UNITED STATES
COMMODITY FUTURES TRADING COMMISSION
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CFTC Staff Advisory
Division of Market Oversight

To: **Designated Contract Markets**

Subject: **Staff Advisory on Individual Mention, Attendance and Interaction Event Contracts**

Innovation in prediction markets continues to expand the range of matters on which market participants may trade and take positions. By allowing participants to take positions on the occurrence of future events through event contracts, prediction markets aggregate information held by many sources, generate publicly observable forecasts concerning matters of broad interest, and provide a means of managing exposures that are not readily addressed in traditional derivatives markets.[1] Continued innovation of this kind depends on contract designs that are consistent with the Commodity Exchange Act ("**Act**" or "**CEA**")[2] and Commission regulations[3] thereunder, and nothing in this advisory should be read to discourage the foregoing.

In light of the evolving prediction market landscape and the emergence of novel event contracts, staff of the Division of Market Oversight ("**DMO**") of the Commodity Futures Trading Commission ("**CFTC**" or "**Commission**") are issuing this advisory to provide their views regarding the listing and trading of event contracts based on whether an individual will say or "mention" certain words, attend or appear at an event, or otherwise interact with another person.[4] For purposes of this advisory, these contracts are referred to collectively as "**Mention Markets**."

This advisory is informational and does not create new obligations, nor supersede the Act or Commission regulations thereunder. Registered entities making event contracts available on their platforms remain responsible for ensuring that all contracts listed or traded comply with applicable statutory and regulatory requirements.

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[1] *See* Prediction Markets; Public Interest Determinations, 91 FR 35806 (June 12, 2026) (proposed amendments to 17 C.F.R. Part 40), *available at* https://www.govinfo.gov/content/pkg/FR-2026-06-12/pdf/2026-11854.pdf.

[2] 7 U.S.C. 1 *et seq*.

[3] Title 17 of the Code of Federal Regulations ("**CFR**") Chapter 1.

[4] In this advisory, the term "prediction market" refers to a CFTC-registered designated contract markets ("**DCMs**") that offers event contracts for trading. This advisory is addressed to DCMs, as no swap execution facilities ("**SEFs**") currently list event contracts. However, the analysis described herein is also applicable to event contracts that may be listed by SEFs.

I. Background

Most event contracts currently listed on DCMs settle on independently generated, externally verifiable outcomes that are outside the control of any single person, such as economic data releases, election results, or the outcomes of regulated sporting events. Mention Markets are different. Their settlement turns not on an aggregate outcome but on the discrete conduct of a named person,[5] and that conduct may be neither independently generated nor externally verifiable. Such contracts therefore present a distinct set of regulatory considerations, particularly as to whether they are readily susceptible to manipulation.

Mention Markets allow market participants to take positions on whether a specific individual will use certain words or phrases in a defined or specified public forum, such as during a speech, on an earnings call, or on social media. Attendance- and interaction-based (*e.g.* by shaking hands, being photographed together, or engaging on social media) event contracts listed by DCMs have similarly depended on the discrete conduct of an individual. In certain circumstances where the costs of manipulation or the likelihood of detection is low and sufficient safeguards are absent, the person whose conduct determines settlement (or those in close proximity of such person) may readily influence the outcome of the contract, exploit advance knowledge of it, or both. Similarly, contracts that settle on individual actions occurring in informal or private settings or by non-public persons may present increased risk of manipulation because they lack the benefit of public scrutiny and independent verification. In light of these concerns, DMO staff are issuing this advisory to set forth their views on the listing of Mention Markets contracts and their compliance with Core Principle 3.

II. Mention Markets and Core Principle 3

DCMs must comply with 23 statutory Core Principles that are set forth in the CEA,[6] as well as applicable CFTC rules and regulations.[7] Under DCM Core Principle 3, each DCM has a specific statutory obligation to list for trading only derivative contracts that are not readily susceptible to manipulation.[8] In connection with this requirement, the Commission has adopted guidance that is set forth in Appendix C to Part 38.[9] Appendix C recognizes that cash-settled contracts (which include event contracts, and thus Mention Markets) may create an incentive to manipulate or artificially influence the data from which the cash-settlement price is derived and instructs DCMs to account for that possibility in the design of such products and related safeguards.[10] Accordingly, DCMs should consider whether certain categories of event contracts,

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[5] Although this advisory illustrates Mention Market concerns through examples tied to a single individual's conduct, the Division does not view its application as confined to those scenarios. A small or select group of individuals acting together, or with a shared purpose, could likewise influence outcomes in ways that create comparable manipulation risks.

