September 18, 2026

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

Listing of Security Futures Product

Re: KalshiEX LLC—Commission Regulations 40.3(a) and 41.23(b), Voluntary submission of new security futures products for Commission review and approval regarding the Initial Listing of Perpetual SFPs on the Underlying Securities Identified in the Schedule of Contracts (Appendix A)

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act (the "Act" or "CEA") and Regulations 40.3(a) and 41.23(b) of the Commodity Futures Trading Commission (the "Commission" or "CFTC"), KalshiEX LLC ("Kalshi" or the "Exchange"), a designated contract market ("DCM") registered with the Commission, hereby voluntarily submits the perpetual security futures contracts ("Perpetual SFPs") identified in the Schedule of Contracts set forth in Appendix A (each, a "Contract" and, collectively, the "Contracts"), each of which is a security futures product on a single equity security (each, an "Underlying Security"), for Commission review and approval. The Contracts share a single set of terms and conditions, set forth in Appendix A, and differ from one another only in the Underlying Security to which each refers and in the Minimum Unit of trading, each as specified in the Schedule of Contracts. The Exchange intends to list the Contracts on a continuous basis and intends to list the Contracts shortly following approval by the Commission.

Each Contract is a security futures product within the meaning of Section 1a(45) of the Act. Kalshi is notice-registered with the Securities and Exchange Commission (the "SEC") as a national securities exchange pursuant to Section 6(g) of the Securities Exchange Act of 1934 (the "Exchange Act") for the purpose of trading security futures products. The Exchange has filed with the SEC the information required by Section 19(b)(7) of the Exchange Act and Rule 19b-7 thereunder with respect to the Contracts. This submission includes the certifications required by Commission Regulations 41.22 and 41.23.

Along with this letter, Kalshi submits the following documents:

- A concise explanation and analysis of the Contracts;
- Certifications, including the certifications required by Commission Regulation 41.22;
- Appendix A with the Contracts' Terms and Conditions and the Schedule of Contracts;
- Appendix B with enhanced trading prohibitions applicable to the Contracts;
- Appendix C with further considerations regarding the Contracts;
- Appendix D with information regarding the Underlying Securities and the Underlying Price Index for the Contracts;
- Appendix E describing the Contracts' compliance with Part 41 of the Commission's regulations and the Core Principles;
- Appendix F, confidential in part, with further information on the Contracts' compliance with the Core Principles; 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 Names: See Schedule of Contracts (Appendix A)
Rulebook: See Schedule of Contracts (Appendix A)
Summary: Perpetual Security Futures on the Underlying Securities Identified in the Schedule of Contracts
September 18, 2026

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 Regulation 40.3(a)(4), the following is a concise explanation and analysis of the product and its compliance with the Act, including the relevant Core Principles (discussed in Appendices E and F), and the Commission's regulations thereunder. Capitalized terms not defined herein have the meanings assigned to them in the Exchange Rulebook.

I. Introduction

Each Contract is a Perpetual SFP on an Underlying Security: in the case of fifty-five of the Contracts, the common stock of a single issuer, and in the case of the remaining three, American depositary receipts representing common or ordinary shares ("ADRs") or the shares of an exchange-traded fund, as identified in the Schedule of Contracts. The Contracts are identified, together with their respective Underlying Securities, primary listing exchanges, and Minimum Units, in the Schedule of Contracts set forth in Appendix A (the "Schedule of Contracts"). The Contracts share a single set of terms and conditions, set forth in Appendix A, and differ from one another only in the Underlying Security to which each refers and in the Minimum Unit of trading. Except where the context otherwise requires, references in this submission to "the Contract" are to each Contract identified in the Schedule of Contracts, and references to "the Underlying Security" are to the Underlying Security of that Contract.

What is a perpetual future? A perpetual future is a cash-settled futures contract with no fixed expiration or delivery date. Rather than converging to a deliverable cash price on a stated settlement day, it remains economically tethered to a continuously observed reference price through a periodic funding mechanism: at regular intervals, holders of the side trading at a premium to the reference price pay holders of the side trading at a discount, so that any divergence between the contract's "Mark Price" (as determined pursuant to Exchange Rule 14.12(a)–(c)) and the underlying reference price generates an offsetting carrying cost that draws the two back into alignment. The instrument therefore functions in a manner economically similar to an indefinitely renewing near-dated future, allowing a participant to hold a position open for as long as the underlying exposure persists without rolling from one expiration to the next.

What is a Perpetual SFP? A "security future" is a contract of sale for future delivery of a single security or of a narrow-based security index.[1] A security future, together with any put, call, straddle, option, or privilege on any security future, is a "security futures product,"[2] a category of instrument that Congress authorized in the Commodity Futures Modernization Act of 2000 ("CFMA") and placed under the joint jurisdiction of the Commission and the SEC.[3] Security futures on single equity securities traded on Commission-regulated exchanges from 2002 through 2020, most prominently on OneChicago, LLC, under the same Part 41 framework invoked by this

[1] 7 U.S.C. § 1a(44); 15 U.S.C. § 78c(a)(55)(A).

[2] 7 U.S.C. § 1a(45); 15 U.S.C. § 78c(a)(56).

[3] See CEA Section 2(a)(1)(D), 7 U.S.C. § 2(a)(1)(D); Exchange Act Sections 6(g) and 6(h), 15 U.S.C. § 78f(g), (h).

submission.[4] The Contract combines that established product category with the perpetual structure that the Commission approved in its order approving the Exchange's BTCPERP contract:[5] rather than expiring and cash-settling on a fixed date, the Contract remains economically tethered to the price of the Underlying Security through a daily funding mechanism, and positions terminate only by offset or upon the Exchange's ultimate delisting of the Contract.

Why are these important? For hedgers whose economic exposure is itself continuous or indefinite, such as market makers and authorized participants for exchange-traded products holding the Underlying Security (among them single-stock leveraged and inverse ETPs that today obtain their exposure principally through bilateral over-the-counter swaps), options market makers carrying continuous delta exposure, holders of concentrated equity positions, securities lenders and borrowers, and long/short investors, a perpetual is structurally superior to a strip of dated futures: it eliminates roll cost and roll-date basis risk, tracks the underlying more tightly and continuously through the funding mechanism, and concentrates liquidity in a single instrument rather than fragmenting it across tenors. Perpetual futures have become an important form of derivative and a significant locus of price discovery in the markets in which they have emerged, and perpetual contracts referencing U.S. equities (including the Underlying Security) now trade on offshore venues wholly outside the U.S. regulatory perimeter, without robust trade surveillance, know-your-customer verification, central clearing, or coordinated oversight with the U.S. cash equity market.[6] Listing a perpetual security future on a CFTC-registered DCM, cleared by a CFTC-registered derivatives clearing organization ("DCO"), and subject to the joint CFTC-SEC security futures framework brings this economically significant activity into a regulated environment featuring trade surveillance, know-your-customer verification, federally prescribed customer margin, central clearing, disciplinary procedures and dual oversight by the Commission and SEC consistent with the CEA and the Exchange Act. Listing a regulated domestic perpetual security future thus advances the Commission's stated objective of facilitating novel derivative products subject to appropriate safeguards.[7]

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[4] OneChicago, LLC commenced trading in single-stock futures on November 8, 2002 and ceased trading operations on September 18, 2020. Its withdrawal from registration as a national securities exchange under Section 6(g) of the Exchange Act became effective September 30, 2020. See Exchange Act Release No. 34-91117, File No. 10-133 (Feb. 11, 2021) (order granting withdrawal of registration).

[5] Order Approving KalshiEX LLC BTCPERP Futures Contract (CFTC May 29, 2026); see CFTC Press Release No. 9240-26 (May 29, 2026). See also Policy Statement Concerning the Listing of Perpetual Contracts, 91 Fed. Reg. 33,160 (June 3, 2026).

[6] Perpetual contracts referencing U.S. equities, including many of the Underlying Securities, are currently offered on venues outside the U.S. regulatory perimeter. On Hyperliquid, cash-settled perpetual contracts referencing single U.S. equities, including many of the Underlying Securities, are deployed by independent builders, including TradeXYZ (trade.xyz) and Felix, under the permissionless HIP-3 market-deployment standard introduced in November 2025; these contracts trade continuously, on a self-custodial basis, with leverage of up to 20x and without centralized customer onboarding. See Comment Letter of the Hyperliquid Policy Center re File No. S7-2026-21 (Aug. 24, 2026) (reporting more than $480 billion in notional trading volume across HIP-3 markets in the ten months following launch, with approximately $4 billion in open interest). Separately, Backed Finance AG issues tokenized representations of a number of the Underlying Securities under its "xStocks" program; its tokenized Tesla share, "Tesla xStock" (TSLAx, ISIN US88160R1014), for example, launched June 30, 2025 and is issued as both a Solana SPL token and an Ethereum ERC-20 token, trades on non-U.S. venues including Kraken, and is expressly unavailable to U.S. persons. See Backed Finance AG, Tesla xStock (TSLAx) product documentation, assets.backed.fi; Kraken, Tesla (TSLAx) tokenized stock, kraken.com/xstocks/tslax (warning banner reading "xStocks not available in the USA. Geo restrictions apply.").

[7] See Memorandum of Understanding Between the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission Regarding Harmonization in Areas of Common Regulatory Interest 1 (Mar. 11, 2026), https://www.sec.gov/files/mou-sec-cftc-2026.pdf ("the [SEC and CFTC] will strive, subject to applicable law, to clarify, coordinate, and harmonize policies and practices wherever feasible and relevant, including

Perpetuals are appropriate for securities such as the Underlying Securities. Some commodities have cash prices that are regional, seasonal, and grade- and location-specific, as well as constrained, seasonal deliverable supply. In some cases, parties need to hedge specific, date-certain physical exposure and rely on the calendar term structure of dated contracts (and the storage and seasonality information it encodes) to do so; collapsing that term structure into a single perpetual could damage the calendar-spread signals and delivery-month matching that make some futures useful for bona fide hedging. A large-capitalization, exchange-listed equity security presents none of these features. Each Underlying Security is a continuous ownership claim with no delivery date, storage constraint, or seasonality; its cash market is deep, broadly dispersed, continuously quoted, and unified nationally under Regulation NMS; and the term structure of a dated single-stock future encodes only financing and dividend expectations, economics that the Contract's funding mechanism and the dividend and corporate-action provisions of the Exchange Rulebook carry directly. The analysis that follows applies to each Contract. Each Underlying Security is a large-capitalization U.S. exchange-listed equity security that the Exchange has determined satisfies the security futures listing standards codified in Chapter 14 of the Rulebook, and the Contracts are uniform in every respect other than the identity of the Underlying Security and the Minimum Unit of trading. The Exchange has accordingly presented its analysis on a consolidated basis rather than repeating an identical analysis for each of the Contracts.

Further information about the Contracts, including an analysis of its risk mitigation and price basing utility, as well as additional considerations related to the Contract, is included in Appendices C, D and E and Appendix F (confidential in part).

