

I am writing to express my concerns regarding the Commission's proposal to ban election contracts and prediction markets. It appears that there has been a misinterpretation of former Senator Blanche Lincoln's 2010 colloquy. The intent behind her remarks was not to prohibit these markets [her comment makes this very clear] but to encourage innovation within a regulated framework. Senator Lincoln's discussion with Senator Feinstein focused on ensuring that contracts serve a hedging or economic purpose rather than being predominantly speculative. However, this should not be construed as a call to ban election markets entirely, but rather to regulate them appropriately to ensure they serve the public interest .

Furthermore, the CFTC's definition of "gaming" as it pertains to political contests is problematic. The agency's interpretation seems to conflate legitimate financial instruments with gambling, which mischaracterizes the economic utility these markets provide. Election markets can offer valuable insights into public sentiment and serve as tools for managing risks associated with political outcomes. They are not merely speculative wagers but can have genuine hedging applications for businesses and investors .

The argument that allowing election markets would position the CFTC as "election cops" is flawed. Proper regulation, rather than prohibition, can address concerns about market integrity and electoral influence. By establishing a clear regulatory framework, the CFTC can ensure that these markets operate transparently and ethically, without overstepping its mandate .

I urge the CFTC to reconsider its proposal and focus on creating a regulatory environment that allows for innovation and the safe operation of election markets. This approach would prevent activity from moving offshore to unregulated platforms and ensure that American consumers and businesses can benefit from these markets within a secure and overseen system.