Volume 4, Number 6 November–December 2026

THE JOURNAL OF FEDERAL AGENCY ACTION

Editor's Note: Remedies
Victoria Prussen Spears

Federal Trade Commission's Expanded Remedy Framework for a Micromarket Kiosks Merger and What It Signals for Future Deals
Nicholas Cheolas and Alissa Lynwood

Prediction Markets for Those Who Don't Predict (and for Those Who Do)—Part II
Deborah North, Brian J. Morris, Nicholas "Niko" Gekakis, Efpraxia "Effie" Stathaki, Ferdisha Snagg, and Laura Prosperetti

Put Your Money Where Your Mouth Is: Political Prediction Markets, Public Information, and the First Amendment—Part I
Stephen C. Piepgrass, Graham K. Bryant, and Reade Jacob

Government Contract Claims 101: A Contractor's Guide to Requests for Equitable Adjustment, Terminations, and Other Resolutions
Amy L. Fuentes, Ann E. McRitchie, and Anne M. Delmare

U.S. Banking Agencies Propose New Rules to Reduce Regulatory Capital Requirements for Banks
Jeffrey D. Haas, Paul M. Aguggia, Shawn M. Turner, Dimitri Nionakis, and Rolland A. Hampton

fastcase FULL COURT PRESS

The Journal of Federal Agency Action

Volume 4, No. 6 | November–December 2026

375 **Editor's Note: Remedies**
Victoria Prussen Spears

379 **Federal Trade Commission's Expanded Remedy Framework for a Micromarket Kiosks Merger and What It Signals for Future Deals**
Nicholas Cheolas and Alissa Lynwood

393 **Prediction Markets for Those Who Don't Predict (and for Those Who Do)—Part II**
Deborah North, Brian J. Morris, Nicholas "Niko" Gekakis, Efpraxia "Effie" Stathaki, Ferdisha Snagg, and Laura Prosperetti

405 **Put Your Money Where Your Mouth Is: Political Prediction Markets, Public Information, and the First Amendment—Part I**
Stephen C. Piepgrass, Graham K. Bryant, and Reade Jacob

419 **Government Contract Claims 101: A Contractor's Guide to Requests for Equitable Adjustment, Terminations, and Other Resolutions**
Amy L. Fuentes, Ann E. McRitchie, and Anne M. Delmare

437 **U.S. Banking Agencies Propose New Rules to Reduce Regulatory Capital Requirements for Banks**
Jeffrey D. Haas, Paul M. Aguggia, Shawn M. Turner, Dimitri Nionakis, and Rolland A. Hampton

EDITOR-IN-CHIEF

Steven A. Meyerowitz
President, Meyerowitz Communications Inc.

EDITOR

Victoria Prussen Spears
Senior Vice President, Meyerowitz Communications Inc.

BOARD OF EDITORS

Lynn E. Calkins
Partner, Holland & Knight LLP
Washington, D.C.

Helaine I. Fingold
Member, Epstein Becker & Green, P.C.
Baltimore

Nancy A. Fischer
Partner, Pillsbury Winthrop Shaw Pittman LLP
Washington, D.C.

Phil Lookadoo
Partner, Haynes and Boone, LLP
Washington, D.C.

Michelle A. Mantine
Partner, Reed Smith LLP
Pittsburgh

Ryan J. Strasser
Partner, Troutman Pepper Locke, LLP
Richmond & Washington, D.C.

THE JOURNAL OF FEDERAL AGENCY ACTION (ISSN 2834-8818 (online)) at $495.00 annually is published six times per year by Full Court Press, a Fastcase, Inc., imprint. Copyright 2026 Fastcase, Inc. No part of this journal may be reproduced in any form—by microfilm, xerography, or otherwise—or incorporated into any information retrieval system without the written permission of the copyright owner.

For customer support, please contact Fastcase, Inc., 729 15th Street, NW, Suite 500, Washington, D.C. 20005, 202.999.4777 (phone), or email customer service at support@fastcase.com.

