

September 28, 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

Re: KalshiEX LLC – CFTC Regulation 40.2(d) Class Certification Regarding the Initial Listing of the “Will the number of regular season MLB games played be <above/below/close to/far from> <value> in <season>?” Contracts

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.2(d) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi), a registered DCM, hereby notifies the Commission that it is self-certifying, as a class pursuant to Commission Regulation 40.2(d)(1), the “Will the number of regular season MLB games played be <above/below/close to/far from> <value> in <season>?” contracts (each, a Contract, and together, the Class). The Contracts will initially be listed after close-of-business on September 28, 2026; they are listed as the day after because of limitations of the Commission’s online submission portal. The Exchange intends to list the contracts on a custom basis. The Contracts’ terms and conditions (Appendix A) include the following strike conditions:

- <value>
- <season>
- <above/below/close to/far from>
- <range low>
- <range high>
- <payout schedule>
- <strike payout>
- <settlement increment>

Each Contract within the Class relies upon a pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations identical to those of the following product previously submitted to the Commission by Kalshi and certified pursuant to Commission Regulation 40.2(a) (the “Referenced Contract”): Official Product Name: “Will the number of regular season MLB games played be <above/below/close to/far from> <value> in the 2027 season?”; Official Receipt Date: September 28, 2026.

Along with this letter, Kalshi submits the following documents:

- A concise explanation and analysis of the Class;
- An analysis of the conditions of Commission Regulation 40.2(d)(1)(i)–(iv);
- Certification;
- Appendix A with the Contracts’ Terms and Conditions;

- Confidential Appendices with further information; and
- A request for FOIA confidential treatment.

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

Sincerely,

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

KalshiEX LLC

Official Product Name: “Will the number of regular season MLB games played be <above/below/close to/far from> <value> in <season>?”

Rulebook: MLBGAMESSCALAR

Summary: MLB regular season games played

Kalshi Contract Category: Sports

Kalshi Internal Category: Sports

September 28, 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

The following is a concise explanation and analysis of the Class and its compliance with the Act, including the relevant Core Principles (discussed in Appendix F), and the Commission’s regulations thereunder. Although Commission Regulation 40.2(d)(1) requires certification only under Commission Regulations 40.2(a)(1), (a)(2), (a)(3)(i), (a)(3)(iv), and (a)(3)(vi), this explanation and analysis is provided voluntarily and consistent with CFTC Staff Advisory No. 26-22 (July 24, 2026) and CFTC Staff Letter No. 26-08 (Mar. 12, 2026).

I. Introduction

The “Will the number of regular season MLB games played be <above/below/close to/far from> <value> in <season>?” Contracts are contracts relating to Sports.

Each Contract within the Class is identical in all respects to the Referenced Contract, except for the <season> (i.e., the Major League Baseball season specified by the Exchange, identified by the calendar year in which its regular season is scheduled to be played). The <above/below/close to/far from>, <value>, <range low> and <range high>, <payout schedule>, <strike payout>, and <settlement increment> variables are strike variables of the Referenced Contract itself and are available on identical terms to every Contract within the Class. Every Contract within the Class relies on the identical pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations, as set forth in Appendix A and analyzed below.

Further information about the Contracts, including an analysis of their risk mitigation and price basing utility, as well as additional considerations related to the Contracts, is included in Confidential Appendices D, E, and F.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(d), the Exchange hereby certifies that each Contract within the Class complies with the Act and Commission regulations under the Act.

General Contract Terms and Conditions: The Contract operates similar to other event contracts that the Exchange lists for trading. The minimum price fluctuation is \$0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least \$0.01 and at most \$0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of \$0.01 to enable Members to match the size of the contracts purchased to their economic risks. As outlined in Rule 5.16 of the Rulebook, trading shall be available at all times outside of any maintenance windows, which will be announced in advance by the Exchange. Members will be charged fees in accordance with Rule 3.13 of the Rulebook. Fees, if they are charged, are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. A new Source Agency can be added via a Part 40 amendment. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract's payout structure is characterized by the payment of a proportion of the Settlement Value to the holders of each side of the Contract, as determined by a payout curve that the Exchange specifies at Issuance and publishes in full before trading begins. During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. The Expiration Value and Market Outcome are determined at or after Market Close. The market is then settled by the Exchange, and the long position holders and short position holders are paid according to the Market Outcome. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Contract and "short position holders" refers to Members who purchased the "No" side of the Contract. Per Contract, the long position holders receive the amount that the payout curve assigns to the Expiration Value under the Payout Shape Methodology in Appendix B (the "long payout"), and the short position holders receive the Settlement Value minus the long payout, in each case multiplied by the number of Contracts held. Specification of the payout curve and of how the long payout is determined are included below in the section titled "Payout Criterion" in Appendix A and in Appendix B.

