April 23, 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 the CEO of NPR leave before <date>?” 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) hereby notifies the Commission that it is self-certifying the “Will the CEO of NPR leave before <date>?” contract (Contract). The Exchange intends to list the contract on a custom basis. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

* **<date>** (the target date)

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 the CEO of NPR leave before <date>?**

**Rulebook: NPRCEOCHANGE**

**Kalshi Contract Category: Entertainment/Pop Culture**

**New NPR CEO**

**April 23, 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, and the Commission's regulations thereunder.

## Introduction

The “Will the CEO of NPR leave before <date>?” Contract is a contract relating to whether Katherine Maher will leave her position as CEO of National Public Radio. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the Contract complies with its vetting framework.

NPR has come under recent political criticism after senior editor Uri Berliner resigned, publishing an essay critical to the organization’s management. Consequently, several Congressional conservatives have proposed bills to defund it.

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. 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. The Source Agency may be changed 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. 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 it has been announced that NPR’s CEO has left after Issuance and before <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.



\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By: Xavier Sottile

Title: Head of Markets

Date: April 23, 2024

# 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

**Official Product Name: Will the CEO of NPR leave before <date>?**

**Rulebook: NPRCEOCHANGE**

**NPRCEOCHANGE**

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

**Underlying:** The Underlying for this Contract is releases from NPR after Issuance and before <date>. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** NPR press releases are available [here](https://www.npr.org/about/). 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 NPR.

**Type:** The type of Contract is an Event Contract.

**Issuance:** After the initial Contract, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of 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>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that NPR’s current CEO (as of Issuance) has departed. An announcement is not sufficient to be encompassed by the Payout Criterion; the CEO must actually have left the position.

**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 strike, 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 ET following the occurrence of an event that is encompassed in the Payout Criterion or <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.

# APPENDIX B (CONFIDENTIAL) – FURTHER CONSIDERATIONS

**Risk mitigation purpose of the Contract:** The implications of the CEO of NPR (currently Katherine Maher) changing are large for many groups and industries. The conduct of the current CEO, Katherine Meher, has come under political fire recently. Her leaving could be a major boon for the organization by delaying or ending attempts by conservatives to defund NPR, creating large hedging opportunities for radio stations, radio employees, and more. Public funding makes up roughly one third of NPR’s operational budget.[[1]](#footnote-0) According to *The New York Times*,

Katherine Maher, the chief executive of NPR, is facing online criticism for years-old social media posts criticizing former President Donald J. Trump and embracing liberal causes.

The posts, published on the social media platform Twitter, which is now called X, were written before she was named chief executive of NPR in January. They resurfaced this week after an essay by an NPR staff member who argued that the broadcaster’s leaders had allowed liberal bias to taint its coverage.

“Also, Donald Trump is a racist,” read one of Ms. Maher’s posts in 2018, which has since been deleted. Another post, from November 2020, shows Ms. Maher wearing a hat with the logo for the Biden presidential campaign.

“Had a dream where Kamala and I were on a road trip in an unspecified location, sampling and comparing nuts and baklava from roadside stands,” Ms. Maher wrote, an apparent reference to Vice President Kamala Harris. “Woke up very hungry.”...

Much of the discussion about the posts has emanated from conservative critics after the publication of an opinion column in The Free Press, a popular Substack publication. In the column, Uri Berliner, a senior business editor at NPR, said that “people at every level of NPR have comfortably coalesced around the progressive worldview.”

Mr. Berliner’s essay stunned his co-workers, who were unaccustomed to seeing NPR’s journalism excoriated by a long-serving editor. The essay was addressed internally at a lunch with Ms. Maher and the hosts of NPR’s popular programs, including “All Things Considered,” and more than a half-hour of a “Morning Edition” meeting was occupied by a discussion of Mr. Berliner’s criticisms.

When Donald Trump was in office, he threatened to defund NPR and PBS, potentially impacting a number of different groups. Again from *The Times*,

Public Broadcasters Fear ‘Collapse’ if U.S. Drops Support

Public radio and television broadcasters are girding for battle after the Trump administration proposed a drastic cutback that they have long dreaded: the defunding of the Corporation for Public Broadcasting.

