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TikTok's Prediction Market Ad Rules Make 'Trading' vs. 'Betting' More Than Branding

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Stephen C. Piepgrass

Stephen Piepgrass, a partner in Troutman Pepper Locke's Regulatory Investigations, Strategy + Enforcement Practice Group, was quoted in the September 21, 2026, *Gambling Insider* article, "TikTok's Prediction Market Ad Rules Make 'Trading' vs. 'Betting' More Than Branding."

> But does calling a transaction a "trade" and not a "bet" actually carry any legal significance? We put that question to Stephen Piepgrass, a partner at Troutman Pepper Locke and leader of the firm's Regulatory Investigations, Strategy + Enforcement (RISE) Practice Group.
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> "While the distinction is based on how the product is structured and regulated, the terminology also has independent legal and regulatory significance," Piepgrass told Gambling Insider.
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> He went on to explain that the language reflects the jurisdictional fight already playing out between prediction markets and state gambling regulators.
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> "The states who have objected to prediction markets, particularly around sports, claim that this activity is a form of betting, while the CFTC has taken the position that these are swaps or other regulated event contracts," he said.
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> That means calling an activity "trading" can do more than just shape how the product sounds to consumers.
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> "By identifying these transactions as 'trades' rather than 'bets,' platforms are effectively espousing the CFTC's view," Piepgrass told us.
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> "The distinction between trading and betting has regulatory significance, because it indicates which regulator has jurisdiction over the activity."
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> Piepgrass wasn't speaking to TikTok's ad rules specifically, but his comments help explain why the platform's decision to make a distinction between "trade" and "bet" isn't entirely disconnected from the regulatory framework prediction markets operate under.
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> Piepgrass told us that companies can run into consumer-protection problems if the way they market an activity doesn't match what the product actually is.
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> "A company that characterizes the activity one way for regulatory purposes, but another way in practice, could face enforcement risk based on allegedly deceptive advertising and marketing practices," he said.
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> That makes consistency important while the fight over who has authority to regulate sports prediction markets is still playing out.
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> "Although it's impossible to eliminate all risk in this context, once a business chooses to participate in these activities, they can minimize risk by ensuring how they market these products lines up with how they treat them for legal and regulatory purposes," Piepgrass said.

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