Publishing Staff
Publisher: David Nayer
Production Editor: Sharon D. Ray
Cover Art Design: Morgan Morrissette Wright and Sharon D. Ray

This journal's cover includes a photo of Washington D.C.'s Metro Center underground station. The Metro's distinctive coffered and vaulted ceilings were designed by Harry Weese in 1969. They are one of the United States' most iconic examples of the brutalist design style often associated with federal administrative buildings. The photographer is by XH_S on Unsplash, used with permission.

Cite this publication as:

The Journal of Federal Agency Action (Fastcase)

This publication is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Copyright © 2026 Full Court Press, an imprint of Fastcase, Inc.
All Rights Reserved.
A Full Court Press, Fastcase, Inc., Publication

Editorial Office

729 15th Street, NW, Suite 500, Washington, D.C. 20005
https://www.fastcase.com/

POSTMASTER: Send address changes to THE JOURNAL OF FEDERAL AGENCY ACTION, 729 15th Street, NW, Suite 500, Washington, D.C. 20005.

Articles and Submissions

Direct editorial inquiries and send material for publication to:

Steven A. Meyerowitz, Editor-in-Chief, Meyerowitz Communications Inc., 26910 Grand Central Parkway, #18R, Floral Park, NY 11005, smeyerowitz@meyerowitzcommunications.com, 631.291.5541.

Material for publication is welcomed—articles, decisions, or other items of interest to attorneys and law firms, in-house counsel, corporate compliance officers, government agencies and their counsel, senior business executives, and anyone interested in federal agency actions.

This publication is designed to be accurate and authoritative, but neither the publisher nor the authors are rendering legal, accounting, or other professional services in this publication. If legal or other expert advice is desired, retain the services of an appropriate professional. The articles and columns reflect only the present considerations and views of the authors and do not necessarily reflect those of the firms or organizations with which they are affiliated, any of the former or present clients of the authors or their firms or organizations, or the editors or publisher.

QUESTIONS ABOUT THIS PUBLICATION?

For questions about the Editorial Content appearing in these volumes or reprint permission, please contact:

David Nayer, Publisher, Full Court Press at david.nayer@clio.com or at 202.999.4777

For questions or Sales and Customer Service:

Customer Service
Available 8 a.m.–8 p.m. Eastern Time
866.773.2782 (phone)
support@fastcase.com (email)

Sales
202.999.4777 (phone)
sales@fastcase.com (email)

ISSN 2834-8796 (print)
ISSN 2834-8818 (online)

Prediction Markets for Those Who Don't Predict (and for Those Who Do)—Part II

Deborah North, Brian J. Morris, Nicholas "Niko" Gekakis, Efpraxia "Effie" Stathaki, Ferdisha Snagg, and Laura Prosperetti*

In this article, the authors provide background on, and an overview of, the evolving regulation of prediction markets with a particular emphasis on how these developments may affect other aspects of the derivatives and securities markets. In the first part of a two-part article, published in the prior issue of The Journal of Federal Agency Action*, the authors introduced the subject, provided background, examined the regulatory framework, and discussed recent initiatives by the Commodity Futures Trading Commission (CFTC). In this conclusion, the authors discuss the CFTC-Securities and Exchange Commission division of labor and jurisdictional questions, market abuse and insider trading on prediction markets, and perspectives from the United Kingdom and Europe.*

The CFTC-SEC Division of Labor and Jurisdictional Questions

The Memorandum of Understanding

On March 11, 2026, the Commodity Futures Trading Commission (CFTC) and Securities and Exchange Commission (SEC) signed a Memorandum of Understanding[75] (MOU) to guide coordination and collaboration between the two agencies across six areas:

1. product definitions, through joint interpretations and rulemakings;
2. clearing and margin frameworks;
3. dual registration frictions for exchanges, trading venues, and intermediaries;
4. crypto assets and emerging technologies;
5. regulatory reporting; and
6. cross-market oversight, including examinations, surveillance, and enforcement.

The Journal of Federal Agency Action / November–December 2026, Vol. 4, No. 6, pp. 393–404.
© 2026 Full Court Press. All rights reserved.
ISSN 2834-8818 (online).

