

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 response to each charge and the Member may provide 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.
- (f) If the findings of the Compliance Department are not contested by the Member, Kalshi will deem those findings admitted by the Member, the findings of fact and the Compliance Department's conclusions as to each charge shall become final and the Compliance Department shall impose the penalty (if any) proposed by the Compliance Department. The Member will be notified of the imposition of any penalty and sent a copy of the notice of disciplinary action by electronic mail to that Member's last known email address.
- (g) If the findings of the Compliance Department are contested, the Compliance Department's report and the Member's response will be submitted to the Disciplinary Panel. The hearing officer may not have a financial, personal or other direct interest in the matter under consideration.
- (1) The Disciplinary Panel will conduct a hearing with the Compliance Department and the Member within 20 business days of receipt of the Member's response contesting the compliance officer's finding and/or proposed sanction which the parties may attend telephonically. However, the Member is entitled to appear personally at the hearing, to cross-examine any persons appearing as witnesses at the hearing, and to call witnesses and to present such evidence as may be relevant to the charges.
 - (2) The formal rules of evidence shall not apply, but the hearing must be fair. The Compliance Department shall present its case on all charges and sanctions that are the subject of the hearing.
 - (3) Prior to the hearing, the parties may (but need not) submit proposed findings, briefs, and exhibits (including affidavits), and during the hearing the parties may present witnesses. Persons within Kalshi's jurisdiction who are called as witnesses must participate in the hearing and produce evidence, as requested. Kalshi shall likewise make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant to the matter at hand.

- (4) Within 20 business days after that hearing, the hearing officer will issue findings, which will be delivered to the Member by electronic mail to the Member's last known email address. The findings of the hearing officer will contain the following information:
 - (i) A summary of the charges and any answer to the charges;
 - (ii) A summary of the evidence received;
 - (iii) Findings and conclusions with respect to each charge;
 - (iv) An indication of each specific rule that the member was found to have violated;
 - (v) A declaration of any penalty to be imposed on the Member as the result of the findings and conclusions;
 - (vi) The effective date and duration of that penalty; and
 - (vii) A statement that the Member has the right to appeal any adverse decision by the panel to the Appeals Committee and must do so within 15 days.
 - (5) The panel's decision shall be final on the date it is signed by the hearing Disciplinary Panel. The hearing officer's decision shall become the final decision of Kalshi after the appeal period has lapsed.
 - (6) The hearing will be recorded, and all information submitted by the parties (including the Compliance Department's report and the Member's response) as well as the recording of the hearing, will be preserved by the Compliance Department, along with the hearing officer's findings, as the record of the proceedings (the "hearing record"). For the avoidance of doubt, if the Member has requested a hearing, a copy of the hearing shall be made and become a part of the record of the proceeding. The record shall be one that is capable of being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the Member, the decision is appealed pursuant to the Rules of Kalshi, or is reviewed by the Commission pursuant to section 8c of the Act. In all other instances a summary record of a hearing is permitted.
- (h) Either the Member or the Compliance Department may appeal the decision of the panel within 15 days by filing an appeal by electronic mail with the Appeals Committee and forwarding a copy to the other parties to the appeal. Any penalties will be stayed pending appeal unless the hearing officer determines that a stay pending appeal would likely be detrimental to the Company, other Members, or the public. The Appeals Committee will review the hearing record and any information submitted by the Compliance Department and the Member on appeal and issue its decision, which shall be final on the date of such issuance. The Member shall be notified of the decision by electronic mail to the Member's last known email address. The hearing record, any information submitted on appeal, and the Appeals Committee's decision shall be preserved as the record on appeal. The decision will contain the information listed in paragraph (f) of this Rule, outside of (f)(5), as well as:
- (1) A statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 days of service; and

(2) A statement that any person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within 10 days of service.

- (i) No Kalshi officer or employee shall interfere with or attempt to influence the process or resolution of any disciplinary action, except to the extent provided under these Rules with respect to a proceeding in which a Person is a member of the relevant Disciplinary Panel or Appeals Committee.

RULE 9.3 SETTLEMENT OF INVESTIGATIONS

(a) Kalshi may enter into settlements with any Member who is the subject of an investigation. The Member may initiate a settlement offer. Any settlement offer shall be forwarded to a Kalshi disciplinary panel with a recommendation by the Compliance Department that the proposed settlement be accepted, rejected, or modified. A settlement offer may be withdrawn at any time before it is accepted by the hearing officer.

