

- d. Have access to the Platform limited to that set forth in the rules in this Rulebook (see Chapter 5);
 - e. Not have access to material non-public information, including but not limited to information regarding order flow, trading, settlement, contracts, and compliance; and
 - f. Have and maintain physical separation from the Company.
- (c) All capital underlying trading by an affiliate will not originate from sources the Company.
- (d) Any algorithms employed by any affiliate(s) must not be readily exploitable (e.g., be not readily subject to manipulation, hacking).
- (e) Affiliate entities trading on the Platform as Members may have multiple purposes, and there may be multiple affiliate entities trading as Members on the Platform.
- a. The Affiliate participates on the Platform and provides liquidity to the Platform by placing orders on either (or both) sides of a market at competitive price levels. The Affiliate's trading activity includes aggressing and/or passive trading. The Affiliate's business purpose is profitability, and liquidity provision is a significant part of its business model. The Affiliate's capitalization derives from the holding company that owns the Company and Entity, and one or more employees of the Company serve on the board of directors of the Company, the Affiliate, and the holding company that owns both.
 - b. The Affiliate has no obligation to trade all or even any contracts at any time, and other Kalshi Members should not rely on the potential presence of the Affiliate to make markets or otherwise augment or provide liquidity in any contract.
 - c. If additional affiliates of the Company commence trading on the Platform, or if the information about the trading activities of the Affiliate changes materially, the Company has put in place necessary controls to ensure that it updates this Rulebook and notifies the marketplace promptly to disclose any affiliate's purpose in trading on the Platform, and provides a summary of the procedures in place to manage and disclose actual or potential conflicts of interest and effects on trading to ensure market integrity and fairness are preserved.

RULE 2.13 CONSENT TO JURISDICTION

Any Person initiating or executing a transaction subject to these Rules, directly or indirectly, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of Kalshi and agrees to be bound by and comply with the Rules of the Company in relation to such transactions, including, but not limited to, Rules requiring cooperation and participation in investigatory and disciplinary processes.

RULE 2.14 RECORDKEEPING

- (a) Kalshi shall keep, or cause to be kept, complete and accurate books and records of accounts and activities of the Company, including all books, records and other documentation required to be maintained pursuant to the CEA and CFTC Regulations. This includes, among other things, all trade records and investigatory or disciplinary files, in accordance with the requirements of Commission Regulation 1.31.
- (b) Kalshi shall retain all such books and records in accordance with the CEA and CFTC Regulations.
- (c) Kalshi will provide information required to be maintained or provided pursuant to the CEA and CFTC Regulations to the Commission, the U.S. Securities and Exchange Commission, the U.S. Department of Justice or any representative of a prudential regulator as authorized by the Commission, upon request, in each case in the form and manner required under these Rules, and/or the CEA and CFTC Regulations. This shall include any records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the U.S. Securities and Exchange Commission.

RULE 2.15 INFORMATION-SHARING AGREEMENTS

- (a) Kalshi may enter into any information-sharing agreements or other arrangements or procedures, including an information-sharing agreement or other arrangement or procedure with any Person or body (including but not limited to a Regulatory Agency) if the Company considers such agreement, arrangement or procedures to be in furtherance of the Company's purpose or duties under these Rules or Applicable Law.
- (b) Kalshi may provide information to a duly authorized foreign governmental authority, as directed by the CFTC, in accordance with an information-sharing agreement or other arrangements or procedures executed with such foreign governmental authority or the CFTC.

RULE 2.16 RECORDKEEPING AND REPORTING REQUIREMENTS

- (a) In the event the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee or the Chief Compliance Officer, Kalshi shall maintain documentation detailing:
 - (1) The recommendation or action of the Regulatory Oversight Committee or the Chief Compliance Officer as the case may be;
 - (2) The rationale for such recommendation or action;
 - (3) The rationale of the Board for rejecting such recommendation or superseding such action; and

- (4) The course of action that the Board decided to take contrary to such recommendation or action.
- (b) Kalshi shall record and report to the CFTC all data required to be reported to the CFTC under Part 16 of CFTC Regulations, in the form and manner required by CFTC Regulations.
- (c) Kalshi shall keep and maintain books and records identifying each Order submitted to the Company and each Transaction effected pursuant to these Rules, including the identification of the execution method (e.g., central limit order book) with respect to each such Order and Transaction. These books and records shall be kept and maintained in accordance with the CEA and CFTC Regulations.
- (d) Kalshi shall submit to the CFTC within thirty days after each Board election a list of the Board's Directors, the Member interests they represent, and how the composition of the Board meets the requirements of CFTC Regulation 1.64(b) and the Company's Rules and procedures.
- (e) In accordance with the CFTC Letter No 21-11 ("Letter") issued on April 22, 2021, Kalshi relies upon no-action relief with respect to various swap data reporting requirements under Parts 43 and 45 of the Commission's regulations for contracts traded on or pursuant to the rules of the Company. Kalshi will comply with all conditions of such relief as set forth in that Letter.

RULE 2.17 PUBLIC INFORMATION

- (a) Accurate, complete and current copies of these Rules and Contract Specifications will be published on the Company website.
- (b) Kalshi shall make public on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for actively traded Contracts.
- (c) Except as provided herein, Kalshi shall publish on its Website a Member Notice with respect to each addition to, modification of, or clarification of, the Rules, the Matching Engine, and any Company Contract Specification prior to the earlier of:
 - (1) The effective date thereof; and
 - (2) The filing of such change with the Commission.
- (d) If confidential treatment is sought with respect to any information the Company submits to a Regulatory Agency, only the public version of such filing shall be disclosed.

- (e) Any Member Notice shall be deemed to have been made to all Members and any other such Person as may be required by sending such Member Notice to the email address on file with the Company and by posting the Member Notice on the Company website.

