PREDICTION MARKET CONSUMER PROTECTION STANDARDS

Minimum Internal Control Standards

What a covered operator must do: exclusion, limits, disclosure, integrity, settlement, audit.

DESIGNATION	PREPARED BY	PUBLISHED BY	LOCATION
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VERSION	SUPERSEDES	STATUS
1.1	v1.0	WORKING DRAFT

PREFATORY NOTE

These are the minimum internal control standards in the PMCPS family. They state what a covered operator must do. They are the second of three layers:

LAYER	DOCUMENT	FEDERAL ANALOGUE	QUESTION ANSWERED
Classification	PMCPS-C	25 C.F.R. pt. 502	Is the product in scope?
Minimum internal controls	**PMCPS-M**	25 C.F.R. pt. 543	What must the operator do?
Technical standards	PMCPS-T (reserved)	25 C.F.R. pt. 547	What must the system do, and how it tested?

The model for this document is 25 C.F.R. part 543, the Minimum Internal Control Standards for class II gaming. Part 543 was written for a gaming class that Congress had defined but not specified, by an agency building the specification from scratch. That is the same position a prediction market standard occupies now, and part 543's organization, each standard stating who must do what, at what frequency, and with what documentation, is the organization used here.

These Standards are written to be jurisdiction neutral. A prediction market operating as a designated contract market under the Commodity Exchange Act, an operator licensed under a state wagering program, and an operator subject to a tribal-state compact can each be measured against them. Nothing here resolves which authority governs prediction markets. That question is contested, and these Standards take no position on it.

The gap they address is documented, not assumed. The Commission's proposed rule on prediction markets published June 9, 2026 contains no requirement addressing deposit limits, problem gambling, or age verification, and refers to self-exclusion once. The Commodity Exchange Act and its implementing regulations contain extensive market integrity requirements and no participant protection requirements comparable to those in force in every state that regulates online wagering. An operator that satisfies every obligation currently imposed on it by federal derivatives law will still fall short of the protections a participant would receive on a licensed sportsbook in Ohio, New Jersey, Virginia, or Nevada.

Part 500 addresses contract integrity and settlement. No existing gambling or derivatives regime regulates it in the form these markets require, because no regulator has previously supervised a consumer-facing product whose payout depends on the resolution of a contested question of fact. It is the newest material here and the part most in need of comment.

Requirements in these Standards are stated as internal controls, verifiable by an assessor examining records, procedures, and evidence. They are not technical standards, and are not written as specifications a testing laboratory can certify against. Where a requirement here implies a testable system behavior, that behavior will be specified in PMCPS-T. Until PMCPS-T is issued, § 208 requires independent testing against the requirements of § 207.

Each Part closes with a Basis note identifying the primary sources from which the requirements are derived, following the convention of the Code of Federal Regulations. Sources are held locally and indexed at `research/SOURCES.md`.

PART 200

SCOPE, APPLICATION, AND OPERATOR REQUIREMENTS

§ 201 Purpose

These Standards establish minimum internal control requirements for the protection of participants in prediction markets, addressing participant exclusion, financial limits, disclosure, problem gambling, age and identity verification, market integrity, contract resolution, records, reporting, and certification.

§ 202 Application

(a) These Standards apply to a covered operator with respect to each covered contract offered to a participant.

(b) Whether a product is a covered contract, and whether a person is a covered operator, are determined under PMCPS-C § 104. A covered operator shall make and retain the classification determination required by PMCPS-C § 105.

(c) These Standards state minimum requirements. A covered operator remains subject to all obligations imposed by applicable law. Where applicable law imposes a stricter requirement, the stricter requirement governs.

(d) Compliance with these Standards is not a defense to any charge arising under applicable law, and is not evidence that a covered contract is lawful in any jurisdiction.

(e) Where a product ceases to be a covered contract, these Standards continue to apply to positions opened while it was a covered contract, until those positions settle or are closed.

§ 203 Definitions

(a) The definitions in PMCPS-C § 103 apply to these Standards.

(b) In addition, as used in these Standards:

Assessor means a person meeting the requirements of § 701.

Excluded participant means an individual enrolled in an exclusion program under Part 300.

Influencing person means an individual who, with respect to the event underlying a covered contract, is reasonably capable of affecting the occurrence, non-occurrence, magnitude, or timing of that event, or who has access to material non-public information concerning it. The term includes the categories identified in § 402(b).

