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Commentary

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I. Introduction: The Tradeoff at the Heart of Prediction Market Regulation

The value of prediction markets for information aggregation and forecasting in events such as elections, economic outcomes, and geopolitical episodes depends on the willingness of informed traders to participate. Prices are expected to become more accurate measures of the probability of these events as traders with superior information profit from acting on that information. Traders may gain this informational advantage through costly investment, such as commissioning private polls or conducting proprietary research. Alternatively, traders could gain an advantage by misappropriating confidential information from an employer or other source. Consequently, regulators face a central economic tradeoff: how to suppress trading based on misappropriated data without discouraging the legitimate research and information production that drives price discovery.

While prediction markets are not new, their recent growth has catalyzed a debate about how these

products should be regulated under the Commodity Exchange Act (CEA). Insider trading enforcement in prediction markets has relied on whether the underlying confidential information was misappropriated in breach of a duty to the information source. Highlighting the growing popularity of these markets, the Commodity Futures Trading Commission (CFTC) recently issued its first enforcement advisory directed at prediction market insider trading and published an Advance Notice of Proposed Rulemaking (AN-PRM) followed by a Notice of Proposed Rulemaking (NPRM) to more clearly define the regulatory boundaries of event contracts.¹

In navigating this landscape, regulators have pointed to an “exchange-first” enforcement architecture, relying on regulated prediction market platforms to serve as the primary monitors of insider trading.² Economic literature notes that this decentralized approach aligns with the commercial incentives of the exchanges themselves. If uninformed users believe they are continually taking the opposite side of trades against illegally informed insiders, they may withdraw from the market, which risks reducing the platform’s liquidity and commercial viability.

In this article, we analyze some structural characteristics of prediction markets, review insights from the economics literature, and categorize insider information. Then we review enforcement history by focusing on regulated exchanges as the primary detection

and sanctioning mechanism. Lastly, we discuss economic frameworks for calibrated enforcement.

II. How the Insider Trading Question Differs in Prediction Markets

A. No Shareholders, No Fiduciary Duty

As outlined in recent remarks by CFTC Director of Enforcement David Miller, two primary judicial theories define the regulatory framework of insider trading: the classical theory and the misappropriation theory.³ In securities markets, the classical theory is anchored to the relationship between a corporate insider and the entity's shareholders. It imposes a fiduciary duty on insiders to act in the best interests of those shareholders, specifically prohibiting trading on material non-public information (MNPI).⁴

However, prediction markets typically do not possess the institutional markers required for classical liability. As Director Miller noted, the classical theory "is unlikely to apply under the CEA."⁵ The reason is structural: prediction markets typically have no shareholder to whom a fiduciary duty is owed.⁶

Instead, enforcement within this emerging derivatives class relies primarily on the misappropriation theory.⁷ This doctrine, which the CFTC has utilized for years in commodities and futures markets, establishes liability when an individual intentionally trades on or discloses MNPI in violation of a duty of trust and confidence owed to the source of that information. To establish liability under CEA Section 6(c)(1) and Rule 180.1, the CFTC must demonstrate that a person, acting with scienter, traded on or "tipped" others using MNPI in breach of this pre-existing duty of trust and confidence. This misappropriation framework—confirmed by the commission as its primary tool to fight insider trading⁸—focuses on the duty of confidentiality owed to the information source rather than the fiduciary duty owed to shareholders in the classical framework.

B. Information Asymmetry in Binary Contracts: Market Microstructure Dynamics in Event Contracts

Prediction contracts are resolved on a binary basis: the contract pays either one dollar or zero, with the price at any given moment generally reflecting the aggregate probability estimate of the event occurring, provided the market is functioning efficiently.⁹

In the canonical models of informed trading, the speed at which private information enters prices depends heavily on the number of informed traders. When only one individual has access to the private information, this informed trader reduces the likelihood of detection by not buying or selling his or her full holdings in one transaction.¹⁰ Instead, the individual strategically trades gradually into the market over time, blending in with the background activity of regular, uninformed "noise traders" to maximize the informed trader's profit without tipping off the rest of the market. As a result, the informed trader's information is gradually incorporated into prices under this model.

The dynamics are different, however, in models where multiple informed traders can trade on the same non-public information.¹¹ Facing a race to profit before competitors, informed traders may trade aggressively, which contributes to prices quickly reflecting information amid spikes in volume. All else equal, informed trading in these models is more likely to garner attention.