CHAPTER 3 MEMBERSHIP

RULE 3.1 MEMBERS - APPLICATIONS, AGREEMENTS, ELIGIBILITY CRITERIA, CLASSIFICATIONS, AND PRIVILEGES

Kalshi will provide access to the Platform (including but not limited to the central limit order book) and related services in an impartial, transparent, fair and non-discriminatory manner.

- (a) To be eligible to become a Member, an applicant must:
 - (1) Be a Person;
 - (2) Provide Kalshi with any information or documentation Kalshi deems necessary in order to verify the applicant's identity, perform a criminal background check, or otherwise review information provided on an application or by a third-party provider;
 - (3) Maintain an account, or accounts, in the Member's name with a U.S. Financial Institution that the Member will use to fund its Kalshi account at LedgerX, and to receive funds from its Kalshi account, or, if the Member is a non-United States resident, have an account or accounts in the Member's name with either a US Financial Institution or a Foreign Bank capable of transacting with LedgerX either directly, through a correspondent account, or other acceptable intermediary that the Member will use to fund its Kalshi account at LedgerX, and to receive funds from its Kalshi account via one of the acceptable methods as stated on the Kalshi website;
 - (4) Not be subject to any economic or trade sanctions programs administered by OFAC or other relevant U.S. or non-U.S. authority; and must not be listed on OFAC's List of Specially Designated Nationals and Blocked Persons; and
 - (5) Certify the following:
 - (i) The applicant is old enough to enter into a legally enforceable contract and has reached the required age as stated on the Member Agreement;
 - (ii) The applicant has read, understands and agrees to comply with the Kalshi Rulebook, Terms of Use, Privacy Policy, and Member Agreement;
 - (iii) The applicant will trade only for itself and will not serve as an intermediary for any other Person.
- (b) In order to become a Member, an applicant must complete an online member application (the "Member Application") and provide Kalshi with any other relevant information upon request. Kalshi may return any account balance and terminate any account upon the discovery that the Member

Application was completed by anyone other than the Person identified on the Member Application. All funds deposited by Members shall constitute “Member Property” in accordance with CFTC Regulations.

- (c) Submission of a Member Application to Kalshi constitutes the applicant’s agreement to be bound by these Rules and other policies of Kalshi. Among other things, this also includes the applicant’s agreement to become a member of Kalshi’s clearing partner, LedgerX, and be bound by LedgerX’s Rules in its capacity as a Designated Clearing Organization.

- (d) If an application is approved by Kalshi, the applicant will be a Member and will have the following privileges, which Kalshi may revoke, amend, or expand in accordance with, or by amending, these Rules:
 - (1) To maintain a Kalshi account;
 - (2) To buy Contracts on the Platform using the funds in its Kalshi account;
 - (3) To sell Contracts on the Platform using the funds in its Kalshi account;
 - (4) To view “real-time” the same best bids to buy and offers to sell the Contracts traded on the Platform as are available to all other Members;
 - (5) To view the current trading volume and open interest for the Contracts traded on the Platform; and
 - (6) To view all non-secure parts of the Kalshi website, including these Rules, and descriptions of Contracts traded on the Platform as well as all secure parts of the Kalshi website outlined above in Rule 3.1(d)(1)-(5).

- (e) Kalshi may in its sole discretion approve, deny, or condition any Member application as Kalshi deems necessary or appropriate.
 - (1) In the event that Company staff decides to decline or condition an application for admission as a Member, or to terminate a Person’s status as Member, Company staff shall notify such Person thereof in a written notice sent to the address provided by the Person in the Member Application and Agreement or maintained in the Company’s registry of Members. The written notice will specify the basis for the Company’s decision. Such Person may, within 28 business days, request in writing that the Company reconsider the determination.
 - (2) Within 28 business days of receiving a request for reconsideration, the Company shall confirm, reverse or modify the denial, condition or terminate the Member status of such Person, and shall promptly notify such Person accordingly in writing. The Company may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such Person or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration.

- (3) The Company's decision is the final action of the Company and is not subject to appeal.
- (f) A Member may not maintain and/or trade more than one Kalshi account.
- (g) Applicants for Member status of the Company may withdraw their applications at any time without prejudice or without losing their right to apply at a future time.
- (h) Kalshi will apply Member access criteria in a fair and nondiscriminatory manner that is not anti-competitive.

RULE 3.2 MEMBER OBLIGATIONS

- (a) Each Member must comply with these Rules, applicable provisions of the Commodity Exchange Act, and relevant Commission regulations. Each Member must also cooperate promptly and fully with Kalshi, its agents, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing Kalshi with access to information on the activities of such Member in any referenced market that provides the underlying prices for any Contract. Additionally, each Member must update its e-mail address within 24 hours after any change and update all other information provided in its Member Application within five days after that information has changed. If any Member thereof fails to satisfy these obligations, Kalshi may revoke or suspend the Member's privileges in full or in part. Each Member may also be subject to civil or criminal prosecution.
- (b) Each Member consents to allow Kalshi to provide all information Kalshi has about the Member, including the Member's trading activity, to the Commission or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals without notice to the Member.
- (c) Each Member consents to Kalshi providing information related to Know Your Customer or Anti-Money Laundering to its Derivatives Clearing Organization, LedgerX.
- (d) Each Member is required to review the "Notices" section of the Kalshi website to make itself aware of material changes to these Rules or other notices that may affect your rights and obligations as a Member of Kalshi.
- (e) Each Member must immediately notify Kalshi in writing upon becoming aware:

- (1) That the Member has had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Agency;
 - (2) That the Member has been convicted of, pled guilty or no contest to, or entered a plea agreement to, any felony in any domestic, foreign or military court;
 - (3) That the Member has been convicted of, plead guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign or military court which involves:
 - (i) Embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, tax evasion, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or
 - (ii) Any transaction in or advice concerning swaps, futures, options on futures, leveraged transactions or securities;
 - (4) That the Member has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or Regulatory Agency;
 - (5) That the Member is currently a party to any investigation or proceeding, the resolution of which could result in an event described in Rule 3.3(d)(1)-(4);
 - (6) Of any other material change in any information contained in the Member Application;
 - (7) Of becoming subject to early warning reporting under Commission Regulation 1.12;
 - (8) Of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due; or
 - (9) Of information that concerns any financial or business developments that may materially affect the Members' ability to continue to comply with participation requirements.
- (f) A Member is not required to engage in trading activity or maintain a minimum balance in its account after initial funding.
- (g) Each Member, upon a request of the Company or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for the Company to perform any of the functions described in CEA Section 5(h).
- (h) Each Member shall maintain appropriate books and records of its trading, including records of any activity in the underlying commodity and related derivatives markets, and make such records available, upon request, to Kalshi.

