

Q3 2026 • JULY 1 TO SEPT. 30

Prediction Frontier Quarterly

A quarter of prediction market data from Kalshi, Polymarket, Polymarket US and Novig, with a test of whether the World Cup left a lasting mark and a read on the money and the courts behind the industry.

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Published Oct. 15, 2026

Data through Sept. 30, 2026

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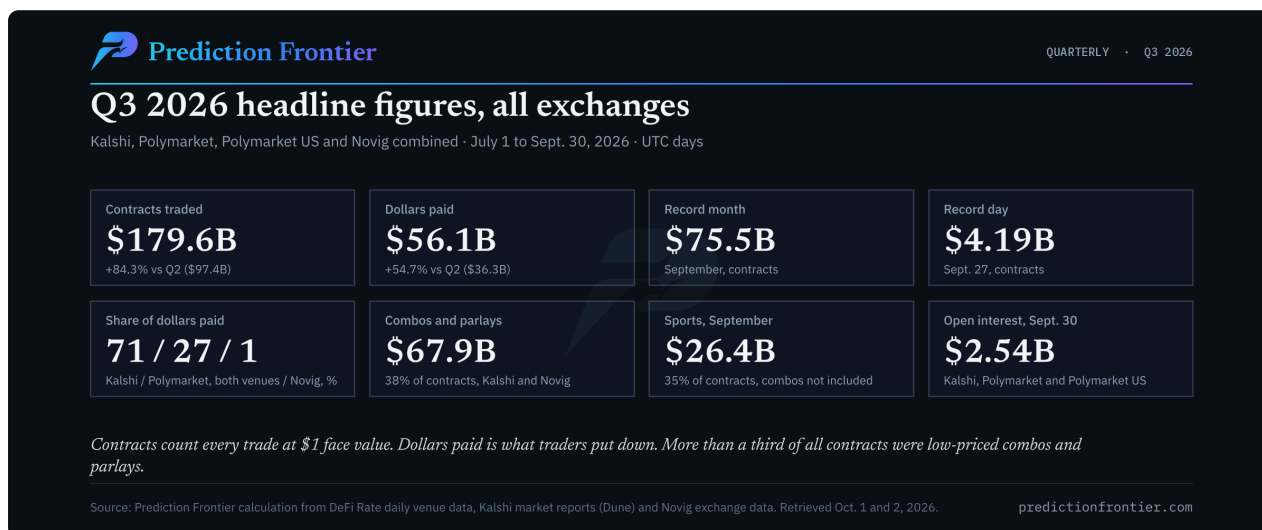
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1 Executive summary

Prediction markets had their largest quarter on record. From July 1 to Sept. 30, traders on Kalshi, Polymarket, Polymarket US and Novig exchanged \$179.6B in contracts, 84.3% more than in the second quarter, and paid \$56.1B for them. The gap between those two figures matters. More than a third of all contracts were combos and parlays, multi-leg bets bought for a few cents each, so headline volume runs well ahead of the money traders put at risk.

Kalshi took 71% of dollars paid, Polymarket's international and US venues 27%, and Novig, which opened on Aug. 4, 1%. September set the monthly record at \$75.5B in contracts as the NFL and college football seasons began, and Sept. 27 set the daily record at \$4.19B.

KEY FIGURES K01



The World Cup filled June and July, and we set four tests of whether it grew the industry for good. One passed. August volume stayed above its pre-tournament trend, but the wallets that arrived in June stopped trading sooner than earlier ones, open interest fell 35.5% in the four weeks after the final, and Polymarket, which leaned harder on the tournament, grew less than Kalshi from May to August.

Sports carried the quarter. The four exchanges traded \$34.9B on match and game winners, led by tennis at \$9.17B and baseball at \$7.48B, and US Open tennis grew 12.2 times on last year. In September, combos, sports and crypto made up 94% of all contracts, while politics traded \$901M a month before the US midterms.

Investors kept paying up. Polymarket raised about \$1B at a \$21B valuation, Kalshi was in talks at \$40B, and IG Group agreed to buy Underdog for up to \$1.3B. The courts went the other way. The Ninth and Sixth Circuits ruled 3 to 0 against Kalshi within a month, courts in nine states ruled against an exchange, and several European regulators blocked Polymarket. The CFTC sent two event-contract rules to the White House on Sept. 28, which leaves the fourth quarter to show who regulates these markets. Both large exchanges also faced insider trading and wash trading questions. Kalshi issued its first lifetime ban.

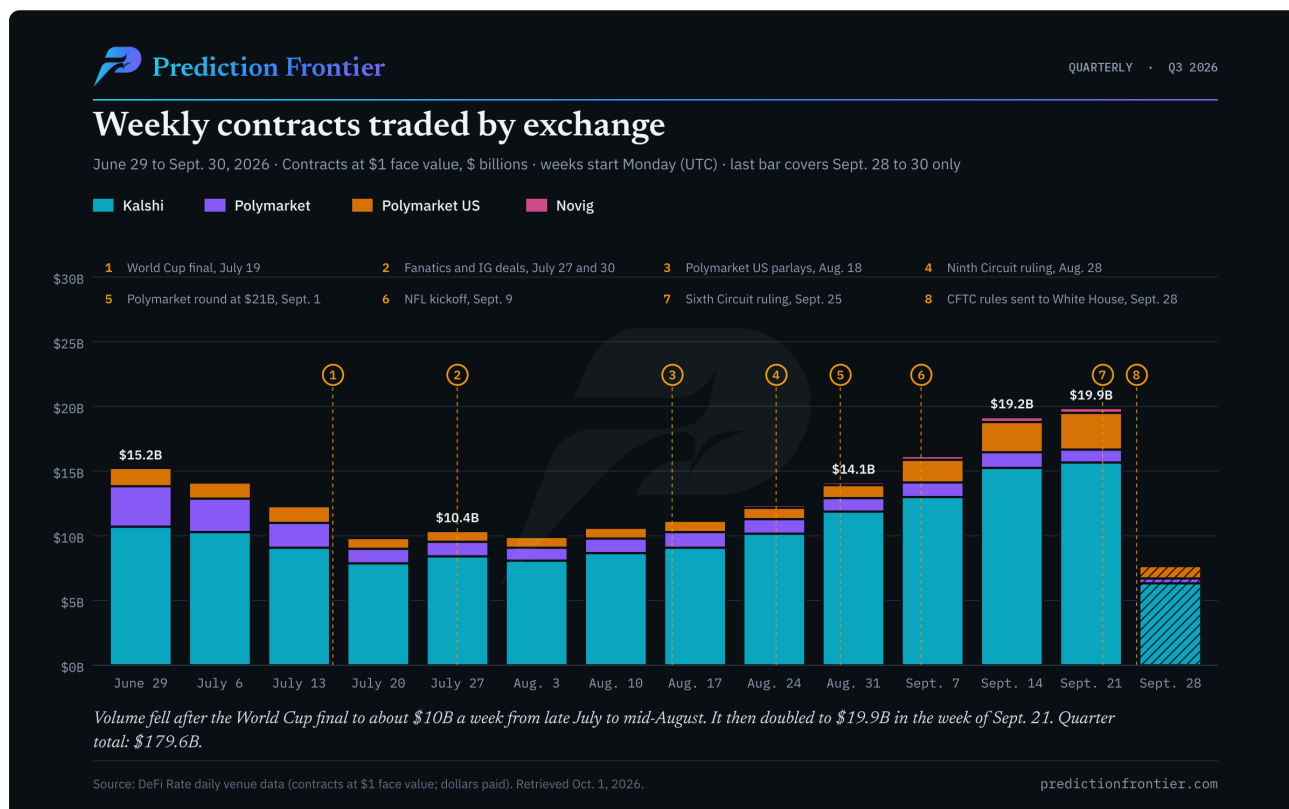
Note

Contracts count every trade at its \$1 payout value, and dollars paid is what the buyer put down. We give both where we can and say which one a figure uses. Charts combine all four exchanges wherever the data exists. Sport-level data for Polymarket US starts on July 23 and for Novig on Aug. 4. Appendix B lists what is partial or missing.

2 The quarter in numbers

Volume slid as the World Cup wound down and sat near \$10B a week from late July to mid-August. It then doubled. The week of Sept. 21 reached \$19.9B, and September as a whole reached \$75.5B, the largest month the industry has recorded.

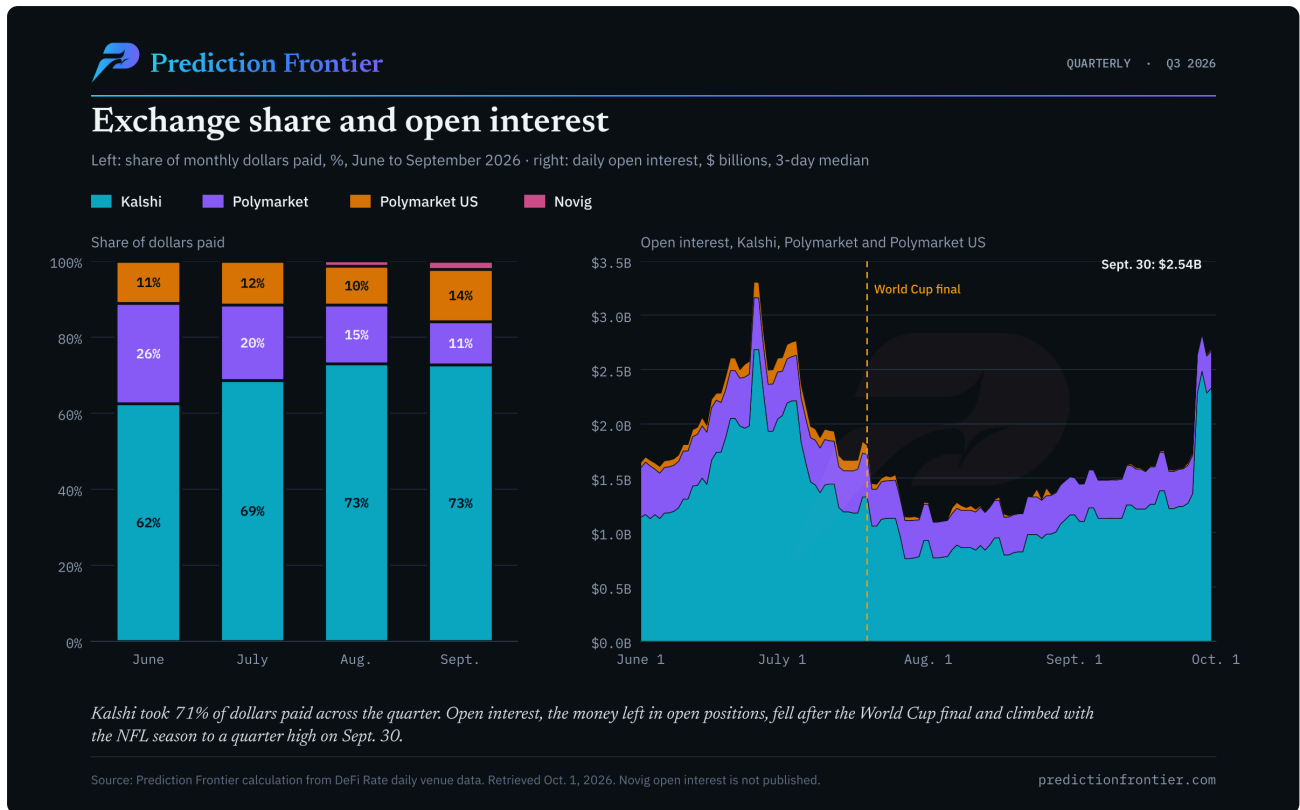
CHART C01



Counted in dollars paid, the quarter looks different. On Kalshi, the average amount paid per \$1 of contracts fell from 32¢ in July to 24¢ in September. This drop can be attributed to the rise of combos, which typically trade at low prices. Kalshi's September record volume of \$60.7B in contracts translated to \$14.7B in dollars paid, 10% more than in July. Polymarket traders paid about 50¢ per contract in every month.

