

United States Senate

SELECT COMMITTEE ON ETHICS

May 5, 2026

Prohibition on Participation in Prediction Markets: Senate Rule 37.15

On April 30, 2026, the Senate amended Senate Rule 37, prohibiting Senate Members, officers, and employees from participating in prediction markets.¹ The prohibition was effective immediately. The Select Committee on Ethics (the Committee) is responsible for the interpretation, application, and enforcement of the Code of Official Conduct. Accordingly, this memorandum provides guidance on the Senate Rule 37 amendment.

Senate Rule 37.15

Senate Resolution 708 (2026) amended Senate Rule 37 to provide:

No Member, officer, or employee of the Senate may enter into or offer to enter into, an agreement, contract, swap, or transaction that provides for any purchase, sale, payment, or delivery of an excluded commodity, as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a), that is dependent on the occurrence, nonoccurrence, or the extent of the occurrence of a specific event. Nothing in this paragraph shall be construed to apply to insurance for which the insured holds a lawful insurable interest.²

The definition of excluded commodity is incorporated by reference. In relevant part, excluded commodity is defined in the Commodity Exchange Act (CEA):

an occurrence, extent of an occurrence, or contingency. . . that is—

beyond the control of the parties to the relevant contract, agreement, or transaction; and

associated with a financial, commercial, or economic consequence.³

Prediction Markets

Prediction markets are exchange platforms specializing in event contracts. Event contracts refer to contracts with a binary payoff structure based on the occurrence or

¹ S. Res. 708, 119th Cong. (2026).

² The amendment is now Senate Rule 37.15.

³ Commodity Exchange Act, 7 U.S.C. § 1a(19).

nonoccurrence of an event. Users buy and sell these event contracts, continually updating the established price.⁴ Two of the largest prediction market platforms operating in the U.S. are Kalshi Inc. and Polymarket.

Prediction markets have existed in some form for decades; however, the number and variety of event contracts listed has seen exponential growth recently. Prediction markets now include a substantial number of event contracts not associated with traditional commodities or financial indices, including the outcomes of political elections, federal legislation, congressional hearings, and geopolitical events. Recent enforcement actions demonstrate prediction markets can be vulnerable to insider trading and the compromise of national security information. When government officials participate in prediction markets, it creates an unacceptable appearance that nonpublic information is informing the trading or the government official is otherwise abusing their public office for a personal financial benefit.

Although the specific prohibition of Senate Rule 37.15 is new, Senate Rules have always included a clear, consistent prohibition against actual conflicts of interest and a requirement to avoid even the appearance of using Senate office for personal benefit.⁵

Further, federal criminal law regarding insider trading criminally prohibits the purchase or sale of a security or commodity based on the use of material, nonpublic information. The Commodities Futures Trading Commission (CFTC) asserts that insider trading on prediction markets violates the Commodity Exchange Act and CFTC regulations.⁶ Further, the Committee issued guidance regarding insider trading prohibition, stating:

[T]hose who intentionally use confidential information coming to them by virtue of their Senate responsibilities or position to make a profit or avoid a loss, or to assist others to do so, will be deemed to have violated ethics standards and rules, engaged in conduct reflecting discredit on the Senate, and potentially violated securities laws and regulations.⁷

The Committee finds the longstanding restrictions on insider trading extend to prediction market trading. Accordingly, Members, officers, and employees providing confidential information gained through their Senate position to another individual to inform prediction market trading violates Senate standards of conduct regardless of whether the conduct violates federal law or CFTC regulations.

⁴ Karl E. Schneider and Rena S. Miller, Cong. Research Serv., *Prediction Markets: Policy Issues for Congress* (2026).

⁵ See Senate Rule 37.1, 37.4.

⁶ CFTC Enft Div. Issues Prediction Markets Advisory, CFTC (Feb. 25, 2026).

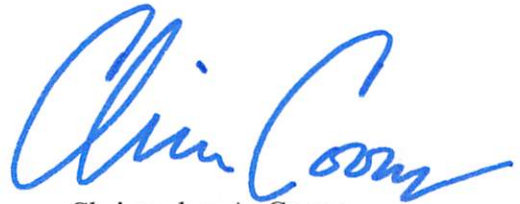
⁷ Select Committee on Ethics, *Restrictions on Insider Trading Under Securities Laws and Ethics Rules* (Dec. 4, 2012).

Please find several frequently asked questions attached to this guidance letter. If you have questions not covered in this guidance, please contact the Committee at (202) 224-2981 or Mailbox_Ethics@ethics.senate.gov.

Sincerely,



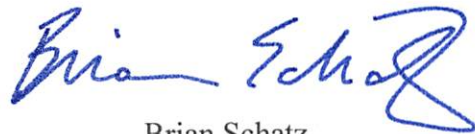
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Member



Brian Schatz
Member



Deb Fischer
Member



Jeanne Shaheen
Member

Frequently Asked Questions

Q1: Does the prohibition in Senate Rule 37.15 apply to Member, officer, and employee spouses and dependent children?

A1: No, the Senate Rule 37.15 prohibition does not extend to Member, officer, and employee spouses and dependent children. However, Members, officers, and employees are prohibited by federal law, CFTC regulations, and Senate standards of conduct from providing confidential information gained from their Senate position to another individual, including spouses or dependent children, to inform their prediction market trading.

Q2: Does Senate Rule 37.15 prohibit commodity futures trading in agricultural products or oil and natural gas?

A2: No, Senate Rule 37.15 incorporates certain provisions of the Commodity Exchange Act by reference and does not prohibit commodity futures trading in agricultural products (e.g., corn, pork bellies) or exempt commodities (e.g., oil or natural gas). The prohibition only extends to excluded commodities conditioned on the occurrence, nonoccurrence, or extent of an occurrence of a specific event.

Q3: Does the prohibition in Senate Rule 37.15 apply to legalized sports gambling?

A3: No, Senate Rule 37.15 does not prohibit participation in legalized sports gambling regulated by state authorities. This includes in person, retail, and online sports betting in jurisdictions that permit sports betting. Senate Rule 37.15 does prohibit prediction market trading on sporting events (e.g., Kalshi, Polymarket).

Q4: If a Member, officer, or employee currently holds a position on a prediction market, what is the requirement for divestment?

A4: Senate Rule 37.15 prohibitions were effective immediately. Consequently, any Member, officer, or employee holding a position on a prediction market is required to divest their position immediately. For financial disclosure filers, divestment may require a Periodic Transaction Report. Please contact the Committee for guidance.

In the rare circumstance where immediate divestment is not possible, please contact the Committee for specific guidance.

Q5: For financial disclosure filers, what are the reporting requirements for prediction market trades?

A5: As a commodities future, Members, officers, and employees required to file financial disclosure reports must disclose any prior prediction market trading and any current and future prediction market trading by spouses and dependent children. Additionally, as a commodities future, prediction market trades require a Periodic Transaction Report (PTR). Specific reporting guidance follows below.

- Report any event contracts held that are valued at \$1,000 or more or that generated income (i.e. a payout) of \$200 or more on Part 3 (Assets);
- Report any event contract, entered into or paid out within 30 days of notice of the transaction but no later than 45 days after the transaction on a PTR; and
- Report any transaction of prediction market exchange-traded funds on the Annual or Termination Report covering the period of the transaction.