CLASS CERTIFICATION CONDITIONS PURSUANT TO COMMISSION REGULATION 40.2(d)(1)

Commission Regulation 40.2(d)(1) permits a designated contract market to list or facilitate trading in any swap or number of swaps based upon certain excluded commodities as a certified class, provided the DCM certifies, under Commission Regulations 40.2(a)(1), (a)(2), and (a)(3)(i), (iv), and (vi), that each of the conditions of Commission Regulation 40.2(d)(1)(i)–(iv) is satisfied. Each condition is satisfied with respect to the Class, as set forth below.

Condition (i) – Excluded Commodity: Each Contract within the Class is based upon an excluded commodity specified in Commission Regulation 40.2(d)(1). Specifically, each Contract is based upon an “occurrence, extent of an occurrence, or contingency” within the meaning of Section 1a(19)(iv) of the Act, namely, the number of official regular season games played in a specified Major League Baseball season, which is beyond the control of the parties to the relevant contract, agreement, or transaction and is associated with a financial, commercial, or economic consequence.

Condition (ii) – Identical Pricing Source, Formula, Procedure, and Methodology: Each Contract within the Class is based upon an excluded commodity with an identical pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations. Each Contract within the Class relies upon the identical Source Agencies, in identical hierarchical order, as set forth in Appendix A: Major League Baseball (including the official schedules, game results, box scores, standings, and statistics published by MLB at MLB.com and through MLB’s official statistics distribution, and MLB’s official press releases and communications), ESPN, Fox Sports, The Athletic, CBS Sports, NBC Sports. This hierarchy is identical for every Contract within the Class.

Each Contract within the Class also relies upon an identical formula for calculating payment obligations: the Payout Shape Methodology, Version 1.0, set forth in Appendix B, under which, per Contract, the holder of a long position receives the long payout that the payout curve specified by <above/below/close to/far from> and <payout schedule> assigns to the Expiration Value, and the holder of a short position receives the Settlement Value of \$1.00 minus the long payout, the long payout being rounded down once to <settlement increment>.

Each Contract within the Class further relies upon an identical procedure and methodology, namely the single, uniform set of rules set forth in the MLBGAMESSCALAR Rulebook attached as Appendix A, together with the Payout Shape Methodology in Appendix B. Every season within the Class is played under a single, uniform set of playing rules and regulations, the Official Baseball Rules and the regular season regulations of Major League Baseball, under which a game becomes an official regulation game or is suspended, resumed, called, or forfeited, and every game is recorded in MLB’s official game results, box scores, and standings. Every

Contract in the Class shares the same definitions of Underlying, Source Agency, and Payout Criterion, and the same clarifications regarding which games count as played, doubleheaders, neutral-site games, suspended and postponed games, standings tiebreaker games, work stoppages, franchise changes, and corrections. The number of games on MLB's regular season schedule for a given season, including any change to that number resulting from league expansion, a change in the standard season length, or a work stoppage, does not enter the settlement of any Contract: every Contract settles on the number of games actually completed, determined in the same manner from the same official record. Contracts within the Class differ only as to the <season> specified by the Exchange for each Contract and the published parameters of each Contract's payout curve (<above/below/close to/far from>, <value>, <range low> and <range high>, <payout schedule>, <strike payout>, and <settlement increment>) — each a strike parameter rather than a differing settlement source, procedure, or methodology, and every payout curve is computed from the same Expiration Value under the same Methodology. The Class does not include MLB spring training, exhibition, All-Star, or postseason games. Nor does it include games in any other league, association, competition, or federation (including, for the avoidance of doubt, Minor League Baseball, National Collegiate Athletic Association baseball, Nippon Professional Baseball, and the KBO League), whose differing playing rules, schedules, and official records would result in differing procedures and methodologies, or high school, youth, or other amateur baseball in which minors participate. Consistent with CFTC Staff Advisory No. 26-22, the Class does not bundle permutations with differing settlement sources or methodologies; every Contract within the Class settles pursuant to the same rules irrespective of which season, strike, or payout schedule is specified.