Kalshi's share of dollars paid rose from 69% in July to 73% in August and September, while Polymarket's international venue lost 46.3% of its monthly contracts over the same months and Polymarket US and Novig took up the difference.

CHART C03



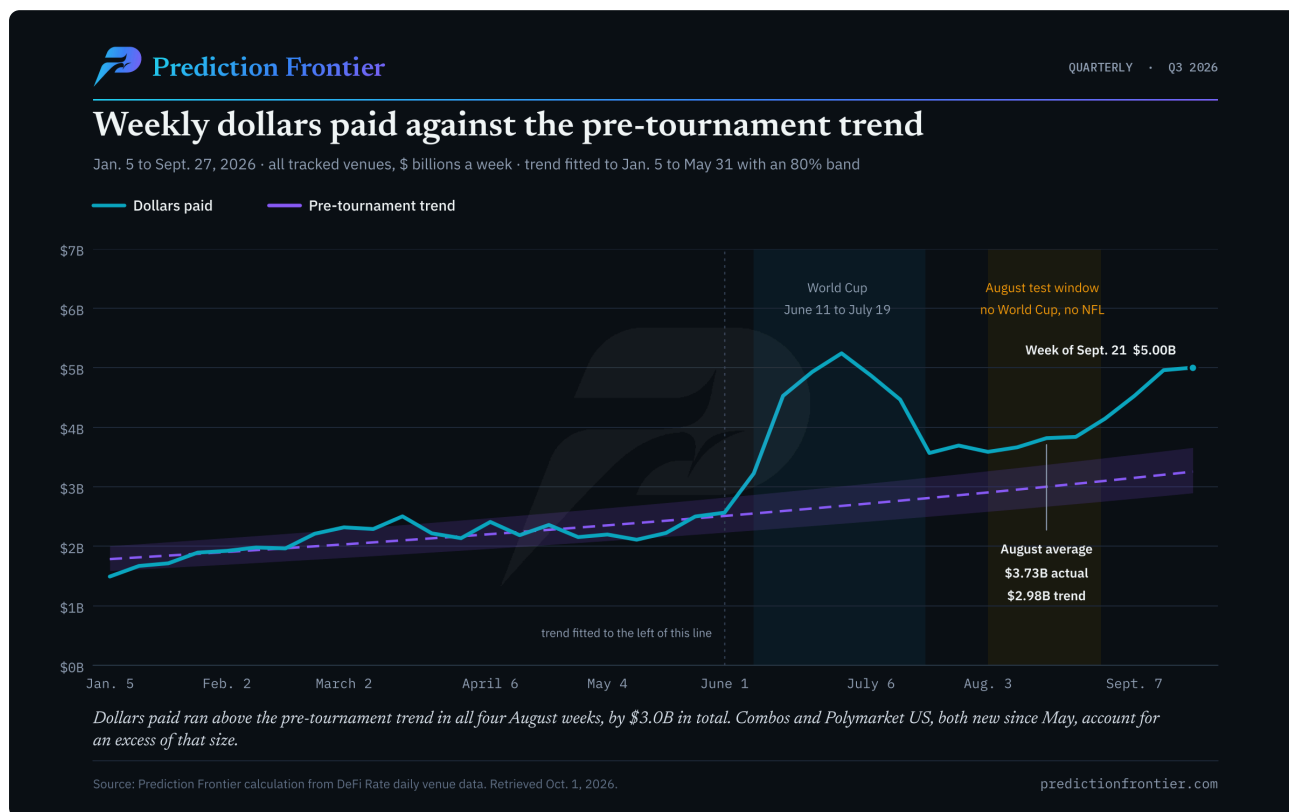
Open interest is the dollar value of contracts still open at the end of a day. These are positions traders have bought and not yet sold or seen settle. Volume counts every trade, so the same dollar can be counted many times in a day. Open interest is a snapshot. It shows how much money sits in the market at one moment, and because a market can trade heavily with little open interest when traders move in and out quickly, open interest that keeps rising over weeks is the better sign that capital is staying.

Across Kalshi, Polymarket and Polymarket US, open interest rose from \$1.73B on June 10, the day before the World Cup, to \$2.10B on the day of the final. It fell to \$1.36B by Aug. 16 and ended the quarter at \$2.54B on Sept. 30, of which \$2.18B was on Kalshi, as NFL and college football markets filled. DeFi Rate publishes open interest for those three exchanges. Novig does not report it.

3 Did the World Cup grow the industry?

The FIFA World Cup 2026 tournament ran from June 11 to July 19. World Cup markets took 14% to 30% of Kalshi's weekly contracts and 24% to 44% of Polymarket's. We set four tests, each asking whether the tournament left a lasting impact on prediction markets. The first compares August, a month with no World Cup and no regular-season NFL, against the trend from before the tournament.

CHART C04



Test 1: Volume cleared vs the band

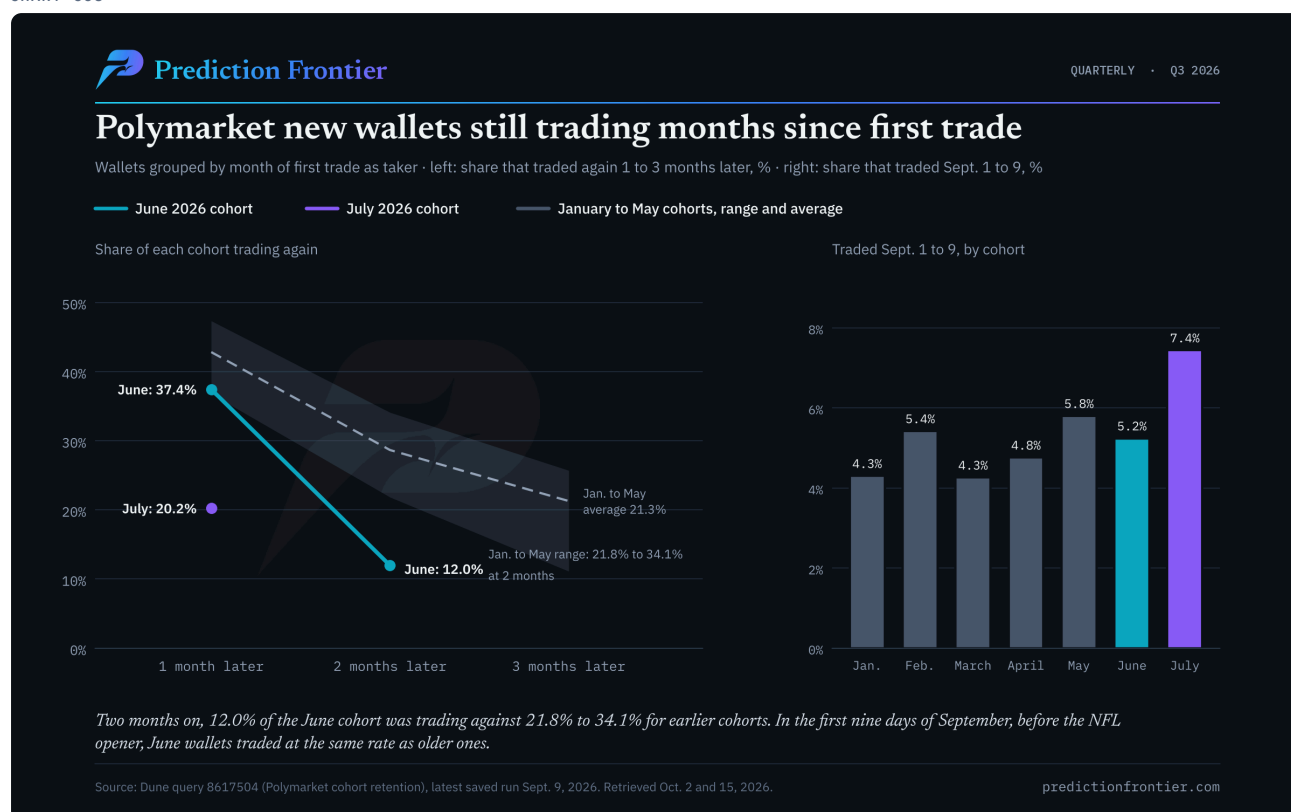
This test asks whether more money traded after the tournament than the market's earlier growth would predict. We fitted a trend to weekly dollars paid from Jan. 5 to May 31 and carried it forward. Weekly volume never sits exactly on a trend line, so we drew an 80% band around it. The band's width comes from how far each week strayed from the trend between January and May, and eight in ten of those weeks landed inside it. A week above the band is higher than normal week-to-week swings would explain, and four such weeks in a row is unlikely to be chance.

Dollars paid averaged \$3.73B a week in August against \$2.98B on the January to May trend and cleared the 80% band in all four weeks, which puts the month \$3.0B above trend and passes the first test. It comes with a caveat. Combos and Polymarket US were small or absent when the trend was fitted, and together they are large enough to explain the excess. On Kalshi and Polymarket alone, two of the four weeks cleared the band.

Test 2: Do new wallets keep trading?

If the World Cup brought lasting users, the wallets that made their first Polymarket trade in June should keep trading at least as well as wallets that arrived earlier in the year. We group wallets by the month of their first trade and count the share of each group that trades again one, two and three months later.

