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Prediction Markets Legislation in the 119th Congress

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Prediction markets are exchange platforms that specialize in offering event contracts.[1] Event contracts allow parties to trade on the occurrence or nonoccurrence of specific events. Prediction markets operate on a quote-based system, where the underlying price for an event contract is determined by participants' continuous buying and selling reaching an equilibrium. Prediction markets have grown rapidly in recent years, facilitated by judicial decisions and changes in regulatory posture, which have led to significant growth in the subject matter of available contracts, including elections and sports.

The expansion of prediction markets into sports since early 2025 has led to conflict and litigation between prediction markets and the state regulators that oversee traditional sports gambling.[2] Similarly, some argue that certain activity on prediction markets violates the Indian Gaming Regulatory Act (IGRA) and undermines Indian gaming.[3] At the time of this report's publication, a vast majority of the trading volume on prediction market exchanges is concentrated on sports and associated parlay-style products.[4] The overall market remains smaller than that offered by state-regulated sportsbooks but is growing rapidly.[5] Under the current regulatory structure and relative to legalized sports gambling, sports event contracts arguably create a form of regulatory arbitrage, where prediction market exchanges offer certain similar, but not equivalent, products to state- and tribal-regulated legalized sports gambling while circumventing certain state-level regulations.[6]

Allegations against public and private employees who have access to proprietary information and who appear to have executed well-timed trades have sparked concern regarding misuse of material nonpublic information (MNPI) through prediction market trades.[7] Prediction market

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[1] For a broader introduction to prediction markets, see CRS In Focus IF13187, *Prediction Markets: Policy Issues for Congress*, by Karl E. Schneider and Rena S. Miller.

[2] In 2018, the Supreme Court held in *Murphy v. National Collegiate Athletic Association* (NCAA) that the Professional and Amateur Sports Protection Act (PASPA; P.L. 102-559) was unconstitutional. 584 U.S. 453. PASPA had prohibited most states from authorizing sports gambling, but the Court held that this prohibition unconstitutionally commandeered the authority of state legislatures. In the absence of PASPA, states could legalize and regulate sports gambling. Since the ruling, 39 states and the District of Columbia have legalized state-regulated sports gambling in some form. For more on the ongoing litigation regarding prediction markets, see Shwetha Surendran, "Future Is Unpredictable for Prediction Markets as Courts Add to Confusion," *ESPN*, March 12, 2026; and Mick Bransfield, *Prediction Market Litigation Tracker*, August 17, 2026, https://mickbransfield.com/2025/08/11/summary-of-legal-actions-involving-kalshis-sports-event-contracts/.

[3] For more on this specific act, see CRS In Focus IF12527, *Indian Gaming Regulatory Act: Gaming on "Indian Lands,"* coordinated by Mariel J. Murray. See also Mick Bransfield, *Prediction Market Litigation Tracker*, August 17, 2026.

[4] Paradigm, "Prediction Markets Volume Distribution," https://predictions.paradigm.xyz/?view=kalshi&basis=volume&start=2025-06-01&end=2026-06-01, and Dustin Gouker, "Is Sports Now Only 70% Of Kalshi's Volume? Not Really," *Event Horizon*, May 13, 2026, https://nexteventhorizon.substack.com/p/is-sports-now-only-70-percent-of-kalshi-volume. A parlay is a single bet that combines wagers on multiple distinct contingencies, such as the results of multiple sporting events. Kalshi began offering such parlays in fall 2025.

[5] Bill King, "SBJ Betting: Report Gets Handle on Kalshi's Rise," *Sports Business Journal*, May 1, 2026; and Nathaniel Popper and Chloe Cresswell, "Prediction Markets Swell to 27% of Sports Bets During World Cup," *Bloomberg*, July 19, 2026, https://www.bloomberg.com/news/articles/2026-07-19/prediction-markets-swell-to-27-of-sports-bets-during-world-cup.

[6] Prediction market exchanges' regulatory structure may circumvent remaining state-level bans on legalized sports gambling (enabling access to markets in Texas, California, and nine other states) and the Indian Gaming Regulatory Act. In states with legalized sports gambling, these exchanges currently avoid certain state-level restrictions, such as those on particular kinds of bets or additional age restrictions (individuals must generally be 21 or older to participate in state-regulated legalized sports gambling but only 18 or older for event contracts). Exchanges also are generally not subject to the sports gambling taxes paid by casinos and other legalized sports gambling firms at the state and federal level.

[7] Wyatte Grantham-Philips, "A $400,000 Payout After Maduro's Capture Put Prediction Markets in the Spotlight. (continued...)

exchanges and the Commodity Futures Trading Commission (CFTC) have announced some disciplinary and enforcement actions regarding alleged insider trading by individuals, but commentators continue to raise concerns regarding misuse of confidential information in trading.[8]

Some prediction markets, such as Kalshi, are exchanges registered with the CFTC.[9] Others, such as Polymarket's international exchange, are not domiciled in the United States and claim to block U.S. users. The degree to which Polymarket's purported restrictions are successful or meant to be successful in constraining Americans from trading on its international exchange is debated.[10]

In April 2026, the Senate agreed to S.Res. 708, which amended Senate Rule 37 to prohibit Senators, Senate officers, and Senate employees from participating in prediction markets.[11]

This In Brief summarizes some of the pertinent federal law applicable to prediction markets as well as relevant legislation introduced in the 119th Congress.[12] Most of this legislation would either restrict trading of event contracts underlain by certain types of events or regulate trading in prediction markets by certain officials. Within each subject matter heading, bills are listed by date of introduction, unless otherwise noted.

