‘Free the Onions’ Rally Sparks Debate on 68-Year-Old Trading Ban

By Erin Ailworth

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At first glance, the target of the protest group, called For Our Futures, appeared to be obscure: a 68-year-old ban on trading onion futures, a prohibition the students want to overturn.

But the demonstration, featuring a giant red onion mascot, also captured the moment in financial markets. Prediction market companies such as Kalshi Inc. and Polymarket are pushing boundaries, opening up access for investors to wager on everything from Fed interest rate decisions and election outcomes to weather patterns and pop-culture trends around the clock.



An onion mascot during a rally outside the Chicago Mercantile Exchange.*Photographer: Erin Ailworth/Bloomberg*

Amid the upheaval, the onion ban symbolizes for some market participants the kind of outmoded and heavy-handed derivatives regulation that should be consigned to history. Kalshi supported the event, sending a few representatives and supplying stickers, T-shirts and transportation for the students. The founder of Chicago trading powerhouse DRW Holdings LLC and the chief legal officer of Polymarket weighed in on the rally.

“We’re in an era right now of tremendous innovation in financial markets — thinking of Kalshi, crypto markets — where people are innovating and developing all sorts of new financial and futures-oriented products,” said Scott Irwin, an agricultural economist at the University of Illinois who has written on the ban. “The idea that there’s something that’s illegal to trade is one of those, ‘How can that be?’ moments.”

The prohibition dates back to the 1950s, when two traders cornered the market on onions. The move ultimately caused prices to crash, ruining many farmers and, by some accounts, prompting producers to dump masses of worthless onions in the Chicago River. In 1958, President Dwight Eisenhower signed the Onion Futures Act into law, banning onion futures "on any board of trade in the United States."

There are no alternative exchanges for trading onion futures anywhere else in the world. India's National Commodity & Derivatives Exchange previously planned onion futures but never launched a contract.

Chicago and onions have long been linked. The city's name is thought to derive from an Algonquian word — *shikaakwa* — for the wild onions and garlic that once grew along the river that runs through the heart of the city.

Last week, armed with bags of whole onions purchased from a restaurant supply depot, and shirts and stickers bearing the message "Free the Onions" above a Kalshi logo, the University of Chicago students gathered on the sidewalk outside the exchange to collect signatures on a petition asking Congress for a repeal.

While some passersby questioned whether the effort was a PR stunt or an elaborate joke referencing the satirical news publication *The Onion*, organizers insisted their mission is genuine. They think the prohibition is antiquated given the stronger market manipulation regulations the US has in place today.

"This is not the most important law in America, but this is precisely why it matters to us," said For Our Futures founder Adam Ash, an economics major at the University of Chicago, as peers chanted and handed out onions. "We want to bring attention to the fact that there are many outdated laws on the books."

Ash said the idea came from talking with fellow students disenchanted with the political discourse, and who wanted to show they could successfully campaign to change a specific law.

The spectacle at the CME touched off a flurry of chatter in the trading community, including from Kalshi, which is frequently adding new contracts to attract more traders to its betting platform, including boosting its commodity offerings this year.

Kalshi Chief Executive Officer Tarek Mansour had already commented on For Our Futures earlier in the year, sharing a post in May that highlighted the group's campaign. Last week, he lauded the students as "patriots" when reposting a video of their rally outside the CME.

"Onion farmers deserve predictability," Mansour wrote in a separate post. "Unban onion futures."

A Kalshi spokesperson said an end to the ban is "long overdue."

"For 68 years, onions have been the only crop Congress decided Americans couldn't be trusted to hedge. Not oil. Not wheat. Not pork bellies," the spokesperson said in an emailed statement. "To the growers who have gone without a hedge since the Eisenhower administration: we see you. We're sorry it took this long."

CME Group said it was "surprised" to see last week's protest was supported by Kalshi. "As Kalshi claims it wants to democratize markets, supporting the reversal of a law put in place in 1958 to protect against market manipulation seems an unusual choice," a CME spokesperson said.

For Our Futures organizers said they first thought of holding a rally outside the CME over the summer, following other protests elsewhere earlier this year, and Kalshi only got involved after the group had already planned and announced the event. The company offered the shirts and stickers a few days before the rally.

The National Onion Association, which represents onion farmers and advocated for the ban in the 1950s, said it sees no reason to reverse the prohibition.

"In 1956, then NOA President Veril Baldwin said the industry 'is firmly convinced that onions are too perishable, too short in season, too

vulnerable for manipulation, too small an industry to lend itself to futures trading,'" the association said in a statement. "Growers fought for this protection, and we continue to stand behind it."

Irwin, the economist, said the ban's passage was a "near-death experience" for the CME, which lost what was then one of its biggest contracts overnight. He has written that the ban, which he calls a "blasphemy against markets," actually made onion prices more volatile. He also argues that the episode is what prompted the CME onto a path of innovation that made it the industry heavyweight it is today.

"They had to find something new to trade, so they turned to livestock," he said, then currency and financial futures, and e-trading. "And they've just kept doing it ever since."

Among other heavyweights in the trading world, Don Wilson, founder of trading firm DRW Holdings, called for an end to the onion ban when he reposted a clip of the gathering outside the CME.

"Manipulation is a reason to police a market, not permanently outlaw it," Wilson said in a message to Bloomberg. "We're having some fun with onions, but leaving businesses with risks they could otherwise hedge is a strange definition of protecting them."

Rob Schwartz, former general counsel for the Commodity Futures Trading Commission, chimed in with, "The kids are alright." Whether a serious effort or not, he commended the students for the attention they'd garnered as their campaign hit on a much larger debate.

"I wonder if there would be a market for onion futures — maybe not — but I guess that's not really the point, right? The market decides," Schwartz, now with Morgan, Lewis & Bockius LLP, said in an interview.

Ash said his group is excited to be getting the attention. While they're serious about their goal, For Our Futures members also embrace the humor in it.

“You can have fun and still do things that are good for the world,” said student rallier Lilly Kuskovsky.

— With assistance from Mia Gindis