(b) The panel may accept or reject a proposed settlement, and the decision of the relevant panel will be final. In addition, the panel may propose a modification to the proposed settlement for consideration by the Member or its authorized representative and the Compliance Department.

(c) Any settlement under this Rule will be written and will state:

- (1) The charges or a summary of the charges;
- (2) The response, if any, or a summary of the response;
- (3) A summary of the investigation conducted;
- (4) Findings and conclusions as to each charge, including each act the person charged was found to have committed or omitted, be committing or omitting, or be about to commit or omit, and each of these Rules that such act or practice violated, is violating, or is about to violate; and
- (5) Any penalty imposed and the penalty's effective date.

(d) Failed settlement negotiations, or withdrawn settlement offers, will not prejudice a Member or otherwise affect subsequent procedures in the rule enforcement process.

RULE 9.4 NOTICE AND PUBLICATION OF DISCIPLINARY ACTION

(a) Kalshi will provide to the Person charged, notice of the disciplinary action, appeal determination, or settlement in which sanctions are imposed, no later than two business days after it becomes final in accordance with the provisions of Commission Regulation 38.710.

(b) Kalshi will make public notice of the disciplinary action by posting on its website, in accordance with Commission Regulation 9.13, the information required by Commission Regulation 9.11. The

disciplinary action will be considered final on the date the notice of the disciplinary action is published on the Kalshi website.

RULE 9.5 PENALTIES

As a result of a disciplinary proceeding or as part of a settlement, Kalshi may impose one or more of the following penalties, commensurate with the violation committed, in consideration of any relevant disciplinary history, and including full restitution where Member harm is identified and where such restitution can be reasonably determined:

- (a) A letter of warning, censure, or reprimand (although no more than one such letter may be issued to the same Person found to have committed the same rule violation within a rolling twelve-month period);
- (b) A fine or penalty fee for each violation of any Rule or Applicable Law sufficient to deter recidivism, which Kalshi may cause and/or instruct LedgerX to deduct from the Member Account balance;
- (c) Disgorgement of profits that resulted from the violation of any Rule, plus the cost of damages to any unoffending counterparties, which Kalshi may cause and/or instruct LedgerX to deduct from the Member Account balance;
- (d) Suspension of Member status or privileges for a specified period, including partial suspension of such privileges (for example, suspension of trading privileges in particular types of Contracts or of placement of certain types of orders);
- (e) Revocation of Member status or privileges, including partial revocation of such privileges (for example, revocation of trading privileges in particular types of Contracts or of placement of certain types of orders); and
- (f) Interest, at the prime rate, as reported by the Wall Street Journal as of the date the amount becomes due, on any outstanding account balance, monetary fine, penalty fee, or disgorgement amount owed, compounded monthly and calculated from the date when the amount was first due and payable.

RULE 9.6 SUMMARY SUSPENSION

- (a) Kalshi may summarily suspend or restrict a Member privileges if the Chief Compliance Officer believes suspension or restriction is necessary to protect the markets, Kalshi, the public, or other Members.

- (b) Whenever practicable Kalshi will notify the Member whose privileges are to be summarily suspended by electronic mail before the action is taken. If prior notice is not practicable, the Member shall be served with notice by electronic mail at the earliest opportunity. This notice shall:
- (1) State the action taken or to be taken;
 - (2) Briefly state the reasons for the action;
 - (3) State the time and date when the action became or becomes effective and its duration; and
 - (4) State that any Member aggrieved by the action may petition the Commission for a stay of the effective date of the action pending a hearing pursuant to Part 9 of the Commission's Regulations, within 10 days of service.
- (c) The Member whose privileges are to be summarily suspended shall be given an opportunity for appeal under the procedures outlined in Rule 9.2(f) of these Rules. The decision affirming, modifying, or reversing the summary suspension shall be furnished by electronic mail to the suspended Member and the Commission no later than one business day after it is issued. The decision shall contain:
- (1) A description of the action taken and the reasons for the action;
 - (2) A brief summary of the evidence received during the appeal process;
 - (3) Findings and conclusions;
 - (4) A determination as to whether the summary action that was taken should be affirmed, modified, or reversed;
 - (5) A declaration of any action to be taken against the suspended Member as the result of that determination;
 - (6) The effective date and duration of that action;
 - (7) A determination of the appropriate relief based on the findings and conclusions;
 - (8) A statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 days of service; and
 - (9) A statement that any person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within 10 days of service.