In the prediction markets context, the MOU provides the formal interagency mechanism through which the CFTC and SEC have committed to resolving the open jurisdictional questions concerning event contracts. The CFTC acknowledged in its advance notice of proposed rulemaking (ANPRM) that event contracts referenced to events associated with potential financial, economic, or commercial consequences may constitute security-based swaps or other instruments subject to the jurisdiction of the SEC.[76] On March 10, SEC Chairman Paul Atkins similarly acknowledged that some event contracts may be subject to SEC jurisdiction, noting that "it is past time that the [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."[77]

The Jurisdictional Framework

Notwithstanding that prediction market platforms are generally registered with the CFTC as designated contract markets (DCMs), an event contract could fall under the SEC's jurisdiction if it is either a "security" or a "security-based swap." A "security-based swap" is defined as a swap that is based on a single security or loan, a narrow-based security index, or an event relating to a single issuer or issuers of securities in a narrow-based security index where such event directly affects the financial statements, financial condition, or financial obligations of the issuer.[78] The analysis turns on a fact-specific, three-part test: whether the contract (1) meets the Commodity Exchange Act (CEA) definition of "swap," (2) relates to a single issuer or issuers in a narrow-based security index, and (3) involves an event directly affecting the issuer's financial statements, financial condition, or financial obligations. The consequences of such a determination are significant: when offered outside of a National Securities Exchange, security-based swaps are only available to "eligible contract participants," and cannot be offered to retail investors.[79] Further, the process for listing security-based swaps on a National Securities Exchange is different from the process for listing a swap on a DCM in ways that may disadvantage National Securities Exchanges in competition with DCMs (for example, it requires a registration statement for the security-based swap and intermediation by a broker-dealer).[80]

The process is also untested, as currently security-based swaps are not offered on National Securities Exchanges, but are instead listed on Security-Based Swap Execution Facilities, which do not permit retail trading.[81]

Certain event contracts may also be structured as options on a security, or index of securities (whether broad- or narrow-based), which are excluded from the definition of swap and security-based swap.[82] Accordingly, such options would be regulated exclusively by the SEC as securities options. Unlike security-based swaps, listed options may be offered to retail investors but are still only eligible for listing on a National Securities Exchange and not through a self-certification process.[83] Nasdaq Options Exchange recently submitted a rule proposal to the SEC seeking approval to list binary security options (which it calls "Outcome-Related Options") on the Nasdaq 100 Index and the Nasdaq 100 Micro Index.[84] The proposal is a sign of the growing interest in and impact of prediction markets on registrants.[85]

Powers and Limitations on Allocation of Jurisdiction

The question of jurisdictional allocation has significant commercial implications. Several factors are driving interest in resolving the classification of event contracts that may exhibit characteristics of both swaps and securities products.

First, the listing venues available to market participants differ materially depending on whether a product is classified as a swap, a security-based swap, or security option and the infrastructure and participant base of existing prediction market DCMs may not be replicable on securities venues.

Second, as previously noted, security-based swaps cannot currently be offered to retail investors in any practical manner.[86]

Third, market participants may want to benefit from the convenience of being able to access all permissible event contracts on a single preferred venue.

The United States is unique among developed markets in bifurcating derivatives jurisdiction in financial markets based on the nature of the underlying reference asset. One rationale for this division, which is primarily historic, is the need to address insider trading risk: where a derivative is referenced to a security or issuer, the potential for misuse of MNPI and the risk of

cross-market manipulation are substantially the same as those arising in the underlying securities markets.[87] Company-driven event contracts—such as those settling on corporate actions, earnings outcomes, management decisions, or a company's key performance indicators—may be economically analogous to equity derivatives in this respect, as persons with access to inside information about the issuer may be positioned to trade on that information through the event contract. Moreover, such contracts have the potential to affect not only the prediction market itself but also the related equity markets, as trading activity or price signals in one market may influence participant behavior and pricing in the other.[88]

In practice, options for resolving the classification of event contracts that may have characteristics of both swaps and securities products include:

1. structure such contracts as either securities options or security-based swaps subject to SEC jurisdiction;
2. structure the contracts such that they do not satisfy the statutory definition of security-based swap (or other instrument subject to the SEC's jurisdiction) and ensure they are properly characterized as swaps or futures under the CFTC's exclusive jurisdiction; or
3. permit such contracts to be regulated as swaps notwithstanding potential securities characteristics, utilizing inter-agency mechanisms, such as those established by the Dodd-Frank Act.

