October 11, 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 – CFTC Regulation 40.6 Notification Regarding the Amendment of the "Will <chamber of Congress> be controlled by <party> for <term>?" Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6 of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the "Will <chamber of Congress> be controlled by <party> for <term>?" contract (Contract).

This contract is a straight-forward modification to the previous "Will <chamber of Congress> be controlled by <party> for <term>?" contract. The changes are as follows:

- The minimum order size has been reduced from 5,000 contracts to 1 contract.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended Contract; and
- A redline showing the changes to Appendix A, the product rules and terms and conditions of the contract.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Xavier Sottile
Head of Markets
KalshiEX LLC
xsottile@kalshi.com

KalshiEX LLC
Official Product Name: Will <chamber of Congress> be controlled by <party> for <term>?
Rulebook: CONTROL
Kalshi Contract Category: Political Decision
Control of Congress
October 11, 2024

CONCISE EXPLANATION AND ANALYSIS OF THE PRODUCT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION'S REGULATIONS THEREUNDER

Pursuant to Commission Regulation 40.2(a)(3)(v), the following is a concise explanation and analysis of the product and its compliance with the Act, including the relevant Core Principles, and the Commission's regulations thereunder.

I. Introduction

The "Will <chamber of Congress> be controlled by <party> for <term>?" Contract (Contract) is a contract relating to the partisan control of Congress.

Further information about the Contract, including an analysis of its risk mitigation and price basing utility, as well as additional considerations related to the Contract, is included in Confidential Appendices.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a), the Exchange hereby certifies that the listing of the Contract complies with the Act and Commission regulations under the Act.

General Contract Terms and Conditions: The Contract operates similar to other event contracts that the Exchange lists for trading. The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that the Contract may only be listed at values of at least $0.01 and at most $0.99. The Contract has a one dollar notional value and has a minimum price fluctuation of $0.01 to be consistent with other Kalshi contracts. This order size is an appropriate amount for large institutions to mitigate risk and is consistent with other futures and derivatives products. The Exchange has further imposed position limits (defined as maximum loss exposure) as described in Appendix A. As outlined in Rule 5.12 of the Rulebook, trading shall be available at all times outside of any maintenance windows, which will be announced in advance by the Exchange. Members will be charged fees in accordance with Rule 3.6 of the Rulebook. Fees are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. Additionally, as outlined in Rule 7.2 of the Rulebook, 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, 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. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. After trading on the Contract has closed, the Expiration Value and Market Outcome are determined. The market is then settled by the Exchange, and the long position holders and short position holders are paid according to the Market Outcome. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Contract and "short position holders" refers to Members who purchased the "No" side of the Contract. If the Market Outcome is "Yes" (please see Appendix A for the conditions upon which the Market Outcome is "Yes"), then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A. The Expiration Date of the Contract is designed to account for multiple possible contingencies regarding the timing of the determination of control of a given chamber of Congress.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. § 7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.2, 17 C.F.R. § 40.2

The Exchange certifies that this submission (other than those appendices for which confidential treatment has been requested) has been concurrently posted on the Exchange's website at https://kalshi.com/regulatory/filings.

Should you have any questions concerning the above, please contact the exchange at ProductFilings@kalshi.com.

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By: Xavier Sottile
Title: Head of Markets
Date: October 11, 2023

Attachments:
Appendix A - Contract Terms and Conditions
Appendix B - Trading Prohibitions
Index of confidential appendices
Confidential appendices

APPENDIX A – CONTRACT TERMS AND CONDITIONS

Official Product Name: Will <chamber of Congress> be controlled by <party> for <term>?
Rulebook: CONTROL

CONTROL

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the political party membership of each Member of Congress for <term>, as well as the political party membership of the Speaker of the House and the political party membership of the President Pro Tempore, according to congress.gov. The Exchange will also consider the caucus decisions of Independent members. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agency is congress.gov.

Type: The type of Contract is an Event Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued for each new term of Congress. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next election cycle.

