

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI**

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LUDLOW EXCHANGE, LLC d/b/a NOVIG,

Plaintiff,

- vs. -

Civil Action No. 4:26-cv-1780

CATHERINE L. HANAWAY, in her official capacity as Attorney General of the State of Missouri; MICHAEL A. LEAR, in his official capacity as Executive Director of the Missouri Gaming Commission; and JAN M. ZIMMERMAN, in her official capacity as Chair of the Missouri Gaming Commission,

Defendants.
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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

Plaintiff Ludlow Exchange, LLC d/b/a Novig (“Novig”), by and through its undersigned counsel, brings this Complaint for Declaratory and Injunctive Relief against Defendants Catherine L. Hanaway, Michael A. Lear, and Jan M. Zimmerman, each sued in their official capacity (collectively, “Defendants”), alleging as follows:

INTRODUCTION

1. Novig brings this action to enjoin Defendants from enforcing Missouri’s preempted gambling and sports-wagering laws against federally regulated transactions that Congress placed within the exclusive jurisdiction of the Commodity Futures Trading Commission (“CFTC”).

2. Novig, Inc. was founded in 2021 with the goal of providing sports-based event contracts to customers across the United States. Event contracts are derivative instruments that enable parties to trade on their predictions about whether a future event will occur. To pursue that goal under federal regulation, Novig, Inc. formed Plaintiff Ludlow Exchange, LLC d/b/a Novig as its wholly owned subsidiary on October 14, 2025, for the purpose of operating as a CFTC-regulated

Designated Contract Market (“DCM”). Novig pursued and obtained the relevant federal designation in 2026. On June 16, 2026, the CFTC designated Novig as a DCM after conducting the thorough review prescribed by the Commodity Exchange Act (the “CEA” or the “Act”). As a DCM, Novig is subject to the CFTC’s 23 “Core Principles,” along with the broader CFTC regulatory framework. 7 U.S.C. § 7(d). On August 12, 2026, Novig amended its Rulebook, adding Chapter 14, which focuses on responsible trading standards.¹ Novig offers event contracts to customers located in Missouri.

3. The event contracts Novig lists are a type of derivative instrument that is extensively regulated under federal law and that can be listed, traded, and settled only on federally registered exchanges. In particular, event contracts are quintessential “swaps” as defined by the CEA and therefore can only be traded on federally regulated exchanges that are subject to the exclusive jurisdiction of the CFTC. Congress granted the CFTC “exclusive jurisdiction” over precisely such transactions, 7 U.S.C. § 2(a)(1)(A). Under the CFTC’s supervision, event-contract markets have flourished. These still-growing markets have become a multi-billion-dollar industry as investors, market participants, and the public at large have found event contracts to be an enormously valuable tool for generating information about the likelihood of a future event taking place and hedging risks. Billions of dollars in transaction volume have already been traded on event-contract exchanges in the United States in 2026 alone.

4. On September 17, 2026, Missouri Attorney General Catherine L. Hanaway issued a cease-and-desist letter to Novig, threatening legal action unless Novig ceases offering sports event contracts to Missourians or obtains Missouri Gaming Commission licensure.² The letter states that

¹ See Ludlow Exchange, LLC, Self-Certification of Rule Amendments Establishing Responsible Trading Standards (Aug. 12, 2026).

² Letter from Catherine L. Hanaway, Att’y Gen. of Mo., to Ludlow Exchange, LLC d/b/a Novig (Sept. 17, 2026).

Novig has 30 days, until October 17, 2026, to comply or else Missouri “will pursue available enforcement actions against Novig.” In an accompanying press release, Attorney General Hanaway stated that Missouri “will enforce the rules voters approved and protect consumers.”³

5. Novig brings this action to prevent Defendants from bringing this preempted enforcement action against Novig.⁴

6. Under Defendants’ view, sports event contracts offered to persons in Missouri constitute unlicensed sports wagering under Mo. Const. art. III, § 39(g), and may be offered only through a Missouri Gaming Commission-licensed operator and subject to Missouri’s tax and regulatory requirements, irrespective of the CFTC’s designation of the exchange or the CFTC’s treatment of the contract.

7. The CEA forecloses application of Missouri law in this way. The statute’s text, history, and context all show that Congress intended to vest the CFTC with centralized authority over regulated derivatives markets and to ensure nationwide uniformity in those markets. Congress gave the CFTC exclusive jurisdiction over “transactions involving swaps or contracts of sale of a commodity for future delivery . . . traded or executed on a contract market designated pursuant to section 7 of this title.” 7 U.S.C. § 2(a)(1)(A). Event contracts comfortably fall within the statutory definition of a swap because they are “contract[s]” that “provide[] for any purchase, sale, payment, or delivery . . . dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence.” *Id.* § 1a(47)(A)(ii).

³ Press Release, Mo. Att’y Gen., Missouri Attorney General Hanaway Orders Unlicensed Prediction Markets To Cease And Desist Unlawful Sports Wagering (Sept. 17, 2026), <https://ago.mo.gov/missouri-attorney-general-hanaway-orders-unlicensed-prediction-markets-to-cease-and-desist-unlawful-sports-wagering/>.

⁴ Attorney General Hanaway also sent cease-and-desist letters to Kalshi, Polymarket, Crypto.com, Underdog, and Robinhood. *See* Press Release, *supra* note 3.

8. Despite the CFTC’s exclusive jurisdiction over event contracts, Missouri has stated that it intends to pursue legal action against Novig. But Missouri’s threatened enforcement of its laws is preempted. Pursuant to the CEA’s mandate, the CFTC has constructed a comprehensive regulatory regime to oversee both event-contract trading and the entities that facilitate those transactions. Section 2 of the CEA grants the CFTC “exclusive jurisdiction” over all “transactions involving swaps” that are “traded or executed” on a DCM. 7 U.S.C. § 2(a)(1)(A). Novig’s event contracts fall squarely within the Act’s definition of “swap” because each provides for a payment that depends on the occurrence or nonoccurrence of an event associated with potential financial, economic, or commercial consequences. *Id.* § 1a(47)(A)(ii). And because those swaps are traded on a DCM, they are subject to the CFTC’s exclusive jurisdiction. *See id.* § 2(a)(1)(A). The CEA also impliedly preempts Missouri’s gambling laws as applied to Novig; the statutory grant of “exclusive jurisdiction” over swaps traded on a DCM evinces Congress’s intent to oust states from this field and to be the sole regulator of these transactions. *Id.* § 2(a)(1)(A).

9. Congress’s preemptive intent is expressed in the statutory text. When it created the CFTC in 1974, Congress deleted the provision of the Act that had, until then, preserved “any State law applicable” to futures trading, doing so, as its floor sponsor explained, “[i]n order to assure that Federal preemption is complete.” 120 Cong. Rec. 30,464 (1974) (statement of Sen. Curtis). The conference report stated that the amendments would “preempt the field insofar as futures regulation is concerned” and that Congress did “not contemplate that there w[ould] be a need for any supplementary regulation by the States.” H.R. Rep. No. 93-1383, at 35–36 (1974) (Conf. Rep.). Indeed, when the House proposed a provision that would allow state law to apply to CEA-regulated transactions, the Senate agreed to its inclusion only after amending the provision to clarify that it applied “[e]xcept as *hereinabove* provided” in the grant of exclusive jurisdiction to the CFTC. *See* 7 U.S.C. § 2(a)(1)(A) (emphasis added); S. Rep. No. 93-1131, at 31 (1974).

10. Novig thus seeks declaratory and injunctive relief under the Declaratory Judgment Act and the Constitution. *See* 28 U.S.C. §§ 1651, 2201, 2202. Federal law preempts Missouri law, and this Court has the equitable power to enjoin Defendants from enforcing preempted state gambling laws. *See Ex parte Young*, 209 U.S. 123, 156–60 (1908). Given Missouri’s stated view and threatened enforcement, Novig must either risk exposing the company to significant civil and criminal liability or refrain from offering event contracts to Missouri residents altogether. “The dilemma posed by that coercion—putting the challenger to the choice between abandoning his rights or risking prosecution—is ‘a dilemma that it was the very purpose of the Declaratory Judgment Act to ameliorate.’” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 129 (2007) (citation omitted).

11. Absent this Court’s relief, Novig will incur irreparable harm. If Novig continues to offer event contracts to its users in Missouri, Defendants may bring an enforcement action premised on the view that Novig is violating Missouri sports-wagering laws, potentially exposing Novig to criminal liability under Chapter 572 of the Missouri Revised Statutes; civil monetary penalties under the Merchandising Practices Act, Mo. Rev. Stat. § 407.020; and abatement remedies under Mo. Rev. Stat. § 572.090. Exposure of that magnitude is substantial, and Missouri’s sovereign immunity would place it beyond recovery even after litigation exposes the fatal flaws in Defendants’ legal position. These irreparable harms warrant equitable relief. Novig also easily clears the other bars for seeking a preliminary injunction. Both the balance of the equities and the public-interest considerations support this Court’s intervention in Novig’s favor.

PARTIES

12. Plaintiff Novig is a limited liability company organized under the laws of the State of Delaware. Novig was formed on October 14, 2025, and is in good standing under Delaware law. Novig is headquartered in New York, New York, and its principal place of business is 169

Madison Avenue, Suite 2199, New York, NY 10016. Novig was organized for the purpose of operating as a DCM regulated by the CFTC, and it conducts no other business.

13. Novig filed its application for designation as a contract market with the CFTC on December 16, 2025. The CFTC has designated Novig as a DCM under Section 7 of the Commodity Exchange Act, 7 U.S.C. § 7. The CFTC granted that designation on or about June 16, 2026, finding that Novig's application and demonstrations established its ability to comply with the Act and the CFTC's regulations applicable to DCMs. The CFTC approved the application subject to the conditions that Novig comply with all representations and submissions made in support of it, that Novig comply with all provisions of the Act and the CFTC's regulations applicable to designated contract markets, and that Novig permit no futures commission merchant to intermediate transactions or carry customer accounts unless the Order of Designation is amended. *See In the Matter of the Application of Ludlow Exchange, LLC for Designation as a Contract Market, Order of Designation (CFTC June 16, 2026).*

14. On August 12, 2026, Novig amended its Rulebook, adding Chapter 14, which outlines Novig's responsible trading commitments. Chapter 14 clearly articulates how Novig protects traders. Only participants at least 21 years of age may trade. Participants may set binding daily, weekly, or monthly limits on their own trading and deposits, and may freeze trading on their accounts for periods ranging from one day to one year. Novig enforces those elections through third-party identity screening, so that a participant cannot open a second account to evade a limit set by the participant, and Novig participates in an industry-wide program allowing participants to engage in an exclusion across multiple prediction-market platforms. Novig also screens for prohibited traders, identifying participants who attempt to transact in markets where they hold undue influence over the outcome or have access to material non-public information. Novig further

invests significant resources in training its employees and increasing public awareness on the importance of maintaining responsible trading best practices.⁵

15. The event contracts at issue in this action are listed, traded, and settled on Novig's federally regulated DCM. Novig's trading model is non-intermediated: contracts trade on an anonymous electronic central limit order book, are cleared on a fully collateralized basis by a derivatives clearing organization, and no futures commission merchant may intermediate any transaction or carry any customer account.

16. Defendant Catherine L. Hanaway is the Attorney General of the State of Missouri and is sued in her official capacity. The Attorney General is the State's chief legal officer and has authority to enforce Missouri's sports-wagering laws. The Attorney General sent the September 17, 2026 cease-and-desist letter to Novig.

17. Defendant Michael A. Lear is the Executive Director of the Missouri Gaming Commission and is sued in his official capacity. The Missouri Gaming Commission administers Missouri's regulated sports-wagering market under Mo. Const. art. III, § 39(g) and Mo. Rev. Stat. § 313.004, including licensing and regulation of sports-wagering operators.

18. Defendant Jan M. Zimmerman is the Chair of the Missouri Gaming Commission and is sued in her official capacity. The Missouri Gaming Commission administers Missouri's regulated sports-wagering market under Mo. Const. art. III, § 39(g) and Mo. Rev. Stat. § 313.004, including licensing and regulation of sports-wagering operators.

19. Together, Defendants are responsible for enforcing any demand that Novig comply with the Missouri sports-wagering and gambling laws that are preempted as applied to event contracts traded on a federally designated contract market.

⁵ See Self-Certification of Rule Amendments Establishing Responsible Trading Standards, *supra* note 1.

20. Defendants have threatened to exercise that enforcement authority against Novig if, within 30 days from September 17, 2026, Novig does not (i) cease and desist from offering sports event contracts in Missouri or (ii) obtain a license from the Missouri Gaming Commission and pay all associated state taxes and fees.

JURISDICTION AND VENUE

21. This Court has subject-matter jurisdiction pursuant to 28 U.S.C. § 1331. This action presents a federal question under the laws and Constitution of the United States because it concerns whether the Commodity Exchange Act, 7 U.S.C. § 1 *et seq.*, preempts Missouri’s sports-wagering and gambling laws insofar as they purport to regulate transactions on a CFTC-designated contract market.

22. The Court may award injunctive relief under 28 U.S.C. § 1651 and may award declaratory and other appropriate relief under 28 U.S.C. §§ 2201 and 2202.

23. The Eleventh Amendment does not bar this action. Novig sues only state officials, in their official capacities, and names no state agency as a defendant. “[A] state official . . . is not the State for sovereign-immunity purposes.” *Va. Off. for Prot. & Advoc. v. Stewart*, 563 U.S. 247, 255 (2011). Under *Ex parte Young*, a plaintiff may sue Missouri officials in their official capacities for prospective declaratory and injunctive relief to stop the threatened enforcement of state law that violates federal law. *Ex parte Young*, 209 U.S. at 156; *Verizon Md., Inc. v. Pub. Serv. Comm’n of Md.*, 535 U.S. 635, 645–46 (2002); accord *St. Paul Area Chamber of Com. v. Gaertner*, 439 F.3d 481, 488 (8th Cir. 2006) (citation omitted) (“[W]e encourage a person aggrieved by laws he considers unconstitutional to seek a declaratory judgment against the arm of the state entrusted with the state’s enforcement power.”). Novig seeks precisely that relief here.

24. This Court has personal jurisdiction over Defendants. Defendants are domiciled in Missouri and perform their official duties in Missouri.

25. Venue is proper in this District under 28 U.S.C. § 1391(b)(1) and (b)(2) because Defendants reside in Missouri and a substantial part of the events giving rise to Novig’s claim occurred in this District. Novig offers event contracts to Missouri residents located in this District and any state enforcement actions would be directed at conduct occurring in this District.

FACTUAL ALLEGATIONS

A. Event Contracts Are Derivative Instruments That Allow Market Participants To Hedge Risk And Generate Real-Time Information About Consequential Events.

26. This action concerns derivatives. A derivative takes its value from something else—an asset, a rate, or a variable known as the underlier. The CEA defines the “commodities” that may serve as underliers in sweeping terms so that they cover not only physical goods such as wheat, oil, and gold, but also intangibles such as financial indices, interest rates, and the occurrence or nonoccurrence of an event carrying financial, commercial, or economic significance. *See* 7 U.S.C. § 1a(9), (19).

27. Among the most familiar derivatives is the swap—an arrangement under which two parties exchange payments measured by the value or performance of some underlying reference, whether an interest rate, a commodity price, or a real-world contingency. *See Sec. Indus. & Fin. Mkts. Ass’n v. CFTC*, 67 F. Supp. 3d 373, 385 (D.D.C. 2014). Event contracts represent a paradigmatic subspecies of swaps because they allow market participants to take positions on whether a future occurrence will materialize. Most are binary: every “yes” position is matched by a corresponding “no” position, and at expiration the party who read the outcome correctly is paid.

28. Take a contract on whether the Kansas City Chiefs will win the NFL Super Bowl. Once that question resolves (whether the Chiefs win the Super Bowl), the contract expires and settles accordingly. The side representing the occurrence (*i.e.*, “the Chiefs win”) receives the contract payout, while the side representing the nonoccurrence (*i.e.*, “the Chiefs do not win”)

receives nothing. The event contract settles with one side receiving \$1 and the other side \$0; the specified contingency either occurs or does not occur.

29. These contracts can also, importantly, be traded in the market at any point before the event contract expires. Thus, the contract's price will fluctuate as market participants trade in and out of positions, reflecting the market's real-time views regarding the probability of the underlying future event based on, among other things, new data.

30. Take an example from the 2026 NBA Finals. In Game 4 of the 2026 NBA Finals, the Knicks entered as favorites on prediction markets. As the Spurs built a commanding lead in the game, the markets flipped, and by the start of the fourth quarter, with the Spurs up 95 to 75, the Spurs were priced at around a 99 percent probability of winning the game. Then the Knicks rallied. OG Anunoby tipped in a missed Jalen Brunson three-pointer with 1.2 seconds remaining to complete a record 29-point comeback and a 107 to 106 win, and all the while the markets repriced accordingly. That real-time repricing is the mechanism by which event-contract trading aggregates dispersed information about the probability of the underlying outcome.⁶

31. Much like a company's stock price fluctuates based on the market's continual reassessment of the company's value—reflecting the public's perception of information related to the company's future earnings—event contracts likewise reflect the market's up-to-date prediction of the probability that a particular event will transpire.

