



National Basketball Association

April 30, 2026

Via Email

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Secretary Kirkpatrick:

We write in response to the Commission's request for comments in connection with its Advance Notice of Proposed Rulemaking regarding prediction markets. See RIN 3038-AF65. We appreciate the Commission's focus on this important topic and welcome the opportunity to share the NBA's perspective as a stakeholder in the new and fast-moving sports prediction market ecosystem.

There is no higher priority for the NBA than protecting the integrity of our games and preserving public confidence in our league and in our sport. While this letter takes no position on the legal question of whether sports prediction markets constitute gambling under federal or state law, we believe that such markets raise integrity concerns that are similar to those associated with sports betting. It is the NBA's view that sports prediction markets should be subject to robust and comprehensive regulations that are specifically designed to protect the integrity of sports leagues and their competitions.

The Prediction Markets Advisory issued by the Commission staff on March 12, see CFTC Letter No. 26-08, was a step in the right direction. In addition to the recommendations contained in that Advisory, we ask the Commission to incorporate the following elements into the regulations that emerge from this rulemaking process.

Blocking Prohibited Traders. Designated Contract Markets (DCMs) should be required to affirmatively block athletes, along with game officials and other league and team personnel, from trading any contracts on their league's

games or events. DCMs should be responsible for implementing these blocks using any such lists of covered personnel as a league may provide and should likewise be required to ensure that contracted Futures Commission Merchants (FCMs) implement such blocks on their customers.

The proper implementation of a robust Know Your Customer (KYC) system is essential to any entity's ability to comply with this blocking requirement, along with other key integrity functions (e.g., identifying individuals who participate in potentially suspicious trades). In response to Question 2(h) of the Commission's request for public comment, we note that blockchain-based prediction markets, which may not use traditional KYC processes, pose severe challenges to any DCM's – and accordingly, any league's – ability to ensure that no league or team players or personnel are participating in prohibited trading. We ask that the Commission ensure that all CFTC-regulated exchanges that are offering sports prediction markets be required, without exception, to maintain robust KYC systems to ensure that functionally anonymous trading of sports prediction contracts is not possible.

Cooperation with League Integrity-Related Investigations. DCMs should be required to cooperate with integrity-related investigations conducted by sports governing bodies, and should be required to impose, via their rulebooks, that same obligation on their partner FCMs. Cooperation with such investigations may include providing information to an inquiring league regarding the identity of specific traders or relating to identified transactions. To the extent the Commission is able to adjust applicable rules that would otherwise constrain registrants from sharing such information with a third-party sports league for this type of investigative purpose, we urge it to do so.

Reporting of Prohibited Trades and Potentially Suspicious Trading. DCMs should be required to notify a league directly, and immediately upon discovery, of (i) any potentially suspicious trading activity on contracts relating to that league's games or events, and (ii) any trading on contracts relating to that league by an individual who is prohibited by league or DCM rule from engaging in such trading (e.g., if an NBA coach – notwithstanding their status as a prohibited trader – still manages to trade on any NBA-related contract). DCMs also should be required to share reports of potentially suspicious trading patterns with similarly situated registrants, so that all DCMs are on notice when additional scrutiny on a particular market may be warranted.

Data Sharing. Upon request, DCMs should be required to share pseudonymized, trade-level data with a sports league for integrity monitoring purposes.

Minimum Age Limits. We note that sports event contract trading is currently available to individuals of 18 years of age or older. By contrast, legal sports betting is, in most states, limited to individuals over the age of 21. Like sports betting, trading in sports prediction contracts carries material risks (e.g., of financial loss) that may be particularly acute for younger individuals. The Commission should take formal note of this reality and should categorically prohibit trading of sports prediction contracts by individuals under 21. Short of that, the Commission should take action to restrict DCMs' ability to directly market their sports products specifically to individuals in the 18-20 age range.

Official League Data. In order to avoid confusion and maintain fan and consumer confidence in sports prediction markets, DCMs should be required to, wherever possible, use only officially-verified data to settle sports-related contracts.

Limits on Approved Markets. In addition, we urge the Commission to impose meaningful limits on the types of permitted markets – particularly with respect to markets that are more susceptible to manipulation and/or misuse of confidential information. We request that Commission adopt the following parameters regarding available market types:

- In general, leagues should have control over the types of markets offered on their competitions and businesses, as they are best positioned to judge which markets pose untenable integrity risks or are otherwise susceptible to manipulation. We support the CFTC's prior advisory notice recommending that DCMs ensure that sports prediction markets comply with the relevant league's integrity standards, and we ask the Commission to require – as a formal rule – that league integrity standards also govern the *types* of markets that are permitted and that exchanges must comply with such standards before self-certifying a new market.
- Given the novel and early-stage nature of sports prediction contracts, player proposition markets, which in some instances can be manipulable by a single game participant, should be prohibited in the near term, pending the development of appropriate and sensible restrictions to mitigate integrity risks. Such restrictions should include limitations on the size of contracts traded in such markets, on the type of statistics that may be the basis for such markets (e.g., no markets on fouls, turnovers, or missed free throws), and on which players may be the subject of these markets.
- Markets relating to officiating, injuries, league disciplinary actions, player or team transactions, or fan actions should be prohibited. These markets are readily susceptible to manipulation and/or improper use of confidential

information and have a negative effect on perceived game and league integrity.

- Markets relating to games and events in the NBA G League, which is a developmental league, should be prohibited.

In addition to the specific constraints outlined above, as DCMs continue to generate new and more exotic sports markets – including products that mimic “micro” bets or traditional “parlay” bets – we further urge the Commission to adjust the self-certification process so that leagues are given an opportunity to weigh in on new markets before they are permitted to launch. We appreciate the Commission’s recent recommendation that DCMs “engag[e] in pre-self-certification communications” with relevant leagues to ensure that any new contract is consistent with the relevant league’s integrity standards, and believe the Commission should codify these recommendations as requirements going forward.

Finally, we urge the Commission to adopt a robust set of responsible trading requirements. Specifically, DCMs should be required to provide (directly and/or by requiring their contracted FCMs to provide) responsible trading tools to their customers, such as deposit limits, trading breaks, and educational resources to understand risks.

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As set forth above, there are a number of integrity elements that the NBA believes should be integrated into the sports prediction market ecosystem. The implementation of these requirements may require additional resources. To the extent possible, we encourage the Commission to develop and devote dedicated resources to the oversight of this class of contracts.

We thank the Commission for its attention to this important matter.

Sincerely,


Dan Spillane
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Assistant General Counsel,
League Governance & Policy