Across both single- and multi-informed trader models, the more uninformed "noise" there is, the less a single trade moves the price. In high-volume contracts—such as the 2024 presidential election contracts on prediction markets Kalshi and Polymarket, which attracted billions of dollars in retail volume—the measurable effects of informed trading may be small, in which case a price-based detection of insider trading can become more complicated. Conversely, in low-volume contracts—such as an obscure government official's speech—the measurable effects of informed trading can be large. When there is less participation in the market, prices are more likely to shift rapidly in response to the insiders' trading.

C. Different Sources of Information for Informed Trading

Not all informed trading in prediction markets raises the same legal or welfare concerns, as the implications depend on the nature of the underlying information asymmetry. Evaluating these concerns requires analyzing whether a breach of a pre-existing duty occurred, the net social cost of the trading activity, and the corresponding regulatory response.

Proprietary analysis. From an economic perspective, a regulatory framework should preserve legiti-

mate informed trading based on research and expertise. This source of information involves legitimate and lawfully obtained information. Trading based on privately commissioned polling or proprietary analysis incentivizes the information acquisition that would be expected to make prediction market prices more accurate. The French trader known as “Theo,” who reportedly used privately commissioned polling to earn over \$80 million on event contracts tied to the 2024 U.S. presidential election, exemplifies this category of legitimate informed trading.¹² Because Theo obtained his information through expenditure on information production rather than through a breach of a pre-existing duty, his activity falls outside the scope of the misappropriation theory. This distinction is economically important. As Grossman and Stiglitz (1980) posit, profits earned by these informed traders support accurate forecasts and reward investments in research and analysis.¹³

Employment-based corporate insiders. A straightforward application of the misappropriation framework involves corporate insiders, such as an employee trading on proprietary company information. In such cases, the duty is established by the employment relationship, as seen in the recent case involving a video editor trading on upcoming content, which we discuss below. Enforcement is primarily a matter of detection. These individuals earn profits from misappropriating non-public information but do not incur the expenditure on information production, such as research or analysis, that Grossman and Stiglitz (1980) present as the justification for informed trading profits in an efficient market.

Government and military personnel. Another application of the misappropriation framework involves government and military personnel. These actors in the U.S. are constrained by what is colloquially known as the “Eddie Murphy Rule” (because of a plot point in Murphy’s movie *Trading Places*)—a provision enacted via the Dodd-Frank Act of 2010 to specifically prohibit trading on MNPI derived from government action or information.¹⁴ Similar to corporate insiders, these individuals earn profits from sensitive government information without investing in information production. Furthermore, the CFTC has cautioned that the use of classified intelligence for trading introduces potential national security risks. Specifically, the commission expressed concerns in

its recent NPRM regarding “unique incentives for information leakage or misuse of” MNPI in event contracts related to national security matters.¹⁵

Outcome-influencers. A category related to informed trading involves outcome-influencers, such as political candidates trading on their own election or athletes betting on their own games that are within their power to influence. This can create a moral hazard where the trader may have an incentive to distort the underlying real-world outcome to maximize the contract payoff. Consistent with this concern, the CFTC’s recent NPRM stated that certain contracts involving sports events such as discrete-action contracts (e.g., contracts that settle on specific play calling or execution) raise public interest concerns “relating to manipulation and information leakage because a single player or team coaching staff member can determine the settlement outcome of the event contracts.”¹⁶

III. The Enforcement History and the Central Role of Exchanges

A. Enforcement Before Prediction Markets

Before the adoption of Rule 180.1, the CFTC’s authority to prosecute insider trading was narrower.¹⁷ In cases where the CFTC had charged individuals who misappropriated MNPI, enforcement relied on provisions of the CEA unrelated to the misappropriation theory. For example, in 1997, the CFTC sanctioned a former vice president of a commodity management firm in *In re Mark Sitzmann* (1997) for allegedly defrauding the company by trading based on non-public information regarding the company’s positions. This was pursued under the general anti-fraud rules in Section 4(b) of the CEA rather than a specific insider trading doctrine.¹⁸

