

October 4, 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 40.2(a) Notification Regarding the Initial Listing of the “Will the American presidential election popular vote be in favor of <political party> in <state> in <election year> by <above/below/between/at least> <percent>?” 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), a registered DCM, hereby notifies the Commission that it is self-certifying the “Will the American presidential election popular vote be in favor of <political party> in <state> in <election year> by <above/below/between/at least> <percent>?” contract (Contract). The contract will be initially listed on October 7, 2024. The Exchange intends to list the contract in conjunction with American presidential elections. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- <state> (the target U.S. state)
- <election year> (the target presidential election)
- <political party> (the target political party)
- <percent> (the target margin of victory)
- <above/below/between/at least>

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;
- Appendix B with a list of prohibited trading parties;
- 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 American presidential election popular vote be in favor of <political party> in <state> in <election year> by <above/below/between/at least> <percent>?”

Rulebook: POPVOTESTATEMOV

Kalshi Contract Category: Political Decision ▾

Presidential elections popular vote margin of victory

October 4, 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 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 (discussed in Appendix E), and the Commission's regulations thereunder.

### I. Introduction

The “Will the American presidential election popular vote be in favor of <political party> in <state> in <election year> by <above/below/between/at least> <percent>?” Contract is a contract relating to the margin of victory in U.S. states for the winner of the popular vote in U.S. presidential elections.

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. 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, if they are charged, are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. A new Source Agency can be added via a Part 40 amendment. 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. The Expiration Value and Market Outcome are determined at or after Market Close. 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 an event occurs that is encompassed within the Payout Criterion, 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).



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By: Xavier Sottile  
Title: Head of Markets  
Date: October 4, 2024

**Attachments:**

Appendix A - Contract Terms and Conditions

Appendix B - Trading Prohibitions

Confidential appendices

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**Official Product Name: “Will the American presidential election popular vote be in favor of <political party> in <state> in <election year> by <above/below/between/at least> <percent>?”**

**Rulebook: POPVOTESTATEMOV**

## POPVOTESTATEMOV

**Scope:** These rules shall apply to this contract.

**Underlying:** The Underlying for this Contract is the political party of the winner of the popular vote and the margin of victory in the popular vote, in percent, of the American presidential election in <state> in <election year>, rounded to two decimal points. This will be calculated by: (Total votes of winner minus Total votes of Second place) divided by total votes, times 100. This will be according to the states' and DC's most recent certificates of ascertainment of presidential election results as of the date of the joint session of Congress following <election year>. If multiple certificates of ascertainment are sent to Congress, the one they count will be used. If they reject all certificates of ascertainment for a given state, then the most recently issued one will be used. Votes are also counted for that person from votes cast for that person when they are also nominated by an additional party. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Source Agency:** The Source Agencies are <state> and the United States Congress.

**Type:** The type of Contract is an Event Contract.

**Issuance:** The Contract will be issued for Presidential elections, which occur every four years (though multiple iterations of the Contract, e.g. for 2024 and 2028, maybe listed at once).

**<political party>:** Kalshi may list iterations of the Contract with <political party> values that refer to an American political party. Kalshi will initially list iterations of the Contract with “The Democratic Party” and “The Republican Party” as <political party> values. “Independent” may also be a value of <political party>; if the value of <political party> is “Independent”, then the individual in question will be specified. This refers to the candidate’s nomination status nationally; e.g. if Kamala Harris is nominated by the Democratic Party for the Presidency, and Minnesota lists her as being part of the Minnesota Democratic–Farmer–Labor Party, she will still be considered a member of the Democratic Party for this purpose. “Independent” may also be a value of <political party>; if the value of <political party> is “Independent”, then the individual in question will be specified.

**<state>:** <state> refers to one of (as of Issuance) 50 U.S. states.

**<election year>:** <election year> refers to a specific presidential election.

**<percent>:** Kalshi may list iterations of the Contract with <percent> levels that fall within an inclusive range between a maximum value of 100.00 and a minimum value of 0.00 at



consecutive increments of 0.01. Due to the potential for variability in the Underlying, the Exchange may modify <percent> levels in response to suggestions by Members.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that a member of <political party> has won the most votes in the election in <election year> in <state> by <above/below/between/at least> <percent>. If the value of <above/below/between/at least> is “between”, then <percent> shall be a pair of percentage points, and an Expiration Value that is greater than or equal to the lower value of the percent pair and less than or equal to the greater value of the percent pair are encompassed in the Payout Criterion.

**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 and Entities shall be \$3,000,000 per strike, per Member
- The Position Limit for Eligible Contract Participants (“ECP”) shall be \$50,000,000 per strike, per Member

**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 the sooner of the date of the first 10:00 AM ET following the occurrence of an event encompassed by the Payout Criterion for any party or six months after the popular vote for the Presidency in <election year>.

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

**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.