Condition (iii) – Identity with a Previously Certified or Approved Product: The pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations in each particular Contract within the Class is identical to the pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations in the Referenced Contract, a product previously submitted to the Commission by Kalshi and certified pursuant to Commission Regulation 40.2(a): Official Product Name “Will the number of regular season MLB games played be <above/below/close to/far from> <value> in the 2027 season?”, Official Receipt Date September 28, 2026. Each Contract within the Class differs from the Referenced Contract only as to the specific <season> (the Major League Baseball season specified by the Exchange). The Referenced Contract's season (the 2027 season) is itself an instance of this same class variable. The Referenced Contract determines long and short payouts under the identical Payout Shape Methodology, Version 1.0, and carries <above/below/close to/far from>, <value>, <range low> and <range high>, <payout schedule>, <strike payout>, and <settlement increment> as its own strike variables, each of which is available on identical terms to every Contract within the Class. No other term, condition, Source Agency, formula, procedure, or methodology differs between the Referenced Contract and any Contract within the Class.

Condition (iv) – Identical Currency: Each Contract within the Class is based upon an excluded commodity involving an identical currency: each Contract is denominated, trades, and settles exclusively in United States Dollars, with a Settlement Value of \$1.00.

Identification of Settlement Sources: Consistent with CFTC Staff Advisory No. 26-22, the settlement sources upon which each Contract within the Class relies are specifically identified in Appendix A under “Source Agency,” and the settlement methodology applicable to every Contract within the Class is set forth in Appendix A under “Payout Criterion” and in the Payout Shape Methodology in Appendix B.

Commission Regulation 40.2(d)(2): Kalshi acknowledges that the Commission may in its discretion require a registered entity to withdraw its certification under Commission Regulation 40.2(d)(1) and to submit each individual Contract, or certain individual Contracts, within the submission for Commission review pursuant to Commission Regulation 40.2 or 40.3.

**CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE
ACT, 7 U.S.C. § 7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE
40.2, 17 C.F.R. § 40.2**

Based on the above analysis, and pursuant to Commission Regulations 40.2(d)(1) and 40.2(a)(1), (a)(2), (a)(3)(i), (a)(3)(iv), and (a)(3)(vi), the Exchange certifies that:

- ☐ Each Contract within the certified Class complies with the Act and Commission regulations thereunder.
- ☐ Each Contract within the certified Class satisfies each of the conditions of Commission Regulation 40.2(d)(1)(i)–(iv).
- ☐ This submission (other than those appendices for which confidential treatment has been requested) has been concurrently posted on the Exchange’s website at <https://kalshi.com/regulatory/filings>.

Should you have any questions concerning the above, please contact the exchange at ProductFilings@kalshi.com.



By: Xavier Sottile
Title: Head of Markets
Date: September 28, 2026

Attachments:

Appendix A - Contract Terms and Conditions

Appendix B - Payout Shape Methodology

Appendix C - Trading Prohibitions

Appendix D (Confidential) - Further Considerations

Appendix E (Confidential) - Source Agency

Appendix F (Confidential) - Compliance with Core Principles

APPENDIX A – CONTRACT TERMS AND CONDITIONS

**Official Product Name: “Will the number of regular season MLB games played be
<above/below/close to/far from> <value> in <season>?”**

Rulebook: MLBGAMESSCALAR

MLBGAMESSCALAR

Scope: These rules shall apply to each Contract within the Class.

Underlying: The Underlying for this Contract is the total number of official Major League Baseball (MLB) regular season games played in <season>, with each game between two participating clubs counted once, as documented by the Source Agency. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agencies are, in hierarchical order, Major League Baseball (including the official schedules, game results, box scores, standings, and statistics published by MLB at MLB.com and through MLB's official statistics distribution, and MLB's official press releases and communications), ESPN, Fox Sports, The Athletic, CBS Sports, NBC Sports.

Type: The type of Contract is an Event Contract.