General Contract Terms and Conditions: As outlined in Rule 14.11 of the Rulebook and the Contract's terms, trading shall be available during the trading hours set forth in Appendix A. The Contracts' trading hours are from 6:00 PM ET on Sunday through 5:00 PM ET on Friday, with a daily one-hour maintenance window from 5:00 PM ET to 6:00 PM ET and subject to the holiday and early-closure schedule of the U.S. equity cash market and to any trading halt imposed by the Exchange or coordinated with the primary listing exchange for the Underlying Security. Members will be charged fees in accordance with Rule 3.13 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. 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 is a Perpetual SFP with no fixed expiration date, under which all payment obligations are settled in cash. Each Contract represents a continuous obligation to make or receive cash payments based on changes in the Contract's price and periodic funding payments. Positions are marked to market daily at the Settlement Price determined as of the Periodic Transfer Time (the scheduled close of the U.S. equity cash market, ordinarily 4:00 PM ET) and customer margin is collected and maintained in accordance with Part V of Chapter 14 of the Exchange Rulebook at not less than 15.50% of the Current Market Value of each position. During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. Members may enter and exit positions at any time during trading hours by executing offsetting trades. Members holding long positions profit when the Contract price increases and incur losses when it decreases; Members holding short positions profit when the Contract price decreases and incur losses when it increases. To maintain price convergence with the Underlying Price Index, the Contract employs a once-daily funding mechanism whereby long position holders and short position holders exchange funding payments based on the mean divergence, measured minute-by-minute over the regular trading session of the U.S. equity cash market, between the Contract's traded prices and the Underlying Price Index, as specified in Rule 14.10. A Member's

by . . . closely coordinating and cooperating to remove obstacles where appropriate, to the lawful introduction of novel derivative products . . . .").

gain or loss at any point is equal to the change in the Contract's price since the position was established, multiplied by the Contract Unit (100 shares), plus or minus net funding payments received or paid. Settlement of all payments is made in cash; no physical delivery of the Underlying Security occurs.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. § 7a-2, AND COMMODITY FUTURES TRADING COMMISSION RULES 40.3, 41.22 AND 41.23, 17 C.F.R. §§ 40.3, 41.22, 41.23

The Exchange hereby certifies that: (a) each Underlying Security satisfies the requirements of Regulation 41.21; (b) only futures commission merchants, introducing brokers, commodity trading advisors, commodity pool operators or associated persons subject to suitability rules comparable to those of a national securities association registered pursuant to Section 15A(a) of the Exchange Act and the rules and regulations thereunder, except to the extent otherwise permitted under the Exchange Act and the rules and regulations thereunder, may solicit, accept any order for, or otherwise deal in any transaction in or in connection with the Contracts; (c) dual trading in the Contracts is restricted in accordance with Regulation 41.27; (d) trading in the Contracts is not readily susceptible to manipulation of the price of any Contract, nor to causing or being used in the manipulation of the price of any Underlying Security, option on such security, or option on a group or index including such security, consistent with the conditions for trading of Regulation 41.25; (e) processes are in place for coordinated surveillance among the Exchange, any market on which an Underlying Security is traded and other markets on which any related security is traded to detect manipulation and insider trading; (f) an audit trail is in place to facilitate coordinated surveillance among the Exchange, any market on which an Underlying Security is traded and any market on which any related security is traded; (g) processes are in place to coordinate regulatory trading halts between the Exchange and markets on which an Underlying Security is traded and other markets on which any related security is traded; and (h) the margin requirements for the Contracts comply with Regulations 41.43 through 41.48. The Exchange hereby further certifies that the Perpetual SFPs comply with the additional conditions for trading set forth in Regulation 41.25 and comply with the Act and the regulations thereunder. There were no substantive opposing views to the proposal. The Exchange certifies that this submission (other than those portions 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.

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By: Xavier Sottile
Title: Head of Markets
Date: September 18, 2026

Attachments:

Appendix A - Contract Terms and Conditions and Schedule of Contracts
Appendix B - Trading Prohibitions
Appendix C - Further Considerations
Appendix D - The Underlying Securities and Underlying Price Index
Appendix E - Compliance with the Act, Part 41, and the Core Principles
Appendix F - (Confidential in Part) - Additional Compliance with Core Principles
Request for FOIA Confidential Treatment

APPENDIX A—CONTRACT TERMS AND CONDITIONS AND SCHEDULE OF CONTRACTS

Official Product Names: See Schedule of Contracts below
Rulebook: See Schedule of Contracts below

PERPETUAL SFP CONTRACT SPECIFICATIONS

Scope: These rules shall apply to each Contract identified in the Schedule of Contracts set forth at the end of this Appendix A. Each Contract is a separate Perpetual SFP on the Underlying Security specified for it in the Schedule of Contracts, with the Minimum Unit of trading specified there; all other terms and conditions set forth in this Appendix A are common to every Contract. References to “Rules” in this section refer to the Exchange Rulebook.

Underlying: The Underlying for each Contract is the spot price of one (1) share of the equity security specified for that Contract in the Schedule of Contracts (the “Underlying Security”), in U.S. dollars.

Underlying Price Index: As defined in Rule 14.2.

Type: The type of Contract is a Perpetual SFP.

Trading Hours: As set forth in Rule 14.11. The Exchange shall observe the holiday and early-closure schedule of the U.S. equity cash market; on such days the trading schedule, Funding Period, Periodic Transfer Time, and Settlement Price shall be adjusted as provided herein, and the Exchange shall publish a calendar of holidays and early closures.

Contract Unit: As set forth in Rule 14.9(a).

Price Quotation: As set forth in Rule 14.9(b).

Minimum Tick: As set forth in Rule 14.9(c).

Tick Value: A one-tick price movement equals $0.50 per Contract Unit, calculated as the Minimum Tick multiplied by the Contract Unit ($0.005 × 100 shares = $0.50).

Minimum Unit: The minimum unit of trading for each Contract is the fraction of the 100-share Contract Unit specified for that Contract in the Schedule of Contracts.

Block Trades: Block trades in Contracts will be subject in all respects to Rule 5.3(e).

Position Accountability Level: 25,000 “Standard Contract Equivalents,” as such term is defined in Rule 14.2. A Person holding a position exceeding the applicable accountability level is subject to the position accountability provisions of Rules 14.23(d) and 14.24 of the Exchange Rulebook.

Position Limits: As set forth in Rule 14.23 of the Exchange Rulebook.

Periodic Transfer Criterion: At each Periodic Transfer Time, the Funding Rate is computed in accordance with Rule 14.10 of the Exchange Rulebook. If the Funding Rate is zero, no Periodic Transfer (as defined in Rule 14.2) is made. If the Funding Rate is positive, long-side holders must pay, and if the Funding Rate is negative, short-side holders must pay, the amount provided in Rule 14.10(e).

Periodic Transfer Time: The “Daily Settlement Time” defined in Rule 14.2.

Premium Computation: As set forth in Rule 14.10(c) of the Exchange Rulebook.

Funding Rate: As set forth in Rule 14.10(d) of the Exchange Rulebook, subject to the other provisions of Rule 14.10.

Cash Market Closed Periods: During the Contract's trading hours, the Contract may trade at times when the U.S. equity cash market is closed, including weekday overnight hours. The Contract does not trade during the weekend closure or the daily maintenance window set forth under Trading Hours, or during any market holiday on which the Exchange's published calendar provides that the Contract does not trade. In all cases, no Premiums are computed while the U.S. equity cash market is closed or as otherwise provided by Rule 14.10(f).

Scheduled Early Closes: See Rule 14.10(f)(4).

Delayed Opens: See Rule 14.10(f)(3).

Intraday Trading Halts: See Rule 14.10(f)(2).

Unscheduled Market Closure: See Rule 14.10(f)(5).

Clearing: The Contracts will be centrally cleared by Kalshi Klear LLC ("Klear" or the "Clearinghouse"), a DCO registered with the Commission, as central counterparty.

Settlement Price: For the purposes of calculating variation margin and Periodic Transfer obligations, the Settlement Price (which is the "Daily Settlement Price" for purposes of the Exchange Rulebook, including Rule 14.12) shall be determined according to the following tiered methodology, applied in order. If a Settlement Price cannot be determined under any of the below Tiers or by reference to the Underlying Price Index (because it is unavailable or unreliable), the Exchange may determine the Settlement Price pursuant to Rule 7.1 of the Exchange Rulebook.

Tier 1 (Trade VWAP). If one or more trades other than block trades in the Contract occur during the sixty (60)-second interval immediately preceding the Periodic Transfer Time (the "Settlement Period"), the Settlement Price shall be the volume-weighted average price ("VWAP") of those trades (excluding any block trades executed or reported during the Computation Interval). Transactions occurring precisely at the Periodic Transfer Time are excluded. This VWAP calculation will be adjusted to exclude outliers; generally this will be performed via a Median Absolute Deviation filter. Tier 1 shall not apply, and the Settlement Price shall instead be determined under Tier 2 or Tier 3, as applicable, if the VWAP so calculated differs from the Underlying Price Index as of the Periodic Transfer Time by more than fifty percent (50%) of that Underlying Price Index.

Tier 2 (Sampled Midpoint Average). If the Settlement Price is not determined under Tier 1 (whether because no trades in the Contract occur during the Settlement Period or because Tier 1 does not apply as provided above) and at least one Observation Point is two-sided and not disregarded, the Settlement Price shall be the arithmetic mean of the Midpoints at all two-sided Observation Points that are not disregarded. For purposes of this Tier 2, sixty (60) Observation Points are defined, occurring at exactly N seconds before the Periodic Transfer Time for each integer N from 1 to 60. The prevailing best bid and prevailing best ask at an Observation Point are the best bid and best ask resting on the order book as of that instant. An Observation Point is "two-sided" if both a prevailing best bid and a prevailing best ask are present at that instant, and the Midpoint at a two-sided Observation Point is the arithmetic mean of its prevailing best bid and prevailing best ask. A two-sided Observation Point shall be disregarded for purposes of Tier 2 if the difference between its prevailing best ask and its prevailing best bid exceeds ten percent (10%) of its Midpoint.

Tier 3 (Index Net Change). If the Settlement Price is not determined under Tier 1 or Tier 2, the Settlement Price shall equal the prior Settlement Price plus the net change in the Underlying Price Index between the prior Periodic Transfer Time and the current Periodic Transfer Time.

Halts During the Settlement Period. Consistent with Rules 14.12(b) and (d) and 14.13, if trading in the Contract is halted during any portion of the Settlement Period, no trades shall be deemed to occur, and no

Observation Point shall be considered two-sided, during the halt; if trading in the Contract is halted at the Periodic Transfer Time, the Settlement Price shall be determined under Tier 3. If a Settlement Price cannot be determined, the Exchange may determine it pursuant to 14.12(c).

Margin: See Part V of Rulebook Chapter 14. The Perpetual SFP Margin Ratio (as defined in Rule 14.16) applied to each position shall be, at all times, not less than 15.50% of Current Market Value, and the Exchange may impose a higher margin requirement under Rule 14.16(e).

Corporate Actions: As set forth in Part VII of Rulebook Chapter 14.

Trading Halts: See Rule 14.13.

Last Trading Date: As this is a Perpetual SFP, it has no scheduled Last Trading Date.

Expiration Date: As this is a Perpetual SFP, it has no scheduled Expiration Date.

Expiration Time: As this is a Perpetual SFP, it has no scheduled Expiration Time.

Pre-Trade Risk Controls: See Rule 14.14.

Market Integrity: The Exchange may, in its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 7.1. If a Funding Rate or Settlement Price cannot be determined, the Exchange has the right to determine payouts or margin requirements pursuant to Rule 7.1. Amendment of the Funding Rate methodology, the Funding Rate default in the event it cannot be determined, and Emergency authority (including adjustment of the Maximum Funding Magnitude, margin, and additional risk controls) are governed by Rules 14.10(g), 14.10(i), 14.10(j) and Rule 2.8.

SCHEDULE OF CONTRACTS

The following Contracts are subject to the terms and conditions set forth in this Appendix A. For each Contract, this Schedule specifies the Official Product Name (which is also the Rulebook identifier for the Contract), the Underlying Security and its issuer, the primary listing exchange of the Underlying Security, and the Minimum Unit of trading. Every Contract has a Contract Unit of one hundred (100) shares of its Underlying Security, a Minimum Tick of $0.005, and a Tick Value of $0.50. Each Contract is a separate security futures product; the Contracts are listed together in this submission because they share identical terms and conditions other than the Underlying Security and the Minimum Unit of trading.

No.	Official Product Name	Underlying Security (Issuer and Class)	Ticker	Primary Listing Exchange	Minimum Unit (Fraction of the 100-share Contract Unit)
1.	AAPLPERP	Apple Inc.—Common Stock	AAPL	Nasdaq	1/10,000
2.	ABBVPERP	AbbVie Inc.—Common Stock	ABBV	NYSE	1/10,000
3.	ADBEPERP	Adobe Inc.—Common Stock	ADBE	Nasdaq	1/10,000
4.	AMATPERP	Applied Materials, Inc.—Common Stock	AMAT	Nasdaq	1/10,000
5.	AMDPERP	Advanced Micro Devices, Inc.—Common Stock	AMD	Nasdaq	1/10,000
6.	AMGNPERP	Amgen Inc.—Common Stock	AMGN	Nasdaq	1/10,000
7.	AMZNPERP	Amazon.com, Inc.—Common Stock	AMZN	Nasdaq	1/10,000
8.	AVGOPERP	Broadcom Inc.—Common Stock	AVGO	Nasdaq	1/10,000
9.	BAPERP	The Boeing Company—Common Stock	BA	NYSE	1/10,000
10.	BACPERP	Bank of America Corporation—Common Stock	BAC	NYSE	1/1,000
11.	BKNGPERP	Booking Holdings Inc.—Common Stock	BKNG	Nasdaq	1/10,000
12.	BRKBPERP	Berkshire Hathaway Inc.—Class B Common Stock	BRK.B	NYSE	1/10,000
13.	CATPERP	Caterpillar Inc.—Common Stock	CAT	NYSE	1/10,000
14.	COPPERP	ConocoPhillips—Common Stock	COP	NYSE	1/10,000
15.	COSTPERP	Costco Wholesale Corporation—Common Stock	COST	Nasdaq	1/10,000
16.	CRMPERP	Salesforce, Inc.—Common Stock	CRM	NYSE	1/10,000
17.	CSCOPERP	Cisco Systems, Inc.—Common Stock	CSCO	Nasdaq	1/1,000
18.	CVXPERP	Chevron Corporation—Common Stock	CVX	NYSE	1/10,000
19.	DISPERP	The Walt Disney Company—Common Stock	DIS	NYSE	1/1,000
20.	GOOGLPERP	Alphabet Inc.—Class A Common Stock	GOOGL	Nasdaq	1/10,000
21.	HDPERP	The Home Depot, Inc.—Common Stock	HD	NYSE	1/10,000
22.	IBMPERP	International Business Machines Corporation—Common Stock	IBM	NYSE	1/10,000
23.	INTCPERP	Intel Corporation—Common Stock	INTC	Nasdaq	1/1,000
24.	JNJPERP	Johnson & Johnson—Common Stock	JNJ	NYSE	1/10,000
25.	JPMPERP	JPMorgan Chase & Co.—Common Stock	JPM	NYSE	1/10,000
26.	KOPERP	The Coca-Cola Company—Common Stock	KO	NYSE	1/1,000