CHART C05



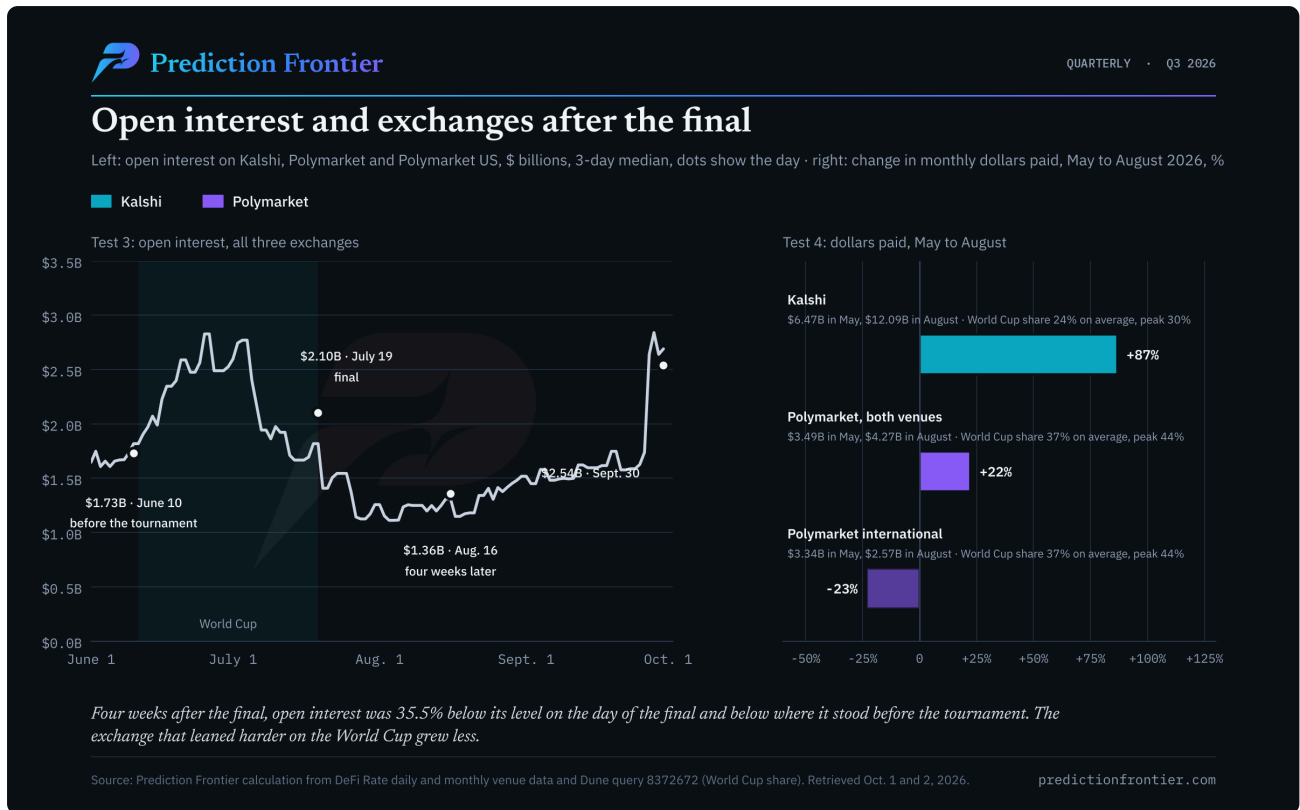
The second test follows users. Polymarket gained 173,294 new wallets in June. In July 37.4% of them traded again and in August only 12.0% did, where the five cohorts before them had kept between 21.8% and 34.1% at the same age. New wallets fell to about 124,000 in July and 51,000 in August. No other exchange publishes user-level data, so this test rests on Polymarket alone.

September would show whether these wallets were waiting for the NFL and European football. The latest saved Dune results end on Sept. 9, before the first NFL game and after the main European leagues restarted in August. In those nine days 5.2% of the June wallets traded, within the 4.3% to 5.8% range for the January to May cohorts over the same days. New wallets arrived at a pace of about 38,000 for the month, below August's 51,180. Once the tournament ended, the June wallets behaved like older ones, and there was no rush back before the NFL season. A full September read needs a new query run.

Test 3: Did the money stay after the final?

Open interest shows whether traders kept capital on the exchanges once the tournament ended. The test passes if open interest four weeks after the final, on Aug. 16, is within 10% of its level on the day of the final. It fell 35.5%, from \$2.10B to \$1.36B, which left it 21.6% below June 10, the day before the tournament began. Kalshi lost 38.6%, Polymarket 12.1% and Polymarket US 66.7%. The test fails. Open interest recovered to \$2.54B by Sept. 30, but that rise came with the NFL season.

CHART C06



Test 4: Did the exchange that leaned on the World Cup gain more?

The tournament was a bigger part of trading on Polymarket than on Kalshi, at up to 44% of weekly contracts against 30%. If the World Cup grew prediction markets for good, the more exposed exchange should have come out of it with the larger gain. We compare dollars paid in May, the last full month before the tournament, with August, the first full month after it, and the test passes if Polymarket grew at least as fast as Kalshi. Polymarket's two venues together rose 22%, from \$3.49B to \$4.27B, and its international venue fell 23%. Kalshi rose 87%, from \$6.47B to \$12.09B. The test fails. Kalshi's combos and European blocks on Polymarket also moved these numbers, so the result shows the World Cup did not leave Polymarket ahead. It does not show that the tournament caused the gap.

TABLE T01

 QUARTERLY · Q3 2026			
World Cup growth tests and results			
Four scored tests set before the data was pulled, plus one context measure · Q3 2026 · all exchanges unless stated			
Test	What was measured	Result	Outcome
1. Volume against the trend	August dollars paid on all exchanges against the January to May trend and its 80% band	\$3.73B a week against \$2.98B on trend. Above the band in 4 of 4 weeks, and in 2 of 4 on Kalshi and Polymarket alone	Pass
2. Wallet cohorts	Share of June 2026 Polymarket wallets still trading two months later	12.0%, against 21.8% to 34.1% for the January to May cohorts	Fail
3. Open interest after the final	Open interest on all exchanges on Aug. 16, four weeks after the final, against July 19	Down 35.5% to \$1.36B, and 21.6% below June 10, before the tournament	Fail
4. Venue exposure	May to August change in dollars paid at the exchange more exposed to the World Cup against the less exposed one	Polymarket, up to 44% of weekly contracts on the World Cup: +22%. Kalshi, up to 30%: +87%	Fail
Context: soccer after the tournament	Club soccer winner contracts on all exchanges, Aug. 15 to Sept. 30, against the same weeks of 2025	Up 6.4 times, slower than the 11.3 times growth of all contracts without combos	Not scored
One test of four passed. The tournament brought volume and wallets that mostly left, and the exchange that leaned on it hardest gained the least.			
Source: Prediction Frontier calculation from DeFi Rate, Dune queries 8617504 and 8372672, and exchange APIs. Retrieved Oct. 1 to 15, 2026. predictionfrontier.com			

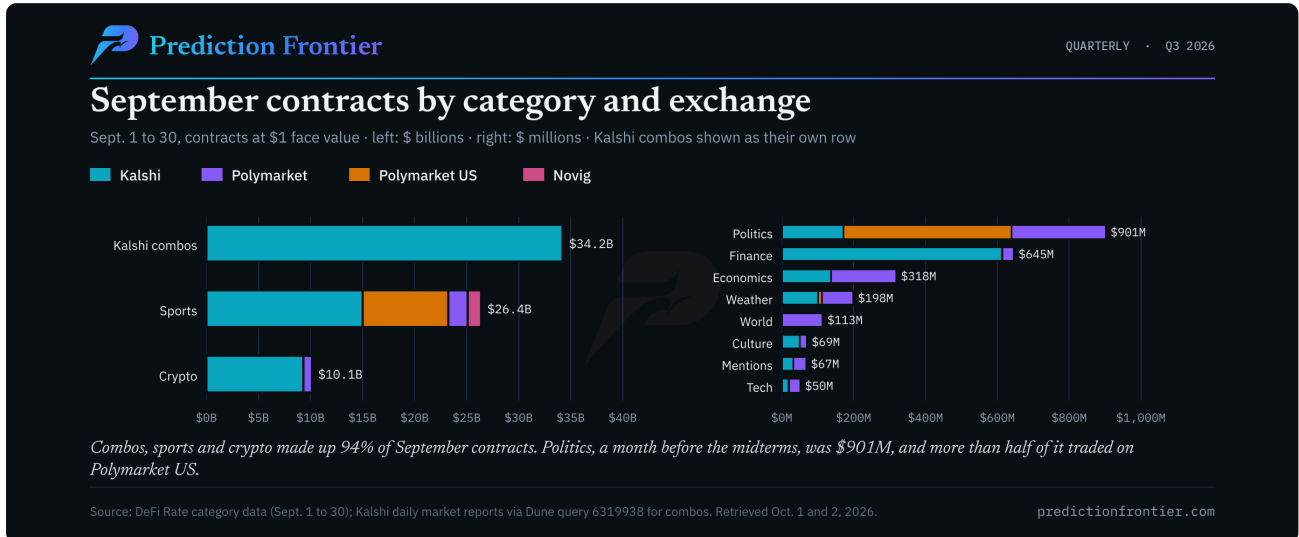
The table keeps soccer after the tournament as context. It asks whether club soccer drew more trading once the World Cup ended. Club soccer winner markets on all exchanges from Aug. 15 to Sept. 30 were 6.4 times their level in the same weeks of 2025, while all contracts without combos grew 11.3 times over August and September. Soccer grew more slowly than the rest of the market, so the tournament did not leave club soccer with an outsized following.

One test of four passed. The World Cup brought volume and wallets that mostly left. Polymarket leaned on the tournament harder and lost 42.3% of its monthly contracts from July to August. Kalshi lost 2.7%.

4 How each category behaved

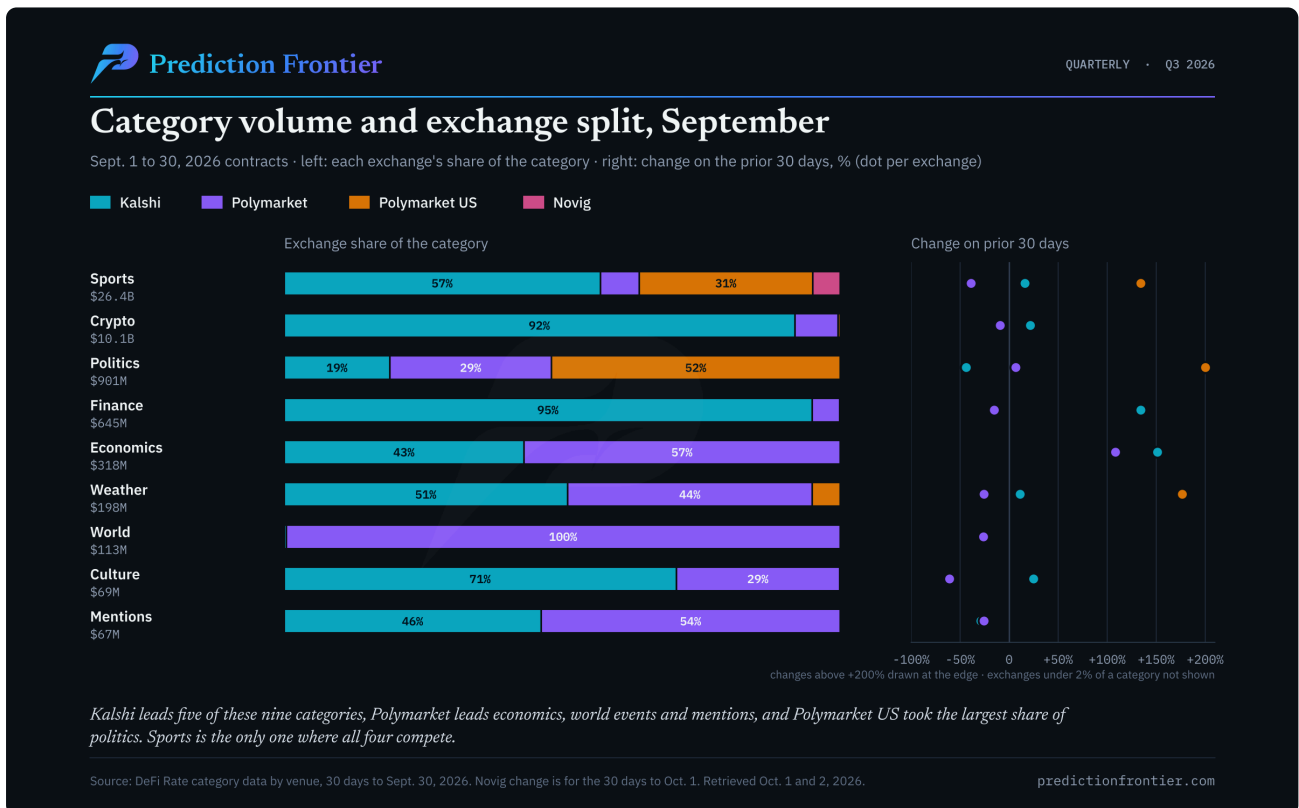
September shows where the money sits. Kalshi combos were \$34.2B, sports \$26.4B and crypto \$10.1B, together 94% of all contracts, while politics traded \$901M a month before the US midterms and more than half of that was on Polymarket US. The eight smaller categories on the right of the chart traded \$2.4B combined.