Issuance: The Contracts are based on the outcomes of recurrent events. Contract iterations will be issued on a recurring basis, and Contract iterations will generally correspond to each successive MLB regular season.

<value>: <value> refers to a whole number of games specified by the Exchange. The Exchange may list iterations of the Contract with <value> levels beginning at 1 (one) game at consecutive increments of 1 (one) game. Due to the potential for variability in the Underlying, the Exchange may modify <value> levels in response to suggestions by Members.

<season>: <season> refers to a single Major League Baseball ("MLB") season specified by the Exchange, identified by the calendar year in which its regular season is scheduled to be played (e.g., "the 2027 season"), and encompasses only the MLB regular season of that year, played under the Official Baseball Rules and the regular season regulations of MLB in effect for that season. <season> does not include MLB spring training games, exhibition games, the All-Star Game, the Home Run Derby, or postseason games (including Wild Card Series, Division Series, League Championship Series, and World Series games), or games in any other league, association, competition, or federation (including, for the avoidance of doubt, Minor League Baseball, National Collegiate Athletic Association baseball, Nippon Professional Baseball, the KBO League, and high school, youth, or other amateur baseball). The originally scheduled final day of the regular season of <season> is the final day of the regular season on the first complete regular season schedule for <season> published by MLB or, if MLB has not published a complete regular season schedule for <season> before January 1 of the calendar year in which <season> is scheduled to be played, September 30 of that calendar year. The Exchange may list iterations of the Contract corresponding to variations of <season>.

<above/below/close to/far from>: <above/below/close to/far from> refers to the market and position specified by the Exchange at <value>, whose value is the strike (K in the Methodology), each as defined in the Methodology. “Above X” refers to the long position of the Directional market at X, which receives the Directional long payout, which does not decrease as the Expiration Value increases. “Below X” refers to the short position of that Directional market, which receives the Settlement Value minus the Directional long payout. “Close to X” refers to the long position of the Proximity market at X, which receives the Proximity long payout, which is greatest when the Expiration Value equals X and does not increase as the Expiration Value moves further from X in either direction. “Far from X” refers to the short position of that Proximity market, which receives the Settlement Value minus the Proximity long payout. The Exchange may list iterations of the Contract corresponding to variations of <above/below/close to/far from>.

<range low> and <range high>: <range low> and <range high> refer to the values of the Underlying, in games, below and above <value>, respectively, beyond which the long payout no longer changes (L and H in the Methodology), each as specified by the Exchange, where <range low> < <value> < <range high>. The Exchange may list iterations of the Contract corresponding to variations of <range low> and <range high>.

<payout schedule>: <payout schedule> refers to the payout schedule specified by the Exchange at Issuance and published in full before trading begins, which divides the values of the Underlying from <range low> to <range high> into one or more contiguous buckets on each side of <value>, of equal or unequal width as specified by the Exchange, each with a start amount, an end amount, and a mapping type (fixed, linear, power, or exponential), together with any exponent, base, and orientation that its mapping type requires, and which meets the coverage, continuity, and anchor-amount requirements of the Methodology for an “above” market (with <strike payout> at <value>) or a “close to” market. <payout schedule> may instead be identified by a preset shape defined in the Methodology — for an “above” market, “Linear” (LIN), “Quadratic” (P2E), or “Plateau” (P2S); for a “close to” market, “Linear” (LIN), “Sharp” (P2E), or “Tolerant” (P2S). A mapping-type label without its parameters does not identify a <payout schedule>. The construction of the payout curve, the treatment of values outside the range, and rounding to <settlement increment> are set out in the Payout Shape Methodology, Version 1.0, in Appendix B (the “Methodology”), which is incorporated into these terms. The Exchange may list iterations of the Contract corresponding to variations of <payout schedule>.

<strike payout>: <strike payout> refers to the long payout of an “above” market, in dollars per Contract, when the Expiration Value equals <value> (Pm in the Methodology), as specified by the Exchange, where $\$0.00 \leq \text{<strike payout>} \leq \1.00 and <strike payout> is a whole multiple of <settlement increment>. Where the Exchange does not specify otherwise, <strike payout> is

\$0.50. <strike payout> does not apply to “close to” or “far from” positions. The Exchange may list iterations of the Contract corresponding to variations of <strike payout>.