No.	Official Product Name	Underlying Security (Issuer and Class)	Ticker	Primary Listing Exchange	Minimum Unit (Fraction of the 100-share Contract Unit)
27.	LLYPERP	Eli Lilly and Company—Common Stock	LLY	NYSE	1/10,000
28.	LMTPERP	Lockheed Martin Corporation—Common Stock	LMT	NYSE	1/10,000
29.	MAPERP	Mastercard Incorporated—Class A Common Stock	MA	NYSE	1/10,000
30.	MCDPERP	McDonald's Corporation—Common Stock	MCD	NYSE	1/10,000
31.	METAPERP	Meta Platforms, Inc.—Class A Common Stock	META	Nasdaq	1/10,000
32.	MRKPERP	Merck & Co., Inc.—Common Stock	MRK	NYSE	1/10,000
33.	MSFTPERP	Microsoft Corporation—Common Stock	MSFT	Nasdaq	1/10,000
34.	MUPERP	Micron Technology, Inc.—Common Stock	MU	Nasdaq	1/10,000
35.	NEMPERP	Newmont Corporation—Common Stock	NEM	NYSE	1/10,000
36.	NFLXPERP	Netflix, Inc.—Common Stock	NFLX	Nasdaq	1/1,000
37.	NVDAPERP	NVIDIA Corporation—Common Stock	NVDA	Nasdaq	1/10,000
38.	ORCLPERP	Oracle Corporation—Common Stock	ORCL	NYSE	1/10,000
39.	PANWPERP	Palo Alto Networks, Inc.—Common Stock	PANW	Nasdaq	1/10,000
40.	PEPPERP	PepsiCo, Inc.—Common Stock	PEP	Nasdaq	1/10,000
41.	PFEPERP	Pfizer Inc.—Common Stock	PFE	NYSE	1/1,000
42.	PGPERP	The Procter & Gamble Company—Common Stock	PG	NYSE	1/10,000
43.	PLDPERP	Prologis, Inc.—Common Stock	PLD	NYSE	1/10,000
44.	PLTRPERP	Palantir Technologies Inc.—Class A Common Stock	PLTR	Nasdaq	1/10,000
45.	QCOMPERP	QUALCOMM Incorporated—Common Stock	QCOM	Nasdaq	1/10,000
46.	SBUXPERP	Starbucks Corporation—Common Stock	SBUX	Nasdaq	1/1,000
47.	SNDKPERP	Sandisk Corporation—Common Stock	SNDK	Nasdaq	1/100,000
48.	SPCXPERP	Space Exploration Technologies Corp.—Class A Common Stock	SPCX	Nasdaq	1/10,000
49.	TSLAPERP	Tesla, Inc.—Common Stock	TSLA	Nasdaq	1/10,000
50.	TXNPERP	Texas Instruments Incorporated—Common Stock	TXN	Nasdaq	1/10,000
51.	UNHPERP	UnitedHealth Group Incorporated—Common Stock	UNH	NYSE	1/10,000
52.	VPERP	Visa Inc.—Class A Common Stock	V	NYSE	1/10,000
53.	VZPERP	Verizon Communications Inc.—Common Stock	VZ	NYSE	1/1,000
54.	WMTPERP	Walmart Inc.—Common Stock	WMT	NYSE	1/1,000
55.	XOMPERP	Exxon Mobil Corporation—Common Stock	XOM	NYSE	1/10,000

No.	Official Product Name	Underlying Security (Issuer and Class)	Ticker	Primary Listing Exchange	Minimum Unit (Fraction of the 100-share Contract Unit)
56.	BABAPERP	Alibaba Group Holding Limited—American Depositary Shares, each representing eight ordinary shares (ADRs)	BABA	NYSE	1/1,000
57.	QQQPERP	Invesco QQQ Trust, Series 1—ETF Shares	QQQ	Nasdaq	1/10,000
58.	SPYPERP	SPDR S&P 500 ETF Trust—ETF Shares	SPY	NYSE Arca	1/10,000

Notes to Schedule of Contracts:

(1) The Minimum Unit of each Contract has been set, by reference to the closing price of the Underlying Security on September 3, 2026, so that the smallest tradable quantity represents notional value of between approximately $1 and $15 (the Contract price multiplied by the 100-share Contract Unit multiplied by the Minimum Unit fraction): one one-thousandth of a Contract Unit where that price was below $125, one ten-thousandth where it was between $125 and $1,250, and one one-hundred-thousandth where it was above $1,250. The Exchange may prospectively amend the Minimum Unit of a Contract if warranted by a sustained change in the price of the Underlying Security.

(2) The Minimum Unit governs order quantity only; the Contract Unit, Tick Value, position limits, Position Accountability Level, and large trader reporting level are identical for every Contract.

(3) A Contract on any Underlying Security not identified in this Schedule will be submitted to the Commission pursuant to Regulation 41.23 prior to listing.

APPENDIX B—TRADING PROHIBITIONS

In addition to the general prohibitions of Chapter 5 of the Rulebook, including the prohibition against trading on the basis of material nonpublic information, the following provisions apply to trading in the Contract. Persons under 18 years of age are not permitted to create Kalshi accounts.

The Contract is a security futures product and therefore a "security" for purposes of the Exchange Act.[8] Accordingly, the antifraud and insider trading provisions of the federal securities laws, including Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, apply to transactions in the Contract to the same extent as to transactions in the Underlying Security. Rule 14.14(e) of the Rulebook makes these restrictions express at the Exchange level: any person who is a director, officer or 10% or greater shareholder of the issuer of an Underlying Security subject to Section 16 of the Exchange Act, any person in possession of material nonpublic information concerning that issuer, and any family or household member of the foregoing persons is prohibited from trading the Contract on that Underlying Security. Directors and officers of the issuer of an Underlying Security and beneficial owners of more than ten percent of that Underlying Security are further subject to Section 16 of the Exchange Act with respect to transactions in the Contract, including the reporting requirements of Section 16(a), the short-swing profit provisions of Section 16(b), and the restrictions of Section 16(c).[9]

The following individuals will additionally be prohibited from trading the Contract: immediate family members (parents, siblings, spouses, domestic partners) and household members of the persons listed above.

The Exchange's surveillance program applies heightened scrutiny to trading in the Contract around scheduled and unscheduled corporate events concerning the issuer of each Underlying Security, including earnings releases, guidance updates, product and operating announcements, index reconstitutions, and other material corporate announcements, and the Exchange's coordinated surveillance arrangements described in Appendix E extend to trading in the Underlying Security and related options markets.

[8] 15 U.S.C. § 78c(a)(10).

[9] 15 U.S.C. § 78p; see 17 C.F.R. § 240.16a-1(c) (including security futures within the definition of "derivative securities").

APPENDIX C—FURTHER CONSIDERATIONS

The perpetual structure, combined with the funding rate mechanism that maintains convergence with the Underlying Price Index, makes the Contract functionally superior to dated alternatives for participants whose economic exposure is itself continuous or indefinite in duration: it eliminates the need to roll positions from one expiration to the next, trades with a smaller basis to the cash market due to the funding rate mechanism, and allows liquidity to concentrate in a single contract rather than fragmenting across expiration dates. Academic research confirms both the mechanism and the benefit: no-arbitrage pricing of perpetual futures and the convergence function of the funding rate have been derived formally in the peer-reviewed literature,[10] and hedging with perpetual-style contracts avoids the roll-cost uncertainty that backwardation and contango introduce into hedging with dated futures.[11]

Each Contract serves risk mitigation functions for a broad range of market participants with bona fide economic exposure to its Underlying Security. As described in Appendix D, the Underlying Securities are among the largest and most widely held equity securities in the world: each has been approved for listing under the Exchange's security futures listing standards, and each is held across index funds, actively managed portfolios, and direct retail and institutional accounts.

Exchange-traded products and their market makers. The Underlying Securities are held across broad-market index funds and, in many cases, are the reference assets for single-stock leveraged and inverse exchange-traded products, a category that has grown into one of the largest complexes of exchange-traded products in the U.S. market. Those products obtain their daily-resetting exposure principally through over-the-counter total return swaps with dealer counterparties.[12] A centrally cleared, exchange-traded Perpetual SFP offers those issuers, their authorized participants, their market makers, and their swap counterparties a transparent, fungible instrument through which to obtain and hedge that exposure, replacing bilateral counterparty credit exposure with an exchange-traded, centrally cleared position margined at not less than 15.50% of current market value (for customers), and replacing the roll of dated hedges with a single continuously maintained position.

Options market makers. Each Underlying Security supports an actively traded class of listed options, and several of the Underlying Securities support the most actively traded single-name options classes in the U.S. market.[13] Options market makers carry continuous delta exposure that must be hedged in real time. A perpetual security future provides a capital-efficient hedging instrument that tracks the underlying tightly and continuously through the funding mechanism and, unlike a dated single-stock future, never requires rolling, so hedges can remain in place for as long as the underlying options exposure persists—including through the overnight sessions during which the Contract trades but the cash equity market is closed.

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[10] Damien Ackerer, Julien Hugonnier & Urban Jermann, Perpetual Futures Pricing, 36 Math Fin. 481 (2026), DOI: 10.1111/mafi.70018; Songrun He, Asaf Manela, Omri Ross & Victor von Wachter, Fundamentals of Perpetual Futures (working paper, rev. Aug. 21, 2024), https://arxiv.org/abs/2212.06888.

[11] Carol Alexander, Jun Deng & Bin Zou, Hedging with Automatic Liquidation and Leverage Selection on Bitcoin Futures, 306 Eur. J. Operational Res. 478–493 (2023).

[12] See, e.g., Direxion Daily TSLA Bull 2X Shares (a series of Direxion Shares ETF Trust), Prospectus, Principal Investment Strategy (disclosing that the fund most commonly invests in swap agreements and enters into swap agreements with major global financial institutions to obtain leveraged exposure to Tesla, Inc. common stock, an Underlying Security); see also prospectuses of comparable single-stock leveraged and inverse exchange-traded products referencing other Underlying Securities, each disclosing the use of swap agreements with financial counterparties as the principal means of obtaining exposure.

[13] See The Options Clearing Corporation, volume and open interest statistics, theocc.com, and Cboe Global Markets, U.S. options market statistics, cboe.com, in each case for the six months ended June 30, 2026. Per Cboe's second-quarter 2026 market data, Tesla, Inc. and NVIDIA Corporation each accounted for approximately nine percent of total single-stock options volume, the highest share of any single-name class, followed by Apple Inc. at approximately three percent.

Securities lending and equity financing. Single-stock futures have long served as exchange-traded substitutes for securities lending and equity financing transactions: a position in a single-stock future paired with an offsetting position in the underlying replicates the economics of a stock loan or equity repurchase transaction, with the financing rate expressed in the futures basis.[14] In the Contract, those financing economics are expressed transparently in the daily Funding Rate, observable by every market participant, rather than negotiated bilaterally in comparatively opaque stock-loan markets. Each Contract accordingly gives holders of its Underlying Security a centrally-cleared instrument through which to earn financing on inventory, and gives participants seeking short exposure an instrument free of locate, borrow-availability, and recall risk, with the borrow economics priced openly through the funding mechanism.

Concentrated holders and investors. Holders of concentrated positions in the Underlying Security, including employees and early investors, can hedge price risk without disposing of shares, subject to any applicable contractual, issuer-policy, or securities-law constraints on such persons. Institutional investors can equitize cash or adjust single-name exposure with one instrument, and long/short investors obtain a margined instrument whose leverage is bounded not only by the fifteen-percent customer margin floor of the security futures framework, but also the Exchange's higher 15.50% minimum customer margin requirement for Perpetual SFPs, a materially more conservative leverage profile than the offshore perpetual venues to which this activity currently defaults.