CHART C07



The right side of the chart zooms in on those eight categories, on a scale in millions, so each exchange's share is visible. Politics was the largest at \$901M, and Polymarket US took more than half of it, ahead of Polymarket and Kalshi. Kalshi carried most of finance. Economics was split between Polymarket and Kalshi, while world events traded almost entirely on Polymarket. Weather, culture, mentions and tech each traded under \$200M in the month.

CHART C08



Kalshi leads five of the nine categories above, Polymarket three and Polymarket US one. Sports is the only category where all four exchanges compete favourably, and Kalshi holds 57% of it. Polymarket is the larger venue for economics, world events and mentions, and Polymarket US took 52% of politics. Momentum differed by venue. Finance and economics more than doubled on Kalshi around the September Fed meeting and economics doubled on Polymarket too, while sports fell 39% on Polymarket and rose 134% on Polymarket US during Q3.

Top market traded on Kalshi and Polymarket per category

TABLE T03

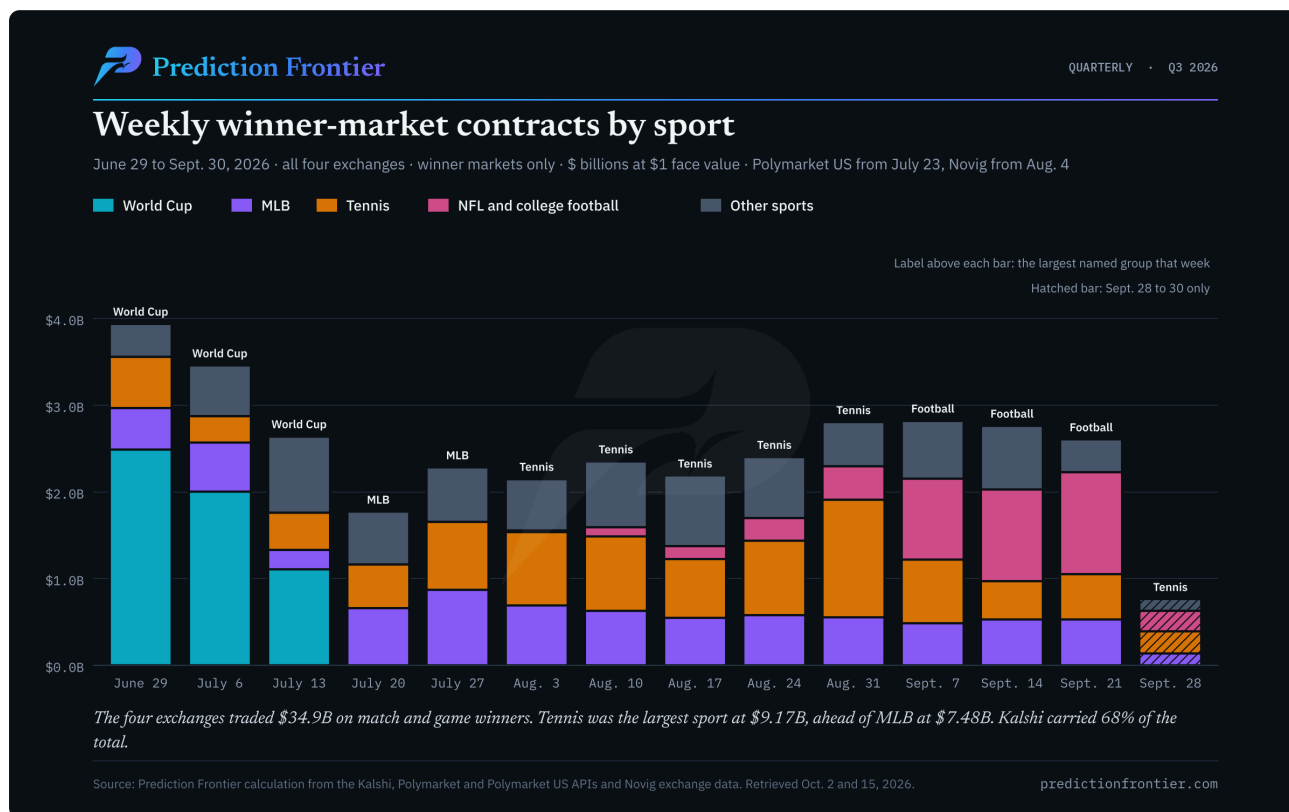
 QUARTERLY · Q3 2026				
Top market per category, Kalshi and Polymarket Largest single market in each category that settled July 1 to Sept. 30, 2026 · lifetime contracts at \$1 face value · settlement date in brackets				
Category	Kalshi market	Contracts	Polymarket market	Contracts
Sports	Argentina to win the World Cup (July 19)	\$326.0M	Argentina to win the World Cup (July 20)	\$174.3M
Economics	Fed holds rates in September (Sept. 16)	\$48.3M	Fed holds rates in September (Sept. 16)	\$56.4M
Politics	James Fishback wins Florida GOP governor primary (Aug. 18)	\$44.7M	United Russia wins most seats in Russian election (Sept. 21)	\$24.5M
World events	Hormuz traffic back to normal before July 1 (July 7)	\$8.8M	Hormuz traffic back to normal by July 31 (Aug. 4)	\$24.3M
Culture and mentions	Announcers say "Trump" during USA vs Belgium (July 7)	\$1.4M	Trump appears in World Cup champions photo (July 24)	\$27.0M
<i>The World Cup winner market was the largest on both exchanges. Crypto is left out because its volume is spread over thousands of short-dated price markets.</i>				
Source: Prediction Frontier calculation from the Kalshi and Polymarket public APIs. Kalshi candidates are the largest series in each category. Retrieved Oct. 15, 2026. predictionfrontier.com				

The largest single markets show what drew the biggest crowds on each exchange. On both, the market on Argentina winning the World Cup was the largest to settle in the quarter, at \$326.0M in contracts on Kalshi and \$174.3M on Polymarket. The September Fed decision drew similar amounts on the two. Both listed markets on when traffic through the Strait of Hormuz would return to normal, and Polymarket's largest was almost three times the size of Kalshi's. In politics, Kalshi's top market was the Florida Republican primary for governor, while Polymarket's was Russia's parliamentary election. Mention and culture markets stayed small on Kalshi, where the largest we found was \$1.4M.

5 Sports in Q3

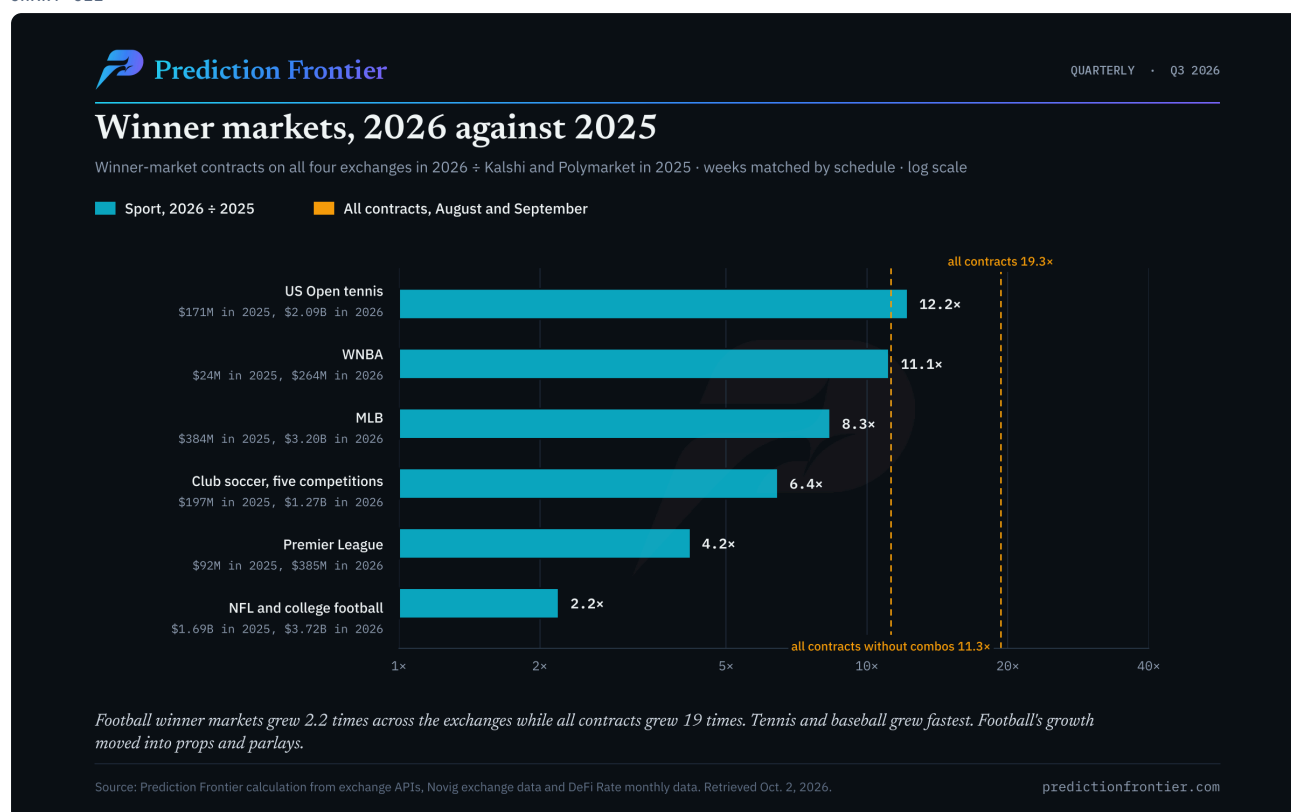
The four exchanges traded \$34.9B on match and game winners from June 29 to Sept. 30, and Kalshi carried 68% of it. Across all exchanges, tennis was the largest sport at \$9.17B as the US Open concluded, ahead of MLB at \$7.48B and the World Cup at \$5.60B, a figure that leaves out Polymarket US, whose data starts on July 23. The NBA was out of season, and WNBA and summer league games traded \$1.08B.

CHART C11



The weekly lead passed from the World Cup to MLB, to tennis for five weeks, and to NFL from the week of Sept. 7. Growth on last year shows which sports brought new money. Across the exchanges US Open tennis grew 12.2 times from Q3 2025, the WNBA 11.1x and MLB 8.3x. American football winner markets grew 2.2x over the opening weeks of the NFL and college seasons, while all sports contracts grew 19.3x, or 11.3x without combos from Q3 2025.

CHART C12



American football was already large in 2025, and its growth this year went into props, spreads and parlays, which winner markets do not capture. Kalshi's share varies by sport. It held 64% of football, 55% of club soccer and 24% of esports, where Polymarket leads.