<settlement increment>: <settlement increment> refers to the smallest unit, in dollars per Contract, in which the long payout is expressed (q in the Methodology), as specified by the Exchange: \$0.01, \$0.001, or \$0.0001. Where the Exchange does not specify otherwise, <settlement increment> is \$0.01. The Exchange may list iterations of the Contract corresponding to variations of <settlement increment>.

Payout Criterion: The Payout Criterion for the Contract encompasses every Expiration Value and determines the proportion of the Settlement Value distributed to long and short position holders as follows: per Contract, the holder of a long position receives the amount that the payout curve specified by <above/below/close to/far from> and <payout schedule> assigns to the Expiration Value under the Methodology (the “long payout”) — for an “above” market, the Directional long payout, which does not decrease as the Expiration Value increases, and for a “close to” market, the Proximity long payout, which is greatest when the Expiration Value equals <value> and does not increase as the Expiration Value moves further from <value> in either direction — and the holder of a short (“below” or “far from,” respectively) position receives the Settlement Value minus the long payout. Each distinct long payout is a Market Outcome.

Additional Clarifications:

Payout Determination:

- An Expiration Value below <range low> receives the long payout the Methodology assigns at <range low>, and an Expiration Value above <range high> receives the long payout the Methodology assigns at <range high>, so values beyond the range do not change the long payout.
- The long payout is rounded down to <settlement increment> once, as the final step; the short payout is its exact complement and is never rounded independently. Different Expiration Values may therefore produce the same long payout.

Games Counted:

- A game is counted as played if it has been completed as an official MLB regular season game recognized by MLB and has reached a final result (including a tie), including a game decided in extra innings under whatever extra-inning procedures are officially in effect for <season>. Each such game is counted once, not once for each participating club, so the Underlying is not the sum of the games played by each club.
- Neutral-site regular season games (including, without limitation, London Series, Mexico City Series, Seoul Series, Tokyo Series, MLB Little League Classic, and Field of Dreams games) count on the same basis as any other regular season game.
- Each game of a traditional or split doubleheader, whether scheduled at nine innings or at

a shortened length (e.g., seven innings) pursuant to MLB's doubleheader rules in effect for <season>, counts as a separate game played, provided each individual game reaches an official final result.

- A game shortened or called due to weather or other conditions that is nonetheless recorded by MLB as an official regulation game under the Official Baseball Rules counts as played. A game that ends in a forfeit counts as played, because a forfeit constitutes an official final result. Spring training, exhibition, and split-squad games do not count, regardless of when they are played.
- A game that is suspended and subsequently resumed and completed counts as one game played once it reaches its final result. A game that is suspended or called and is not resumed and completed counts if, and only if, MLB's official records record a final result for it; a game that MLB records as a tie has a final result and counts as one game played. A game that MLB's official records treat as no game or no contest, or that MLB expunges from the official record, does not count.
- Postponed games that are rescheduled (including as part of a traditional or split doubleheader) and completed as official regular season games of <season> are counted normally. Postponed games that are never rescheduled, are formally cancelled, or are otherwise not completed before the conclusion of the regular season of <season> are not counted, regardless of the reason for the postponement.
- In certain past seasons, MLB played a standings tiebreaker game (commonly referred to as a "Game 163") to resolve ties for purposes of postseason qualification, division titles, or seeding; beginning with the 2022 season, MLB has resolved such ties using statistical tiebreaker criteria rather than an additional game. Where MLB officially designates a tiebreaker game as a regular season game, it counts; where MLB does not so designate it, or no tiebreaker game is played, no game is added. In the absence of an official designation, the standings tiebreaker game is assumed not to count as a regular season game. The All-Star Game, the Home Run Derby, and any other exhibition event, as well as any Wild Card Series, Division Series, League Championship Series, or World Series game, are not regular season games and do not count under any circumstance.
- The Underlying is a whole number of games and cannot be fractional or negative; its lowest possible value is zero (0).

Schedules and Work Stoppages:

- The number of games on MLB's published regular season schedule for <season>, and any announced, projected, or revised schedule, is not the Expiration Value; only games actually completed as official regular season games count. An announcement that games are postponed, cancelled, or removed from the schedule does not by itself change the Underlying, and games added to the schedule for <season> (including make-up games and games added following a delayed start) count if they are completed as official regular season games.

