

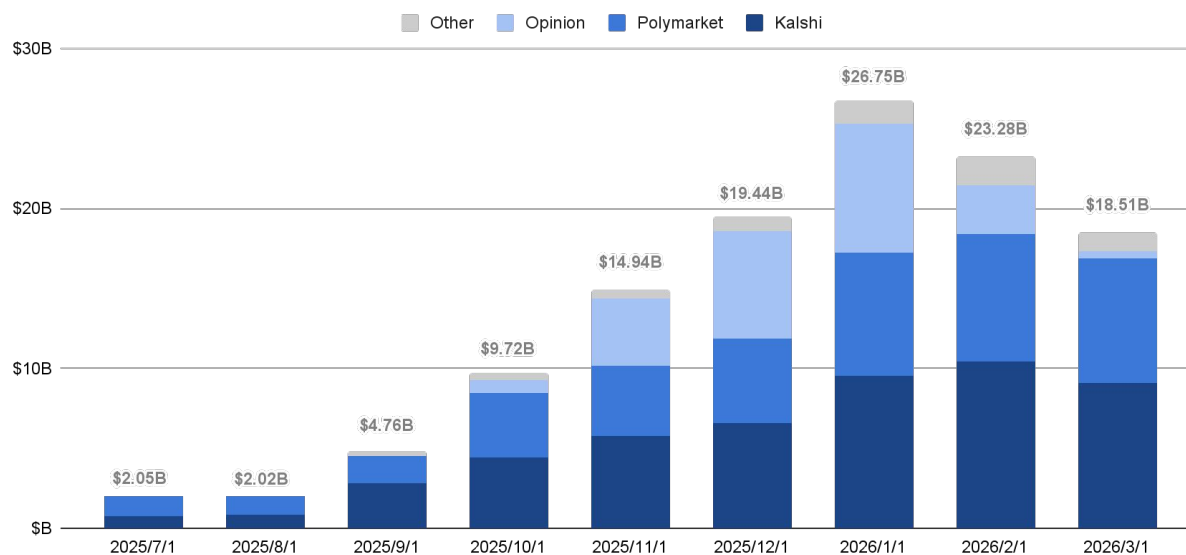
# Prediction Market: Intersection of DeFi, Information and Investment

Mar 25, 2026

## Key Takeaway

- Prediction markets are evolving from niche forecasting tools into institutional financial infra., backed by major funding, licensed exchange pathways, and incumbent market operators.
- Event-contract listings rose from about 5 per year in 2006–2020 to 131 in 2021 and roughly 1,600 in 2025, while leading platforms now generate billions in trading volume.
- Regulatory normalization is the main upside catalyst, but legal fragmentation remains the sector’s biggest overhang as federal oversight increasingly clashes with state gambling rules.
- Over time, monetization may expand beyond trading fees into data distribution, market infrastructure, and tokenized settlement, positioning prediction markets as a broader information-finance layer.

## Monthly Prediction Market Notional Volume



## Regulatory Shift in Prediction Markets

- **Jan 2022** – CFTC fines Polymarket and forces exit from U.S. market
- **Feb 2022** – Polymarket restricts U.S. users and shuts non-compliant contracts
- **Aug 2023** – Court halts PredictIt shutdown, limiting CFTC enforcement scope
- **May 2024** – CFTC proposes expanded “gaming” definition, raising ban concerns
- **Sep 2024** – Kalshi wins case, enabling political event contracts
- **Oct 2024** – U.S. election contracts officially begin trading on Kalshi
- **Jul 2025** – DOJ and CFTC close Polymarket investigation without charges
- **Sep 2025** – CFTC issues no-action relief, signaling regulatory openness
- **Nov 2025** – Polymarket receives DCM approval, re-entering U.S. market
- **Mar 2026** – CFTC releases formal guidance, recognizing prediction markets as financial assets

## Investment Implications

- **BUY Stablecoin & FOLLOW Blockchain Infrastructure:** Platforms like Polymarket already operate fully on stablecoins for global, high-frequency settlement, making cooperating issuers such as Circle direct beneficiaries. However, infrastructure layers like Polygon may see limited upside if major platforms vertically integrate.
- **FOLLOW AI Agents:** AI agents may become dominant participants in probability-pricing systems. Meta’s acquisition of Manus in late 2025 and Moltbook in March 2026 suggests that major technology firms are already investing in agentic AI.
- **BUY Crypto Exchanges:** Demand for stablecoins, trading, and on/off-ramp services increases. Exchanges like Coinbase can benefit from higher user activity and transaction flows.