TABLE T02

QUARTERLY · Q3 2026						
Winner-market contracts by sport and exchange June 29 to Sept. 30, 2026 · winner markets only, at \$1 face value · no spreads, totals, props, futures or parlays · Polymarket US from July 23						
Sport	All exchanges	Kalshi	Polymarket	Polymarket US	Novig	Kalshi share
Tennis	\$9.17B	\$5.93B	\$1.48B	\$1.67B	\$94M	65%
MLB	\$7.48B	\$5.01B	\$653M	\$1.55B	\$276M	67%
World Cup	\$5.60B	\$4.53B	\$1.07B			81%
NFL and college football	\$4.33B	\$2.78B	\$241M	\$1.16B	\$150M	64%
Club soccer	\$2.58B	\$1.42B	\$924M	\$220M	\$18M	55%
Esports	\$1.76B	\$425M	\$1.13B	\$205M		24%
Golf	\$1.43B	\$1.43B	\$0.9M		\$1.2M	100%
WNBA and NBA summer	\$1.08B	\$894M	\$63M	\$101M	\$18M	83%
UFC and boxing	\$857M	\$657M	\$97M	\$87M	\$16M	77%
Cricket, hockey and other	\$643M	\$587M	\$46M	\$6.6M	\$2.5M	91%
All sports	\$34.93B	\$23.65B	\$5.71B	\$5.00B	\$575M	68%

Kalshi held 68% of winner-market contracts. Polymarket led esports and took 36% of club soccer. Golf on Kalshi is tournament-winner markets.

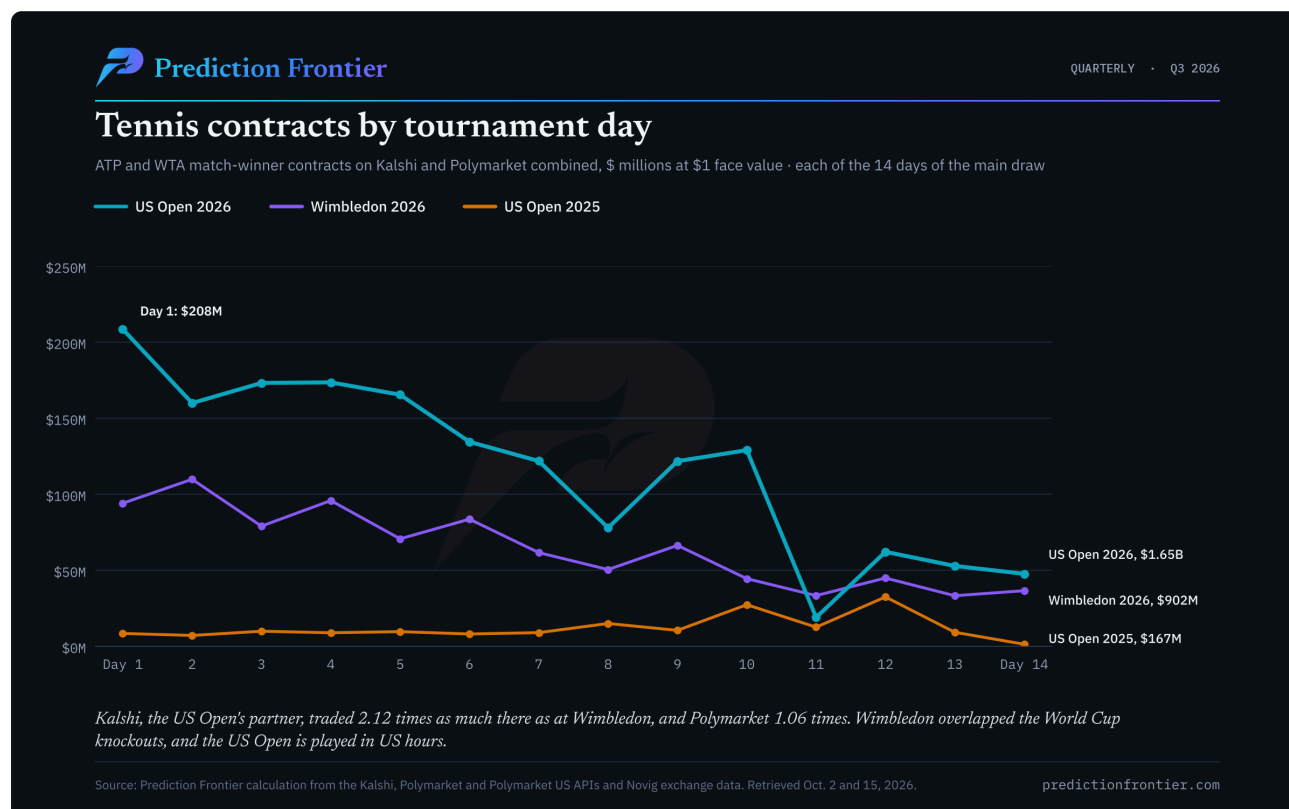
Source: Prediction Frontier calculation from exchange APIs and Novig exchange data. Retrieved Oct. 2, 2026. Polymarket markets under \$50,000 are left out.

predictionfrontier.com

Cricket was the largest sport outside the main groups. Kalshi's T20 and Caribbean Premier League match markets traded \$509M in the quarter, and NHL preseason games added \$12M on Kalshi and \$7M on Polymarket US in the second half of September.

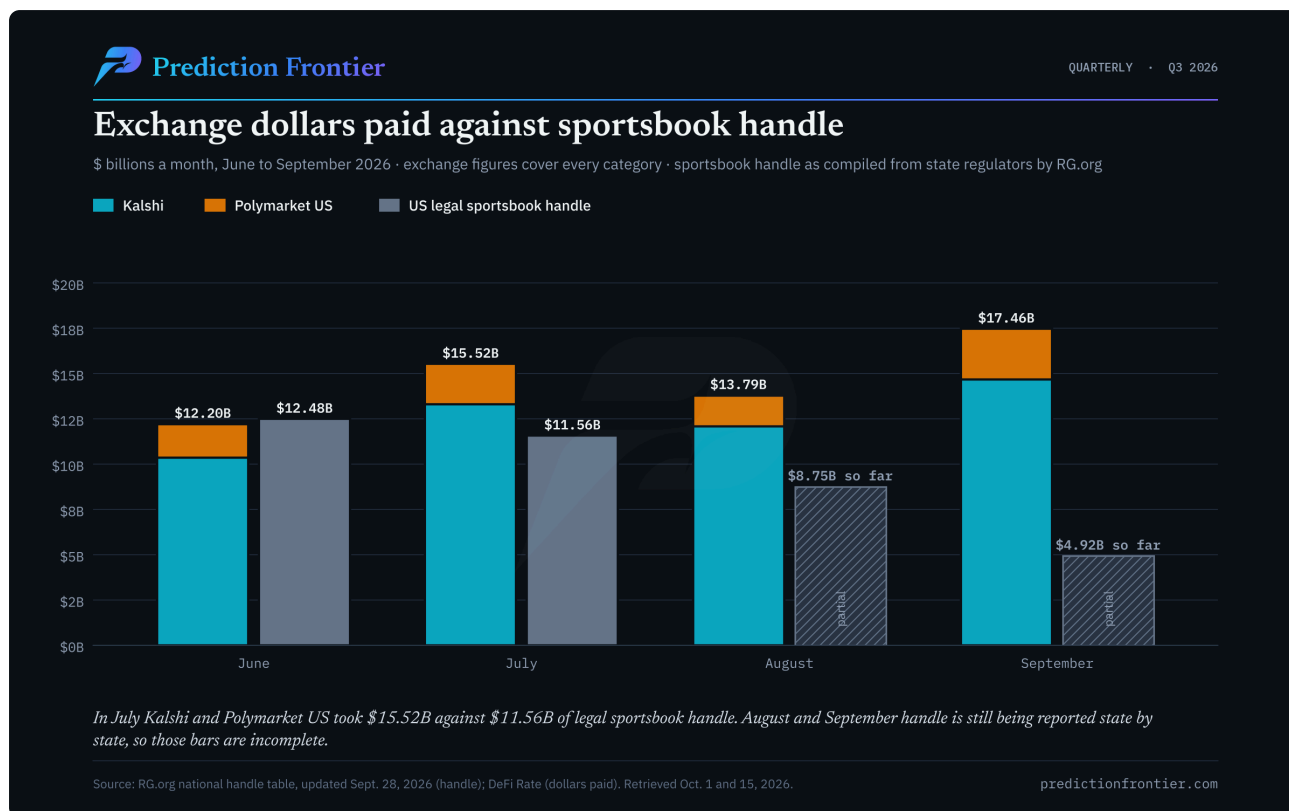
Kalshi became the US Open's official prediction market partner at the start of the tournament, and its ATP and WTA match markets traded \$1.38B there, 2.12x the \$652M they drew at Wimbledon. Polymarket, which had no US Open deal, traded \$265M at the US Open against \$250M at Wimbledon, 1.06 times as much. Kalshi's ratio of 2.12 is about 2.0 times Polymarket's 1.06, a lift that points to the partnership, though Wimbledon overlapped the World Cup knockouts and the US Open is played in US hours. Polymarket US added \$410M at the US Open and Novig \$30M.

CHART C14



In July, Kalshi and Polymarket US took \$15.52B in dollars paid across all categories against \$11.56B on legal US sportsbooks, after a June in which the two were level. The comparison is rough because prediction market exchange figures include non-sports markets and cannot be split by state.

