

Congress of the United States

Washington, DC 20515

April 6, 2026

The Honorable Michael S. Selig
Chairman
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Dear Chairman Selig,

We write to express concern that prediction markets have come to resemble an unregulated “Wild West.” The Commodities Futures Trading Commission (CFTC) has rebuffed this characterization, but recent high-profile instances of alleged insider trading on prediction market platforms relating to U.S. government actions—including the military’s intervention in Venezuela and our recent attack on Iran—have fueled concern that the CFTC does not have adequate control over these fast-growing markets. Accordingly, we write to seek information about the CFTC’s regulatory approach to the current situation.

The prevalence of event contracts that appear to flout United States law is concerning and indicative of a sector lacking proper oversight. Although many of the most flagrant recent trades occurred outside the United States, this should not preclude the Commission from undertaking enforcement actions to uphold and enforce United States law.

As you know, CFTC Rule 40.11 prohibits the listing of contracts that “involve, relate, or reference terrorism, assassination, war, gaming, or an activity that is unlawful under any State or Federal law.” In turn, the CFTC has the authority under the Commodities Exchange Act (CEA) to apply its rules and regulations for the purpose of preventing evasion of the CEA’s underlying swap provisions (which would include the Commission’s Section 6(c)(1) authority to combat market manipulation). Furthermore, Section 2(i) of the CEA allows the CFTC to apply any rule or regulation issued under the CEA when swap activities outside the United States have a direct and significant connection with activities in, or effect on, commerce of the United States.

These provisions make it clear that the CFTC has the authority to police insider trading in swaps markets and should apply its existing rule prohibiting bets relating to terrorism, assassinations, and war. This should especially be clear for contracts that are as morally obscene as betting on military action in Venezuela and Iran. Such corrupt trades deserve swift and decisive oversight. Allowing these contracts to persist raises troubling concerns about the Commission’s desire and capacity to fulfill a global regulatory role.

As described above, we believe that the Commission has the authority to regulate insider trading and violations of US law occurring within swaps contracts outside of the United States, and we are requesting information as to why the commission has not taken greater action against them. We request responses to the following questions by April 15, 2026, so that we can better understand your regulatory approach.

1. Why has the Commission neglected to take public action, thus far, against prohibited war, terrorism, or assassination swaps issued by non-US entities?
2. Does the Commission agree with our assessment that it has the authority to regulate insider trading, as a form of market manipulation, and swaps that violate Rule 40.11, even if the violations occur outside the United States?

3. Does the Commission have adequate enforcement capacity to regulate insider trading, market manipulation, and swaps that violate Rule 40.11 on US-regulated exchanges?
4. Did the Commission discuss with Polymarket the continued listing of swaps prohibited by Rule 40.11 during negotiations to allow Polymarket reentry into the United States?
5. Does the Commission believe it has adequate statutory authority to regulate insider trading within prediction markets?
6. Has the Commission been made aware of any conflicts of interest between major market participants and family members of Executive Branch officials, including the President of the United States?

Sincerely,




Seth Moulton
Member of Congress



James P. McGovern
Member of Congress



Greg Casar
Member of Congress



Jamie Raskin
Member of Congress



Dina Titus
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Gabe Amo
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