credits, or regulatory environments that could dramatically impact their business models.
2. Healthcare Industry Risk Management: Healthcare providers and insurers are deeply affected by potential policy shifts. Election contracts allow these entities to mitigate risks associated with possible changes to healthcare laws or regulations that could affect reimbursement rates, coverage mandates, or drug pricing policies.
3. International Trade Exposure: Companies engaged in international trade face uncertainties related to potential shifts in trade policies. Election contracts provide a means to hedge against risks such as changes in tariffs, trade agreements, or sanctions that could significantly impact their operations and profitability.
4. Financial Services Sector Protection: Banks and other financial institutions are subject to varying degrees of regulation depending on electoral outcomes. These contracts offer a way to hedge against potential changes in financial regulations, capital requirements, or consumer protection laws.
5. Real Estate Development Risk Mitigation: Property developers face risks related to zoning laws, tax policies, and infrastructure spending that can vary greatly depending on election results. Election contracts allow them to hedge against these political risks that could affect the viability and profitability of long-term projects.
6. Small Business Policy Exposure: Small businesses are often disproportionately affected by changes in tax policies, minimum wage laws, and regulatory requirements. Election contracts provide these businesses with a tool to manage their exposure to potential policy shifts.

7. Agricultural Policy Hedging: Farmers and agribusinesses face significant risks related to agricultural policies, including subsidies, trade agreements, and environmental regulations. Election contracts offer a means to hedge against potential changes that could impact crop prices, export markets, or production costs.
8. Technology Sector Regulatory Risk: Tech companies face varying regulatory landscapes depending on election outcomes, particularly regarding data privacy, antitrust policies, and content moderation requirements. These contracts allow them to manage their exposure to potential regulatory shifts.
9. Education Sector Funding Risks: Educational institutions, particularly those reliant on public funding, face uncertainties related to education policies and budget allocations. Election contracts provide a mechanism to hedge against potential changes in funding models or policy priorities.
10. Infrastructure Project Risk Management: Companies involved in large-scale infrastructure projects face risks related to changes in government spending priorities or public-private partnership policies. These contracts offer a way to mitigate risks associated with long-term projects that span multiple election cycles.

These examples illustrate the diverse and significant hedging applications of election event contracts across various sectors of the economy. By banning these contracts, the CFTC would be eliminating an important risk management tool, potentially increasing systemic risk and leaving businesses and individuals more exposed to political uncertainties.

Furthermore, the proposal's suggestion that these contracts lack economic purpose ignores the clear and substantial hedging use cases outlined above. The CFTC should recognize that political risk is a real and significant factor that affects economic decision-making and financial planning for a wide range of market participants.
In conclusion, I strongly urge the Commission to reject the proposed ban on election event contracts. Instead, the CFTC should work towards developing a regulatory framework that preserves these valuable hedging tools while addressing any legitimate concerns about market integrity or manipulation. By doing so, the Commission can fulfill its mandate to foster open, transparent, and competitive markets that serve crucial economic functions.