Price discovery, transparency, and onshoring. Perpetual contracts referencing U.S. equities, including many of the Underlying Securities, are now offered by offshore trading venues (including perpetual contracts on tokenized representations of U.S. stocks) wholly outside the U.S. regulatory perimeter, without coordinated surveillance with the U.S. cash equity market, without federally prescribed customer margin, and without central clearing subject to Commission and SEC oversight.[15] The United States, meanwhile, has only recently relaunched any form of security futures, let alone perpetual ones; activity that would naturally occur in such regulated markets has migrated to over-the-counter swaps and to offshore venues. Listing the Contracts on a CFTC-registered DCM notice-registered with the SEC as a national securities exchange creates a regulated U.S. venue for perpetual single-stock futures trading, with every trade surveilled, every customer position margined under the joint CFTC-SEC customer margin rules, and every obligation cleared by a registered DCO.

[14] OneChicago's single-stock futures functioned as a securities-financing instrument principally through exchange-of-future-for-physical ("EFP") transactions, in which a participant simultaneously bought (or sold) the underlying equity and sold (or bought) the proportionate number of single-stock futures, leaving no net market exposure and shifting the position to alternative financing terms. OneChicago marketed its OCX.NoDivRisk® single-stock futures, introduced as OCX.NoDiv™ and announced October 8, 2010 with trading commencing later that month, as economically equivalent to a securities lending transaction. Blocks and EFPs were reported through the OCX.BETS® platform, succeeded by OCXdelta1 in September 2014; the exchange also listed OCX.Original and, from June 20, 2014, OCX.Weekly contracts. See CFTC Division of Market Oversight, Rule Enforcement Review of OneChicago, LLC (public release Apr. 7, 2014). Financing-driven activity constituted a substantial share of OneChicago's volume: in December 2011 alone, EFPs and blocks totaled 489,584 contracts representing more than $2.7 billion in notional value, and 28% of year-end open interest of 351,379 contracts was in OCX.NoDivRisk products. Following OneChicago's closure in September 2020, this financing activity migrated to over-the-counter equity swap and securities-lending channels. Professor Alexander has separately observed that automatic liquidation as practiced on unregulated offshore venues is not an inherent feature of a perpetual contract but a consequence of a market structure permitting extreme user-selected leverage, and that such a model should not be carried into regulated markets, which should instead rest on binding risk-based margin requirements and central clearing. See Comment Letter of Professor Carol Alexander re File No. S7-2026-21 (July 21, 2026). The Contract adopts that approach: leverage is not user-selectable, and Perpetual SFP Required Margin of not less than 15.50% of Current Market Value is collected at all times and cleared through Klear.

[15] See supra note 6. On the capacity of perpetual contracts to perform the price-discovery function traditionally associated with futures markets, and on the case for permitting that price discovery to occur within a supervised U.S. market, see Comment Letter of Professor Carol Alexander, University of Sussex Business School, re File No. S7-2026-21 (July 21, 2026), https://www.sec.gov/comments/S7-2026-21/s7202621-975339-3051569.pdf.

Finally, CFTC Chairman Selig has stated that the CFTC will "use the tools at its disposal to onshore perpetual and other novel derivative products so that they can flourish across both centralized and decentralized markets, subject to appropriate safeguards," confirming that the listing of a regulated perpetual security future directly advances the Commission's stated policy objectives of deterring manipulation, protecting market participants, and promoting responsible innovation.[16]

[16] Remarks of CFTC Chairman Michael Selig, The Next Phase of Project Crypto: Unleashing Innovation for the New Frontier of Finance (Jan. 29, 2026), https://www.cftc.gov/PressRoom/SpeechesTestimony/opaselig1.

APPENDIX D—THE UNDERLYING SECURITIES AND UNDERLYING PRICE INDEX

This Appendix describes the Underlying Securities, the Underlying Price Index, and the market-integrity infrastructure of the U.S. national market system from which the Contracts' reference prices are drawn.

The Underlying Securities

Each Underlying Security is an equity security registered under Section 12(b) of the Exchange Act and listed on a national securities exchange (The Nasdaq Stock Market, the New York Stock Exchange, or NYSE Arca, as identified for each Underlying Security in the Schedule of Contracts). Fifty-five of the Underlying Securities are the common stock of U.S. public companies. The remaining three are equity securities other than common stock, each of which is eligible to underlie a security future pursuant to the joint order of the Commission and the SEC permitting any security that is eligible to underlie options traded on a national securities exchange to underlie security futures:[17] the American depositary shares of Alibaba Group Holding Limited (NYSE: BABA), each representing eight ordinary shares and evidenced by American depositary receipts (the 'Alibaba ADRs'), and the shares of two exchange-traded funds registered under the Investment Company Act of 1940, SPDR S&P 500 ETF Trust (NYSE Arca: SPY) and Invesco QQQ Trust, Series 1 (Nasdaq: QQQ).

The Exchange has determined, on the basis of the data described in the accompanying note, that each Underlying Security satisfies the Exchange's security futures listing standards filed with the SEC and codified in Part II of Chapter 14 of the Rulebook. Rule 14.3(h) extends eligibility to ADRs and to ETF Shares that satisfy Rule 14.4(e).

ETF-Specific Eligibility Requirements

Each of SPY and QQQ (the "Underlying ETFs") represents a share of an open-end fund or unit investment trust registered under the Investment Company Act of 1940 that issues and redeems shares at net asset value in creation-unit aggregations, tracks a diversified index of equity securities, and is neither leveraged, inverse, nor synthetic. Each of the Underlying ETFs is an NMS stock listed on a national securities exchange (satisfying Rules 14.3(a) and 14.3(h)) and each issuer is current in its periodic reporting obligations (including the reports required of registered investment companies). Each of the Underlying ETFs satisfies the twelve-month trading-volume criterion of Rule 14.3(k) by several orders of magnitude.

ADR-Specific Eligibility Requirements

Rule 14.3(l) applies special listing standards to ADRs. The primary market for the ordinary shares underlying the Alibaba ADRs, The Stock Exchange of Hong Kong Limited (a subsidiary of Hong Kong Exchanges and Clearing Limited) ("HKEX"), is a member of the Intermarket Surveillance Group, through which the Exchange maintains an effective surveillance-sharing arrangement with that market pursuant to Rule 14.35. Because HKEX has an effective surveillance-sharing agreement with the Exchange, the Alibaba ADRs satisfy the first prong of Rule 14.3(l). Alibaba Group Holding Limited is a foreign private

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[17] Joint Order Modifying the Listing Standards Requirements under Section 6(h) of the Securities Exchange Act of 1934 and the Criteria under Section 2(a)(1) of the Commodity Exchange Act, Exchange Act Release No. 34-61027 (Nov. 19, 2009), 74 Fed. Reg. 61,380 (Nov. 24, 2009) (jointly modifying Section 6(h)(3)(D) of the Exchange Act and Section 2(a)(1)(D)(i)(III) of the Act, pursuant to Section 6(h)(4)(A) of the Exchange Act and Section 2(a)(1)(D)(v)(I) of the Act, to permit any security that is eligible to underlie options traded on a national securities exchange to underlie security futures, and superseding the Commissions' prior joint orders relating to depositary shares, Exchange Act Release No. 34-44725 (Aug. 20, 2001), and to shares of exchange-traded funds, trust issued receipts, and closed-end funds, Exchange Act Release No. 34-46090 (June 19, 2002), 67 Fed. Reg. 42,760 (June 25, 2002)). See Regulation 41.21(a)(2)(ii). Each of the American depositary shares of Alibaba Group Holding Limited, the shares of SPDR S&P 500 ETF Trust, and the shares of Invesco QQQ Trust, Series 1 underlies options listed on multiple national securities exchanges.

issuer which files reports on Forms 20-F and 6-K, satisfying the periodic-reporting requirements of Rule 14.3(g).

General Eligibility Requirements

Each Underlying Security, other than the two Underlying ETFs, has not fewer than 2,000 security holders, whether of record or beneficial, satisfying Rule 14.3(j). Rule 14.3(j) is inapplicable to ETFs such as the Underlying ETFs.

Each Underlying Security satisfies each of the quantitative criteria of Rules 14.3(b) through 14.3(f) (market capitalization of not less than $100 billion; average daily value of transactions ("ADTV") of not less than $450 million; share price; public float of not less than 7 million shares; and Estimated Deliverable Supply, as defined in Rule 14.2 of the Rulebook, of not less than 20 million shares).

In every case, each Underlying Security underlies options listed on one or more national securities exchanges and accordingly satisfies the options listing standards, filed with and approved by the SEC, against which Section 6(h)(3)(C) of the Exchange Act measures security futures listing standards.[18] Many of the Underlying Securities exceed the quantitative criteria by an order of magnitude or more, and the Underlying Securities as a group are among the most actively traded equity securities in the world, with listed options that are among the most actively traded single-name options classes. No categorical exclusion under Rule 14.4 applies to any Underlying Security; the maintenance standards of Rule 14.6 are satisfied; and the listing of each Contract has been approved by the Exchange's New Product Committee, on the basis of a written approval memorandum documenting the Committee's determinations, in accordance with Rule 14.8 (see Appendix E).

The Underlying Price Index

The Underlying Price Index for a given time t is the last sale price of the Underlying Security as reported on the consolidated tape pursuant to the applicable national market system plan: for Underlying Securities listed on The Nasdaq Stock Market, the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis (the "UTP Plan"), and, for Underlying Securities listed on the New York Stock Exchange or NYSE Arca, the Consolidated Tape Association Plan (the "CTA Plan"). During periods when the U.S. equity cash market is closed, the Underlying Price Index is the official closing price from the most recent regular trading session. For each Underlying Security, that is the price established by the closing auction of its primary listing exchange (the Nasdaq Closing Cross or the NYSE or NYSE Arca closing auction, as applicable), which concentrates a substantial share of the trading day's volume in a single, transparent, auction-determined print.

Every value of the Underlying Price Index is therefore the price of an actual, executed, and cleared transaction in the Underlying Security effected on a national securities exchange registered under Section 6(a) of the Exchange Act or reported by a FINRA member to a trade reporting facility, and disseminated through securities information processors operating under SEC-approved national market system plans. The consolidated tape is a product of the national market system established under Section 11A of the Exchange Act and Regulation NMS: transaction reporting is mandatory, standardized, and surveilled; the reporting venues are themselves self-regulatory organizations (or FINRA members subject to

[18] The Exchange's eligibility determinations for the Underlying Securities are based on the following sources, in each case as of the date of this submission: Section 12(b) registration status, shares outstanding, and holders of record per each issuer's most recent annual and quarterly (or other periodic) reports filed with the SEC; market capitalization per the closing price of each Underlying Security on its primary listing exchange; trading volume and traded notional value per consolidated market data for the six-month period ended immediately prior to the date of this submission; and public float and Estimated Deliverable Supply per issuer filings and consolidated market data. The data supporting the Exchange's determination for each Underlying Security are maintained by the Exchange and are available to Commission staff upon request.

SRO oversight) with independent surveillance obligations; and the data is disseminated in real time to the entire market, so that any anomalous print is immediately visible to all market participants, to the SROs, and to the SEC. Unlike a benchmark computed from venue order books, dealer quotations, or survey submissions, the Underlying Price Index cannot be moved except by executing real transactions at prevailing prices in the cash market itself.

Market-Integrity Infrastructure

The cash market for each Underlying Security operates under a comprehensive, SEC-administered market-integrity framework: the Limit Up-Limit Down Plan constrains the price band within which transactions may execute and pauses trading upon limit states;[19] market-wide circuit breakers halt all equity trading upon severe market-wide declines; the exchanges maintain clearly erroneous execution rules; Regulation NMS's order protection and access rules unify the national market; Regulation SHO governs short sales; and trading is surveilled by the listing exchange, each trading venue, FINRA, and the SEC. The Contract's terms incorporate this infrastructure directly: trading in the Contract (including reporting and execution of block trades in Contracts) halts whenever a regulatory halt is in effect for the Underlying Security; no Premiums are computed during halts or outside regular trading hours; and the Periodic Transfer Time, Funding Period, and Settlement Price adjust automatically to early closes, delayed opens, and unscheduled closures, as set forth in Appendix A.

Manipulation Resistance

A party seeking to influence the Underlying Price Index must execute real transactions, at scale, in one of the deepest cash equity markets in the world, in full view of the consolidated tape and the surveillance apparatus described above—conduct that is independently unlawful under the Exchange Act and the CEA. The Limit Up-Limit Down bands mechanically cap the displacement any burst of order flow can achieve, and the cost of moving the consolidated price scales super-linearly in the required displacement under the square-root law of market impact, which is extensively documented in equity markets.[20] The bounded, deadbanded, session-long-averaged funding mechanism and the outlier-filtered, tiered settlement methodology described in Appendix A cap the payoff available through the Contract to any such attempt. Appendix F (confidential in part) quantifies these considerations.