RULE 9.7 REPRESENTATION BY COUNSEL

A Member who is a subject of any proceedings under this Chapter has the right to retain and be represented by counsel or any other representative of its choosing in all succeeding stages of the disciplinary process, except any member of Kalshi's Board of Directors or Disciplinary Panel, any employee of Kalshi, or any person substantially related to the underlying investigations, such as material witness or respondent.

RULE 9.8 REPORTING VIOLATIONS TO THE COMMISSION

- (a) Whenever Kalshi suspends, expels, fines or otherwise disciplines or denies any Person access to the Platform, Kalshi will make the disclosures required by Commission Regulations.
- (b) Kalshi will submit to the Commission a schedule listing all those Company Rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of CFTC Regulation 1.63 and, to the extent necessary to reflect revisions, will submit an amended schedule within thirty days of the end of each calendar year. Kalshi will maintain the schedule required by this section and post the schedule on Kalshi's website.
- (c) Kalshi will submit to the Commission within thirty days of the end of each calendar year a certified list of any Members or Persons who have been removed from any Disciplinary Panel, the Board or any Company committee pursuant to these Rules or Applicable Law during the prior year.
- (d) Whenever Kalshi finds by final decision that a Member or Person has violated a Rule or otherwise committed a disciplinary offense and such finding makes such person ineligible to serve on Kalshi's Disciplinary Panels, Company committees, or the Board, Kalshi shall inform the Commission of such finding and the length of the ineligibility in a notice it is required to provide to the Commission pursuant to either CEA Section 17(h)(1) or CFTC Regulation 9.11.

CHAPTER 10 - ARBITRATION

RULE 10.1 GENERAL

- (a) If so elected by a Member, any Claim by the Member against a Member (including any related counterclaims) shall be settled by arbitration in accordance with this Chapter 10.
- (b) A Claim brought pursuant to this Rule 10.1 shall be adjudicated by qualified arbitrators appointed in accordance with Rule 10.5 below.
- (c) Persons to a dispute resolved in accordance with this Chapter 10 shall have the right to retain and be represented by legal counsel or any other representation of its choosing, except any Director or a member of the Disciplinary Panel or person substantially related to the underlying investigations, such as material witnesses or respondents during such proceedings. Persons to a dispute resolved in accordance with this Chapter 10 shall be responsible for their own costs, expenses and attorneys' fees incurred in connection with the dispute. Notwithstanding the foregoing, the Person that prevails shall

be entitled to recover from the other party all costs, expenses and reasonable attorneys' fees incurred in any arbitration arising out of or relating to this Chapter 10, and in any legal action or administrative proceeding to enforce any arbitration award or relief.

- (d) Any award or relief granted by the arbitrators hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction.
- (e) For purposes of this Chapter 10, the term "Claim" means any dispute which arises out of any Kalshi Contract, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom Kalshi does not have jurisdiction or who are otherwise not available. The term "Claim" does not include disputes arising from underlying commodity transactions which are not a part of, or directly connected with, any Kalshi Contract.

RULE 10.2 FAIR AND EQUITABLE ARBITRATION PROCEDURES

- (a) A Person desiring to initiate an arbitration as provided in Rule 10.1 shall file a notice of arbitration (a "Notice") within two years from the time the Claim arose. The Notice must set forth the name and address of the party or parties against whom the Claim is being asserted, the nature and substance of the Claim, the relief requested, and the factual and legal bases alleged to underlie such relief.
- (b) The Notice shall be accompanied by a non-refundable check payable to Kalshi in payment of the arbitration fee. The amount of the fee shall be (i) \$500 for a Claim requesting relief totaling less than \$5,000 in the aggregate or (ii) \$1,000 for a Claim requesting relief totaling \$5,000 or more in the aggregate.
- (c) Upon receipt, Kalshi shall promptly convene an arbitration panel in accordance with Rule 10.5. Kalshi shall deliver a copy of the Notice to each other party and to the arbitration panel.
- (d) Within 20 days following the delivery of the Notice, each respondent shall file a written response (a "Response") with Kalshi, with a copy to the claimant, setting forth its or his position and any counterclaims, as applicable. If the Response sets forth one or more counterclaims, the claimant shall file within 20 days a written reply to such counterclaims with the Company, with a copy to the claimant.
- (e) Once each party has had an opportunity to respond to the Claim and all counterclaims, the arbitration panel shall promptly schedule a hearing. Notwithstanding, Claims requesting relief totaling less than \$5,000 in the aggregate may, in the interests of efficiency and economy, be resolved without hearing.

