

9/12/2021

**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 EVICT 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 EVICT contract (Contract).

Along with this letter, Kalshi submitted 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,

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

KalshiEX LLC  
New Contract Submission: EVICT  
Eviction Moratorium  
9/12/2021

**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 EVICT Contract is a contract relating to whether the House will pass a Bill with an eviction moratorium. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange’s application for designation as a Contract Market (“DCM”) that was approved by the Commission.

Last year, the Centers for Disease Control and Prevention (CDC) issued an eviction moratorium, preventing landlords from evicting tenants because of nonpayment of rent. This was a major, unprecedented order that has sparked fierce debate in the months since. The moratorium expired in summer 2021. President Biden issued an additional extension of the moratorium through the CDC in August 2021; however, the Supreme Court struck it down, and made clear that only Congress could impose such a moratorium. Many members of the House have called for another eviction moratorium to protect renters vulnerable because of the COVID-19 pandemic.

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 binary 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

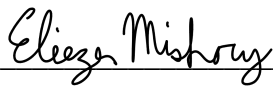
\$0.01 and at most \$0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of \$0.01 to enable Members to match the size of the contracts purchased to their economic risks. The Exchange has further imposed position limits (defined as maximum loss exposure) 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. 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 a Bill has passed the House after the time of Issuance and before <date> that prevents a lessor from evicting a tenant for some time period because of the nonpayment of rent, 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](mailto:ProductFilings@kalshi.com).

  
\_\_\_\_\_

By: Eliezer Mishory  
Title: Chief Regulatory Officer  
Date: 9/12/21

**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**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Contract: EVICT**

**Contract: EVICT**

**Scope:** These rules shall apply to the EVICT contract.

**Underlying:** The Underlying for this Contract is Bills that have passed the House, as captured by Congress.gov’s legislation tracker (available at <https://www.congress.gov/search?q=%7B%22source%22%3A%22legislation%22%7D>). In particular, the Contract will be resolved depending on two conditions. The first is the Bill’s “Tracker,” which reports whether the Bill has “Passed House,” “Passed Senate,” “Became Law,” and so on as well as the date of passage. Second is the Bill’s Text, which shall be used to determine whether the Bill imposes an eviction moratorium. The text is available by clicking on the link for a given Bill and clicking on the Text tab (currently adjacent to the Summary Tab).

Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Source Agency:** The Source Agency is the Library of Congress.

**Type:** The type of Contract is a Binary Contract.

**Issuance:** The Issuance of the initial Contract will be on or after September 14, 2021. After the initial Contract, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that include a Bill that meets the following two conditions: first, Congress.gov’s legislation tracker records that it has “Passed House” before <date> and after the date of Issuance; and second, that the Bill prevents a lessor from evicting tenants, or from initiating legal proceedings pursuant to eviction, solely because of the nonpayment of rent. Such a bill would trigger a Market Outcome of Yes even if the moratorium binds only some places, groups, or contexts, such as areas with COVID-19 case counts above a certain level, tenants below a given income level, and landlords above a given income level etc. Exclusion from the previous sentence does not make additional subsets of groups or places invalid for this purpose.

An example of a Congressionally created eviction moratorium: “[T]he lessor of a covered dwelling may not—(1) make, or cause to be made, any filing with the court of jurisdiction to initiate a legal action to recover possession of the covered dwelling from the tenant for nonpayment of rent or other fees or charges, or for reasons motivated wholly or in part by the nonpayment of rent or other fees or charges by the tenant...” This language, or similar language,

is used in H.R.6347<sup>1</sup>, S.3585<sup>2</sup>, S.4097<sup>3</sup>, H.R.7402<sup>4</sup>, S.4519<sup>5</sup>, and H.R.7301<sup>6</sup>, all of the 116th Congress.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>, ranging from September 14, 2021 to January 1, 2023.

**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:** Unless otherwise noted by the Exchange and indicated on the Exchange website, the Last Trading Date for the Contract will be the same day as the Expiration Date. The Last Trading Time will be the same as the Expiration time.

**Settlement Date:** Unless otherwise noted by the Exchange and indicated on the Exchange website, the Settlement Date of the Contract shall be the day after the Expiration Date, unless the Market Outcome is under review pursuant to Rule 7.1.

**Expiration Date:** Unless otherwise noted by the Exchange and indicated on the Exchange website, the Expiration Date of the Contract shall be two days following <date>.

**Expiration time:** Unless otherwise noted by the Exchange and indicated on the Exchange website, the Expiration time of the Contract shall be 8:00 PM ET.

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

**Expiration Value:** The Expiration Value is the value of the Underlying (i.e., all Bills listed on Congress.gov with the status of “Passed House”) as documented by the Source Agency after the time of Issuance and before <date>.

---

<sup>1</sup><https://www.congress.gov/bill/116th-congress/house-bill/6347/text?q=%7B%22search%22%3A%5B%22eviction+moratorium%22%5D%7D&r=8&s=1>

<sup>2</sup><https://www.congress.gov/bill/116th-congress/senate-bill/3585/text?q=%7B%22search%22%3A%5B%22eviction+moratorium%22%5D%7D&r=11&s=1>

<sup>3</sup><https://www.congress.gov/bill/116th-congress/senate-bill/4097/text?q=%7B%22search%22%3A%5B%22eviction+moratorium%22%5D%7D&r=12&s=1>

<sup>4</sup><https://www.congress.gov/bill/116th-congress/house-bill/7402/text?q=%7B%22search%22%3A%5B%22eviction+moratorium%22%5D%7D&r=13&s=1>

<sup>5</sup><https://www.congress.gov/bill/116th-congress/senate-bill/4519/text?q=%7B%22search%22%3A%5B%22eviction+moratorium%22%5D%7D&r=15&s=1>

<sup>6</sup><https://www.congress.gov/bill/116th-congress/house-bill/7301/text?q=%7B%22search%22%3A%5B%22eviction+moratorium%22%5D%7D&r=16&s=1#toc-HF7347A20FE8A4B1DB035D7E3ED54FD1A>



**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.