Material non-public information means information that has not been disseminated in a manner making it available to participants generally, and that a reasonable participant would consider important in deciding whether to enter into, hold, or close a position in a covered contract.

Resolution source means the data source, publication, official determination, or other authority designated under § 501 as governing settlement of a covered contract.

§ 204 Organizational requirements

(a) A covered operator shall designate an individual responsible for compliance with these Standards. The designated individual shall have direct reporting access to the covered operator's governing body and sufficient authority and resources to discharge the responsibility.

(b) A covered operator shall maintain written policies and procedures implementing each Part of these Standards, shall review them not less than annually, and shall document each review.

(c) A covered operator shall not delegate responsibility for compliance with these Standards to a participant, an affiliate, or a third-party service provider. A covered operator may contract for performance of a function but remains responsible for the result.

§ 205 Fitness

(a) A covered operator shall establish and apply written criteria addressing the fitness of its principals, key employees, and beneficial owners holding five percent or more of its equity, covering criminal history, financial responsibility, prior regulatory action, and undisclosed conflicts.

(b) A covered operator shall re-evaluate fitness upon a change of control and not less than every three years.

§ 206 Segregation and protection of participant funds

(a) A covered operator shall hold participant funds separately from its operating funds.

(b) A covered operator shall at all times maintain unencumbered assets sufficient to satisfy the aggregate of participant account balances and the maximum aggregate settlement obligation on open positions.

(c) A covered operator shall not lend, pledge, hypothecate, or invest participant funds except in instruments permitted by applicable law for the custody of customer funds.

(d) A covered operator shall calculate and document its compliance with this section not less than daily, and shall report a deficiency to the assessor and to any applicable regulatory authority within one business day.

§ 207 System standards

(a) A covered operator shall maintain systems that:

(1) accurately record each order, execution, position, deposit, withdrawal, and settlement, with a timestamp sufficient to reconstruct sequence;

(2) enforce every limit, exclusion, and restriction required by these Standards at the point of order entry, and not solely by post-hoc review;

(3) prevent an excluded participant from opening an account, entering an order, or depositing funds;

(4) remain capable of producing, on request, the complete activity history of any participant account; and

(5) fail in a manner that rejects orders rather than accepting them, where a control required by these Standards is unavailable.

(b) A covered operator shall submit a material change to a system governed by paragraph (a) to independent testing under § 208 before deployment.

(c) A covered operator shall document, and report under § 603, each incident in which a control required by these Standards failed, was bypassed, or was disabled.

§ 208 Independent testing

(a) A covered operator shall obtain certification from an independent testing laboratory that its systems satisfy § 207. The laboratory shall be independent of the covered operator, shall not be an affiliate, and shall not have participated in the design or implementation of the systems tested.

(b) Certification shall be renewed not less than every two years and upon any material change under § 207(b).

Basis: 25 C.F.R. pt. 543 (NIGC Minimum Internal Control Standards for Class II Gaming); 25 C.F.R. pt. 547; 17 C.F.R. pt. 38; Ohio Admin. Code 3775-9-01, 3775-15-01, 3775-16-01, 3775-16-02, 3775-16-06, 3775-16-15; N.J.A.C. 13:69D; N.J.A.C. 13:69O-1.2; UKGC Remote Gambling and Software Technical Standards.

PART 300

CONSUMER PROTECTION STANDARDS

§ 301 Exclusion program

(a) **Availability.** A covered operator shall enable a participant to enroll in an exclusion program at any time, through the same platform on which the participant trades, without contacting customer service and without a waiting period. Enrollment shall not be conditioned on the participant closing positions, withdrawing funds, or providing a reason.

(b) **Terms.** A covered operator shall offer, at minimum, exclusion terms of one year, five years, and lifetime. A participant may at any time extend the term of an exclusion. A participant may not shorten an exclusion term once elected.

(c) **Effect on account access.** Upon enrollment a covered operator shall immediately:

(1) cancel all of the participant's resting orders;

(2) block entry of any new order that would open a position or increase an existing position;

(3) block all deposits; and

(4) block access to credit, complimentary services, promotional credit, and any loyalty or tier benefit.

