

## Prediction Markets 101 Training Course (2026)

### Course Outline

This course is an introduction to prediction markets, regulated financial exchanges where participants trade contracts tied to real-world outcomes such as elections, sporting events, and economic indicators. Understanding how these markets operate helps ensure participants engage with integrity, fairness, and in compliance with applicable laws and regulations. This course covers the foundational mechanics of how prediction markets and event contracts work, the legal and regulatory framework governing them, and the standards of conduct expected of all participants — including the serious consequences of market manipulation and misuse of nonpublic information.

- I. Introduction to Prediction Markets
  - a. Definition
  - b. Distinction from Traditional Sports Wagering
  - c. The Role of Participants
- II. Market Structure and Terminology
  - a. The Market Defined
  - b. The Event Contract Defined
  - c. Categories of Tradeable Contracts
- III. Contract Mechanics and Price Discovery
  - a. Fixed Settlement Structure
  - b. Dynamic Price Formation Prior to Resolution
  - c. The Role of New Information in Driving Price Movement
  - d. Prices as Real-Time Reflection of Collective Participant Belief
- IV. Legal & Regulatory Environment
  - a. Accessibility vs. Legality
  - b. Regulated U.S. Venues
  - c. Offshore Platforms
  - d. Traditional Futures Markets vs. Event Contract Markets
- V. Market Integrity & Fair Information
  - a. Reactionary Prices
  - b. Material Nonpublic Information (MNPI)
  - c. MNPI Consequences
  - d. Fair Information Access as a Prerequisite for Market Function
- VI. Prohibited Conduct & Enforcement
  - a. Examples of Manipulation
  - b. Three-tier enforcement structure
    - a. Exchange level
    - b. Civil/federal level

# EXCHANGE | ANALYTICS

- c. Criminal level
- VII. Summary and Key Takeaways
  - a. The Market vs. The Contract
  - b. Dynamic Price Discovery vs. Centralized Price-Setting
  - c. The Breadth of Tradeable Outcomes
  - d. The Foundational Role of Regulation, Fair Information, and Honest Conduct