<**chamber of Congress>:** refers to a chamber of the United States Congress. It can take the value of "U.S. House of Representatives" or "U.S. Senate".

<term>: refers to a term of the United States Congress. A term of Congress begins and ends every two years.

<party>: refers to a political party.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values where the leader of <chamber of Congress> is a member of <party> on the Expiration Date. In the case of the U.S. House of Representatives, this is the Speaker of the House. In the case of the U.S. Senate, this is the President Pro Tempore.

Minimum Tick: The Minimum Tick size for the referred Contract shall be $0.01.

Position Limit: The Position Limit for the $1 referred Contract shall be as follows:

- The Position Limit for Individuals shall be $125,000 per Member; and $250,000 for those with demonstrated established economic hedging need
- The Position Limit for Entities shall be $5,000,000 per Member; and $10,000,000 for those with demonstrated established economic hedging need

- The Position Limit for Eligible Contract Participants ("ECP") shall be $50,000,000 per Member; and $100,000,000 for those with demonstrated established economic hedging need

Established economic hedging need may be demonstrated to Kalshi according to the means and methods established by Kalshi. Whether a member has demonstrated that it has a sufficiently established economic hedging need is determined solely at Kalshi's discretion.

Last Trading Date: The Last Trading Date of the Contract will be the same as the Expiration Date. The Last Trading Time will be the same as the Expiration Time.

Settlement Date: The Settlement Date of the Contract shall be no later than the day after the Expiration Date, unless the Market Outcome is under review pursuant to Rule 7.1.

Expiration Date: The Expiration Date of the Contract shall be February 1 in the year that <term> begins.

Expiration time: The Expiration time of the Contract shall be 10:00 AM ET.

Settlement Value: The Settlement Value for this Contract is $1.

Order Size: Contracts must be purchased in multiples of 1 contract per order.

Expiration Value: The Expiration Value is the value of the Underlying as documented by the Source Agency on the Expiration Date at the Expiration time.

Contingencies: Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook.

Trading Prohibitions: In addition to the general trading prohibitions found in Kalshi's Rulebook, the following are prohibited from trading this contract:

- Candidates for federal or statewide public office. Please note that this prohibition applies to more than just candidates for Congress.
- Paid campaign staffers on Congressional campaigns.
- Paid employees of Democratic and Republican Party organizations, such as the Democratic Congressional Campaign Committee or the Republican National Committee.
- Paid employees of Political Action Committees (PACs) and "Super PACs" (independent expenditure only political committees).
- Paid employees of major polling organizations. This prohibition does not apply to all employees of an organization that contains a polling division (e.g. the prohibition does

not apply to all employees of Quinnipiac University despite the presence of Quinnipiac University's polling division). The Exchange shall determine which polling organizations constitute "major" and may modify that determination at any time.

- Existing members of Congress, including those not running for re-election.
- Existing paid staffers of members of Congress.
- Household members and immediate family family members (siblings, children, and parents) of any of the above.
- Any of the above listed institutions themselves.

APPENDIX B – TRADING PROHIBITIONS

In addition to the general prohibition against trading on material nonpublic information, the Exchange will be instituting additional prohibitions for trading the CONTROL contract. The following individuals and entities will be prohibited from trading:

- Candidates for federal or statewide public office. Please note that this prohibition applies to more than just candidates for Congress.
- Paid campaign staffers on Congressional campaigns.
- Paid employees of Democratic and Republican Party organizations, such as the Democratic Congressional Campaign Committee or the Republican National Committee.
- Paid employees of Political Action Committees (PACs) and "Super PACs" (independent expenditure only political committees).
- Paid employees of major polling organizations. This prohibition does not apply to all employees of an organization that contains a polling division (e.g. the prohibition does not apply to all employees of Quinnipiac University despite the presence of Quinnipiac University's polling division). The Exchange shall determine which polling organizations constitute "major" and may modify that determination at any time.
- Existing members of Congress, including those not running for re-election.
- Existing paid staffers of members of Congress. Household members and immediate family members (siblings, children, and parents) of any of the above.
- Any of the above listed institutions themselves.