(d) **Effect on open positions.** A covered operator shall not void, cancel, or involuntarily close a participant's open position solely by reason of the participant's enrollment in an exclusion program. The excluded participant retains the right to receive any amount owed on a position, including amounts becoming due on settlement, and may elect either to hold the position to settlement or to close or reduce it. A covered operator shall permit an order that closes or reduces an open position notwithstanding paragraph (c)(2), and shall permit withdrawal of the resulting proceeds.

> **DRAFTING NOTE**
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> Paragraph (d) is the point at which prediction markets depart from every existing self-exclusion regime. A sports wager cannot be sold, so Ohio Admin. Code 3772-12-03(C) and 3772-12-04(I) need only preserve the participant's right to be paid on a pending wager. A position in a covered contract is tradeable, and an excluded participant who cannot close it is exposed to continuing market risk they have asked to stop taking. Blocking all order entry therefore harms the participant it is meant to protect. Permitting only risk-reducing orders resolves this. Comment is invited on whether a covered operator should instead be required to offer a one-time liquidation at a reference price.

(e) **Marketing.** A covered operator shall cease all direct marketing to an excluded participant not later than fifteen days after enrollment, and shall exclude the participant from all marketing audiences, including audiences constructed by an affiliate or a third-party advertising service.

(f) **Reinstatement.** A covered operator shall not remove a participant from an exclusion program automatically at the expiration of the elected term. Removal requires an affirmative, unaltered application by the participant made after the term has expired. For a lifetime exclusion, removal additionally requires that not less than five years have elapsed and that the participant has completed a problem gambling awareness program.

(g) **Confidentiality.** A covered operator shall maintain the identity of an excluded participant in confidence and shall use exclusion data only for the purposes of these Standards.

(h) **Interoperability.** A covered operator shall honor an exclusion recorded in any national or multi-operator exclusion program to which it is subject, and shall support transmission of an exclusion to such a program.

§ 302 Financial and time limits

(a) A covered operator shall enable a participant to set each of the following, at durations of twenty-four hours, seven days, and one month:

(1) a **deposit limit**, capping funds credited to the account;

(2) a **spend limit**, capping funds placed at risk; and

(3) a **loss limit**, capping net losses.

(b) A covered operator shall enable a participant to set a **session time limit** on a daily basis.

(c) A covered operator shall prompt the participant to set a limit under paragraph (a) at registration or at the point of first deposit, whichever occurs first.

(d) **Asymmetry.** A decrease in a limit shall take effect immediately, and in no case later than the participant's next log-in. An increase in a limit shall take effect only after the period of the existing limit has expired and the participant has reaffirmed the increase after that expiry.

(e) Where a participant has set limits of differing durations, the most restrictive applicable limit governs.

(f) A covered operator shall enforce a limit at the point of order entry or deposit, and shall inform the participant of the limit that caused a rejection.

(g) A covered operator shall enable a participant to suspend the account for a period of not less than seventy-two hours. Paragraphs (c) and (d) of § 301 apply during a suspension.

§ 303 Participant disclosure

(a) A covered operator shall disclose, clearly and conspicuously, before a participant's first order and at all times thereafter through a persistently accessible page:

(1) that a covered contract carries risk of total loss of the amount at risk;

(2) all fees, commissions, spreads, and charges, including any charge applied on settlement or withdrawal;

(3) the participant's right to set limits under § 302 and to enroll in an exclusion program under § 301, with direct links to both;

(4) the covered operator's dormancy policy and its consequences for account balances and open positions;

(5) the treatment of a position on system malfunction or disconnection;

(6) the expected time to withdraw funds;

(7) the complaint procedure under § 305 and the applicable regulatory authority, if any, with contact information; and

(8) problem gambling help resources, including a free national helpline.

(b) A covered operator shall make available to each participant, on demand and not less than monthly, a statement of that participant's deposits, withdrawals, amounts placed at risk, and net position, expressed in currency, for the preceding twelve months.

(c) A covered operator shall display elapsed session time to the participant, and shall provide a reality check at intervals the participant may set.

(d) A covered operator shall not describe a covered contract as an investment, a hedge, or a form of financial planning in participant-facing material unless the description is accurate for the contract as offered to that participant.

