

April 30, 2026

The Honorable Brian Selig
Chairman, Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Dear Chairman Selig,

On behalf of the National Conference of State Legislatures (NCSL), the bipartisan organization representing the legislatures of our nation's states, territories and commonwealths, we respectfully submit these comments in response to the Commission's Advance Notice of Proposed Rulemaking on Prediction Markets (RIN 3038–AF65).

As the commission considers potential rulemaking with respect to event contracts traded on prediction markets, we urge you to include language reaffirming existing law and ensuring that unregulated sports betting and casino-style gambling cannot operate under the guise of "event contracts." Prompt action is essential to uphold state authority as recognized by the U.S. Supreme Court in *Murphy v. National Collegiate Athletic Association*, safeguard consumers nationwide and protect the integrity of our financial markets.

Prediction markets are a form of gaming since they allow individuals to speculate—financial gains or losses are determined by chance-based outcomes of events. Since the Court's 2018 decision, sports betting has been regulated at the state level, and 39 states have chosen to legalize it. This system has been highly effective for consumers, states, tribes and the legal gaming industry. Today, regulated gaming contributes \$329 billion in economic activity, generates \$53 billion in tax revenue and supports 1.8 million jobs. In states where sports betting is legal, strong regulatory safeguards are in place.

In contrast, several CFTC-registered prediction market platforms have ignored important regulatory safeguards, disregarding state gambling laws and diverting hundreds of millions of dollars in potential revenue that supports essential state and local services, including public safety, schools and infrastructure. Furthermore, CFTC regulations adopted under the Commodity Exchange Act explicitly prohibit contracts involving gaming or any activity unlawful under state law. Forty attorneys general have made clear that these sports-related event contracts violate their state laws.

Marcus C. Evans Jr.

President, NCSL
Assistant Majority Leader,
Illinois

Lonnie Edgar

Staff Chair, NCSL
Mississippi Joint Legislative
PEER Committee

Tim Storey

Chief Executive Officer,
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States have long served as laboratories of democracy, crafting effective and innovative policies that reflect the varied needs of their residents. NCSL welcomed the court's decision in Murphy and has consistently opposed federal preemption in gambling policy, including internet gaming, sports wagering and daily fantasy sports. States have repeatedly demonstrated their ability to enact tailored policies that balance local values with consumer protection, enforcement and revenue considerations. State laws regulating sports betting and casino-style gambling were adopted through bipartisan processes following extensive deliberation in state legislatures nationwide. It is crucial that any final rule be informed by state experience and expertise and we therefore ask the commission to avoid preempting state law or undermining state policy goals through its rulemaking.

In responding to the commission's specific questions regarding the scope of the term "gaming" under CEA section 5c(c)(5)(C), NCSL urges the commission to interpret this term broadly enough to encompass sports-related event contracts that function substantively as sports wagers. To do otherwise would undermine the carefully constructed state regulatory frameworks that protect consumers and generate critical public revenues.

NCSL stands ready to assist the commission by providing insight from state legislators and facilitating conversations with policymakers across the country. Preserving state authority and flexibility in this area is essential.

Thank you for your attention to these concerns. If you have any questions or would like to discuss this issue further, please contact any of us directly or reach out to [Sanam Hooshidary](#) on our state-federal affairs team.

Sincerely,


