

Securities Regulation Daily Wrap Up, CFTC NEWS AND SPEECHES—D.R.I.: Commission joins Kalshi’s complaint against Rhode Island in battle over state gambling laws, (May 29, 2026)

By Suzanne Cosgrove

Rhode Island is the latest state to challenge the CFTC’s sole jurisdiction over the prediction markets and enforce state gaming laws against federally regulated exchanges.

The CFTC filed a motion Thursday to intervene in a lawsuit in the U.S. District Court for the District of Rhode Island, a move designed to halt the state’s efforts to apply state gambling laws to CFTC-registered contract markets ([KalshiEX LLC and CFTC v. Furcolo, et al.](#), No. 1:26-cv-00327-MSM-PAS (D.R.I. May 28, 2026)).

[According to the CFTC’s motion](#), “the lawsuit is about whether Rhode Island state officials can usurp the CFTC’s jurisdiction.” The plaintiff, KalshiEX LLC, consented to the motion to intervene, while the state defendants opposed it. A [proposed complaint](#) was attached to the motion by the CFTC.

The event contracts targeted by Rhode Island are swaps under the federal Commodity Exchange Act (CEA), the CFTC said, and the exchanges that offer the event contracts are CFTC-regulated Designated Contract Markets (DCMs).

The Commission has argued in previous challenges that state gambling laws are preempted by the CEA.

Preemption debate intensifies. The CFTC’s action followed a lawsuit filed last week by Rhode Island Attorney General Peter Neronha against Kalshi and Polymarket in Rhode Island Superior Court, asking on May 21 for a declaration that their sports-related “event contracts” amount to sports bets subject to Rhode Island state gambling laws.

In [a release](#) announcing his action, Neronha noted that [the Rhode Island constitution](#) prohibits all “lotteries” in Rhode Island except those operated by the state.

The state’s petition was moved to federal court on May 22. “We demand Kalshi and Polymarket stand down, abide by our state laws, and disgorge their profits, and this lawsuit is the first step towards that goal,” Neronha said.

“Exclusive jurisdiction” emphasized. CFTC Chairman Michael Selig alleged the Rhode Island lawsuit was a “power grab” in a press release that amplified the Commission’s intervention in the case.

The Commission has approved a number of DCMs that offer event contracts, including Kalshi, Polymarket, Gemini Titan, LLC, and North American Derivatives Exchange, Inc. (Nadex). It also monitors the event contracts that DCMs self-certify with the CFTC, and it can bring enforcement actions against event-contract participants who violate the CEA.

“CFTC-registered exchanges have faced an onslaught of lawsuits seeking to limit Americans’ access to event contracts and undermine the CFTC’s sole regulatory jurisdiction over prediction markets,” Selig said.

“These products are commodity derivatives and squarely within the CFTC’s regulatory remit,” Selig said. “The CFTC has the expertise and responsibility to defend its exclusive jurisdiction over commodity derivatives, and that’s exactly what we’ll do.”

States line up. In recent months, the U.S. and the CFTC have filed suit against six other states that have threatened to enforce state laws against CFTC-regulated DCMs: Arizona, Connecticut, Illinois, Minnesota, New York and Wisconsin.

The CFTC has also filed amicus briefs in support of its exclusive jurisdiction in the Sixth and Ninth Circuits.

In a lawsuit filed just days before Rhode Island's action, the [CFTC sought to block a new state law](#) signed by Minnesota Gov. Tim Walz on May 18 that would make operating or assisting in the operation of a prediction market in the state a criminal felony. That law was scheduled to go into effect on August 1.

This is case [No. 1:26-cv-00327-MSM-PAS](#).

Attorneys: Andrew L. Porter (Milbank LLC) for KalshiEX LLC. Michael Collins, Rhode Island Department of Attorney General, for Mark Furcolo.

Companies: KalshiEX LLC

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