§ 304 Problem gambling program

(a) A covered operator shall adopt a written problem gambling plan, which shall address at minimum:

(1) the goals of the plan, the procedures implementing it, and the timetable for implementation;

(2) the position responsible for implementing and maintaining the plan;

(3) procedures for compliance with § 301, including procedures preventing an excluded participant from trading, procedures for terminating marketing, and procedures for preventing access to credit and promotional benefit;

(4) procedures for identifying participants exhibiting indicators of gambling harm, including procedures specific to loyalty, rewards, and marketing programs;

(5) procedures for responding to a participant who discloses a gambling problem, and for responding to a report from a third party such as a family member;

(6) the duties of employees under the plan, and an employee training program covering recognition of gambling harm, response to disclosure, and response to third-party reports, with periodic reinforcement and a certification process verifying completion;

(7) provision of written material educating participants about gambling harm, exclusion, and treatment resources;

(8) procedures to prevent participation by individuals below the minimum age; and

(9) a list of public and private treatment services, peer support groups, and related programs.

(b) A covered operator shall submit quarterly updates and an annual report on adherence to the plan under § 602.

(c) A covered operator shall contribute to the funding of problem gambling research, prevention, and treatment. The contribution shall be calculated as a stated percentage of gross gaming revenue or an equivalent measure, shall be disclosed publicly, and shall be paid to an entity independent of the covered operator.

> **DRAFTING NOTE**
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> Paragraph (c) has no analogue in federal derivatives law. There is no fee, levy, or fund into which a CFTC-regulated event contract contributes anything for problem gambling purposes. State frameworks fund these programs through gaming tax allocations, which is a mechanism unavailable to a federally regulated exchange. The percentage is left open pending comment on whether these Standards should specify a rate or require only disclosure of the rate chosen.

§ 305 Complaints

(a) A covered operator shall maintain a documented complaint procedure, shall acknowledge a complaint within two business days, and shall resolve it within thirty days or explain the delay in writing.

(b) A covered operator shall maintain a complaint register recording the date, the participant, the substance, the resolution, and the elapsed time, and shall report under § 602.

(c) A covered operator shall not condition resolution of a complaint on the participant waiving a right under applicable law.

§ 306 Advertising and promotion

(a) A covered operator shall not advertise in a manner that:

(1) targets individuals below the minimum age under § 403, uses branding likely to appeal to them, or places material where the majority of the audience is presumed to be below that age;

(2) misrepresents the likelihood of a return;

(3) presents trading a covered contract as a solution to financial difficulty; or

(4) is directed to an excluded participant.

(b) A covered operator shall not offer a financial incentive, including bonus funds or trading credit, that is triggered by a participant's account approaching or reaching a zero balance.

(c) A covered operator shall not design a covered contract or platform feature that encourages a participant to increase the amount at risk in order to recover a prior loss, or that encourages continued trading after the participant has indicated an intention to stop.

(d) A covered operator shall disclose the full terms of a promotion, including all conditions on withdrawal, at the point the promotion is presented.

Basis: Ohio Admin. Code ch. 3772-12 (Ohio Voluntary Exclusion Program), 3775-16-08, 3775-16-09, 3775-16-21; N.J.A.C. 13:69O-1.2, 13:69O-1.3; N.J.A.C. 13:69G; UKGC Licence Conditions and Codes of Practice; UKGC Remote Gambling and Software Technical Standards RTS 2, RTS 8, RTS 12, RTS 13, RTS 14;

Nev. Gaming Comm'n Reg. 5.170; 11 Va. Admin. Code 5-80; S. 4060, 119th Cong. §§ 5, 7(b)(2)(E), 9(c) (2026).

PART 400

MARKET INTEGRITY

§ 401 Prohibited conduct

(a) A person shall not use material non-public information concerning the event underlying a covered contract for gain in connection with that contract.

(b) A person shall not enter into a covered contract with respect to an event that the person is capable of influencing.

(c) A person shall not engage in conduct intended to affect the price or settlement of a covered contract other than through legitimate trading, including making a material misrepresentation concerning the underlying event while holding a position in it.

(d) A covered operator shall publish rules prohibiting the conduct described in this section and shall enforce those rules against its participants.

> **DRAFTING NOTE**
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> Paragraph (c) reflects the conduct charged in *In re George Anthony Devolder Santos*, CFTC Docket No. 26-05 (July 31, 2026), in which the respondent traded a contract on his own attendance at an event while making misrepresentations about his intentions. That action was brought under Commodity Exchange Act § 6(c)(1) and 17 C.F.R. § 180.1, which are general anti-fraud and anti-manipulation provisions, because no rule specific to prediction markets addressed the conduct. Section 402 is the structural remedy: the exchange should be required to identify and restrict such persons in advance rather than leave the matter to enforcement after settlement.