Two Dodd-Frank Act provisions may be particularly relevant to the third option above. Section 717[89] permits the CFTC to exempt "securities-related" instruments (a term left undefined) from CEA requirements on the condition that the SEC exercise concurrent jurisdiction, deeming such instruments securities. Section 718[90] establishes a consultation mechanism for novel products with elements of both securities and commodity futures, but does not itself create or transfer regulatory authority. Neither provision offers a straightforward path to jurisdictional reallocation, and the CFTC's broader exemptive authority does not extend to exempting products from the swap definition absent express Congressional authorization. Separately, under CFTC Rule 1.8 and SEC Rule 240.3a68-2,[91] any person may request that both agencies jointly characterize

a specific contract within 120 days of the request, although the interpretation would be contract-specific.

To date, there has been limited regulatory appetite to examine more closely whether certain event contracts constitute security-based swaps, and market participants may similarly have limited commercial incentive to pursue such a characterization given the complexity in offering security-based swaps to retail investors. The balance of incentives regarding jurisdictional allocation may shift, however, as market participants develop security options-based structures for event contracts which could offer a more viable path to retail availability under SEC jurisdiction.[92] It remains to be seen whether the agencies will provide joint interpretive guidance clarifying the scope of prediction market event contracts, similar to the recent joint interpretive guidance on the characterization of crypto assets, potentially in context of the ANPRM.[93]

Market Abuse and Insider Trading on Prediction Markets

The growth of prediction markets has brought into focus the application of the CFTC's anti-manipulation and insider trading framework to a new and rapidly expanding class of contracts. Under CEA section 6(c)(1)[94] and Commission Regulation 180.1,[95] which was modeled on, but distinct from, SEC Rule 10b-5,[96] it is unlawful for any person to employ any device, scheme, or artifice to defraud, or to manipulate the price of any contract listed on a DCM, including through the misappropriation of confidential information obtained in breach of a pre-existing contractual, legal, or regulatory duty. CFTC Regulation 180.1 expressly acknowledges that the mere possession of and trading on asymmetric information is not, by itself, unlawful.[97] Liability under the misappropriation theory requires that the information have been obtained in breach of a pre-existing contractual, legal, or regulatory duty.

The CFTC signaled that enforcement in this area is both within its purview and a priority through the simultaneous publication of the February 25, 2026, advisory and two enforcement cases involving event contracts traded on Kalshi. In the first, a political candidate traded on his own candidacy in breach of exchange rules, resulting in a $2,246.36 penalty and a five-year trading suspension. In the second, a YouTube channel editor traded a contract related

to that channel while likely in possession of MNPI, resulting in a $20,397.58 penalty and a two-year suspension.[98] While the penalties are modest, the cases are significant as the first public recognition by the CFTC of enforcement actions in this space. While these matters were handled through Kalshi's internal enforcement program, the CFTC noted that the conduct also fell within its own enforcement authority under the CEA, confirming that the CFTC views Regulation 180.1 as fully applicable to prediction market trading and may act on violations of exchange rules prohibiting participants from trading on contracts over which they have direct or indirect influence over the outcome.

Exposure to enforcement may extend beyond CFTC action alone. Employee misuse of MNPI on prediction markets may attract platform-level sanctions, including profit disgorgement and trading bans, as well as potential Department of Justice action, including wire fraud charges,[99] where platform terms of service are violated. The Department of Justice has used the federal wire fraud statute to prosecute insider trading–like schemes in digital-asset contexts involving alleged misappropriation of confidential information, including in NFT (non-fungible token) marketplace and crypto-exchange listing cases.[100] Where prediction market activity could be shown to influence or manipulate a related securities market, the SEC may also assert jurisdiction[101] notwithstanding the CFTC's primary oversight role.

