

2026 MID-YEAR PREDICTION MARKET REPORT: UNCERTAINTY PREVAILS AMIDST EXTRAORDINARY FEDERAL ACTION

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Asset Management and Investment Funds

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During the first part of 2026, the US Commodity Futures Trading Commission (CFTC or the Commission) has undertaken a sweeping campaign to protect its asserted exclusive jurisdiction over prediction markets—the markets on which event contracts are traded. This effort includes a set of wide-ranging public remarks by its new chairman outlining a broad regulatory program, a set of lawsuits and case filings across the country, and a series of administrative measures, including proposed rulemakings.

Since 2025, the number of applications to the CFTC for Designated Contract Market (DCM) status and the number of exchanges approved by the CFTC as DCMs have proliferated, and continue to rise. The CFTC has designated 12 new DCMs since 1 January 2025. As of this writing, 14 entities that have applied for DCM status during the same time period have pending applications with the CFTC. One large futures commission merchant (FCM) reported that it traded over 12 billion event contracts in 2025 and provided a preliminary report that it traded 3.4 billion event contracts in January 2026 alone. Most of those contracts are traded on stand-alone prediction market platforms regulated by the CFTC. As those platforms continue to develop, they are entering into new markets, including perpetual derivative contracts.

Our upcoming mid-year report reviews the following important developments in prediction markets:

- the CFTC Chairman's regulatory agenda and the Commission's proposed rulemaking initiatives;
- legislative developments and congressional investigations;
- the wave of litigation over product classification and the role of federalism;
- federal enforcement actions for insider dealing on prediction markets;
- implications for investment companies and advisers; and
- key takeaways for market participants amidst the uncertainty in prediction markets.

A full copy of this report can be found [here](#).

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