April 26, 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 – CFTC Regulation 40.6 Notification Regarding the Amendment of
the "Will USD/JPY be <above/below/between> <count>?" 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 USD/JPY be <above/below/between> <count>?" contract (Contract).

This contract is a straight-forward modification to the previous "Will USD/JPY be
<above/below/between> <count>?" contract. The changes are as follows:
1. The Expiration Time was changed from one hour after <time> to <time>.

Along with this letter, Kalshi submitted 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 USD/JPY be <above/below/between> <count>?
Ticker: USDJPY
Kalshi Contract Category: Economic/Demographic Measure -- Non-U.S. Government
USD/JPY
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 USD/JPY be <above/below/between> <count>?" Contract is a contract relating to the reported value of the U.S. dollar's exchange rate with the Japanese yen by Intercontinental Exchange ("ICE"). 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.

The foreign exchange rate of the U.S. dollar to the yen is a highly salient issue to contemporary businesses. ICE is one of the pre-eminent suppliers of public data on the over-the-counter spot exchange rate, critical to making business, investment, and hedging decisions by firms and especially by retail. Modern firms produce goods and services with incredibly complex supply chains, often across dozens of different countries. USD/JPY is one of the so-called 'majors', a set of the most highly traded currencies.

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 USD/JPY is <above/below/between> <count> at <time> for <date>, 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.

Eliezer Mishory

By: Eliezer Mishory
Title: Chief Regulatory Officer
Date: April 26, 2023

<u>Attachments:</u>

Appendix A - Contract Terms and Conditions

Appendix B (Confidential) - Further Considerations

Appendix C (Confidential) - Source Agency

Appendix D (Confidential) - Compliance with Core Principles

Appendix E (Confidential) - Agreement with ICE Data Services

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: Will USD/JPY be <above/below/between> <count>?
Rulebook: USDJPY

USDJPY

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the open USD/JPY price at \<time\> for \<date\> according to Intercontinental Exchange ("ICE"). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: ICE's real-time data on currency ratios can be accessed at a variety of public sources, including here. 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 ICE.

Type: The type of Contract is an Event Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a real-time basis. Thus, the Contract will be issued on a daily basis.

\<count\>: Kalshi may list iterations of the Contract with \<count\> at consecutive increments of 0.00001. Due to the potential for variability in the Underlying, the Exchange may modify \<count\> 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 variations of \<date\>.

\<time\>: \<time\> refers to a time of day specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different variations of \<time\>. \<time\> will be measured in Eastern Time (ET) and refer to a set of hours, minutes, seconds, and milliseconds.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that are \<above/below/between\> \<count\>. If no data is available on the Expiration Date at the Expiration Time, then the market resolves to No. If the value of \<above/below/between\> is "between", then \<count\> shall be a pair of numbers, and an Expiration Value that is greater than or equal to the lower value of the percent pair and less than or equal to the greater value of the percent pair are encompassed in the Payout Criterion.

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 <date>. The Last Trading Time will be <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 Expiration Date of the Contract shall be the sooner of the first date that the data has been released or one week following <date>.

Expiration time: The Expiration time of the Contract shall be <time>.

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. 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.

USDJPY

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the open USD/JPY price at <time> for <date> according to Intercontinental Exchange ("ICE"). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: ICE's real-time data on currency ratios can be accessed at a variety of public sources, including here. 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 ICE.

Type: The type of Contract is an Event Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a real-time basis. Thus, the Contract will be issued on a daily basis.

<count>: Kalshi may list iterations of the Contract with <count> at consecutive increments of 0.00001. Due to the potential for variability in the Underlying, the Exchange may modify <count> 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 variations of <date>.

<time>: <time> refers to a time of day specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different variations of <time>. <time> will be measured in Eastern Time (ET) and refer to a set of hours, minutes, seconds, and milliseconds.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that are <above/below/between> <count>. If no data is available on the Expiration Date at the Expiration Time, then the market resolves to No. If the value of <above/below/between> is "between", then <count> shall be a pair of numbers, and an Expiration Value that is greater than or equal to the lower value of the percent pair and less than or equal to the greater value of the percent pair are encompassed in the Payout Criterion.

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Expiration Date: The Expiration Date of the Contract shall be the sooner of the first date that the data has been released or one week following <date>.

Expiration time: The Expiration time of the Contract shall be ~~one hour after~~ <time>.

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. 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.