

October 14, 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: Kalshi Klear LLC – Additional Method to Deposit U.S. Dollars

Dear Sir or Madam,

Kalshi Klear LLC (“Kalshi” or “Clearinghouse”) hereby notifies the Commodity Futures Trading Commission (“CFTC”) that, effective no earlier than October 28, 2024, or such later date as Kalshi may determine, Kalshi will adopt an additional method to enable its Self-Clearing Members to deposit U.S. dollar to their accounts with Kalshi, and to withdraw U.S. dollars from Kalshi. References in this filing to the “additional method to deposit U.S. dollars” apply equally to the withdrawal of U.S. dollars. The details of this method of depositing U.S. dollars are set forth in confidential Appendix A. On October 11, 2024, Kalshi filed notice of its intent to amend its Rule 6.3.A to make that rule consistent with additional means of depositing U.S. dollars to Kalshi. Please note that Kalshi’s Rule 7.2.A provides that “United States dollars is the sole form of acceptable collateral” and the additional method to deposit U.S. dollars is fully consistent with this Rule.

Compliance with Core Principles

Kalshi has concluded that the additional method of depositing U.S. dollars to Kalshi is not inconsistent with the CEA and the CFTC’s regulations. In particular, the following core principles may be pertinent:

Core Principle B. Core Principle B and the implementing regulations generally set forth requirements regarding financial resources. The additional method of depositing U.S. dollars does not introduce risk that impacts Kalshi’s ability to comply with Core Principle B. As described in confidential Appendix A, the U.S. dollars that are deposited via this additional method of depositing U.S. dollars will be protected from relevant risks, fully settled and final in a similar manner to a direct bank transfer such as a wire transfer. Accordingly, the additional method of depositing U.S. dollars is not inconsistent with the Core Principle B requirements and the regulations thereunder.

Core Principle C. Core Principle C and the implementing regulations generally set forth the rules regarding participant eligibility, and in particular, the requirement to permit fair and open access. The additional method of depositing U.S. dollars will increase access to Kalshi by making it more convenient to deposit U.S. dollars, which is consistent with the overall intent of

Core Principle C. It will also not restrict Kalshi from enforcing its existing eligibility standards. Therefore, the additional method of depositing U.S. dollars is not inconsistent with the Core Principle C requirements and the regulations thereunder.

Core Principle D. Core Principle D and the implementing regulations generally set forth requirements regarding risk management. The additional method of depositing U.S. dollars is simply an additional means to deposit U.S. dollars with Kalshi, in addition to the already existing means of depositing U.S. dollars. There are no changes to the margin requirements or other existing risk management measures currently in place in compliance with Core Principle D. As described in confidential Appendix A, any additional risk associated with the additional method of depositing U.S. dollars is sufficiently mitigated in a manner that the U.S. dollars that are deposited via this method are fully settled and final, similar to the existing means of depositing U.S. dollars. The additional method of depositing U.S. dollars is not in any way inconsistent with or an impediment to Kalshi's ability to comply with any of the Core Principle D requirements, and is therefore not inconsistent with the Core Principle D requirements and the regulations thereunder.

Core Principle E. Core Principle E and the implementing regulations generally set forth requirements regarding settlements, including deposits of initial margin. The additional method of depositing U.S. dollars is a means by which U.S. dollars can be deposited to Kalshi and used as initial margin. As described in confidential Appendix A, the U.S. dollars that are deposited via this method are fully settled and final, similar to the existing means of depositing U.S. dollars. The additional method of depositing U.S. dollars is not in any way inconsistent with or an impediment to Kalshi's ability to comply with any of the Core Principle E requirements, and is therefore not inconsistent with the Core Principle E requirements and the regulations thereunder.

Core Principle F. Core Principle F and the implementing regulations generally set forth requirements for the protection of clearing members' funds and assets. The additional method of depositing U.S. dollars is a means by which U.S. dollars can be deposited to Kalshi. The only form of acceptable collateral remains U.S. dollars. The additional method of depositing U.S. dollars is not in any way inconsistent with or an impediment to Kalshi's ability to comply with any of the Core Principle F requirements, and is therefore not inconsistent with the Core Principle F requirements and the regulations thereunder.

Core Principle I. Core Principle I generally provides the rules for system safeguards, including, among other things, system and operational risk analysis and oversight and business continuity and disaster recovery. The additional method of depositing U.S. dollars does not require a material change to Kalshi's automated systems, as it is simply an additional means to deposit U.S. dollars, which is an activity that can already be done in multiple ways. The additional method of depositing U.S. dollars also does not introduce material operational risk and operations for the additional method of depositing U.S. dollars are substantially identical to the operations for existing means of depositing U.S. dollars. The additional method of depositing U.S. dollars is consistent with the requirements regarding business continuity and disaster recovery because by adding another means to deposit U.S. dollars, there is less dependency on the existing methods of depositing U.S. dollars. Accordingly, the additional

method of depositing U.S. dollars is not inconsistent with the Core Principle I requirements and the regulations thereunder.

Core Principle K. Core Principle K provides recordkeeping requirements. The additional method of depositing U.S. dollars will be included in Kalshi's audit trail the same way that existing methods of depositing U.S. dollars are. Accordingly, the additional method of depositing U.S. dollars is not inconsistent with the Core Principle K requirements and the regulations thereunder.

Core Principle N. Core Principle N provides that unless necessary or appropriate to achieve the purposes of this chapter, a derivatives clearing organization shall not adopt any rule or take any action that results in any unreasonable restraint of trade, or impose any material anticompetitive burden. The additional method of depositing U.S. dollars is similar to Kalshi's competitors who offer comparable means of depositing collateral, and does not impose any restraint of trade or anticompetitive burden. Accordingly, the additional method of depositing U.S. dollars is not inconsistent with the Core Principle N requirements and the regulations thereunder.

Core Principle R. Core Principle R generally requires that a derivatives clearing organization operate pursuant to a well-founded, transparent, and enforceable legal framework that addresses each aspect of the activities of the derivatives clearing organization. The additional method of depositing U.S. dollars is a legal method of depositing U.S. dollars. Accordingly, the additional method of depositing U.S. dollars is not inconsistent with the Core Principle R requirements and the regulations thereunder.

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 Compliance Officer
Kalshi Klear LLC
emishory@kalshi.com

Enclosures:
Confidential Appendix A and a Request for confidential treatment