RULE 3.3 REJECTION OF APPLICANT AND LIMITATIONS OF TRADING PRIVILEGES

- (a) Notwithstanding Kalshi's authority granted under any other Rule, Kalshi may, in its sole discretion, deny any Member application, or suspend, revoke, limit, condition, restrict, or qualify the trading

privileges of any account owner pursuant to this section (a) or authorized trader of an account owner as it deems necessary or appropriate.

- (b) An account owner who has had trading privileges limited pursuant to Section (a) of this Rule will be provided, in writing, the reason such action was taken.
- (c) If Kalshi denies the Member Application of any Person or places limitations on trading privileges pursuant to this section, the applicant whose trading privileges have been limited may appeal the decision by filing with Kalshi a petition for review of such membership denial or trading limitation. The petition should describe in detail the reasons why the Member Application should be granted, or trading limitations removed. The petition must be filed within twenty-eight (28) calendar days from the date upon which notice of the denial of membership or limitation of trading privileges was provided by Kalshi. The decision of the Company will be final. A Person that has been denied membership by the Company will not be eligible for reapplication during the six months immediately following such denial.
- (d) If trading privileges are limited pursuant to Section (a) of this Rule, Kalshi may initiate a transfer of the Member's balance to the bank account on record, or cause for the same to be affected by the Derivatives Clearing Organization.
- (e) Kalshi has full discretion to limit or restrict a Member from trading in specific Contracts or categories of Contracts to mitigate risks of market manipulation

RULE 3.4 COMMUNICATIONS BETWEEN KALSHI AND MEMBERS

- (a) Each Member must provide Kalshi with its current electronic mail address and immediately notify the Company of any changes. All communications between Kalshi and its Members, including confirmation of all Transactions executed on a Member Account, may be transmitted by electronic mail on the Kalshi website or via the Kalshi API.
- (b) A Member is responsible for promptly reviewing and, if necessary, responding to all electronic communications from Kalshi.
- (c) Kalshi may record conversations and retain copies of electronic communications between the Company and Members. Any such recordings may be retained by the Company in such manner and for such periods of time as Kalshi may deem necessary or appropriate. Kalshi shall retain such records for the retention periods necessary to comply with CFTC Regulation 1.35 or such longer period as the Company deems appropriate.

RULE 3.5 MEMBER FUNDS MAINTAINED WITH THE COMPANY

All Member funds deposited with Kalshi's clearing partner, LedgerX, shall be held in accordance with CFTC Regulations in accounts identified as Member Accounts. Such funds shall be segregated by LedgerX and treated as belonging to such Members.

RULE 3.6 DUES, FEES, AND EXPENSES PAYABLE BY MEMBERS

- (a) Members are not required to pay dues.
- (b) Members may be charged fees in connection with the trading of Contracts in such amounts as may be revised from time to time to be reflected on the Company's Website.
- (c) Members may be charged fees for Settlement of Contracts in an amount to be reflected from time to time on Kalshi's website.
- (d) Kalshi may cause and/or instruct LedgerX to deduct from the Member Account fees or expenses incurred in connection with the Member's trading or account activity or Kalshi's administration in connection with that activity, such as fees for wire transfer or other payment methods processing fees. All such fees will be charged in an amount to be reflected from time to time on the Company's Website.
- (e) If Kalshi determines in the future to impose dues or additional fees, the Member will be provided notice of the change at the time the amended fees are filed with the Commission. The new fee structure will be implemented no earlier than on the first available trade date for which the change may be implemented according to the Commission's self-certification filing requirements as set forth in Commission Regulation 40.6(a).
- (f) Kalshi may from time to time establish incentive programs that provide participants with incentives that encourage membership and trading.

CHAPTER 4 [RESERVED]

CHAPTER 5 METHOD FOR MEMBERS TO TRADE CONTRACTS

RULE 5.1 PRIOR REVIEW OF THESE RULES AND ACCEPTANCE OF TERMS OF MEMBER AGREEMENT

No Person may become a Member of Kalshi or trade any Contracts on the Platform unless such Person has received, read, understood, and accepted the Kalshi Rulebook, Terms of Use, Privacy Policy, and Member Agreement, and has certified having done so.

RULE 5.2 MEMBER ACCESS TO KALSHI

- (a) During the Kalshi Member Application process, an applicant to become a Member will be required to choose a unique user identification (“ID”) and password. The applicant will be required to enter the ID and password to log onto and access secure portions of the Kalshi website. Each time the applicant submits its ID and password to Kalshi in order to log onto Kalshi, the applicant affirms that it understands and agrees to be bound by these Rules and other policies of Kalshi, as amended.
- (b) After a Member Application has been approved by Kalshi, the applicant shall be notified of its designation as a Member. As a Member, such a Person will be able to access the Platform, execute Trades, and otherwise access information regarding, or perform functions in, such a Person's account using its ID and password.
- (c) For account security and audit trail purposes, each Member agrees that Kalshi may maintain logs of its IP address used to access the Kalshi website.
- (d) Each Member will be responsible for protecting its ID and password from improper disclosure. In addition, a Member may not knowingly or negligently permit any Person not authorized by Kalshi and by the Member to use the ID and password to access the secure portion of the Kalshi website. Each Member is required to immediately notify Kalshi if it knows, or has reason to believe, that its ID or password have been disclosed to any Person not authorized by Kalshi and the Member to use such ID and/or password.
- (e) Each Member will be liable for all costs and any losses that it may incur from Transactions executed on the Platform by any Person, authorized or not, using its ID and password. Kalshi will not be responsible in any way for unauthorized Transactions in a Member Account.

