



National Basketball Association

May 1, 2025

Via Email

Acting Chairman Caroline D. Pham
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Sports Prediction Markets

Dear Acting Chairman Pham:

This letter sets forth the NBA's current perspective regarding sports prediction markets. We appreciate the Commission's focus on this important topic and welcome the opportunity to offer our point of view as a stakeholder in this area.

Protecting the integrity of NBA basketball and preserving public confidence in our league and in our sport is our highest priority. That principle has guided our approach to the rise of legal sports betting in the United States and is guiding our study of the sports betting-like products replicated in sports prediction markets today. As many states have considered and ultimately passed sports betting bills over the last several years, we have taken a multifaceted approach to mitigating the risks that legal sports betting markets pose to our games and our league. Among other things, we took steps to ensure that core integrity protections were included in state statutes and regulations wherever possible; we worked closely with state gaming regulators tasked with overseeing these markets; and we entered into commercial partnerships with a broad range of regulated sports betting operators that all include our standard, robust suite of integrity requirements.

As of this writing, NBA prediction markets on CFTC-regulated exchanges have been live for less than six months. While the longest running NBA prediction markets have covered full-season events (e.g., a market that permits users to wager on who will win this season's NBA championship), the number and type of available markets are expanding at a rapid pace, with offerings now including

single-game markets that allow users to wager on which NBA team will win a particular game. This expansion, which has proceeded entirely via the self-certification process, suggests to us that player proposition markets (i.e., markets focused on a player's single-game performance) or other potential markets (e.g., markets focused on officiating decisions, league rules, or player injuries) are not far behind. This rapid expansion of sports prediction markets has occurred in the absence of the kind of robust, sports-specific regulatory framework that would aim to protect the integrity of the games being played.

Without oversight and regulation tailored to the specific circumstances of sports wagering, the integrity risks posed by sports prediction markets are more significant and more difficult to manage than those presented by legal, regulated sports gambling. While exchanges and brokers operate under the general auspices of the CFTC, that broad-based financial oversight does not include the kind of sports-specific controls and protections that are the hallmark of state sports gambling regulations. The way new contracts come to market offers a stark contrast: exchanges can launch new, more exotic sports prediction markets via self-certification, which puts the burden of initiating any post-launch review on the CFTC and allows most contract markets to simply proceed unchecked. But for legal sports betting operators, affirmative regulatory approval from the applicable state gaming regulator is required *before* a new betting market can be launch in the first place. Likewise, as sports betting prediction markets exist today, we are not aware of any requirement that either exchanges or brokers report potentially suspicious trades or trading patterns to an affected league or cooperate with any league-run investigations into such suspicious activity; nor are we aware of any mechanism that would require ongoing information sharing between exchanges and affected leagues. In the absence of these and other, related controls, leagues have little ability to monitor and understand integrity risks and issues if and when they arise. And as sports prediction markets become more popular, and more money flows through these channels – which exist outside of existing sports betting regulatory structures – we anticipate that the risks arising from this limited visibility will grow.

The NBA's support for legalized sports betting has long been underwritten by our view that sports betting is made safer – both for our fans and for our league – when it is legal and subject to robust, sports-specific regulation. In contrast to the many states that have dedicated sports betting regulatory personnel, there is no CFTC division dedicated to overarching, sports-specific oversight of these new betting markets. If the CFTC does ultimately decide to permit the continued offering of sports event contracts, we encourage it to close this gap and to adopt a comprehensive regulatory and oversight framework analogous to those governing state sports betting markets, and to impose meaningful limitations on the

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continued expansion, via self-certification, of these markets into ever more exotic and narrow event propositions.

In the event that the CFTC decides to permit the continued offering of these contracts, we would appreciate an opportunity to further engage with the Commission on specific regulatory provisions that can mitigate the associated integrity risks.

We thank the Commission for its study of this issue.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Alexandra Roth', with a stylized flourish at the end.

Alexandra Roth
Vice President and Assistant
General Counsel, League
Governance & Policy