§ 402 Influencing persons

(a) A covered operator shall employ commercially reasonable methods to prevent an influencing person from entering into a covered contract on the event that person is capable of influencing.

(b) For each covered contract, a covered operator shall identify the categories of individuals who are influencing persons with respect to that contract. Categories include, according to the nature of the event:

(1) a participant in, official of, or decision-maker with respect to the event;

(2) an individual holding a position, office, or candidacy whose conduct determines or materially affects the outcome;

(3) an employee, agent, immediate family member, or contractual counterparty of a person described in paragraph (b)(1) or (b)(2), where the relationship provides influence or access to material non-public information;

(4) an individual employed by or contracted to the resolution source; and

(5) an employee, officer, director, or contractor of the covered operator or an affiliate.

(c) A covered operator shall, before listing a covered contract, document the categories identified under paragraph (b) and the methods by which it will identify and restrict persons within them.

(d) A covered operator shall not list a covered contract for which it cannot identify the categories of influencing persons, or for which it has no reasonable method of restricting them.

(e) A covered operator shall maintain a restricted list, shall screen accounts against it, and shall keep its contents confidential, using it solely for the purposes of this Part.

(f) Where the event underlying a covered contract is governed or administered by an organizing body, a covered operator shall establish a procedure for receiving from that body a list of individuals involved in the event, and shall protect the personal information received.

§ 403 Age, identity, and location verification

(a) A covered operator shall not permit an individual below the applicable minimum age to register or to enter into a covered contract. Absent a stricter requirement under applicable law, the minimum age is twenty-one years.

(b) A covered operator shall verify the full legal name, date of birth, and location of each participant before permitting the first order, and shall re-verify an existing account before permitting further activity where verification has not been performed to this standard.

(c) A covered operator shall employ location verification reasonably designed to prevent a participant from trading from a jurisdiction in which the covered operator is not authorized to offer the covered contract, and shall re-evaluate on a change of location.

(d) A covered operator shall screen each applicant against applicable exclusion programs, restricted lists under § 402, and sanctions lists before permitting the first order, and periodically thereafter.

§ 404 Customer identification and anti-money laundering

(a) A covered operator shall maintain a written customer identification program that identifies and verifies each participant, retains verification records, and screens against government lists.

(b) A covered operator shall identify the beneficial owner of any account not held in the name of the individual trading it, and shall prohibit an account maintained for the benefit of an undisclosed person.

(c) A covered operator shall monitor for, and report in accordance with applicable law, transactions indicating possible structuring, layering, use of a third party's funds, or trading unconnected to any apparent economic purpose.

(d) A covered operator shall not permit a participant to fund an account by a method that defeats identification of the source of funds.

(e) A covered operator shall not extend credit to a participant for the purpose of entering into a covered contract.

§ 405 Surveillance and independent integrity monitoring

(a) A covered operator shall conduct automated surveillance of trading in covered contracts sufficient to detect conduct prohibited by § 401, including trading patterns correlated with the timing of non-public developments in the underlying event.

(b) A covered operator shall engage an independent integrity monitor that is not an affiliate and has no financial interest in the covered operator's trading volume. The monitor shall:

(1) collect and analyze information to identify integrity concerns;

(2) report unusual activity to the covered operator, to any applicable regulatory authority, and where relevant to the body governing the underlying event, promptly upon identification;

(3) share reports with other integrity monitors to the extent necessary to identify cross-platform conduct;

(4) take corrective action upon discovery of nonconforming work or unfollowed procedure, and notify the covered operator and any applicable regulatory authority;

(5) maintain a training program for its personnel, with records retained not less than three years; and

(6) retain records of its monitoring activity not less than five years.

(c) A covered operator shall report to any applicable regulatory authority, within twenty-four hours of identification, any conduct it reasonably believes violates § 401.

(d) Integrity monitoring reports are confidential and shall not be used for any purpose other than those stated in this Part.