The potential elimination of about $445 million in annual funding, which helps local TV and radio stations subscribe to NPR and Public Broadcasting Service programming, could be devastating for affiliates in smaller markets that already operate on a shoestring budget.

Patricia Harrison, the corporation’s president, warned in a statement on Thursday that the Trump budget proposal, if enacted, could cause “the collapse of the public media system itself.”

But the power players in public broadcasting — big-city staples like WNYC in New York City — would be well-equipped to weather any cuts. Major stations typically receive only a sliver of their annual budget from the federal government, thanks to listener contributions and corporate underwriters. Podcasts and other digital offshoots have also become significant sources of revenue.

Rural affiliates, however, rely more heavily on congressional largess, which can make up as much as 35 percent of their budgets. Mark Vogelzang, president of Maine Public, called the Trump proposal “the most serious threat to our federal funding” since he started in public broadcasting 37 years ago.

“We’re always living on the edge in this ecosystem of public broadcasting,” Mr. Vogelzang said in an interview.

The Corporation for Public Broadcasting supports about 1,500 stations that carry a range of educational, journalistic and arts-related programming. The corporation dates to the administration of President Lyndon Johnson. Its funding, while a minuscule part of the federal budget, has been under regular peril since the 1970s from conservative lawmakers, who often denounce what they view as the liberal bent of public media.

Jay H. Pearce, the chief executive of WVIK-FM in Rock Island, Ill., which receives about 15 percent of its budget from the federal government, said he was also concerned about problems with raising money. He pointed to broader cuts under consideration for federal arts and humanities financing, noting that many groups would have to compete against one another for private contributions to make up the difference.

“This year, everybody might rally, we might find the money,” Mr. Pearce said. “But what will happen next year, and the year after?”

Executives in public broadcasting were on alert since early this year, when rumors of major cuts began circulating, and on Thursday they did not hesitate to fire back. Their top talking point: “$1.35 per citizen,” an approximation of the annual cost to each American for providing a spectrum of public-interest shows.

“It’s not like cutting this would have any appreciable effect on any taxpayer across the country, but losing PBS would,” Neal Shapiro, president of WNET in New York, said in an interview. “In a lot of markets, the only place for real in-depth local coverage is the PBS station, the only place for arts and culture, the only place for safe harbor for kids.”

Ira Glass, host of “This American Life,” which does not receive any federal money, said, “Big stations in big cities will certainly be fine, especially in blue cities, where listeners will surely step up to replace any money that goes away.”

But the proposed cuts, Mr. Glass added in an email, could make it far more difficult for producers to begin ambitious new national programming. “If you’re starting a new news program, or anything with a public service mission,” he wrote, “C.P.B. is pretty much still the only game in town.”

Mr. Shapiro, of WNET, said city affiliates would eventually be hurt as much as rural stations. “If the beach washes out, the little houses go first,” he said, “but then the big houses go after that.”[[2]](#footnote-1)

**Price basing/price discovery utility of the Contract:** The Contract’s price represents a market-based probability that NPR will change its CEO. This could be used to help price:

* Equities of competitors, like *The New York Times* podcast “The Daily”
* The cost of advertising on NPR and other public broadcast stations

As described in detail above, the Contract has important risk mitigation and price basing/price discovery utility. The Contract does not relate to the enumerated categories of contracts listed in Section 5c(c)(i) of the Act. Additionally, the Exchange has not determined such contracts to be contrary to the public interest and there has been no determination by the Commission that such contracts would be contrary to the public interest. The Contract provides a means for managing and assuming price risks, discovering prices, and disseminating price information on the Exchange’s fair and financially secure trading facility.

The Contract has bona fide risk mitigation and price basing utility for participants with underlying economic exposure, as described above. The Contract is not merely recreational, as the discussion of risk mitigation and price basing/price discovery utility demonstrates. The outcome of the Contract is not predominantly determined by chance and depends on a variety of factors. Finally, it is possible for traders to use skill and effort to gain knowledge and information about the likelihood of the event. For example, traders can gain information about the likelihood of the event by following communications from NPR.