- (f) The chairman of the arbitration panel shall preside over the hearing and shall make such determinations on the relevancy and procedure as will promote a fair and expeditious adjudication.
- (g) The arbitration panel shall consider all relevant, probative testimony and documents submitted by the parties. The arbitration panel shall not be bound by the formal rules of evidence.
- (h) The final decision of the panel shall be by majority vote of the arbitrators, as applicable.
- (i) Within 60 days after the termination of the hearing, the arbitration panel shall render its final decision in writing and deliver a copy thereof either in person or by first-class mail to each of the parties. The arbitration panel may grant any remedy or relief which it deems just and equitable, including, without limitation, the awarding of interest and the arbitration fee.
- (j) The final decision of the arbitration panel shall not be subject to appeal within Kalshi.
- (k) No verbatim record shall be made of the proceedings, unless requested by a party who shall bear the cost of such record.

RULE 10.3 WITHDRAWAL OF ARBITRATION CLAIM

Any Notice may be withdrawn at any time before the Response is filed in accordance with this Chapter 10. If a Response has been filed, any withdrawal shall require consent of the party against which the Claim is asserted.

RULE 10.4 PENALTIES

- (a) Any failure on the part of a Member to arbitrate a dispute subject to this Chapter 10, or the commencement by any such Member of a suit in any court prior to arbitrating a case that is required to be arbitrated pursuant to this Chapter 10, violates these Rules and shall subject such Member to disciplinary proceedings pursuant to Chapter 9.
- (b) The Chief Compliance Officer, in consultation with the Regulatory Oversight Committee, may summarily suspend, pursuant to Rule 9.6, a Member that fails to timely satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 10.

RULE 10.5 ARBITRATION PANEL

- (a) On an as-needed basis, Kalshi shall convene an arbitration panel to adjudicate an arbitration claim under this Chapter 10. For a Claim requesting relief totaling less than \$5,000 in the aggregate, the

arbitration panel shall consist of one individual. For a Claim requesting relief totaling \$5,000 or more in the aggregate, the arbitration panel shall consist of three individuals.

- (b) Members of the arbitration panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter.
- (c) Any member of the arbitration panel may disqualify himself for any reason he deems appropriate.
- (d) Each member of the arbitration panel shall conduct himself in a manner consistent with the American Bar Association/American Arbitration Association's "Code of Ethics for Arbitrators in Commercial Disputes," which Kalshi hereby adopts as its own code of ethics for arbitrators.
- (e) Each member of the arbitration panel must have no less than five years' experience in the financial services industry, and no less than one arbitrator must have no less than five years' experience in the commodity futures or swap industry.
- (f) In the event that members of the arbitration panel do not satisfy the requirements of this Rule 10.5, then the Regulatory Oversight Committee may substitute a new member for the arbitration panel or act as the arbitration panel, to the extent that the substituted member or the Regulatory Oversight Committee, as the case may be, does not have a direct interest (financial, personal or otherwise) in the matter.

CHAPTER 11 LIMITATION OF LIABILITY; TIME PERIOD IN WHICH TO BRING ACTIONS; GOVERNING LAW

RULE 11.1 PROPERTY RIGHTS

- (a) Each Member hereby acknowledges and agrees that KalshiEX LLC owns and shall retain all right, title and interest in and to Kalshi, all components thereof, including, without limitation, all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation, all registered or unregistered, as applicable, copyright, trademark, service mark, trade secret, trade name, data or database rights, design rights, moral rights, inventions, whether or not capable of protection by patent or registration, rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, patent, and other intellectual property and ownership rights, including applications for the grant of any of the same, in or to Kalshi and all other related proprietary rights of Kalshi and/or any of its Affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, other than Proprietary Data and Personal Information,

transmitted by means of any of the foregoing, including, without limitation, market data, the “Proprietary Information”). Each Member further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of Kalshi. Each Member acknowledges and agrees that it shall not reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of Kalshi or the Proprietary Information. Each Member further agrees to keep the Proprietary Information confidential and not to transfer, rent, lease, copy, loan, sell or distribute, directly or indirectly, all or any portion of the Company or any Proprietary Information.