Basis: 7 U.S.C. §§ 6c, 7, 7a-2; 17 C.F.R. §§ 38, 40.11, 180.1; In re Santos, CFTC Docket No. 26-05 (July 31, 2026); CFTC Division of Enforcement Advisory (Feb. 25, 2026); CFTC Letter 26-08 (Mar. 12, 2026); Ohio Admin. Code 3775-16-10, 3775-16-12, ch. 3775-14; N.J.A.C. 13:69G, 13:69O-1.3; 31 C.F.R. pts. 1010, 1021; 31 U.S.C. ch. 53; S. 4060, 119th Cong. §§ 4, 9 (2026).

PART 500

CONTRACT INTEGRITY AND SETTLEMENT

> **INTRODUCTORY NOTE**

> This Part has no direct precedent. Gaming regulators specify approved wager types and require that outcomes be verifiable, but the outcome of a sporting event is determined by an official scoreboard and is rarely contested. Contracts on elections, policy decisions, corporate actions, weather, and public statements resolve against sources that may be ambiguous, revisable, delayed, or absent. The participant's loss in such a case is caused not by the event but by the operator's discretion in reading it. That discretion is unregulated everywhere in the surveyed corpus, and it is the exposure most specific to this product.

§ 501 Resolution criteria

(a) A covered operator shall, before listing a covered contract and continuously thereafter, publish for that contract:

(1) the precise condition that determines settlement, stated so that a reasonable participant can determine the outcome from the resolution source without exercise of judgment by the covered operator;

(2) the resolution source, identified specifically;

(3) the time at which the resolution source will be consulted;

(4) the treatment of the contract if the resolution source does not publish, publishes ambiguously, or ceases to exist;

(5) the treatment of the contract if the underlying event is cancelled, postponed beyond a stated date, or materially altered; and

(6) the treatment of the contract if the resolution source revises its determination after settlement.

(b) A covered operator shall not list a covered contract for which the matters in paragraph

(a) cannot be stated in advance.

(c) A covered operator shall not amend the resolution criteria of a listed covered contract after the first order has been executed, except to correct a manifest error under § 503.

§ 502 Independence of the resolution source

(a) A resolution source shall be independent of the covered operator and of its affiliates.

(b) A covered operator shall not designate itself, an affiliate, or a person it compensates for the determination as the resolution source, except where paragraph (c) applies.

(c) Where no independent resolution source exists for an event, a covered operator may determine the outcome only if it:

(1) discloses that it is the resolution source, prominently and at the point of order entry;

(2) publishes in advance the evidence it will consider and the standard it will apply;

(3) publishes its determination with the reasoning and the evidence relied on; and

(4) submits determinations under this paragraph to review under § 504.

(d) A covered operator shall not list a covered contract whose outcome depends on a determination by a person holding a position in that contract.

§ 503 Settlement, error, and revision

(a) A covered operator shall settle a covered contract promptly after the resolution source is consulted, and shall publish the settlement value and the basis for it.

(b) **Manifest error.** A covered operator may correct a settlement only where the settlement resulted from a manifest error, being a demonstrable failure to apply the published resolution criteria to the published resolution source. A correction shall be made within a period stated in advance, shall be published with reasons, and shall be reported under § 603.

(c) A covered operator shall not reverse a settlement on the ground that the outcome was unexpected, that the resolution source was mistaken, or that the covered operator would have preferred a different resolution, where the published criteria were correctly applied.

(d) **Early settlement.** A covered operator shall not settle a covered contract before the time stated under § 501(a)(3) unless the condition determining settlement has been irreversibly satisfied and the covered operator publishes the basis for that conclusion.

(e) **Voiding.** A covered operator shall not void a covered contract except in the circumstances published under § 501(a)(4) and (a)(5), or where required by applicable law. On voiding, the covered operator shall return the amount at risk to each participant holding a position and shall publish the reason.

(f) A covered operator shall not apply a fee or charge to a voided contract.

§ 504 Settlement disputes

(a) A covered operator shall maintain a procedure by which a participant may contest a settlement, stating the time within which a challenge must be brought, the information the participant must provide, and the time within which the covered operator will respond.

(b) A covered operator shall not require a participant to waive a right under applicable law as a condition of using the procedure.

(c) A covered operator shall provide for review of a contested settlement by a person who did not make the original determination.

(d) A covered operator shall publish, not less than quarterly, the number of settlements contested, the number sustained, and the number reversed.

(e) Where the covered operator was itself the resolution source under § 502(c), the review under paragraph (c) shall be conducted by a person independent of the covered operator.

