

April 26, 2023

**SUBMITTED VIA CFTC PORTAL**

Secretary of the Commission  
Office of the Secretariat  
U.S. Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: KalshiEX LLC – CFTC Regulation 40.6 Notification Regarding the Amendment of the “Will average gas prices be higher than <price>?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6 of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the “Will average gas prices be higher than <price>?” contract (Contract).

This filing is a straightforward modification of Kalshi’s previous “Will average gas prices be higher than <price>?” contract. The changes are as follows:

- The Contract’s Expiration time was changed from 10:00 AM ET after <date> to be the sooner of the first 5:00 PM or 6:00 PM ET following the data release in order to reduce settlement times for Members.
- The Contract’s Expiration Date was changed to reflect this.

Along with this letter, Kalshi submits the following documents:

- A clean copy of the amended Contract; and
- A redline showing the changes to Appendix A, the product rules and terms and conditions of the contract.

If you have any questions, please do not hesitate to contact me.

Sincerely,

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

KalshiEX LLC

Official Product Name: Will average gas prices be higher than <price>?

Ticker: GAS

Kalshi Contract Category: Economic/Demographic measure – U.S. Data

Gas prices

April 26, 2023

## **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, and the Commission's regulations thereunder.

### **I. Introduction**

The “Will average gas prices be higher than <price>?” Contract is a contract relating to the average gas price for a given week. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange’s application for designation as a Contract Market (“DCM”) that was approved by the Commission.

Gas prices are a major expense for hundreds of millions of Americans, and a core input into the prices of many other goods and services, such as food and heating. This contract is designed to hedge against an increase in prices of gasoline.

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 binary 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. The Exchange has further imposed position

limits (defined as maximum loss exposure) of \$25,000 USD on the Contract. 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 are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website. 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. After trading on the Contract has closed, the Expiration Value and Market Outcome are determined. 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 the price of gas for the week ending <date> is above <price>, 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](mailto:ProductFilings@kalshi.com).

*Eliezer Mishory*

By: Eliezer Mishory

Title: Chief Regulatory Officer

Date: April 26, 2023

**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**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: Will average gas prices be higher than <price>?**

**Ticker and Rulebook: GAS**

## GAS

**Scope:** These rules shall apply to this contract.

**Underlying:** The Underlying for this Contract is the price per gallon in the United States for All Grades - Conventional Areas for the week ending <date> according to the Weekly Retail Gasoline and Diesel Prices table published by the Energy Information Administration. Revisions after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** The data is available at [https://www.eia.gov/dnav/pet/PET\\_PRI\\_GND\\_DCUS\\_NUS\\_W.htm](https://www.eia.gov/dnav/pet/PET_PRI_GND_DCUS_NUS_W.htm) and contained in the “Weekly Retail Gasoline and Diesel Prices” table . Make sure “Area” is set to “U.S.” and “Period” is set to “Weekly”. These instructions on how to access the Underlying 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.

**Source Agency:** The Source Agency is the Energy Information Administration (“EIA”).

**Type:** The type of Contract is a Binary Contract.

**Issuance:** The Contract is based on the outcome of a recurrent data release, which is issued on a weekly basis. Thus, Contract iterations will be issued on a recurring basis, and after the initial Contract, iterations will generally be posted each week and correspond to the next week. The Exchange will also issue longer-dated contracts out in order to facilitate longer-term hedging. This schedule is elucidated further in the introductory letter.

**Price:** Kalshi may list iterations of the contract with <price> levels that fall within an inclusive range between a maximum value of 50 and a minimum value of 0 at consecutive increments of 0.001. Due to the potential for variability in the Underlying, the Exchange may modify <price> levels in response to suggestions by Members.

**<date>:** <date> refers to a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>.

**<expo\_date>:** <expo\_date> refers to a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <expo\_date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly greater than <price>.

**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 \$25,000 per Member.

**Last Trading Date:** The Last Trading Date of the Contract will be on the day of the expected release of the data, which (excluding holidays) are generally on Mondays and corresponding to <date>. The Last Trading Time shall be 4:59 PM.

**Settlement Date:** The Settlement Date of the initial iteration 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 first 5:00 PM or 6:00 PM ET following the data release for <date>, or <expo\_date>.

**Expiration time:** The Expiration time of the Contract shall be the sooner of the first 5:00 PM or 6:00 PM ET following the data release for <date>.

**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. If data for the week ending <date> is not reported by <expo\_date>, then the Expiration Value is zero.

**Contingencies:** Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading.



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**Instructions:** The data is available at [https://www.eia.gov/dnav/pet/PET\\_PRI\\_GND\\_DCUS\\_NUS\\_W.htm](https://www.eia.gov/dnav/pet/PET_PRI_GND_DCUS_NUS_W.htm) and contained in the “Weekly Retail Gasoline and Diesel Prices” table . Make sure “Area” is set to “U.S.” and “Period” is set to “Weekly”. These instructions on how to access the Underlying 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.

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**Settlement Date:** The Settlement Date of the initial iteration 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 first ~~10:00 AM ET~~ **5:00 PM or 6:00 PM ET** following the data release for <date>, or <expo\_date>.

**Expiration time:** The Expiration time of the ~~initial Contract iteration~~ shall be ~~10~~ **the sooner of the first 5:00 APM or 6:00 PM ET** following the data release for <date>.

**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. If data for the week ending <date> is not reported by <expo\_date>, then the Expiration Value is zero.

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