- (b) Subject to the provisions of this Rule 11.1, each Member hereby acknowledges and agrees that Kalshi is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in market data, and all derivative works based thereon, and further agree not to distribute, create derivative works based on, or otherwise use or commercially exploit market data and any such derivative works, provided that Members may use market data for their own internal business purposes. Without limiting the generality of the foregoing, Members may not distribute, sell or retransmit market data exchange to any third party.
- (c) Notwithstanding any other provision of this Rule 11.1, each Member retains such rights as it may enjoy under applicable law with respect to market data solely in the form such market data was submitted to Kalshi by such Member.
- (d) Transaction data shall not be disclosed publicly other than on an aggregated or anonymous basis, or in a manner that does not directly or indirectly identify any Member who has submitted such data.
- (e) Kalshi shall not condition access to the Company upon a Member’s consent to the use of Proprietary Data and Personal Information for business or marketing purposes. Proprietary Data and Personal Information may not be used by the Company for business and marketing purposes unless the Member has clearly consented to the use of Proprietary Data and Personal Information in such manner. Kalshi, where necessary, for regulatory purposes, may share Proprietary Data and Personal Information with one or more Designated Contract Markets or Derivative Clearing Organizations. Nothing in this Rule shall preclude Kalshi from disclosing Proprietary Data and Personal Information:
 - (1) As required by Applicable Law or legal process;
 - (2) As Kalshi may deem necessary or appropriate in connection with any litigation affecting the Company;
 - (3) To any Company Representative authorized to receive such information within the scope of his or her duties;

- (4) To a third party performing regulatory or operational services for the Company, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by Kalshi;
- (5) To a duly authorized representative of the CFTC lawfully requesting Proprietary Data and Personal Information;
- (6) In a manner in which a Member consents to such disclosure;
- (7) Pursuant to the terms of an information-sharing agreement; or
- (8) As permitted by CFTC Regulations.

RULE 11.2 SIGNATURES

Rather than rely on an original signature, Kalshi may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

RULE 11.3 LIMITATION OF LIABILITY

- (a) EACH MEMBER OF KALSHI AGREES THAT NEITHER KALSHI NOR ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, AND/OR SOFTWARE, HARDWARE, AND SERVICE PROVIDERS (COLLECTIVELY REFERRED TO AS “KALSHI PARTIES”) SHALL HAVE ANY RESPONSIBILITY FOR COMPLIANCE BY MEMBER WITH ANY LAW OR REGULATION GOVERNING MEMBER’S CONDUCT. MOREOVER, EACH MEMBER OF KALSHI ALSO AGREES THAT NO KALSHI PARTY SHALL BE LIABLE IN ANY MANNER WHATSOEVER FOR ANY LOSS OR DAMAGE SUSTAINED BY MEMBER, INCLUDING ANY CONSEQUENTIAL LOSS, LOSS OF PROFIT OR LOSS OF TRADING OPPORTUNITY, AS A RESULT OF ANY ACTUAL OR PROPOSED TRANSACTIONS OR AS A DIRECT OR INDIRECT RESULT OF ANY SERVICES PROVIDED BY KALSHI PARTIES (INCLUDING, WITHOUT LIMITATION, ANY FAILURE IN KALSHI’S SYSTEMS OR ANY INACCURATE INFORMATION PROVIDED BY A KALSHI PARTY), UNLESS THE RELEVANT KALSHI PARTY IS DETERMINED BY FINAL RULING OF AN ARBITRATION PROCEEDING TO HAVE ACTED OR FAILED TO ACT IN A MANNER THAT IS GROSSLY NEGLIGENT, RECKLESS, OR FRAUDULENT. FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS RULE IS INTENDED TO LIMIT THE LIABILITY OF ANY PERSON AS MAY BE PROVIDED IN THE CEA, THE REGULATIONS OF THE COMMISSION, OR BY ACTS OF WILLFUL OR WANTON MISCONDUCT OR FRAUD.
- (b) EACH MEMBER OF KALSHI AGREES THAT IT MAY NOT BRING ANY ACTION AGAINST A KALSHI PARTY UNLESS IT BRINGS SUCH ACTION WITHIN 2 YEARS OF THE FIRST OCCURRENCE OR LACK OF OCCURRENCE OF THE ACT OR OMISSION COMPLAINED

OF.