- (f) Each Member is responsible for contracting with an Internet service provider through which it will access the Kalshi website and for having a backup service provider if the Member thinks it is necessary. Each Member is also responsible for maintaining an Internet connection speed adequate for its needs. Kalshi will not be responsible in any way for any orders delayed or trades missed or not executed in a timely fashion because of failure of the Member's Internet service provider or slowness of its Internet connection speed. No communication from a Member will be deemed to have been received by Kalshi until that communication is logged by the Kalshi server.
- (g) Kalshi in its discretion may place a Member Account on hold (prohibiting any order activity) or on hold-liquidation only (allowing only orders to liquidate existing positions). In such circumstances, Kalshi will promptly notify the affected Member of the nature of and reason for the action.

RULE 5.3 TRADING CONTRACTS – MEMBERS

- (a) Members will be able to trade Contracts by entering Orders on such Contracts. After logging into the secure portion of the Kalshi website, the Member will input its Orders into the Platform.
- (b) When a Member's Order is matched by an Order from another Member:
 - (1) If the Member's Order is to enter into one or more Contracts for which it does not have an offsetting position in its account, Kalshi will check the Member Account to ensure it has enough funds to cover its maximum loss under the Contract(s) it is attempting to enter into. If the Member does not have the necessary funds in its account, Kalshi will cancel its order prior to trade execution. If the Member does have the necessary funds in its account, Kalshi will execute the trade. Upon trade execution, Kalshi will cause and/or instruct LedgerX to:
 - (i) Debit the funds from the Member Account in an amount necessary to cover the maximum loss;
 - (ii) Credit those funds towards the appropriate settlement account;
 - (iii) Place the Contracts that were the subject of the Order into the Member Account; and
 - (iv) Notify the Member by electronic mail that the Trade has been executed.
 - (2) If the Transaction involves entering into one or more Contracts for which a Member has an offsetting position in its account, upon execution of the Trade Kalshi will cause and/or instruct LedgerX to:
 - (i) Close the offsetting position in the Member Account;
 - (ii) Debit the settlement account in the amount of any gains realized by the offsetting Transaction and any funds that were debited from the Member Account at the time the Contract(s) that is being closed was entered into and that were not also used to pay any losses on such Contract(s);

- (iii) Credit those amounts to the Member Account; and
 - (iv) Notify the Member by electronic mail that the Trade has been executed.
- (c) If a Member's Order is placed on the Platform and not immediately matched by an Order from another Member, it will rest on the Platform until it is matched and executed in accordance with the procedures outlined above in this Rule, until the Member cancels it, or until it is cancelled by Kalshi or its Derivatives Clearing Organization partner upon the Expiration of the Contract or otherwise in accordance with these Rules.

RULE 5.4 ORDER ENTRY

(a) Member Orders

- (1) A Member will enter Orders to trade Contracts by electronic transmission over the Internet. Order rate limiter functionality will cap the maximum number of orders that may be submitted to the Exchange per second (or per a specific time period expressed in seconds) per Member in order to prevent a risk of harm to the Company.
 - (2) A Member will enter an Order to trade one or more Contracts by indicating to Kalshi in the manner required by Kalshi:
 - (i) Order direction (i.e., buy/yes or sell/no);
 - (ii) Price at which the Member wants to buy or sell the Contract; and
 - (iii) Number of Contracts the Member wants to buy or sell.
 - (3) In order to enter an Order to trade one or more Contracts, a Member will be required to submit the Order to Kalshi. Once the Order is accepted by Kalshi, Kalshi will assign to the Order an Order ID. This ID will appear next to the associated Order on the Member's Order Ticket and Order History account pages. The Member will be responsible for any and all Order entries confirmed for its account and accepted by Kalshi.
 - (4) Any Member submitting Orders, or any other messages directly to Kalshi, including but not limited to messages related to the cancellation or amendment of an Order, whether manually or via automated functionality, must ensure adequate controls are in place to prevent excessive messaging or other activity that may be deemed detrimental or disruptive to the Company.
- (b) Kalshi's trading system will keep an electronic record of all orders to trade Contracts, and all executed Contract trades. The records kept by Kalshi will include all of the terms identified in paragraph (a) of this Rule as well as the date and time that the Transaction was completed to the nearest thousandth of a second and the member ID, for all executed Contract trades and to the nearest thousandth of a second for all Orders to trade Contracts.
- (c) A Kalshi Contract will not be void or voidable due to:

- (1) A violation by Kalshi of the provisions of sections 5 or 5h of the CEA or Part 38 of CFTC Regulations;
- (2) Any CFTC proceeding to alter or supplement a rule, term or condition under section 8a(7) of the CEA or to declare an emergency under section 8a(9) of the CEA; or
- (3) Any other proceeding where the effect of which is to alter or supplement a specific term or condition or trading rule or procedures, or requires Kalshi to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

RULE 5.5 HANDLING OF CUSTOMER ORDERS

(a) All trading on Kalshi's Central Limit Order Book is conducted on a fully anonymous basis.

(b) Disclosing Orders Prohibited

- (1) It is a violation of this Rule 5.5 for any Person to disclose another Person's Order to buy or sell any Contracts except as may be requested by Kalshi or the Commission.
- (2) It is a violation of this Rule 5.5 for any Person to act or direct another Person to act based on non-public order information, however acquired.