32. Event contracts, like many financial instruments, serve multiple important financial functions. Event contracts can be a form of investment, and they can also serve as a device for mitigating risk for market participants who are already exposed in other ways to the consequences of

⁶ *Knicks Championship Odds Swing from 62 to 38 to 82 Percent in Game 4 Thriller*, RealGM (June 11, 2026), <https://basketball.realgm.com/wiretap/286022/Knicks-Championship-Odds-Swing-From-62-To-38-To-82-Percent-In-Game-4-Thriller>.

the underlying event.⁷ Sporting outcomes in particular carry economic weight for a wide range of participants. That is unsurprising given that sports are a multi-billion-dollar industry that ripples across the broader economy. Advertisers, sponsors, broadcasters, ticketing and hospitality businesses, municipalities, and state-licensed sportsbooks all have financial exposure that turns on how games end. Sports-related event contracts let those parties manage that exposure.

33. Several examples neatly illustrate this principle. A regional sponsor whose marketing spend is tied to a team's postseason run can offset the risk of an early exit by purchasing event contracts against the team's championship odds. A hotel whose occupancy depends on whether the local team hosts a home playoff game can protect against that exposure by taking a position against the team's seeding. A broadcaster whose ad revenue turns on ratings for a marquee matchup can hedge the risk that a star player is unavailable by purchasing contracts against that player's participation. A state-licensed sportsbook, whose book concentrates exposure to a particular outcome by design, can offset that exposure on an exchange rather than absorbing it alone. Sports event contracts, in other words, allow market participants to isolate and efficiently price the risk of a single economically consequential occurrence.

34. Beyond hedging, these markets generate valuable information, often in real time. Market participants often research the underlying event's probability before taking a position; thus, their trades may provide valuable information to the public. The depth and breadth of participation also improve the quality of information. Liquidity is therefore critical to price discovery because it allows market participants to move in and out of their positions efficiently. The public benefits from the wisdom of the crowd if the event contract's market is liquid and includes the most well-informed traders.

⁷ Andrew Ross Sorkin et al., *Hedging, Not Betting, on Sports via Prediction Markets*, N.Y. Times: DealBook (Feb. 10, 2026), <https://perma.cc/VP2T-NLP5>.

35. Congress also recognized the twin roles that derivatives play in the national economy by declaring that derivative transactions “are affected with a national public interest by providing” both a means of hedging risk and a mechanism for “disseminating pricing information through trading in liquid, fair and financially secure trading facilities.” 7 U.S.C. § 5(a).

B. Congress Granted The CFTC Exclusive Jurisdiction Over Derivatives Traded On Federally Designated Exchanges, Including Swaps.

36. Federal supervision of derivatives spans more than a century. Before 1922, these instruments commanded little judicial respect. One court dismissed futures trading as “gambling in grain,” *Cotbran v. Ellis*, 16 N.E. 646, 647 (Ill. 1888), and the Supreme Court described futures contracts as “nothing more than a wager,” *Irwin v. Williar*, 110 U.S. 499, 508–09 (1884). Numerous states passed laws to suppress or restrict futures trading of commodities.

37. That view did not hold. Over time, as markets matured and the economic value of derivatives became more apparent, courts and commentators came to recognize these instruments as a “means of avoiding or mitigating catastrophes, equalizing prices, and providing for periods of want.” *Bd. of Trade of City of Chi. v. Christie Grain & Stock Co.*, 198 U.S. 236, 247 (1905). Congress followed suit by first centralizing futures trading on federally approved contract markets in the Grain Futures Act of 1922, ch. 369, 42 Stat. 998, 1000–02 (1922) (“Grain Futures Act”), and then broadening federal supervision of derivatives exchanges in the CEA 14 years later, Pub. L. No. 74-675, 49 Stat. 1491 (1936).

38. As first enacted, the CEA left “any State law applicable” to covered transactions undisturbed. *Id.* That changed in 1974. Congress created the CFTC to administer the statute and vested it with “exclusive jurisdiction” over transactions in derivatives listed and traded on federally registered exchanges. 7 U.S.C. § 2(a)(1)(A).

39. Congress left no doubt about what it was doing. Alongside the grant of exclusive jurisdiction, it struck the clause that had preserved “any State law applicable” to futures trading. *See*

H.R. Rep. No. 93-1383, at 35 (1974) (Conf. Rep.); 120 Cong. Rec. 30,464 (1974) (statement of Sen. Curtis) (proposing the deletion “[i]n order to assure that Federal preemption is complete”). When the House floated language that would have let state law reach CEA-regulated transactions, the Senate accepted only after amending the provision to clarify that it applied “[e]xcept as hereinabove provided”—that is, subject to the exclusive-jurisdiction grant. *See* 7 U.S.C. § 2(a)(1)(A); S. Rep. No. 93-1131, at 31 (1974). Preemption was a central goal of this legislation. As one commentator put it, “preemption was a central issue in the proceedings which culminated in the 1974 amendments to the CEA.” Kevin T. Van Wart, *Preemption and the Commodity Exchange Act*, 58 Chi.-Kent L. Rev. 657, 692 (1982) (emphasis omitted).

40. The concern driving that choice was practical. Congress recognized the obvious point that a national market cannot function under fifty regulators. As one Senator put it, regulation under “different State laws would just lead to total chaos.” Commodity Futures Trading Commission Act Hearings on S. 2485, S. 2578, S. 2837, and H.R. 13113, *Before the S. Comm. on Agric. & Forestry*, 93d Cong. 685 (1974) (statement of Sen. Clark). The House Committee on Agriculture sought to place “all exchanges and all persons in the industry under the same set of rules and regulations for the protection of all concerned.” H.R. Rep. No. 93-975, at 79 (1974). The conference report was explicit that the amendments would “*preempt the field* insofar as futures regulation is concerned,” and that Congress did “not contemplate that there w[ould] be a need for any supplementary regulation by the States.” H.R. Rep. No. 93-1383, at 35–36 (1974) (Conf. Rep.) (emphasis added).

41. Congress simultaneously widened the statutory definition of “commodity” to encompass “all other goods and articles . . . and all services, rights, and interests . . . in which contracts for future delivery are presently or in the future dealt in.” 7 U.S.C. § 1a(9). The purpose

was to capture “futures trading that might now exist or might develop in the future.” H.R. Rep. No. 93-975, at 79 (1974).

42. In 2010, Congress further broadened the CFTC’s exclusive jurisdiction to cover swaps. The CFTC’s exclusive jurisdiction now reaches “transactions involving swaps or contracts of sale of a commodity for future delivery . . . traded or executed on a contract market designated pursuant to section 7 of this title.” 7 U.S.C. § 2(a)(1)(A). The amendment placed swaps “on the same exclusive jurisdictional footing as exchange-traded commodity futures,” and supplied an “explicit congressional mandate to carry out regulation of the swap markets under federal law free from potential state interference.” Barry Taylor-Brill, *Cracking the Preemption Code: The New Model for OTC Derivatives*, 13 Va. L. & Bus. Rev. 1, 3, 13 (2019).

43. This statutory history extends in one direction. Congress has legislated three times in this area, and each time, it has decided to enlarge the federal role such that it has become “abundantly clear that all futures trading must be brought under a single regulatory umbrella.” H.R. Rep. No. 93-975, at 44–45 (1974).

44. The definition of “swap” is correspondingly broad, covering any “agreement, contract, or transaction” that “provides for any purchase, sale, payment, or delivery . . . dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence.” 7 U.S.C. § 1a(47)(A)(ii). Courts in this Circuit have taken that language at face value, observing that “[t]he CEA’s definition of ‘swap’ is broad, a description that flows from the relevant terms Congress used in § 1a(47)(A)(ii).” *United States v. Minnesota*, 2026 WL 2150211, at *12 (D. Minn. July 27, 2026) (citing *United States v. Phillips*, 155 F.4th 102, 113 (2d Cir. 2025)); see *KalsbiEx, LLC v. Bird*, 2026 WL 2691009, at *10 (S.D. Iowa Sept. 8, 2026) (“Granted . . . the definition of ‘swap’ in 7 U.S.C. § 1a(47)(a)(ii) refers broadly to ‘potential financial, economic, or commercial consequence[s]’”). After

all, Congress wrote the definition to capture instruments that “in the future become[] commonly known to the trade as a swap.” 7 U.S.C. § 1a(47)(A)(iv).

45. In its October 9, 2026 Notice of Proposed Rulemaking, the CFTC—pursuant to its expressly delegated authority under the CEA—defines a “swap” to include “[e]vent contracts, including those based on sports-, politics-, cultural-, and weather-related events.” *Further Definition of “Swap” – Inclusions* 1, CFTC RIN 3038-AF82 (Oct. 9, 2026), <https://perma.cc/P76K-RJ58>. The CFTC adopted this proposed rule due to “widespread confusion” to “expressly clarify that event contracts, including those based on sports . . . are swaps.” *Id.* at 11. As part of its justification, the CFTC discussed the potential economic consequences associated with sports events, such as: increased ticketing revenue and franchise valuation that can accompany postseason success; enhanced viewership during a close game; player contractual bonuses tied to statistical results; and promotions that link the outcome of a sporting event to a financial consequence for a business (*e.g.*, a furniture store in Houston that runs a promotion in which customers who spend a minimum amount receive refunds if the Houston Astros win the World Series). *Id.* at 24–26.

46. Two narrow carveouts accompany the grant of exclusive jurisdiction, and neither is implicated here. One preserves the authority of the Securities and Exchange Commission and other federal agencies over instruments within their statutory mandate. *See* 7 U.S.C. § 2(a)(1). The other leaves the states room to apply generally applicable laws to off-exchange transactions—those not conducted on a DCM—and to unregistered entities. *Id.* § 16(e)(1); *see* H.R. Rep. No. 97-565, pt. 1, at 43 (1982) (States may regulate “transactions outside those preserved exclusively for the jurisdiction of the CFTC”).

47. Novig is registered as a DCM, and its contracts trade on an exchange. It is a contract market designated by the CFTC, and the transactions at issue occur on that market. The

off-exchange carveout therefore has no application, and no other federal agency claims these instruments.

C. The CFTC Comprehensively Regulates Designated Contract Markets And The Event Contracts They List.

48. Derivatives may be offered to the public only on a CFTC-approved DCM. 7 U.S.C. §§ 2(e), 7(a); 17 C.F.R. § 38.3(a).

49. Such approval does not come easy. An applicant must document its compliance with the 23 Core Principles set forth in the CEA. 7 U.S.C. §§ 2(e), 7(a); 17 C.F.R. § 38.3(a)(2). An applicant must also show that it will observe the Commission's rules; that it will adopt, monitor, and enforce its own rules; that the contracts it lists are not readily susceptible to manipulation; that it has both the capability and the obligation to detect and prevent manipulation, price distortion, and disruption through surveillance, compliance, and enforcement; and that it will impose position limits to constrain manipulation risk. 17 C.F.R. §§ 38.100, 38.150, 38.200, 38.250, 38.300.

50. The obligations do not end at designation. A DCM must assume "a duty of self-regulation, subject to the Commission's oversight," and also is required to "enact and enforce rules to ensure fair and orderly trading." *Am. Agric. Movement, Inc. v. Bd. of Trade of City of Chi.*, 977 F.2d 1147, 1150–51 (7th Cir. 1992). A slew of other CFTC regulations govern in painstaking detail various other parts of the entity's operations, from recordkeeping and daily market-data reporting to the public disclosure of certain contract terms and rules and other requirements relating to liquidity, dispute resolution, governance, and auditing. To give one illustrative example, a DCM must extend "impartial access to its markets and services" to every person holding trading privileges. 17 C.F.R. § 38.151(b). An entity may lose its designation if it is found in noncompliance with these regulations.

51. A DCM has two routes to listing a new contract. It may certify in writing, no later than the business day preceding listing, that the contract conforms to the CEA and the CFTC's

rules, 7 U.S.C. § 7a-2(c)(1); 17 C.F.R. § 40.2(a); or it may seek the CFTC’s approval beforehand, 7 U.S.C. § 7a-2(c)(4)(A); 17 C.F.R. §§ 40.3(a), 40.11(c). Under the latter route, the CFTC must “approve a new contract . . . unless the Commission finds that the new contract . . . would violate” the CEA or its regulations. 7 U.S.C. § 7a-2(c)(5)(B).

52. An entity cannot avoid oversight through certification. The Commission has a 10-day window to “stay[] the certification” for additional review. 7 U.S.C. § 7a-2(c)(3). If the Commission does not act within this period, the new contract is deemed approved. *Id.* § 7a-2(c)(2).

53. Congress also legislated specifically with respect to event contracts. Under the special rule adopted in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010) (“Dodd-Frank”), the CFTC may find an event contract “contrary to the public interest” where it “involves” activity unlawful under federal or state law, terrorism, assassination, war, gaming, or comparable activity the CFTC identifies by rule. 7 U.S.C. § 7a-2(c)(5)(C)(i) (the “Special Rule”). The CFTC has long taken the position that the Special Rule operates as a “discretionary review framework rather than a self-executing per se prohibition” and that the Special Rule “does not authorize the CFTC to impose a per se prohibition” on the listing of such event contracts independent of a public interest determination. Prediction Markets; Public Interest Determinations, 91 Fed. Reg. 35,806, 35,811, 35,813, 35,815 (proposed June 12, 2026); *see* 17 C.F.R. § 40.11(a)(1)–(2).

54. Two consequences follow from Congress’s decision to give the Commission such authority. The first is that event contracts touching on gaming—which include sports-based event contracts—are within the Commission’s exclusive jurisdiction. A grant of power to review them presupposes as much. The second is that Congress opted for a regime of individualized, contract-by-contract analysis rather than the use of categorical, blanket prohibitions.

55. The CFTC is drafting an amendment to the Special Rule regarding whether sports-related event contracts are “consistent with the public interest.” *See* 91 Fed. Reg. at 35,836. The CFTC expects this amended Special Rule to become final by the end of November. *See* Resp. to Mot. for Summ. Disposition at 2, *U.S. Commodity Futures Trading Comm’n v. Johnson*, No. 26-4281 (9th Cir. filed Sept. 24, 2026), Dkt. No. 29.1 (noting that the CFTC expected the revised version of the Special Rule to become final within the next two months).

56. The CFTC is also equipped with the full panoply of tools necessary to conduct this analysis and ensure regulatory compliance across the industry. The CFTC has the authority to bring actions in federal court or before administrative tribunals, and it is empowered to seek a range of remedies, including civil monetary penalties, restitution, disgorgement, injunctive relief, cease-and-desist orders, and suspension, denial, revocation, or restriction of registration and trading privileges. The CFTC may also refer matters to the Department of Justice or state authorities if it finds evidence of criminal conduct. CFTC, Div. of Enft, Enforcement Manual § 3.3 (2020).

57. In sum, federal law reaches every stage of an event-contract transaction. The CFTC prescribes the procedures by which a contract may be listed and retains authority to review, stay, and prohibit it; designates and supervises the exchange that lists it; and polices the trading that follows.

D. Novig Sought To Operate Under State Licensing Regimes, Found Them Structurally Incompatible With An Exchange, And Obtained Federal Designation.

58. Novig, Inc.’s founders were familiar with prediction markets from the company’s earliest days and came to view that model as the better fit for Novig’s product. Novig, Inc. did not initially pursue federal designation because, in the regulatory environment then prevailing, it anticipated that federal approval could take years and offered no assurance that sports-related event contracts would be permitted. Novig, Inc. therefore first pursued state-by-state licensing, securing a

Colorado license in October 2023, before returning that license in April 2024 and later pursuing a federally regulated prediction-market model.

59. Novig, Inc. was founded in 2021 by Jacob Fortinsky and Kelechi Ukah and was incorporated in Delaware on March 3, 2021.

60. Novig, Inc.'s founders conceived the company after observing that established sportsbooks routinely limited or banned customers who won too often, treating a successful bettor, in the words of its chief executive, "the same way a casino treats a card counter." The company sought to eliminate that practice. Its exchange structure removes what the company describes as "unfair odds and punitive limits on winning traders," and produces prices driven by real-time supply and demand rather than by bookmaker discretion.

61. Indeed, the Novig name is a homage to the key distinctions between event-contract platforms and sportsbooks. Traditional sportsbooks make money by adjusting the odds so that they include a commission for the sportsbook to cover the costs of facilitating the wager. This commission is called "vigorish" or "vig" in the language of sportsbooks. The Novig name reflects a business model in which the company does not charge a "vig."⁸

62. Novig, Inc. did not begin by seeking federal designation. It first attempted to operate within precisely the state licensing framework that Defendants now seek to enforce against Novig. On September 21, 2023, the State of Colorado Department of Revenue, Division of Gaming approved an Internet Sports Betting Operator license for Novig Laboratories, LLC d/b/a Novig, and the company launched its product in that State in October 2023.

63. Colorado's regulations recognized exchange wagering as a form of sports wagering, defining "exchange wagers" as "a form of wagering in which two or more persons place identically opposing wagers in a given market, allowing patrons to wager on both winning and non-winning

⁸ See Novig, "Exchange vs Sportsbook," <https://novig.com/blog/exchange-vs-sportsbook> (Oct. 9, 2026).

outcomes in the same event.” 1 Colo. Code Regs. § 207-2:1.4(8). Yet in 2023 Colorado declined to adopt proposed rules for exchange wagering. Novig, Inc. sought their adoption through the process the State provided. It participated in at least two stakeholder meetings, and on December 13, 2023 formally requested that Colorado “prioritize the passage of exchange wagering regulations,” stating that it was “fully prepared to comply with any additional regulations or guidelines” the State might set. The company thereafter proposed a modified feature and met with the Division of Gaming to explain this feature. On February 9, 2024, the Division determined that the proposed feature would constitute exchange wagering and advised the company to “wait until appropriate proposed rules are not only voted on by [Colorado] but, if applicable, go into effect.”