Prohibitions Based on Subject Matter

Under the Commodity Exchange Act (CEA), CFTC-registered exchanges can list event contracts without prior CFTC approval, provided they self-certify that the contracts comply with the CEA and CFTC regulations.[13] Section 5c(c)(5)(C) of the CEA—often called the "Special Rule"—gives the CFTC authority, however, to determine that event contracts are "contrary to the public interest" if they involve "(I) activity that is unlawful under Federal or State law; (II) terrorism; (II) assassination; (IV) war; (V) gaming; or (VI) other similar activity determined by the [CFTC], by rule or regulation, to be contrary to the public interest."[14] If the CFTC makes such a

Here's How They Work," *PBS*, January 12, 2026; Amy Fan, "How Anonymous Bettors Cashed In on the Iran Strike, Just Hours Before It Happened," *New York Times*, March 3, 2026; and Kate Knibbs, "OpenAI Fires an Employee for Prediction Market Insider Trading," *Wired*, February 27, 2026.

[8] See, for example, Commodity Futures Trading Commission (CFTC) v. Michele Spagnuolo, No. 26-cv-04419 (S.D.N.Y. 2026); CFTC v. Gannon Ken Van Dyke, No. 26-cv-03369 (S.D.N.Y. 2026); CFTC, "CFTC Enforcement Division Issues Prediction Markets Advisory," press release, February 25, 2026, https://www.cftc.gov/PressRoom/PressReleases/9185-26; and Sharon LaFraniere, "Prediction Firms Are Flagging Insider Traders. Many Will Not Face Charges," *New York Times*, August 12, 2026.

[9] CFTC, "Designated Contract Markets (DCM): 42993," January 17, 2025, https://www.cftc.gov/IndustryOversight/IndustryFilings/TradingOrganizations/42993.

[10] Certain evidence, such as announced insider trading cases involving Americans trading on Polymarket's international exchange, indicates that there remains a degree of American participation in such markets by utilizing virtual private networks (VPNs). Harry Crane, an economist whose research focuses on prediction markets, estimated that 30% of the volume on Polymarket's international exchange is attributable to U.S.-based users. The Coalition for Prediction Markets, a lobbying organization formed by CFTC-regulated exchanges, including Kalshi, commissioned this research. Harry Crane, *Estimating U.S. User Activity in Offshore Prediction Markets*, Crane Zeng Consulting, June 2026, https://drive.google.com/file/d/19-QUUoifuDi6Q7PE-sM75eeJjs7NhJN_/view.

[11] For more on S.Res. 708, see CRS In Focus IF13239, *Prohibiting Senators from Prediction Market Participation*, by Jacob R. Straus and Jason O. Heflin, and further discussion in this report's "Government Ethics" section.

[12] CRS searched the text of bills introduced in the 119th Congress for terms associated with prediction markets and related financial instruments, and this report includes all relevant bills identified, as amended through the date of publication. The search was designed to be as comprehensive as possible, but it may not have produced an exhaustive list.

[13] 7 U.S.C. §7a-2. CFTC, "Listing Procedures," accessed July 13, 2026, https://www.cftc.gov/IndustryOversight/ContractsProducts/ListingProcedures/index.htm.

[14] 7 U.S.C. §7a-2(c)(5)(c)(i).

determination, the event contracts cannot be listed or made available for clearing or trading on CFTC-regulated exchanges.[15]

Although the CFTC has prohibited by regulation the listing of contracts within the enumerated categories, it has administered the Special Rule using a two-step process in which it evaluates whether a specific event contract (1) falls within those categories and, (2) if so, is contrary to the public interest.[16] Accordingly, while the CFTC's regulations by their terms include a per se ban (or complete ban) of contracts falling within the enumerated categories, agency practice appears to reflect a less categorical approach that also incorporates public interest considerations into regulatory decisions.[17] In addition, under current leadership, the CFTC has not yet utilized the Special Rule to review event contracts that exchanges have self-certified as compliant. In June 2026, the CFTC issued a proposed rule regarding event contracts that addressed, among other things, the public-interest determination and definition of gaming.[18] Several bills introduced in the 119th Congress would augment or alter the CEA to directly prohibit specific categories of event contracts.

H.R. 7477, the Fair Markets and Sports Integrity Act, would add a new provision to the CEA to define the terms *casino-style game* and a *sporting event or athletic competition* and would directly prohibit CFTC-regulated exchanges from facilitating contracts based on either of those categories of events.

H.R. 7840, the Event Contract Enforcement Act, would replace the existing provisions concerning event contracts in Section 5c of the CEA with a per se prohibition of event contracts that relate to activity that is unlawful under federal or state law; terrorism; assassination; war; gaming; U.S. elections; conduct by any level, branch, instrumentality, or personnel of local, state, or federal government; and other similar activities identified by the CFTC. The bill includes a broad definition of *gaming* that would encompass sports but would create an exemption permitting gaming-related event contracts in a state if the state expressly permits it.

S. 4035/H.R. 7942, the DEATH BETS Act, would add language to Section 5c of the CEA directly prohibiting CFTC-registered exchanges from listing event contracts related to terrorism, assassination, war, or any similar activity, as well as contracts that relate to an individual's death or could otherwise be construed as correlating closely to an individual's death.

S. 4115/H.R. 7955, the BETS OFF Act, would prohibit any person from placing, accepting, or facilitating "wagers" regarding particular categories of events, including terrorism, assassination, and war. An additional prohibited category would consist of any event in which the "primary underlying characteristic" is not "financial, commercial, or economic" and the event is (1) an action undertaken by a government, an intergovernmental organization, or a government official; (2) an event for which the outcome is under the complete control of any person; or (3) an event for which the outcome is known by any person in advance. The term *wager* is defined, with insurance-related exceptions. The bill would amend several criminal and financial statutes related to illegal gambling to enforce the prohibitions. By directly prohibiting individuals from placing wagers on the specified categories of events, the bill might extend to individuals who place such

[15] 7 U.S.C. §7a-2(c)(5)(c)(ii).