[19] National Market System Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934 (the "LULD Plan"), File No. 4-631, approved by Exchange Act Release No. 34-67091 (May 31, 2012), 77 Fed. Reg. 33,498 (June 6, 2012), as subsequently amended.

[20] On the square-root scaling of price impact in equity markets, see Robert Almgren, Chee Thum, Emmanuel Hauptmann & Hong Li, Direct Estimation of Equity Market Impact, Risk (July 2005) at 57; Bence Tóth, Yves Lempérière, Cyril Deremble, Joachim de Lataillade, Julien Kockelkoren & Jean-Philippe Bouchaud, Anomalous Price Impact and the Critical Nature of Liquidity in Financial Markets, 1 Phys. Rev. X 021006 (2011), DOI: https://doi.org/10.1103/PhysRevX.1.021006; see also Frédéric Bucci, Michael Benzaquen, Fabrizio Lillo & Jean-Philippe Bouchaud, Crossover from Linear to Square-Root Market Impact, 122 Phys. Rev. Lett. 108302 (2019).

APPENDIX E—COMPLIANCE WITH THE ACT, PART 41, AND THE CORE PRINCIPLES

A. The Exchange Has Exercised Reasonable Discretion by Categorizing the Contracts as Futures Contracts (Specifically, Security Futures Products) for Purposes of Compliance with the Core Principles and Other Provisions of the CEA and Commission Regulations.

Section 5(d)(1)(B) of the CEA and Regulation 38.100(b) thereunder provide that a DCM has reasonable discretion in establishing the manner in which it complies with the Core Principles.[21] Through the analysis below, the Exchange has exercised reasonable discretion by categorizing each Contract as a futures contract and, specifically, as a security future and security futures product for purposes of compliance with the Core Principles and other provisions of the CEA and Commission regulations.[22]

1. The CEA's "Swap" Definition Per Se Excludes Futures Contracts and Security Futures Products.

The CEA's definition of "swap" expressly excludes both "any contract of sale of a commodity for future delivery" and any "security futures product."[23] If an agreement, contract, or transaction falls within one of these exclusions, it is not a swap, regardless of whether it could also plausibly fall within an affirmative clause of the swap definition. This *per se* effect is illustrated by the definition's treatment of securities options. Setting aside those exclusions, an option on a single, non-exempt equity security could fall within the affirmative clause of the CEA's swap definition covering an option based on the value of one or more securities, but it is not a swap because securities options are expressly excluded under CEA Section 1(a)(47)(B).[24]

The same analysis applies here. A "security futures product" means a security future or an option or similar privilege on a security future.[25] Accordingly, if a Contract is a security future, it is *per se* excluded from the CEA's swap definition, even if it could also be described in terms falling within an affirmative clause of that definition. The Exchange Act's definition of "security-based swap," in turn, reaches only an agreement, contract, or transaction that is a "swap" within the meaning of the CEA (without regard to the CEA's exclusion for security-based swaps). A Contract that is excluded from the CEA's swap definition as a futures contract or security futures product therefore is not a security-based swap either.[26] The remainder of this analysis accordingly focuses on whether the Contracts are security futures, *per se* excluded from the statutory "swap" and "security-based swap" definitions.

2. The Contracts Qualify as Security Futures.

a. The Contracts Fall Within the Statutory Definition of "Security Future."

Subject to exclusions not relevant here, the CEA and the Exchange Act define a "security future" as "a contract of sale for future delivery of a single security or of a narrow-based security index, including any interest therein or based on the value thereof."[27] Each Contract is a contract based on the value of a single Underlying Security and provides for future delivery of cash payments determined by reference to the future price of that security.

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[21] 7 U.S.C. § 7(d)(1)(B); 17 C.F.R. § 38.100(b).

[22] The Exchange and Klear intend to treat each Contract as a futures contract and security futures product for purposes of compliance with the CEA, the provisions of the Exchange Act applicable to security futures products, and the regulations of the Commission and SEC thereunder, by themselves and their Participants.

[23] 7 U.S.C. § 1a(47)(B)(i).

[24] See 7 U.S.C. §§ 1a(47)(A)(i), 1a(47)(B)(iii).

[25] 7 U.S.C. § 1a(45).

[26] 15 U.S.C. § 78c(a)(68)(A); see also Further Definition of "Swap," "Security-Based Swap," and "Security-Based Swap Agreement"; Mixed Swaps; Security-Based Swap Agreement Recordkeeping, 77 Fed. Reg. 48,208, 48,227-28 (Aug. 13, 2012).

[27] 7 U.S.C. § 1a(44); 15 U.S.C. § 78c(a)(55)(A).

Traditional cash-settled security futures generally provide for final cash settlement on a specified expiration date. The statutory text does not, however, require delivery on a single, specified future date. Congress could have limited the definition to a contract for *a* future delivery or referred expressly to a "specific future date," as it did elsewhere in the CEA, but it did not.[28] Nor does "future delivery" require physical delivery. The definition expressly includes futures on narrow-based security indexes, which ordinarily can be settled only in cash, and the Commission and SEC have adopted rules that specifically contemplate cash-settled security futures.[29] The absence of a scheduled final settlement date therefore does not disqualify the Contracts from treatment as security futures.

Each Contract's daily Periodic Transfer mechanism supplies the requisite element of "future delivery." In place of a single cash payment at expiration, the Contract provides for a continuing series of cash-settled future deliveries for as long as the position remains open. Each Periodic Transfer is determined after the Contract is entered into, constitutes a distinct cash flow computed independently from variation margin, and transfers value between the long and short sides by reference to the price relationship between the Contract and the Underlying Security. Economically, the Contract is equivalent to a strip of next-day security futures on the same Underlying Security, each providing for cash settlement on the following day. The Contract's indefinite term changes the timing and recurrence of settlement; it does not eliminate future delivery.

b. The Contracts Satisfy Futures-Contract Precedent.

The defining characteristics of commodity futures further support categorizing the Contracts as security futures. The phrase "contract of sale for future delivery" in the security-future definition is the same formulation the CEA uses when referring to commodity futures generally.[30] Courts ordinarily read identical language within the same statute consistently, and no case, rule, or Commission interpretation attributes a different meaning to that phrase when the underlying commodity is a security.[31] Moreover, the CEA classifies securities as "excluded commodities."[32] Security futures thus are a type of commodity future, which is part of the reason that they are subject to CFTC regulation in addition to SEC regulation. It would undermine that statutory structure to use one set of criteria to determine whether a contract on one excluded commodity is a future and another set merely because the excluded commodity is a security.

Neither the CEA nor Commission regulations provide a fixed definition of "futures contract." The Commission has historically described futures as standardized contracts for the purchase or sale of commodities that provide for future rather than immediate delivery; are offered directly or indirectly to the public and generally secured by margin; and are entered into primarily to assume or shift the risk of changes in commodity value rather than to transfer ownership of the commodity.[33] The Commission has also historically distinguished futures from swaps by reference to features including standardization, exchange-style offset, centralized trading, clearing and margin, and availability to the public.[34]

[28] See 7 U.S.C. § 1a(24) (defining a foreign exchange forward by reference to an exchange of currencies on a "specific future date").

[29] See 17 C.F.R. §§ 41.25(c), 240.6h-1(b); Caiola v. Citibank, N.A., 295 F.3d 312, 326 (2d Cir. 2002) (recognizing in the analogous securities-options context that an option on an index of securities is settled in cash because physical delivery is not possible); CBOE Futures Exchange, LLC, Rule Certification and Listing of Security Futures Products, Submission No. CFE-2011-28 (Dec. 22, 2011); OneChicago, LLC, Listing of Security Futures Products (Dec. 3, 2008).

[30] See, e.g., 7 U.S.C. § 2(a)(1)(A).

[31] See, e.g., Unicolors, Inc. v. H&M Hennes & Mauritz, L.P., 595 U.S. 178, 186 (2022); United Sav. Ass'n of Tex. v. Timbers of Inwood Forest Assocs., Ltd., 484 U.S. 365, 371 (1988).

[32] 7 U.S.C. § 1a(19).

[33] In re Stovall, [1977-1980 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 20,941, at 23,777 (CFTC Dec. 6, 1979).

[34] See Policy Statement Concerning Swap Transactions, 54 Fed. Reg. 30,694, 30,695-96 (July 21, 1989); Exemption of Certain Swap Agreements, 58 Fed. Reg. 5,587, 5,589 (Jan. 22, 1993).

Courts addressing contracts on intangible commodities distinguish futures from forwards or swaps principally by asking whether there is trading "in the contract."[35] That inquiry turns on standardization and fungibility, as evidenced by such features as (i) a fixed, standardized unit quantity, (ii) obligations guaranteed by a clearing house that sets margin requirements, and (iii) the ability to exit through an offsetting transaction.[36]

Each Contract will exhibit all of these defining characteristics:

- each Contract will have a fixed, standardized unit quantity;
- each party's obligations will be guaranteed through novation to Klear, which will act as central counterparty and set and collect margin;
- holders will be able to exit positions through offset;
- the Contracts will be available to the general public, including retail participants;
- parties will enter into the Contracts to assume or shift the risk of changes in the value of the applicable Underlying Security, without any possibility of transferring ownership of that security; and
- the Contracts will trade on the Exchange's centralized order book as security futures products listed by a DCM that is notice-registered with the SEC as a national securities exchange.[37]

The Contracts' indefinite duration does not alter this conclusion. Although courts sometimes describe futures as having a fixed expiration or delivery date, none has held that a single expiration date is indispensable to futures categorization. Courts that have addressed contracts of indefinite duration have instead treated the absence of a fixed expiration date as non-determinative when the defining characteristics of a future are otherwise present.[38]

The Seventh Circuit's decision in *Chicago Mercantile Exchange v. SEC* is particularly instructive because it concerned listed, securities-linked contracts of "indefinite duration." The court concluded that such contracts can possess "futurity" because futurity exists when value or executory payment obligations are set in the future; it does not depend on a mandatory final-settlement date.[39] The index participations at issue in that case required periodic payments approximating dividends and allowed the long holder, but did not require both parties, to trigger a later cash-out. The Contracts similarly have no binding scheduled final settlement but impose future executory payment obligations through Periodic Transfers. Although *CME* predated the Commodity Futures Modernization Act of 2000, the court's analysis expressly extended to participations based on securities indexes; under the current statutory taxonomy, the same analysis supports

[35] See, e.g., CFTC v. Erskine, 512 F.3d 309, 325 (6th Cir. 2008); CFTC v. Zelener, 373 F.3d 861, 865 (7th Cir. 2004); Chicago Mercantile Exchange v. SEC, 883 F.2d 537, 542 (7th Cir. 1989) ("CME"). This submission does not address the categorization of contracts involving physical delivery of tangible commodities, for which some courts have applied a totality-of-the-circumstances analysis. See, e.g., CFTC v. Co Petro Marketing Group, Inc., 680 F.2d 573, 581 (9th Cir. 1982); Andersons, Inc. v. Horton Farms, Inc., 166 F.3d 308, 318 (6th Cir. 1998).

[36] See Erskine, 512 F.3d at 325; CME, 883 F.2d at 542; Zelener, 373 F.3d at 868 (quoting Nagel v. ADM Investor Services, Inc., 217 F.3d 436, 441 (7th Cir. 2000)).

[37] Trading on a regulated exchange is not indispensable to futures categorization, but the Contracts' trading on a DCM and clearing through a DCO strongly support the conclusion that there is trading "in the contract." Section 4(a) of the CEA prohibits off-exchange futures without reclassifying them as swaps. See 7 U.S.C. § 6(a).

[38] See Standard Forex, Inc. v. Commodity Futures Trading Commission, No. 93 Civ. 0088 (PKL), 1996 WL 435440, at *10 (S.D.N.Y. Aug. 1, 1996); CFTC v. International Financial Services (New York), Inc., 323 F. Supp. 2d 482, 498 (S.D.N.Y. 2004); CFTC v. International Foreign Currency, Inc., 334 F. Supp. 2d 305, 312 (E.D.N.Y. 2004).

[39] CME, 883 F.2d at 539, 541-42. The index participations were perpetual-term contracts based on a securities index. The seller promised to pay the buyer the index value on a cash-out day; the instruments also settled quarterly through payments approximating dividends paid by the component stocks. The long holder could elect to cash out, but no binding final-settlement date applied to both sides.

security-future treatment for a standardized contract based on a single security or narrow-based security index.[40]

The Contract's Periodic Transfer mechanism reinforces, rather than undermines, its appropriate categorization as a security future. Periodic Transfers are standardized, non-negotiable terms of a fungible, exchange-traded and centrally cleared instrument, not individually negotiated exchanges of payments between identified counterparties. They serve for a perpetual future the convergence function that final settlement serves for a dated future by encouraging the Contract price to remain aligned with the Underlying Security. Their inclusion does not transform the Contract into a swap any more than daily variation settlement transforms a dated future into a swap.