RULE 5.6 DISPUTED ORDERS

- (a) If a Member believes that an Order to trade one or more Contracts was incorrectly executed or rejected by Kalshi that Member may request a review of the Order by providing the confirmation number for the order and stating the grounds for its disagreement with the handling of the order.
- (b) Upon receipt of a request for review of an Order and the accompanying confirmation number, Kalshi will review its electronic audit trail to determine if the Kalshi trading system correctly interpreted and executed the Order.
- (c) If the review described in paragraph (b) of this Rule reveals that the Kalshi trading system made a mistake, the Order will be cancelled and the accounts of all Members that were party to the Order will be returned to their state before the Trade was executed.
- (d) If the review described in paragraph (b) of this Rule reveals that the Kalshi trading system did not make a mistake, Kalshi will inform the Member who requested the review of its determination that the Order was properly handled, the evidence supporting that determination, and that an adjustment will not be made.

- (e) A Member may appeal a determination under paragraph (d) of this Rule to a Kalshi compliance officer through the electronic mail address provided on the Kalshi website. The Member making the appeal will be required to provide a response to the evidence described in paragraph (d) of this Rule that the order was properly handled, and the Member may provide any other information it wishes to disclose. If the Member's appeal does not contain a response to the evidence described in paragraph (d), it will be rejected. The compliance officer will decide on the appeal no later than 10 days after its receipt, and that decision will be final.
- (f) Kalshi will document in writing all requests for review of orders received by Kalshi, the time and manner in which Kalshi reviewed its electronic audit trail in response to the request, the outcome of that review, and the action or actions taken by Kalshi in response to that review, including the results of any appeal filed under paragraph (e) of this Rule and the review conducted by the compliance officer in deciding that appeal.

RULE 5.7 PRIORITY OF ORDERS

Kalshi's central limit order book matches orders in an open and competitive manner. Subject to the provisions of Rule 5.10(b) regarding orders, Kalshi's trading algorithms execute all trades by matching orders according first by price and then time priority. This means that orders and quotes entered at different prices will be executed in order of price, from best to worst, regardless of what time they were placed on the Platform, and orders and quotes placed on the Platform at the same price will be executed in order of time, from oldest to most recent.

RULE 5.8 FILLING ORDERS TO TRADE CONTRACTS

- (a) Subject to the provisions of Rule 5.10(b) regarding orders, the Kalshi trading system will fill all orders to trade Contracts on an "or better" basis. This means that if a Member places an Order to buy a Contract or Contracts at a price higher than the price of the best sell offer on the Platform, the system will fill that Order to buy at the better sell offer price(s) until all available sell offers under or equal to that buy Order's limit price are filled or until that buy order is completely filled. Likewise, if a Member enters a sell order at a price lower than the price of the best bid, the system will fill that sell order at the better bid price(s) until all available bids over that sell order's limit price are filled or that sell order is completely filled. If an order is only partially filled, the unfilled portion of that order will remain in the order book as a resting order at the limit price specified. Should an opposite Order at the same price or better than the original Order subsequently be placed on the system, the unfilled portion of the original Order will be executed opposite that new Order at the original Order's limit price.
- (b) A written record of all of the terms of each Trade entered into on Kalshi or pursuant to the Rules will be available immediately upon execution on the Kalshi interface on the Member's activity page. Such record shall legally supersede any previous agreement and serve as a confirmation of each such trade.

Kalshi will send confirmation messages to Members upon execution of a Trade via the API, mobile application, and/or website, if such Members are online at the time. However, please note that if any applicable Member is not online at the time of execution, such Member will see the confirmation(s) when it next logs on to the interface. The contract type, size, execution time and execution method for each Trade will be made available on the website to all Members after execution of the relevant Trade.

RULE 5.9 CANCELLATION OF ORDERS

- (a) A Member can submit instructions, via Kalshi's interface (website, mobile application) or the API, to cancel an Order which that Member has placed on the Platform if that Order has not yet been executed. Upon submission of instructions to either cancel or modify an Order that has not been executed, the Kalshi system will withdraw the Order from the order book and confirm the cancellation of the Order.
- (b) Kalshi will attempt to cancel an existing Order as soon as possible after a Member enters a cancellation instruction. However, the Order may be executed before Kalshi is able to cancel it. If an Order has been filled in whole or in part, a Member may cancel only that portion of the Order (if any) that has not been executed.

RULE 5.10 TRADE CANCELLATIONS

- (a) As a designated contract market, Kalshi has the authority to adjust Trade prices or cancel Trades when necessary to mitigate market disrupting events caused by malfunctions on its Platform or errors in Orders submitted by Members. However, due to the fully collateralized and short-term nature of trading on Kalshi, the circumstances in which this authority may be exercised are limited.
- (b) Kalshi, in its discretion and in accordance with these Rules, may cancel a Trade that has been executed on the market at a price that is inconsistent with prevailing market conditions due to improper or erroneous orders or quotes being matched on the Platform. Likewise, because of the nature of Kalshi Contracts, there will generally be no cancellation or adjustment of an erroneous trade except in extraordinary circumstances as determined by the Company.
- (c) In addition to a Contract adjustment raised under Chapter 7 of these Rules, Kalshi may review a Trade based on its own analysis of the market or pursuant to a request for review by a Member or other third party. A request for a review by a Member or other third party must be received by Kalshi no later than fifteen (15) minutes after the trade has been executed on the Platform and before Expiration of the Contract. Kalshi will promptly determine whether the Trade will be subject to review and then promptly post notice indicating that the Trade is under review.

- (1) During the review, Kalshi will calculate a fair market value for the Contract at the time of the questioned Trade by utilizing the last value or price of the Contract at the time of the Trade and/or any other relevant market information obtained or presented to the Company.
- (2) Once a fair market value has been calculated, a twenty (20) cent range will be added above and below such fair market value to determine the “No Cancellation Range”.
- (3) If a Trade has been executed within the No Cancellation Range, the executed Trade will stand. If a Trade has not been executed within the No Cancellation Range, Kalshi shall have the authority, but not the obligation, to cancel or adjust such Trade. Once a Trade is determined to be cancelled or adjusted, Kalshi will:
 - (i) notify all interested Members to the Trade as soon as practicable following such determination; and
 - (ii) publish its decision on the Kalshi website.
- (4) The decisions of Kalshi regarding fair market value of the Contract, the No Cancellation Range, the cancellation of a Trade, or any other determination hereunder shall be final and not subject to appeal.