64. That effort demonstrated why a state-by-state licensing model is structurally incompatible with an event-contract exchange. The traditional framework was designed for sportsbooks—operators that act as counterparties to every wager, set their own prices, and earn revenue from the spread between those prices and true probability. An exchange earns no vig and takes no position. It depends instead on liquidity: a trade can occur only if a buyer and a seller can be matched at the same price. Confining an exchange’s participants within a single state’s borders deprives it of the counterparties that make the market function at all. Novig, Inc. encountered further difficulty with other state regulators. Regulators are often incentivized to protect incumbent operators over a lower-margin product like Novig’s that would reduce state tax revenue. A licensing regime calibrated to the economics of the house does not readily accommodate a market with no house.

65. In April 2024, Novig, Inc. withdrew from the Colorado market. It thereafter remitted unpaid patron funds to the Colorado Treasury and, in March 2025, submitted its request to surrender the license and withdraw its associated persons, which the Division of Gaming confirmed it would process.

66. Novig, Inc. formed Plaintiff Ludlow Exchange LLC d/b/a Novig, or “Novig,” on October 14, 2025 to pursue a federally regulated prediction market model. Novig applied to the CFTC for designation as a contract market pursuant to Section 5(a) of the CEA, 7 U.S.C. § 7(a), and Commission regulation 38.3(a), 17 C.F.R. § 38.3(a). Novig’s application comprised submissions dated January 1, 2026 through June 10, 2026, and included Novig’s Certificate of Formation, its Amended and Restated Operating Agreement, its Certificate of Good Standing, its Rulebook, and a narrative demonstrating Novig’s compliance with each of the core principles applicable to designated contract markets.

67. On June 16, 2026, the CFTC granted that designation, placing Novig within the same regulatory architecture that governs futures and derivatives exchanges generally. Commission staff reviewed Novig’s application, including its rules and the representations Novig made, and conducted a technical evaluation of Novig’s operational capabilities to evaluate its compliance with the core principles and corresponding Commission regulations applicable to DCMs under Section 5(d) of the Act, 7 U.S.C. § 7(d), and Commission regulations 17 C.F.R. §§ 38.100–38.1201. The Commission found that Novig’s application and demonstrations established its ability to comply with the Act and the Commission’s regulations applicable to DCMs, and provided sufficient assurance that Novig would continue to comply.

68. Novig is therefore not an intermediary that routes customer orders to an exchange operated by another entity. Novig is itself the federally regulated exchange. Every contract at issue in this action is listed, traded, and settled on a contract market designated by the CFTC under Section 7 of the CEA. Novig is responsible for ensuring compliant surveillance, using systems and tools that monitor Exchange activity in real time and on a trade-date-plus-one basis, and for enforcing its trading rules. Novig is likewise responsible for compliant regulatory reporting and

recordkeeping, investigations, disciplinary actions, and establishing rules to resolve disputes involving its market participants.

69. Consistent with the seriousness in which Novig takes its obligations, on August 12, 2026, Novig submitted to the CFTC a rule certification adding a new chapter to its Rulebook on “Responsible Trading Standards.”⁹ The new rules establish binding standards governing, among other things, participant education, marketing, platform design, participant controls, incentive programs, contract review, monitoring and intervention, and age and eligibility requirements. Among other protections, the rules require risk disclosures before trading, tools allowing participants to set limits and cooling-off periods, restrictions on promotional practices that could encourage loss-chasing, monitoring for potentially concerning trading activity, and a minimum trading age of twenty-one.

70. Novig’s designation reflects a federal judgment about how these instruments are to be regulated. The CFTC does not regulate casinos or sportsbooks; it regulates markets. In designating Novig, the CFTC found that Novig complied with the statutory and regulatory requirements governing federally designated derivatives markets—the same determination that subjects Novig to comprehensive federal oversight, and the same determination that Defendants’ threatened enforcement would nullify.

71. Novig’s regulatory history is thus the opposite of evasion. Novig, Inc. sought a state license, obtained one, and complied with it. It relinquished that license only after concluding that the state framework could not accommodate an exchange model, and it thereafter obtained federal designation through the process Congress established for exactly this category of instrument.

⁹ See Self-Certification of Rule Amendments Establishing Responsible Trading Standards, *supra* note 1.

Defendants now seek to apply to Novig the very state licensing regime that the company tested, found structurally unworkable for an exchange, and lawfully exited.

E. Missouri Has Threatened To Enforce Its Sports-Wagering Laws Against Novig.

72. Missouri’s constitution has long prohibited gambling under Mo. Const. art. III, § 39. On November 5, 2024, Missouri voters approved Amendment 2, authorizing a regulated sports-wagering market administered by the Missouri Gaming Commission under Mo. Const. art. III, § 39(g). The Missouri Attorney General’s September 17 letter describes that framework as requiring online sports-wagering platforms serving Missourians to obtain licensure and comply with related tax and fee requirements.

73. Missouri Amendment 2 makes it unlawful to offer online sports wagering to Missourians without a Missouri Gaming Commission license. The framework imposes a 10% wagering tax on adjusted gross revenue, Mo. Const. art. III, § 39(g)(10)(a), and license fees of up to \$500,000, *id.* § 39(g)(6).

74. Missouri’s statutory regime imposes criminal liability for offering online sports wagering without a license. “[A] person engages in gambling when he or she stakes or risks something of value upon the outcome of a contest of chance or a future contingent event not under his or her control or influence, upon an agreement or understanding that he or she will receive something of value in the event of a certain outcome.” Mo. Rev. Stat. § 572.010(4). Missouri prohibits “possession of a gambling device,” which refers to “manufactur[ing], sell[ing], transport[ing], plac[ing] or possess[ing], or conduct[ing] or negotiat[ing] any transaction affecting or designed to affect ownership, custody or use of” a “gambling device . . . used in the state of Missouri in the advancement of unlawful gambling activity.” Mo. Rev. Stat. § 572.070(2). The state also prohibits promoting gambling, which is defined as “knowingly advanc[ing] or profit[ing] from unlawful gambling or lottery activity by . . . operating a gambling device to the extent that more than

one hundred dollars of money is gambled upon . . . in any one day.” Mo. Rev. Stat. § 572.030(1). Illegal promotion of gambling is a class E felony. *Id.* A gambling device is “any device, machine, paraphernalia or equipment that is used or usable in the playing phases of any gambling activity, whether that activity consists of gambling between persons or gambling by a person with a machine.” Mo. Rev. Stat. § 572.010(5).

75. Missouri’s Attorney General can also seek monetary fines. The state’s Merchandising Practices Act prohibits “deception, fraud, false pretense, false promise, misrepresentation, unfair practice or the concealment, suppression, or omission of any material fact in connection with the sale or advertisement of any merchandise in trade or commerce.” Mo. Rev. Stat. § 407.020. An “unfair practice” is one that “[o]ffends any public policy as it has been established by the Constitution, statutes or common law of this state” and “[p]resents a risk of, or causes, substantial injury to consumers.” Mo. Code Regs. Ann. tit. 15, § 60-8.020.

76. In addition to seeking criminal and monetary penalties, the Attorney General is authorized to enjoin a “public nuisance,” which is defined as a “room, building, or other structure regularly used for any unlawful gambling activity.” Mo. Rev. Stat. § 572.090.

77. On September 17, 2026, the Missouri Attorney General issued a cease-and-desist letter to Novig. That letter demanded that, by October 17, 2026, Novig cease offering event contracts in Missouri or obtain Gaming Commission licensure and pay state taxes and fees. If Novig does not comply, the letter states that the Missouri Attorney General will take legal action against Novig.

78. Any subsequent enforcement action would likely seek injunctive relief and monetary penalties, such as those envisioned in Mo. Rev. Stat. §§ 407.020 and 572.090. Because Mo. Rev. Stat. § 572.030 renders promoting gambling a felony, the Attorney General may also seek criminal

penalties. The threat is not theoretical. Other states have sought civil monetary penalties amounting to billions of dollars and criminal sanction against other DCMs.¹⁰

79. Compliance with Defendants’ demands is not a practical alternative for Novig. Missouri’s framework is designed for licensed sportsbook operators, but is structurally incompatible with an event-contract exchange. Licensure would require Novig to confine participants to Missouri and pay Missouri wagering taxes under Mo. Const. art. III, § 39(g)(10)(a). Those requirements would fragment the national liquidity that a CFTC-designated exchange requires, because an event contract can be executed only if a buyer and a seller can be matched at the same price. If Novig were required to make comparable exclusions in every other state that seeks to apply its gambling laws in this manner, each such state would impose comparable geographic limitations. Such geographic partitioning would deprive Novig’s markets of the liquidity on which they depend and frustrate the public interest Congress sought to advance in creating a federally regulated national market. Prediction markets aggregate dispersed information most accurately when they are broad, liquid, and open to participants across the country; the wider the pool of informed participants, the more reliably prices track the probability of the underlying event. Carving the market into fifty walled-off state exchanges would thin liquidity, degrade price discovery, and undermine the very informational value Congress recognized in declaring derivatives transactions “affected with a national public interest by providing” a means “for . . . disseminating pricing information through trading in liquid, fair and financially secure trading facilities.” 7 U.S.C. § 5(a). Limiting the geographic scope of customers limits the efficacy of the market in ways Congress did not intend.

¹⁰ For instance, New York has pursued civil monetary penalties against Kalshi and Polymarket. *See* Notice of Removal, *New York v. KalshiEX LLC*, No. 1:26-cv-06550 (S.D.N.Y. Aug. 7, 2026), Dkt. No. 1; Notice of Removal, *New York v. QCX LLC*, No. 1:26-cv-08338 (S.D.N.Y. Sept. 24, 2026), Dkt. No. 1. Similarly, Arizona’s Attorney General filed 20 criminal misdemeanor charges against Kalshi. *See* Information, *State v. KalshiEX LLC*, Nos. CR2026-000173-001 & CR2026-000173-002 (Ariz. Super. Ct. Maricopa Cnty. Mar. 16, 2026).

80. Novig therefore confronts a stark choice: *abandon* the Missouri market, submit to a licensing regime incompatible with its exchange model, or proceed and face the enforcement action Attorney General Hanaway has publicly promised. Novig has no option but to seek judicial relief.

CLAIM FOR RELIEF

United States Constitution (Supremacy Clause—Preemption by the Commodity Exchange Act) U.S. Const. art. VI, cl. 2

81. Novig repeats and incorporates by reference each of the allegations set forth above.

82. The Supremacy Clause provides that “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof . . . shall be the supreme Law of the Land; . . . any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.” U.S. CONST. art. VI, cl. 2. Federal law accordingly “is supreme in case of a conflict with state law.” *Murphy v. NCAA*, 584 U.S. 453, 477 (2018).

83. “[S]tate laws that ‘interfere with, or are contrary to the laws of congress . . .’ are invalid.” *Wis. Pub. Intervenor v. Mortier*, 501 U.S. 597, 604 (1991) (quoting *Gibbons v. Ogden*, 22 U.S. (9 Wheat.) 1, 211 (1824)). A preempted state law is “without effect.” *Maryland v. Louisiana*, 451 U.S. 725, 746 (1981); see *Perez v. Campbell*, 402 U.S. 637, 652 (1971).

84. Federal law may preempt state law expressly or by implication. See *Geier v. Am. Honda Motor Co.*, 529 U.S. 861, 869 (2000). In the Eighth Circuit, courts recognize three categories of preemption: express, conflict, and field preemption.

As relevant here, Congress can preempt state law in one of three ways: (1) expressly through statutory language like a preemption clause; (2) implicitly when a state law “conflict[s] with” or stands as an obstacle to federal law; and (3) implicitly by “occup[ying] a legislative field,” leaving no room for state law.

WinRed, Inc. v. Ellison, 59 F.4th 934, 941 (8th Cir. 2023) (quoting *Weber v. Heaney*, 995 F.2d 872, 875 (8th Cir. 1993)).

85. The “ultimate touchstone” of the inquiry is congressional intent. *Cipollone v. Liggett Grp., Inc.*, 505 U.S. 504, 516 (1992) (quoting *Malone v. White Motor Corp.*, 435 U.S. 497, 504 (1978)).

86. Under any and all of these frameworks, the Missouri laws Defendants have invoked—or may invoke—are preempted to the extent Defendants seek to enforce them against Novig for listing, trading, and settling event contracts on a federally designated contract market. Those laws include Mo. Const. art. III, § 39(g), including §§ 39(g)(1), (6), (10)(a), and (15); any implementing Missouri Gaming Commission regulations; and any other Missouri law that purports to regulate Novig’s listing, trading, or settlement of event contracts on a designated contract market, which include, but are not limited to, Mo. Rev. Stat. §§ 407.020, 572.030, 572.070, and 572.090.

87. The CEA grants the CFTC “exclusive jurisdiction . . . with respect to accounts, agreements . . . and transactions involving swaps or contracts of sale of a commodity for future delivery . . . traded or executed on a contract market designated pursuant to section 7 of this title.” 7 U.S.C. § 2(a)(1)(A).

88. A “swap” includes any “agreement, contract, or transaction” that “provides for any purchase, sale, payment, or delivery . . . that is dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence.” 7 U.S.C. § 1a(47)(A)(ii).

89. The event contracts Novig lists satisfy each element of that definition. Each contract is an agreement providing for payment. Each payment depends on the occurrence, nonoccurrence, or extent of the occurrence of a defined event—the final score, margin, win-loss result, tournament advancement, or statistical performance in a professional or collegiate sporting event. And each such event is associated with potential financial, economic, or commercial consequences.

90. The statutory definition of “swap” is broad. Congress extended the definition to reach instruments that “in the future become[] commonly known to the trade as a swap,” 7 U.S.C. § 1a(47)(A)(iv), and delegated to the CFTC and the Securities and Exchange Commission the authority to “further define” the term, 15 U.S.C. § 8302(d)(1). Congress did not delegate that task to fifty state gaming regulators.

91. The events underlying Novig’s contracts sit at the core of the definition. Professional and collegiate sporting outcomes bear on advertisers, sponsors, broadcasters, ticketing and hospitality businesses, municipalities, and the institutional investors who hold equity in franchises and media rights. They bear as well on state-licensed sportsbooks, whose exposure to those outcomes is concentrated by design and who could use exchange-traded contracts to hedge.

92. The CFTC has reached the same conclusion. Pursuant to the authority provided by Congress, the CFTC published a Notice of Proposed Rulemaking on October 9, 2026 that would define “swap” to include “[e]vent contracts, including those based on sports-, politics-, cultural-, and weather-related events.” *Further Definition of “Swap” – Inclusions* 1, CFTC RIN 3038-AF82 (Oct. 9, 2026), <https://perma.cc/P76K-RJ58>. The CFTC adopted this proposed rule due to “widespread confusion” to “expressly clarify that event contracts, including those based on sports . . . are swaps.” *Id.* at 11. As part of its justification, the CFTC highlighted the potential economic consequences associated with sports events. *Id.* at 24–26.¹¹

93. Swap status does not turn on the subject matter of the underlying event. Congress carved out precisely two underliers from the CEA’s reach—onions and motion picture box office receipts. 7 U.S.C. § 1a(9). Sporting events are not among them, and the enumeration of two

¹¹ In addition to arguing that sports-related event contracts fall within the second prong of the CEA’s definition of “swap,” 7 U.S.C. § 1a(47)(A)(ii), the CFTC took the position that sports-related event contracts also fall within the first and fourth prongs, *id.* § 1a(47)(A)(i), (iv). See *Further Definition of “Swap” – Inclusions* 13–27, CFTC RIN 3038-AF82 (Oct. 9, 2026), <https://perma.cc/P76K-RJ58>.

forecloses invention of a third. *See NLRB v. SW Gen., Inc.*, 580 U.S. 288, 302 (2017) (the express inclusion of one item implies the exclusion of another left unmentioned).

94. Because the event contracts at issue are swaps traded on a contract market designated under Section 7, they fall within the CFTC’s exclusive jurisdiction. 7 U.S.C. § 2(a)(1)(A).

95. Congress supplied the preemptive language itself. A grant of “exclusive” jurisdiction excludes others by its terms. The Supreme Court has confirmed that the “plain meaning” of a grant of “exclusive” jurisdiction “necessarily denies jurisdiction” to any other body. *Mississippi v. Louisiana*, 506 U.S. 73, 77–78 (1992). Where “Congress has made its [preemptive] intent known through explicit statutory language,” *English v. Gen. Elec. Co.*, 496 U.S. 72, 79 (1990), courts give effect to the statute’s “plain meaning,” *Cipollone*, 505 U.S. at 521 n.19. Usage at the time of enactment was no different: “exclusive” meant “[s]hut[ting] out; debarring from interference or participation; vested in one [entity] alone,” and “exclusive jurisdiction” meant “power . . . over a[n entity] to the exclusion of all other[s].” *Exclusive, Exclusive Jurisdiction*, *Black’s Law Dictionary* (5th ed. 1979).

