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Coplan, Friedman and Tenev on the Gamble

Shayne Coplan, CEO of Polymarket; Adena Friedman, chair and CEO of Nasdaq; Vlad Tenev, CEO of Robinhood · 36 min · **Watch the video →**

> Transcript by Myles Marino. Transcribed by machine from the public video, then cleaned up: timestamps and filler removed, speakers labeled, misheard names fixed. The wording is otherwise as spoken. **[inaudible]** marks audio that could not be recovered. Check the video before you quote anything that matters. All twelve talks: mylesmarino.com/posts/dealbook-2026.

ANNOUNCER: Please welcome Andrew Ross Sorkin and his guests: the CEO of Polymarket, Shayne Coplan; the chair and CEO of Nasdaq, Adena Friedman; and the chairman and CEO of Robinhood, Vlad Tenev.

SORKIN: Thanks, everybody. It is very clear, I imagine to most people in this room, that the stock market is entering a new era: trading around the clock, markets where you can bet on an election, a game. You can even bet right now, though I'm not going to encourage it, on what is actually said on the stage here at DealBook. There are bets being made throughout the day. There are a lot of investments that used to be closed to ordinary people, trading being done by AI agents, and new questions about where investing ends and speculation begins. I wanted to bring together three people who are really at the middle of whatever you believe this transformation is.

Vlad Tenev is here. He's the co-founder of Robinhood. He pioneered commission-free trading, and he brought a whole new generation of investors, 29 million customers, into the market. Adena Friedman of course runs the Nasdaq. This year she listed SpaceX, which was the largest IPO, and potentially this afternoon or tonight we'll find out about Anthropic, expected to start trading on the Nasdaq tomorrow, which potentially could be even bigger. And Shayne Coplan is here. He founded Polymarket at 21 years old. He's revolutionized the ability to bet on just about anything and created a lot of controversy, if you will, in the process. We're going to talk about that. So please welcome all three of these folks.

I want to understand, and this is really almost a philosophical conversation, because I think the world has changed. Shayne, you've been a big part of that change. Adena, you've been part of that. Vlad, you've been part of this change. It is a change in what investing is, what speculation is, what trading is, and how we should be thinking about these things at a time when, as I said, you can bet on what's being said on this stage. You can bet on whether we're going to go back to war in Iran. You can bet on whether interest rates are going up or down, or just about anything else. How have you philosophically thought about this, as somebody who's brought a lot of this to life?

COPLAN: First of all, thanks for having me. I've always been a big fan of yours and I really appreciate you having me. I think the biggest thing is that when people use the word "bet," there's this connotation that you're at a slot machine and you're hoping everything lands in the same row. You talk about these geopolitical conflicts. When people trade oil, or trade a lot of the businesses and

commodities that are affected, on your guys' platforms, they're effectively coming up with their priors, or what they think the probabilities are, and how those fluctuate for all the different sub-events. That's why, when you see escalation in Iran, the price of oil fluctuates and gets volatile.

So the way I always thought about it was this: when you create a financial market for something, you get the beauty of price discovery, price formation. I always thought that was really cool. When you're looking at a stock before earnings, it's pricing in exactly what the Street says. The moment you know the new EPS, it reprices. It's the same when you look at sports and at the spread, say Knicks minus 3.5. So often it was a three- or four-point game. It was always fascinating to me.

What I was really inspired by was Friedrich Hayek. Some people may know him. And Robin Hanson, an academic who wrote all about idea futures and prediction markets and futarchy. What I was always really excited by is: what happens if you create a financial market designed to provide price discovery for something that is really informationally useful?

What has been so cool for me is that people want to frame geopolitics as gambling. The reality is it's not fun gambling. You're sitting there and there's very little volatility. If there is volatility, the price can only go up to $1. What there is, is liquidity and price formation around the likelihood of the event. People have gravitated to that as an information source, and that's what I'm really excited about. That's why the midterms were so cool. In the midst of all the chaos, it's our civic duty as Americans to follow what's going on in politics, and it's better that Polymarket exists. So we've got to stay true to what we do. It's really important.

