June 4, 2025

The Honorable Caroline D. Pham
The Honorable Kristin N. Johnson
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Acting Chair Pham and Commissioner Johnson:

As leaders of conservative and free-market groups, we believe that government should not stand in the way of innovative information services. We watched with interest the solid performance of prediction markets in forecasting the results of the 2024 presidential election, and noted the contrast with the lackluster performance of legacy media polls.

We believe this performance shows there is potential for prediction markets to disseminate practical information to Americans on political, cultural and economic trends that can help them better plan their futures. Therefore, we ask that in contrast to the CFTC under the Biden administration, the CFTC in this new administration adopt a policy of permissionless innovation toward prediction market venues.

The Biden administration CFTC pursued weaponized regulation against prediction market venues, even attempting to ban an election market exchange that had been approved by the CFTC under the Obama administration back in 2014. Fortunately, this and other attempts to ban prediction markets were thwarted by federal courts that correctly found the CFTC had exceeded the law. But we believe that to fully reverse the Biden CFTC's damage, the CFTC must affirm now that prediction markets dealing with elections and other current events are allowable as futures trading venues under federal law.

We agree with Brian Qunitenz – former CFTC Commissioner and President Trump's current nominee for Chair of the CFTC – that event contracts offered by prediction markets are almost always permissible commodity futures under the federal Commodities Exchange Act, as they are "occurrence[s]" that are "both beyond the control of the relevant parties to the contract…and associated with a financial, commercial, or economic consequence." As in traditional futures exchanges, prices of contracts on prediction markets are set by buyers and sellers. This makes prediction markets fundamentally different from casinos, in which customers bet against a "house" that has incentives to tilt odds to its favor.

We note that another similarity to traditional futures exchanges is prediction markets' ability to enable individuals and businesses to hedge risks. Election results impact businesses large and small, and prediction markets allow small firms to hedge election results just as large corporations do with expensive and complex derivatives. Similarly, regarding sports outcome contracts increasingly being offered by prediction markets, small firms affected by the performance of a team in a game or a season can buy prediction market contracts to manage effects on their sales of sports-related products or services. As Quintenz notes, "contracts relating to the outcome of sporting events could now have a legitimate economic and hedging purpose for businesses."

We also of course believe that the CFTC should not hesitate to punish fraud or other infractions from prediction markets, just as it does when traditional futures markets run afoul of the law. We therefore respectfully request that the CFTC issue a policy statement stating two things. First, that event contracts

offered on prediction markets are subject to the exclusive jurisdiction of the CFTC. And second, that the CFTC will police behavior of prediction market venues but will not restrict the subject matter of the event contracts offered by the venues.

We thank you for consideration of our views.

Sincerely,

John Berlau
Director of Finance Policy
Competitive Enterprise Institute

Daniel Mitchell
President
Center for Freedom and Prosperity

Grover Norquist
President
Americans for Tax Reform.

Ryan Ellis
President
Center for a Free Economy

James Erwin
Interim Director
Shareholder Advocacy Forum

Jeffrey Mazzella
President
Center for Individual Freedom

James L. Martin
Founder/Chairman
60 Plus Association

Ashley Baker
Executive Director
The Committee for Justice

Saulius "Saul" Anuzis
President
American Association of Senior Citizens

George Landrith
President
Frontiers of Freedom

Phil Kerpen
President
American Commitment

Andrew Langer
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Robert Romano
Executive Director
Americans for Limited Government

Charles Sauer
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