The Commission's May 29, 2026 order approving the Exchange's BTCPERP contract as a futures contract confirms that a perpetual term and recurring funding mechanism are compatible with futures categorization.[41] The order also considered characteristics of the underlying bitcoin market that supported the funding mechanism's effective operation, price convergence, and resistance to manipulation, including that the reference price was observable while the contract traded and that the spot market was deep and liquid.[42] The market for the Underlying Securities likewise is deep, active, transparent, and subject to comprehensive federal regulation. The Contract's trading hours, funding methodology, trading-halt provisions, eligibility criteria, market-surveillance arrangements, and other protections described in this submission are designed so that the Contract's price and Periodic Transfers remain anchored to observable prices in the underlying and related markets.

3. Security-Future Categorization Promotes Consistent and Predictable Regulation and Reduces Arbitrage Opportunities.

The security-futures regime was designed specifically for exchange-traded derivatives on securities. It coordinates CFTC and SEC oversight and seeks parity with comparable exchange-listed securities options in areas including margin and listing standards, while also providing for coordinated trading halts and cross-market surveillance.[43] Listed equities, single-stock exchange-traded funds, listed equity options, dated single-stock futures, and the Contracts are economically related instruments: each enables directional or hedged exposure to the performance of the same equity or equity-linked reference asset. Treating the Contracts as security futures therefore places them within the regulatory framework Congress created for standardized, exchange-traded securities derivatives and promotes consistent treatment of economically similar instruments.

That consistency also supports market quality. Trading in cash equities, listed options, and dated equity futures is complementary: the availability of multiple instruments can improve hedging, risk management, price discovery, and the isolation of particular exposures for investors and liquidity providers. Subjecting the Contracts to the same coordinated framework should permit similar benefits while preserving the margin, customer-protection, surveillance, and trading-halt safeguards applicable to security futures.

By contrast, categorizing the Contracts as swaps or security-based swaps would subject standardized, fungible, centrally cleared and exchange-traded instruments available to retail participants to regulatory

[40] The CFMA lifted the preexisting prohibition on single-stock and narrow-based-index futures and established the joint regulatory framework for security futures. See Commodity Futures Modernization Act of 2000, Pub. L. No. 106-554, 114 Stat. 2763.

[41] CFTC, Order Approving KalshiEx LLC BTCPERP Futures Contract (May 29, 2026), https://www.cftc.gov/media/14071/DMO_KalshiBTCPERPOrder052926/download.

[42] Id. at 7.

[43] See 15 U.S.C. §§ 78f(h)(3)(C), 78g(c)(2)(B)(iii); 17 C.F.R. §§ 41.25, 240.6h-1. The customer-margin provisions require consistency with comparable exchange-traded options, and security-futures listing standards must be no less restrictive than comparable securities-options standards.

regimes principally designed for institutional, over-the-counter markets.[44] It would also create incentives to reproduce substantially the same economics through very long-dated security futures or other structures selected to obtain the appropriate exchange-traded-derivatives framework. Disparate treatment of economically similar instruments would invite regulatory arbitrage, fragment liquidity, and complicate coordinated oversight without producing a commensurate regulatory benefit.

For these reasons, the Exchange has reasonably categorized each Contract as a futures contract and, specifically, as a security future and security futures product subject to the joint CFTC-SEC framework under Section 2(a)(1)(D) of the CEA and the applicable provisions of the Exchange Act. Each Contract is therefore excluded from the CEA's swap definition and is not a security-based swap.

B. The Contracts Comply with the Requirements and Standards of Part 41 for Listing Security Futures Products.

Requirements for the underlying security (Regulation 41.21). Regulation 41.21(a) provides that a futures contract on a single security is eligible to be traded as a security futures product only if: (1) the underlying security is registered pursuant to Section 12 of the Exchange Act; (2) the underlying security is common stock (or such other equity security as the Commission and the SEC jointly deem appropriate, or a note, bond, debenture, or evidence of indebtedness); and (3) the underlying security conforms with the listing standards for the security futures product that the DCM has filed with the SEC under Section 19(b) of the Exchange Act. Each requirement is satisfied for each Underlying Security. Each Underlying Security is registered pursuant to Section 12(b) of the Exchange Act; each is common stock or, in the case of the three Underlying Securities identified in Appendix D, an equity security that the Commission and the SEC have jointly deemed appropriate to underlie security futures under Regulation 41.21(a)(2)(ii) and Section 2(a)(1)(D)(v)(I) of the Act; and each conforms with the security futures listing standards that the Exchange has filed with the SEC, which are codified in Rules 14.3 through 14.8 of Chapter 14 of the Rulebook and are modeled on the sample listing standards described in SEC Staff Legal Bulletin No. 15 ("SLB 15"), the initial listing standards applicable to equity options, and the listing standards of security futures on the Chicago Mercantile Exchange.[45] As set forth in Appendix D, the Exchange has confirmed that each Underlying Security satisfies Rule 14.3: each is a Section 12(b)-registered NMS stock listed on a national securities exchange (Rules 14.3(a) and 14.3(h)); each issuer is current in its periodic reporting obligations (Rule 14.3(g)); and each Underlying Security other than the two ETF Shares has not fewer than the 2,000 security holders required by Rule 14.3(j), while the ETF Shares satisfy the trading-volume criterion of Rule 14.3(k) that applies to them in lieu of Rule 14.3(j). Rule 14.3(h) expressly extends eligibility to ADRs and to ETF Shares meeting the conditions of Rule 14.4(e), and the maintenance standards of Rule 14.6 apply to those securities on an ongoing basis.

Each Underlying Security must satisfy the quantitative criteria of Rules 14.3(b) through 14.3(f). Every Underlying Security is in any event eligible to underlie exchange-listed options. No categorical exclusion under Rule 14.4 applies to any Underlying Security; the maintenance standards of Rule 14.6 are satisfied; and the listing of each Contract has been approved by the Exchange's New Product Committee in accordance with Rule 14.8, following the review required by Rule 14.8(b), including an evaluation of the

[44] See, e.g., Security-Based Swap Execution and Registration and Regulation of Security-Based Swap Execution Facilities, 88 Fed. Reg. 87,156, 87,166 n.103 (Dec. 15, 2023) (noting that the SEC's rules for security-based swap execution facilities do not directly affect retail investors).

[45] SEC Division of Market Regulation, Staff Legal Bulletin No. 15: Listing Standards for Trading Security Futures Products (Sept. 5, 2001); Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Adoption of Chicago Mercantile Exchange's Rules Governing Security Futures Product Listing Standards, Adoption of Chicago Mercantile Exchange Inc.'s Rules Governing Security Futures Adjustments, and Adoption of Chicago Mercantile Exchange Inc.'s Rules Governing Cash Settled Single Stock Security Futures, Exchange Act Release No. 34-105844 (July 2, 2026), 91 Fed. Reg. 41,676 (July 7, 2026). The Exchange's security futures listing standards are set forth in Rules 14.3 through 14.8 of the Rulebook and have been filed with the SEC.

susceptibility of each Underlying Security to manipulation and of the adequacy of the data sources necessary for settlement and margining. Should any Underlying Security cease to satisfy the maintenance standards of Rule 14.6 following the 90-day cure period described in Rule 14.6(b) or become subject to an immediate delisting event enumerated in Rule 14.6(c), the Contract on that Underlying Security will be subject to the delisting and final settlement procedures of Rules 14.6 and 14.7, as described below, without effect on any other Contract.

Required certifications (Regulation 41.22). The certifications required by Regulation 41.22 are set forth in the Certifications section of this submission. In substance: paragraph (a) is supported by the Regulation 41.21 analysis above; paragraph (b) is inapplicable because the Contract is not physically settled and all obligations settle in cash; paragraph (c) is reserved; as to paragraph (d), customer business in the Contract will be conducted only by intermediaries subject to suitability rules comparable to those of a registered national securities association under Part VIII of Chapter 14 (Sales Practices): under Rule 14.1(d) of the Rulebook, only members of the Exchange registered as futures commission merchants or introducing brokers with the Commission that are also registered or notice-registered as broker-dealers with the SEC pursuant to Section 15(b) of the Exchange Act may effect customer transactions in the Contract; Rule 14.33 requires each such member to comply with National Futures Association sales-practice requirements (the National Futures Association ("NFA") is a national securities association for the limited purpose of regulating the activities of NFA members who are registered as brokers or dealers in security futures products under Section 15(b)(11) of the Exchange Act and has adopted sales-practice, suitability, and disclosure requirements applicable to security futures activities of Commission registrants, including delivery of the uniform security futures risk disclosure statement[46]); as to paragraph (e), the Exchange has no floor brokers and does not "provide[] market participants with a time or place advantage or the ability to override a predetermined algorithm,"[47] and Rule 5.17 prohibits any futures commission merchant or introducing broker member of the Exchange from entering into an order to buy or sell a contract for their own account or any account in which they have a proprietary interest when the intermediary has in hand an order to buy or sell the same contract for a customer at the same price or at the market price; paragraph (f) is supported by Appendices D and F; as to paragraphs (g) and (h), the Exchange's audit trail—which under Rule 14.36 captures order receipt and execution times to the millisecond, Participant and customer identity, order terms, modifications and cancellations, and execution prices and counterparties, retained for not less than five years—is sufficient to reconstruct trading in the Contract and to facilitate coordinated surveillance, and the Exchange's membership in the Intermarket Surveillance Group, required by Rule 14.35, provides access to surveillance information from the markets on which the Underlying Security and related options trade, with cross-market information-sharing and coordinated-investigation obligations set forth in Rules 14.34 through 14.36; as to paragraph (i), Rule 14.13 of the Rulebook and the Contract's terms provide that trading in the Contract (including execution and reporting of block trades) is halted at all times that a regulatory halt is in effect for the Underlying Security; and paragraph (j) is supported by the margin analysis below.

Additional conditions for trading (Regulation 41.25). The terms and conditions of the Contract comply with each applicable condition of Regulation 41.25:

Reporting of data (Regulation 41.25(b)(1)). The Exchange complies with Part 16 of the Commission's regulations, requiring the daily reporting of market data, with respect to the Contract. In addition, Rule 14.25 of the Rulebook requires each Participant to file daily large trader reports with the Exchange, by 9:00 a.m. Eastern Time on the following business day, for any account holding a reportable position of 5,000 or more Standard Contract Equivalents, net long or net short.

[46] See NFA Compliance Rule 2-30(b) and NFA Interpretive Notice 9050 (NFA Compliance Rule 2-30(b): Risk Disclosure Statement for Security Futures Contracts); see also NFA Compliance Rule 2-37 and NFA Interpretive Notice 9047. The joint SEC-CFTC Risk Disclosure Statement for Security Futures Contracts was most recently revised in August 2020. See NFA Notice to Members I-20-30 (Aug. 2020).

[47] 17 C.F.R. § 41.27(b)(2).

Regulatory trading halts (Regulation 41.25(b)(2)). Rule 14.13 of the Rulebook and the Contract's terms provide that the Exchange will halt trading (including execution and reporting of block trades) in the Contract at all times that a Regulatory Halt—including any events within the meaning of that term in (i) SEC Rule 6h-1(a)(3) and CFTC Regulation 41.1(l) and (ii) the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the SEC, as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4 631) and as implemented under New York Stock Exchange Rule 7.12 for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility—is in effect for the Underlying Security, including any market-wide circuit breaker halt as provided in Rule 14.13(b), in conformity with Regulation 41.25(b)(2)(i) and the parallel requirement of SEC Rule 6h-1(c).[48] Moreover, the halt regime propagates through the Contract's economics: no Premiums are computed during any halt in the Underlying Security, halted intervals are excluded from the Funding Period, and if trading in the Contract is halted at the Periodic Transfer Time the Settlement Price is determined under Tier 3 (Index Net Change).

Speculative position limits (Regulation 41.25(b)(3)). Regulation 41.25(b)(3) requires a DCM to have rules establishing position limits or position accountability procedures "for the expiring futures contract month," applicable to positions held "during the last three trading days of an expiring contract month," at levels no greater than specified defaults; Regulation 41.25(b)(3)(i)(B) permits a position accountability rule in lieu of a position limit where the six-month total trading volume in the underlying security exceeds 2.5 billion shares and there are more than 40 million shares of estimated deliverable supply, with an information-and-standstill trigger at 25,000 Standard Contract Equivalents. In the ordinary life of the Contract, the concentrated, expiration-driven pressure at which the expiring-month limit regime is directed cannot arise, because there is no scheduled date on which positions must converge to a terminal settlement value or delivery obligation; terminal settlement occurs only upon the contingent, Exchange-declared events addressed under Regulation 41.25(c) below.