- (c) EACH MEMBER OF KALSHI AGREES THAT ANY ACTION IT BRINGS AGAINST A KALSHI PARTY WILL BE GOVERNED BY NEW YORK LAW, WITHOUT REGARD TO STATUTES, PRECEDENT, LEGAL DOCTRINE, OR CONTRACTUAL PROVISIONS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION.
- (d) EACH MEMBER OF KALSHI AGREES THAT ANY ACTION IT BRINGS AGAINST A KALSHI PARTY OR AGAINST ANOTHER KALSHI MEMBER WILL BE RESOLVED BY BINDING ARBITRATION, IN ACCORDANCE WITH THE RULES OF THIS CHAPTER AND OTHER RULES OF KALSHI, IF APPLICABLE.

CHAPTER 12 COMMISSION REGULATIONS THAT HAVE BEEN ADAPTED TO BE PART OF THE RULES

The following Rules are adaptations of regulations adopted by the Commission. They must be followed by Members and Kalshi itself, and any violation of these regulations will be a punishable violation of the Rules.

RULE 12.1 ACTIVITIES OF SELF-REGULATORY ORGANIZATION EMPLOYEES AND GOVERNING MEMBERS WHO POSSESS MATERIAL, NON-PUBLIC INFORMATION (ADAPTED FROM COMMISSION REGULATION 1.59)

- (a) Employees of self-regulatory organizations; Self-regulatory organization rules.
 - (1) Employees of Kalshi are prohibited from:
 - (i) Trading, directly or indirectly, in any commodity interest traded on Kalshi;
 - (ii) Trading directly or indirectly in any commodity interest traded on or cleared by a contract market, swap execution facility, or clearing organization other than Kalshi and in any commodity interest traded on or cleared by a linked exchange if the employee has access to material non-public information concerning such commodity interest.
 - (2) Employees of Kalshi are prohibited from disclosing to any other person any material, non-public information which such employee obtains as a result of his or her employment at Kalshi where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest; however, this Rule does not prohibit disclosures made in the course of an employee's duties, or disclosures made to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

(b) Members of Kalshi's governing boards and committees and Kalshi consultants; Kalshi's Rules. No member of Kalshi's governing board or of a committee of Kalshi and no Kalshi consultant shall use or disclose, for any purpose other than the performance of such person's official duties as a governing board or committee member or consultant, material, non-public information obtained as a result of such person's official duties.

(c) Prohibited conduct.

(1) No person who is an employee of, a member of the governing board of, or a member of any committee of, or a consultant of Kalshi shall:

(i) Trade for such person's own account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through special access related to the performance of such person's official duties as an employee, board or committee member, or consultant; or

(ii) Disclose for any purpose inconsistent with the performance of such person's official duties as an employee, board or committee member, or consultant, any material, non-public information obtained through special access related to the performance of such duties.

(2) No person shall trade for such person's own account, or for or on behalf of any account, in any commodity interest, on the basis of any material, non-public information that such person knows was obtained in violation of paragraph (c)(1) from an employee of, a member of the governing board of, a member of any committee, or a consultant of a self-regulatory organization.

RULE 12.2 SERVICE ON SELF-REGULATORY ORGANIZATION GOVERNING BOARDS OR COMMITTEES BY PERSONS WITH DISCIPLINARY HISTORIES (ADAPTED FROM COMMISSION REGULATION 1.63)

(a) A person is ineligible to serve on any Kalshi disciplinary committees, arbitration panels, oversight panels or governing board if that person:

(1) Was found within the prior three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;

(2) Entered into a settlement agreement within the prior three years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(3) Currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