With the adoption of Rule 180.1 in 2011, the CFTC explicitly aligned its authority with the misappropriation theory, stating that “trading on the basis of material nonpublic information in breach of a pre-existing duty (established by another law or rule, or agreement, understanding, or some other source)” may violate Rule 180.1.¹⁹ The first major use of this rule occurred in *In re Motazedi* (2015).²⁰ The CFTC alleged that the respondent, a gasoline trader at a large publicly traded corporation, generated over \$200,000 in illicit profits through a series of 46 fraudulent transactions. These included 34 pre-arranged trades

executed between the respondent's personal accounts and his employer's accounts, as well as 12 personal trades initiated ahead of company orders—a practice generally known as “front running”—based on confidential information. The CFTC concluded that the trader breached a pre-existing duty owed to his employer through the “misappropriation and misuse of his employer's material nonpublic trading information” in violation of Section 6(c)(1) and Rule 180.1. Subsequent cases, such as *In re Jon P. Ruggles* (2016) and *In re Marcus Schultz* (2020), also relied on this employment-based duty as a basis for misappropriation claims in derivatives markets.²¹

Beyond employer-employee duties, the CFTC has applied the misappropriation theory to breaches of duty owed to customers. For example, in *CFTC v. EOX Holdings LLC et al.*, a broker allegedly disclosed confidential customer trading data to a favored client and traded on the basis of the information.²² Similarly, in *In re Classic Energy LLC and Mathew D. Webb* (2019), the president of Classic Energy LLC allegedly utilized his access to confidential customer block trade information to front run those orders in a separate account.²³

In these instances, the CFTC also charged the institutions with supervisory failure due to inadequate monitoring procedures, without requiring evidence of knowledge of the specific violations. This precedent is relevant to prediction markets. Not only do prediction market exchanges collect similar granular participant data, but the supervisory failure charges also underscore the exchange-first enforcement model advocated by the CFTC. As discussed further below, this model treats exchanges as the “first line of defense” in monitoring and detecting insider trading.²⁴ The supervisory failure theory has a direct analogue in CEA Section 5(d) Core Principle 4, which mandates that exchanges operating under CFTC regulation (Designated Contract Markets or DCMs) implement surveillance and compliance programs to detect and deter prohibited practices.²⁵

B. The CFTC's February 2026 Advisory and Exchanges' Central Role in Enforcement

The regulatory landscape for prediction markets was at least partially clarified by the CFTC's February 2026 advisory (Release No. 9185-26). This advisory resolved two prediction market cases invoking Rule

180.1, but through two distinct legal theories.²⁶ In one instance, a video editor for a content creator who allegedly traded on knowledge of his employer's upcoming YouTube videos was sanctioned for potential violations under the misappropriation theory; this follows the precedent established in *In re Motazedi* (2015). In the other, a political candidate who traded on an event contract tied to the outcome of his election was sanctioned for potential violations under the manipulation prong of Rule 180.1. The commission characterized his conduct as a “manipulative scheme or artifice to defraud” based on his ability to influence the contract's outcome. This theory of liability did not require the misappropriation of MNPI or the breach of a pre-existing duty.

Critically, neither of these matters originated as a federal enforcement action by the CFTC. Instead, both cases were detected, investigated, and sanctioned by Kalshi in its role as a designated contract market (DCM). While the CFTC advisory noted that both individuals had “potentially” violated Rule 180.1, it confirmed that enforcement in these matters was handled by Kalshi rather than the CFTC itself. Two months after the advisory, Kalshi announced additional enforcement against three political candidates trading in event contracts for their own candidacies or elections.²⁷

This pattern is consistent with a policy architecture in which exchanges play a central role in enforcement. This model mirrors the self-regulatory organizations (SROs) of other U.S. equity or derivatives markets, such as the NYSE and Nasdaq in equities and the National Futures Association in derivatives. When announcing the February 2026 advisory, CFTC Chairman Michael Selig stated that “exchanges are the CFTC's first line of defense in policing insider trading in prediction markets,” adding that he was “pleased to see that [the] exchanges are adhering to their oversight responsibilities as self-regulated organizations[.]”²⁸ Director Miller echoed this sentiment when speaking at NYU in March 2026, describing exchanges as “an essential part of the fight against market manipulation and insider trading.”²⁹ This model was further advanced in the CFTC's recent NPRM, which frames its regulatory proposals as “reestablish[ing] the relationship between the Commission and prediction markets, acting in their role as self-regulatory organizations (SROs)[.]”³⁰

Enforcement agencies have also begun to bring charges for insider trading in prediction markets directly. In April 2026, both the CFTC and the DOJ announced charges claiming that a soldier who was involved in the military operation to capture Venezuelan President Nicolás Maduro earned more than \$400,000 trading on Polymarket event contracts surrounding the operation.³¹ This marked the first time that the agencies themselves, rather than an exchange, brought insider trading charges arising from prediction market trading, and the first invocation of the Eddie Murphy Rule in that setting; the DOJ added parallel wire fraud and money laundering counts under Title 18.³² The DOJ acknowledged Polymarket's cooperation in the matter.³³

