



Date Published 14 September 2022 by Tony Batt

If You're Tired Of Betting Restrictions, Try Wagering On Everything

Commodity Futures Trade Commission mulls betting on elections

Impact on credibility of elections is a concern

Sports-betting restrictions could open market for wagers on events

Kalshi means everything in Arabic — and is the name of a global wagering network which strives to allow anyone to bet on anything.

If you want to put money down on whether Democrats or Republicans will control the U.S. House of Representatives after the elections on November 8, Kalshi wants to help you do just that.

But first, Kalshi must obtain permission from the Commodity Futures Trade Commission (CFTC), the federal agency that oversees derivatives markets.

Created by two young graduates of the Massachusetts Institute of Technology, Kalshi launched in June 2021 and offers betting contracts on topics ranging from global warming to future trips to the moon.

Seven months before the company's launch, the CFTC authorized Kalshi to operate as a business offering wagering contracts on future events.

The company is pushing the envelope by asking for the CFTC's blessing to accept wagers as high as \$25,000 on the outcome of the midterm elections in the U.S.

But the CFTC's history of hostility toward election betting makes Kalshi's proposal a longshot.

The CFTC rejected a similar request in 2012 by the North American Derivatives Exchange (NADEX).

Former CFTC Commissioner Jill Sommers, who voted against the NADEX proposal in 2012, told Politico that betting on elections could further undermine the credibility of the voting process in the wake of the controversy surrounding the 2020 presidential election.

“This seems like a red herring to me,” said **Koleman Strumpf**, an economics professor at Wake Forest University in Winston-Salem, North Carolina.

“Political betting markets on U.S. elections have existed for at least 20 years overseas with companies like Betfair and this has not led to any episodes of election rigging,” Strumpf said.

Leighton Vaughan Williams, an economics and finance professor who leads the betting research unit and political forecasting unit at Nottingham Trent University in England, said he does not expect the legalization of betting on U.S. elections to happen in the near future.

“In my judgement, it will inevitably come at some point, however. It’s just a matter of when,” Williams said.

Richard “Tick” Segerblom, a Democratic member of the Clark County Commission in Las Vegas, introduced legislation almost a decade ago to legalize betting on elections when he served in the Nevada Senate.

Nevada missed an opportunity to help the state’s casinos make more money when his legislation did not pass, Segerblom said.

“It’s no different than a football game,” Segerblom said.

Neither Kalshi nor the CFTC responded to requests for comment from VIXIO GamblingCompliance.

Another example of the CFTC’s antipathy towards betting on elections occurred last week.

A New Zealand company named PredictIt sued the CFTC in a federal district court in Texas for ordering the company to cease operations by February 2023.

“The agency (CFTC) failed completely to take into account the interests of traders who invested in perfectly legal contracts extending beyond February 2023 and of academic users of PredictIt data,” David Mason, general counsel of Aristotle and a former chairman of the Federal Election Commission, said in a news release.

Launched on November 3, 2014, PredictIt is owned and operated by Victoria University in Wellington, New Zealand and the company’s office is in Washington, D.C.

If PredictIt shuts down, Kalshi could be in a position to dominate the market for betting on events.

Most of the wagering in the United States is limited to sports and betting on future events could create a huge new market with a cornucopia of untapped data.

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