#

# APPENDIX C (CONFIDENTIAL) – SOURCE AGENCY

#

The information which is used to determine the Expiration Value of the Contract is published by NPR. NPR is the direct source on the Underlying event, and as a result, has a large incentive to be truthful and accurate in their release. They also in the past have consistently and always made releases about a change in the CEO position. As described in Appendix B, the impact of a new CEO would be dramatic for many businesses outside of just NPR itself, creating a disincentive against inaccurate information being provided at any time. NPR has no history of publishing inaccurate information. The announcement of a new CEO would be a major event for the firm, meaning there would be many layers of checks to prevent any mistake. Any mistake would be swiftly corrected and replaced.

#

# APPENDIX D (CONFIDENTIAL) – COMPLIANCE WITH CORE PRINCIPLES

## Compliance with Core Principles

The Exchange has conducted a comprehensive analysis of the designated contract market core principles (“Core Principles”) as set forth in Part 38 of the Act. The Core Principles relevant to the Contract are outlined and discussed in further detail below:

**Core Principle 2 - Compliance with Rules and Impartial Access:** The Exchange has adopted the Rulebook, which provides the requirements for accessing and trading on the Exchange. Pursuant to Chapter 3 of the Rulebook, Members must utilize the Exchange’s services in a responsible manner, comply with the rules of the Rulebook (“Rules”), cooperate with Exchange investigations, inquiries, audits, examinations and proceedings, and observe high standards of integrity, market conduct, commercial honor, fair dealing, and equitable principles of trade. Chapter 3 of the Rulebook also provides clear and transparent access criteria and requirements for Exchange Members. Trading the Contract will be subject to all the rules established in the Rulebook, which are aimed at enforcing market integrity and customer protection.

In particular, Chapter 5 of the Rulebook sets forth the Exchange’s Prohibited Transactions and Activities and specifically prescribes the methods by which Members trade contracts, including the Contract. Pursuant to Rule 3.2, the Exchange has the right to inspect Members and is required to provide information concerning its business, as well as contracts executed on the Exchange and in related markets. Chapter 9 of the Rulebook sets forth the Exchange’s Discipline and Rule Enforcement regime. Pursuant to Rule 9.2, each Member is required to cooperate with an Exchange investigation by making their books and records available to the Exchange. The Exchange’s Market Regulation Department performs trade practice surveillance, market surveillance, and real-time market monitoring to ensure that Members adhere to the Rules of the Exchange. The Market Surveillance Department reserves the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

Core Principle 2 also stipulates that an exchange shall establish means to provide market participants with impartial access to the market. Chapter 3 of the Rulebook, and Rule 3.1 in particular, provides clear and transparent access criteria and requirements for Members. The Exchange will apply access criteria in an impartial manner, including through the application process described in Rule 3.1.

**Core Principle 3 - Contract not Readily Subject to Manipulation:**

Core Principle 3 and Rule 38.200 provide that a DCM shall not list for trading contracts that are readily susceptible to manipulation. The Exchange’s marketplace and contracts, including this Contract, have been designed in accordance with this fundamental principle. The Exchange maintains various safeguards against outcome manipulation and other forms of manipulation, including, (i) automatic trade surveillance and suspicious behavior detection, (ii) Rulebook prohibition, Member certification, and notification, (iii) Member monitoring and know-your-customer verification, and (iv) sanctions. These safeguards render the Contract not readily susceptible to manipulation.

(i) **Automatic trade surveillance and suspicious behavior detection**: The Exchange’s trade monitoring and market surveillance systems compute statistics using information from all trades that occur on the Exchange over a range of timeframes, ranging from per trade to the full history of trading activity. These statistics are geared towards identifying unusual trading activity and outlier behaviors. If the trade monitoring and market surveillance system identifies behavior deemed to be unusual, the Exchange’s compliance personnel have the ability to investigate and determine applicable sanctions, including limits to or suspension of a Member’s access to the Exchange.