- Subject to the paragraph below concerning acts of violence, assassination, or terrorism, if the regular season of <season> is delayed, shortened, suspended, or cancelled in whole or in part — whether due to a players’ strike, an owners’ lockout, a failure to reach a collective bargaining agreement, a public health emergency, or any other cause — only games completed as official regular season games count, and the cause of any reduction in games played is irrelevant to the determination of the Expiration Value.
- If no regular season game of <season> is completed (for example, because the entire regular season is cancelled as a result of a work stoppage), the Expiration Value is zero (0) games, and the long and short payouts of every market are determined from that Expiration Value under the Methodology.

Franchise Changes:

- Games played by every MLB club participating in <season>, including any expansion club newly added to MLB, count on the same basis as games played by any other club. Games involving a relocated or renamed club count, provided MLB recognizes the club as a continuous franchise.
- If an MLB club is contracted, suspended, or otherwise ceases to participate in MLB during <season>, its games completed as official regular season games before it ceased to participate count unless MLB’s official records vacate or expunge them, in which case they do not count, and its games not completed are not counted.

Finality and Official Records:

- The Underlying is determined as of the conclusion of the regular season of <season>, which is the date on which no further regular season games of <season> (including any tiebreaker game counted as set forth above) remain scheduled or eligible to be played. Games completed after Expiration are not counted.
- Where the Source Agency does not publish a single league-wide total, the Underlying is the number of distinct official regular season games of <season> recorded as completed in the Source Agency’s official game results, box scores, and standings, each counted once.

Source and Corrections:

- If the records of two or more Source Agencies conflict, the record of the Source Agency highest in the hierarchical order governs, and any continuing ambiguity or dispute is resolved by Kalshi pursuant to Rule 7.1.
- Changes that MLB makes to the status or result of a game in the ordinary course — including a game being postponed, suspended, resumed, completed, forfeited, recorded as a tie, recorded as no game, vacated, or expunged — are changes to the Underlying, not corrections. Such changes made before Expiration are reflected in the Expiration Value; such changes made after Expiration are not.

- If a Source Agency corrects, retracts, or removes a published record before Expiration, the corrected record supersedes the initial record. Corrections, retractions, or removals published after Expiration will not be accounted for in determining the Expiration Value.
- If the Exchange determines that a Source Agency's publication has been compromised, hacked, or otherwise does not reflect that Source Agency's own records, the Exchange may disregard that publication and rely on the Source Agency's corrected publication or on the next Source Agency in the hierarchical order, may decline to accelerate Expiration under Rule 7.2 until the earlier of (i) publication of a corrected record or (ii) the Expiration Date, and may initiate review under Rule 7.1.
- For the avoidance of doubt, the absence of completed games, including because the regular season of <season> is cancelled in whole, is not an absence of data; in that case the Expiration Value is zero (0) games as set forth above. If the records of the Source Agencies are unavailable such that the Expiration Value cannot be determined on the Expiration Date, Kalshi will determine payouts pursuant to Rule 7.1.

Examples of long and short payouts:

- Assuming <season> is the 2027 season, <above/below/close to/far from> is “above” for the Directional market and “close to” for the Proximity market, <value> is 2000, <range low> is 1600, <range high> is 2400, <payout schedule> is Quadratic (P2E) for the “above” market and Tolerant (P2S) for the “close to” market, <strike payout> is \$0.50, and <settlement increment> is \$0.01: a work stoppage delays and shortens the 2027 regular season, and 900 games are completed. 900 is below <range low>, so the Contract for above 2000 · Quadratic pays a long payout of \$0.00 and a short (below) payout of \$1.00, and the Contract for close to 2000 · Tolerant pays a long payout of \$0.00 and a short (far from) payout of \$1.00.
- Assuming <season> is the 2027 season, <above/below/close to/far from> is “above” for the Directional market and “close to” for the Proximity market, <value> is 2000, <range low> is 1600, <range high> is 2400, <payout schedule> is Quadratic (P2E) for the “above” market and Tolerant (P2S) for the “close to” market, <strike payout> is \$0.50, and <settlement increment> is \$0.01: 1720 games are completed. 1720 lies in the bucket from 1600 to 2000, so $x = (1720 - 1600) \div 400 = 0.3$. Above 2000 · Quadratic (that bucket is power with $p = 2$, lower orientation, \$0.00 to \$0.50): $f(x) = 0.3^2 = 0.09$, unrounded long payout = $\$0.00 + (\$0.50 - \$0.00) \times 0.09 = \0.045 , rounded down to \$0.04, so the long payout is \$0.04 and the short (below) payout is \$0.96. Close to 2000 · Tolerant (that bucket is power with $p = 2$, upper orientation, \$0.00 to \$1.00): $f(x) = 1 - (1 - 0.3)^2 = 0.51$, unrounded long payout = $\$0.00 + (\$1.00 - \$0.00) \times 0.51 = \0.51 , so the long payout is \$0.51 and the short (far from) payout is \$0.49.
- Assuming <season> is the 2027 season, <above/below/close to/far from> is “above” for the Directional market and “close to” for the Proximity market, <value> is 2000, <range low> is 1600, <range high> is 2400, <payout schedule> is Quadratic (P2E) for the