SORKIN: I'm going to go to Vlad for a second, because you're also in the prediction market space. I want to know what you think the social good is. I get, very clearly, the social good of being able to make a bet on what's happening with a war or interest rates, where there's potentially a hedge against something else in the market. It becomes much more complicated, at least in my mind, when you start to think about betting on what we're about to say on this stage. Or, for example, there was a trade going after the terrible situation up in Ithaca with the fraternity. I went to Cornell. You could trade on whether these guys were going to get charged or not. You took it down, and maybe we should talk about why you took it down. I want to understand how you think about that piece of it, because it does mean we're really just betting on everything.

TENEV: The last time the three of us hung out was at the CFTC roundtable in Washington, D.C., a couple of months ago. I said something that wasn't very popular. I think I got a little pushback from the crowd. Robinhood doesn't list mention markets. What I said was that mention markets are entertaining, that's for sure. But they're also easy to manipulate, and for the vast majority of cases there's probably not a ton of financial impact or hedging benefit.

I'd say we try to be sensible. Prediction markets are a new asset class. It's clearly useful and there is benefit. Take sports. If you take the Super Bowl, the outcome of the Super Bowl is clearly an event of massive economic significance for lots and lots of people and companies. On the other side, you might say that whether the first pitch of a baseball game is a ball or a strike maybe doesn't have much

economic or hedging benefit. So a lot of this debate on sports is really about where you draw the line. Our point is that there should be rules, and the regulations should be sensible. Right now the question is where exactly the line will be drawn for something to be an event contract that's federally regulated. Is it everything? I don't think the answer at the end of the day is that it's literally everything, but where on that spectrum is the line? I think it's exciting to be a part of it. Both of us and many others are in that industry trying to figure this out.

What's clear is that customers love the asset class. It's useful. It has a benefit, not just for traders, because a lot of people are just looking at the odds to get a better idea of what's going to happen in the world. So there's a news and information benefit. It's here to stay. It's just a question of what the details are, and we'll have to work that out as an industry over the next few years.

SORKIN: Adena, you represent the establishment, if you will, at the Nasdaq. I know you're an innovator as well. What do you think of all this as you watch it play out?

FRIEDMAN: I started at Nasdaq 33 years ago, so I have been there a while. We started as an upstart, but today we sit as both the establishment and an innovator. We also think deeply about the responsibility we have to the investing universe that we serve. In the case of predictions, I agree that there are elements that can have real financial value, economic value, that can inform and provide hedging capabilities as they mature and as the regulatory landscape becomes a lot more clear.

I agree with Vlad on the line, but there's also the law. There's the line of what's entertainment and what's actually financial, what should be considered a financial asset governed by the financial regulators. But there's also the law that exists around gambling and around sports. I think that is going to have to play out in the courts while the regulators try to figure out where, in the financial spectrum, the rules should sit.

The key area of concern is manipulation. Are we creating a fair experience for clients and for investors? Is there any leverage being introduced that can make it so people can be harmed in a way that could be really damaging to their wealth creation? And overall, is it fair in terms of the information people are using to place these bets or predictions? Is there a real information disadvantage that makes it not fair? For us, it's fairness, transparency, integrity and, frankly, controlling the leverage in the system. Those are all really important aspects of the financial markets.

You're seeing a tightening too. Recently the CFTC came out and said, about mention markets, that they don't want them for the U.S. president's speeches. For the past two years we've had an environment that was pretty permissive, and we should expect that to shift a little bit.

SORKIN: Shayne, where do you think the entertainment side starts or ends, and the investing side starts or ends? In fairness, it's very kind that you said you're a fan of mine. You're not going to be a fan of mine by the time this is over.

COPLAN: I knew what I was signing up for.

SORKIN: In September, the attorney general of New York, Letitia James, sued Polymarket's U.S. business. She says it's an illegal, unlicensed gambling operation. She says it lets 18-year-olds bet in a state where the legal age is 21. She says that by skirting New York's laws, Polymarket is targeting the most vulnerable. I want to try to understand how you think about all of that.

COPLAN: At the end of the day, you've got to look at people's incentives. First of all, I'll be the first to say there's a lot of valid criticism of prediction markets. There's been such a rise, there's so much traction, there's a lot of advertising. When you're in the Play-Doh stage of something, you're going to make mistakes. There are going to be things, like what Vlad was saying, where you're going to have to peel back. And we're ready to engage.