[16] 17 C.F.R. §40.11. CFTC, "Event Contracts," 89 *Federal Register* 48970, June 10, 2024.

[17] Brian D. Quintenz, "Statement of Commissioner Brian D. Quintenz on ErisX RSBIX NFL Contracts and Certain Event Contracts: Any Given Sunday in the Futures Market," CFTC, March 25, 2021, https://www.cftc.gov/PressRoom/SpeechesTestimony/quintenzstatement032521.

[18] For more on the proposed rule, see CRS Legal Sidebar LSB11441, *CFTC Issues Proposed Rule Regarding Prediction Markets*, by Jay B. Sykes. CFTC, "Prediction Markets; Public Interest Determinations," 91 *Federal Register* 35806, June 12, 2026.

wagers on offshore exchanges. The bill also would add language to Section 5c of the CEA prohibiting CFTC-registered exchanges from offering contracts involving the same categories of events.

S. 4160/H.R. 9856, the Prediction Markets Are Gambling Act, would add language to Section 5c of the CEA defining a *casino-style game* and a *sporting event or athletic competition*, directly prohibiting CFTC-registered exchanges from listing event contracts related to those categories of events and stating that nothing in the CEA preempts state laws that regulate or prohibit contracts involving those categories. This bill differs from H.R. 7477 with respect to the location of the added text and the inclusion of the savings clauses regarding preemption.

H.R. 8123/S. 4226, the STOP Corrupt Bets Act of 2026, would add language to Section 5c of the CEA directly prohibiting CFTC-registered exchanges from listing event contracts involving any political election or contest; action taken by the executive, legislative, or judicial branch of the United States; sporting event or contest; or military action taken by the United States or any foreign country. An exception would permit contracts related to actions taken by the federal branches if such contracts are used for hedging or mitigating commercial risk, as determined by the CFTC. The bill would also require the Government Accountability Office to conduct a study on certain aspects of prediction markets and would provide the "sense of Congress" on the original intent of the CEA, preemption, and future CFTC enforcement. The text of S. 4226 has also been incorporated into S. 5238, the For Our Republic Act, a broader bill addressing numerous topics.

H.R. 10109, the Wildfire Event Contract Prohibition Act, would add language to Section 5c of the CEA directly prohibiting CFTC-registered exchanges from listing event contracts involving wildfire events, including the characteristics or results of a wildfire. The bill would also require the Attorney General, in consultation with the heads of other federal agencies, to conduct a review and submit a report assessing existing federal civil and criminal authorities applicable to event contracts or wagers involving wildfires.

Policy Considerations

Most of this legislation focuses on modifying the types of events that may underlie event contracts offered on CFTC-registered exchanges. This approach regulates which contracts may be offered or cleared by CFTC-regulated exchanges, generally by modifying the Special Rule and imposing direct categorical prohibitions and requiring compliance on the part of prediction market platforms. It would not, however, cover offshore prediction markets that are not registered with the CFTC.[19] While such offshore platforms cannot legally accept trades from U.S. users, some reports indicate that certain offshore platforms may do so routinely.[20]

Approaches in other bills, namely S. 4115/H.R. 7955 (and §1083 of S. 4784, discussed in the "Government Ethics" section below), would prohibit any participation in certain categories of event contracts, including both facilitation and trading, subject to civil and criminal penalties. Such prohibitions would apply to offshore exchanges with U.S. users and U.S. users themselves but introduce implementation challenges relative to focusing on CFTC-regulated exchanges. Such challenges include difficulties in initiating enforcement actions on offshore platforms and issues

[19] Unlike Kalshi, and because the international exchange was not constrained by the CFTC, Polymarket's international exchange has been offering sports contracts predating the changes in regulatory posture. Jeff Benson, "Polymarket Is Pushing into Sports Betting," *Front Office Sports*, November 1, 2024, and Paradigm, "Prediction Markets Volume Distribution," https://predictions.paradigm.xyz/?start=2024-01-01&end=2024-12-31&basis=volume&view=polymarket&path=%5B%22Sports%22%5D.

[20] Harry Crane, *Estimating U.S. User Activity in Offshore Prediction Markets*.

imposing penalties on dispersed traders operating on such offshore exchanges. Congress could specifically target offshore prediction markets via other legislation, for example, by restricting CFTC registration from companies that offer offshore prediction markets readily accessible to Americans or providing specific restrictions on the payment mechanisms that facilitate such transactions.

Perhaps the proposal with the greatest practical effect on the current operations of prediction markets would be any explicit restriction on CFTC-regulated exchanges from offering sports event contracts, because of their popularity on prediction markets.[21] Such restrictions would have significant effects on exchanges' finances and operations.