RULE 5.11 VIEWING THE MARKET AND EXECUTED ORDERS

Kalshi will, at all times, allow its Members to view the current best bid and offer on the Platform, the open interest, the trade volume, as well as the depth of the order book up to the fifth level of prices.

RULE 5.12 HOURS FOR TRADING CONTRACTS

Trading shall be available at all times outside of any maintenance windows, which may be announced from time to time.

RULE 5.13 PROHIBITED TRANSACTIONS AND ACTIVITIES

- (a) Members are prohibited from entering Orders on the Platform if there are insufficient funds or Contracts in the Member’s settlement account to satisfy such orders if they are executed. Kalshi may, in its discretion, take such action against a Member if the circumstances warrant, subject to Rule 9.2(f) and Rule 9.6.
- (b) No Person shall enter into or attempt to enter into any non-competitive trade on the Platform, including any accommodation trade or any trade that has been directly or indirectly prearranged. For example, a Member may not agree in advance with another Member that one of the Members will enter an order and the other Member will attempt to trade against that order by timing the submission

of orders or otherwise.

- (c) No Person shall enter into or attempt to enter into any trade on the Platform that:
 - (1) Does not result in a change in beneficial ownership;
 - (2) Is designed to unnaturally inflate trading volume;
 - (3) In any way attempts to circumvent the Platform's order processing, trade ordering, trade execution systems, or otherwise to circumvent exposure of the order to open and competitive bidding on the Platform; or
 - (4) That has some other illegitimate purpose.
- (d) No Person shall enter into any trade designed or used to cause any price for a Contract other than a true and bona fide price to be reported, registered, or recorded by the Platform.
- (e) No Person shall trade in, transfer, assign, or otherwise dispose of Contracts other than as provided for in these Rules.
- (f) No Person shall enter into or agree to transfer or transfer the benefit of any position in any Contract to another person other than through a transaction executed through the Platform.
- (g) (1) No Member shall trade for a Person other than itself.
 - (2) No Member may deposit funds or allow funds to be deposited into their Kalshi account from any bank account or credit card or debit card or other account not held in the same name as their Kalshi account (except as otherwise provided in these Rules).
 - (3) The Company may deposit funds into a Member's Kalshi account, including but not limited to, in the event of an order cancellation, trade cancellation, expiration value adjustment, ledger adjustment, refund of wire transfer fees, or incentive program.
- (h) No Person shall engage in any activity that presents a risk of harm to Kalshi, its Members, or the public.
- (i) No Person shall engage in any activity that adversely affects the integrity of the Platform or its underlying systems.
- (j) No Person subject to arbitration under these rules shall fail to abide by an arbitration decision or award handed down under Chapter 10 of these Rules.

- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Kalshi on a Member Application or otherwise.
- (l) No Person shall create a false appearance of a partnership, agency, employment or affiliate relationship with Kalshi and no Person shall unlawfully solicit customer funds for deposit at Kalshi.
- (m) No Member may operate or solicit in any capacity that may require registration with the CFTC without being properly registered.
- (n) No Person shall engage in any activity that is intended to, or has the effect of, manipulating the market in violation of Sections 6(c) and 9(a)(2) of the CEA and no Person shall engage in any other activity that would violate the CEA or the Commission's Regulations.
- (o) No Member shall deposit funds into its Kalshi account from an account which does not hold sufficient funds at the time of deposit, and at the time the deposit is presented by Kalshi for payment.
- (p) No Member shall make a false representation to a third party regarding any deposit made into that Member's Kalshi account which would result in a chargeback or stop payment of funds to the Member Account.
- (q) No Member shall allow its Member Account balance to become negative by any means. In the event that a Member's settlement account balance becomes negative, the Member must immediately deposit additional funds to correct the deficiency. Any Member whose settlement account carries a negative balance for 30 days or more is subject to summary termination of membership. Kalshi may, in its discretion, take such other action against a Member if the circumstances warrant, subject to Rule 9.2(f) and Rule 9.6.
- (r) No Member shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Company.
- (s) If a Member is an Insider that has access to material non-public information that is the subject of an Underlying of any Contract or that has the ability to exert any influence on the subject of an Underlying of any Contract, that Member is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts. An "Insider" means any person who has access to or is in a position to have access to material nonpublic information before such information is made publicly available. A Member who is an employee or affiliate of a Source Agency for any Contract is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.

- (t) If a Member is a decision maker, either directly or indirectly, or has any influence, either directly or indirectly, no matter the scale and importance of the influence, on the outcome of the Underlying (event) of any Contract, that Member is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.
- (u) No Person shall engage in any activity that constitutes fraudulent or abusive trading, including but not limited to violating bids or offers, demonstrating intentional or reckless disregard for the orderly execution of transactions during the closing period, or spoofing.
- (v) No Person shall engage in any trading activity intended to accomplish a “money pass”, “wash trade” or “front-running” as such terms are defined by the Commission and any regulations promulgated thereunder.
- (w) No Person shall, directly or indirectly, intentionally or recklessly:
 - (1) Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;
 - (2) Make, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading; or
 - (3) Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any Person.

RULE 5.14 POSITION LIMITS

- (a) Kalshi has imposed Position Limits of 25,000 USD on all Contracts. Any Member who exceeds a Position Limit shall be deemed in violation of this Rule 5.14. In addition, any Member entering bids or offers, if accepted, which would cause that Member to exceed the applicable Position Limit shall be in violation of this Rule.
- (b) If a Member fails to reduce any position in a manner and time as directed by Kalshi, Kalshi shall have the authority to liquidate the applicable position to a level below the defined Position Limit stipulated under the relevant Contract in Chapter 13 of these Rules.
- (c) In addition to the restrictions and requirements imposed in Section 5.14(a) and (b), the first violation of a Position Limit by a Member may result in a letter of warning to be issued by the Kalshi Compliance Department to the Member or the initiation of proceedings in accordance with Chapter 9

of these rules.