§ 505 Contract review before listing

(a) A covered operator shall document, before listing a covered contract, that:

(1) the outcome is verifiable;

(2) the outcome is generated by a process independent of the covered operator and its participants;

(3) the outcome is unlikely to be affected by the trading of the contract itself;

(4) the categories of influencing persons have been identified under § 402; and

(5) the resolution criteria satisfy § 501.

(b) A covered operator shall retain the documentation under paragraph (a) and shall produce it on request.

Basis: Original. Informed by 17 C.F.R. § 40.11; 7 U.S.C. § 7a-2(c)(5)(C); Ohio Admin. Code 3775-10-01, 3775-11-01, 3775-16-04; N.J.A.C. 13:69O-1.2; UKGC Remote Gambling and Software Technical Standards RTS 2, RTS 9; S. 4060, 119th Cong. §§ 4(d), 7(b)(2)(B) (2026).

PART 600

RECORDS, REPORTING, AND AUDIT

§ 601 Records

(a) A covered operator shall retain, for not less than five years:

(1) participant account records, including verification records under § 403 and § 404;

(2) the complete order, execution, position, and settlement history of each participant;

(3) exclusion program records, including enrollment, effect on positions, marketing suppression, and reinstatement;

(4) limit records under § 302, including each limit set, each change, and each order or deposit rejected;

(5) documentation under § 402(c) and § 505(a) for each covered contract listed;

(6) settlement records, including resolution source consulted, value published, corrections, voidings, and disputes;

(7) complaint records under § 305;

(8) surveillance and integrity monitoring records under § 405; and

(9) problem gambling plan documentation and training records under § 304.

(b) Records shall be retained in a form permitting reconstruction of the covered operator's activity and shall be produced on request.

§ 602 Periodic reporting

(a) A covered operator shall report not less than quarterly:

(1) the number of participants enrolled in an exclusion program, by term elected, and the number reinstated;

(2) the number of attempted registrations, deposits, and orders blocked by reason of exclusion;

(3) the number of participants with limits in effect under § 302, by limit type, and the number of orders and deposits rejected by limit;

(4) complaint volume and resolution times under § 305;

(5) settlement disputes under § 504(d); and

(6) adherence to the problem gambling plan under § 304(b).

(b) A covered operator shall report annually:

(1) the amount contributed under § 304(c) and the recipient;

(2) the results of independent testing under § 208;

(3) the results of the audits under § 603; and

(4) any information received concerning bankruptcy, criminal proceeding, or suicide of a participant, where reported to the covered operator and connected to trading on its platform.

§ 603 Incident reporting

A covered operator shall report to any applicable regulatory authority, and to its assessor, within twenty-four hours of identification:

(a) a failure, bypass, or disablement of a control required by these Standards;

(b) a deficiency under § 206(d);

(c) a settlement correction under § 503(b) or a voiding under § 503(e);

(d) a breach of participant data, including exclusion program data; and

(e) conduct reportable under § 405(c).

§ 604 Audit

(a) A covered operator shall maintain an internal audit function independent of the operations it reviews, which shall test compliance with each Part of these Standards not less than annually and report its findings to the covered operator's governing body.

(b) A covered operator shall obtain an annual audit by an independent public accountant of its compliance with § 206.

(c) A covered operator shall obtain an annual assessment by an assessor accredited under § 701 of its compliance with these Standards as a whole.

(d) A covered operator shall document the corrective action taken in response to each finding under this section and the date of completion.

Basis: 25 C.F.R. pt. 543; 25 C.F.R. pt. 542; Ohio Admin. Code 3775-1-05, 3775-16-17, 3775-16-18, 3775-16-19, 3775-16-20, 3772-12-06(B); N.J.A.C. 13:69D; 17 C.F.R. pt. 38; Nev. Gaming Comm'n Regs.

PART 700

CERTIFICATION AND ENFORCEMENT

§ 701 Assessors

(a) An assessment of compliance with these Standards shall be conducted by an assessor that:

(1) is independent of the covered operator and its affiliates;

(2) has no financial interest in the covered operator's trading volume or revenue;

(3) did not design or implement the systems or procedures under assessment; and

(4) maintains documented competence in gaming regulatory compliance, derivatives market regulation, and information systems audit.

(b) An assessor shall not provide consulting services to a covered operator on the subject matter of an assessment during the assessment period or the twelve months preceding it.