Consumers may react to a potential restriction on sports event contracts in several different ways:

- Individuals may bet less and instead use those funds to otherwise consume, invest, or save.
- Individuals may substitute their volume currently bet on sports event contracts back to legalized sports gambling, which is particularly likely in states where sports gambling is legal.[22]
    - This substitution would likely have fiscal benefits for the state and federal government, as sports event contracts and event contracts are currently in the aggregate taxed at a lower rate relative to state-regulated legalized sports gambling. Such substitution may also be significant for tribal governments because of potential effects on sports betting sponsored by Indian tribes.
    - Sports betting on state-regulated platforms may have certain consumer protections not required on prediction market platforms, such as responsible gaming requirements, including mechanisms for individuals to voluntarily exclude themselves from legal gambling, or limitation of certain marketing that may further encourage sports betting. The degree to which such protections are effective is debated.[23]
    - This change would likely constrain competition and consumer choice in the sports betting market writ large, particularly in areas with single operators or quasi-monopolies.
- Individuals may substitute their sports trades with trades on other legally available event contracts.[24]

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[21] For more on sports betting, its popularity on prediction markets, and its effects on consumer finance, see CRS In Focus IF12761, *Sports Betting and Consumer Finance*, by Karl E. Schneider.

[22] The delineating line between state-regulated legalized sports gambling applications and prediction markets has also been increasingly blurred. For example, DraftKings, FanDuel, and Underdog offer sports event contracts in addition to sportsbooks. In the case of DraftKings and FanDuel, sport event contracts offerings are in states without state-regulated legalized sports gambling. Within advertising, such applications often do not specifically delineate among their distinct offerings, outside of disclaimers. See, for example, Pardon My Take (@pardonmytake), "New DraftKings Customers, Spend $5 Get $200 in Bonus Rewards, That's $50 in Bonus Rewards Every 7 Days for 21 Days," Instagram post, July 21, 2026, https://www.instagram.com/reel/DbDxWjKxjcv/. Volumes on these prediction markets remain much smaller than on Kalshi and Polymarket's international exchange. For more on substitutability with online sportsbooks, see Christopher Gerlacher and Jonathan D. Cohen, *Prediction Markets: Regulation, Risks, and Areas of Research*, American Institute for Boys and Men, July 2, 2026, p. 14, https://aibm.org/policy/prediction-markets-regulation-risks-and-areas-of-research/.

[23] See CRS In Focus IF12761, *Sports Betting and Consumer Finance*, by Karl E. Schneider.

[24] Certain bills contemplating restrictions on sports event contracts also include restrictions on other types of event contracts, but none contemplate a complete abolition of all event contracts.

- Individuals may increasingly bet on offshore unregulated prediction market exchanges or casinos. This change may be particularly strong in areas without state-regulated legalized sports gambling.

Congress could also choose to pursue legislation explicitly permitting sports-related event contracts on CFTC-registered exchanges. Such legislation could include guidance regarding specific types of contracts or principles to be applied in evaluating contracts, in a similar manner to the CFTC's proposed rule. Discussed in greater detail in the following section, identical provisions introduced in Section 2 of S. 4469 and Section 2 of H.R. 9706 would reduce the extent to which sports event contracts are likely to fall within the Special Rule. Absent legislation or controlling court rulings, future CFTC leadership could perceive the regulation of event contracts and sports event contracts differently from the current CFTC leadership and modify the regulator's approach.[25]

Government Ethics

The Ethics in Government Act of 1978 (EIGA) and amendments made by the Stop Trading on Congressional Knowledge (STOCK) Act of 2012 require certain federal officials and employees to file financial disclosures and Periodic Transaction Reports.[26] The STOCK Act also affirmed the application of insider trading laws and regulations to those individuals. The degree to which such provisions cover event contracts is uncertain. Since at least the 115th Congress, some Members of Congress have proposed reforms that would specifically prohibit the purchase, sale, or ownership of certain financial instruments by Members of Congress and other specified congressional officers and employees, including event contracts.[27]

On April 30, 2026, the Senate agreed to S.Res. 708, amending Rule 37 of the Standing Rules of the Senate to prohibit Senators from trading on prediction markets. This resolution prohibits Senators, Senate officers, and Senate employees from trading event contracts, with an exclusion for "insurance for which the insured holds a lawful insurable interest." As a Senate Rule, this provision does not extend to House Members, other legislative branch employees, or executive or judicial branch officials.

After the Senate agreed to S.Res. 708, the Senate Select Committee on Ethics issued a "Dear Colleague" letter providing interpretation of the prohibition.[28] Among other things, this guidance stated that the prohibition does not apply to commodity futures trading in agricultural products or in oil and natural gas or to state-regulated legalized sports gambling. According to the guidance, individuals with existing event contracts were required to immediately divest such holdings. Further, the guidance provided that, while the prohibition does not extend to the dependent children and spouses of Senators, Senate officers, and Senate employees, event contract trading by spouses and dependents would need to be included in annual financial disclosure filings and the potential submission of a Periodic Transaction Report as required by the STOCK Act for

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[25] Currently, CFTC Chair Michael Selig is the only commissioner serving on the CFTC. CFTC, "Chairman & Commissioners," https://www.cftc.gov/About/Commissioners/index.htm.

[26] EIGA: P.L. 95-521, 5 U.S.C. §§13101-13111; STOCK Act: P.L. 112-105, §9(b), 126 Stat. 291.

[27] For more on such proposals, see CRS Report R48641, *Proposals to Limit Member of Congress Financial Activities: Analysis of Introduced Legislation in the 119th Congress*, by Jacob R. Straus. For a discussion of legislation from previous Congresses, see CRS Report R47818, *Proposals to Limit Financial Activities of Members of Congress: Background and Analysis of Legislative Proposals*, by Jacob R. Straus.

[28] Sen. James Lankford et al., *Prohibition on Participation in Prediction Markets: Senate Rule 37.15*, Senate Select Committee on Ethics, May 5, 2026, https://www.ethics.senate.gov/public/_cache/files/702d2fa3-cda2-4b2b-9a9a-3bc74feede96/dear-colleague---ethics---prohibition-on-participation-in-prediction-markets.pdf.

covered transactions exceeding $1,000.[29] Other government supervising ethics offices have not publicly disclosed guidance regarding how the STOCK Act may apply to event contracts.