On the state battle, which has been happening because they've gone after all the prediction markets, the fundamental premise is this. Prior to Polymarket and prediction markets, if you wanted to bet on sports, you had to use a sportsbook. The way sportsbooks work is that they're the counterparty. They take the other side. When the consumer loses, they win. They have all this data about the consumer. If the consumer starts winning, they can block the consumer. If the consumer is doing large size, they'll get capped to lower size if they go on a win streak. I think even you guys wrote about it. It creates this perverse incentive where the sportsbooks want to find the people who are most vulnerable, because they want to bring them back in and then they lose.

Where it gets really polarizing is in how the sportsbooks were able to get the green light in all these states. They said, "When customers lose money, we'll give a cut to the state, we'll pay really large taxes." While that's a weird, maybe potentially crooked thing, it does fund a lot of useful stuff for these states. So they're in a conundrum. I think it's safe to say that the ability to trade the same market on a financial exchange, as opposed to a casino, where it's against the house and the house always wins and has all this asymmetric advantage over you, as opposed to just making a market order and getting it filled at the best price, is fundamentally better for consumers. But there's this butting of heads over the tax revenues. I think that's ultimately the root of this.

I've got to give a lot of credit to our lawyers, and also a lot of credit to the states and the AGs. Our lawyers are flying around to these different states. They're meeting with the AGs and engaging. I think that has played out in a way where maybe we haven't gotten into as many head-butting matches. We're less gung-ho about it, which I know is a narrative violation, because we're supposed to be those people, but we're not. I think they have valid points. Ultimately it's about engagement and finding common ground, and I think there's a way, commercially and economically, to solve these things. We're here, and we're ready to engage.

SORKIN: Real quick, though. Do you think there's a philosophical change taking place among the public about what trading is and what long-term ownership is? Is it a change from the Warren Buffett school of hold it and hope, to the idea that you can either bet or buy and sell something much more quickly?

FRIEDMAN: I do think there's a lot of agency out there among investors today. I think COVID really did change the nature of the investor universe, because people had the time to sit down, learn and get engaged. I also think people are taking more control of their money. We've been looking at the trends in equity ownership for the last 10 years, and there's been a rise of retail. Direct retail ownership of U.S. equities today sits at 40%. Forty percent of U.S. equity value is owned directly by retail. But that's a big, wide range of retail, in terms of some that are very self-directed and some that are in advised accounts. In a certain pocket of the population, I think there is a lot of discussion about what is long-term and what is not. Give me everything. I want to trade anything, anywhere, anytime, all the time. But there are others who really are there for wealth creation. They are there to make a long-term bet. Passive funds have also doubled over the last decade. So that shows you there's also a lot of money looking for...

SORKIN: But your company, Vlad, became famous in part during the GameStop phenomenon.

TENEV: There's also a technology component to this. Thirty years ago, commissions were $40, $50 a trade. You just weren't plugged into as much information. Things weren't changing as quickly. You'd have your three TV channels that everyone would watch and be focused on, and that was the source of the news. Now you get news everywhere. It's 24/7. Markets are moving. When I talk to a lot of algorithmic traders, they love things like perpetual futures, prediction markets and 24/7 trading.

Our philosophy has always been that I don't want to be the one telling you that you can't trade something, or that there's an opportunity some rich person has that's not available to you. I shouldn't be making that decision. For those of you in the audience, how would you feel if someone said, "No, I'm going to tell you what you can and can't trade. You're not suitable for investing in an IPO or private markets or prediction markets"? Who would be into that? Okay. Zero hands. So who are we to tell people what they can and can't trade? Of course we have to have guardrails and be responsible. But the idea that wealthy people are allowed to have something and it's not open to everyone is, I think, very...

SORKIN: You use the word "guardrails," so I'm curious what you think is happening to them. One of the things I see happening is that the guardrails are coming down. The approach the regulatory bodies are taking under this administration is effectively to lower them. I was just looking at Cornerstone Research and NYU, who found the SEC brought 71% fewer insider trading cases this year than the year before. It's the lowest since 2010. When you see that, and you're working with the regulators, how do you think about it? You may think that's a great thing. I don't know.