96. Courts construing § 2(a)(1)(A) have long held that the Act preempts state law regulating futures trading on a federally regulated exchange. *See Am. Agric. Movement, Inc.*, 977 F.2d at 1156–57; *Leist v. Simplot*, 638 F.2d 283, 322 (2d Cir. 1980) (Friendly, J.) (“§ 2(a)(1) of the CEA preempts the application of state law.”), *aff’d sub nom. Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Curran*, 456 U.S. 353 (1982); *FTC v. Ken Roberts Co.*, 276 F.3d 583, 591–92 (D.C. Cir. 2001); *Kelly v. Carr*, 691 F.2d 800, 803 (6th Cir. 1980). The principle has been applied to state gambling law specifically. In *Paine, Webber, Jackson & Curtis, Inc. v. Conaway*, the court held the CEA preempted a state gambling statute that would have voided futures contracts, observing that “there unquestionably is a federal interest in whether a state brands commodity transactions as ‘gambling’ and effectively bars those transactions on federally regulated exchanges.” 515 F. Supp. 202, 206 (N.D. Ala. 1981).

97. That principle has now been applied to these precise instruments. *See KalshiEX LLC v. Flaherty*, 172 F.4th 220, 229 (3d Cir. 2026) (“Here, the Act grants the CFTC exclusive jurisdiction over ‘swaps . . . traded or executed on a [DCM],’ which include Kalshi’s sports-related event contracts.” (quoting 7 U.S.C. § 2(a)(1)(A))); *KalshiEX, LLC v. Assad*, 2026 WL 2543846, at *7 (9th Cir. Aug. 28, 2026) (“We conclude that, based on its plain wording, § 2 preempts state regulation of swaps that are ‘traded or executed’ on a DCM.”); *Minnesota*, 2026 WL 2150211, at *1 (“Plaintiffs have shown that the CEA’s grant of exclusive jurisdiction over transactions involving swaps likely preempts across-the-board enforcement of the Minnesota prediction market statute against Kalshi and Polymarket US for a considerable swath of the event-contract trades they host.”); *Coinbase Fin. Mkts. v. Raoul*, 2026 WL 2969682, at *18 (N.D. Ill. Oct. 2, 2026) (“Congress has given the CFTC exclusive jurisdiction to regulate many of Kalshi’s sports-related swap contracts. That choice preempts the control defendants seek to exert over Kalshi.”); *but see KalshiEX LLC v. Schuler*, 2026 WL 2884087, at *18 (6th Cir. Sept. 25, 2026) (holding that Kalshi’s sports-event contracts are not swaps, but even if they were, the CEA does not preempt Ohio’s or Tennessee’s gambling laws).

98. Congress’s own history confirms the point. Congress amended the Act in 1974, creating the CFTC to oversee trading on DCMs due to concerns about “a patchwork of state regulations.” *Flaherty*, 172 F.4th at 226. “The 1974 amendments also expanded the Act’s reach from just agricultural products to all ‘goods and articles . . . and all services, rights, and interests . . . in which contracts for future delivery are presently or in the future dealt in.’” *Id.* (quoting 7 U.S.C. § 1a(9)).

99. The presumption against preemption does not apply here. The federal government has regulated derivatives markets continuously since 1922, *see generally Bd. of Trade of City of Chi. v. Olsen*, 262 U.S. 1 (1923) (assessing the constitutionality of the Grain Futures Act), and the presumption is not triggered in an area of longstanding federal presence, *see United States v. Locke*,

529 U.S. 89, 108 (2000). In any event, express preemptive language overcomes the presumption, and Congress supplied such language when it conferred “exclusive jurisdiction” on the CFTC.

7 U.S.C. § 2(a)(1)(A); see *Puerto Rico v. Franklin Cal. Tax-Free Tr.*, 579 U.S. 115, 125 (2016) (“[B]ecause the statute contains an express pre-emption clause, we do not invoke any presumption against pre-emption but instead focus on the plain wording of the clause, which necessarily contains the best evidence of Congress’ pre-emptive intent.”).

100. Novig does not contend that the Act preempts Missouri’s regulation of gambling generally. Missouri remains free to license and police sportsbooks, casinos, and every other form of gambling conducted outside a federally designated contract market. Preemption reaches only trading on a market Congress placed within the CFTC’s exclusive jurisdiction. See *Marshall v. Green Giant Co.*, 942 F.2d 539, 549 (8th Cir. 1991) (“[P]reemption can occur only if the CEA applies to the events in question.”).

101. The CFTC agrees. On October 9, 2026, the CFTC published an Interim Final Rule that codified its longstanding position that casino-style gambling products, including wagers placed on sportsbooks and casino games, are excluded from the “swap” definition and thus the CFTC’s exclusive jurisdiction. *Further Definition of “Swap” to Exclude Casino-Style Gambling Products* 40, CFTC RIN 3038-AF81 (Oct. 9, 2026), <https://perma.cc/8K55-4PXS>. The CFTC adopted this rule to address “the erroneous premise that if event contracts are swaps, then casino-style gambling products must also be swaps,” an interpretation that is contrary to the swap definition’s “plain text.” *Id.* at 9.

102. Neither savings clause in § 2(a)(1)(A) disturbs the exclusive-jurisdiction grant. The first is subordinated in its own text: “[e]xcept as hereinabove provided,” nothing in the section supersedes or limits the jurisdiction of other federal or state regulatory authorities. 7 U.S.C. § 2(a)(1)(A). What “hereinabove” precedes is the grant of exclusive jurisdiction, and that grant

controls. The second savings clause preserves the jurisdiction of courts, not of state gaming regulators. The “prefatory clause indicates that swaps fall under the CFTC’s exclusive jurisdiction,” and that the “second carveout preserves jurisdiction for state courts in common-law actions but does not contravene the grant of CFTC’s exclusive jurisdiction.” *Flaberty*, 172 F.4th at 230–31; *accord Minnesota*, 2026 WL 2150211, at *11. And the preservation of state common-law actions carries no implication that Congress left room for state regulatory authority over on-exchange trading; the courts of appeals have long held the opposite. *See Kerr v. First Commodity Corp. of Bos.*, 735 F.2d 281, 288 (8th Cir. 1984) (noting the CEA’s “wide-ranging scheme of federal regulation”); *Kotz v. Bache Halsey Stuart, Inc.*, 685 F.2d 1204, 1207 (9th Cir. 1982) (“Congress clearly intended to create a single agency to regulate the field [of futures trading].”). The carveouts and the exclusive grant operate together, and both point to preemption.

103. The Act’s other provisions confirm rather than defeat preemption. Section 16(e)(1) preserves state authority over transactions “not conducted on or subject to the rules of a registered entity.” 7 U.S.C. § 16(e)(1)(B)(i). However, “registered entities include DCMs, so that limiting principle does not apply.” *Flaberty*, 172 F.4th at 229. Congress addressed state enforcement directly as well. Section 13a-2(1) authorizes state officials to sue over conduct violating the Act or the CFTC’s rules, but withholds that authority as to federally registered entities. 7 U.S.C. § 13a-2(1). Congress thus calibrated the role of state officials with respect to this industry rather than leaving it at large, and the role it assigned them does not extend to the exchanges the CFTC designates.

104. Novig is not an unregistered entity operating off-exchange. It is designated by the CFTC, supervised by the CFTC, and subject to suspension or revocation of its designation by the CFTC. *See* 7 U.S.C. § 8(b).

105. Field preemption applies where Congress enacts a “scheme of federal regulation . . . so pervasive . . . that [it] left no room for the States to supplement it,” or where a “federal interest is

so dominant that the federal system will be assumed to preclude enforcement of state laws on the same subject.” *Rice v. Santa Fe Elevator Corp.*, 331 U.S. 218, 230 (1947).

106. The analysis begins by identifying the field. See *Kansas v. Garcia*, 589 U.S. 191, 208 (2020). Courts must take care not to define it “too broadly.” *Sikelee v. Precision Airmotive Corp.*, 822 F.3d 680, 689 (3d Cir. 2016).

107. The field here is not gambling. It is the regulation of trading on federally designated contract markets—the discrete activity over which Congress conferred exclusive jurisdiction. The Court of Appeals for the Third Circuit so held: “[T]he District Court properly defined the scope of field preemption as the regulation of trading on a DCM (a form of futures trading) rather than as gambling (a broader and traditionally state-regulated field).” *Flaherty*, 172 F.4th at 229. The preempted field is accordingly “transactions involving ‘swaps’ over which the CFTC has exclusive jurisdiction.” *Minnesota*, 2026 WL 2150211, at *14.

108. Congress has occupied that field completely. The Act and the CFTC’s regulations govern who may operate a designated contract market, the standards for obtaining and retaining designation, the contracts that may be listed and the procedures for listing them, the conduct of trading, the exchange’s surveillance and enforcement duties, its recordkeeping and reporting obligations, its governance, its treatment of participants, and the consequences of noncompliance. See 7 U.S.C. §§ 2(e), 6(a)(1), 7, 7a-2, 8(b); 17 C.F.R. pt. 38; 17 C.F.R. pt. 40.

109. Conflict preemption applies where compliance with both state and federal law is impossible, or where state law “stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.” *Hines v. Davidowitz*, 312 U.S. 52, 67 (1941).

110. Missouri’s regime is structurally bounded by design. Missouri requires sports-wagering platforms to obtain a license and pay state taxes and fees. On Defendants’ theory, an exchange offering sports-related event contracts to Missouri residents must therefore exclude

Missouri residents unless it submits to a state licensing regime incompatible with its exchange model. Mo. Const. art. III, § 39(g)(6), (10)(a). The practical effect is a geographic exclusion from Novig’s federally regulated market.

111. Federal law imposes the opposite obligation. A designated contract market must “provide its members . . . with impartial access to its markets and services,” including “[a]ccess criteria that are impartial, transparent, and applied in a non-discriminatory manner.” 17 C.F.R. § 38.151(b), (b)(1).

112. Beyond the regulatory conflict lies a structural one. An event contract executes only when a buyer and a seller are matched at the same price. An exchange confined to the residents of a single state, and required to replicate that confinement in every other state, does not operate a thinner market; in many contracts it operates no market at all. The obstacle is not the expense of compliance, but rather the destruction of the exchange.

113. State enforcement of the kind Defendants threaten would frustrate Congress’s objectives. Congress created the CFTC and conferred exclusive jurisdiction on it to eliminate the patchwork of state regulation and bring futures trading under a uniform national framework. State enforcement of gambling laws against a federally designated contract market “is exactly the patchwork that Congress replaced wholecloth by creating the CFTC.” *Flaherty*, 172 F.4th at 230. Permitting each state to decide for itself which contracts a federally designated exchange may list would make the most restrictive state’s standard the effective national rule—an outcome the CEA was enacted to prevent, and one Missouri’s licensing and geographic restrictions make concrete.

114. State law is preempted when its application would directly affect trading on or the operation of a futures market. *See Am. Agric. Movement, Inc.*, 977 F.2d at 1156. Applied to a designated contract market, that standard is satisfied. *Minnesota*, 2026 WL 2150211, at *14 (“[I]t appears likely that the Minnesota law will regulate transactions over which the CFTC has ‘exclusive

jurisdiction.’ Accordingly, the Court finds that Plaintiffs are likely to succeed on the merits of their express-preemption claims.”); *see Raoul*, 2026 WL 2969682, at *18 (finding that Kalshi, Coinbase, and the CFTC “are likely to succeed in demonstrating that several” of Illinois’ gambling laws are preempted). Missouri’s laws, as Defendants would apply them, would require Novig either to obtain a state license and operate within Missouri-specific restrictions or to exclude Missouri participants, thereby dictating who may transact on Novig’s exchange.

115. Defendants’ position rests on the premise that these contracts involve gaming and therefore belong to the states. The structure of the Act forecloses that premise.

116. In Dodd-Frank, Congress enacted a Special Rule for event contracts. The CFTC “may determine” that an event contract is “contrary to the public interest” where it “involve[s]” activity unlawful under federal or state law, terrorism, assassination, war, gaming, or comparable activity the CFTC identifies by rule. 7 U.S.C. § 7a-2(c)(5)(C)(i). Where the CFTC so determines, the contract may not be listed. Otherwise, it may.

117. That provision presupposes that event contracts involving gaming are within the CFTC’s jurisdiction. If such contracts escaped federal authority the moment they touched gaming, the Special Rule would have nothing to operate on, and courts do not read statutory provisions into irrelevance. *See Pulsifer v. United States*, 601 U.S. 124, 143 (2024) (“[T]hat kind of superfluity, in and of itself, refutes [petitioner’s] reading.”). Congress assigned the gaming question to the CFTC, not to the states.

118. Two instruments—an exchange-traded event contract and a wager—may reference the same game, but they are different in kind, and economic resemblance does not determine regulatory classification. The CFTC agrees. When implementing the Dodd-Frank amendments, the CFTC declined to bring traditional insurance products within the swap definition even though those products replicate the economics of instruments that are regulated as swaps, explaining that they had

not been “historically treated” or “regulated” as swaps and were “subject to different regulatory regimes” under state law. Further Definition of “Swap,” “Security-Based Swap,” and “Security-Based Swap Agreement”; Mixed Swaps; Security-Based Swap Agreement Recordkeeping, 77 Fed. Reg. 48,208, 48,211–12 (Aug. 13, 2012). The CFTC’s exclusive authority over exchange-traded event contracts leaves untouched the States’ longstanding role in regulating wagers accepted by a house. The CFTC has drawn the same distinction between the two market structures, observing that the structure of a prediction market “is inapposite to that of legalized sports gambling, where the gaming company typically controls and adjusts the gambling odds.” 91 Fed. Reg. at 35,807 n.6.

119. Novig’s exchange functions as a venue. Its revenue does not generally depend on whether any participant’s position resolves favorably. Price formation occurs among participants transacting across a national market—the same process that sets a listed security’s price on a public exchange. Like other designated contract markets, Novig administers a market-maker function that supplies baseline depth and liquidity so that participants can enter and exit positions efficiently. That function is a standard feature of exchange design rather than a departure from it.

120. The sportsbook model inverts these features. The operator dictates the terms on which it will accept a wager and takes the other side of every one. *See United States v. McCoy*, 539 F.2d 1050, 1059 (5th Cir. 1976). Its posted odds express its own exposure and revenue objectives inside a licensed territory rather than the result of competitive bidding. Its economic interest is therefore opposed to its customers because it earns the “vig” priced into those odds. *See United States v. Greco*, 619 F.2d 635, 637 (7th Cir. 1980) (“This amount of profit to the bookmaker is commonly referred to as ‘vigorish,’ ‘vig’ or ‘juice.’”).

121. Prices on Novig’s exchange are generally set by participants, whose orders match by price and time priority through a non-discriminatory algorithm. Novig’s revenue does not depend on whether any participant’s position resolves favorably. The practice that gave rise to the

distinction between an exchange and a sportsbook—restricting or excluding customers because they win too often—is the practice Novig was founded to eliminate. Novig applies position and payout limits, as every exchange does, to manage settlement risk and preserve orderly markets; it does not apply them to penalize participants for trading successfully. Novig also makes each participant’s historical trading performance available directly in its platform, rather than requiring the request-and-review process a customer must navigate to obtain that information from a sportsbook. A venue that takes no position against its participants has no reason to obscure how they are performing.

122. Congress recognized that hedging on an exchange depends on the presence of willing counterparties, not on a house. *See Curran*, 456 U.S. at 358 (1982) (“The liquidity of a futures contract, upon which hedging depends, is directly related to the amount of speculation that takes place.”).

123. A party seeking a preliminary injunction must show a likelihood of success on the merits, a likelihood of irreparable harm absent relief, that the balance of equities favors relief, and that an injunction serves the public interest. *Dataphase Sys., Inc. v. C L Sys., Inc.*, 640 F.2d 109, 114 (8th Cir. 1981) (en banc); *see also Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008). Novig satisfies that standard.

124. Novig will suffer irreparable harm absent relief, and that harm is “certain and great and of such imminence that there is a clear and present need for equitable relief.” *Dakotans for Health v. Noem*, 52 F.4th 381, 392 (8th Cir. 2022). A regulated party is irreparably injured when it must choose between abandoning lawful activity and incurring ruinous civil and criminal liability under a preempted state law. *See Ex parte Young*, 209 U.S. at 148. The Court of Appeals for the Sixth Circuit so held on closely analogous facts in *Churchill Downs Tech. Initiatives Co. v. Mich. Gaming Control Bd.*, 162 F.4th 631, 635 (6th Cir. 2025), finding irreparable injury where a State sought to

enforce its wagering law against an out-of-state wagering platform in conflict with a federal statute. Novig stands in the same position.

125. That is the choice Novig faces. If it offers event contracts to Missouri customers, it risks the enforcement action threatened by the Attorney General in the September 17 cease-and-desist letter. Such enforcement action may include criminal penalties pursuant to Mo. Rev. Stat. ch. 572, monetary fines pursuant to Mo. Rev. Stat. § 407.020, and abatement of a public nuisance pursuant to Mo. Rev. Stat. § 572.090. If Novig withholds the product from Missouri, it forfeits access to Missouri participants entirely, sacrifices the liquidity a national exchange requires, and loses customers and goodwill.

126. Courts confronting the same dilemma have found it irreparable. If Defendants pursue enforcement action against Novig, the DCM “will either continue to offer [its] event contracts to [Missouri] users and face potential felony charges, or [it] will need to take steps to exit the market” for its trades in Missouri. *Minnesota*, 2026 WL 2150211, at *16.