[6] *See generally* CEA section 5(d), 7 U.S.C. 7(d).

[7] *See generally* 17 CFR Part 38.

[8] CEA section 5(d)(3), 7 U.S.C. 7(d)(3).

[9] *See* 17 CFR Part 38, Appendix C. DCMs must also certify compliance with Core Principles 2 and 12 when self-certifying contracts (*i.e.*, that the DCM "establish[es], monitor[s] and enforce[s] compliance with … rules prohibiting abusive trade practices," 7 U.S.C. 7(d)(2), and "protect[s] markets and market participants from abusive practices," 7 U.S.C. 7(d)(12)).

[10] *Id*.

such as Mention Markets, have a heightened potential for manipulation. DCMs are encouraged to engage with DMO staff in the early phases of designing such contracts to determine if any heightened manipulation risks exist, and, if so, whether they may be mitigated with appropriate controls.[11]

As the settlement of contracts in Mention Markets may be controlled by a single individual, a small group of individuals, or persons with access to or influence over the individual whose words, attendance, or interaction determines settlement, DMO staff may view Mention Markets as presumptively readily susceptible to manipulation and accordingly expect a heightened showing in support of any submission seeking to list such contracts.[12] This view is grounded in several interrelated features.

Because the outcome of these contracts is often within the control of a small number of actors, the settlement condition is comparatively easier to cause, prevent, or influence for personal gain. For example, a contract might depend on whether the host of a live-streamed podcast utters a particular catchphrase; the host can easily fulfill this condition, and a trader may directly induce the outcome by submitting a question or purchasing an on-air acknowledgment. Those closest to the settlement outcome frequently possess advance knowledge—such as access to scripts, prepared remarks, guest lists, or unpublished content—which constitutes material nonpublic information and creates opportunities for trading advantages. This access also makes individuals more susceptible to influence by others seeking to manipulate the outcome, whether through social engineering, inducements, or public pressure campaigns.

These risks are compounded where Mention Markets settle on outcomes that lack independent verification or substantial public scrutiny. When settlement turns on conduct occurring in informal or private settings—or on the actions of a person not subject to public scrutiny—manipulation may be harder to detect and easier to conceal, and those with influence over the outcome may exploit their position with less risk of exposure. Even in high profile contexts, words or conduct that lack substantive meaning within the context of the relevant event, such as an unrelated buzzword recited during an earnings call or an incidental gesture at a public ceremony, may not attract meaningful attention or be subject to the same scrutiny and discipline as words or conduct that are material to the event itself. Accordingly, DMO staff view independent verifiability and substantial public scrutiny as essential attributes that DCMs should consider in determining whether any Mention Market contract may be listed in a manner consistent with Core Principle 3.

DMO staff recognizes, however, that whether a contract is readily susceptible to manipulation is a contract-specific determination and necessarily involves consideration of not only the design of the particular contract but also the effectiveness of any prophylactic measures implemented by the DCM to prevent manipulation and misappropriation of material non-public information. The Core Principles framework was designed to afford DCMs the flexibility to

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[11] For example, appropriate controls may include enhanced monitoring of settlement data sources, heightened surveillance for anomalous activity, restrictions on participant conduct that could influence settlement values, and additional governance or review mechanisms to address any identified manipulation risks.

[12] *Cf.* Prediction Markets; Public Interest Determinations, 91 FR at 35869–70 (sporting event contracts involving discrete player actions can be controlled or influenced by a small number of individuals, or by those with privileged access to information, are particularly susceptible to manipulation, and thus raise heightened public interest concerns).

innovate and develop new products and trading systems while meeting their statutory obligations.[13] Accordingly, in limited circumstances, a well-designed contract coupled with DCM trading rules, surveillance, and controls may be sufficient to rebut the presumption that Mention Markets are readily susceptible to manipulation, and support listing of such a contract consistent with Core Principle 3. DMO staff views the following factors as particularly relevant to that determination:[14]

- **Independent obligations constraining the controlling individual**. DCMs should consider whether the individual whose speech or conduct controls the outcome of the contract is subject to independent legal, professional, contractual, fiduciary, confidentiality, or organizational obligations that meaningfully deter conduct designed to affect settlement. Such obligations may carry professional, legal, or reputational consequences disproportionate to the potential gain available in the contract.