Several other bills introduced in the 119th Congress would provide disclosure obligations or prohibitions for certain federal officials or employees specific to event contracts.

H.R. 7004, the Public Integrity in Financial Prediction Markets Act of 2026, would prohibit elected officials of the federal government, employees of the House and Senate, political appointees, and executive employees from purchasing, selling, or exchanging "prediction market contracts" related to government policy, government action, or a political outcome if they possess relevant MNPI or may reasonably obtain such information in the course of performing official duties.

S. 4017, the End Prediction Market Corruption Act, would add language to Section 5c of the CEA prohibiting the President, the Vice President, and Members of Congress from trading event contracts. It would also prohibit any senior executive branch official from trading in event contracts related to any matters in which the official personally and substantially participates as a government officer or employee. These prohibitions would be enforced by the Attorney General via civil action, with a nonexclusive, per-violation civil penalty of $10,000 or the profit from the offending transaction, whichever is greater. Foreign boards of trade would be required to report quarterly to the CFTC on any transactions violating the prohibitions, subject to revocation of the foreign board's registration. The CFTC would be required to issue a general rule on insider trading in event contracts. The bill would also amend the EIGA to require certain executive and legislative branch elected officials and employees to disclose transactions in event contracts (including transactions by a spouse or dependent child). The text of S. 4017 has also been incorporated into S. 5238, the For Our Republic Act, a broader bill addressing numerous topics.

H.R. 8076, the PREDICT Act, would add new provisions to the EIGA that would prohibit Members of Congress (as well as their spouses, dependents, and fiduciary representatives), employees and officers of Congress, the President and Vice President, political appointees, covered executive branch officers or employees, and judicial officers and employees from trading on prediction market contracts dependent on a "specific political event." The term *specific political event* is not defined and is to be interpreted by the supervising ethics office. The text of H.R. 8076 has also been incorporated into H.R. 9222, the Drain the Swamp Act, a broader bill including disparate ethics and government reform proposals.

S. 4188, the Public Integrity in Financial Prediction Markets Act of 2026, would add a new provision to the EIGA that would make it unlawful for the President, the Vice President, Members of Congress, House and Senate employees, political appointees, and employees of executive or independent regulatory agencies to use MNPI derived from their position or gained from the performance of their official responsibilities as a means of profiting from a prediction market transaction. Violators would be subject to a fine of the greater of $500 or double the profit of the transaction. Supervising ethics offices would administer penalties; establish implementing procedures and forms; and, in conjunction with the CFTC, issue appropriate rules and guidelines. The bill would also require the covered individuals to submit a report to their supervising ethics office within 30 days concerning any event contract transactions exceeding $250, including specific information on the event contract.

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[29] Specifically, this guidance requires annual financial disclosure filings of contracts valued at $1,000 or more or that generated an income of $200 or more. The guidance does not explicitly reference the $1,000 threshold for Periodic Transaction Reports. In addition, the guidance requires reporting of any prediction-market-exchange-traded funds on Annual or Termination Reports.

H.Res. 1248 closely mirrors the prohibition adopted in S.Res. 708, as adapted to the House, with one addition. This resolution would amend House Rule 23 to prohibit Members, Delegates, Resident Commissioners, House officers, and House employees from trading event contracts, with an exclusion for "insurance for which the insured holds a lawful insurable interest" and an additional exclusion for "the making of a lawful sports wager." While the resolution defines *lawful sports wager* the resolution does not specify whether the term would apply solely to state-regulated legalized sports gambling or would also include sports-related events contracts. As discussed above, the Senate Select Committee on Ethics interpreted S.Res. 708 to not prohibit state-regulated legalized sports gambling, but H.Res. 1248 would provide an explicit exclusion for "lawful sports wagers" in the rule text.

H.Res. 1263 closely mirrors S.Res. 708, as adapted to the House. This resolution would amend House Rule 23 to prohibit Members, Delegates, Resident Commissioners, officers, and employees of the House from trading all event contracts, with an exclusion for "insurance for which the insured holds a lawful insurable interest."

H.R. 8838, the Congressional Prediction Market Ban Act of 2026, would add new provisions to the EIGA that would prohibit Members of Congress from trading in or benefiting from prediction market contracts. It would also prohibit individuals in the same household as a Member from receiving benefits from trades in prediction market contracts. It would require Members to annually certify to the Clerk of the House of Representatives or Secretary of the Senate that they have complied with the prohibition in the previous year. The congressional ethics committees would be required to establish related procedures and guidance and would investigate Members in their respective chambers who potentially violate the provisions.

S. 4615, the Intelligence Authorization Act for Fiscal Year 2027, includes, in Section 615, a provision that would prohibit any employee or contractor of an element of the intelligence community who holds a security clearance from participating in prediction markets on any topic related to nonpublic information for which the individual has access by virtue of their position. This prohibition applies while the individual holds the position and for two years afterward. The Director of National Intelligence would be directed to implement the prohibition, provide notice to covered individuals, and establish appropriate penalties for violations.

H.R. 9082, the Honesty and Trust in Service Act, would require the Department of Defense to issue regulations within 180 days of enactment that prohibit members of the Armed Forces and civilian employees of the Department of Defense from entering into event contract transactions if the member or employee (1) possesses MNPI relevant to the trade or (2) may reasonably obtain relevant MNPI in their official duties, including information not otherwise available to a member of the public exercising reasonable diligence.[30] The regulations would include enforcement provisions with a range of punishments for violations. The text of H.R. 9082 is also included as Section 517 in H.R. 8800, a National Defense Authorization Act for Fiscal Year 2027, which passed the House.