The Exchange has nonetheless implemented a framework that meets the regulation on its own terms and exceeds it in application. Rule 14.23(b) of the Rulebook establishes default position limits of 50,000 Standard Contract Equivalents, net or on the same side of the market, at all times other than the last three trading days of an expiring contract, and 25,000 Standard Contract Equivalents (the maximum level Regulation 41.25(b)(3)(i) permits) during those last three trading days; and, because the Contract has no expiring contract month, Rule 14.23(a) maps that final-three-day window to the three trading days preceding any accelerated final settlement or delisting under Rule 14.7, so the regulation's expiring-month limit takes effect at precisely the point at which a perpetual contract can first face terminal settlement pressure. Furthermore, the Contract's terms establish a Position Accountability Level of 25,000 Standard Contract Equivalents, the trigger level specified in Regulation 41.25(b)(3)(i)(B) and the general accountability ceiling of Rule 14.23(d), net or on the same side of the market, applied at all times and administered under Rule 14.24, under which a person at or above that level must provide information regarding the nature, size, and purpose of the position and consent to halt increasing it when so ordered by the Exchange.

Because each Underlying Security has an Estimated Deliverable Supply of not less than 20 million shares (Rule 14.3(f)), the 25,000-Standard Contract Equivalent limit of Rule 14.23(b) is in every case at or below the level that would result from setting a limit at 12.5 percent of Estimated Deliverable Supply under Regulation 41.25(b)(3)(i)(A); and for each Underlying Security that also satisfies both criteria of Regulation 41.25(b)(3)(i)(B) (six-month total trading volume in excess of 2.5 billion shares and Estimated Deliverable Supply in excess of 40 million shares), the Position Accountability Level operates at precisely the trigger level that provision specifies. Positions are aggregated under Rule 14.23(e), and hedging exemptions are available under Rule 14.23(f). Pursuant to Rule 14.23(g), the Exchange calculates Estimated Deliverable

[48] 17 C.F.R. § 240.6h-1(c).

Supply and Six-Month Total Trading Volume on a monthly basis (more frequently than the semi-annual minimum of Regulation 41.25(b)(3)(vi)) and will adjust the applicable levels as required. Should the Exchange in the future list a physically-delivered security futures product on the same underlying security, positions in the physically-delivered contract will not be netted with positions in the Contract for purposes of determining the applicability of position limits, consistent with Regulation 41.25(b)(3)(vii).

Moreover, notwithstanding Rules 14.23(c) and (d), Rule 14.23(a) prohibits positions or positions aggregated with 14.23(e) from exceeding 200,000 Perpetual SFP Standard Contract Equivalents.

Final settlement prices (Regulation 41.25(c)). Regulation 41.25(c)(1) provides that the final settlement price of a cash-settled security futures product must fairly reflect the opening price of the underlying security, with fallbacks in paragraph (c)(2) where an opening price is not readily available and clearing-organization authority in paragraph (c)(3) to determine an alternative final settlement price where necessary for the protection of customers and the public interest; SEC Rule 6h-1(b) is the parallel provision under the Exchange Act.[49] The Contract, by its terms, has no scheduled Expiration Date, no scheduled Last Trading Date, and no scheduled final settlement: in the ordinary course, positions terminate exclusively by offset at prices the position holder accepts in the market, and the daily Settlement Price (the "Daily Settlement Price" for purposes of Rule 14.12 of the Rulebook) is a daily mark determined once per day, at the scheduled close of the U.S. equity cash market, for variation margin and Periodic Transfer purposes under the tiered methodology of Rule 14.12 and the Contract's terms; it is not a final settlement price within the meaning of Regulation 41.25(c). A final settlement price arises for the Contract only upon the contingent termination events for which Chapter 14 of the Rulebook expressly provides: delisting following a failure of the maintenance standards of Rule 14.6 (and subsequent failure to meet the maintenance requirements at the expiration of the 90 day cure period provided for therein) or the occurrence of an immediate delisting event with respect to an Underlying Security under Rule 14.6(c), and accelerated final settlement declared under Rules 14.29(e) and 14.30 in connection with a Corporate Action (such as a cash merger extinguishing the Underlying Security), issuer bankruptcy, delisting or suspension of the Underlying Security, or similar events. In each such case, the Rulebook determines the final settlement price in a manner expressly designed to comply with Regulation 41.25(c). Under Rules 14.7(c) and 14.30(b), the final settlement price is, in order of priority: the consideration payable to holders of the Underlying Security under the announced terms of the relevant Corporate Action, if applicable; otherwise, the opening price of the Underlying Security on its Primary Listing Exchange on the final settlement date: exactly the value Regulation 41.25(c)(1) prescribes; and, where such prices are not readily available, an alternative final settlement price determined in a manner consistent with Regulations 41.25(c)(2) and 41.25(c)(3). Where an opening price is not readily available, Regulation 41.25(c)(2) permits the final settlement price to reflect the price of the underlying security during its most recent regular trading session or the next available opening price. Rule 14.7(c) provides that any final settlement price shall fairly reflect the price or value of the Underlying Security and shall be determined in a manner consistent with Regulation 41.25(c), and the same framework satisfies the parallel requirements of SEC Rule 6h-1(b). The Exchange has discussed the Contract's structure, including its treatment of final settlement, with SEC staff.

Special requirements for physical delivery contracts (Regulation 41.25(d)). Inapplicable. The Contract provides for no physical delivery.

Dual trading (Regulation 41.27). The Exchange operates a fully electronic market. No floor brokers within the meaning of Regulation 41.27 operate on the Exchange, and the Exchange's electronic trading system does not "provide[] market participants with a time or place advantage or the ability to override a predetermined algorithm."[50] Further, Rule 5.17 prohibits any futures commission merchant or introducing broker member of the Exchange from entering into an order to buy or sell a contract for their own account or

[49] 17 C.F.R. § 240.6h-1(b).

[50] 17 C.F.R. § 41.27(b)(2).

any account in which they have a proprietary interest when the intermediary has in hand an order to buy or sell the same contract for a customer at the same price or at the market price

Customer margin (Subpart E; Regulations 41.42 through 41.49). The Contract's margin framework satisfies and, at times, exceeds the minimum requirements set forth by the customer margin rules for security futures adopted jointly by the Commission and the SEC.[51] Regulation 41.45(b) requires initial and maintenance margin of not less than fifteen percent (15%) of the current market value of each security futures position, subject to enumerated offsets that may permit lower levels. Rule 14.16 of the Rulebook imposes a Perpetual SFP Required Margin of not less than 15.50% of the Current Market Value of each position (the "Perpetual SFP Margin Ratio") applied at all times, with no separate initial and maintenance rates (Rule 14.16(c)) and without any reduced margin for strategy-based offsets or exclusions for market makers or exempted persons (as defined in Regulation 41.43(a)(9)), a requirement that strictly exceeds the regulatory minimum. Because the requirement applies continuously to Current Market Value, posted collateral automatically scales with the size of the exposure. Positions are marked to market daily at the Daily Settlement Price under Rule 14.18, with Funding Rate credits and debits applied to account equity without altering the Perpetual SFP Required Margin calculation (Rule 14.18(d)); margin deficiencies trigger margin calls, position-liquidation authority, and the net capital deduction required by Regulation 41.48 (Rule 14.19); and acceptable collateral and its valuation are governed by Rule 14.17, applying Regulation T collateral values to margin securities. The Exchange retains authority under Rule 14.16(e) to impose higher margin requirements and emergency margin authority under Rule 14.22, and Klear retains its risk-management authority as the registered DCO for the Contract.

Funding rate and corporate actions under Chapter 14. The Contract's funding methodology is described and codified in Rule 14.10 (Periodic Transfers and Funding Rate for Perpetual SFPs) and associated definitions in Rule 14.2, which fix the Computation Interval (sixty seconds), the Funding Period (the regular trading session of the U.S. equity cash market), the equally weighted averaging of computed Premiums during each Funding Period, the Deadband Threshold (0.002%), the Maximum Funding Magnitude (±2.00%), and the Periodic Transfer mechanics; requires publication of the funding methodology, each Funding Rate promptly following its determination, and a historical record of Funding Rates; and provides that any amendment to the methodology or to the Contract's funding parameters applies prospectively only. Dividends and other Corporate Actions affecting the Underlying Security are governed by Part VII of Chapter 14 (Rules 14.26–.32): the economics of an Ordinary Dividend are generally transferred between long and short open interest through the Funding Rate under Rule 14.27(a), with no adjustment to the Contract's terms; Extraordinary Dividends and other distributions are generally reflected by per-contract cash amounts or Daily Settlement Price adjustments under Rule 14.27(c). Under Rule 14.28, Stock splits, stock dividends, and consolidations generally adjust the Daily Settlement Price and the number of Perpetual SFP contracts comprising each open position proportionately, while the Contract Unit remains fixed at 100 shares, leaving the notional value of open positions substantially unaffected; and mergers, tender offers, and reorganizations are addressed under Rule 14.29, with accelerated final cash settlement under Rule 14.30 where the Chief Regulatory Officer determines that continued trading would be impracticable or inequitable—in each case under the standard of Rule 14.26(b), which requires

[51] 17 C.F.R. §§ 41.43–.48; 17 C.F.R. §§ 242.400–.406. Academic commenters have emphasized that the prudential risk of a perpetual contract turns not on maximum leverage alone but on the combination of initial margin, maintenance margin, liquidation policy, market liquidity, and the resources available to absorb liquidation shortfalls, and that customer collateral protection, segregation, and default-loss allocation are central where a venue performs clearing functions itself. See Comment Letter of Ariel Zetlin-Jones, Bryan R. Routledge & Nicolas Christin, Carnegie Mellon University, re File No. S7-2026-21 (Aug. 18, 2026), https://www.sec.gov/comments/S7-2026-21/s7202621-1011079-3235289.pdf. The Contract is responsive to each: it does not permit user-selected leverage; margin is set by rule at not less than 15.50% of Current Market Value with no separate maintenance rate; clearing is performed by Klear as a registered DCO independent of the trading venue; and customer margin held in futures accounts is segregated under Section 4d of the Act and Regulation 1.20 pursuant to Rule 14.21(c) of the Rulebook.

determinations that preserve, to the greatest extent practicable, the economic equivalence of open positions immediately before and after the Corporate Action. Any Corporate Action adjustment or other action under Chapter 14 that results in a material change to the Contract's terms is filed with the Commission under Regulation 40.6 or 40.5, and with the SEC as required, pursuant to Rule 14.40.

C. The Contracts Comply with the Core Principles.

The Exchange has conducted a comprehensive analysis of the DCM 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 in the next appendix, portions of which are filed confidentially.

APPENDIX F—ADDITIONAL COMPLIANCE WITH CORE PRINCIPLES (CONFIDENTIAL IN PART)

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 Chapters 2, 3, and 5 of the Rulebook, in utilizing the Exchange's services, all Members must comply with the rules of the Rulebook ("Rules"), cooperate with Exchange investigations, inquiries, audits, examinations and proceedings, and engage in conduct consistent with just and equitable principles of trade. Chapter 3 of the Rulebook also provides clear and transparent access criteria and requirements for Exchange Members. Trading in the Contract will be subject to all of the Rules, 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 3.6, each Member is required to cooperate promptly and fully with an Exchange investigation by providing access to information on the activities of the Member in any referenced market, which includes books and records of trading. Pursuant to Rule 9.2, the Exchange may compel testimony, subpoena documents, and require statements under oath from any Member. As described in Rule 9.1, the Exchange conducts trade practice surveillance, market surveillance, and real-time market monitoring to ensure that Members adhere to the Rules of the Exchange. The Exchange, through the compliance department, initiates review and, where appropriate, investigates unusual trading activity. The compliance department also investigates any time it has other reason to believe that inappropriate activity of any sort is taking place on the Kalshi Platform or its website.

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 believes that its listing standards for the Contracts are designed to ensure that Perpetual SFPs and their Underlying Securities will not be readily susceptible to price manipulation. In particular, Part II of Chapter 14 includes several initial and maintenance listing criteria that are significantly more stringent than the listing standards in SLB 15. Specifically, the Exchange's initial listing standards require that the Underlying Security for a Perpetual SFP have an estimated deliverable supply in excess of 20 million shares (Rule 14.3(f)), a minimum market capitalization of $100 billion (Rule 14.3(b)) and an ADTV of at least $450 million over the prior six months or higher for securities with less than six months trading history (Rule 14.3(c)).

