Event Contracts Information and Risk Disclosure Statement

December 2025

FanDuel Prediction Markets LLC ("FanDuel Predicts", "we", "us", "our", or the "Firm"), is a futures commission merchant ("FCM") registered with the Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act ("CEA") and a member of National Futures Association ("NFA"). As an FCM, we offer our customers' the opportunity to trade "Event Contracts" listed on the Chicago Mercantile Exchange Inc. ("CME")[1]. This Event Contracts Information and Risk Disclosure Statement ("Disclosure Statement") provides information on the features of Event Contracts, as exchange-traded products, specifically those listed for trading on CME, and describes potential risks associated with investing in such Event Contracts.

You should consider carefully whether trading Event Contracts is suitable for your circumstances, investment objectives and financial resources. Your trading of Event Contracts through FanDuel Predicts constitutes your acknowledgement that you have read this Disclosure Statement, understand the information and potential risks outlined in this Disclosure Statement, and accept the risks and responsibility for your decisions to trade Event Contracts.

Event Contracts Description[2]

Exchange-traded Event Contracts, also known as prediction contracts, are a type of standardized derivative contract whose value is based on the occurrence, non-occurrence or extent of the occurrence of a specific event at or before a specified time. The types of events underlying an Event Contact may vary widely. For example, Event Contracts may be based on the official value of an economic indicator such as the Consumer Price Index on a specified date, the aggregate amount of insurance claims tied to a weather event, or the outcome of a specific event.

[1] As explained in the FanDuel Prediction Markets LLC CFTC 1.55(k) FCM Specific Disclosure Document ("FCM Specific Disclosure"), CME is a Regulated Affiliate of the Firm and along with other CME Group Exchanges, offers derivatives contracts for trading as a designated contract market under the CEA. CME also clears transactions executed on the CME Group Exchanges as a derivatives clearing organization. Please review the FCM Specific Disclosure for more information on the Firm's relationship to its Regulated Affiliates, including important conflicts of interest disclosure.

[2] CME also lists certain options on futures contracts under a binary option structure with a fixed payout, and such contracts may also be referred to as event contracts. This Disclosure Statement does not apply to those contracts.

The Event Contracts offered by CME are cash-settled and structured as binary options with a fixed payment amount at final settlement and are typically presented [by the Firm] to customers as the opportunity to buy a "yes" or "no" option. The Event Contracts are subject to full margin requirements under CME Rules, meaning that the long holder (purchaser) or short holder (seller) of a contract is required to post the full value of the contract covering its maximum loss exposure on the position. This means a long position holder is required to pay the full amount of the agreed upon premium to acquire a "yes" or "no" binary option position and the short position holder is required to maintain the full notional value of the position in its account. The full margin requirement is an important distinction to traditional futures contracts, for which positions may be carried on a leveraged margin basis. Once the position is fully margined, no further amount is owed on the position, as Event Contracts are not marked-to-market. FanDuel Predicts may in its discretion require a customer to pay its potential full margin obligation under an Event Contract before allowing the customer to establish the position.

The current market price for the option premium to acquire a "yes" or "no" position in a particular Event Contract reflects the market's assessment of the probability of the underlying event occurring or not occurring. For example, if an Event Contract has a notional value of $100 and the current market price to acquire a "yes" position is a premium of $40, that reflects a market view of a 40% probability that the event will occur.

Regulatory Considerations

The Event Contracts listed by CME covered by this Disclosure Statement are classified as cleared "swaps" for CEA regulatory purposes. Cleared swap transactions are generally subject to reporting requirements that require reporting to a swap data repository under the CFTC's Part 43 and Part 45 Regulations. They also require special recordkeeping requirements under the Part 45 Regulations. The CME has obtained no-action relief (See CFTC No-Action Letter 25-23) from those requirements on behalf of market participant that trade Event Contracts, but other recordkeeping requirements may apply under other CFTC Regulations, including CFTC Regulation 1.35.

As exchange-traded contracts, transactions in the Event Contracts are cleared by CME, in its capacity as a derivatives clearing organization. As explained in the Firm's separate FCM Specific Disclosure, the Firm is not a clearing member of CME and clears transactions through another clearing FCM.

Event Contract Risks

Potential Total Loss of Funds to Support an Event Contract Position. If the outcome of the underlying event is unfavorable to the yes or no position taken by the long holder of an Event

Contract, the long holder will lose the entire premium paid, assuming the position is not liquidated (offset) prior to the contract's expiration. If the outcome is favorable to the long and unfavorable to the short position holder, the short position holder likewise will lose the full amount of the margin it is required to maintain in its account to carry the position.

Market and Price Risk. The prices of Event Contracts reflect the market's expected probability of events occurring. Event Contract prices may not always reflect the actual probabilities of an event occurring, nor is the outcome of an Event Contract knowable in advance. Thus, market participants may experience unexpected losses and should be prepared for the possibility of losing their entire investment.

Liquidity Risk. Event Contracts may have varying levels of liquidity. Limited liquidity could make it difficult for a market participant to enter or exit positions at intended prices, could lead to adverse price movements and could make it difficult to close positions.

Outcome Determination Risk. The value of an Event Contract depends on the outcome of the underlying event, typically as reported by a third-party source. Market participants may be exposed to risk if the third-party source experiences a data security breach, reports inaccurate data or does not report data when expected.

Litigation and Regulatory Risk Related to Event Contracts. The legal and regulatory landscape for Event Contracts—including sports-related Event Contracts—continues to evolve and remains subject to ongoing and potential future state and federal actions, including enforcement proceedings and private litigation. Certain courts and state regulators have taken the position that state gambling, wagering, and gaming laws may apply to sports-related Event Contracts listed on CFTC-registered trading venues. As a result, and notwithstanding any federal regulatory framework, there is a meaningful risk that state authorities or courts could determine that some event contracts are unlawful to list, offer, clear, or hold, or could otherwise restrict activity in these products. These developments may occur with little or no advance notice.

In light of these risks, customers should understand that regulatory actions or litigation—whether pending, threatened, or newly initiated—could materially affect their open positions and funds. Among other outcomes, such actions could lead to trading halts, accelerated terminations, mandatory liquidations or close-outs, cancellations of transactions, or other interventions by an exchange, clearinghouse, regulator, or court. These outcomes could adversely affect pricing, prevent customers from entering or exiting positions, or require positions to be closed at prices or times not of the customer's choosing. There is no assurance that affected positions can be offset at anticipated prices, or at all, and customers may incur losses up to the total amount invested in a position as well as associated fees or costs.

We maintain policies and procedures reasonably designed to address these contingencies, including procedures for the liquidation or close-out of affected positions and the disposition of customer funds and property if trading is halted or positions must be terminated. If we determine, or are directed by an exchange, clearinghouse, regulator, court, or other authority, to liquidate or close out positions in Event Contracts, we may do so without further notice to the customer, and any such action may occur at prices that are less favorable than those available before the regulatory or litigation event. We will handle related customer funds and property in accordance with applicable law, clearinghouse rules, and our account agreements, including the commodity broker liquidation provisions of the U.S. Bankruptcy Code and CFTC Part 190, as applicable.