In the Senate, S. 4784, a National Defense Authorization Act for Fiscal Year 2027, reported by the Senate Committee on Armed Services, has three sections pertinent to prediction markets:[31]

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[30] The Department of Defense is "using a secondary Department of War designation," under Executive Order 14347 of September 5, 2025, "Restoring the United States Department of War," 90 *Federal Register* 43893, September 10, 2025.

[31] Amendments submitted for this bill would add additional sections requiring the Secretary of Defense to consult with the CFTC on the ongoing rulemaking regarding event contracts (S.Amdt. 5881/S.Amdt. 6605) and prohibiting foreign-owned entities from certain involvement in event contracts involving national defense information (S.Amdt. 6378).

- Section 1081 would make it unlawful for a member of the Armed Forces; civilian employee of the Department of Defense; or employee of a Department of Defense contractor, subcontractor, grantee, or subgrantee or personal services contractor to use MNPI derived from their position or gained from the performance of their official responsibilities as a means of profiting from a prediction market transaction. Violators would be subject to appropriate penalties as prescribed by the Department of Defense. The section would also require the covered individuals to report within 30 days to their designated agency ethics official any event contract transactions exceeding $250, including specific information on the event contract involved. Some of these provisions closely emulate provisions previously introduced in S. 4188 but are more narrowly tailored for defense personnel. The section refers to the term *covered transaction*, but, unlike S. 4188, does not define it.
    - Section 1081 of S. 4784 and Section 517 of H.R. 8800 are largely similar, prohibiting certain individuals from using MNPI derived from their positions for trading on prediction markets. While the provision in H.R. 8800 solely covers members of the Armed Forces and civilian employees, S. 4784 additionally covers contractors, subcontractors, grantees, and subgrantees and explicitly requires covered individuals to report event contract transactions above $250.
- Section 1082 would require the Secretary of Defense, in conjunction with the Secretaries of the military departments, to issue regulations within 180 days of enactment of S. 4784 to prohibit prediction market transactions related to eight detailed categories of defense-related subject matter by members of the Armed Forces and civilian employees of the Department of Defense. It also requires the Secretary to revise regulations governing contractors within 180 days of enactment to impose a similar prohibition on contractor personnel and to require that contractors report potential violations to the contracting officer and appropriate security officials. This section adds to the MNPI prohibition in Section 1081 an outright prohibition on certain subject matters of contracts. A similar provision is not present in H.R. 8800, as passed by the House.
- Section 1083 would make it unlawful for any person to place, accept, or facilitate a wager regarding a military operation, with *wager* defined to exclude lawful insurance arrangements.[32] The Attorney General would be given authority to bring civil actions for injunctive relief against violations of the prohibition, and the section incorporates the prohibition into several existing federal statutes that address illegal gambling and include criminal penalties.[33] Such a provision may apply to offshore prediction markets through the involvement of a U.S. user or other jurisdictional hook and would enable the Attorney General to enforce such provisions. The section would also amend the Special Rule to provide a direct prohibition on any event contracts involving war or U.S. Armed Forces military

[32] This section of the bill concerns a prohibition based on subject matter in line with the previous section of this report, but the overall bill is placed here because of the focus on the other prediction-markets-related sections of the bill.

[33] Specifically, the section would amend the Travel Act (18 U.S.C. §1952), the Illegal Gambling Business Act (18 U.S.C. §1955), and the Unlawful Internet Gambling Enforcement Act (31 U.S.C. §§5361-5367). For additional information on these statutes, see CRS Report RS21984, *Internet Gambling: An Abridged Overview of Federal Criminal Law*, by Charles Doyle.

operations. A similar provision is not present in H.R. 8800, as passed by the House.

H.R. 9367, the Stop Lawmakers From Predicting Act, would prohibit Members of Congress, their spouses, and their dependent children from trading event contracts concerning a specific government policy, a government action, a political outcome, or any other event that comes to the individual's attention as a result of the service of a Member of Congress. If the prohibition is violated, the related Member would be required to pay a fee equal to the sum of the net gain realized from the trade and either $2,000 or 10% of the value of the trade, whichever is greater. Supervising ethics offices would provide interpretive guidance, direct the payment of fees, and potentially refer violations to the Department of Justice, including in circumstances where a Member resigns or retires before paying a fee. H.R. 9367 was ordered to be reported, as amended, by the Committee on House Administration.

H.R. 9429, the Public Service Accountability Act, would amend the EIGA and generally prohibit certain individuals from trading in event contracts during federal service. Covered individuals include Members of Congress, employees of Congress, judicial officers and employees, the President, the Vice President, certain executive officials and employees, and the spouses and dependent children of the President, the Vice President, and Members of Congress. The bill would also restrict the covered individuals' trading and ownership of securities, commodities, and derivatives.

H.R. 9560, the No Profiting from Public Service Act, would prohibit any trading in event contracts related to specific political or governmental events, actions, or policies by senior officials in all three branches of the federal government, their spouses and dependent children, certain employees of all three branches, and political candidates. The bill would separately restrict ownership and trading of securities, commodities, and derivatives by senior officials in all three branches of the federal government and their spouses and dependent children.