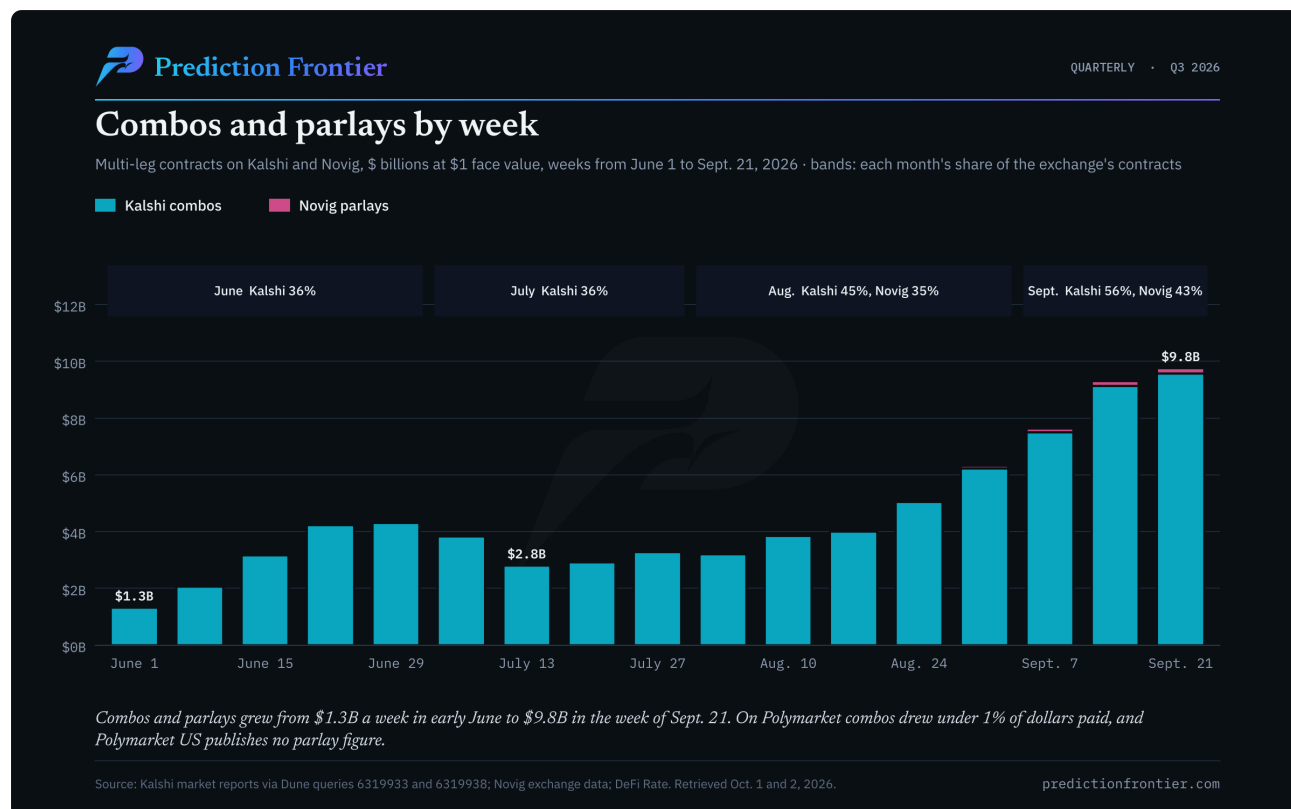
CHART C15



August and September are harder to compare because states report sportsbook handle a month or more after the fact. By Sept. 28, the latest national update, states had reported \$8.75B for August, with Ohio, Colorado, Virginia and North Carolina still to file, and \$4.92B for September from early reporters such as New York. Kalshi and Polymarket US took \$13.79B in August and \$17.46B in September.

A year earlier, full sportsbook handle was \$10.62B in August and \$14.84B in September, when the NFL season began, according to the Covers tracker. If handle grew by the 31.9% the American Gaming Association reported for July, August 2026 would land near the two exchanges' \$13.79B and September would come in above their \$17.46B. The exchange figures still include politics, crypto and every other category, so the comparison measures overall size and cannot isolate sports.

CHART C16

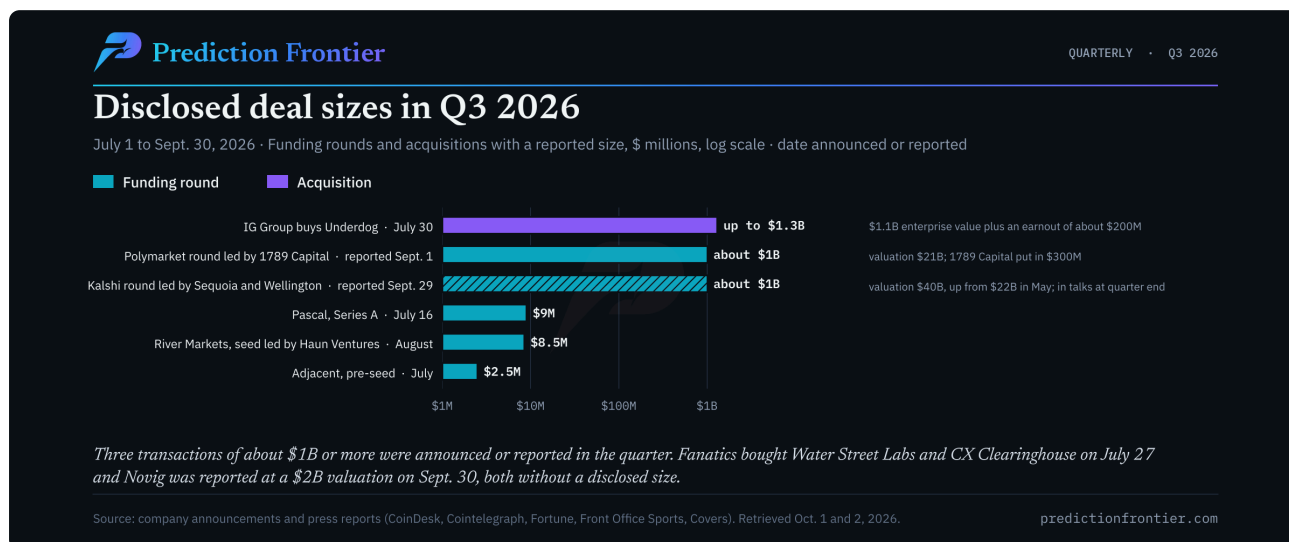


Combos and parlays on Kalshi and Novig grew from \$1.3B a week at the start of June to \$9.8B in the week of Sept. 21. They were 56% of Kalshi's contracts in September and 43% of Novig's. On Polymarket, they stayed under 1% of dollars paid.

6 Institutional capital movements

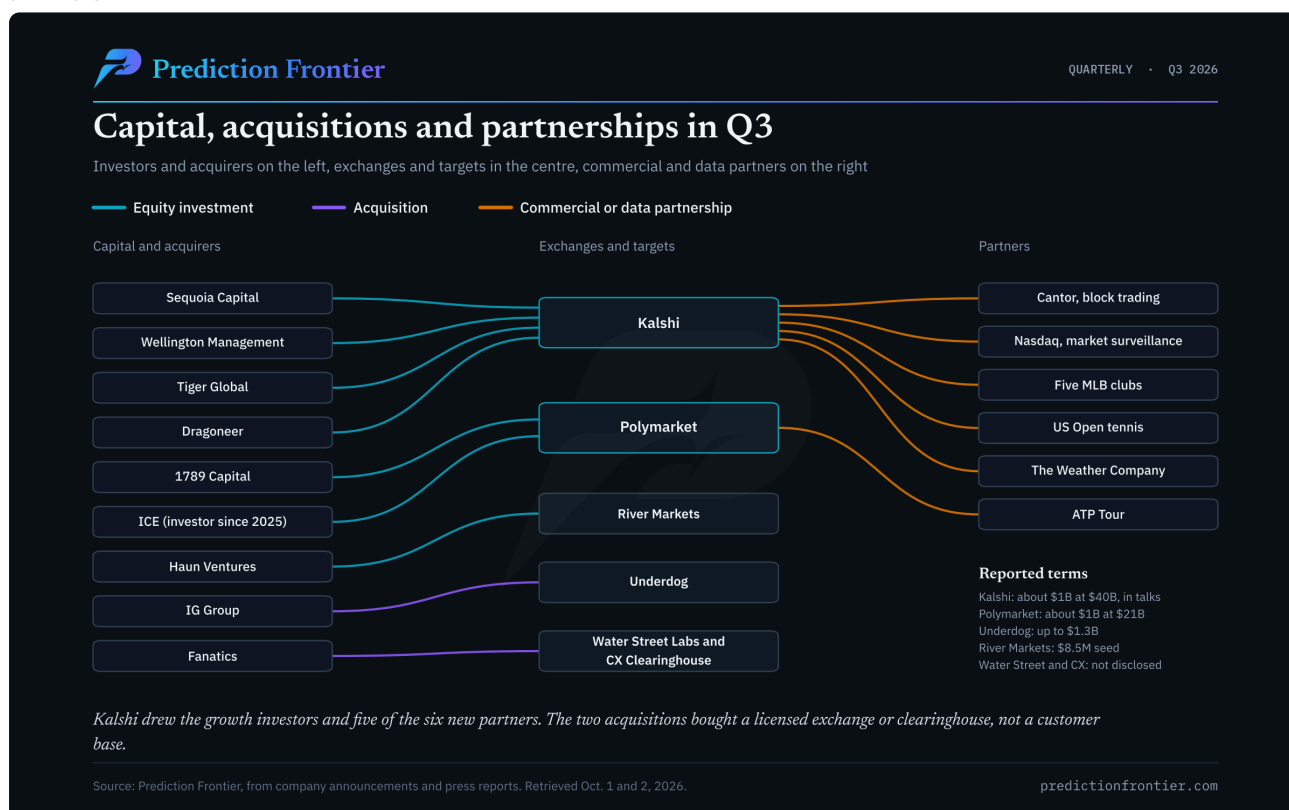
Three transactions of about \$1B or more were announced or reported. IG Group agreed on July 30 to buy Underdog for up to \$1.3B, and Polymarket raised about \$1B at a \$21B valuation in a round led by 1789 Capital that was reported on Sept. 1. At the end of the quarter Kalshi was in talks to raise about \$1B at a \$40B valuation, with Sequoia and Wellington leading the round. Its round in May valued it at \$22B.

CHART C17



Other notable early-stage funding rounds were Pascal (\$9 million), River Markets (\$8.5 million), and Adjacent (\$2.5 million).

CHART C18



Kalshi also signed the most commercial deals: five MLB clubs, the US Open, The Weather Company, Nasdaq for market surveillance and Cantor for institutional block trading. Polymarket signed with the ATP Tour.

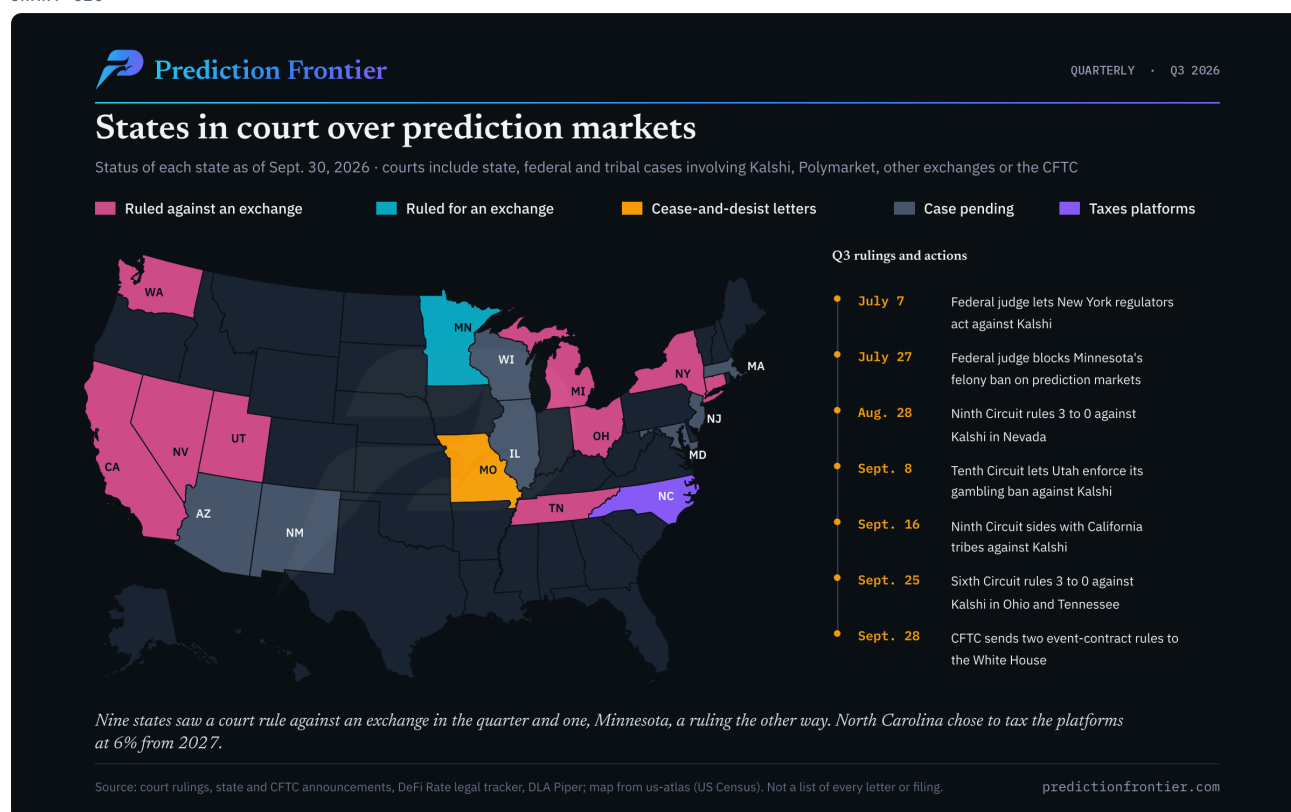
Set against the dollars their traders pay, the exchanges are valued alike. Kalshi's \$40B is 0.25 times its annualized Q3 dollars paid, Polymarket's \$21B is 0.34 times, and Novig's reported \$2B is 0.49 times on eight weeks of trading. The price of a licence is harder to see. Of six purchases of CFTC-registered exchanges or clearinghouses since 2025, two disclosed a price: \$112M for QCEX and up to \$1.3B for Underdog, which came with a fantasy sports business.

