

August 1, 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

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 <nominee> win <award> at the Oscars?” contract (Contract).

This contract is a straight-forward modification to the previous “Will <nominee> win <award> at the Oscars?” contract. The changes are as follows:

1. The <nominee> strike has been changed to permit listing potential nominees before official nominations have been released by the Academy. This was done to facilitate price discovery and risk mitigation functions prior to the release of the official list of nominees, which occurs shortly before the ceremony.

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,

Xavier Sottile  
Head of Markets  
KalshiEX LLC  
xsottile@kalshi.com

KalshiEX LLC

Official Product Name: Will <nominee> win <award> at the Oscars?

Rulebook: OSCARS

Kalshi Contract Category: Entertainment/Popular Culture

Oscar Winners

August 1, 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 <nominee> win <award> at the Oscars?” Contract is a contract relating to the outcomes of the Academy Awards. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the Contract complies with its vetting framework.

The Academy Awards, colloquially referred to as the Oscars, are industry awards for the film industry. The ceremony presenting the awards, typically held in late February or early March, is one of the most viewed television events in the United States, with almost ten million viewers in 2020.<sup>1</sup>

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

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<sup>1</sup><https://www.latimes.com/entertainment-arts/business/story/2021-04-26/oscars-telecast-draws-record-low-viewers-a-bc#:~:text=ABC's%20telecast%20of%20the%20Oscars,2020%20with%2023.6%20million%20viewers.>

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. Changes to the Source Agency can be made via a Part 40 contract amendment. 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 <nominee> has won <award> at the <number> Academy Awards ceremony, 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).



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By: Xavier Sottile  
Title: Head of Markets  
Date: August 1, 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 <nominee> win <award> at the Oscars?**

**Rulebook: OSCARS**

## OSCARS

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

**Underlying:** The Underlying for this Contract is award winners at the <number> Academy Awards according to the website of the Oscars. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** Nominees and winners are available at the website of the Oscars, available here: <https://www.oscars.org/oscars>. 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 Academy of Motion Picture Arts and Sciences.

**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 an annual basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next year.

**<award>:** Kalshi may list iterations of the Contract with <award> values corresponding to award categories offered at the Academy Awards.

**<nominee>:** Kalshi may list iterations of the Contract with <nominee> values corresponding to potential and announced nominees for a particular award. Kalshi will source potential nominees from major trade publications such as *Deadline* and *The Hollywood Reporter*. For example, in response to an article such as [this](#) one by *New York Magazine*, the Exchange could list strikes for “Barbie” and “Oppenheimer”.<sup>2</sup>

**<number>:** Kalshi may list iterations of the Contract with <number> values corresponding to a particular Academy Awards ceremony.

**<expo\_date>:** <expo\_date> refers to a calendar date specified by Kalshi.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that <nominee> won <award>. If no data is available from the Source Agency on the Expiration Date, then the market will resolve to No.

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<sup>2</sup> <https://www.vulture.com/2023/07/barbie-and-oppenheimers-oscar-chances-explained.html>

**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 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 Expiration Date of the Contract shall be the sooner of the date of the first 10:00 AM following the release of the winners for <number> Academy Awards ceremony, or <expo\_date>.

**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(c) of the Rulebook.



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**<nominee>:** Kalshi may list iterations of the Contract with <nominee> values corresponding to ~~the nominees listed by the Academy of Motion Picture Arts and Sciences. Nominations are announced several weeks before the ceremony; for example, in 2022, the nominees are scheduled to be announced on February 8, 2022.~~ **potential and announced nominees for a particular award. Kalshi will source potential nominees from major trade publications such as *Deadline* and *The Hollywood Reporter*. For example, in response to an article such as [this](#) one by *New York Magazine*, the Exchange could list strikes for “Barbie” and “Oppenheimer”.**<sup>1</sup>

**<number>:** Kalshi may list iterations of the Contract with <number> values corresponding to a particular Academy Awards ceremony.

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**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that <nominee> won <award>. If no data is available from the Source Agency on the Expiration Date, then the market will resolve to No.

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