TENEV: I think there are still some guardrails that shouldn't exist. For example, we were talking backstage with Palmer, and he comes up to me and says, "What are we going to do about this accredited investor thing?" It's crazy. You have to be a high-net-worth individual to invest in private companies, in a world where companies stay private until they get to a trillion dollars. We're in a different world from when you could invest in the Microsoft IPO or the Amazon IPO and see a thousand-X return. I think that's an example of where more work needs to be done.

FRIEDMAN: Yes, more work needs to be done. I totally understand the argument on the accredited investor: just because someone has more money, why do they get to invest in things that other people don't? I understand that. But I also understand, sitting in the center of the public markets, why the public markets exist. Why is there a step, and why are gates necessary to go from being a private company to a public one? In a private company you have a very curated shareholder base. You control that base, and you also control what information does or does not go out of your company to those shareholders. In a public market, everyone gets equal access to information in equal time. We are a disclosure market, and those disclosures are really important. Not all of them, because the SEC is addressing some of those disclosures that probably have gone overboard. But I also believe very much that if you want to go and [inaudible] your equity and get a billion people or more to be owners of your company, they deserve to have access to information. In the private markets, they don't have access to that information.

So whether or not you're wealthy, I think we have to think about how to shape the private and public markets so there's access to the right information at the right time for the right people. Maybe, instead of being able to buy a private company's shares, you should be able to invest in a VC fund. Even accredited investors can only be accredited if they invest in a professionally managed fund. That's where regulation could shape a change. But I would not just take all the guardrails off, because there is a reason it takes effort to go public.

SORKIN: Shayne, you mentioned...

COPLAN: I'll just add one thing. These are obviously nuanced issues. They're difficult. If you let any retail investor invest in a private company, there's information asymmetry, and they'll get ripped off all the time. But look at meme coins. I think there's a new class of much more financially literate young people, and they want to figure out ways to get an edge. In financial markets, you can get an edge. A lot of the people who've been up here with you caught a wave at a new financial asset class, figured out a strategy and built an institution around it. Look at meme coins. They're the equivalent of private companies, but they're actually worthless. There's this insatiable desire to invest, and this route to capital of whatever is available. So without a doubt it's difficult to figure out how retail can invest in private companies. I know you guys are both doing this, and with perp markets at Robinhood you lead the way on this stuff. But it's just so much better than the alternative of investing in literal worthless assets. So I'm excited about that.

SORKIN: Can I ask you a somewhat personal question? It's a difficult one. You deal with regulators a lot, and the CFTC is really the one that has allowed a lot of this to even happen. You brought the president's son, Don Jr., onto your advisory board. Interestingly, he was on the advisory board at Kalshi at the same time. He has now made an investment in your company, and he has since left Kalshi's board. When you did that, what was the thinking? Do you think it changed the dynamic, and helped you succeed in Washington?

COPLAN: To clarify, he works at a fund, and the fund invested. There are a lot of people at the fund. I know it's maybe not a great meeting here, but I think it's heavily overblown. We have all types of investors.

SORKIN: Was there ever a part of you that said, given that he's associated with it, that maybe it's preferable that he's not?

COPLAN: The practical assessment of how things have changed is this. I grew up around the corner. I went to public high school, Beacon, three blocks from here. This is going to sound crazy, but I used to play guitar in Columbus Circle behind us for money and go get Whole Foods after, downstairs. So you want to talk about the American dream? Not meme coins.

I think the biggest thing is the change in tempo from the last administration to this one. It was really just a universal welcoming of people trying to build things, and that's amazing. Call me naive, and maybe this isn't what one is supposed to say, but I think the ability to innovate responsibly is not a Republican or a Democrat thing. It's an American thing. I think there was a lesson learned from the last administration, particularly from all the Democrats we've met, that they want to engage and let people innovate responsibly. Maybe it went a bit too far in the other direction. Like Vlad said, and Adena said, maybe there has been a shift to the other end of the spectrum, and maybe it needs to find equilibrium, and that's okay. We're ready to engage. We're open-minded. I think I speak for all the people who do this when I say that.

When we've met some of the Democratic politicians, it's been really productive conversations. That's not to say they agree with everything we do, or that we don't get criticism. But they're rational. They're pragmatic. They want to figure out a way to regulate it so they feel comfortable with it. When I'm building Polymarket, right now it's a hot time. There's a lot of froth. But our intent is to go the distance. I almost think this is a forcing function. There are going to be changes, and those changes are not going to be existential or bad. These are genuinely reasonable people, and you can have collaboration.