“above” market and Tolerant (P2S) for the “close to” market, <strike payout> is \$0.50, and <settlement increment> is \$0.01: exactly 2000 games are completed. The Expiration Value equals <value>, so the Contract for above 2000 · Quadratic pays a long payout equal to <strike payout>, \$0.50, and a short (below) payout of \$0.50, and the Contract for close to 2000 · Tolerant pays a long payout of \$1.00 and a short (far from) payout of \$0.00.

- Assuming <season> is the 2027 season, <above/below/close to/far from> is “above” for the Directional market and “close to” for the Proximity market, <value> is 2000, <range low> is 1600, <range high> is 2400, <payout schedule> is Quadratic (P2E) for the “above” market and Tolerant (P2S) for the “close to” market, <strike payout> is \$0.50, and <settlement increment> is \$0.01: 2200 games are completed. 2200 lies in the bucket from 2000 to 2400, so $x = (2200 - 2000) \div 400 = 0.5$. Above 2000 · Quadratic (that bucket is power with $p = 2$, upper orientation, \$0.50 to \$1.00): $f(x) = 1 - (1 - 0.5)^2 = 0.75$, unrounded long payout = $\$0.50 + (\$1.00 - \$0.50) \times 0.75 = \0.875 , rounded down to \$0.87, so the long payout is \$0.87 and the short (below) payout is \$0.13. Close to 2000 · Tolerant (that bucket is power with $p = 2$, lower orientation, \$1.00 to \$0.00): $f(x) = 0.5^2 = 0.25$, unrounded long payout = $\$1.00 + (\$0.00 - \$1.00) \times 0.25 = \0.75 , so the long payout is \$0.75 and the short (far from) payout is \$0.25.
- Assuming <season> is the 2027 season, <above/below/close to/far from> is “above” for the Directional market and “close to” for the Proximity market, <value> is 2000, <range low> is 1600, <range high> is 2400, <payout schedule> is Quadratic (P2E) for the “above” market and Tolerant (P2S) for the “close to” market, <strike payout> is \$0.50, and <settlement increment> is \$0.01: the full 2027 regular season is played and 2430 games are completed. 2430 is above <range high>, so the Contract for above 2000 · Quadratic pays a long payout of \$1.00 and a short (below) payout of \$0.00, and the Contract for close to 2000 · Tolerant pays a long payout of \$0.00 and a short (far from) payout of \$1.00.
- Assuming <season> is the 2027 season, <above/below/close to/far from> is “above” for the Directional market and “close to” for the Proximity market, <value> is 2000, <range low> is 1600, <range high> is 2400, <payout schedule> is Quadratic (P2E) for the “above” market and Tolerant (P2S) for the “close to” market, <strike payout> is \$0.50, and <settlement increment> is \$0.01: a lockout continues through the originally scheduled final day of the 2027 regular season, and MLB cancels the entire 2027 regular season without any regular season game being completed. The Expiration Value is zero (0) games, which is below <range low>, so the Contract for above 2000 · Quadratic pays a long payout of \$0.00 and a short (below) payout of \$1.00, and the Contract for close to 2000 · Tolerant pays a long payout of \$0.00 and a short (far from) payout of \$1.00.
- Assuming <season> is the 2027 season, <above/below/close to/far from> is “above” for the Directional market and “close to” for the Proximity market, <value> is 2000, <range low> is 1600, <range high> is 2400, <payout schedule> is Quadratic (P2E) for the