The CFTC's partnerships with interested parties have begun to extend beyond exchanges. Less than a month after the February 2026 advisory, the CFTC and Major League Baseball (MLB) established a memorandum of understanding (MOU) with a professional sports league to facilitate direct information-sharing for surveillance purposes.³⁴ Under this framework, entities that generate the data underlying event contracts cooperate directly with the exchange and the CFTC on surveillance. CFTC Chairman Selig described the MOU as "a collaborative step towards promoting the integrity and resilience of the prediction markets[.]"³⁵ The MLB and other sports leagues have advocated further extending information-sharing practices between the leagues and prediction market exchanges directly.³⁶

IV. The Economics of Calibrated Enforcement

A. Who Should Lead: The Commercial Logic of Exchange-First Enforcement

Under an "exchange-first" approach, exchanges are meant to act as enforcement partners to regulators and take a leading role in curbing insider trading. The logic is that prediction market platforms have a commercial incentive to detect and prevent insiders from profiting by trading on illegally obtained information because market integrity is considered by traders.³⁷ If market participants believe that they are trading against insider traders, they might leave the platform. A decline in participation can contribute to a decrease in liquidity, widening of bid-ask spreads, degradation of price discovery, and a potential decline in the platform's commercial revenue.

In its June 2026 NPRM, the CFTC stated that price discovery may depend on prediction market plat-

forms "actively prevent[ing] the misuse of [MNPI]" and "reduc[ing] adverse selection."³⁸ Comments submitted to the CFTC by Kalshi and Polymarket had previously acknowledged this dynamic, stating that "uninformed participants widen their spreads or withdraw from the market entirely when they believe they are being picked off by insiders" and that "customers must trust the exchange or they will move their business elsewhere."³⁹ In line with these incentives, Kalshi launched a public advertising campaign highlighting its ban on insider trading.⁴⁰ The same economic logic contributed to the NYSE and AMEX building sophisticated surveillance infrastructure decades before regulators formally mandated it.^{41, 42}

In addition, prediction market platform data can aid in the detection of insider trading. DCMs generate audit trail data with granular user information that can facilitate the identification of anomalous trading patterns preceding public event outcomes. By monitoring trades that deviate from a user's historical profile, prediction market platforms can deploy targeted forensic analysis. They can also screen for certain instances of insider trading and market manipulation. For example, in March 2026, Kalshi introduced preemptive screening aiming to prevent elected officials and political candidates from trading on their own campaigns and to stop athletes, referees, and other personnel from trading in event contracts related to affiliated leagues.⁴³ In June 2026, Kalshi announced they would require employment verification for certain contracts with the aim to screen out potential insiders.⁴⁴

Furthermore, the CFTC Market Surveillance Program has access to trading and market data from DCMs that they regulate.⁴⁵ While an individual exchange can monitor its own order flow, the CFTC can oversee activities across prediction market platforms to identify patterns that might otherwise be fragmented. This bird's-eye view can allow the CFTC to detect suspicious activity that spans multiple venues in other markets.⁴⁶

Another enforcement tool that has garnered attention is the use of position limits as a complement to the existing misappropriation framework. By capping the maximum position a trader can hold in a single contract, these limits effectively cap the potential profits an insider can extract, thereby adjusting the cost-benefit analysis of trading on non-public data.

Verstein (2025) argues that position limits and insider trading laws are substitute mechanisms to mitigate the aggregate “tax” that informed traders impose on uninformed participants for providing information.⁴⁷ Capping potential profits can serve as a deterrent. However, if position limits are set too low, the incentive to invest in information-generating research can be hampered if traders are unable to recoup their investment in information generation. Kalshi adopted a model in 2023 in which position limits are assessed on a contract-by-contract basis.⁴⁸

B. How Much Enforcement: The Price Discovery Tradeoff and the Risks of Over-Enforcement

Preventing insider trading by individuals who have misappropriated confidential information can assist with trading platform integrity. However, not all informed trading is based on misappropriated information. The relevant distinction is not between informed and uninformed trading, but between two types of profits. Profits that compensate traders for the expense of producing information (privately commissioned research, expert judgment, systematic analysis of publicly available data) incentivize the information production that would be expected to make event contract prices more accurate. Profits that arise from misappropriated information (classified intelligence, stolen corporate data, foreknowledge of an electoral candidate’s decisions) can undermine market integrity and discourage participation. In addition, insider trading can disincentivize independent market research by reducing the potential returns available to investors who perform such analysis.⁴⁹ The loss of this investment in information-producing research erodes price discovery and reduces the informational benefits of markets.