127. Loss of goodwill and reputation is irreparable in this Circuit. *See United Healthcare Ins. Co. v. AdvancePCS*, 316 F.3d 737, 741 (8th Cir. 2002) (“Loss of intangible assets such as reputation and goodwill can constitute irreparable injury.”). Other courts have found the same harms sufficient in these very cases. *See Minnesota*, 2026 WL 2150211, at *17 (“Such reputational harm and damage to the goodwill that Kalshi and Polymarket US have fostered with users of their platforms adds to the irreparable injury described above.”).

128. Sovereign immunity forecloses any later remedy. Because Novig could not recover damages from Defendants even if it ultimately prevailed, the losses it would sustain in the interim are by definition irreparable. *See Minnesota*, 2026 WL 2150211, at *16.

129. Novig need not incur liability before seeking relief. *See Free Enter. Fund v. Pub. Co. Acct. Oversight Bd.*, 561 U.S. 477, 490–91 (2010) (“We normally do not require plaintiffs to bet the

farm by taking the violative action before testing the validity of the law.”); *Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 381 (1992) (“When enforcement actions are imminent . . . there is no adequate remedy at law.”); *Steffel v. Thompson*, 415 U.S. 452, 459 (1974).

130. The balance of equities favors relief. A State has no cognizable interest in enforcing a preempted law. *See Felder v. Casey*, 487 U.S. 131, 138 (1988); *Otto v. City of Boca Raton*, 981 F.3d 854, 870 (11th Cir. 2020) (“[N]either the government nor the public has any legitimate interest in enforcing an unconstitutional [law].”). It is true that preventing a State from effectuating statutes enacted by its representatives can itself constitute an injury, but that principle presupposes a valid statute. Where the state law is preempted as applied, the State is deprived of nothing to which it is entitled, and the interest it asserts carries correspondingly little weight.

131. Where a state law is likely preempted, the harm to the State from an injunction is correspondingly reduced. *See Minnesota*, 2026 WL 2150211, at *17 (“[W]hen a state law is likely preempted, the harm to the state by temporarily enjoining enforcement of that law is diminished”); *Raoul*, 2026 WL 2969682, at *18 (“Neither Illinois nor the public has much interest in enforcing laws that are likely preempted.”). Defendants retain every enforcement tool should they ultimately prevail. Weighing on the other side are the reliance interests that have formed around a market the CFTC has permitted to operate. Exchanges have devoted substantial resources to building infrastructure that complies with the Act in reliance on the federal designation the CFTC grants, and participants have entered positions on the strength of it. Defendants’ theory would unsettle those interests retroactively.

132. The public interest favors relief. “If the Act preempts [state] law, then the public interest is best served by *enforcing* the Act.” *Flaherty*, 172 F.4th at 232 (emphasis added). The public also has an interest in the integrity of the uniform national framework Congress designed for derivatives markets, in the informational value of prediction-market prices, which are theoretically

more efficient the broader and more liquid the market, and in the supremacy of federal law. *See United States v. Alabama*, 691 F.3d 1269, 1301 (11th Cir. 2012) (“The United States suffers injury when its valid laws in a domain of federal authority are undermined by impermissible state regulations.”).

133. A preliminary injunction would hold the parties’ legal positions in place pending resolution of a question on which courts have divided, rather than permit criminal liability to attach to a federally designated exchange while that question remains open. The Eighth Circuit is currently hearing an appeal that raises the identical question, with briefing set to conclude on December 6, 2026. *See* Appeal Briefing Schedule Order, *KalshiEX, LLC v. Bird*, No. 26-2874 (8th Cir. Sept. 17, 2026). A ruling at this stage “preserve[s] the status quo until the merits of [Novig’s] claims can be fully adjudicated.” *Minnesota*, 2026 WL 2150211, at *18.

134. Novig accordingly seeks a declaration that the Missouri laws identified above are preempted as applied to event contracts traded on its federally designated contract market, and an injunction restraining their enforcement against Novig.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Novig respectfully requests that this Court enter judgment in Novig’s favor and against Defendants as follows:

- (i) Issue a preliminary and permanent injunction prohibiting Defendants and their officers, agents, servants, employees, and all persons in active concert or participation with them who receive actual notice of the injunction from enforcing against Novig, or any of its affiliates, officers, agents, servants, or employees, Mo. Const. art. III, § 39(g), including §§ 39(g)(1), (6), (10)(a), and (15); any implementing Missouri Gaming Commission regulations; any statutes that would subject Novig to criminal liability or abatement under Mo. Rev. Stat. ch. 572; any statutes that would

impose monetary fines, including but not limited to Mo. Rev. Stat. § 407.020; and any other Missouri law that purports to regulate Novig's listing, trading, or settlement of event contracts on a DCM;

- (ii) Award a declaratory judgment that the foregoing provisions of Missouri law, and any rules adopted thereunder, are preempted by federal law and therefore violate the Supremacy Clause of the United States Constitution, insofar as Defendants seek to apply them to prohibit Novig, or any of its affiliates, officers, agents, servants, or employees, from offering customers event contracts traded on a DCM; and
- (iii) Grant such further relief as the Court deems just and proper.

Respectfully submitted,

LEWIS RICE LLC

Dated: October 16, 2026

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**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI**

NORTH AMERICAN DERIVATIVES
EXCHANGE, INC., d/b/a OG.COM
PREDICTION MARKETS,

Plaintiff,

v.

CATHERINE L. HANAWAY, in her official capacity as Attorney General for the State of Missouri; MICHAEL A. LEARA, in his official capacity as the Executive Director of the Missouri Gaming Commission; JAN M. ZIMMERMAN, in her official capacity as Chairman of the Missouri Gaming Commission; KEVIN M. SPAULDING, in his official capacity as the Commissioner of the Missouri Gaming Commission; KEVIN CANTWELL, in his official capacity as the Commissioner of the Missouri Gaming Commission; SAM GLADNEY, in his official capacity as the Commissioner of the Missouri Gaming Commission; ROGER STOTTLEMYRE, in his official capacity as the Commissioner of the Missouri Gaming Commission,

Defendants.

Civil Action No.

**COMPLAINT FOR DECLARATORY
AND INJUNCTIVE RELIEF**

Plaintiff North American Derivatives Exchange, Inc., d/b/a OG.com Prediction Markets (“OG.com”)¹, by and through its undersigned counsel, brings this civil action for declaratory and injunctive relief, and alleges as follows:

INTRODUCTION

1. OG.com seeks declaratory and injunctive relief to restrain the Attorney General of Missouri (“State Attorney General”) and the Members of the Missouri Gaming Commission (the “MGC”) (collectively, “Defendants”) from improperly and under color of Missouri state law assuming jurisdiction over, regulating and terminating OG.com’s listing of lawful derivatives contracts on its federally regulated market.

2. OG.com is a designated contract market (“DCM”) regulated by the U.S. Commodity Futures Trading Commission (“CFTC”) that lists event contracts, including sports event contracts, for trading in interstate commerce. OG.com has operated as a federally regulated DCM since 2004.² All of its products are certified pursuant to the CEA and established CFTC rules and are offered in compliance with CFTC regulations, including standards for contract specifications, market integrity, and trader protections. As a CFTC-registered self-regulatory organization, OG.com also administers a comprehensive market regulation program, functioning

¹ North American Derivatives Exchange, Inc. launched OG.com in February of 2026 to provide a separate technology platform for users to access listed event contracts, distinct from the company’s other offerings. See N. Am. Derivatives Exch., *OG.com or OG is a New Brand Association with the Exchange’s Prediction Market Offering of Derivatives* (Feb. 4, 2026), <https://www.nadex.com/notices/og-com-or-og-is-a-new-brand-associated-with-the-exchanges-prediction-market>; Crypto.com, *Crypto.com Launches “OG”—a New Prediction Market Experience* (Feb. 3, 2026), <https://crypto.com/us/company-news/cryptocom-launches-og-a-new-prediction-market-experience>.

² The CFTC’s orders approving North American Derivative Exchange, Inc.’s designation as a DCM are publicly available on the CFTC’s Industry Filings page. See *Industry Filings*, N. Am. Derivatives Exchange, Inc., CFTC, <https://www.cftc.gov/IndustryOversight/IndustryFilings/TradingOrganizations/34536>.

in a regulatory capacity to oversee trading in its markets. This program is subject to CFTC oversight and has been reviewed and approved by the CFTC.

3. OG.com offers event contracts to Missouri residents in the state of Missouri under the authority granted to it by the CFTC. In a cease-and-desist letter (“C&D Letter”) dated September 16, 2026, the State Attorney General has purported to assert jurisdiction over OG.com, demanding that it cease operations or comply with its interpretation of certain state laws. *See* Exhibit A, attached hereto. The C&D Letter threatens that, should OG.com not comply with its demands, “the State of Missouri will take legal action against Crypto.com.” *Id.* at 3.

4. The crux of Defendants’ assertion of authority is their conclusion that, “Crypto.com is an online sports wagering platform offering sports wagering to individuals located in the State of Missouri” subject to Missouri gaming laws.³ Ex. A at 1. But Defendants ignore that through the Commodity Exchange Act (“CEA”), Congress expressly vested the CFTC with “exclusive jurisdiction” over DCMs and the products they make available for trading, including whether to prohibit certain event contracts—such as contracts related to gaming—as contrary to the public interest. 7 U.S.C. § 2(a)(1)(A); 7 U.S.C. § 7a-2(c)(5)(C).

5. According to the CEA and CFTC, “event contracts,” such as those offered by OG.com, are derivatives or swaps whose returns are “dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency.”⁴ At issue here are OG.com’s event contracts, with return profiles dependent on the occurrence of specified events, for example, a

³ The State Attorney General incorrectly addressed the C&D Letter to “Foris DAX, Inc. (‘Crypto.com’)” instead of North American Derivatives Exchange, Inc.

⁴ *See* Commodity Exchange Act, 7 U.S.C. § 1a(47); *Industry Oversight: Contracts & Products*, CFTC, <https://www.cftc.gov/IndustryOversight/ContractsProducts/index.htm>. Examples of “event contracts” listed on the CFTC website include predicted corporate earnings, level of snowfall, and dollar value of damage caused by a hurricane. *Id.*

certain sports team or participant winning or losing.⁵ OG.com's event contracts were certified and became effective under the CEA's self-certification process. The CFTC has not prohibited OG.com's event contracts as being contrary to the public interest.

6. OG.com brings this action to obtain declaratory and injunctive relief to protect its right to offer event contracts pursuant to federal law and regulation. Indeed, any enforcement action by Missouri would be meritless, and any attempted enforcement efforts would be preempted by the CEA.

7. Congress has expressly preempted state regulation of trading on DCMs by granting the CFTC "exclusive jurisdiction" to regulate trading on DCMs, including of options and "transactions involving swaps." 7 U.S.C. § 2(a)(1)(A). A savings clause allows states to regulate conduct that does *not* fall within the CFTC's exclusive jurisdiction, confirming that the CFTC's exclusive jurisdiction is indeed exclusive. *See id.*

8. Missouri's regulation of trading on DCMs is also preempted because Congress has fully occupied the field of regulating federally registered DCMs, thereby preempting any overlapping state laws including state licensing or registration conditions that Missouri might purport to apply to OG.com. Because OG.com's event contracts are lawfully traded on a CFTC-registered DCM, federal law overrides state licensing or registration conditions that might otherwise apply, including those cited by the State Attorney General in the C&D Letter. *See Ex. A* (alleging that OG.com's event contract activities violate Mo. Const. art. III, §§ 39(g)1, 39(g)10.a, 39(g)6, 39(g)15 and 11 C.S.R. §§ 45-20.360(1)(A), 45-20.360(6)).

⁵ *See* Commodity Exchange Act, 7 U.S.C. § 1a(47); *Industry Oversight: Contracts & Products*, CFTC, <https://www.cftc.gov/IndustryOversight/ContractsProducts/index.htm>. Examples of "event contracts" listed on the CFTC website include predicted corporate earnings, level of snowfall, and dollar value of damage caused by a hurricane. *Id.*

9. Insofar as it would prohibit OG.com from listing contracts that are authorized under federal law, Missouri law is also preempted because it conflicts with the CEA's framework. OG.com cannot comply with both its federal law obligations and any purported obligations under Missouri law. Missouri law also undermines the CEA's goals of, among other things, creating a uniform system of derivatives trading. This conflict between the CEA and state law is not just hypothetical. In the past several months, the CFTC has issued orders in New York and Michigan directing DCM KalshiEX LLC ("Kalshi") and its affiliates to continue performing their functions as federally regulated exchanges in direct response to state regulators' attempted enforcement of state law. *See infra* ¶¶ 67-68.

10. The threat of Defendants' attempted enforcement of Missouri law poses a direct and imminent threat to OG.com's business and its users and disrupts the comprehensive federal framework that places OG.com exclusively under the CFTC's supervision.

11. A declaratory judgment and injunction are necessary to prevent Defendants' unlawful intrusion into a market which they have no legal authority to regulate.

JURISDICTION AND VENUE

12. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331 because the claims in this case arise under the Constitution and the laws of the United States—specifically, whether Missouri law is preempted by the CEA as applied to OG.com's event contracts. The Court also has jurisdiction pursuant to the Declaratory Judgment Act, 28 U.S.C. § 2201, to declare the rights and legal relations of the parties.

13. This Court has personal jurisdiction over the Defendants. The Defendants are domiciled in Missouri and perform their official duties in Missouri.

14. Venue is proper in this District under 28 U.S.C. §§ 1391(b)(1) and 1391(b)(2). The Defendants perform their duties and thus reside in this District. A substantial part of the events giving rise to the claims occurred in this District. Venue is likewise proper in this Division, and at this divisional office, pursuant to W.D. Mo. L.R. 3.2(b)(2), as OG.com's event contracts are offered to, and traded by, persons residing in the counties served by this divisional office, and the threatened enforcement described below reaches each such transaction.

15. The Eleventh Amendment does not bar this action. OG.com sues only state officials, in their official capacities, for prospective declaratory and injunctive relief to halt the threatened enforcement of state law that violates federal law. *See Ex parte Young*, 209 U.S. 123, 155-56 (1908); *Verizon Md. Inc. v. Pub. Serv. Comm'n of Md.*, 535 U.S. 635, 645-46 (2002); *Mo. Prot. & Advoc. Servs., Inc. v. Carnahan*, 499 F.3d 803, 807 (8th Cir. 2007) (Eleventh Amendment does not bar a suit to enjoin a state official who has some connection with the enforcement of an allegedly unconstitutional statute).

PARTIES

16. Plaintiff North American Derivatives Exchange, Inc., doing business as OG.com Prediction Markets, is a financial services company with its principal place of business in Chicago, Illinois. OG.com operates a DCM and Derivatives Clearing Organization regulated by the CFTC under the CEA, where users can trade financial products, including event contracts.

17. Defendant Catherine L. Hanaway is the Attorney General for the State of Missouri and is sued in her official capacity. The State Attorney General is the state's chief legal officer, tasked with "institut[ing], in the name and on the behalf of the state, all civil suits and other proceedings at law or in equity requisite or necessary to protect the rights and interests of the state." Mo. Rev. Stat. § 27.060.

18. Defendant Michael A. Leara is sued in his official capacity as Executive Director of the MGC.

19. Defendant Jan M. Zimmerman is sued in her official capacity as Chairman of the MGC.

20. Defendant Kevin M. Spaulding is sued in his official capacity as a Commissioner of the MGC.

21. Defendant Kevin Cantwell is sued in his official capacity as a Commissioner of the MGC.

22. Defendant Sam Gladney is sued in his official capacity as a Commissioner of the MGC.

23. Defendant Roger Stottlemire is sued in his official capacity as a Commissioner of the MGC.

24. Together, Defendants Michael A. Leara, Jan M. Zimmerman, Kevin M. Spaulding, Kevin Cantwell, Sam Gladney, Roger Stottlemire, and State Attorney General Catherine L. Hanaway would be responsible for enforcing Missouri state laws that are preempted by federal law as applied to OG.com.

FACTUAL ALLEGATIONS

25. In the C&D Letter, Defendants indicated that they intend to “pursue enforcement actions” in an attempt to enforce Missouri state gambling laws against OG.com if OG.com does not comply with their demands. Ex. A at 1. Because the CFTC has exclusive jurisdiction over federally registered markets and intermediaries, Defendants’ efforts to prohibit the trading of event contracts listed on federally regulated markets are preempted by federal law. OG.com is entitled to a judicial declaration that its activities are not subject to Defendants’ oversight, regulation, or

jurisdiction, as well as an injunction barring Defendants from any future attempted enforcement efforts.

A. OG.com Is a Federally Regulated DCM That Lists Event Contracts for Trading

26. OG.com is a federally regulated DCM that provides a market for trading a variety of derivatives products, including event contracts, some of which are based on the occurrence, non-occurrence, or extent of occurrence of events or contingencies associated with live sporting events.

27. The CFTC first approved OG.com as a DCM in 2004, confirming that its market complied with the CEA. Most recently in September 2025, the CFTC amended its registration, again confirming OG.com's compliance with the CEA. For two decades, the entity now known as OG.com has operated continuously as a CFTC-regulated market offering event contracts.