Looking ahead, the ANPRM raises the broader policy question of whether persons with an information advantage should be permitted (or even encouraged) to trade on prediction markets, on the basis that such trading may improve price discovery and reliability. The CFTC has invited comment on how to balance that potential public interest benefit against the risks of manipulation, unfairness, and misuse of MNPI.

In light of the Division of Market Oversight (DMO) Advisory and the February enforcement advisory, we recommend that clients review existing compliance programs and employee policies, in particular insider trading and code of conduct policies. The Preventing Real-Time Exploitation and Deceptive Insider Congressional Trading (PREDICT) Act has been introduced in the House. If enacted, the legislation would prohibit certain government officials from entering into any contract "that is dependent on the occurrence, nonoccurrence, or the extent of the occurrence of a specific political event."[102]

International Perspectives: The United Kingdom and Europe

While the United States moves toward a more permissive federal framework for event contracts, the position in the United Kingdom and the European Union reflects different structural and regulatory approaches. In both jurisdictions, the regulatory treatment of prediction markets turns principally on the nature of the underlying event—and in particular on whether a given contract references a financial variable so as to engage financial services regulation, or a non-financial outcome so as to fall within the scope of gambling legislation. The following sections set out the current position in each jurisdiction in turn.

United Kingdom

The UK regulatory position currently turns on the distinction between a binary financial and non-financial product. In transposing the Directive 2014/65/EU on markets in financial instruments (MiFID II) into UK law, HM Treasury extended the financial services regulatory perimeter to include binary options relating to underliers such as financial instruments or indices, economic statistics, commodities, interest rates, or climate variables.[103] Firms arranging or operating trading venues for such instruments in the United Kingdom require appropriate authorization from the Financial Conduct Authority (FCA). In contrast, contracts referencing non-financial outcomes—such as sports results or political events—likely fall within the remit of the Gambling Commission under the Gambling Act 2005, which establishes the statutory licensing regime for commercial betting and gambling. The Gambling Commission has indicated that, depending on the precise business model, a prediction market operator offering non-financial event contracts to UK customers would likely be characterized as a "betting intermediary"—broadly analogous to a UK "betting exchange."[104] In those circumstances, the operator would require the appropriate Gambling Commission license, absent alternative compliant structuring arrangements.

The FCA has taken a notably interventionist approach where the potential for retail harm is concerned. In 2019, it imposed a permanent ban on the sale of financial binary options to retail

consumers.[105] That prohibition applies to FCA-authorized firms. However, cross-border marketing and sale of regulated contracts to UK retail clients may still engage UK licensing and financial promotion restrictions, creating practical access constraints for overseas providers.

The UK's regulatory boundary reflects a risk-based allocation of supervisory responsibility, rather than a view about the economic similarity of products. The FCA's framework is designed around risks inherent in financial markets—market integrity, transparency, leverage and counterparty exposure. By contrast, sports and political spread bets reference events that in the FCA's view have no intrinsic connection to financial markets and the FCA considers the risk profile to be fundamentally different: the core concerns are gambling-related harms (addiction and behavioral vulnerability), rather than market conduct or systemic financial risk. Those risks sit within the competence of the Gambling Commission.

All that said, the UK perimeter is not immutable. HM Treasury retains the power to amend the regulated activities framework, and perimeter issues are periodically reviewed in joint FCA–HM Treasury discussions. At present, however, there is no clear indication of an imminent shift that would bring non-financial prediction markets within the FCA's remit.

European Union

In the European Union, the regulatory framework applicable to event contracts traded in prediction markets depends on how those contracts are classified, which in turn depends on the nature of the underlying event. Where a contract references a non-financial event—such as political elections or sports results—it typically falls within the scope of national gambling regulations, which are not harmonized at the EU level. For example, in Italy, gambling is a state monopoly. Organizing or facilitating the collection of bets (including by digital means) is subject to licensing and public concession requirements, which, if breached, may result in criminal liability (including for individuals participating in illegal games). In October 2025, the Italian Customs and Monopolies Agency blocked access from Italy to a major prediction markets platform due to its alleged non-compliance with Italian gambling regulations.

