

Product Submission by ForecastEx LLC – Pursuant to 17 C.F.R. §§ 40.2

November 27, 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: ForecastEx LLC – CFTC Regulation 40.2(a) Notification Regarding the Initial Listing of “US Senate Majority Forecast Contract”

Dear Mr. Kirkpatrick,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.2(a) of the regulations of the Commodity Futures Trading Commission, ForecastEx LLC (“ForecastEx” or the “Exchange”) hereby notifies the Commission that it is self-certifying the “US Senate Majority Forecast Contract”.

The submission includes:

A concise explanation, analysis and background 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.

The Exchange certifies that this submission (other than those appendices for which confidential treatment has been requested) has been concurrently posted on the Exchange’s website.

Any questions regarding this filing, as well as any notices pursuant to Commission Regulation 40.2, should be directed to the attention of the undersigned at gdeese@forecastex.com or 630-743-9013.

Respectfully submitted,

A handwritten signature in black ink that reads "Graham Deese". The signature is written in a cursive, flowing style.

Graham Deese
ForecastEx Chief Regulatory Officer

Encl. (Appendix A)

cc: David Downey, ForecastEx Chief Executive Officer
Andrew Naughton, ForecastEx Chief Financial Officer

Attachments:

Appendix A - Contract Terms and Conditions

Appendix B (Confidential) – Explanation and Analysis of the Product

Appendix C (Confidential) – Certification that Contracts are not Readily Susceptible to Manipulation

Appendix A – Contract Terms and Conditions

Event Question: Will [political party] win a United States Senate majority in the [year] general election?

Product Code: SENM

Instructions: The US Senate is composed of 100 Senators, two from each state. Every even numbered year, one third of these Senators are up for election. Citizens vote in the general election, with the candidate receiving the majority of votes becoming the Senator-elect. The general election is held on the first Tuesday in November of the election year, unless the first Tuesday is November 1st, in which case the election is held on the second Tuesday. On January 3rd of the year following the election, the US Senate convenes. A list of current Senators is published to Congress.gov the following business day at 7:00 am CT. Congress.gov is the official website of the U.S. Congress. The political party whose members hold more than 50 seats is considered to be “in control” of the Senate. In the event that each political party holds 50 seats, the party which holds the US Presidency is considered to be “in control” of the Senate.

Underlying: The underlying is the political party who wins majority control of the US Senate. Senate majority is determined through the following:

- If a political party has 51 or more Senators, that party will be determined to be the majority party in the US Senate.
- If no political party has 51 or more Senators, a political party with 50 senators, and control of the US Presidency will be determined to be the majority party in the US Senate.
- If no party has 50 Senators and the Presidency, then the political party of the US Senate Majority Leader will be determined to be the majority party.
- If none of the prior three conditions are met, no party will be determined to be in control of the US Senate and the contract will resolve to “No”.

The official list of US Senators at the convening of each Congress is published to Congress.gov the following business day. The list of Senators can be accessed [Here](#). The dropdown menu “Find a Senator” lists all current members of the Senate. The above link is provided for informational purposes only, the US Government may determine to publish list of Senators in a different location at any time. The winner of the US Presidency is certified by Congress on January 6, 2024 and the Senate majority leader is also identified by Congress in the Congressional record.

Source Agency: United States Congress

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

Listing Cycle: ForecastEx will list two expirations of the US Senate Majority Forecast Market at any time. This contract will correspond to the next Congressional Election cycle.

Thresholds: For each contract expiration, one threshold will initially be listed and additional thresholds will be listed at ForecastEx's discretion.

Position Accountability: The position accountability level is 250,000 Forecast Contracts in any one Forecast Market.

Last Trading Time: 11:59:59 PM CT on the trading day preceding Resolution Time.

Payout Criteria: The Settlement Value of each US Senate Majority Forecast Contract is \$1.00 or \$0 depending on the Outcome of the Event Question. If the Outcome of the Event Question is "Yes", then holders of the "Yes" Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the "No" Position will receive \$0.00. If the Outcome of the Event Question is "No", then holders of the "No" Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the "Yes" Position will receive \$0.00.

Resolution Time: 7:00AM CT on January 4th of the year following the general election when list of Senators is published to Congress.gov.

Changes in Resolution Time: The Resolution Time of a Contract is dependent on the method to determine the majority party in the US Senate. If a political party has more than 51 Senators, ForecastEx will use the resolution time listed above. In the event that the date that the Congress convenes is delayed, the publication of the list of Senators to Congress.gov is delayed, or there is ongoing litigation which could change the party holding a majority of seats in the US Senate, ForecastEx will delay the Resolution Time of the Contract until such time as the control of the US Senate is clarified and the list of Senators is published to Congress.gov. In Presidential election years, the Resolution time may be further delayed. In the event that the largest political party has 50 seats, the Resolution Time would be delayed until Congress certifies the winner of the Presidential Election. Additionally, if no party has 50 Senate seats, the Resolution Time will be delayed until the Senate majority leader is chosen post-inauguration. In these events, ForecastEx will release a notice to its website informing Market Participants of the updated resolution times.

Expiration Time: Same as Resolution time.

Settlement Time: Settlement for Resolved US Senate Majority Forecast Contracts will occur after Resolution Time at 1:00 PM CT that same Business Day in accordance with ForecastEx Rule 603(b)(3).

Trading Restrictions: In Accordance with ForecastEx Rule 509, the following Persons are prohibiting from entering Bids or executing Pairs in US Senate Majority Contracts:

- Persons who are not either US Citizens or US Residents within the meaning of Internal Revenue Code (IRC) Section 7701(b)(1)(A).
- Candidates and paid staff on campaigns for US Congress.
- Candidates for any other elected federal or statewide public office.
- The existing US President, including a president not running for re-election, and paid White House Staff.
- Existing Members of Congress and their paid staff.
- Paid employees of national party organizations, including the Republican National Committee and Democratic Congressional Campaign Committee.
- Paid employees of Political Action Committees and “Super PACs”
- Paid employees of major polling organizations. This prohibition does not apply to all employees of an organization that contains a polling division.
- Immediate family members, parents, and other household members of any of the above.
- Any of the above listed institutions themselves.