7 Regulation and Legal Proceedings

The courts moved against the exchanges. These were the main rulings and actions in the United States in the quarter, with what each could mean for prediction markets.

- 1 **Aug. 28, Ninth Circuit, Nevada.** A three-judge panel ruled 3 to 0 that Kalshi had not shown federal commodities law overrides Nevada's gaming law, and called its sports contracts likely bets. States across the West, which the Ninth Circuit covers, can now treat sports contracts as gambling while the case goes on. Kalshi asked the full court to rehear it on Sept. 9.
- 2 **Sept. 25, Sixth Circuit, Ohio and Tennessee.** The court ruled 3 to 0 against Kalshi, upheld the refusal to block Ohio and lifted the order that had protected it in Tennessee. Two circuits now stand against Kalshi and the Third Circuit for it, after its April ruling in New Jersey, and the Fourth Circuit has yet to rule on Maryland. That split makes Supreme Court review more likely. New Jersey asked the Court to take its case on Sept. 2.
- 3 **July 7 to Sept. 24, New York.** A federal judge declined on July 7 to stop state regulators from acting against Kalshi, and the state sued Kalshi on July 31 for damages The Block put at \$36B or more. On Aug. 11 the CFTC used emergency powers to order Kalshi to keep operating under federal rules, and on Sept. 24 New York sued Polymarket US too. New York is now the main test of whether a state can make a federally registered exchange stop or pay.
- 4 **Aug. 10 to Sept. 10, Connecticut.** A federal judge refused Kalshi an injunction, the state sued it, and regulators ordered nine operators, including Polymarket, Robinhood and Novig, to stop. They also subpoenaed PayPal, Stripe, Apple, Google and sports data suppliers. Going after payments, app stores and data gives states a way to squeeze exchanges without winning the preemption fight.
- 5 **Aug. 13 to Sept. 8, Michigan, Washington and Utah.** A Washington court made Kalshi stop most categories in the state, a Michigan court ordered it to keep sports contracts blocked under a \$500,000-a-day penalty, and the Tenth Circuit let Utah enforce its gambling ban. Each order shrinks the map where Kalshi can offer sports, and Washington's reaches politics and entertainment as well.
- 6 **Sept. 16, Ninth Circuit, California tribes.** The court found Kalshi's sports contracts offered on tribal land are likely unauthorized gaming under federal Indian gaming law. Tribes now have their own federal route to block sports contracts, separate from the state cases.
- 7 **Sept. 18, Missouri.** The attorney general gave Polymarket, Kalshi, Crypto.com, Novig, Underdog and Robinhood 30 days to stop sports contracts or get a state license. Missouri did not sign the July 27 letter, yet it moved against every large platform, with a deadline in mid-October.
- 8 **July 27, Minnesota.** A federal judge blocked a law that would have made running or advertising a prediction market a felony from Aug. 1, in a suit brought by Kalshi, Polymarket and the CFTC together. The only outright state ban was stopped before it began.
- 9 **July 7, North Carolina.** The state budget taxes prediction market platforms at 6% from Jan. 1, 2027, without requiring a state license. The state chose to tax the platforms instead of fighting them, a model others may copy.
- 10 **July 27, attorneys general.** On the last day of comments on the CFTC's June event-contract proposal, attorneys general from 44 states filed a letter disputing its authority over sports contracts. The letter shows how many states would back a challenge to the final rule.
- 11 **Sept. 22 and Sept. 28, CFTC.** Staff warned that mention and attendance contracts are open to manipulation and should be listed only in limited cases. The agency then sent two rules to the White House, one defining event contracts as swaps and one excluding casino-style games, and issued both on Oct. 9. The first would give the CFTC firmer ground against the states in court.

CHART C20



Global read

Outside the United States, regulators mostly treated prediction markets as gambling, and Polymarket took most of the blocks.

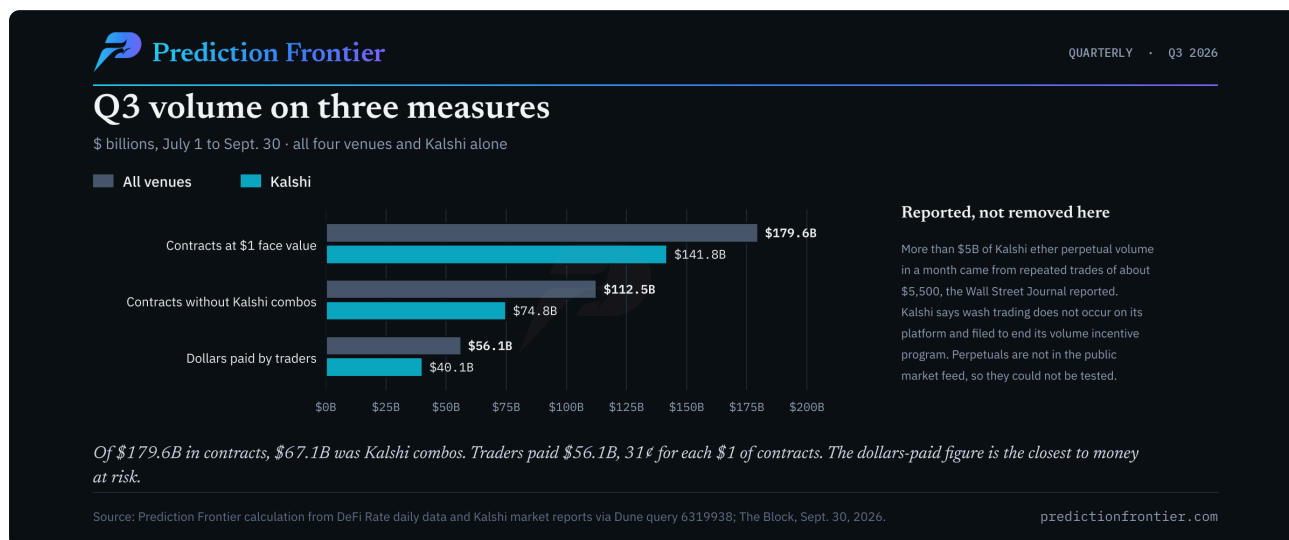
- July 3, European Union.** ESMA reminded firms that event contracts counted as financial instruments fall under national bans on selling binary options to retail clients, and that offering them needs an investment-firm licence. That keeps most of the EU closed to these contracts unless a platform is licensed under gambling or securities law.
- July to September, Polymarket blocks in Europe and Asia.** France ordered a block on July 16, Italy's took effect July 27, Denmark's Aug. 6 and Lithuania's Sept. 8, the Czech Republic listed Polymarket in July and South Korea voted to block it on Aug. 18. The Italian block also ended Lazio's €22M sponsorship deal. Each block cuts the international venue off from users and partners, which fits with the fall in its volume.
- Sept. 30, Czech Republic.** The finance ministry added Kalshi to its list of unauthorized games, with a block from Oct. 15. It is the first national blacklisting of Kalshi in Europe, so regulators there are no longer focused on Polymarket alone.
- July 21, Ireland.** A licence requirement for remote betting took effect, and Polymarket and Kalshi both listed Ireland as restricted without any court order. A licensing rule on its own was enough to push both large platforms out.
- July 13, Gibraltar.** A dedicated framework let prediction markets be licensed as betting exchanges. It gives operators a licensed base in Europe, though as gambling products.
- July 29, Canada.** Wealthsimple Predict went live with about 4,000 Kalshi contracts on economic data, markets and climate, with no sports or politics, while Polymarket blocked itself in Alberta, British Columbia and Quebec. Kalshi has found a broker-led route into a regulated market.
- Aug. 4, Australia.** The securities regulator warned that no prediction market is licensed in the country and told users to avoid offshore providers. It is a warning, not a block, but Kalshi, unlike Polymarket, was not yet on the block list.

- 8 **Sept. 8, United Kingdom.** The Times reported that the Financial Conduct Authority was in talks with platforms about easing retail limits. No rule changed in the quarter, and the 2019 ban on binary options still applies.

8 Market quality

Headline volume overstates money at risk. Of \$179.6B in contracts, \$67.1B was Kalshi combos, and traders paid \$56.1B in total. Dollars paid is the measure we would use to compare venues or periods.

CHART C21



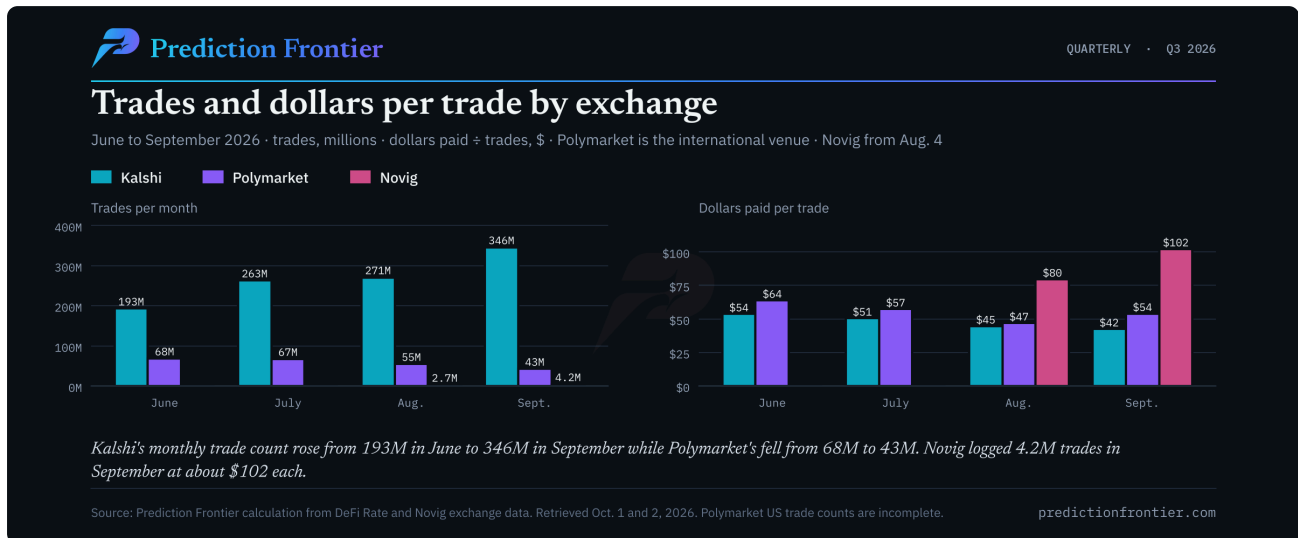
On Sept. 30 The Block, citing the Wall Street Journal, reported that the CFTC was examining repeated trades of about \$5,500 that made up more than \$5B of Kalshi's ether perpetual volume in a month. Kalshi says wash trading does not occur on its platform and that the prints came from market makers quoting fixed sizes. It has filed to end its volume incentive program. Perpetuals are not in the public market feed, so we could not test them. In the ten markets we did sample, no single trade size made up more than 2% of contracts.