Conversely, event contracts based on financial variables (e.g., stocks, ETF indices, digital assets) may fall within the definition of "derivatives" under MiFID II. The provision of investment services linked to derivatives constitutes a reserved activity that may be carried out only by authorized investment firms, banks, and certain other financial institutions, in compliance with conduct of business requirements aimed at ensuring investor protection.

Event contracts that qualify as derivatives may further qualify as "binary options" (i.e., options where the investor either receives a predetermined cash pay-out if the specified condition is met, or loses the entire amount invested if it is not, generally within a short timeframe). In 2018, EU regulators began restricting the offer of binary options to retail clients. First, on 22 May 2018 (effective 2 July 2018), the European Securities and Markets Authority (ESMA) adopted a temporary ban on binary options for retail clients under Article 40 of Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR), pursuant to which ESMA may impose temporary product intervention measures and, subject to ESMA's favorable opinion, national competent authorities (NCAs) may impose permanent measures.[106] Following the expiry of ESMA's temporary ban (1 July 2019), nearly all EU NCAs have adopted permanent national product intervention measures pursuant to Article 42 MiFIR prohibiting the marketing, distribution, or sale of binary options to retail clients. Those measures were adopted following ESMA's favorable opinions, as detailed in a 2020 report to the European Commission on the effects of these product intervention measures.[107]

Accordingly, the marketing, distribution, or sale to retail investors of prediction markets contracts linked to financial variables meeting the requirements to be classified as binary options is currently prohibited across nearly all of Europe.

Notes

* The authors, attorneys with Cleary Gottlieb Steen & Hamilton LLP, may be contacted at dnorth@cgsh.com, bmorris@cgsh.com, ngekakis@cgsh.com, estathaki@cgsh.com, fsnagg@cgsh.com, and lprosperetti@cgsh.com, respectively. Footnote numbering continues from Part I. Note: The legal and regulatory framework addressed here may have changed since this article was written.

75. Memorandum of Understanding Between the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission Regarding Harmonization in Areas of Common Regulatory Interest. Release No. 2026-26 (Mar. 11, 2026).

76. CFTC Prediction Markets ANPRM, Release No. 9194-26 (Mar. 12, 2026).

77. Paul S. Atkins, Chairman, U.S. Securities and Exchange Commission, "Fostering Regulatory Harmony Between the SEC and CFTC," Remarks at the FIA Global Cleared Markets Conference, Boca Raton, FL (March 10, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-fostering-regulatory-harmony-between-sec-cftc-031026.

78. 15 U.S.C. § 78c(a)(68).

79. 15 U.S.C. § 78f(l).

80. 15 U.S.C. § 77e(e).

81. 15 U.S.C. §§ 78c-3(a), 78c-3(g)(1), 78c-4.

82. 15 U.S.C. § 1(a)(47)(B)(iii).

83. Notably, the SEC has previously approved listing rules for binary options based on certain categories of securities. See Securities Exchange Act Release Nos. 55843 (June 1, 2007), 72 FR 31636 (June 7, 2007) (Notice); 56251 (August 14, 2007), 72 FR 46523 (August 20, 2007) (Approval) (SR Amex-2004-27); 57642 (April 9, 2008), 73 FR 20985 (April 17, 2008) (Notice); 57850 (May 22, 2008), 73 FR 31169 (May 30, 2008) (Approval) (SR-CBOE-2006-105). See also Cboe Exchange, Inc. Rules related to Binary Options as described at Rule 4.16 and NYSE American LLC Rules related to ByRDs at section 17 of NYSE American's Rules.

84. Notice of Filing of Proposed Rule Change to Adopt New Options Rule 3B to List and Trade Outcome-Related Options, 91 Fed. Reg. 12652 (Mar. 16, 2026), https://www.federalregister.gov/documents/2026/03/16/2026-05019/self-regulatory-organizations-nasdaq-mrx-llc-notice-of-filing-of-a-proposed-rule-change-to-adopt-new.

85. The Chicago Mercantile Exchange has also enthusiastically embraced event contracts. See CME Group Announces 100 Million Event Contracts Traded (Feb. 13 2026), https://www.cmegroup.com/media-room/press-releases/2026/2/13/cme_group_announces100millioneventcontracts traded.html.

