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July 26, 2026

VIA ELECTRONIC SUBMISSION

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW,
Washington, DC 20581

Re: Comments on Proposed Rule Regarding Prediction Markets; Public Interest Determinations; RIN 3038-AF65

Dear Secretary Kirkpatrick:

In 2008, we endured one of the worst financial crises in American history. This was caused by a variety of reasons, of which rampant and unregulated speculation was one.

I worked with my colleagues in Congress creating policies that strengthened financial regulations, limited dangerous speculation, and protected consumers.

In the past year, additional speculators have emerged promoting event contracts that are merely a substitute for gambling. The CFTC is now engaged in work to amend its regulations to facilitate gambling on derivatives exchanges.

The proposed regulatory amendments contradict the language and intent of the Dodd-Frank Act and promote public policies opposing what Congress clearly intended.

These amendments could well endanger consumers and promote speculation. These proposed amendments undermine the traditional police powers of states and also functionally amend the Indian Gaming Regulatory Act (IGRA), which could diminish tribal sovereignty.

Congress recognized the importance of traditional risk-hedging in futures markets when we enacted Dodd-Frank. We wanted to provide a framework for regulating companies trying to hedge their risk.

The Dodd-Frank bill recognized the value of our national system of federalism, and sought to protect traditional state regulatory powers. We did not amend the Commodity Exchange Act to override the established system for states to develop their own policies and laws regulating gaming.

At the time Congress passed Dodd-Frank, we were well aware of existing federal laws regulating gaming. Congress had passed the Indian Gaming Regulatory Act, and the Professional and Amateur Sports Protection Act. We had no intention of amending those laws.

My colleagues and I were aware of the potential for some to try to use the new provisions regulating swaps to allow gaming, which is exactly why we included the Special Rule in Dodd-Frank. Our intent to prohibit using these swaps for gaming is reflected in a colloquy between my colleagues, in which they stated, "This provision will strengthen the government's ability to protect the public interest from *gaming contracts* and other events contracts."

The term "gaming" was included in the Special Rule to prevent things like sports wagering and other similar wagers through regulated "event contracts." "Gaming" is a legal term of art that Congress has used in statutes when regulating what is commonly known as "gambling."

The CFTC's proposed regulation runs directly counter to the language of Dodd-Frank, and our intent in drafting the Special Rule. The proposed definition of "gaming" is at odds with the way Congress has used that term. My colleagues' colloquy during a discussion of the Dodd-Frank legislation expressly links the terms "gaming" and "gambling."

When Congress passed IGRA, we understood the importance of gaming to tribal governments, and the need for regulations that balanced state, tribal, and federal interests.

IGRA protects the ability of tribes to work with states to regulate gaming on their lands, including sports wagering.

The CFTC's proposed regulations seek to allow others to engage in gaming on tribal lands without the consent of tribes, and outside of the regulatory framework Congress established in IGRA.

The explosion of prediction markets – especially sports wagering and event contracts – represents the type of rampant speculation we sought to prohibit with the Dodd-Frank bill.

The CFTC's proposed regulations would undermine both the letter and the spirit of the law, infringe on state and tribal sovereignty, and pose grave risks to ordinary consumers.

The CFTC should rescind its proposed rule and prohibit companies from engaging in illegal gaming on regulated exchanges.

Sincerely,

Christopher J. Dodd

Christopher J. Dodd
United States Senator, 1981-2011