Policy Considerations

As discussed above, government ethics legislation regarding prediction market transactions would be generally implemented through either an outright prohibition on trading writ large or a more limited prohibition tied to an individual with MNPI. These two approaches present certain trade-offs. An outright ban provides a bright-line rule but risks sweeping in actors or activities beyond areas of genuine ethical concern, dependent on the specific legislative construction. MNPI restrictions, in contrast, may provide more ambiguous guidance for relevant individuals.[34] MNPI-based restrictions could be duplicative of existing provisions implemented and enforced by the CFTC and exchanges themselves, while outright bans would generally impose new restrictions.[35]

[34] For example, it may be unclear to what extent an individual working on college sports reform bills might be restricted from trading on certain college sports event contracts. Material nonpublic information regarding the likelihood of passage of such bills or the insertion and deletion of specific provisions could be relevant to certain teams' future roster construction and performance.

[35] For a discussion of such provisions, see CRS Legal Sidebar LSB11406, *Prediction Markets and Insider Trading Law*, by Jay B. Sykes. In its proposed rule, the CFTC has specifically stated that certain contracts vulnerable to insider trading may be contrary to the public interest. CFTC, "Prediction Markets; Public Interest Determinations," 91 *Federal Register* 35806, June 12, 2026.

Other Approaches

S. 4060, the Prediction Markets Security and Integrity Act of 2026, would create a new regulatory framework for prediction markets under the Attorney General and the states. The bill would prohibit event contracts that (1) are susceptible to manipulation or fraudulent activities; (2) relate to war, military action, or death; (3) violate State or Federal law; or (4) relate to other matters that are contrary to the public interest as determined by the Attorney General. Prediction markets would not be able to operate in a state unless the state authorized a state wagering program approved by the Attorney General that incorporates state regulatory oversight, prohibitions on certain types of sports-related contracts, market integrity standards, consumer protection standards, and advertising restrictions. Prediction markets could not accept wagers from or advertise to individuals under 21 years old. The bill would also establish a national self-exclusion list and require the Attorney General to implement prohibitions on fraud and manipulation in prediction markets.

H.R. 8148, the Prediction Market RISK Act, would state that Sections 4(c) and 6(c) of the CEA apply to illegal trading practices related to a *prediction market contract*.[36]

S. 4469, the Prediction Market Act of 2026, would revise CFTC oversight of prediction markets. It would replace the existing Special Rule with similar language specifying that CFTC public interest determinations must be made on a "case-by-case basis" and includes definitions of *contingency* and *occurrence*. The bill would require the CFTC to promulgate rules regarding criteria for public interest determinations and instructs that these rules must provide that an event contract is "likely to be contrary to the public interest" if it "materially encourages violence or similar unlawful activity." The CFTC would also promulgate rules on requirements for contract certifications and requests for approval. The bill would also impose limits on prediction market promotional materials, require prediction markets to maintain an anti-money-laundering compliance program, and establish requirements for prediction market handling of customer funds, all with CFTC rulemaking authority. The bill would create an Advisory Council on Consumer Protection, an Office of the Retail Advocate, and an Innovation Advisory Committee, as well as require studies for Congress on event contracts from the CFTC and Securities and Exchange Commission (SEC). It would also prohibit Members of Congress, the President, the Vice President, and senior executive branch officials from trading event contracts. The bill would authorize $30 million to be appropriated to the CFTC for event contract oversight for each fiscal year from FY2027 to FY2031.

H.R. 8771, the Campaign Event Contract Integrity Act, would prohibit certain campaign-affiliated individuals with material nonpublic campaign information from transacting on political event contracts or providing such information to others who might reasonably be foreseen to trade on political event contracts. Platforms that facilitate political event contracts would be required to implement policies reasonably designed to prevent trading prohibited under the bill, report suspicious activity to the CFTC, and require traders exceeding CFTC-determined thresholds in political event contract trading to disclose any campaign affiliations or access to material nonpublic campaign information. The CFTC would be given pertinent civil enforcement and rulemaking authority to implement the bill's provisions.

H.R. 8912, the Campaign Funds Integrity Act of 2026, would modify the Federal Election Campaign Act of 1971 to prohibit candidates, authorized committees, or other political

[36] Section 6(c) includes prohibitions on fraud and manipulation. It is unclear whether the bill intends to reference Section 4(c), concerning certain public interest exceptions in futures trading, or Section 4c, which includes prohibitions on the misuse of nonpublic government information.

committees from using campaign funds to participate in prediction markets or event contracts. Violations would be subject to existing civil and criminal enforcement provisions under Section 309 of the Federal Election Campaign Act.

S. 4555, the GAME Act of 2026, would make it unlawful for certain digital advertising platforms with more than 100 million unique monthly users, including social media platforms and search engines, to display targeted advertising directed at minors that promotes a sports gambling platform. The definition of *sports gambling platform* would explicitly include prediction markets as well as traditional sports betting. Other provisions targeting the promotion and advertising of gambling to minors on similar platforms are included in the KIDS Act, as passed by the House (H.R. 7757) and the Kids Online Safety Act (H.R. 6484/S. 1748). It may be unclear whether these provisions would include prediction markets, as no explicit definition of gambling is presented in these bills at the time of this report's publication.[37]

H.R. 9706, the Facial Recognition to Protect Children Act, would require prediction markets and wagering operators to use facial recognition technology to verify that users are at least 18 years old before permitting them to access a wagering or prediction market platform or accepting their wagers or orders. This provision would be enforced by the Federal Trade Commission (FTC). The bill also contains provisions concerning CFTC regulation of event contracts identical to those in Section 2 of S. 4469. These provisions would require the CFTC to make public interest determinations on a "case-by-case basis," adopt criteria for public interest determinations, and promulgate rules on requirements for contract certifications and requests for approval. These provisions also address prediction market promotional practices, anti-money-laundering compliance, and prediction market handling of customer funds.

Other bills potentially implicate prediction markets as a part of their broader focus on betting or sports. H.R. 8970, the Gambling Disorder Health Study Act, would direct the Secretary of Health and Human Services to conduct research on gambling disorders and explicitly identifies prediction markets as a relevant gambling type to examine.

