

## MarketVeritas Consulting

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
Michael Atkin	Junior	Accounting
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**Advisor(s):** Jennifer Merton and Brian Shea

**Topic Title:** Prediction Markets and the Value of Truth

**Audience:** The Senior Leadership of Polymarket

### Sustainable Development Goal

SDG #9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

SDG #16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

### Executive Summary

Prediction markets can serve as a trusted information source. Truth is an important ethical value and is essential for developing inclusive and sustainable infrastructure for financial markets. Truth is also a cornerstone of effective, accountable, and inclusive institutions. Polymarket can play an important role in advancing the value of truth by providing a mechanism to test the truthfulness of information. Our institutions benefit from openness and transparency where participants have access to accurate information to use in decision making.

However, prediction markets also seem to be susceptible to market manipulation and insider trading, both of which may facilitate lies and deception. Not only will this undermine truthfulness of information, but it can also potentially erode faith in financial markets. Similarly, confidence in the trustworthiness of our governmental institutions may be undermined if predictions about those institutions are tainted by market manipulation and insider trading. Moreover, the presence of market manipulation and insider trading in prediction markets has the potential to undermine the national security interests of governments around the world, thereby undermining the integrity of those institutions, and compromising their effectiveness and accountability. We also need to consider whether certain types of predictions should be off limits for prediction markets and, if so, which such restrictions should apply and how those restrictions should be enforced.

Polymarket can advance the value of truthfulness while appropriately addressing the challenges to truthfulness. By providing accurate information, true sustainability can be achieved.