

February 14, 2023

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 – Volume Incentive Program

Dear Sir or Madam,

KalshiEX LLC (Kalshi) hereby notifies the Commodity Futures Trading Commission (“CFTC”) that it plans to implement the Volume Incentive Program (“Program”). The Program will become effective upon the conclusion of the review period under section 5c(c)(2) of the CEA and CFTC Regulation 40.6, which the Exchange anticipates will be March 1, 2023. The Program will incentivize trading and increase volume and enhance pricing efficiency on Kalshi, and is designed to promote participation by Kalshi members. The terms and conditions of the Program are set forth in Appendix A, which contains redactions pursuant to CFTC Regulations 40.8 and 145.9, and an analysis is set forth in Appendix B, which has been filed pursuant to CFTC Regulations 40.8 and 145.9.

Compliance with Core Principles

Kalshi has concluded that the adoption of the Program is not inconsistent with the CEA and the CFTC’s regulations. The following Core Principles most directly pertain to the Program: **Core Principle 2- Compliance with Rules; Core Principle 4 - Prevention of Market Disruption; Core Principle 7 - Availability of General Information; Core Principle 9 – Execution of Transactions; Core Principle 12 - Protection of Markets and Market Participants; Core Principle 18 – Recordkeeping; Core Principle 21, Financial Resources.**

The Program is established pursuant to Kalshi Rule 3.6(f) which allows Kalshi to create programs that provide incentives to Participants that encourage trading. The Program does not impact Kalshi’s ability to perform its trade practice and market surveillance obligations under the CEA, and Kalshi staff will continue to monitor for manipulative trading and market abuse,

including trading by participants in the Program. Additionally, Kalshi's systems will track Program participants' volume to ensure proper distribution of earned incentives. The Program does not impact the Exchange's order execution. The eligibility criteria for the Program are set forth in Appendix A, and are non-discriminatory and are designed to encourage wide participation. Notification of the filing is posted to Kalshi's website. Chapter 5 of the Kalshi's Rulebook includes prohibitions against fraudulent, non-competitive, unfair or abusive practices, all of which apply to trading under the Program. Kalshi will keep records of participation in the Program. Finally, the Program will not negatively impact Kalshi's satisfaction of the financial resources requirements.

Accordingly, Kalshi certifies that the rule amendments comply with the Commodity Exchange Act and Regulations thereunder, and a notice of pending certification with the Commission and a copy of the submission, concurrent with the filing of a submission with the Commission, was posted on the Kalshi's website. Kalshi is not aware of any opposing views to the implementation of the Program.

Please note that Appendix B is confidential and submitted under a request for confidential FOIA treatment as noted on the attached FOIA confidential treatment request letter.

If you have any questions or comments or require further information, please do not hesitate to contact me.

Sincerely,
Elie Mishory
Chief Regulatory Officer
KalshiEX LLC
emishory@kalshi.com

Enclosures:

Appendix A - Program's terms and conditions, unredacted

Appendix A - Program's terms and conditions, redacted

Appendix B - Confidential analyses of the Program

Detailed written justification for FOIA confidential treatment request

Appendix A - Program Terms and Conditions [REDACTED]

Program Purpose

The purpose of this Program is to increase volume and liquidity on the central limit order book. More volume and liquidity on the central limit order book benefits all participants in the marketplace.

Program Scope

The program applies to all Kalshi markets.

Eligible Participants

All Kalshi members are eligible to participate in the Program.

Program Terms

[REDACTED]

Monitoring and Termination of Status

Kalshi shall monitor trading activity and participants' performance and shall retain the right to revoke participant status if Kalshi's Chief Regulatory Officer concludes from review that a participant's participation in the program is abusive or in any way inconsistent with the purpose of the Program.