- (d) In addition to the restrictions and requirements placed in Section 5.14(c), any subsequent violation of a Position Limit by a Member within 12 months after a violation that resulted in a letter of warning, will result in the initiation of proceedings in accordance with Chapter 9 of these Rules.
- (e) Position limits shall apply to
 - (1) All positions in accounts for which any Person by power of attorney or otherwise, directly or indirectly holds positions or controls trading; and
 - (2) Positions held by two or more Persons acting pursuant to an express or implied agreement or understanding the same as if the positions were held by, or the trading of the position were done by, a single individual.

CHAPTER 6 CLEARING AND SETTLING CONTRACT TRADES, SETTLEMENT , AND MEMBER WITHDRAWAL REQUESTS

RULE 6.1 CLEARANCE

- (a) In its capacity as a registered Derivative Clearing Organization, LedgerX shall serve as the clearing party to all orders matched pursuant to Chapter 5.
- (b) All Member positions are fully cash collateralized, and no Member can take positions that would lead to an exposure that exceeds the funds deposited in the Member Account.
- (c) Upon the successful matching of orders pursuant to Rules 5.3 or 5.4 the Derivatives Clearing Organization shall immediately, through the process of novation, be substituted as, and assume the position of, seller to the Member buying and buyer to the Member selling the relevant contract. Upon such substitution, the buying and selling Members shall be released from their obligations to each other, and such Member shall be deemed to have bought the contracts from or sold the contracts to the Derivatives Clearing Organization, as the case may be, and the Derivatives Clearing Organization shall have all the rights and be subject to all the liabilities of such Member with respect to such transaction. Such substitution shall be effective in law for all purposes.
- (d) If a trade is rejected for clearing by the Derivatives Clearing Organization for any reason, such trade is void *ab initio*.

- (e) In the event of any conflict or inconsistency between these Rules and the LedgerX Rules with respect to any Member's responsibilities or obligations under the LedgerX Rules, the LedgerX Rules shall prevail. As stated in Rule 3.1(c), all Members are bound by the LedgerX Rules.

RULE 6.2 SETTling CONTRACT TRADES

Kalshi will maintain, on its system, a record of Member balances and Contracts. Kalshi's Derivatives Clearing Organization partner, LedgerX, will also maintain a Member Account, which will reflect funds used by Members to buy and sell Contracts. Kalshi may also maintain a "proprietary account," which will be credited with all fees debited from Member Accounts due to trades and Settlements .

RULE 6.3 SETTLEMENT

- (a) When a Contract expires and has a Payout Criterion that encompasses the Expiration Value of the Underlying, such Contract will pay the Settlement Value for such Contracts (e.g. \$1.00) to the holders of long positions in such Contracts. Conversely, when a Contract expires and has a Payout Criterion that does NOT encompass the Expiration Value of the Underlying, such Contract will pay the Settlement Value for such Contracts (e.g. \$1.00) to the holders of short positions in such Contracts.
- (b) On the Settlement Date, Kalshi will cause and/or instruct LedgerX to:
- (1) Notify all Members whether they will receive a Settlement Value pursuant to Rule 6.3(a),
 - (2) Settle the Contracts by debiting the settlement account in an amount no less than the Settlement Value for such Contracts multiplied by the total number of outstanding in-the-money Contract positions and credit those funds to the applicable Member Accounts of the Members holding the in-the-money Contract positions following any holding period described in Rule 6.3(c),
 - (3) Delete all Contracts from Members' accounts, as applicable.
- (c) Before Settlement, Kalshi may, at its sole discretion initiate the Market Outcome Review Process as provided in Rule 7.1. .
- (d) Kalshi will distribute notification via electronic mail at Settlement to all Members who hold the relevant Contract.

RULE 6.4 SETTling MEMBER WITHDRAWAL REQUESTS

- (a) Within one business day of when a Member requests to withdraw funds from its Kalshi account, Kalshi will transmit such request to LedgerX in electronic batch mode transmission. LedgerX will then cause and/or instruct its settlement bank to process the request and distribute funds to the account at the U.S. Financial Institution or Foreign Bank in the case of a non-United States resident

Member who does not have an account at a US Financial Institution, registered with Kalshi by the Member (unless the Member has unsatisfied outstanding obligations on Kalshi, in which case such balances may be retained as necessary to satisfy such obligations or until the Member otherwise satisfies such obligations, or unless such transfer would otherwise violate applicable law or regulation as determined by either Kalshi or LedgerX in its sole discretion). The Member should refer to Kalshi's website under the Fee Schedule for all fees and costs associated with withdrawal of funds from the Member's Kalshi account. The processing of a Member withdrawal request may be suspended or denied if circumstances, whether present or imminent, would make the request impossible or impractical to fulfill, cause a potential risk of harm to Kalshi, its Members, or LedgerX, violate applicable law or regulation as determined by either Kalshi or LedgerX in its sole discretion, or if, either Kalshi or LedgerX determine in its sole discretion that the funds are relevant to a pending investigation.

- (b) Members are responsible for providing accurate account numbers to allow Kalshi and its clearing partner, LedgerX, to effect transfers to Members.

CHAPTER 7 MARKET OUTCOME REVIEW AND ADJUSTMENTS NECESSITATED BY MATERIAL CHANGES IN THE UNDERLYING

RULE 7.1 THE MARKET OUTCOME REVIEW PROCESS

- (a) Before Settlement, Kalshi may initiate the Market Outcome Review Process, at its sole discretion and by taking into account several factors including any circumstances that may have a material impact on the reliability or transparency of the Underlying related to the Contract. Under this process, the Outcome Review Committee will determine the final Market Outcome. Settlement will occur on the date that the Outcome Review Committee reaches a determination on the Contract's final Market Outcome. If the Market Outcome Review Process is initiated, Kalshi will post on its website that the Contract's Market Outcome is under review.
- (b) The Outcome Review Committee shall review all relevant evidence and determine a final Market Outcome within a 24 hour period after the Outcome Review Process is initiated.
- (c) The Outcome Review Committee has full discretion in resolving the Market Outcome Review Process. The determinations made by the Outcome Review Committee are final.
- (d)

RULE 7.2 CONTRACT MODIFICATIONS

If any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, including but not limited to if a Contract's Source Agency is unavailable or undergoes significant modifications, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.