(ii) **Rulebook prohibition, member certification and notification:** The Exchange’s Rulebook includes various provisions that prohibit manipulative behaviors. As noted above in the discussion of Core Principle 2, the Exchange’s Rulebook gives the Exchange the authority to investigate potential violations of its rules. Pursuant to Rule 3.2, the Exchange has the right to inspect Members’ books and records, as well as contracts executed on the Exchange and in related markets. Pursuant to Rule 9.2, each member is required to cooperate with an Exchange investigation by making their books and records available to the Exchange for investigation. The Exchange’s Market Regulation Department performs trade practice surveillance, market surveillance, and real-time market monitoring to ensure that Members adhere to the Exchange’s rules. The Rulebook also imposes sanctions on Members who break rules. Potential penalties include fines, disgorgement, and revocation of membership in Kalshi. Only Members are allowed to trade on the Exchange, and the Exchange requires its Members to strictly comply with the Rulebook. Members cannot complete the account creation process and trade on the Exchange until they certify that they have read the Exchange’s rules and agree to be bound by them.

In addition, the Exchange requires applicants for membership to represent and covenant that the applicant will not trade on any contract where they have access to material non-public information, may exert influence on the market outcome, or are an employee or affiliate of the Source Agency. In order to further reduce the potential for manipulation, the Exchange maintains a dedicated page on the trading portal that lists all the source agencies and their associated contracts, together with a warning that employees of those companies, persons with access to material non-public information, and persons with an ability to exert influence on the underlying of a contract are prohibited from trading on those contracts. This page is intended to serve as an effective means of raising Members’ awareness of these rules and prohibitions, further reducing the potential for manipulation. Similarly, the Exchange places a prominent notice on each contract page that notifies Members of the prohibition on trading the Contract while employed by its Source Agency, trading the Contract on the basis of non-public information, and trading the Contract while having the ability to exert influence on the Contract’s Market Outcome.

(iii) **Member monitoring and know-your-customer verification (“KYC”)**: The Exchange has a robust KYC process. The KYC process is an important tool that helps flag and uncover higher risk traders before they become Members of the platform. The Exchange’s KYC process leverages technology to develop a clear and proper understanding of its members, and the various risks they may pose with respect to market integrity and fairness, including manipulation. During the application process, applicants are required to share personally identifiable information, such as their full legal name, identification number, date of birth, and address with the Exchange. Applicant information is run through a comprehensive set of databases that are actively compiled and maintained by an independent third party. The databases are utilized by the Exchange to identify applicants that are employees or affiliates of various governments and other agencies. Moreover, the databases can identify known close relatives and associates of such people as well. Applicants that are flagged go through enhanced due diligence, including manual review, as part of the onboarding process.

Additionally, as part of the KYC process, the Exchange runs applicants through adverse media databases. The adverse media dataset is a real-time structured data feed of companies and individuals subject to adverse media. Monitoring thousands of news sources, business and trade journals, in addition to local, regional and national newspapers, the adverse media feed isolates and highlights any entities or individuals subject to a range of adverse media. The Exchange utilizes the database to trigger enhanced due diligence, because applicants with adverse media may be more likely to engage in certain types of unlawful activity including market manipulation.

The Exchange engages in active and continuing KYC checks. The KYC checks are initially performed upon application, and the Exchange then monitors its Members on an ongoing basis by running member information through the KYC databases. If material new information concerning an existing Member is at some point added to a database, the Exchange’s system will flag the Member even if the cause for the flag was not extant at the time of the Member’s application. That Member will then go through enhanced due diligence.

(iv) **Sanctions**: Exchange Members must agree to the terms and conditions of the Exchange’s Rulebook before being allowed to trade. As a result, Members are subject to disciplinary actions and fines for engaging in improper market conduct that is prohibited by the Exchange’s Rulebook. In the event that suspicious trading activity is detected and results in an investigation initiated by the Exchange, market participants are required to provide the Exchange with information relevant to the scope of the investigation under Rule 3.2. Chapter 9 of the Exchange’s Rulebook details the process for discipline and rule enforcement. Disciplinary action can range from a letter of warning to fines to referral to governmental authorities that can result in criminal prosecution.

In addition to these global policies and safeguards, there are a number of contract specific attributes and considerations that render the Contract not readily susceptible to manipulation.

