

May 8, 2023

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 40.2(a) Notification Regarding the Initial Listing of the “Will the high temperature in Miami be <greater than/less than/between> <degrees>?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.2(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is self-certifying the “Will the high temperature in Miami be <greater than/less than/between> <degrees>?” contract (Contract). The Exchange intends to list the contract on a daily basis. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<degrees> (the target temperature)**
- **<date> (the target date)**
- **<greater than/less than/between>**

Along with this letter, Kalshi submits the following documents:

- A concise explanation and analysis of the Contract;
- Certification;
- Appendix A with the Contract’s Terms and Conditions;
- Confidential Appendices with further information; and
- A request for FOIA confidential treatment.

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 the high temperature in Miami be <greater than/less than/between> <degrees>?

Rulebook: MIAHIGH

Kalshi Contract Category: Weather/Climate

Miami High Temperature

May 8, 2023

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 Rule 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 the high temperature in Miami be <greater than/less than/between> <degrees>?” Contract is a contract relating to the climate in Miami, Florida. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the Contract complies with its vetting framework.

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 B, C, and D.

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 Contracts may only be listed at values of at least \$0.01 and at most \$0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of \$0.01 to enable Members to match the size of the contracts purchased to their economic risks. The Exchange has further imposed position limits (defined as maximum loss exposure) of \$25,000 USD on the Contract. 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," meaning that the high temperature in Miami, FL, is <greater than/less than/between> <degrees> , 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.

**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**

Based on the above analysis, the Exchange certifies that:

- The Contract complies with the Act and Commission regulations thereunder.
- 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.



By: Xavier Sottile
Title: Head of Markets
Date: May 8, 2023

Attachments:

Appendix A - Contract Terms and Conditions

Appendix B (Confidential) - Further Considerations

Appendix C (Confidential) - Source Agency

Appendix D (Confidential) - Compliance with Core Principles

APPENDIX A – CONTRACT TERMS AND CONDITIONS

Official Product Name: Will the high temperature in Miami be <greater than/less than/between> <degrees>?

Rulebook: MIAHIGH

MIAHIGH

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the maximum temperature recorded for the specified <date> published in the National Weather Service’s (“NWS”) Daily Climate Report for Miami, FL. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Daily Climate Report for Miami, FL can be accessed [here](#).¹ These instructions are provided for convenience only and may be modified or clarified at any time.

Source Agency: The Source Agency is the National Weather Service (“NWS”).

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 on a daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next day

<degrees>: Kalshi may list contracts with <degrees> levels that fall within an inclusive range between a maximum value of 130 degrees Fahrenheit and a minimum value of -30 degrees Fahrenheit at consecutive increments of 1 degree. Due to the potential for variability in the Underlying, the Exchange may modify <degrees> levels in response to suggestions by Members.

<date>: <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>.

Payout Criterion: The Payout Criterion encompasses the Expiration Values that are <greater than/less than/between> <degrees>. If the value of <greater than/less than/between> is “between”, then <degrees> shall be a pair of degrees, and an Expiration Value that is greater than or equal to the lower value of the degree pair and less than or equal to the greater value of the degree pair are encompassed in the Payout Criterion. If the value of <greater than/less than/between> is “greater than”, then the Payout Criterion only encompasses Expiration Values that are strictly greater than <degrees> (e.g. if the strike variable values are “greater than” and “56 degrees”, then an Expiration Value of 56 degrees is not encompassed in the Payout Criterion). If the value of <greater than/less than/between> is “less than”, then the Payout Criterion only encompasses Expiration Values that are strictly less than <degrees>.

¹ <https://forecast.weather.gov/product.php?site=MFL&product=CLI&issuedby=MIA>

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 \$25,000 per Member.

Last Trading Date: The Last Trading Date shall be <date> and the Last Trading Time will be 11:59 PM ET.

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

Expiration Date: The Expiration Date of the Contract shall be the sooner of the first 7:00 or 8:00 AM ET following the release of the data for <date>, or one week after <date>.

Expiration time: The Expiration time of the Contract shall be the sooner of the first 7:00 or 8:00 AM ET following the release of data for <date>.

Settlement Value: The Settlement Value for this Contract is \$1.00.

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. 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.