

April 2, 2026

Via Electronic Submission: <https://comments.cftc.gov>

Christopher Kirkpatrick

Secretary of the Commission

Commodity Futures Trading Commission

Three Lafayette Centre

1155 21st Street NW

Washington, DC 20581

Re: Advance Notice of Proposed Rulemaking — Prediction Markets (RIN 3038-AF65)

Dear Chairman Selig and Commissioners:

I am writing to provide comments in response to the Commission's Advance Notice of Proposed Rulemaking regarding event contract derivatives traded on prediction markets, published in the Federal Register on March 16, 2026. I submit these comments as the founder of a prospective event contract exchange to be domiciled and regulated in the Abu Dhabi Global Market (ADGM) in the United Arab Emirates, under the jurisdiction of the Financial Services Regulatory Authority (FSRA).

My comments are intended to offer the Commission an international perspective on the development of prediction markets — a perspective that I believe is underrepresented in the current discourse, which has focused predominantly on the domestic regulatory landscape. I respectfully submit that the Commission's actions on prediction market regulation will have significant consequences for the global development of this emerging asset class, and that international considerations should inform the Commission's approach.

I. The Global Context of Prediction Market Development

The prediction market industry has grown to approximately \$44 billion in total trading volume as of 2025, yet the regulatory landscape remains almost entirely concentrated in the United States. As of the date of this comment, there is no regulated prediction market exchange operating in the Middle East, Africa, South Asia, or Southeast Asia — regions that collectively represent more than four billion people and contain some of the fastest-growing financial markets in the world.

This regulatory gap is not the result of a lack of demand. On the contrary, market participants across these regions have demonstrated significant interest in event-based derivatives, evidenced by growing volumes in traditional derivatives markets across the Gulf Cooperation Council (GCC) countries and the rapid adoption of digital asset trading platforms in the United Arab Emirates, which has established itself as a leading jurisdiction for financial innovation.

The absence of regulated alternatives outside the United States means that international market participants who seek exposure to event-based contracts must either access U.S.-regulated platforms (which are increasingly geofenced), use unregulated offshore platforms with no investor protections, or forgo participation entirely. None of these outcomes serves the interests of global financial stability or investor protection.

II. The Importance of Regulatory Clarity for Cross-Border Market Development

The Commission's ANPRM asks important questions about the application of Core Principles and Commission regulations to prediction markets. I respectfully submit that the Commission should consider the cross-border implications of its regulatory framework as it develops new rules.

Specifically, I wish to highlight the following considerations:

- Regulatory clarity from the CFTC will serve as a benchmark for international regulators. Jurisdictions such as ADGM and the Dubai International Financial Centre (DIFC), whose regulatory frameworks are modeled on international standards including those of the United Kingdom's Financial Conduct Authority and IOSCO, look to the CFTC's approach as a reference point. A clear, principles-based regulatory framework from the CFTC will facilitate the development of compatible frameworks globally, promoting regulatory cooperation rather than regulatory fragmentation.
- The current jurisdictional uncertainty between federal derivatives regulation and state gambling regulation in the United States is being closely monitored by international regulators and market participants. To the extent that this uncertainty discourages the development of regulated alternatives in other jurisdictions, it may have the unintended consequence of driving market activity to unregulated, offshore platforms that offer no investor protections.
- The Commission's position that event contracts are swaps or futures contracts subject to CFTC jurisdiction provides an important conceptual foundation for international regulators seeking to classify these instruments within their own frameworks. I respectfully encourage the Commission to maintain this classification, which aligns with how event contracts would most naturally be categorized under the derivatives frameworks of major international financial centers.

III. Observations on Specific ANPRM Topics

A. Public Interest Considerations. The Commission asks whether and how it should consider the public interest in evaluating event contracts. From an international perspective, prediction markets serve a valuable public interest function as aggregators of dispersed information. In regions with less developed polling infrastructure or media environments with varying degrees of editorial independence, prediction market prices can serve as valuable indicators of collective expectation regarding economic, political, and social developments. This information function is distinct from, and in addition to, any hedging or risk management utility.

B. Insider Trading and Market Integrity. The Commission asks about factors that should be considered in regulating the use of inside information in prediction markets. I submit that international cooperation will be essential to effective enforcement in this area. Event contracts based on global events — such as central bank decisions, geopolitical developments, or international sporting events — involve information that may originate in any jurisdiction. The Commission’s framework should contemplate information-sharing mechanisms with international regulators, building on existing MoU networks such as those maintained by IOSCO and the FSRA of ADGM.

C. Categories of Event Contracts. The Commission asks about the types of event contracts that should be permitted or prohibited. I note that financial and economic event contracts — such as those based on inflation data, central bank rate decisions, commodity price thresholds, GDP figures, and real estate indices — have the most straightforward classification as derivatives serving hedging and price discovery functions. These categories may also be the most suitable starting point for new regulated exchanges seeking to establish credibility with regulators and market participants alike, both in the United States and internationally.

IV. The Case for International Regulatory Cooperation

As the Commission develops its regulatory framework, I encourage it to consider the value of engaging with international regulators that are in the early stages of evaluating event contract markets. Proactive dialogue with jurisdictions such as the ADGM and DIFC in the UAE, the Financial Conduct Authority in the United Kingdom, the Monetary Authority of Singapore, and others could facilitate the development of compatible regulatory frameworks that promote market integrity, protect investors, and enable responsible innovation across borders.

The alternative — a fragmented global landscape where event contracts are subject to inconsistent and conflicting regulation — would ultimately undermine the Commission’s own objectives of promoting fair, transparent, and efficient markets.

V. Conclusion

Prediction markets represent a significant innovation in how societies aggregate and price information about future events. The Commission’s leadership in establishing a clear regulatory framework will not only shape the domestic market but will serve as a model for jurisdictions worldwide.

I commend the Commission for undertaking this rulemaking process and for inviting broad public input. I am committed to contributing constructively to the development of responsible prediction market regulation, both in the United States and internationally, and welcome the opportunity for further dialogue.

Respectfully submitted,

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