United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

September 23, 2026

The Honorable Tim Scott
Chairman
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chair Scott,

We are writing to request that the Senate Committee on Banking, Housing, and Urban Affairs hold a public hearing on prediction markets. According to reports, you are planning on holding a roundtable session this week on securities-based prediction markets with only Republican members of the Committee.[1] The reports claim that executives from Kalshi will be in attendance.[2] It is important for the Senate Banking Committee to hold a public hearing about how these markets are impacting consumers and our financial system.

Security-based prediction markets are a growing segment of the financial sector that institutional and retail investors are increasingly exposed to. These markets offer event contracts tied to corporate performance indicators, which could meet the definition of security-based swaps that would be subject to SEC regulation.[3] In general, prediction markets have experienced rapid growth in recent years, with total trading volume jumping from $5 billion in September 2025 to $24 billion in April 2026, according to Pew Research Center.[4] In December alone last year, individuals traded nearly $12 billion on Kalshi and Polymarket, a 400% increase in trades compared to the previous year.[5] As industry participants request SEC approval for options tied to corporate earnings,[6] the full Senate Banking Committee has a critical oversight role to play. Experts warn that prediction markets are prone to encourage market manipulation and insider trading[7]; and early research indicates that "profits are highly concentrated in a small fraction of

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[1] Punchbowl News, "Senate Banking to host prediction market roundtable," Brendan Pedersen, September 18, 2026, https://punchbowl.news/article/finance/economy/senate-banking-market-roundtable/.
[2] *Id.*
[3] Better Markets, "Swapping Out the Rules: How "Financial Event Contracts" May Provoke a Regulatory Confrontation," August 26, 2026, https://bettermarkets.substack.com/p/swapping-out-the-rules-how-financial.
[4] Pew Research Center, "Trading volume on prediction markets has soared in recent months," Kaitlyn Radde, May 27, 2026, "https://www.pewresearch.org/short-reads/2026/05/27/trading-volume-on-prediction-markets-has-soared-in-recent-months/.
[5] The New York Times, "*All Bets Are On: The Rise of Prediction Markets*," David Yaffe-Bellany, January 19, 2026, https://www.nytimes.com/2026/01/19/technology/polymarket-kalshi-prediction-markets.html.
[6] Bloomberg, "Cboe Seeks to List Prediction Market Type Options on Earnings Metrics," Bernard Goyder and Katherine Doherty, July 1, 2026, https://www.bloomberg.com/news/articles/2026-07-01/cboe-seeks-to-list-prediction-market-type-options-on-earnings-metrics.

users, while the majority lose money."[8] It is critical that Congress examine prediction markets on a bipartisan basis in a public hearing – not behind closed doors in a Republican-only, industry-friendly roundtable.

In the interest of transparency, we ask you to hold a public committee hearing on this critical topic and allow all members of the Committee to participate.

Sincerely,

Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs

Catherine Cortez Masto
United States Senator

Jack Reed
United States Senator

Mark R. Warner
United States Senator

Chris Van Hollen
United States Senator

Tina Smith
United States Senator

Raphael Warnock
United States Senator

Andy Kim
United States Senator

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[7] Stanford Report, "Prediction Markets are Surging – Here's What You Need to Know," Melissa De Witte, April 30, 2026, https://law.stanford.edu/2026/04/30/prediction-markets-are-surging-heres-what-you-need-to-know/.

[8] SSRN, "Who Wins and Who Loses in Prediction Markets? Evidence from Polymarket," Pat Akey, Vincent Grégoire, Nicolas Harvie, and Charles Martineau, June 12, 2026, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6443103.

Ruben Gallego
United States Senator

Lisa Blunt Rochester
United States Senator

Angela D. Alsobrooks
United States Senator