

To whom it may concern:

I am a lawyer, a policy analyst, and founder of the think tank People's Policy Project. Over the last five years, my organization has produced research and policy proposals on topics including the welfare state, climate change, housing, and social ownership of wealth. Before starting the People's Policy Project, I worked at the think tank Demos. My work has been cited or featured in almost every major media publication, including the *New York Times*, the *Washington Post*, and *The Wall Street Journal*.

I am writing this letter in support of allowing KalshiEx to offer binary contracts on which political party will be in control of the U.S. Congress and in support of allowing tightly-regulated entities to offer binary contracts on election outcomes generally (Filing 22-002).

I believe that these contracts serve two important purposes:

1. For the public, the trading of these contracts produces useful real-time information about the important question of who is likely to govern the country in the near future. This information is widely sought out already, which is why many major publications, including *The New York Times* and *FiveThirtyEight*, publish election forecasts based on polling data, and why hundreds of articles are produced each election cycle prognosticating about the election outcome. The implied probabilities produced by actual traders risking their own money gives a separate insight into the question that polling aggregation and punditry does not.
2. For individuals, these contracts allow hedging against certain policy outcomes that could be important to their personal finances. While it's true that the ultimate policy outcome of a given election outcome is not entirely certain, candidate promises and the general policy tendencies of the parties provide some guidance about the direction policy will shift based on who wins. More narrowly, there are hundreds of thousands of individuals who work in and around politics whose life circumstances are altered quite radically by political outcomes.

It's almost certainly true that most of the individuals who would participate in these futures markets are not hedging against any personal risk and just hoping to make money by picking the right side of a binary election outcome contract. These kinds of participants are not sympathetic and enabling this kind of behavior should not be the aim of public policy. But these participants are also necessary to produce the valuable informational and hedging functions of these contracts. So these considerations need to be balanced against one another and, in my view, the balance of considerations favors allowing the contracts.

Lastly, it is worth remembering that there are foreign betting markets, like Betfair in the UK, where gamblers, including Americans, already place wagers on the outcomes of US elections. Bringing election contracts onshore and regulating them domestically would reduce the risks involved in this market relative to the status quo.

Sincerely,

Matt Bruenig