The misappropriation framework considers this distinction. A trader who obtains information through superior research has invested resources to produce it. A trader who obtains the same information by breaching a duty of confidence can dissuade both the former category of informed traders and uninformed traders from participating in the market. As Kalshi summarized in a comment letter to the CFTC, “[t]he right way to capture the price-discovery benefit of informed trading is to make it easier for participants with legitimate analytical edge (research, modeling, expert knowledge) to participate, while continu-

ing to prosecute the misuse of material nonpublic information.”⁵⁰

In his March 2026 remarks, CFTC Director Miller characterized exchanges as the “first lines of defense” against insider trading. Observing that derivatives markets are “price-discovery markets, not disclosure-based markets,” Miller noted that “[m]arket participants are entitled to use their own knowledge and information to make trading decisions.”⁵¹ This stated focus is consistent with the economic literature regarding the role of information production in asset markets.

The mechanism underlying the Grossman-Stiglitz paradox is important to consider in this context. As described in Grossman and Stiglitz (1980), the existence of perfectly efficient markets is impossible because if all information were already reflected in prices, the incentive for traders to invest in gathering information would disappear.⁵² Without the ability to be compensated for information investment through trading, the price discovery function of markets fails. Unlike equity markets, where material information can be disseminated through regulatory filings or press releases, prediction markets can be structurally different without the same information dissemination.

Empirical evidence supports the unique value of the price discovery process in prediction markets. For example, Diercks, Katz, and Wright (2026) examine Kalshi’s role in macroeconomic data forecasting, noting that Kalshi markets exhibit “high-frequency responsiveness” and “provide unique insights—particularly for variables like GDP growth, core inflation, unemployment, and payrolls for which no other market-based distributions currently exist.”⁵³ The authors find that forecasts based on Kalshi event contract prices for the federal funds rate and headline Consumer Price Index (CPI) provide statistically significant improvements over more traditional sources, including “a perfect forecast record on the day before the [Federal Open Market Committee] meeting” for Kalshi’s median and modal federal funds rate forecasts.

V. Conclusion

The regulation of prediction markets involves tradeoffs between suppressing insider trading and maintaining the incentives that contribute to price discovery. Regulation seeks to distinguish between

profits earned through research and expertise and profits derived from misappropriated data or government intelligence. The CFTC advisory from February 2026 extended the misappropriation framework to prediction markets, using a manipulation theory for outcome-influencers and discussing the exchange-first enforcement architecture.

A challenge for the CFTC and exchanges is to maintain an economic framework that distinguishes between different types of informed trading. While any informed trading can improve price accuracy temporarily, the longer-term impacts of traders using misappropriated information can harm price discovery.