CHAPTER 8 INVESTMENT OF MEMBER ACCOUNT FUNDS

RULE 8.1 INVESTMENT OF MEMBER ACCOUNT FUNDS

- (a) Member funds on deposit with LedgerX will be held in a settlement account segregated as Member Property, as that term is defined in CFTC Regulation 190.09(a).
- (b) LedgerX may invest such funds subject to the limitations and conditions set forth in Commission Regulations 22.2(e)(1) and 1.25.
- (c) LedgerX may pay interest to Members' accounts at a floating rate to be determined by LedgerX on funds in Members' accounts in excess of an amount to be determined by LedgerX.
- (d) LedgerX will retain all profit from investment of Member funds not paid to Members.

CHAPTER 9 DISCIPLINE AND RULE ENFORCEMENT

RULE 9.1 MONITORING THE MARKET

- (a) Kalshi's trading system will record and store for a period of not less than 5 years in a searchable, read-only database a record of all data entered into the Kalshi trading system, including the Member's identity and the information in Rule 5.4. Such records shall be maintained in a readily available manner during the first two years. Kalshi shall conduct market surveillance and trade practice surveillance using this data with programs designed to alert Kalshi when potentially unusual trading activity takes place. Kalshi, through the compliance department, will initiate review and, where appropriate, investigate such unusual trading activity. The compliance department will also investigate any time it has other reason to believe that inappropriate activity of any sort is taking place on the Kalshi Platform or its website.

- (b) All Persons within Kalshi’s jurisdiction are subject to this Chapter 9 if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule or any provision of Applicable Law for which Kalshi possesses disciplinary jurisdiction.

RULE 9.2 INVESTIGATIONS, HEARINGS, AND APPEALS

- (a) The Compliance Department shall investigate unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of these Rules, or upon the receipt of a request from Commission staff. Kalshi’s Disciplinary Panel adjudicates findings by the compliance department that are disputed by Members. The Disciplinary Panel and the Compliance Department may not communicate regarding the merits of a matter brought before the hearing officer without informing the Member who is the subject of the communication of its substance and allowing the Member an opportunity to respond. The Compliance Department and Disciplinary Panel may compel testimony, subpoena documents, and require statements under oath from any Member. Disciplinary Panel, Compliance Department staff and other employees or agents of Kalshi working under their supervision, may not be a Member or trade, directly or indirectly, in any commodity interest traded on or subject to the rules of any registered contract market. Members of the Disciplinary Panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter, but in no event may be members of the Compliance Department or any Persons involved in adjudicating any other stage of the same proceeding. Likewise, members of the Disciplinary Panel may not operate under the direction or control of any person or persons with trading privileges on the Platform and may not include persons whose interests conflict with their enforcement duties.
- (b) The Compliance Department shall investigate unusual trading activity or other activity that the compliance department has reasonable cause to believe could constitute a violation of these Rules, and shall enforce the Rules and prosecute possible Rule violations within Kalshi’s disciplinary jurisdiction. The Compliance Department will endeavor to complete any investigation within twelve months, unless there exists significant reason to extend it beyond such period. Upon the conclusion of any investigation, the Compliance Department will draft a document detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the Compliance Department’s analysis and conclusion. If the Compliance Department concludes that there is reasonable cause to believe a Member has violated Kalshi’s Rules or other applicable statutes or regulations, the Compliance Department will submit to the Member whose activity is the subject of the investigation a notice of charges, by electronic mail to that Member’s last known email address, that will include:
 - (1) The reason the investigation was initiated;

- (2) The charges or a summary of the charges, including the rule or rules alleged to have been violated;
 - (3) The response, if any, or a summary of the response;
 - (4) A summary of the investigation conducted;
 - (5) Findings of fact and the Compliance Department's conclusions as to each charge, including which of these Rules the Member or its authorized representative violated, if any;
 - (6) A summary of the Member's, and any relevant authorized representative's, disciplinary history, if any;
 - (7) The period within which a hearing on the charges may be requested; and
 - (8) The penalty, if any, proposed by the Company.
- (c) If the Compliance Department initiates an investigation in which any Affiliate of Kalshi is a subject, the Chief Compliance Officer shall notify the Commission's Division of Market Oversight of that fact. At the conclusion of any such investigation, the Chief Compliance Officer shall provide the Commission's Division of Market Oversight with a copy of the documentation specified in paragraph (b) of this Rule.
- (d) The Member whose activity is the subject of the investigation may contest the Compliance Department's findings by forwarding a response to those findings by electronic mail to the Compliance Department within 15 days. The Member has a right to examine all relevant books, documents, or other evidence in the possession or under the control of Kalshi, except that Kalshi may withhold from inspection any documents that:
- (1) Are privileged or that constitute attorney work product;
 - (2) Were prepared by any employee of Kalshi but which will not be offered in evidence in the disciplinary proceedings;
 - (3) May disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or
 - (4) Disclose the identity of a confidential source.

The Member's response must contain a detailed response to the findings and conclusions as to each charge and any other information the Member thinks is relevant. The outcome of settlement negotiations between the Member and the Compliance Department may include, but is not limited to, a letter of warning.

- (e) The Member whose activity is the subject of the investigation may request to enter settlement negotiations by forwarding a response to the Compliance Department's findings by electronic mail to the Compliance Department within 15 days. The Member has a right to examine all relevant books,