

November 20, 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 temperature in New York City be <greater than/less than/between> <degrees> in <period>?” 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 temperature in New York City be <greater than/less than/between> <degrees> in <period>?” contract (Contract). The Contract will initially be listed on **November 20, 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:

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

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 temperature in New York City be <greater than/less than/between> <degrees> in <period>?”

Rulebook: NYCHOT

Kalshi Contract Category: Weather/Climate ▾

Heat in NYC

November 20, 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 D), and the Commission's regulations thereunder.

I. Introduction

The “Will the temperature in New York City be <greater than/less than/between> <degrees> in <period>?” Contract is a contract relating to climate change.

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. 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.



By: Xavier Sottile
Title: Head of Markets
Date: November 20, 2024

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 temperature in New York City be <greater than/less than/between> <degrees> in <period>?”

Rulebook: NYCHOT

NYCHOT

Scope: These rules shall apply to this Contract.

Underlying: The Underlying for this Contract is the maximum temperature recorded in <period> published in the National Weather Service's ("NWS") final Daily Climate Report for any given day in <period> at Central Park, New York. Revisions made to the Underlying made after Expiration will not be taken into account.

Instructions: The Daily Climate Report for Central Park, New York can be accessed here: <https://www.weather.gov/wrh/climate?wfo=okx> Click on "Observed Weather". Under "Choose a Location", select "Central Park NY". The Underlying is in the section labeled "Temperature" and "Yesterday" in a column titled "Observed Value" and row titled "Maximum". Temperatures are reported in degrees Fahrenheit. As stated on the NWS website, "These data are preliminary" and "are subject to revision." Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in settling the contract. 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 a Binary Contract.

Issuance: The Contract will be issued on a custom basis.

<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.

<period>: <period> refers to a time period specified by the Exchange.

Payout Criterion: The Payout Criterion encompasses the Expiration Values that are <greater than/less than/between> <degrees> for any date in <period>. 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 is 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>.

Minimum Tick: The Minimum Tick size for the referred Contract shall be \$0.01.

Position Accountability Level: The Position Accountability Level for the \$1 referred Contract shall be 25,000 contracts 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 latest Expiration Date of the Contract shall be one week after <date>. If the final daily climate report is released, then the Expiration Date will be moved up in accordance with Rule 7.2.

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.