86. The issue of retail access to security-based swaps has been raised in the past and proposals have been shared with the SEC to facilitate retail access to such products, however, no action has been taken and security-based swaps remain largely out of reach for retail customers. See Letter from the Securities Industry and Financial Markets Association to the SEC (Jan. 8, 2020), https://www.sec.gov/comments/s7-27-11/s72711-6633321-203172.pdf.

87. 17 C.F.R. § 240.9j-1 provides an analogue to 7 C.F.R. § 240.10b-5 in the security-based swap context.

88. For a more thorough explanation of the considerations surrounding insider trading in event contracts, see below "Market Abuse and Insider Trading on Prediction Markets" section.

89. 7 U.S.C. § 2; 15 U.S.C. § 78c-2; 15 U.S.C. § 78s; 7 U.S.C. § 7a-2.

90. 15 U.S.C. § 8306.

91. 17 C.F.R. § 1.8 (2024); 17 C.F.R. § 240.3a68-2.

92. See, e.g., the discussion of Nasdaq's proposal to list binary security options on the Nasdaq Options Exchange supra. Relatedly, very recently, event contracts have been embedded in certain structured securities in the form of principal-protected structured notes—sometimes referred to as "Binary Bonds"—pairing a discount bond with a contingent upside tied to a specified event outcome. Because the derivatives exposure is fully embedded in the note itself or in an ETF wrapper, such products may broaden retail access to prediction market economics through traditional securities distribution channels.

93. Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets, Release Nos. 33-11412; 34-105020, https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

94. 7 U.S.C. § 9(1).

95. 17 C.F.R. § 180.1.

96. 17 C.F.R. § 240.10b-5.

97. See 17 C.F.R. § 180.1(b).

98. Press Release, Commodity Futures Trading Commission, CFTC Enforcement Division Issues Prediction Markets Advisory, Release No. 9193-26 (Mar. 12, 2026), https://www.cftc.gov/PressRoom/PressReleases/9193-26.

99. 18 U.S.C. § 1343.

100. See Former Employee of NFT Marketplace Charged in First Ever Digital Asset Insider Trading Scheme, U.S. Attorney's Office, Southern District of New York Press Release No. 22-180 (June 1, 2022), https://www.justice.gov/usao-sdny/pr/former-employee-nft-marketplace-charged-first-ever-digital-asset-insider-trading-scheme?utm_source=openai; Three Charged in First Ever Cryptocurrency Insider Trading Tipping Scheme, U.S. Attorney's Office, Southern District of New York Press Release No. 22-232 (July 21, 2022), https://www.justice.gov/usao-sdny/pr/three-charged-first-ever-cryptocurrency-insider-trading-tipping-scheme?utm_source=openai.

101. 15 U.S.C. § 78j(b).

102. Preventing Real-Time Exploitation and Deceptive Insider Congressional Trading Act. H.R. 8076, 119th Cong. (2026).

103. Article 85(4A) and (4B) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

104. Gambling Commission, "Prediction Markets—Here's What You Need to Know" (posted February 4, 2026), https://www.gamblingcommission.gov.uk/blog/post/prediction-markets-heres-what-you-need-to-know.

105. FCA Conduct of Business Sourcebook (COBS) 22.4 (Prohibition on the retail marketing, distribution and sale of derivative contracts of a binary or other fixed outcomes nature).

106. ESMA Decision (EU) 2018/795 of 22 May 2018 to temporarily prohibit the marketing, distribution, or sale of binary options to retail clients in the Union in accordance with Article 40 of Regulation (EU) No 600/2014 of the European Parliament and of the Council, https://eur-lex.europa.eu/eli/dec/2018/795/oj/eng.

107. European Securities and Markets Authority, "Final Report—ESMA's Technical Advice to the Commission on the effects of product intervention measures" (February 3, 2020, ESMA35-43-2134), https://www.esma.europa.eu/sites/default/files/library/esma35-43-2134_technical_advice_to_the_ec_on_product_intervention.pdf.