October 18, 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 <political party> win any of <states> in the <election year> presidential election?" 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 <political party> win any of <states> in the <election year> presidential election?" contract (Contract). The Contract will initially be listed on October 21, 2024. The Exchange intends to list the contract on a custom ▾ basis. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<political party>** (the target date)
- **<states>** (the target U.S. states)
- **<election year>** (the target presidential election year)

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 <political party> win any of <states> in the <election year> presidential election?"
Rulebook: STATEPRES
Kalshi Contract Category: Commodity ⌄
STATEPRES
October 18, 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 <political party> win any of <states> in the <election year> presidential election?" Contract is a contract relating to whether a given political party will win any in a given set of states in the presidential election. After careful analysis, Kalshi (hereafter referred to as "Exchange") has determined that the Contract complies with its vetting framework.

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.

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By: Xavier Sottile
Title: Head of Markets
Date: October 18, 2024

Attachments:

Appendix A - Contract Terms and Conditions
Appendix B - Trading Prohibitions
Confidential appendices

APPENDIX A – CONTRACT TERMS AND CONDITIONS

Official Product Name: "Will \<political party\> win any of \<states\> in the \<election year\> presidential election?"
Rulebook: STATEPRES

STATEPRES

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the political party or parties that win or wins the most electoral votes in the <election year> presidential election in <states>. This will be according to the states' most recent certificates of ascertainment of presidential election results as of the date of the joint session of Congress following the <election year> election. 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 will be attributed to a person's national party affiliation 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 <states>.

Type: The type of Contract is an Event Contract.

Issuance: The Contract will be issued in conjunction with U.S. presidential elections.

<states>: <states> refers to a set of specified U.S. states.

<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. If the individual announces they have changed party between the election and being sworn in, the market will resolve based on the party they were a part of on election day.

<election year>: <election year> refers to the year that an election takes place in.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that a candidate of <political party> has won the most votes in the presidential election in <election year> in at least one of <states>. Individual congressional district electors will not count towards the resolution of this market; only statewide popular vote results will be considered.

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 release of the data as described in the Underlying (being tallied by Congress), or one year 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.

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 STATEPRES contract. The following individuals will be prohibited from trading:

- Holders of federal and statewide public office.
- Paid campaign staffers on presidential campaigns.
- Anyone working in a vote-tallying capacity, or who has the potential ability to observe official vote counts before they are public.
- Third-party vendors and contractors (and employees thereof) of presidential 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, and will post publicly a list of those organizations on its website.
- Employees of Decision Desks at major media organizations (including, but not necessarily exclusive to, Fox News, ABC News, AP, CNN, CBS News, Decision Desk HQ and NBC News). The Exchange shall determine which media organizations constitute "major" and may modify that determination at any time, and will post publicly a list of those organizations on its website.
- All staff of the U.S. House of Representatives and its members.
- All staff of the U.S. Senate and its members.
- All staff of the Office of the President of the United States
- All staff of the Office of the Vice President of the United States
- All staff of the U.S. Supreme Court and its Justices
- Any foreign national. This is defined as an individual who is: (1) not a citizen of the United States and (2) not lawfully admitted for permanent residence (as defined in 8 U.S.C. § 1101(a)(20)); or a foreign principal, as defined in 22 U.S.C. § 611(b). Section 611(b) defines a foreign principal to include a foreign government or political party; or a partnership, association, corporation, organization, or other combination of persons organized under the laws of a foreign country or whose principal place of business is in a foreign country.