- (i) A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such person committed a disciplinary offense; or
 - (ii) A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
 - (4) Currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;
 - (5) Currently is subject to or has had imposed on him within the prior three years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in section 8a(2)(D) (ii) through (iv) of the Act; or
 - (6) Currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.
- (b) No person may serve on a disciplinary committee, arbitration panel, oversight panel or governing board of Kalshi if such person is subject to any of the conditions listed in paragraphs (a)(1)-(6) of this Rule.
- (c) Kalshi shall submit to the Commission a schedule listing all those rule violations which constitute disciplinary offenses and to the extent necessary to reflect revisions shall submit an amended schedule within 30 days of the end of each calendar year. Kalshi must maintain and keep current the schedule required by this section, post the schedule in a public place designed to provide notice to members and otherwise ensure its availability to the general public.
- (d) Kalshi shall submit to the Commission within 30 days of the end of each calendar year a certified list of any persons who have been removed from its disciplinary committees, arbitration panels, oversight panels or governing board pursuant to the requirements of this regulation during the prior year.
- (e) Whenever Kalshi finds by final decision that a person has committed a disciplinary offense and such finding makes such person ineligible to serve on that self-regulatory organization's disciplinary committees, arbitration panels, oversight panels or governing board, Kalshi shall inform the Commission of that finding and the length of the ineligibility in any notice it is required to provide to the Commission pursuant to either section 17(h)(1) of the Act or Commission Regulation 9.11.

RULE 12.3 VOTING BY INTERESTED MEMBERS OF SELF-REGULATORY ORGANIZATION GOVERNING BOARDS AND VARIOUS COMMITTEES (ADAPTED FROM COMMISSION REGULATION 1.69)

(a) Kalshi shall maintain in effect Rules that have been submitted to the Commission pursuant to Section 5c(c) of the Act and Part 40 of the Commission Regulations to address the avoidance of conflicts of interest in the execution of its self-regulatory functions. Such Rules provide for the following:

(1) Relationship with named party in interest —

(i) Nature of relationship. A member of Kalshi’s governing board, disciplinary committee or oversight panel must abstain from such body’s deliberations and voting on any matter involving a named party in interest where such member:

(A) Is a named party in interest;

(B) Is an employer, employee, or fellow employee of a named party in interest;

(C) Is associated with a named party in interest through a “broker association” as defined in Commission Regulation 156.1;

(D) Has any other significant, ongoing business relationship with a named party in interest, not including relationships limited to executing futures or option transactions opposite of each other or to clearing futures or option transactions through the same clearing member; or

(E) Has a family relationship with a named party in interest.

(ii) Disclosure of relationship. Prior to the consideration of any matter involving a named party in interest, each member of a Kalshi governing board, disciplinary committee or oversight panel must disclose to the appropriate Kalshi staff whether he or she has one of the relationships listed in paragraph (a)(1)(i) of this Rule with a named party in interest.

(iii) Procedure for determination. Kalshi must establish procedures for determining whether any member of its governing board, disciplinary committees or oversight committees is subject to a conflicts restriction in any matter involving a named party in interest. Taking into consideration the exigency of the committee action, such determinations should be based upon:

(2) Financial interest in a significant action —

(i) Nature of interest. A member of a Kalshi governing board, disciplinary committee or oversight panel must abstain from such body’s deliberations and voting on any significant action if the member knowingly has a direct and substantial financial interest in the result of the vote based upon either exchange or non-exchange positions that could reasonably be expected to be affected by the action.

(ii) Disclosure of interest. Prior to the consideration of any significant action, each member of a Kalshi governing board, disciplinary committee or oversight panel must disclose to the

appropriate Kalshi staff the position information referred to in paragraph (a)(2)(iii) of this Rule that is known to him or her. This requirement does not apply to members who choose to abstain from deliberations and voting on the subject of significant action.