Endnotes

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 36. Quest Meeks, *Major League Baseball*, CFTC Comment No. 115586, April 30, 2026; Dan Spillane, *National Basketball Association*, CFTC Comment No. 115498, April 30, 2026; Andy Levison, *PGA TOUR*, CFTC Comment No. 115472, April 30, 2026; Mark Young, *ATP Tour, Inc.*, CFTC Comment No. 115577, April 30, 2026.
 37. See Guiso, Luigi, Paola Sapienza, and Luigi Zingales, “Trusting the Stock Market,” *The Journal of Finance* 63, No. 6 (2008): 2557–600.
 38. “Prediction Markets; Public Interest Determinations,” 91 Fed. Reg. 35,806, 35,856–35,857 (June 12, 2026). Adverse selection occurs when market participants trade against informed participants who possess superior information. If informed traders possess better information than other market participants, counterparties face frequent adverse price changes as that information becomes public. See, e.g., Glosten, Lawrence R., and Paul R. Milgrom. “Bid, Ask and Transaction Prices in a Specialist Market with Heterogeneously Informed Traders,” *Journal of Financial Economics* 14, No. 1 (1985): 71–100.
 39. Matt Lischin, *Polymarket US*, CFTC Comment No. 115592, April 30, 2026; Luana Lopes Lara, *Kalshi*, CFTC Comment No. 115636, May 1, 2026.
 40. See, e.g., Mitovich, Jared, “Court Sides with Kalshi in Ruling for Prediction Markets,” *Wall Street Journal*, April 6, 2026, available at <https://www.wsj.com/livecoverage/stock-market-today-dow-sp-500-nasdaq-04-06-2026/card/f1E7TZLgWN-ZLgBv8cPIE> (showing a Kalshi advertisement in Washington, DC, which states that Kalshi “ban[s] insider trading”).
 41. See, e.g., “Amex Stiffens Surveillance; Focus on Problems,” *New York Times*, November 19, 1967 (“[T]he Amex kept intensifying its surveillance efforts despite the recent dampening of speculative activity. Surveillance includes, among other things, keeping an eye on unusual stock-price movements.... There is, finally, the question of why stock-price swings on the Amex often show greater velocity than on the New York Stock Exchange, which operates its own surveillance system.”).
 42. The SEC adopted Rule 17a-25 in 2001, which mandated that broker-dealers submit securities transaction information electronically through the Electronic Blue Sheet (EBS) system. See SEC Release No. 34-44494, File No. S7-12-00 (“In the late 1980s, as the volume of trading and securities transactions dramatically increased, the Commission and the securities self-regulatory organizations (‘SROs’) worked together to develop and implement a system with a universal electronic format, commonly known as the ‘electronic blue sheet’ or ‘EBS’ system, to replace the manual process.... As proposed, Rule 17a-25 would require broker-dealers to electronically submit securities transaction information, including identifiers for prime brokerage arrangements, average price accounts, and depository institutions, in a standardized format, when requested by the Commission staff for enforcement and other regulatory purposes.”).

43. DeNault, Bobby, "New Guardrails to Prevent Insider Trading and Manipulation in Politics and Sports," *Kalshi*, March 23, 2026, available at <https://news.kalshi.com/p/kalshi-new-guardrails-insider-trading-politics-sports>.
44. DeNault, Bobby, "Kalshi to Implement Market Integrity Updates," *Kalshi*, June 9, 2026, available at <https://news.kalshi.com/p/kalshi-market-integrity-updates-risk-scoring-employment-verification-whistleblower>.
45. "CFTC Market Surveillance Program," *CFTC*, available at <https://www.cftc.gov/IndustryOversight/MarketSurveillance/CFTCMarketSurveillanceProgram/index.htm> ("Each day, for all active futures and option contract markets, the CFTC's market surveillance staff monitors the daily activities of large traders, key price relationships, and relevant supply and demand factors in a continuous review for potential market problems.... To monitor those limits, the market surveillance staff reviews daily for potential violations.").
46. For example, in *In re Vitol Inc.* (2024) Ian McGinley, then director of enforcement at the CFTC, stated "[t]oday's action shows the CFTC will use its ability to look at positions on and across exchanges to enforce compliance and protect the integrity of the futures markets." See "CFTC Fines Vitol \$500,000 for First-Ever Cross-Exchange Position Limit Violation," *GRC Report*, August 14, 2024, available at <https://www.grcreport.com/post/cftc-fines-vitol-500-000-for-first-ever-cross-exchange-position-limit-violation>.
47. Verstein, Andrew, "Insider Trading and Position Limits," *UCLA Law Review* 72 (2025): 1014–76.
48. Letter from Elie Mishory, chief regulatory officer at KalshiEX LLC, to the CFTC, "Re: KalshiEX LLC – Rulebook Amendment Regarding Position Limits," February 16, 2023.
49. Fishman, Michael J., and Kathleen M. Hagerty, "Insider Trading and the Efficiency of Stock Prices," *The RAND Journal of Economics* 23, No. 1 (1992): 106–22; Verstein, Andrew, "Insider Trading and Position Limits," *UCLA Law Review* 72 (2025): 1014–76.
50. Luana Lopes Lara, *Kalshi*, CFTC Comment No. 115636, May 1, 2026.
51. Miller, David I., "Remarks at NYU Law School – CFTC Enforcement Priorities, Insider Trading in the Prediction Markets, and Cooperation with the CFTC," March 31, 2026, available at <https://www.cftc.gov/PressRoom/SpeechesTestimony/opamiller1>.
52. Grossman, Sanford J., and Joseph E. Stiglitz, "On the Impossibility of Informationally Efficient Markets," *The American Economic Review* 70, No. 3 (1980): 393–408.
53. Diercks, Anthony M., Jared Dean Katz, and Jonathan H. Wright, "Kalshi and the Rise of Macro Markets," *NBER*, Working Paper 34702, available at <https://www.nber.org/papers/w34702>. ■

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