SORKIN: What do you think makes it harder in the public's mind? Here I am raising the issue about Don Jr., and I assume the company is so successful you could take money from anybody. If money's fungible, does his money help you or hurt you?

COPLAN: All of this, I mean, when I've spent time with him, it's usually just fun conversations about hunting, which I don't know anything about. But it's fun to hear the stories. It sounds like a really good time. His partner is someone I got introduced to, who's been a great guy. I like the way he thinks about business, and I've learned a lot from him, in an innocuous way.

You can look no further than the last administration. I bought a DCM and DCO, and I gave up a big chunk of my company to buy it to get into the U.S. In this administration, under Caroline, who was interim running the CFTC, she approved the whole backlog of people who'd submitted applications, these really tedious CFTC exchange and clearinghouse applications. They got them all approved. These were people who'd been waiting for years, getting radio silence or waiting three weeks for a response,

trying to do this responsibly. In the new administration, maybe I feel a little bit of [inaudible]. People are just going in and getting their licenses, and they're doing things the right way. They're going and satisfying all the rules, but there's a pace that is universally beneficial to anyone who's trying to build in America. I think that's great. I'm confident that regardless of what happens with the government, that's going to stay, and there'll be compromise on whatever needs to be compromised on.

SORKIN: Let me ask you both about 24-hour trading. I ask in the context that one of the reasons we used to have weekends was that when we had a financial crisis or an outage, we could get to a weekend so we could actually fix things, and then restart on a Monday. We are moving into a world where there may be no opportunity for a restart. How do you think about doing this 24 hours a day? Does it put us in any kind of peril?

FRIEDMAN: I would start by saying we are launching 23-hours-a-day, five-days-a-week trading on the Nasdaq Stock Market on December 6th. We partner with a company called Blue Ocean, an ATS that Robinhood and Nasdaq have both invested in. They are already at 24/5 trading, and they're going to move to 24/7 trading. So there is a move toward always-on markets, and you have to look at where it's coming from. There's a lot of demand for it. Today, between 12 and 15 percent of trading in U.S. equities occurs after four o'clock and before nine [inaudible].

SORKIN: Is that going to be individuals? Or, by the way, are all of our agents going to be trading?

FRIEDMAN: It could be anything. Agents have to have controls on the way in the door. But the demand is there, and it is primarily from retail. We have to remember that we're sitting here in the United States saying, gosh, we can trade all day, it's really great. We are going to have an open and a close, like we always have. The U.S. trading session will be exactly the same. But there's a huge world of investors out there who want access to U.S. companies. As you said, we are the most innovative country in the world, and there are people all over the world who want the opportunity to invest and grow their own wealth against the power of the U.S. economy. Our view is that we're meeting the demand where it is. Now it's a matter of making sure that the experience all around the world becomes as good as the experience in the U.S.

So we're going to put guardrails on how much price movement there can be in stocks during that time, with complete transparency of the quotes and trades. There will be market-wide halts, market watch. There will be complete market infrastructure available that does not exist today. So we feel we're giving investors a better experience, and over time we should be able to move more and more interest into it, potentially with institutional engagement as well.

You ask whether it introduces new risk. It does require a change in the infrastructure, and there are changes that have to be made to do this safely. One is that risk management has to become always on. Always on, all the time. That's where AI plays a huge role on the defensive side. Always-on trade infrastructure, always-on risk management, always-on surveillance, always-on all of that. The second

thing is that the way we're architecting the markets is different now. You'll have a way to protect the safety of the U.S. session while you're offering the global session. That's what I'm talking about with 24-hour markets.

SORKIN: I just want to ask about agents, because I think it's a big question. Do you imagine that we're all going to have agents trading on our behalf? And if something goes wrong, who's liable? That's a deep question.

TENEV: First off, 24/7 is coming. As Adena mentioned, we're partnering on bringing that to the world imminently, so you'll be able to trade on Saturdays and around the clock.

SORKIN: Shayne, don't you want your Saturdays back, though?

COPLAN: What's up?

SORKIN: Do you want your Saturdays? Do you want to be able to trade on Saturday?