Pursuant to Rule 14.6, the Exchange will delist a Perpetual SFP on an Underlying Security that fails to meet its maintenance standards following the expiration of a ninety (90) day cure period or that is subject to an immediate delisting event (Rule 14.6(c)). Several of the Rule 14.6 maintenance standards proposed by the Exchange are more stringent than the corresponding standards in SLB 15, requiring the Underlying Security to maintain an estimated deliverable supply in excess of 20 million shares, a market capitalization of at least $50 billion and a minimum ADTV of at least $200 million for the prior calendar quarter or higher for securities that have been listed for trading for less than a quarter. In addition, Rule 14.4 categorically excludes, among other securities, any security that is subject to a trading halt, suspension or revocation of listing by its principal listing exchange, ensuring that securities with cash markets experiencing significant disruption, including due to potential manipulation, may not become Underlying Securities of Perpetual SFPs. And, in addition to these minimum criteria, the NPC shall, pursuant to Rule 14.8, specifically consider the susceptibility to manipulation of a security when determining whether to permit the listing of a Perpetual SFP on such security, and retains discretion to decline to list a Perpetual SFP on any security regardless of whether the security satisfies the aforementioned criteria.

Further, the Funding Rate calculation methodology for Perpetual SFPs is carefully designed to ensure that periodic funding obligations of holders of Perpetual SFPs are resilient to disruptive or anomalous trading behavior affecting both Perpetual SFPs and their Underlying Securities. First, each of the inputs to the Funding Rate calculation is independently resistant to manipulation, as further described below: the Reference Price (the time-weighted average of the Underlying Price Index over a given Computation Interval) reflects real-time consolidated equity cash market data, thereby incorporating the depth, liquidity and competitive price discovery of U.S. cash equity markets, while the Settlement Price (which equals the Mark Price as of the Periodic Transfer Time) is calculated through an objective, tiered methodology designed to prevent isolated or anomalous activity from materially affecting the calculation.

The Exchange will also maintain several controls external to the Funding Rate calculation methodology to ensure the integrity of daily funding settlements and their resistance to manipulation. As provided in Rule 14.10(i), the Exchange will monitor the performance of the funding mechanism in maintaining economic correspondence between the price of each Perpetual SFP and its corresponding Underlying Price Index, including through surveillance of Premium behavior around the Daily Settlement Time to identify any unusual, potentially manipulative or disruptive trading behavior occurring near a daily settlement period. The Exchange may amend the Funding Rate methodology and related parameters (*e.g.*, the Deadband Threshold and Maximum Funding Magnitude) in accordance with applicable Exchange Rules and applicable law. Funding Rates and associated periodic funding payment transfers may also be subject to the Exchange's Market Outcome Review Process, set forth in Exchange Rule 7.1, whereby the Exchange's Outcome Review Committee, a standing committee consisting of three members, two of which must be Public Directors appointed by the Exchange's Regulatory Oversight Committee pursuant to Exchange Rule 2.7(e), may determine the final settlement outcome of the Perpetual SFP for the applicable daily settlement period. The Exchange may initiate the Market Outcome Review Process at its sole discretion and by taking into account circumstances that may have a material impact on the reliability or transparency of the underlying related to a contract (*i.e.*, the Underlying Price Index of a Perpetual SFP). Additionally, pursuant to Rule 14.10(g), the Exchange may initiate the Market Outcome Review Process for any daily settlement for which the Daily Settlement Price cannot be determined under Rule 14.12 and a Perpetual SFP's terms and conditions. Finally, Rule 14.10(j) provides that the Exchange may take such actions as it deems necessary and appropriate in accordance with the procedures set forth in Exchange Rule 2.8 – including, but not limited to, temporarily adjusting the Maximum Funding Magnitude, modifying margin requirements or imposing additional risk controls – in the event of an "Emergency" as defined in Exchange Rule 2.8. Collectively, these controls supplement the already manipulation-resistant funding calculation methodology by ensuring the availability of controls within the discretion of the Exchange to detect, remedy and deter manipulation.

More generally, the Exchange maintains various safeguards against price manipulation and all other forms of manipulation, including, (i) real-time market monitoring, automated trade surveillance, and suspicious behavior detection, (ii) Rulebook prohibitions, Member certification, and notification, (iii) Member monitoring and know-your-customer verification, and (iv) sanctions. These safeguards will be applied with respect to trading in the Contract and render the Contract not readily susceptible to manipulation.

(i) **Real-time market monitoring, automated trade surveillance, and suspicious behavior detection**: Kalshi conducts real-time market monitoring of all trading activity on the Exchange to identify disorderly trading and any market or system anomalies. As described in Rule 5.11, Kalshi has the authority to adjust trade prices or cancel trades when necessary to mitigate market disrupting events caused by malfunctions in its electronic trading platform or errors in orders submitted by members and market participants. Any trade price adjustments or trade cancellations must be transparent to the market and subject to standards that are clear, fair, and publicly available. Kalshi also maintains an automated trade surveillance system capable of detecting and investigating potential trade practice violations. The automated system loads and processes orders and trades as they occur on the Exchange (well within 24 hours after the completion of the trading day stated in Commission Regulation 38.156). The automated trade surveillance system has the ability to detect and flag specific trade execution patterns and trade anomalies; compute, retain, and compare trading statistics; compute trade gains, losses, and positions; reconstruct the sequence of market activity; perform market analyses; and support system users to perform in-depth analyses and ad hoc queries of trade-related data. As described in Rule 9.2(a), Kalshi's Compliance Department investigates unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of Kalshi's Rules, or upon the receipt of a request from Commission staff. The Exchange disciplinary process is conducted in accordance with Chapter 9 of the Exchange Rulebook, and penalties may be imposed in accordance with Rule 9.5.

(ii) **Rulebook prohibitions, 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 3.6, each Member is required to cooperate promptly and fully with an Exchange investigation by providing access to information on the activities of the Member in any referenced market, which includes books and records of trading. Pursuant to Rule 9.2, the Exchange may compel testimony, subpoena documents, and require statements under oath from any Member. The Exchange's Surveillance Officers, which operate within the Compliance Department, perform trade practice 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.

(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 ensures that the Exchange has access to all of its members' personal identifying information, and the Exchange can leverage this information as part of its surveillance and to ensure the overall fairness and integrity of its markets. During the application process, individual applicants are required to share personally identifiable information, such as their full legal name, social security 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.

Additionally, as part of the KYC process for its individual members, 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.

(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 3.6. 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 the foregoing surveillance, enforcement, and KYC safeguards, Rule 14.14 of the Rulebook requires the Exchange to maintain pre-trade and intra-trade safeguards for the Contract, including price reasonability checks, dynamic and static price bands, volatility interruption mechanisms, and maximum order size and value limits, operative at all times the Contract trades, including during periods when the U.S. equity cash market is closed.

First, the Exchange applies price reasonability checks and price bands to incoming orders before they are inserted into the order book. These include dynamic price bands calculated by reference to prevailing market prices and Static Daily Limits (maximum permitted deviations from the Static Reference Price, ordinarily the prior trading day's Daily Settlement Price), with the parameters, procedures, and methodologies for each safeguard established and published by Exchange Notice or technical specification pursuant to Rule 14.14(b). Orders priced outside the applicable bands are rejected before insertion; a previously accepted resting order that later falls outside a band may remain in the order book unless cancelled, modified, executed, or otherwise addressed pursuant to the Exchange's Rules. Pursuant to Rules 14.14(c) and 14.39(a), the parameters for static price limits are calibrated to be consistent with the margin requirements applied to the Contract by the Clearing House, so that the maximum permitted intraday price movement does not exceed the coverage provided by margin under normal market conditions.

Second, Rule 14.14 provides for volatility interruption mechanisms and maximum order size and value limits, which operate separately from the price bands: the bands govern the prices at which incoming orders may be entered, while volatility interruptions pause trading upon disorderly price movement and size and value limits constrain the scale of activity a participant may submit through the order entry system. Rule 14.14(d) additionally requires self-match prevention functionality, under which orders bearing the same designated self-match prevention identifier are not permitted to execute against one another, a structural safeguard against wash trading and self-referencing transactions in the Contract.

Third, during Stressed Market Conditions declared under Rule 14.15(b), including periods of extreme price volatility, Regulatory Halts (including circuit breaker halts), or a significant disruption in the availability or reliability of pricing for the Underlying Security, the Exchange may widen, narrow, or otherwise modify any safeguard parameter without prior notice, and the Exchange retains discretionary authority under Rule 14.15(a) to halt, suspend, or restrict trading in the Contract whenever necessary or appropriate to maintain fair and orderly markets, protect market participants, or address an emergency. Together, these pre-trade and intra-trade controls provide complementary protections against erroneous order entry, disorderly trading, excessive concentration, and related risks to market integrity.

Moreover, the specifics of the Contracts satisfy the Core Principle 3 standard through multiple, independent, and mutually reinforcing layers of structural design and institutional safeguards, as set forth below.

[Remaining CP3 analysis filed confidentially]

Core Principle 4: Prevention of Market Disruption: Trading in the Contract will be subject to the Rules of the Exchange, which include prohibitions on manipulation. 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 and position accountability levels, 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 Principle 5: Position Limitations: Kalshi has conducted an analysis of position limits in connection with this product. Because the Contract is a security futures product, position limits and position accountability are governed by the specific requirements of Regulation 41.25(b)(3) rather than the Part 150 regime applicable to enumerated commodities, and Part VI of Chapter 14 of the Rulebook implements those requirements conservatively, as described in Appendix E: Rule 14.23(b) establishes default position limits of 50,000 Standard Contract Equivalents at all times other than the last three trading days of an expiring contract, and 25,000 Standard Contract Equivalents during that final window, which Rule 14.23(a) maps, for the Contract, to the three trading days preceding any accelerated final settlement—in each case net or on the same side of the market—and caps (notwithstanding Rules 14.23(c) and (d)) at 200,000 Standard Contract Equivalents, with aggregation under Rule 14.23(e) and hedging exemptions available under Rule 14.23(f); the Contract's terms separately establish a Position Accountability Level of 25,000 Standard Contract Equivalents, administered under Rule 14.24; Rule 14.25 requires daily large trader reports for any account at or above 5,000 Standard Contract Equivalents; and each Underlying Security satisfies the Estimated Deliverable Supply criterion of Rule 14.3(f), so that the Rule 14.23(b) limits are in every case at or below the level Regulation 41.25(b)(3)(i)(A) would produce, while those Underlying Securities that satisfy both criteria of Regulation 41.25(b)(3)(i)(B) qualify for position accountability treatment under that provision.

Because the Contract has no expiring contract month, no delivery period, and no scheduled final settlement, the corner-and-squeeze dynamics at which expiring-month position limits are directed cannot arise in the ordinary life of the Contract; where final settlement is declared under Rule 14.7 or 14.30, the 25,000-Standard Contract Equivalent final-three-day limit of Rule 14.23(b) takes effect for the window preceding settlement. The continuous application of limits and accountability gives the Exchange's market surveillance team standing authority to examine the circumstances surrounding any large position (including the participant's trading activity in the Contract, the Underlying Security, and related options; hedging rationale; and potential impact on market integrity) and to order that a position not be increased. Pursuant to Rule 14.23(g), the Exchange recalculates Estimated Deliverable Supply and Six-Month Total Trading Volume on a monthly basis, more frequently than the semi-annual minimum of Regulation 41.25(b)(3)(vi), and the Exchange reserves the right to impose additional risk controls under DCM Rule 2.8 and Rule 14.15 of the Rulebook if conditions warrant. This approach meets or exceeds the requirements of Regulation 41.25(b)(3) at every point and appropriately balances market integrity objectives against the risk of unnecessarily constraining legitimate hedging and trading activity in a deeply liquid underlying market.

Core Principles 7 and 8: Availability of General Information and Daily Publication of Trading Information: Core Principles 7 and 8, implemented by CFTC Regulations §§ 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 listed on the Exchange, including the 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 Price Index. 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 Klear, a DCO registered with the CFTC and subject to all CFTC Regulations related thereto. Klear performs the functions of a clearing agency solely with respect to security futures products effected pursuant to the Rules of the Exchange, the DCM with which it is associated, and is accordingly exempt from Section 17A of the Exchange Act and the rules and regulations thereunder pursuant to Section 17A(b)(7)(A). The Exchange requires that Members post the Perpetual SFP Required Margin—for customers, not less than 15.50% of the Current Market Value of each position, applied at all times in accordance with Rules 14.16 through 14.22 of the Rulebook and Regulations 41.43 through 41.48—before entering into positions and for as long as positions remain open. Because the requirement applies continuously to Current Market Value, posted collateral automatically scales with the size of the exposure, and positions that fall below required margin levels are subject to margin calls and liquidation under Rule 14.19. Customer margin deposits for positions in the Contract held in futures accounts are segregated in accordance with Section 4d of the Act and Regulation 1.20, as required by Rule 14.21(c) of the Rulebook, and may be held in the same segregated account as other domestic futures customer funds; the protection of customer funds is monitored by the Exchange and ensured by Klear.

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.