CHART C22



Depth varies by a factor of thousands. A Sunday NFL game on Kalshi absorbed \$2.53M before the price moved one cent, while the October Fed decision absorbed \$5,824 on Kalshi and \$21,135 on Polymarket and a tennis match took \$131.

CHART C23



Kalshi's monthly trade count rose from 193M in June to 346M in September while Polymarket's fell from 68M to 43M. Novig logged 4.2M trades in September at about \$102 each, against \$42 on Kalshi and \$54 on Polymarket. Wallet-level profit and forecast accuracy were out of reach this quarter.

Integrity cases in the quarter

Both large exchanges faced questions about who was trading and how. These were the main cases reported from July to September.

- 1 Insider trading cases touched both exchanges. On Aug. 28 the CFTC ordered a White House teleprompter operator who traded Kalshi mention markets on President Trump's speeches to give up \$107,539 and pay a \$65,000 penalty, after Kalshi flagged the trades. Bloomberg counted about \$200M of Polymarket trading in the first half with signs of insider activity, mostly in Iran and Venezuela markets, and Reuters reported 152 wallets with a 97.2% win rate on military markets. Prosecutors were reported to be preparing cases against a service member and a KPMG employee, but no new charges were filed in the quarter.
- 2 Wash trading claims centered on Kalshi's ether perpetual. An analyst flagged trades of exactly \$5,500 making up 48% to 58% of notional volume on four days in mid-September, which Kalshi rejected on Sept. 22. A CNBC analysis on Sept. 30 found long shots on Polymarket drawing more volume than likely winners, such as about \$158M on Egypt to win the World Cup. Neither found proof of wash trading.
- 3 Security incidents hit Polymarket US. The Wall Street Journal reported on Sept. 19 that a sign-up flaw let identity thieves take over nearly 500 accounts in late July, and Polymarket said it would repay users who lost money. The same report said criminals had tried to move at least \$10M through the venue with stolen debit cards from February. Two traders also sued Polymarket on July 3 over how a market on Strategy selling bitcoin was resolved.
- 4 Bubblemaps published one prediction market report in the quarter. It linked 19 Polymarket accounts that won 41 of 42 bets on the quarterly earnings of companies audited by KPMG, for about \$22,000 in profit. KPMG said it has zero tolerance for misuse of client information.
- 5 Market manipulation cases were small in dollars but set markers. Former Rep. George Santos agreed on July 31 to pay \$35,000 to settle CFTC charges over a Kalshi market on State of the Union attendance. Kalshi pulled its sports mention markets in August after the CFTC opened a review, and a Stanford study suggested traders may push bitcoin prices near the settlement of Polymarket's five-minute markets.

- 6 Banned wallets and accounts came mostly from Kalshi. It issued its first lifetime ban, on Santos with a \$71,356 fine, and fined and suspended three political candidates who traded on their own races. Polymarket named no bans and referred wallets to law enforcement instead, and nothing was reported for Novig.

Together these cases show regulators and exchanges policing who trades as well as what is listed, and the CFTC turned part of that into listing guidance with its September advisory on mention markets.

9 Conclusion

Q3 set a record on every headline measure, and each record needs a qualifier. Contracts rose 84.3% and dollars paid 54.7%. Almost half of Kalshi's contracts were combos bought for a few cents each. The World Cup filled June and July and left little behind: one growth test of four passed, and the users it brought stopped trading sooner than earlier cohorts.

What lasted was a wider sports calendar. Across the exchanges baseball grew eight times on last year and US Open tennis twelve, and the two carried August without football. Investors priced the two largest exchanges at \$61B between them within weeks of two appeals courts ruling against the larger one. Q4 will show whether the midterms bring back the political markets the industry started with, and whether the courts or the CFTC settle who regulates sports contracts.

This report describes market data. It is not investment, trading or legal advice.

APPENDIX A Method and definitions

Contracts	Every contract traded, counted at its \$1 payout value. Also called notional volume.
Dollars paid	Price times contracts: what the buyer put down. DeFi Rate publishes it daily for each venue.
Combos and parlays	Contracts that combine several outcomes into one: Kalshi combos (series KXMVE) and Novig parlays. They trade at low prices, so they add far more contracts than dollars.
Venues	Kalshi, Polymarket (international), Polymarket US and Novig. Novig data starts on Aug. 4, 2026.
Dates	Days are UTC. Weeks start on Monday. The quarter is July 1 to Sept. 30, 2026.
Trend and band	A log-linear trend fitted to weekly dollars paid from Jan. 5 to May 31, 2026 (1.64% a week). The 80% band comes from the spread of weekly deviations in that period.
World Cup verdict	Four tests set before the data was pulled: baseline shift, cohort retention, open interest four weeks after the final, and venue exposure, which compares May to August growth at the more and less exposed exchanges. Each is pass or fail. Soccer after the tournament is reported as context and not scored.
Cohorts	Polymarket wallets grouped by the month of their first trade as taker. A wallet is not a person, and one person can hold several.
Sports totals	Match, game and fight-winner markets on all four exchanges, counted by close date on Kalshi and by game date elsewhere. Spreads, totals, props, futures and parlays are left out. Polymarket markets under \$50,000 are left out. Kalshi's other sports are T20 and Caribbean Premier League cricket, NHL preseason games and NASCAR races.
Year-over-year multiples	Winner-market contracts on all four exchanges in 2026 divided by Kalshi and Polymarket in 2025, over weeks matched by schedule. Polymarket US and Novig did not trade these markets in 2025.
Open interest	The dollar value of contracts still open at the end of a day, from DeFi Rate. Novig does not publish it.
Top market	The largest single market by lifetime contracts that settled from July 1 to Sept. 30. Kalshi candidates come from the largest series in each category.
Depth	The cost of buying through resting sell orders until the price is 1¢ or 5¢ higher, from one order book snapshot per market.
Valuation multiple	Latest reported valuation divided by Q3 dollars paid, annualized. Novig is annualized from 58 days.

APPENDIX B About the data and what is missing

Volume, dollars paid, trades and open interest come from DeFi Rate's daily venue files, which it compiles with its data partner AllTop. Sport-level, tennis, year-over-year and order book figures come from the Kalshi, Polymarket and Polymarket US public APIs and from Novig's exchange data portal, pulled on Oct. 1 and 2, 2026. Top markets, Kalshi cricket and hockey, and Polymarket US hockey were pulled on Oct. 15. Combo, cohort and World Cup share figures come from saved results of public Dune queries.

Not every chart can cover all four exchanges. The Polymarket US API keeps trade statistics for about ten weeks, so its sport-level data starts on July 23 and misses the World Cup and Wimbledon. Novig opened on Aug. 4. Only Polymarket has public user-level data, only Novig publishes volume by hour, and trade tapes were available for Kalshi and Polymarket alone. Polymarket US publishes no parlay figure and its trade counts are incomplete.

Our Dune account was read-only this quarter, so we could not run new SQL. That leaves four gaps: forecast accuracy by category, wallet-level profit and loss, stablecoin flows into Polymarket (we used open interest), and self-trade checks on Polymarket. Kalshi perpetuals are not in the public feed. Three Polymarket days (June 26, June 27 and Sept. 25) were missing from the daily file and were filled from the monthly total. Other trackers differ slightly: The Block, cited by Pew Research, has July at \$53.0B against \$54.7B here.

The latest saved cohort results end on Sept. 9, so the September read on wallets covers nine days. Sportsbook handle for August and September was still being reported by states. Kalshi's other sports leave out smaller series such as The Hundred, one-day cricket and Formula 1.

The nine added analyses and how far each got

Analysis	Status	Where
World Cup cohort retention	Done on Polymarket monthly cohorts, the only public user data	C05, T01
Clean volume check	Partial. Volume ladder and trade-size test on two exchanges done. Wash-trade rules not run	C21
Contracts against dollars paid	Done	C21
US Open partnership test	Done on Kalshi and Polymarket. Polymarket US and Novig lack Wimbledon data	C14
Sportsbook comparison	Done for June and July, partial for August and September	C15
Capacity table	Done as a snapshot on Oct. 1 to 2	C22
Price of a licence	Done from disclosed deals	Section 6
Category profiles	Done across all exchanges for volume, venue split and momentum. Trading clock for Novig only. No accuracy score	C08, T03
Scored Q4 watchlist	Not included in this edition	None

APPENDIX C Chart index

ID	Chart or table	Source
K01	Headline figures, all exchanges	DeFi Rate; Kalshi reports via Dune; Novig
C01	Weekly contracts traded by exchange	DeFi Rate
C03	Exchange share and open interest	PF from DeFi Rate
C04	Weekly dollars paid against the pre-tournament trend	PF from DeFi Rate
C05	Polymarket new wallets still trading months since first trade	Dune query 8617504
C06	Open interest and exchanges after the final	Dune query 8372672; DeFi Rate
T01	World Cup growth tests and results	PF from DeFi Rate, Dune and exchange APIs
C07	September contracts by category and exchange	DeFi Rate; Dune query 6319938
C08	Category volume and exchange split, September	DeFi Rate category data by venue
T03	Top market per category, Kalshi and Polymarket	PF from Kalshi and Polymarket APIs
C11	Weekly winner-market contracts by sport	PF from exchange APIs and Novig exchange data
C12	Winner markets, 2026 against 2025	PF from exchange APIs, Novig and DeFi Rate
T02	Winner-market contracts by sport and exchange	PF from exchange APIs and Novig exchange data
C14	Tennis contracts by tournament day	PF from exchange APIs
C15	Exchange dollars paid against sportsbook handle	RG.org; DeFi Rate
C16	Combos and parlays by week	Dune queries 6319933, 6319938; Novig; DeFi Rate
C17	Disclosed deal sizes in Q3 2026	Company announcements and press reports
C18	Capital, acquisitions and partnerships in Q3	PF from announcements and press reports
C20	States in court over prediction markets	Court rulings; state and CFTC releases; DeFi Rate; DLA Piper
C21	Q3 volume on three measures	PF from DeFi Rate and Dune query 6319938; The Block
C22	Order book depth in eleven markets	PF from Kalshi and Polymarket order books
C23	Trades and dollars per trade by exchange	PF from DeFi Rate and Novig exchange data

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Prediction Frontier Quarterly, Q3 2026. Written by Andrew Lujan Odera and Edwin Munyui. Published Oct. 15, 2026. predictionfrontier.com