S. 4668, the Protect College Sports Act of 2026, a broader college sports bill, would enable an intercollegiate athletic association or a conference to restrict a student athlete from participating in sports if the athlete participated in sports wagering activities or sports-related event contracts.[38]

Policy Considerations

The proposed changes to the CEA in the identical provisions of Section 2 of S. 4469 and Section 2 of H.R. 9706 could narrow the CFTC's authority to prohibit certain types of event contracts. The bills would replace the Special Rule and adopt several positions that have been contested in competing regulatory proposals and litigation, including by requiring the CFTC to engage in case-by-case review of event contracts. They would also provide that CFTC rules regarding the criteria for determining whether an event contract is "contrary to the public interest" must include the principle that an event contract is likely to be so if it "encourages violence or similar unlawful

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[37] H.R. 6484 was forwarded by the Subcommittee on Commerce, Manufacturing, and Trade to the full House Committee on Energy and Commerce on December 11, 2025, via an amendment in the nature of a substitute. This version is available at https://plus.cq.com/pdf/amendment-8368737.pdf?3. S. 1748 was ordered to be reported with an amendment in the nature of a substitute on August 5, 2026, by the Senate Committee on Commerce, Science, and Transportation. This version is available on the committee website at https://www.commerce.senate.gov/wp-content/uploads/2026/08/S.1748-BLACKURN-ANS_as-modified.pdf.

[38] The reference to event contracts was added to S. 4668 in the version reported out of committee. H.R. 9137, the Protect College Sports Act of 2026, as introduced in the House, mirrors the originally introduced version of the Senate bill and so lacks such a reference.

activity." Some regulators could interpret this text as direction to adopt a relatively narrow understanding of "contrary to the public interest." Specifically, this narrower provision and the emphasis on violence could make it more difficult for regulators to argue that sports-related event contracts are contrary to the public interest for other reasons. Alternatively, this provision could be interpreted as merely one principle that could be included alongside other criteria.

Other legislation contemplates a regulatory structure with explicit state oversight and control over certain aspects of event contracts. S. 4060 provides a new regulatory framework for event contracts under the states with certain minimum federal standards. Such provisions tailor for prediction markets concepts introduced in S. 1033/H.R. 2087, the SAFE BET Act of 2025, which would subject state-regulated sports betting to federal oversight and minimum standards. Under a new hybrid of state and federal regulation, S. 4060 would impose federal minimum consumer protection standards that would be novel for prediction markets, including restricting trades to individuals 21 or older, creating a national self-exclusion list, and setting advertising restrictions on sporting events, among other requirements.[39] H.R. 7840, as discussed in the "Prohibitions Based on Subject Matter" section, would generally prohibit gaming-related event contracts, with a definition inclusive of sports, but creates an exemption permitting gaming-related event contracts in a state if the state expressly permits them. It may be unclear how this exemption would work in practice, since it does not appear to displace the CFTC's jurisdiction over these event contracts or permit state-level requirements on such gaming event contracts. These bills would leave certain questions unresolved relevant to regulatory arbitrage, such as state taxation.

Congress could more clearly delineate the forms of event contracts that may fall under the jurisdiction of the SEC.[40] The CFTC and SEC have sought public comment on, among other issues, how event contracts tied to securities should be classified and regulated.[41]

Another policy option for Members to consider is assigning certain consumer protection powers, such as industry-specific advertising oversight, to the FTC or the CFTC. The CFTC's proposed rule on prediction markets did not include specific advertising restrictions on prediction markets or their affiliates.[42] Congress could contemplate requirements and restrictions in line with certain state regulations on legalized sports gambling advertising or existing rules from financial regulators, such as the SEC. Such regulation could range from requiring that affiliates disclose paid partnerships or that advertisements incorporate addiction hotline phone numbers to banning certain practices, such as misleading individuals on chances of winning. Alternatively, Congress may decide that self-regulation by prediction markets in concert with existing FTC rules covering advertising may be sufficient to address congressional priorities.

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[39] Such protections relate to a broader policy question whether Congress should impose additional customer protections, such as disclosures, limitations on advertising, or restrictions on certain types of trades. These could be modified regardless of the regulatory structure of prediction markets.

[40] In March 2026, Chairman Atkins stated that "it is past time that the Commission [SEC] work with the CFTC to provide clarity on a range of Title VII definitional issues, including whether certain event contracts may be security-based swaps or other types of securities, such as options on securities." Paul S. Atkins, "Fostering Regulatory Harmony Between the SEC and CFTC," SEC, March 10, 2026, https://www.sec.gov/newsroom/speeches-statements/atkins-fostering-regulatory-harmony-between-sec-cftc-031026.

[41] CFTC, "Joint Request for Comment on Further Definition of 'Swap' and 'Security-Based Swap' and on Alternative Compliance," 91 *Federal Register* 37873, 37876, June 24, 2026, https://www.federalregister.gov/documents/2026/06/24/2026-12743/joint-request-for-comment-on-further-definition-of-swap-and-security-based-swap-and-on-alternative.

[42] The CFTC recently issued a letter stating that displaying products with "bookmaker-style odds is likely to mislead market participants" and requesting that CFTC-regulated entities "review their pricing displays, marketing material, and other information, as well as information displayed or used by their partners and affiliates." Letter from DJ Hennes, CFTC, Division of Market Oversight, Market Participants Division, to CFTC-regulated entities and affiliates, August 7, 2026, https://www.cftc.gov/media/14461/MisleadingDeceptivePractices073026/download (direct download).

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