- **Susceptibility to manipulation through external pressure directed at controlling individuals**. DCMs should assess whether a contract may be manipulated not only *by* the individual whose conduct determines settlement but *through* that individual—by social engineering, inducement, or public pressure campaigns directed at the individual or at a person able to influence him or her. This risk is particularly acute for Mention Markets because the outcome may hinge on discrete conduct of a single, named person, making it easier for others to attempt to influence or manipulate that conduct.

- **Independent verification and substantial public scrutiny**. DCMs should evaluate whether the actions or outcomes underlying the contract are subject to transparent, independent verification and contemporaneous, significant public scrutiny. This includes an assessment of the materiality or substantive weight carried by settlement-determining words or actions within that context. In DMO's view, words or actions occurring in less formal or private settings or involving non-public persons are unlikely to be independently verifiable or subject to substantial public scrutiny. Likewise, a contract settling on words or actions that lack materiality or substantive impact in context, may be more likely to escape meaningful scrutiny, increasing the contract's susceptibility to manipulation.

- **Robustness of prophylactic trading rules, surveillance, and controls**. DMO staff expects that any DCM seeking to list any Mention Market contract will implement prophylactic trading rules, surveillance, and controls reasonably designed to detect and deter manipulation, attempted manipulation, and the misappropriation of nonpublic information in connection with the listed contracts. While DCMs have reasonable discretion in determining how to comply with Core Principle 3, given the heightened risks of manipulation associated with Mention Markets, DMO staff expect any Part 40 filing would demonstrate that such measures are sufficiently robust to overcome these risks. DCMs are strongly encouraged to identify potential controllers and known insiders—drawing, for

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[13] *See* Core Principles and Other Requirements for Designated Contract Markets, 77 FR 36612, 36614 (June 19, 2012).

[14] These factors are not exhaustive, and DCMs are encouraged to consider all circumstances bearing on a contract's susceptibility to manipulation.

example, on public officeholder and financial-disclosure sources for contracts on public officials, or on exchange filings and other commercially available data for contracts on corporate officers—and then design position-limit, position-accountability, reporting, recordkeeping, surveillance, and other compliance measures that are meaningfully calibrated to the particular risks those persons present.[15] Independent obligations to which the individual is subject may provide an additional basis to expect lawful conduct, but DMO staff does not view them as a substitute for the DCM's own prophylactic measures.

DMO staff expects that any Part 40 filing for a Mention Market contract will provide a thorough evaluation of each of the foregoing factors described above and will specify the prophylactic measures the DCM has implemented with sufficient detail to permit staff to assess whether those measures are reasonably designed to mitigate the manipulation risks that such contracts present.

III. Conclusion

This advisory is intended to alert DCMs that Mention Market contracts may present a heightened risk of susceptibility to manipulation. Complete, transparent, and well-supported submissions facilitate staff and Commission review and help ensure that contracts listed for trading operate in a manner consistent with the Act and Commission regulations, including the requirement that contracts not be readily susceptible to manipulation.

This advisory is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable by law by any party in any matter. This advisory does not provide any no-action position with respect to a recommendation by any division that the Commission initiate an enforcement action for failure to comply with the CEA or Commission regulations. Further, this advisory is not intended to, does not, and may not be relied upon to create any new binding rules or regulations, or to amend existing rules or regulations. This advisory represents only the views of DMO staff and does not necessarily represent the views of the Commission or of any other division or office of the Commission.

[15] Prophylactic measures can include maintaining a "restricted" list of market participants with contract affiliations, using third-party vendors to look for connections between individuals and contracts or using screening lists developed by such firms, requiring periodic updates on participant employment status for trading in certain contracts, or implementing "pop-up" notifications prior to trading in certain contracts to confirm lack of connection to the contract. DCMs should also monitor for unusual patterns, such as significant profit in the only category of contracts a participant ever trades in, trading shortly before material event-related information becomes public, and the timing of account creation or account funding. For a contract settling on the attendance of a named public official, for example, appropriate measures might include restrictions on trading by the individual and persons acting in concert with him or her, position limits sized so that manipulation would be economically irrational relative to its cost, and heightened surveillance around the event window, including review of the individual's public statements against position and trading data.

For further questions, DCMs are encouraged to engage with staff in advance of filing. Questions concerning this advisory may be directed to DMOletters@cftc.gov.

Sincerely,

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