The Contract’s outcome is not readily manipulable, nor is the Contract’s price readily manipulable by actors who might hold material nonpublic information. The number of actors who control the Contract’s outcome is very small. It is chiefly decided by the CEO of NPR and his Board of Directors. These individuals are well-known and are prohibited from trading on the Contract. If this group was to change while the Contract was live, additional individuals would be added to that prohibition. For their decision, the Board is also far more likely to consider the large impact of his decision on the firm itself, rather than the Contract (especially given its $25,000 position limit). Given the extraordinarily small number of individuals involved with this decision, and the likelihood of that person being able to trade on the Contract, the Contract is not readily susceptible to any form of manipulation.

Moreover, the Exchange has taken particular steps in order to minimize the risk of trading on material nonpublic information. The Exchange will require members to affirm that the member does not hold material nonpublic information on matters related to the Underlying event prior to trading on the Contract. In addition, the Exchange actively monitors trading patterns and market participant behaviors, and has also informally consulted with members of the Financial Industry Regulatory Authority on this matter in order to optimize its anti-manipulation detection. If the Exchange’s surveillance personnel detect indications that a member is trading on the basis of material non-public information, the surveillance staff will investigate the member including the collection and reference of employment information. The Exchange will also engage in additional surveillance measures, including checks into the identity and associations of the top 5% of traders in the Contract (measured both by return on investment and total return) as well as random checks of other traders.

**Core Principle 4 - Prevention of Market Disruption:** Trading in the Contracts will be subject to the Rules of the Exchange, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. Trading activity in the Contract will be subject to monitoring and surveillance by the Exchange’s Market Surveillance Department. In particular, the Exchange’s trade surveillance system monitors the trading on the Exchange to detect and prevent activities that threaten market integrity and market fairness including manipulation, price distortion, and disruptions of the settlement process. The Exchange also performs real-time market surveillance. The Exchange sets position limits, maintains both a trade practice and market surveillance program to monitor for market abuses, including manipulation, and has disciplinary procedures for violations of the Rulebook.

**Core Principles 7 and 8 - Availability of General Information and Daily Publication of Trading Information:** Core Principles 7 and 8, implemented by Regulations Sections Subsections 38.400, 38.401, 38.450, and 38.451, require a DCM to make available to the public accurate information regarding the contract terms and conditions, daily information on contracts such as settlement price, volume, open interest, and opening and closing ranges, the rules, regulations, and mechanisms for executing transactions on or through the facilities of the contract market, and the rules and specifications describing the operation of the contract market's electronic matching platform.

Rule 2.17 of the Rulebook sets forth the rules for publicizing information. The Rulebook and the specifications of each contract are made public on the Exchange website and remain accessible via the platform. The Exchange will post non-confidential materials associated with regulatory filings, including the Rulebook, at the time the Exchange submits such filings to the Commission. Consistent with Rule 2.17 of the Rulebook, the Exchange website will publish contract specifications, terms, and conditions, as well as daily trading volume and open interest for the Contract. Each contract has a dedicated “Market Page” on the Kalshi Exchange platform, which will contain the information described above as well as a link to the Underlying used to determine the Expiration Value of the Contract. Chapter 5 sets forth the rules, regulations and mechanisms for executing transactions, and the rules and specifications for Kalshi’s trading systems.

**Core Principle 11 - Financial Integrity of Transactions:** Each Member must be in good standing and in compliance with the Member eligibility standards set forth in Chapter 3 of the Rulebook. All contracts offered by the Exchange, including the Contract, are cleared through the Clearinghouse, a Derivatives Clearing Organization (“DCO”) registered with the CFTC and subject to all CFTC Regulations related thereto. The Exchange requires that all trading be fully cash collateralized. As a result, no margin or leverage is permitted, and accounts must be pre-funded. The protection of customer funds is monitored by the Exchange and ensured by the Clearinghouse as “Member Property.”

**All Remaining Requirements:** All remaining Core Principles are satisfied through operation of the Exchange’s Rules, processes, and policies applicable to the other contracts traded thereon. Nothing in this contract requires any change from current rules, policies, or operational processes.

1. https://thehill.com/opinion/campaign/3950550-the-truth-about-nprs-funding-and-its-possible-future/ [↑](#footnote-ref-0)
2. https://www.nytimes.com/2017/03/16/business/media/corporation-for-public-broadcasting-cuts.html [↑](#footnote-ref-1)