

Congress of the United States
Washington, DC 20510

August 5, 2024

The Honorable Rostin Behnam
Commodity Futures Trading Commission
1155 21st St NW Washington, DC 20581

Dear Chairman Rostin Behnam,

We are writing to support the Commodity Futures Trading Commission Notice of Proposed Rulemaking issued on May 10, 2024 regarding event contracts, which includes a prohibition on event contracts concerning the outcome of U.S. elections. Finalizing and implementing this rule will prevent Wall Street from setting up massive political betting markets that could influence and interfere with elections and further erode public trust in democracy.

We strongly support the proposed rulemaking to prevent further corruption of our electoral system by moneyed interests. As we approach the 2024 election, voters already face a political system that allows the richest individuals and corporations to funnel dark money into campaigns without disclosure. The threat of violence and extremism is high, and the U.S. remains a target for foreign actors who have sought to meddle in our elections. The last thing that voters heading to the polls need are bets waged on the outcome of that election. Voters need action, as proposed by the CFTC in this rule, to restore trust. Elections are not a for-profit enterprise. Without this rule, voters will wonder if their vote mattered, and the whether the outcome of the election was influenced by big money bets.

Specifically, we support the Commission in finding that the outcome of a political contest, including an election, constitutes “gaming,” and is as such contrary to the public interest and may not be listed on CFTC regulated markets. Political event contracts do not serve the economic purpose of futures markets, and the Commission does not have the congressional mandate to regulate election and campaign activity. Additionally, placing a bet or wager on the outcome of an election is already prohibited by well over a dozen states nationwide – to offer these bets at the federal level potentially represents an unlawful pre-emption of State responsibilities in regulating and administering federal elections.

The Commission has an important and congressionally mandated role to serve the public interest through financial market oversight. However, the Commission has had to increasingly divert resources away from its primary job regulating markets for goods, services, and other financial matters in order to address a growing number of private companies and other entities seeking to use CFTC regulated markets to directly profit off of U.S. elections. In 2021, more event contracts were listed for trading in the prior 15 years combined, and this trend has only continued since. It is critical that the Commission explicitly clarify event contracts that are prohibited under Section 5c(c)(5)(C) of the Commodity Exchange Act.

Election gambling fundamentally cheapens the sanctity of our democratic process. Political bets change the motivations behind each vote, replacing political convictions with financial calculations. Allowing billionaires to wager extraordinary bets while simultaneously contributing to a specific candidate or party, and political insiders to bet on elections using non-public

information, will further degrade public trust in the electoral process. We urge you to promptly finalize and implement this rule to prevent the commodification of U.S. elections.

Sincerely,



Jeffrey A. Merkley
United States Senator



Jamie Raskin
Member of Congress



Sheldon Whitehouse
United States Senator



John P. Sarbanes
Member of Congress



Elizabeth Warren
United States Senator



Eleanor Holmes Norton
Member of Congress



Chris Van Hollen
United States Senator



Richard Blumenthal
United States Senator