

June 26, 2024

SUBMITTED VIA CFTC PORTAL

Secretary of the Commission
Office of the Secretariat
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: KalshiEX LLC – Fee Waiver Program and Amendment to the Volume Incentive Program

Dear Sir or Madam,

KalshiEX LLC (“Kalshi” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC”) that it is implementing the Fee Waiver Program (“Program”), which is designed to encourage trading and enhance pricing efficiency in first days of trading on newly listed contracts. The program will be effective 7/11/2024, and will remain in effect until the earlier of 9/11/2024, or a date on which Kalshi amends or terminates the Program.

Under the Program, all fees will be waived for the first two days following a contract’s listing. To illustrate, the Exchange lists a new “Will the target federal funds rate be <above/below> <percent>?” for the month of July on a Monday morning. All fees for that contract will be waived for that Monday and Tuesday. Beginning on Wednesday, which is two days following the listing of the contract, fees will apply.

The Program applies to all contracts listed on the Exchange with following exceptions:

- contracts where the last trading date is one week or less from the time that the contract is listed.
- contracts where the underlying is either foreign exchange rates, equity indices, cryptocurrencies, commodity futures, and yields.

Additionally, in light of the implementation of the Fee Waiver Program, the Exchange is amending the terms of the Volume Incentive Program to exclude trades whose fees are waived under the Fee Waiver Program. Amended terms of the Volume Incentive Program are included as Appendix B.

Compliance with Core Principles

Kalshi has concluded that the Program, as well as the amendments to the Volume Incentive Program, are not inconsistent with the CEA and the CFTC’s regulations. With respect to the amendment, the Exchange in particular considered **Core Principles 4 and 7**, in addition to the

other core principles. The Exchange has concluded that the amendment complies with the core principles, as discussed in confidential appendix C.

The following core principles most directly pertain to the Program: **Core Principle 2 - Compliance with Rules; Core Principle 3 - Contracts not Readily Susceptible to Manipulation; Core Principle 4 - Prevention of Market Disruption; Core Principle 7 - Availability of General Information; Core Principle 9 - Execution of Transactions; Core Principle 12 - Protection of Markets and Market Participants; Core Principle 18 - Recordkeeping; Core Principle 21 - Financial Resources.**

Kalshi Rule 3.6(f) allows Kalshi to create trading incentive programs. The Program does not impact Kalshi's ability to perform its trade practice and market surveillance obligations under the CEA. The Program also does not render the Exchange's contracts readily susceptible to manipulation. Chapter 5 of Kalshi's Rulebook includes prohibitions against fraudulent, non-competitive, unfair or abusive practices, all of which apply to trading under the Program. Kalshi staff will continue to monitor for manipulative trading, market abuse, and other trading violations. The effective terms of the Program will be posted on the Exchange's website and publicly available. The Program does not impact the Exchange's order execution. The Program applies to all participants equally, and is designed to encourage trading and price discovery in the initial days of trading on a contract. On each contract trading page, the Exchange will prominently display the time remaining for the fee waiver in order to ensure that participants are aware of when the fee waiver period will end and fees will be charged. The Exchange will also monitor the impact that the Program has and its effectiveness in encouraging trading in the initial days of a contract.

No opposing views to the contrary have been expressed.

Kalshi accordingly certifies that the Program complies with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder, and certifies that, concurrent with this filing, a copy of this submission (except for the confidential appendix) was posted on the Kalshi website and may be accessed at: <https://kalshi.com/regulatory/notices>.

If you have any questions or comments or require further information, please do not hesitate to contact me.

Sincerely,
Elie Mishory
Chief Regulatory Officer
KalshiEX LLC
emishory@kalshi.com

Enclosures:
Confidential appendix A
Appendix B

Appendix B - Volume Incentive Program (“Program”) Terms and Conditions

Program Purpose

The purpose of this Program is to increase volume and liquidity on the central limit order book and enhance pricing efficiency. More volume and liquidity on the central limit order book and more efficient pricing benefit all participants in the marketplace.

Program Scope and Duration

The Program applies to all Kalshi markets. The Program will be effective July 11th, 2024, and continue until the earlier of July 11th, 2025, or the date that Kalshi amends or terminates the Program.

Eligible Participants

All Kalshi members are eligible to participate in the Program, except affiliates of Kalshi are not eligible to participate in the Program, and members who have executed a Market Maker Agreement with Kalshi are not eligible to participate in the Program.

Program Terms

- Obligations:

In order to be eligible to receive the incentives, participants must meet predetermined trading volume thresholds.

- Incentives:

Participants that satisfy the obligations will receive incentives according to the following schedule:

Tiers	Qualifying Weekly Total Dollar Volume	% Dollar Rebate At Tier
Tier 1	\$12,500	0.500%
Tier 2	\$25,000	0.625%
Tier 3	\$62,500	0.750%
Tier 4	\$125,000	0.875%
Tier 5	\$312,500	1.000%

Qualifying Total Weekly Dollar Volume is all of the participant's trades during a given week that are executed on the central limit order book at prices between \$.03 and \$.97.

Limit on the incentive amount ("Cap"): the maximum rebate under the Program for each week¹ is capped at \$7,000.

*Special rule for volume in an annual series² of the "Will \$INX close <above/below/between> <value> on <date>?" contract and the annual series³ of the "Will the Nasdaq-100 close <date> <above/below/between> <value>?" contract:*⁴ Each \$1 of volume (between \$.03 and \$.97) on these contract series will only count as \$0.80 for the Program. To illustrate, a Program participant who does \$100 of volume in an INXY contract will have \$80 for the purpose of computing the participant's Qualifying Weekly Total Dollar Volume, not \$100. Similarly, the \$100 of volume in the INXY contract will count as \$80 for the purpose of the "% Dollar Rebate At Tier".

Special Rule for trades whose fees are waived pursuant to a Fee Waiver Program: Trades whose fees are waived pursuant to a Fee Waiver Program are excluded from this Volume Incentive Program.

Note: all trading is subject to the rules in Kalshi's Rulebook Chapter 5.13, among other relevant Federal laws and regulations.

Monitoring and Termination of Status

Kalshi shall monitor trading activity and participants' performance and shall retain the right to revoke participant status if Kalshi's Chief Regulatory Officer concludes from review that a participant's participation in the program is abusive or in any way inconsistent with the purpose of the Program.

Kalshi may end the Program at any time.

¹ Where a week begins Sunday market open and ends Saturday at market close.

² The ticker for contracts in this series begins with INXY, as well as the INXD-24DEC31 contract.

³ The ticker for contracts in this series begins with NASDAQ100Y.

⁴ S&P 500 is a registered mark of Standard & Poor's Financial Services, LLC. Kalshi is not affiliated with Standard & Poor's and it, nor its affiliates, sponsor or endorse Kalshi or its products in any way. In particular, the Kalshi Contracts are not sponsored, endorsed, sold or promoted by Standard & Poor's. NASDAQ-100 is a registered mark of Nasdaq, Inc. Kalshi is not affiliated with Nasdaq and neither Nasdaq, nor its affiliates, sponsor or endorse Kalshi or its products in any way. In particular, the Kalshi Contracts are not sponsored, endorsed, sold or promoted by Nasdaq.

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