- (iii) Procedure for determination. Kalshi must establish procedures for determining whether any member of its governing board, disciplinary committees or oversight committees is subject to a conflict restriction under this section in any significant action. Such determination must include a review of:
 - (A) Gross positions held at Kalshi in the member's personal accounts or "controlled accounts," as defined in Commission Regulation 1.3(j);
 - (B) Gross positions held at Kalshi in proprietary accounts, as defined in Commission Regulation 1.17(b)(3), at the member's affiliated firm;
 - (C) Gross positions held at Kalshi in accounts in which the member is a principal, as defined in Commission Regulation 3.1(a);
 - (D) Net positions held at Kalshi in "customer" accounts, as defined in Commission Regulation 1.17(b)(2), at the member's affiliated firm; and
 - (E) Any other types of positions, whether maintained at Kalshi or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm that the self-regulatory organization reasonably expects could be affected by the significant action.
 - (iv) Bases for determination. Taking into consideration the exigency of the significant action, such determinations should be based upon:
 - (A) The most recent large trader reports and clearing records available to Kalshi;
 - (B) Information provided by the member with respect to positions pursuant to paragraph (a)(2)(ii) of this Rule; and
 - (C) Any other source of information that is held by and reasonably available to Kalshi.
- (3) Participation in deliberations.
- (i) Under the Rules required by this section, a Kalshi governing board, disciplinary committee or oversight panel may permit a member to participate in deliberations prior to a vote on a significant action for which he or she otherwise would be required to abstain, pursuant to paragraph (a)(2) of this Rule, if such participation would be consistent with the public interest and the member recuses himself or herself from voting on such action.
 - (ii) In making a determination as to whether to permit a member to participate in deliberations on a significant action for which he or she otherwise would be required to abstain, the deliberating body shall consider the following factors:
 - (A) Whether the member's participation in deliberations is necessary for the deliberating body to achieve a quorum in the matter; and
 - (B) Whether the member has unique or special expertise, knowledge or experience in the matter under consideration.

- (iii) Prior to any determination pursuant to paragraph (a)(3)(i) of this Rule, the deliberating body must fully consider the position information which is the basis for the member's direct and substantial financial interest in the result of a vote on a significant action pursuant to paragraph (a)(2) of this Rule.
- (4) Documentation of determination. Kalshi's governing boards, disciplinary committees, and oversight panels must reflect in their minutes or otherwise document that the conflicts determination procedures required by this section have been followed. Such records also must include:
 - (i) The names of all members who attended the meeting in person or who otherwise were present by electronic means;
 - (ii) The name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention, if stated; and
 - (iii) Information on the position information that was reviewed for each member.

CHAPTER 13 TERMS OF CONTRACTS TRADED ON KALSHI

The following Rules set forth the terms of the Contracts traded on Kalshi. You should not trade any Contract unless you are certain that you completely understand and accept its terms. Additional information with respect to each Contract can be found on the homepage for the specific Contract.

RULE 13.1 TERMS THAT ARE UNIFORM ACROSS CONTRACTS

There are certain terms that are uniform across Contracts.

- (a) The minimum unit of trading is one Contract.
- (b) All Contract prices are quoted in U.S. Dollars and cents per Contract.
- (c) The minimum quote increment for each Contract is \$0.01 per Contract.
- (d) All Market Outcomes will be posted on Kalshi's website no later than 11:59 pm ET on the day that such Market Outcomes are determined. If the Market Outcome Review Process is initiated under Rule 7.1, the final Market Outcome will be posted on Kalshi's website no later than 11:59 pm ET on the day that the Outcome Review Committee reaches a determination on the Contract's final Market Outcome.
- (e) All Kalshi Contracts are deemed to be "options" as defined in 17 USC 1a(47).

- (f) Halted Markets – In the event that any market irregularities are declared by the Chief Executive Officer of Kalshi, or to prevent or reduce the potential risk of price distortions or market disruptions, a market may be paused or halted for trading, and the Commission will be notified, if required, pursuant to Commission Regulations. An explanation will be posted on the Kalshi Notices section of the website within a reasonable amount of time but no later than 24 hours after the initiation of the halt.
- (g) Discretion to Refrain from Listing Contracts – Kalshi may, in its discretion, temporarily refrain from the listing of any Contract due to the unavailability of the Underlying upon which the Contract is based, or any other condition Kalshi determines may be detrimental to the listing of the Contract.
- (h) Contract Modifications – Specifications shall be fixed as of the first day of trading of a Contract, except as provided in Rule 2.8 and Rule 7.2 of these Rules or as set forth in Rules specific to a Contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these Rules, and all open and new Contracts shall be subject to such government orders.
- (i) Any change in instructions, order, ruling, directive, or law issued or enacted by any court or agency of the Federal Government of the United States that conflicts with the Rules contained in this Rulebook shall take precedence, immediately become a part of these Rules, and be effective for all currently traded and newly listed Contracts.