December 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 <candidate> win the nomination of <political party> for the Mayorship of <city> in <year>?" 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 <candidate> win the nomination of <political party> for the Mayorship of <city> in <year>?" contract (Contract). The Contract will initially be listed on **December 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:

- **<candidate>**
- **<political party>**
- **<city>**
- **<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 <candidate> win the nomination of <political party> for the Mayorship of <city> in <year>?"
Rulebook: MAYORPARTYNOM
Kalshi Contract Category: Political Decision ⌄
December 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 <candidate> win the nomination of <political party> for the Mayorship of <city> in <year>?" Contract is a contract relating to Mayoral races.

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.

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

Attachments:
Appendix A - Contract Terms and Conditions
Appendix B (Confidential) - Trading Prohibitions
Confidential Appendices

APPENDIX A – CONTRACT TERMS AND CONDITIONS

Official Product Name: "Will \<candidate\> win the nomination of \<political party\> for the Mayorship of \<city\> in \<year\>?"
Rulebook: MAYORPARTYNOM

MAYORPARTYNOM

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the identity of the first person who has won the nomination of <political party> pursuant to the <election year> Mayoral election in <city>. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agency is <political party> and *The New York Times*.

Type: The type of Contract is an Event Contract.

Issuance: The Contract will be issued in conjunction with mayoral election cycles.

<election year>: <election year> refers to a specific mayoral election. This variable may in some circumstances be non-numeric. For example, if a second mayoral election were to take place in 2029 as a special election, <election year> might take the value of "2029 special".

<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.

<city>: <city> refers to a municipality specified by the Exchange.

<candidate>: <candidate> refers to a potential or real candidate for office.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that the first person who has won the nomination of <political party> to contest the Mayorship of <city> pursuant to the <election year> election is <candidate>.

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

Position Limit: The Position Limit for the $1 Contract shall be as follows:
- The Position Limit for Individuals and Entities shall be $1,000,000 per strike, per Member
- The Position Limit for Eligible Contract Participants ("ECP") shall be $10,000,000 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 latest Expiration Date of the Contract shall be one year after the end of <year>. If an event described in the Payout Criterion occurs for any person, expiration will be moved to an earlier date and time 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(d) of the Rulebook. If an Expiration Value cannot be determined on the Expiration Date, Kalshi has the right to determine payouts pursuant to Rule 6.3(b) in the Rulebook.