28. As an early entrant in the regulated event contract space, OG.com specializes in event contract trading and has steadily expanded its offerings over time. Its market provides a secure, federally approved exchange where individual, retail, and institutional participants can hedge risk tied to event-based outcomes.

29. On January 30, 2025, pursuant to 7 U.S.C. § 7a-2(c)(1) and 17 C.F.R. § 40.2(a), OG.com certified and announced its intention to list a new category of event contracts: "Industry Event - Live Presentations" contracts.⁶ These contracts allow users to trade on the occurrence, non-occurrence, or extent of occurrence of events or contingencies relating to lawful live events

⁶ North American Derivative Exchange, Inc.'s January 30, 2025 certification pertaining to sports event contracts is publicly available on the CFTC's website. *Industry Filings, Certification of Contingent Derivatives Contract (Industry Event–Live Presentations–NAICS 711)–Submission Pursuant to Commission Regulation 40.2(a)*, CFTC (Jan. 30, 2025), <https://www.cftc.gov/sites/default/files/filings/ptc/25/01/ptc01302514705.pdf> (hereinafter, "January 30, 2025 Certification Filing," attached as Exhibit B).

in the performing arts, spectator sports, and related industries, provided the users themselves are not participants in the events. Ex. B at 4-5.

30. OG.com designed these event contracts “to manage the risk of a variety of market participants, whose businesses face economic consequences based on the outcome of a respective Industry Event, and to enable price discovery for related commercial enterprises.” *Id.* at 8. These event contracts are also “designed . . . to meet the varied and diverse hedging and market needs of commercial firms and individuals impacted by or with an economic interest in the Industry Event outcome.” *Id.* at 2. Examples include contracts tied to the winner of an award like “Best Picture,” the location of a flagship event or ceremony, the winner of a live sporting event like the Super Bowl, or whether there will be a Major League Baseball lockout.

31. OG.com’s currently listed “Industry Event - Live Presentations” contracts, including sports event contracts, were certified and became effective under the CEA’s self-certification process described *infra* ¶¶ 52-56.

32. OG.com subsequently certified additional event contracts that reference the occurrence, non-occurrence, or extent of occurrence of events or contingencies associated with live sporting events, including its certification of “Contingent Derivatives Deci Contract (Industry Event–Live Presentations–NAICS 711),” filed on July 30, 2025,⁷ and “Derivatives Contract (Industry Event–Live Presentations–Statistics),” filed on August 29, 2025.⁸ As with the sports

⁷ North American Derivative Exchange, Inc.’s July 30, 2025 certification pertaining to sports event contracts is publicly available on the CFTC’s website. *Industry Filings, Certification of Contingent Derivatives Deci Contract (Industry Event–Live Presentations–NAICS 711)–Submission Pursuant to Commission Regulation 40.2(a)*, CFTC (July 30, 2025), <https://www.cftc.gov/sites/default/files/filings/ptc/25/07/ptc07302527650.pdf>.

⁸ North American Derivative Exchange, Inc.’s August 29, 2025 certification pertaining to sports event contracts is publicly available on the CFTC’s website. *Industry Filings, Certification of Derivatives Contract (Industry Event–Live Presentations –Statistics)–Submission Pursuant to*

event contracts certified under OG.com's January 30, 2025 Certification Filing, OG.com identified in these certifications the financial, commercial, and economic consequences associated with the underlying events.

B. The CFTC Has Exclusive Jurisdiction to Regulate Derivatives Contracts on Federally Registered Markets

33. Derivatives are financial instruments used to allocate risk between counterparties. The archetypal example is a grain futures contract, which allows buyers to lock in prices and manage volatility in agricultural markets by agreeing to buy or sell a specified amount of the crop at a fixed price on a future date.

34. As financial markets have matured, the category of derivatives has expanded significantly beyond futures based on agricultural commodities, enabling participants to hedge against volatility across a wide array of tangible and intangible areas, including commodities like gold, financial benchmarks such as interest rates, and even weather or credit risk. In principle, nearly any form of risk—economic, environmental, or event-driven—can be hedged if a CFTC-regulated market exists and a contract is available.

35. For more than a century, the federal government has regulated national derivatives markets in order to promote uniformity and integrity in national trading.

36. Before the adoption of the CEA, futures contracts were often viewed with suspicion by state legislatures. Because derivatives markets necessarily involve the exchange of money tied to uncertain outcomes, some states equated them to gambling and sought to restrict or prohibit their use. This led to a disjointed and often conflicting state-by-state approach.

Commission Regulation 40.2(a), CFTC (Aug. 29, 2025), <https://www.cftc.gov/sites/default/files/filings/ptc/25/08/ptc08292529772.pdf>.

37. The CEA, enacted in 1936, was intended to replace the fragmented system of state oversight with a uniform federal framework for regulating futures markets. It extended federal authority beyond grain to a broader class of commodities and created the Commodities Exchange Authority, a division within the Department of Agriculture charged with monitoring trading practices and prosecuting price manipulation. But the CEA did not initially establish an independent federal agency to comprehensively regulate the nation's derivatives markets. As markets grew more complex, lawmakers and industry participants became concerned that the lack of centralized enforcement would invite states to regulate futures trading on their own, leading to inconsistent standards across jurisdictions.

38. In response, Congress enacted sweeping amendments to the CEA in 1974 (the "1974 Act"), which established the CFTC as an independent federal agency charged with regulating the national derivatives markets. To eliminate the threat of conflicting state regulation, Congress expressly granted the CFTC "exclusive jurisdiction" over derivatives trading on federally regulated exchanges. 7 U.S.C. § 2(a)(1)(A).

39. Proponents of the 1974 Act warned that, absent a single national regulator, "states . . . might step in to regulate the futures markets themselves," subjecting national exchanges to "conflicting regulatory demands." *Am. Agric. Movement, Inc. v. Bd. of Trade of Chi.*, 977 F.2d 1147, 1156 (7th Cir. 1992). As one Senator put it, "different State laws would just lead to total chaos." *Commodity Futures Trading Commission Act: Hearings Before the Sen. Comm. on Agric. & Forestry*, 93rd Cong., 2d Sess. 685 (1974) (hereinafter "Senate Hearings") (statement of Sen. Clark). The House Agriculture Committee stressed the need to bring "all exchanges and all persons in the industry under the same set of rules and regulations for the protection of all concerned." H.R. Rep. No. 93-975, at 79 (1974). To that end, the Senate deliberately removed a

provision of the CEA that would have preserved state regulatory authority “in order to assure that [f]ederal preemption is complete.” 120 Cong. Rec. 30,464 (1974) (statements of Sen. Curtis, supported by Sen. Talmadge).

40. Congress has continued to amend the CEA, with each amendment further underscoring its intent to vest the CFTC with exclusive authority over derivatives markets. Indeed, the 1992 Futures Trading Practices Act (“FTPA”) authorized the CFTC, in order to promote innovation, to exempt certain financial instruments from the requirement that they be traded on a registered exchange. *See* 7 U.S.C. § 6(c). Because the preemption provision in 7 U.S.C. § 2 applies only to derivatives traded on CFTC-registered markets, Congress included a separate provision explicitly preempting “any State or local law that prohibits or regulates gaming” with respect to any agreement, contract, or transaction exempted from the exchange-trading requirement. 7 U.S.C. § 16(e)(2). That provision extended the scope of federal preemption to off-exchange transactions under the CFTC’s oversight, reinforcing Congress’s intent to create a comprehensive and uniform federal framework for derivatives regulation.

41. In 2010, Congress further expanded the CFTC’s exclusive jurisdiction over derivatives markets by amending the CEA through the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”). Congress added exchange-traded swaps to the types of derivatives within the CFTC’s exclusive jurisdiction, *see id.* § 2(a)(1)(A), and expressly delegated authority to the CFTC and SEC to “further define” swaps as needed. 15 U.S.C. § 8302(d)(1). Congress also established a “Special Rule” expressly granting the CFTC discretionary authority to determine whether specific event contracts, including those that reference terrorism, assassination, war, gaming, activity that is unlawful under federal or state law, or another similar activity, are “contrary to the public interest” and, if so, to prohibit them from

trading on DCMs. 7 U.S.C. § 7a-2(c)(5)(C)(i). The Special Rule expressly contemplated CFTC regulation of sports-related event contracts by giving the CFTC authority to prohibit event contracts related to “gaming” if those contracts are contrary to the public interest. The Special Rule does not require the CFTC to disallow event contracts referencing these underlying activities, but rather grants the agency the discretion to conduct a public interest review based on its own criteria.

42. This long history reinforces Congress’ intent to create a national market for derivatives products despite individual states preferring to prohibit or regulate them.

C. Event Contracts Are Swaps Under the CEA With Price Discovery Benefits, Predictive Value, and Allow Businesses to Hedge Risk

43. DCMs list event contracts for trading in interstate commerce. Event contracts are exchange-traded financial instruments, known as derivatives or swaps, which the CEA broadly defines as relating to any “occurrence, extent of an occurrence, or contingency,” 7 U.S.C. § 7a-2(c)(5)(C)(i), that is “beyond the control of the parties to the relevant contract” and “associated with a potential financial, economic, or commercial consequence.” *See id.* § 1a(47) (defining “swap”); *id.* § 1a(19)(iv); *see also KalshiEX, LLC v. Flaherty*, 172 F.4th 220, 226 (3d Cir. 2026) (“‘[S]wap’ includes event contracts.”).⁹

44. Event contracts typically reference the occurrence or non-occurrence of an event or contingency, represented by “yes” or “no” positions. A trader who takes an event contract with the “yes” position profits if the specified event or contingency occurs by the expiration date, while

⁹ Events themselves are an excluded commodity under the CEA. *See* 7 U.S.C. § 7a-2(c)(5)(C)(i).

the “no” position purchaser profits if it does not. An active position may also be closed at a profit or loss prior to the occurrence or non-occurrence of the specified event or contingency.

45. An event contract might be tied to specified movements of a financial index or a real-world event. For example, an event contract could be tied to changes in the yield on the 10-year U.S. Treasury note, the magnitude of the upcoming hurricane season, or to the events or contingencies associated with political, scientific or live sporting events. But, outside of its authority to prohibit specifically enumerated event contracts that it subsequently determines are contrary to the public interest, the CFTC does not purport to define what events are or are not properly the subject of event contracts. Rather, the regulatory approach that Congress has directed and that the CFTC has pursued is to allow the market to define the nature of the events on which parties wish to contract.

46. The price of an event contract is determined by market forces, namely the supply and demand for entering into the “yes” and “no” positions of the contract. An event contract has a set expiration date, and the price of an event contract will fluctuate along with the market’s perception of the likelihood of an event’s occurrence until settling at a final price on the expiration date.

47. Trading event contracts is not the same as sports wagering. There are several fundamental features that distinguish the two, including:

- Counterparty: DCMs are not a counterparty to or trader in their event contracts; rather, they facilitate a neutral market for trading among market participants. By contrast, with sports wagering, the house/bookmaker is the counterparty to the transaction.
- Revenue model: DCMs charge a per-contract transaction fee, and their revenue is not dependent on the outcome of the contract. By contrast, with sports wagering, the house profits only when customers lose.
- Price discovery: The prices of event contracts are set in real time by supply and demand among market participants, and market participants can hedge exposure to events on

which the contract is based. With sports wagering, odds are set solely by the house or sportsbook.

- Purchaser: Businesses, not just individuals, can purchase and trade event contracts. With sports wagering, only natural persons can place bets.
- Payout structure: Event contracts are based on a fixed notional value where settlement turns on whether the specified contingency occurs. With sports wagering, payout is determined by house-set odds at the time of the bet.
- Tradability: Positions in event contracts can be bought, sold, and re-traded before expiration, and prices fluctuate with market perceptions. With sports wagering, bets are generally not transferable or revisable once placed.
- Transparency: DCMs must publish daily settlement prices, volume, and open interest for its event contracts. There are no comparable public disclosure requirements for sportsbooks or casinos.

48. Because of the way event contracts are structured, they allow market participants, including those with a financial stake in the occurrence or non-occurrence of a particular event or contingency, to hedge against related risks. These contracts have become a valuable risk management tool because they are linked to real-world events with commercial consequences and offer public utility by reflecting the market's aggregated expectations about whether those events will occur. Event contracts where the underlying event relates to a sporting event may be used to hedge this type of risk across a variety of commercial scenarios, *see* Ex. B, including:

- Media and broadcasting companies that face financial exposure tied to viewership, which can fluctuate significantly depending on how competitive or compelling a game is;
- Retailers that sell team merchandise or apparel who see major swings in sales depending on whether a popular team advances or whether a player affiliated with their brand wins a championship;
- Travel and hospitality businesses that experience spikes in bookings if a local team advances or hosts a high-profile event, creating exposure to outcomes they cannot control;
- Restaurants and bars located around arenas such as Madison Square Garden, for example, can hedge against the risk of unexpected interruption to their business from

major events¹⁰ or whether additional games in the NBA finals will be played in the arena;

- Consumer goods companies, especially in the food and beverage industry, that run promotions tied to game results. These campaigns, while effective for marketing, can carry substantial liabilities if the promotional conditions are met. Advertisers and retailers offering giveaways or rebates based on a team's success face similar exposure; and
- Fantasy sports platforms and sports data providers that rely on fan engagement and player performance, where a dull game or early elimination of a key player can significantly reduce user participation and revenue.

49. There are numerous examples where sports event contracts have been used to hedge risk. Game Point Capital, an insurance company that specializes in sports organizations, says that it has “arranged millions of dollars’ worth of hedges through Kalshi.”¹¹ Industry commentary has highlighted that sports event contracts will allow “small businesses that outright *depend on* a full 162-game MLB regular season schedule each year” to hedge their risks during a potential Major League Baseball (“MLB”) lockout in 2027.¹² These businesses can currently use OG.com to trade an event contract regarding “Will Pro Baseball and the US Pro Baseball Players Association Reach

¹⁰ See, e.g., Devin Gannon, *NYPD Closes Area Around MSG for Knicks Game*, 6sqft N.Y.C. (June 10, 2026), <https://www.6sqft.com/nypd-closes-area-around-msg-for-knicks-game>; Charlie McKenna, *Boston PD to Shut Down Area Around TD Garden During Celtics NBA Finals Game*, Mass Live (June 17, 2024), <https://www.masslive.com/news/2024/06/boston-pd-to-shut-down-area-around-td-garden-during-celtics-nba-finals-game.html>.

¹¹ See Andrew Ross Sorkin et al., *Prediction Markets’ Next Major Bet: Wall St. Traders*, N.Y. Times DealBook (June 17, 2026), <https://www.nytimes.com/2026/06/17/business/dealbook/hedging-prediction-markets-kalshi.html>.

¹² See David Huber, *Prediction Market Hedging Could Become Mainstream During 2027 MLB Negotiations*, Deadspin (Aug. 7, 2026), <https://deadspin.com/prediction-markets/legal-news/prediction-market-hedging-could-become-mainstream-during-2027-mlb-negotiations>; see also Joe Peta (@MagicRatSF), X (Aug. 4, 2026, 12:59 A.M.), <https://x.com/MagicRatSF/status/2084866766732423467?s=46> (noting the extremity of the “binary economic impact for dozens of cities, hundreds of business and thousands of people” the outcome of Kalshi’s market for how many MLB games will be played next season has, such that “[w]e should be cheering @Kalshi for its existence”).

a New [Collective Bargaining Agreement] Before December 2, 2026?,” i.e., whether a lockout will occur, and on an event contract regarding whether the “Pro Baseball Regular Season Start Date 2027 [will be] Before April 1, 2027.” Without the ability to hedge these risks using event contracts, “[l]ocal bars, food vendors, parking lots, souvenir shops, and even ticket scalpers could see their revenues catastrophically slide if the MLB regular season is canceled or shortened due to stalled negotiations.”¹³

50. These are just a few examples, but they underscore a broader point: Many businesses across diverse industries have meaningful financial exposure to the occurrence, non-occurrence, or extent of occurrence of events or contingencies connected to sporting events and may seek to manage that risk through event contracts.

D. The CEA and CFTC Regulations Establish a Comprehensive Federal Regulatory Framework for Trading in Event Contracts and Other Derivatives

51. The federal regulatory framework governing DCMs and the trading of derivatives contracts on DCMs is longstanding, comprehensive, and well-established.

52. To offer derivatives for public trading, an entity must obtain designation from the CFTC as a contract market. *See* 7 U.S.C. §§ 2(e), 7(a); 17 C.F.R. § 38.3(a).

53. To receive this designation, an applicant must submit detailed materials demonstrating compliance with the CEA’s “Core Principles.” *See* 17 C.F.R. § 38.3(a)(2); 7 U.S.C. § 7(d). This requires it to show it can and will (1) comply with all CFTC requirements imposed by rule or regulation, (2) establish, monitor and enforce compliance with the rules, (3) list only contracts that are not readily susceptible to manipulation, (4) have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process

¹³ *Id.*

through market surveillance, compliance, and enforcement, and (5) adopt position limitations for each contract to reduce the threat of market manipulation. *See* 17 C.F.R. §§ 38.100, 38.150, 38.200, 38.250, 38.300.