§ 702 Assessment

(a) An assessment shall test each requirement of Parts 200 through 600 and shall state, for each, whether the covered operator is compliant, partially compliant, or non-compliant.

(b) An assessment shall be based on examination of evidence, including transaction records, system testing, and interviews, and not solely on the covered operator's representations.

(c) An assessment report shall identify each finding, the requirement to which it relates, and the remediation required.

§ 703 Certification

(a) A covered operator is eligible for certification under these Standards where an assessment records no non-compliant finding and each partially compliant finding is subject to an accepted remediation plan.

(b) Certification is valid for one year and requires annual reassessment.

(c) Certification shall be withdrawn where a covered operator fails to complete accepted remediation, where an incident under § 603 demonstrates a systemic control failure, or where the covered operator makes a material misrepresentation to its assessor.

(d) A covered operator shall not represent that it is certified under these Standards except while a valid certification is in effect, and shall not represent that certification constitutes approval by any regulatory authority.

§ 704 Enforcement by an adopting authority

Where a regulatory authority adopts these Standards, in whole or in part, the following are recommended:

(a) graduated sanctions, including corrective action plans, civil monetary penalties, suspension of the authority to list specified covered contracts, and revocation;

(b) penalties calculated with reference to the revenue derived from the non-compliant conduct, so that a penalty is not treatable as a cost of doing business;

(c) individual accountability for the person designated under § 204(a) where a failure resulted from that person's knowing act or omission;

(d) restitution to affected participants as a component of resolution; and

(e) publication of enforcement outcomes.

Basis: 25 C.F.R. pt. 543; Ohio Admin. Code 3775-1-08, 3775-14-01 through 3775-14-04, 3775-15-01; 17 C.F.R. pt. 38; S. 4060, 119th Cong. § 10 (2026).

APPENDIX A

MATTERS ON WHICH COMMENT IS INVITED

1. **Section 301(d), open positions on exclusion.** Whether permitting risk-reducing orders is the correct treatment, or whether a covered operator should be required to offer a one-time liquidation at a reference price.
2. **Section 304(c), problem gambling funding.** Whether these Standards should specify a contribution rate, and if so on what base, given that no federal mechanism exists.
3. **Section 402(d), refusal to list.** Whether a prohibition on listing contracts for which influencing persons cannot be identified is workable across the range of events these markets cover.
4. **Section 502(c), operator as resolution source.** Whether operator determination should be permitted at all, and if so whether the procedural conditions stated are sufficient.
5. **Section 503(d), early settlement.** Whether the irreversibility standard is administrable.

6. **Minimum age.** Whether twenty-one is correct where an operator is regulated as a derivatives market rather than as a gaming operator.

APPENDIX B

DOCUMENTED GAPS IN EXISTING REGULATION

The following table records what the surveyed regimes do and do not require. Counts of regulatory-term occurrences supporting it are in `research/analysis/01-gap-analysis.md`.

REQUIREMENT	CEA AND CFTC RULES	STATE GAMING REGIMES	UK LCCP AND RTS	PMCP
Participant exclusion program	None	Ohio, New Jersey, Virginia, Nevada	Yes, national scheme	§ 30
Participant-set financial limits	None	New Jersey only	Yes, RTS 12	§ 30
Session time limits	None	New Jersey	Yes, RTS 13	§ 30
Participant-facing risk disclosure	None	Ohio, New Jersey	Yes	§ 30
Problem gambling plan	None	Ohio, Nevada, Virginia	Yes	§ 30
Problem gambling funding	None	Via gaming tax	Yes	§ 30
Minimum age	None specific	Yes, 21	Yes, 18	§ 40
Advance restriction of influencing persons	None	Ohio, for sports	Not applicable	§ 40
Post-hoc manipulation enforcement	Yes, CEA § 6(c)(1)	Yes	Yes	§ 40
Independent integrity monitoring	None	Ohio	No	§ 40

REQUIREMENT	CEA AND CFTC RULES	STATE GAMING REGIMES	UK LCCP AND RTS	PMCP
Published resolution criteria	Partial, § 40.11 review	Approved wager types	No	§ 50
Resolution source independence	None	Not applicable	No	§ 50
Settlement dispute procedure	None	Complaint rules only	No	§ 50
Minimum internal control standards	Core principles only	Yes	Yes	Part 200,

End of PMCPS-M Version 1.1 Working Draft.

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