TENEV: If something happens on a Saturday, I don't want to be at a disadvantage in hedging my risk. The other thing is, you mentioned meme coins a couple of times. The original meme coin was Bitcoin. Look at the technology behind what that enabled: 24/7 fractionalized asset ownership, and later the ability for anyone to create a product that trades around the world, with billions of dollars in liquidity, with the click of a button. That's a powerful technology. Maybe this is what you're alluding to when you said the infrastructure has to change. I do think one of the most exciting realms is whether we can get more things, not just Bitcoin, not meme coins, onto blockchain technology, benefit from the decentralization, and have real-world assets with fundamental utility.

SORKIN: And that's tokenization.

FRIEDMAN: Yes. The word is tokenization: let's try to get every asset class onto the blockchain. I do agree with Vlad that there is a real benefit to tokenizing every asset class. It's interesting, because the benefits started in retail. As you said, it started because Bitcoin was created, and everything you said. But now I think institutions are starting to recognize the benefit as well. The free flow of capital around the world and the collateral mobility and flexibility are going to be so significant that they will really help drive more capital and more liquidity into the markets. The institutional world is coming on board now, particularly on the back of the GENIUS Act, where they've clarified the laws around tokenized money. That's a huge advancement in markets that will facilitate that always-on world. We're already bringing this to the markets before tokenization. Tokenization is the next step.

SORKIN: We're going to be out of time. But just so people know...

COPLAN: Brave new world. I've got agents on my laptop in the green room trading right now.

SORKIN: Hold on. They're trading what? On Polymarket?

COPLAN: It's prediction market related.

SORKIN: What's your bet?

COPLAN: I leave it to them. What do I know?

SORKIN: Hold on, explain this. Who's liable? So how have you done this? You've told it to do what?

COPLAN: In this case you can connect different agents to different data sources. You can have different agents that are exposed to different data, and they can go trade. It's kind of like a simulation.

SORKIN: And how are you doing at the moment with your trade?

COPLAN: The idea, when I think about it, is more about price discovery. That's the thing I always find really interesting. But one thing people talk about is a way to go... This is a brilliant quote, actually. You told me at one time, when I met him, that he said the best [inaudible] is the ability to predict the future, which I thought was excellent. I know some people are using Polymarket with their agents and giving different agents the same balance, and seeing which one's most profitable at predicting the future over time, to know which one is most calibrated to reality. A little glimpse into the future.

SORKIN: So are you up or down?

COPLAN: We are prompting the agents.

SORKIN: Aren't you prompting each of those agents to do something different?

COPLAN: That's right. With the agents, the prompt would just be, "Hey, go make me money. It's my money."

SORKIN: So are you up or down right now?

COPLAN: There are multiple agents going and trading with each other across all these prediction market sims.

SORKIN: So you're not going to tell us whether you're up or down.

COPLAN: I've got to go check.

SORKIN: Okay, you'll go check.

COPLAN: I'll go check.

SORKIN: A final question for Adena, and you may not be able to answer it. Anthropic is obviously going public tomorrow. It's going to be huge, maybe bigger than the SpaceX IPO. One of the big questions is whether there is enough liquidity in the marketplace overall to absorb all of these companies. OpenAI, Sam and Greg, were here earlier. What does that even look like to you over the next year, given where we are in the markets?

FRIEDMAN: I just want to point out that there's about $150 trillion of capital in the global equity markets today, in public equity markets around the world. So there's a lot of capital available in the public markets, and investors have a chance to express themselves at any second of the day, determining how they want to allocate that capital. These are remarkably consequential companies for

the future of the economy and the future of society. I think the public markets are a great place, and a great next step, for these companies to make it so billions of people can access them and invest in their future. They're also entering a new phase of accountability and transparency. That's how we see it.

SORKIN: And they're letting retail shareholders in. The IPO is 20 percent. Well, at least they indicated a 20 percent allocation. We'll see.

FRIEDMAN: That was unheard of, crazy, four years ago. But now retail is a first-class constituency. Normal people are actually investing in it. It's exciting to see how retail is getting engaged there.

SORKIN: I want to thank you. I've got to get backstage to find out how these agents are doing. Adena, Vlad, Shayne, thank you for the conversation.

COPLAN: Thank you.

TENEV: Thank you very much.