54. If approved by the CFTC and granted designation as a contract market, a DCM becomes subject to an extensive federal regulatory framework administered by the CFTC. DCMs are required to meet a wide range of ongoing regulatory obligations to remain in good standing, including: prescriptive capital and liquidity requirements, participant eligibility requirements, reporting obligations, recordkeeping requirements, and numerous operational and governance standards directed toward compliance with the CEA and its Core Principles. *See* 17 C.F.R. §§ 38.1101, 38.604, 38.1051(i), 38.950, 1.31; 38.450, 38.451; 7 U.S.C. § 7(d); *see generally* 17 C.F.R. pt. 38.

55. Moreover, because of the breadth and depth of the regulatory framework applicable to a DCM, a market that has earned the CFTC's designation is granted the status of a self-regulatory organization under federal law. As such, DCMs are entrusted with front-line responsibilities for establishing rules and enforcing their compliance, detecting and preventing market abuses, and ensuring the integrity of their listed products and intermediaries. *See* 17 C.F.R. § 1.3, pt. 38. Specifically, DCMs must adhere to product-related regulatory standards and certify that each new contract complies with applicable law by filing a written certification with the CFTC prior to the time of listing. *See* 7 U.S.C. § 7a-2(c)(1); 17 C.F.R. § 40.2(a).

56. Written certifications are subject to CFTC regulation, and the CFTC may initiate a formal review of any submitted contract under its authority. *See* 7 U.S.C. § 7a-2(c)(2); 17 C.F.R. §§ 40.2, 40.11(c). After a stipulated period of time, if the CFTC does not take action, the contract

is deemed “effective” and may be listed on the DCM for trading. *See* 7 U.S.C. § 7a-2(c); *see also* 17 C.F.R. § 40.2 (outlining the process for listing products for trading by certification).

57. In addition to regulatory oversight authority, the CFTC possesses exclusive and comprehensive enforcement powers with respect to DCMs, their intermediaries, and market participants.

58. The CFTC’s Division of Enforcement may initiate investigations and, with the approval of a majority of the Commission, bring enforcement actions in federal court or through administrative proceedings. *See* CFTC Division of Enforcement, Enforcement Manual (2020) at § 3.3. If the Division concludes that a violation of the CEA has occurred, it may recommend the Commission pursue a broad range of remedies, including civil monetary penalties, restitution, and disgorgement, as well as the suspension, denial, revocation, or restriction of registration and trading privileges. *Id.* The Commission may also pursue injunctive relief, including cease-and-desist orders, and can refer criminal violations to the Department of Justice for prosecution. *Id.*

E. The CFTC Has Repeatedly Confirmed Its Exclusive Authority Over Event Contracts Traded on DCMs

59. The CFTC has confirmed numerous times that it has exclusive authority over event contracts traded on DCMs. The CFTC has brought actions against the states and state regulators in eight states, alleging that federal law preempts state law regulating event contracts traded on federally regulated markets. *See United States & CFTC v. Arizona*, No. 2:26-cv-2246 (D. Ariz. Apr. 2, 2026); *United States & CFTC v. Connecticut*, No. 3:26-cv-498 (D. Conn. Apr. 2, 2026); *United States & CFTC v. Illinois*, No. 1:26-cv-3659 (N.D. Ill. Apr. 2, 2026); *United States & CFTC v. New York*, No. 1:26-cv-3404 (S.D.N.Y. Apr. 24, 2026); *United States & CFTC v. Wisconsin*, No. 2:26-cv-749 (E.D. Wis. Apr. 28, 2026); *United States & CFTC v. Minnesota*, No. 0:26-cv-02661 (D. Minn. May 19, 2026); *United States & CFTC v. New Mex.*, No. 1:26-cv-01912

(D.N.M. June 12, 2026); *United States & CFTC v. Kentucky*, No. 3:26-cv-00049 (E.D. Ky. June 23, 2026). The CFTC also moved to intervene in a lawsuit brought by Kalshi against state regulators in Rhode Island. *KalshiEX LLC v. Furcolo*, No. 1:26-cv-00327 (D.R.I. May 28, 2026) ECF No. 19. The CFTC has also submitted briefs as an amicus curiae supporting OG.com’s action brought against state regulators in Nevada and supporting other prediction markets’ actions brought against state regulators in Ohio, Tennessee, and Michigan. Brief for CFTC as Amicus Curiae Supporting Plaintiff, *N. Am. Derivatives Exch. Inc. v. Nevada.*, No. 25-7187 (9th Cir. Feb. 17, 2026) ECF No. 38; Brief for CFTC as Amicus Curiae Supporting Plaintiff, *Kalshiex, LLC. v. Schuler*, No. 26-3196 (6th Cir. May 12, 2026) ECF No. 31; Brief for CFTC as Amicus Curiae Supporting Plaintiff, *KalshiEX, LLC. v. Orgel*, No. 26-5235 (6th Cir. June 24, 2026) ECF No. 63; Amicus Brief of CFTC in Support of Plaintiff-Appellant, *QCX LLC d/b/a Polymarket US v. Nessel*, No. 26-1552 (6th Cir. Aug. 24, 2026) ECF No. 20.

60. In addition, the CFTC has issued several Notices of Proposed Rulemaking Relating to Prediction Markets. The CFTC issued Release No. 9194-26 (Mar. 12, 2026) along with a Prediction Markets Advisory (CFTC Letter No. 26-08) explaining that event contracts are “swaps” under the CEA.

61. The CFTC also issued Release No. 9249-26 (June 12, 2026) seeking public comment on a proposed amendment to Regulation 40.11 (17 C.F.R. § 40.11) to clarify the public interest determination framework pursuant to the Special Rule. 91 Fed. Reg. 35,806. First, the Release makes clear that sports event contracts involve “gaming” under the Special Rule, *see* Proposed Rule 40.11(b)(1). Second, it clarifies that the CFTC has never interpreted the Special Rule as a “*per se* prohibition” of event contracts involving activities enumerated in the Special Rule, such as gaming. *Id.* at 35,815. Third, it establishes a framework to determine “when event

contracts involving sports events are not contrary to the public interest.” *Id.* at 35,869-35,870. Fourth, the CFTC preliminary concludes that sports event contracts are not contrary to the public interest. *Id.* at 35,836, 35,853. Finally, it discusses how sports event contracts “can serve as price discovery tools by indicating what the market or the general public thinks about the underlying events or issues (i.e., market sentiment).” *Id.* at 35,865.

62. On October 9, 2026, exercising its authority to “further define” the term “swap,” 15 U.S.C. § 8302(d)(1), the CFTC proposed a rule providing that the term “swap” includes “[e]vent contracts, including those based on sports-, politics-, cultural, and weather-related events.” *Further Definition of “Swap”—Inclusions*, RIN 3038-AF82, at 4, 40 (CFTC Oct. 9, 2026) (notice of proposed rulemaking). As the CFTC explained, “[f]or decades, the CFTC’s position has been that event contracts are derivatives subject to its jurisdiction” and “the best reading of the statute” is that event contracts based on sporting events “qualify as swaps.” *Id.* at 12-13.

63. The same day, the CFTC issued an interim final rule, effective immediately upon publication, that excludes from the definition of swap “[c]asino-style gambling products,” i.e., wagers accepted by a state- or tribal-licensed gaming operator “acting within the scope of that license” that are “not traded on a board of trade, an organized exchange, a swap execution facility, or any other market in which trades are executed multilaterally.” *Further Definition of “Swap” to Exclude Casino-Style Gambling Products*, RIN 3038-AF81, at 40 (CFTC Oct. 9, 2026) (interim final rule) (hereinafter “Exclusion IFR”).

64. The CFTC explained that gambling products “are typically conducted as bilateral transactions between a casino or bookkeeper (a ‘house’) and its customer rather than on an organized market,” at prices “unilaterally dictated by the casino or sportsbook.” *Id.* at 14-15.

Gambling products use prices that “are not set by market forces and are not subject to negotiation; rather, customers must accept the price set by the house.” *Id.* at 14. And they “are not inherently tradeable” distinguishing them from “derivative[s] within the Commission’s jurisdiction.” *Id.*

65. On the other hand, event contracts “are traded on CFTC-registered national exchanges at market-set prices through the interaction of bids or offers placed on a central orderbook, not at prices unilaterally dictated by a ‘house,’” on exchanges that “are neutral” and “do not profit when the event contract settles one way versus another,” and “are centrally cleared by CFTC-registered clearinghouses to eliminate counterparty credit risk, just like other derivatives transactions.” *Id.* at 17-18. The rule includes contracts “entered into on a trading facility, including a DCM” in the definition of swap, because these contracts’ “price and other economic terms would be determined through the competitive interaction of multiple buyers and sellers on a multilateral basis.” *Id.* at 23-24.

66. Thus, the rule corrects the “erroneous premise that if event contracts are swaps, then casino-style gambling products must also be swaps,” *id.* at 9, and confirms that “while gambling is traditionally state-regulated, event contracts are traditionally federally regulated,” *id.* at 2. The Exclusion IFR was expressly issued to combat “state-level actions”—such as the action threatened by Missouri here—that “imperil a nascent industry that Congress has entrusted to the ‘exclusive jurisdiction’ of a federal agency, the CFTC.” *Id.* at 29.

67. The CFTC also reaffirmed its position that a patchwork of differing state regulations would make it impossible for DCMs like OG.com to comply with CEA Core Principles. For example, on August 11, 2026, the CFTC issued an emergency order directing Kalshi and its affiliates to continue to perform their functions as exchanges in response to New

York's ongoing enforcement action against Kalshi.¹⁴ The CFTC emphasized that compliance with New York's proposed temporary restraining order, if granted, would "contravene[] CEA Core Principles 4 and 9, which require a DCM to 'prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process' and 'provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market.'" New York CFTC Order at 8-9 (citing 7 U.S.C. § 7(d)(4), (d)(9)).

68. Additionally, on July 12, 2026, in response to a state court decision ordering Kalshi to "void[], cancel[], and refund[]" trades entered into by Kalshi traders located in Michigan, Kalshi notified the CFTC that it would "force-liquidate the open positions of specific users identified and directed by the Court."¹⁵ In response, on July 14, 2026, the CFTC issued an Order directing Kalshi to "fulfill the open trades in question as it would in the ordinary course of business." CFTC Michigan Order at 9. The CFTC found that the "unprecedented order requiring Kalshi to unwind open, previously executed trades" constitutes a "'major market disturbance which prevents the market from accurately reflecting the forces of supply and demand' with respect to event contracts." *Id.* at 6-7. Most significantly, the CFTC wrote that "forced liquidation of trades will cause distortions" which "would, among other things, violate CEA Core Principle 4, which

¹⁴ Order Directing Kalshi to Continue Exercising DCM Functions at 9, *In the Matter of KalshiEX LLC's Notice Regarding Market Emergency Declaration*, CFTC (Aug. 11, 2026), https://www.cftc.gov/media/14471/OGC_MarketEmergencyDeclarationOrder081126/download (hereinafter, "New York CFTC Order").

¹⁵ CFTC Order Staying Emergency Rule Filed by KalshiEX LLC and Directing Kalshi to Fulfill Open Trades Involving Michigan Residents, *In re Matter of KalshiEX LLC's Notice Regarding Mkt. Emergency Declaration & Emergency Rule Filing Pursuant to Comm'n Reg. 40.6(a)*, CFTC (July 14, 2026), <https://www.cftc.gov/filings/documents/2026/orgcftcorderstayingkalem61407.pdf> (hereinafter, "CFTC Michigan Order").

requires DCMs to prevent manipulation, price distortion, and disruption of the cash-settlement process.” *Id.* at 8. This directive applies with equal force here and nationwide.

F. Missouri Has an Extensive Regime for Regulating Sports Betting and Wagering

69. The state of Missouri extensively “regulates sports betting.” Ex. A at 1. The Missouri constitution forbids the state General Assembly “[t]o authorize lotteries or gift enterprises for any purpose” except as the Constitution itself provides, Mo. Const. art. III, § 39(9), and the Criminal Code makes unauthorized gambling a crime, Mo. Rev. Stat. §§ 572.010-.040. Since 2024, sports wagering may be conducted only by licensees of the Gaming Commission. Mo. Const. art. III, § 39(g).

70. The MGC licenses and regulates gaming in Missouri. Mo. Rev. Stat. § 313.004. It issues the retail and mobile licenses through which sports wagering may be offered, Mo. Const. art. III, § 39(g)(4)-(5), and “shall have the power to adopt and enforce commercially reasonable rules, including emergency rules, to implement” the sports wagering provisions, *id.* § 39(g)(9). The MGC has used this authority to adopt such rules, *see* Mo. Code Regs. Ann. tit. 11, ch. 45-20, and “may impose fines upon any person holding, or required to hold, a license or approval under” the sports wagering provisions “or the rules subsequently adopted,” of up to \$50,000 per violation, Mo. Const. art. III, § 39(g)(9)(k).

71. In November 2024, Missouri voters amended the state constitution to authorize sports wagering. Mo. Const. art. III, § 39(g). The amendment defines “[s]ports wagering” as “wagering on professional or collegiate athletic, sporting, and other competitive events and awards involving human participants including, but not limited to, esports, or any other events as approved by the Commission,” including “bets or wagers made on . . . portions of athletic and sporting events or on the individual statistics of professional or collegiate athletes.” *Id.* § 39(g)(16)(k).

72. Pursuant to the amendment, “any entity licensed by the Commission . . . may offer sports wagering” “through an online sports wagering platform to individuals physically located in this state,” on gambling boats, or within a professional sports team’s sports district. *Id.* § 39(g)(2). The MGC is permitted to issue retail and mobile licenses only to licensed gambling boats, professional sports teams, and sports wagering operators acting on their behalf, with “not more than two mobile licenses . . . directly to qualified applicants that are sports wagering operators.” *Id.* § 39(g)(4). Each licensee pays a wagering tax of 10% of its adjusted gross revenue. *Id.* § 39(g)(10).

73. The two sports wagering direct mobile licenses have already been awarded, and no others are available under the law.¹⁶ All other mobile licenses are tied to gambling boats or professional sports teams. Mo. Const. art. III, § 39(g)(4).

74. Other gaming requirements include that every wager “must be initiated, made, or otherwise placed by a bettor while physically present within this state,” which licensees must enforce with geofencing technology. *Id.* § 39(g)(12).

75. Missouri also criminalizes unlawful gambling. The Missouri Criminal Code states that a person “engages in gambling when he or she stakes or risks something of value upon the outcome of a contest of chance or a future contingent event not under his or her control or influence, upon an agreement or understanding that he or she will receive something of value in the event of a certain outcome,” and gambling is “unlawful” when it is “[n]ot specifically authorized by law.” Mo. Rev. Stat. § 572.010(4), (13). “Bookmaking” is “advancing gambling activity by unlawfully accepting bets from members of the public as a business . . . upon the

¹⁶ Mo. Gaming Comm’n, *Missouri Gaming Commission Selects Two Sports Wagering Direct Mobile Licenses* (Aug. 15, 2025), https://www.mgc.dps.mo.gov/CommissionNews/CommNews/2025_MGCSWDirectMobileLicensesPress.pdf.

outcomes of future contingent events.” *Id.* § 572.010(2). A person who “knowingly advances or profits from unlawful gambling” commits a class A misdemeanor, *id.* § 572.040, and a person who does so by “[e]ngaging in bookmaking to the extent that he or she receives or accepts in any one day more than one bet and a total of more than one hundred dollars in bets” commits a class E felony, *id.* § 572.030(1). Gambling itself is a class C misdemeanor, and a class A misdemeanor if committed by a “professional player.” *Id.* § 572.020. The Criminal Code excludes from “gambling” “bona fide business transactions valid under the law of contracts, including but not limited to contracts for the purchase or sale at a future date of securities or commodities,” contracts of indemnity and insurance, certain amusement devices, and licensed riverboat gaming. *Id.* § 572.010(4).

G. The State Attorney General Ordered OG.com to Cease-and-Desist Its Operations Unless It Complies with Missouri State Law

76. On September 16, 2026, the State Attorney General issued the C&D Letter to OG.com, contending that “Crypto.com is an online sports wagering platform offering sports wagering to individuals located in the State of Missouri, despite not submitting to regulation by the Missouri Gaming Commission as required by Missouri law.” Ex. A at 1. The C&D Letter ordered OG.com to either “cease and desist from such activity,” or to comply with Missouri licensing, taxes, and regulations governing sports betting. *Id.*

77. Specifically, the C&D Letter stated that the Missouri Constitution provided for regulation of the “sports wagering industry,” as it would “provide substantial tax revenue.” *Id.* (quoting Mo. Const. art. III, § 39(g)1). Under Missouri law, the C&D Letter indicated that OG.com was “required to obtain a license from the Missouri Gaming Commission,” and since OG.com was operating in the state without such a license, it was in “violation of Missouri law.” *Id.*

78. The C&D Letter also complains that OG.com has “fail[ed] to pay state taxes and fees,” which includes a “wagering tax of 10% on ‘the adjusted gross revenue’ from all in-state sports wagering.” *Id.* (quoting Mo. Const. art. III, § 39(g)10.a). The purportedly required fees also include an “initial license fee” and a “renewal fee every five years,” which can be “as much as \$500,000.” *Id.* at 2 (quoting Mo. Const. art. III, § 39(g)6).

