

## AG Fitch Urges CFTC to Recognize State Authority Over Sports-Related Prediction Markets



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*Lynn Fitch*

**(Jackson, Mississippi)** Last week, Attorney General Lynn Fitch joined a bipartisan coalition of 41 attorneys general in urging federal regulators to reaffirm that jurisdiction over sports-related “event contracts” belongs to states.

“Mississippi, like many states, has carefully balanced competing interests to allow responsible sports betting here,” **said Attorney General Lynn Fitch.** “The CFTC should not upend that balance, usurp state authorities without a clear Congressional directive, and leave states with the responsibility for cleaning up the impacts of sports betting without the ability to regulate it on the front end. The best interests of Mississippians are served by preserving our traditional police powers here.”

The attorneys general filed a formal comment with the Commodity Futures Trading Commission, arguing that prediction markets – platforms where users trade contracts on the outcome of future events – have effectively become unregulated sportsbooks.

“Traditional sports bets and sports-related event contracts offered on designated contract markets (“DCMs”) have no meaningful differences. In both, the transaction is precisely the same for the consumer,” the letter said. “In both, a player chooses among uncertain outcomes. In both, the outcome is binary- either the bet pays, or it does not. And in both, players bet relative to specific ‘odds’ that the wager will win. And neither serves the traditional hedging, price-information discovery, or risk-allocation purposes of derivatives typically regulated by the CFTC.”

The platforms allow users to place wagers on game winners, point spreads and player statistics, bypassing the consumer protections and regulatory requirements mandated by state gambling laws. Because the contracts are considered entertainment-based gambling rather than tools for financial risk management, they fall outside the CFTC’s jurisdiction, the coalition says. The letter notes that gambling regulation is a state power under well-established case law.

The attorneys general caution that sports gambling poses serious risks to public health and financial security, with millions of Americans qualifying as problematic or pathological gamblers. The coalition asserts that states – not the CFTC – are best equipped to protect their residents from the associated harms.

The coalition’s letter responds to a CFTC request for public comment on proposed rules for prediction markets. The states urge the commission to confirm through rulemaking that it lacks jurisdiction over sports-related contracts, ensuring that the power to regulate or prohibit sports gambling remains with states.

“The CFTC should recognize the limits of its power and affirm that states have the expertise, experience and tools to regulate sports betting as they have for more than a century,” the letter says.

Joining Attorney General Fitch on the coalition are the attorneys general of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia and Wisconsin.

You can read the letter [here](#).

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