79. The C&D Letter then claims that state laws, such as the ones that the State Attorney General purports to enforce against OG.com, are not preempted by federal law, including the CEA, and that OG.com is not subject to the CFTC’s exclusive jurisdiction. *Id.*

80. OG.com was given 30 days to comply with the C&D Letter’s demands. *Id.* at 3.

81. By press release dated September 17, 2026, the State Attorney General also indicated that her office had issued cease-and-desist letters to five other “prediction market operators offering sports ‘event contracts’ to Missourians.” *See* Mo. Atty. Gen., Press Release, *Missouri Attorney General Hanaway Orders Unlicensed Prediction Markets To Cease And Desist Unlawful Sports Wagering* (Sep. 17, 2026), <https://ago.mo.gov/missouri-attorney-general-hanaway-orders-unlicensed-prediction-markets-to-cease-and-desist-unlawful-sports-wagering>. These letters were issued to QCX Limited Liability Company (“Polymarket”), Kalshi, Ludlow Exchange, LLC (“Novig”), Underdog Sports Wagering, LLC (“Underdog”), and Robinhood Derivatives, LLC (“Robinhood”).

82. In a September 17th interview, the State Attorney General claimed that “[e]ven though [event contract] fee structure might be a little bit different, it still fits four square the definition of gambling in Missouri.” Blake Schowalter, *Missouri Attorney General Sends Cease-and-Desist to Prediction Market Companies*, KFVS12 (Sep. 17, 2026), <https://www.kfvs12.com/2026/09/17/missouri-attorney-general-sends-cease-and-desist->

prediction-market-companies. The State Attorney General opined that her office's goal is to bring the platforms under Missouri's gaming laws and wagering tax, and that, if they do not agree, her office will pursue litigation. *Id.*

83. In light of the threatened attempted enforcement by the State Attorney General against OG.com and public statements committing to continue attempting to enforce state law against prediction markets, there is a concrete and imminent threat that Defendants will file an enforcement action against OG.com.

H. Defendants' Attempted Enforcement Against OG.com Will Imminently and Irreparably Harm OG.com and Interfere with Its Ability to Conduct Federally Regulated Activities

84. OG.com's rulebook sets forth over 50 different event contracts, all of which are subject to federal regulation pursuant to the process described above.

85. OG.com permits event contracts to be purchased and sold by residents of Missouri and other states and territories.

86. As a result of Defendants' threatened conduct described above, there is an imminent likelihood that Defendants' forthcoming actions will violate the Supremacy Clause of the U.S. Constitution and subject OG.com and its customers to irreparable harm. Being subject to an unlawful state enforcement action would cause OG.com irreparable injury, both in economic terms and in terms of being restrained from lawful activity without any monetary recourse.

87. Ceasing to permit Missouri residents to purchase or sell event contracts on OG.com's DCM in order to avoid civil penalties or sanctions pursued by Defendants would deprive OG.com of the revenue that it would otherwise derive from trading of event contracts by Missouri residents. The C&D Letter also threatened OG.com that it was subject to the purported "wagering tax of 10%" and licensing fees of up to \$500,000. Ex. A at 1-2. These ongoing

economic losses would be unrecoverable because sovereign immunity bars recovery for monetary damages. *See Alden v. Maine*, 527 U.S. 706, 712-13 (1999). Damages that are unrecoverable due to sovereign immunity constitute irreparable harm. *See Entergy, Ark., Inc. v. Nebraska*, 210 F.3d 887, 899-900 (8th Cir. 2000) (the “importance of preliminary injunctive relief is heightened” where “[r]elief in the form of money damages could well be barred by [the State’s] sovereign immunity”); *Baker Elec. Coop., Inc. v. Chaske*, 28 F.3d 1466, 1473 (8th Cir. 1994) (economic harm irreparable where the plaintiff “would be unable to recover any damages” because the state agency has “sovereign immunity in federal court in suits requesting money damages”); *Nat’l Insts. of Health v. Am. Pub. Health Ass’n*, 145 S. Ct. 2658, 2659 (2025) (per curiam) (although “the loss of money is not typically considered irreparable harm, that changes if the funds ‘cannot be recouped’” (citation omitted)); *see also Bank One, Utah v. Guttau*, 190 F.3d 844, 851 (8th Cir. 1999) (“continued enforcement” of a state statute preempted by federal law “would result in irreparable economic loss” to the regulated party).

88. Moreover, the potential loss to OG.com’s reputation and goodwill are also an irreparable injury. *See United Healthcare Ins. Co. v. AdvancePCS*, 316 F.3d 737, 741 (8th Cir. 2002) (“Loss of intangible assets such as reputation and goodwill can constitute irreparable injury.”); *Rogers Grp., Inc. v. City of Fayetteville, Ark.*, 629 F.3d 784, 789-90 (8th Cir. 2010) (loss of goodwill from operating under an unlawful ordinance irreparable where lost customers “would be unlikely to return once the Ordinance’s restrictions are lifted”).

89. If OG.com were to cease permitting Missouri residents to purchase or sell event contracts on its DCM to avoid an enforcement action, it would also suffer competitive injury by losing the ability to compete as a market for event contracts against other federally registered DCMs operating in the state.

90. OG.com could not avoid irreparable harm by seeking a license in Missouri or by ceasing to offer event contracts trading in Missouri. Obtaining a gambling license in Missouri may require significant hurdles that could require OG.com to evade its CFTC-mandated DCM obligations, and under current Missouri law, *no licenses are even available*. The Missouri constitution allows the MGC to issue mobile licenses only to licensed gambling boats, professional sports teams, and sports wagering operators acting on their behalf, plus two direct licenses to sports wagering operators. Mo. Const. art. III, § 39(g)(4). The MGC has already awarded both direct licenses and acknowledged that it is unable to grant more. *See supra* ¶ 73. Even if a license were available, under Missouri law, OG.com would only be able to accept “wagers” from persons “physically present” in Missouri, Mo. Const. art. III, § 39(g)(12), depriving its market of the nationwide liquidity on which it depends and violating the CEA’s mandate that a DCM provide “impartial access” to its participants. *See* 17 C.F.R. § 38.151(b).

91. In addition, it would be entirely impracticable for OG.com to subject itself to the often conflicting regulations of each of the states in which it offers federally regulated event contracts for trading. Accepting such jurisdiction would subject OG.com to the very patchwork of state regulation (including prohibitions, regulations, reporting obligations, registration costs, and other rules) that Congress expressly preempted under the CEA. Different states have taken different approaches to regulation of online gambling. Many states permit online gambling, subject to state-level regulation. Others, such as Utah, prohibit it entirely. It would be impossible for OG.com to both offer “impartial access” to its DCM as required by 17 C.F.R. § 38.151(b) and simultaneously comply with state gaming laws in 50 states.

92. The threat of attempted enforcement alone presents OG.com with the Hobson’s choice between subjecting itself to potential penalties brought by the State Attorney General, with

all the expenditures and reputational damage that entails, or incurring the substantial monetary expenditures to ensure compliance with the authority the State Attorney General has asserted. *See Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 381 (1992) (finding injunctive relief available where imminent enforcement actions created such a Hobson's choice leaving party with no adequate remedy at law). This latter choice also violates the CFTC's Core Principles by disrupting contracts or geographically limiting who can enter contracts on OG.com's national exchange. *See supra* ¶¶ 53-55, 67-68.

93. This Hobson's choice is not hypothetical—the exact issue has reached a tipping point in New York and Michigan. The CFTC stated that New York's proposed temporary restraining order against Kalshi would “contravene[] CEA Core Principles 4 and 9, which require a DCM to ‘prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process’ and ‘provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market.’” New York CFTC Order at 8-9 (citing 7 U.S.C. § 7(d)(4), (d)(9)). The CFTC's Michigan Order directed Kalshi to “fulfill open trades in the ordinary course of business” despite a state court order to “force-liquidate the open positions” of Michigan residents. CFTC Michigan Order at 3, 9. The CFTC found that compliance with the state court order would cause price and market distortions in violation of CEA Core Principle 4, “which requires DCMs to prevent manipulation, price distortion, and disruption of the cash-settlement process.” *Id.* at 8. Here, OG.com's compliance with Missouri's gambling laws would cause OG.com to violate the CFTC's Core Principles and risk its certification as a DCM.

94. If OG.com were to submit to the regulatory oversight of the MGC to avoid an enforcement action, OG.com would be subjected to a regulatory regime inherently in conflict with CFTC regulations, including its Core Principles, and the very concept of a registered DCM.

95. Inaction in the face of Defendants' likely assertion of authority to regulate DCMs would threaten the future of OG.com's business in Missouri. An actual and substantial controversy exists between OG.com and Defendants as to their respective legal rights and duties. The imminent threat of an enforcement action against OG.com will result in irreparable injury to OG.com, including, but not limited to, criminal liability, civil liability, economic hardship, and impairment of existing contractual relationships.

96. OG.com has no plain, speedy, or adequate remedy at law to address the wrongs described herein. Moreover, because money damages are generally not available in suits against state government agencies, OG.com likely would be left without a remedy in the absence of prospective relief.

97. OG.com therefore brings this action to seek declaratory and injunctive relief restraining Defendants from enforcing Missouri law that interferes with the operation and function of OG.com's market described herein.

COUNT I

(Express Preemption – Against All Defendants)

98. Plaintiff incorporates all prior paragraphs by reference.

99. Under 28 U.S.C. § 2201(a), the Court may, “[i]n a case of actual controversy within its jurisdiction . . . declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.”

100. An actual controversy exists between OG.com, on the one hand, and the Defendants, on the other, regarding whether Defendants have legal authority to regulate the trading of OG.com’s event contracts.

101. For the reasons described above, without regard to whether Defendants have correctly interpreted Missouri law, OG.com is authorized to list and offer event contracts to Missouri residents (and residents of each of the other states and territories of the United States) pursuant to the CEA. Whether trading in particular sports event contracts is permitted is a question subject to the “exclusive jurisdiction” of the CFTC. 7 U.S.C. § 2(a)(1)(A).

102. To the extent that the relevant provisions of the CEA and CFTC regulations adopted thereunder overlap with Missouri law, Missouri law is preempted pursuant to the Supremacy Clause, which provides:

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

103. The Supremacy Clause mandates that federal law preempts state law in any field over which Congress has expressly reserved exclusive authority to the federal government.

104. The CEA’s express preemption of state laws purporting to regulate trading on federally regulated derivatives markets or otherwise under the oversight of the CFTC could not be

more clear. Congress gave the CFTC “exclusive jurisdiction” to regulate derivatives trading on approved exchanges for on-exchange trading. 7 U.S.C. § 2(a)(1)(A). Without a unified approach to derivatives regulation, Congress feared that fragmented and uncoordinated state regulation would lead to “total chaos.” Senate Hearings, 93rd Cong., 2d Sess. 685 (1974) (statement of Sen. Clark). Congress punctuated the importance of preemption of state law by ensuring federal law supersedes and preempts state gaming law as applied to financial instruments the CFTC exempted from the registered exchange requirement. *See* 7 U.S.C. § 16(e)(2). Having analyzed the text, purpose, and history of the CEA, courts nationwide have agreed that Congress intended to preempt state law in derivatives trading on CFTC-regulated exchanges. *See, e.g., KalshiEX, LLC v. Flaherty*, 172 F.4th 220, 228 (3d Cir. 2026); *United States & CFTC v. Illinois*, No. 1:26-cv-03659, 2026 WL 2969682, at *6-11 (N.D. Ill. Oct. 2, 2026); *United States & CFTC v. Minnesota*, No. 26-cv-2661 (KMM/DTS), 2026 WL 2150211, at *13 (D. Minn. July 27, 2026); Order at 2-3, *KalshiEX, LLC v. Johnson*, No. 2:26-cv-01715 (D. Ariz. Apr. 10, 2026), ECF No. 65; *Thrifty Oil Co. v. Bank of Am. Nat’l Tr. & Sav. Ass’n*, 322 F.3d 1039, 1055-57 (9th Cir. 2003); *Am. Agric. Movement, Inc. v. Bd. of Trade of Chi.*, 977 F.2d 1147, 1156-57 (7th Cir. 1992); *Jones v. B. C. Christopher & Co.*, 466 F. Supp. 213, 220 (D. Kan. 1979); *Hofmayer v. Dean Witter & Co.*, 459 F. Supp. 733, 737 (N.D. Cal. 1978).

105. Defendants may therefore not attempt to enforce Missouri’s gambling laws against OG.com—including, but not limited to, Mo. Const. art. III, §§ 39(g)1, 39(g)10.a, 39(g)6, 39(g)15 and 11 C.S.R. §§ 45-20.360(1)(A), 45-20.360(6), and any rules or regulations adopted thereunder—because OG.com is a federally regulated derivatives market that operates under the exclusive oversight of the CFTC and its enabling statute, the CEA, 7 U.S.C. §§ 1 *et seq.*

COUNT II

(Field Preemption – Against All Defendants)

106. Plaintiff incorporates all prior paragraphs by reference.

107. Under 28 U.S.C. § 2201(a), the Court may, “[i]n a case of actual controversy within its jurisdiction . . . declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.”

108. An actual controversy exists between OG.com, on the one hand, and the Defendants, on the other, regarding whether Defendants have legal authority to regulate the trading of OG.com’s event contracts.

109. By threatening to enforce the statutes at ¶ 105 or any other statutes, and any rules adopted thereunder, against OG.com, Defendants are impermissibly intruding on the CFTC’s exclusive jurisdiction to regulate derivatives transactions on federally designated contract markets.

110. For the reasons described above, without regard to whether Defendants have correctly interpreted Missouri law, OG.com is authorized to list and offer event contracts to Missouri residents (and residents of each of the other states and territories of the United States) pursuant to the CEA. Whether trading in particular event contracts is permitted is a question subject to the “exclusive jurisdiction” of the CFTC.

111. To the extent that the relevant provisions of the CEA and CFTC regulations adopted thereunder overlap with Missouri law, Missouri law is preempted pursuant to the Supremacy Clause.

112. The Supremacy Clause mandates that federal law preempts state law in any field over which Congress has adopted a comprehensive regulatory scheme, thus occupying the field for regulation.

113. Through the CEA and its amendments, Congress has adopted a comprehensive regulatory scheme regulating derivatives trading on regulated markets, including the trading of event contracts. *See* 7 U.S.C. §§ 1 *et seq.* That scheme includes creating the CFTC and vesting it with exclusive authority to regulate derivatives trading.

114. Indeed, federal law authorizes the CFTC to “determine” whether event contracts involving “gaming” should be restricted as “contrary to the public interest,” 7 U.S.C. § 7a-2(c)(5)(C)(i)—authority that is completely incompatible with parallel state regulation of the same subject matter. Because federal law occupies the entire field of regulating derivatives trading on regulated markets, the threatened actions are field-preempted under the Supremacy Clause. *See Flaherty*, 172 F.4th at 228.

115. Defendants therefore may not attempt to enforce Missouri’s gaming laws against OG.com because OG.com is a federally regulated derivatives market that operates under the exclusive oversight of the CFTC and its enabling statute, the CEA, 7 U.S.C. §§ 1 *et seq.*

COUNT III

(Conflict Preemption – Against All Defendants)

116. Plaintiff incorporates all prior paragraphs by reference.

117. Under 28 U.S.C. § 2201(a), the Court may, “[i]n a case of actual controversy within its jurisdiction . . . declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.”

118. An actual controversy exists between OG.com, on the one hand, and the Defendants, on the other, regarding whether Defendants have legal authority to regulate the trading of OG.com’s event contracts.

119. By threatening to enforce the statutes at ¶ 105 or any other statutes, and any rules adopted thereunder, against OG.com, Defendants are impermissibly intruding on the CFTC's exclusive jurisdiction to regulate derivatives transactions on federally designated contract markets.

120. For the reasons described above, without regard to whether Defendants have correctly interpreted Missouri law, OG.com is authorized to list and offer event contracts to Missouri residents (and residents of each of the other states and territories of the United States) pursuant to the CEA. Whether trading in particular event contracts is permitted is a question subject to the "exclusive jurisdiction" of the CFTC.

121. To the extent that the relevant provisions of the CEA and CFTC regulations adopted thereunder conflict with Missouri law, Missouri law is preempted pursuant to the Supremacy Clause.

122. The Supremacy Clause mandates that federal law preempts state law where compliance with the state law would conflict with federal law.

123. Defendants likewise threatened to deploy Missouri law against OG.com in a manner that conflicts with federal law and policy. Defendants seek to ban event contracts that federal law and the CFTC have authorized or subject them to state regulatory requirements that conflict with federal law, which would plainly frustrate the CFTC's exclusive authority to regulate its designated exchanges. For that reason among others, the threatened actions are conflict-preempted under the Supremacy Clause. *See Flaherty*, 172 F.4th at 228.

124. Defendants therefore may not attempt to enforce Missouri's gaming laws against OG.com because OG.com is a federally regulated derivatives market that operates under the exclusive oversight of the CFTC and its enabling statute, the CEA, 7 U.S.C. §§ 1 *et seq.*

PRAYER FOR RELIEF

WHEREFORE, Plaintiff OG.com requests that judgment be entered in its favor and against Defendants as follows:

1. That this Court enter a judgment declaring that the challenged provisions, or any other state laws pertaining to gambling or wagering, as applied to OG.com, violate the Supremacy Clause and are therefore preempted, unconstitutional and invalid;
2. That this Court issue a permanent injunction that prohibits Defendants as well as their successors, agents, and employees, from enforcing the challenged provisions or any other state laws pertaining to gambling or wagering, as applied to OG.com;
3. Award such other relief within this Court's discretion that it deems just and proper.

Dated: 16th day of October, 2026.

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