“above” market and Tolerant (P2S) for the “close to” market, <strike payout> is \$0.50, and <settlement increment> is \$0.01: a lockout delays Opening Day, MLB plays a shortened 2027 regular season that includes several split doubleheaders, a Tokyo Series game, and one game suspended in the sixth inning and completed the following day, and the Source Agency documents 2106 completed games, counting each game of each doubleheader separately and the suspended game once. 2106 lies in the bucket from 2000 to 2400, so $x = (2106 - 2000) \div 400 = 0.265$. Above 2000 · Quadratic: $f(x) = 1 - (1 - 0.265)^2 = 0.459775$, unrounded long payout = $\$0.50 + (\$1.00 - \$0.50) \times 0.459775 = \0.7298875 , rounded down to \$0.72, so the long payout is \$0.72 and the short (below) payout is \$0.28. Close to 2000 · Tolerant: $f(x) = 0.265^2 = 0.070225$, unrounded long payout = $\$1.00 + (\$0.00 - \$1.00) \times 0.070225 = \0.929775 , rounded down to \$0.92, so the long payout is \$0.92 and the short (far from) payout is \$0.08.

- Assuming <season> is the 2027 season, <above/below/close to/far from> is “above” for the Directional market and “close to” for the Proximity market, <value> is 2000, <range low> is 1600, <range high> is 2400, <payout schedule> is Quadratic (P2E) for the “above” market and Tolerant (P2S) for the “close to” market, <strike payout> is \$0.50, and <settlement increment> is \$0.01: the Source Agency documents 2106 completed games at Expiration, and one week later MLB’s official records are revised to reflect 2100 completed games. The revision is published after Expiration and is not accounted for, so the Contract for above 2000 · Quadratic pays a long payout of \$0.72 and a short (below) payout of \$0.28, and the Contract for close to 2000 · Tolerant pays a long payout of \$0.92 and a short (far from) payout of \$0.08.

If a natural person who is the primary subject of a Contract’s Underlying or Payout Criterion dies prior to Expiration, or if an act or attempted act of violence, assassination, or terrorism directly prevents, interrupts, or causes the event that is the primary subject of a Contract’s Underlying or Payout Criterion, Kalshi may, in its sole discretion, settle the Contract at the last traded price prior to the death or act. If Kalshi determines that trading activity was materially affected by the circumstances giving rise to the death or act, Kalshi may instead use the last traded price prior to such circumstances becoming known or reasonably anticipated by market participants. For purposes of this Rule, Kalshi may rely on an approximate time where the precise time is unknown or cannot be reasonably determined. If Kalshi determines that no last traded price represents a fair settlement, the Outcome Review Committee shall determine the fair settlement price. Kalshi may halt or pause trading in any such Contract (with public notice on Kalshi’s website or the Platform) if it reasonably believes that a death or act of terrorism subject to this Rule has occurred, is imminent, or that circumstances giving rise to such an occurrence may be happening. Determinations of Kalshi and the Outcome Review Committee under this Rule are final and not subject to review.

Minimum Tick: The Minimum Tick size for the Contract shall be \$0.01.

Position Accountability Level: The Position Accountability Level for the Contract shall be \$25,000 per strike, per Member.

Last Trading Date: The Last Trading Date of the Contract will be the Expiration Date. The Last Trading Time will be Expiration time.

Settlement Date: The Settlement Date of the Contract shall be no later than the day after the Expiration Date, unless the Market Outcome is under review pursuant to Rule 7.1.

Expiration Date: The latest Expiration Date of the Contract shall be one-hundred and twenty (120) days after the originally scheduled final day of the regular season of <season>. If an event described in the Payout Criterion occurs, expiration will be moved to an earlier date and time in accordance with Rule 7.2.

Expiration time: The Expiration time of the Contract shall be 10:00 AM ET.

Settlement Value: The Settlement Value for this Contract is \$1.00.

Expiration Value: The Expiration Value is the value of the Underlying as documented by the Source Agency on the Expiration Date at the Expiration time.

Contingencies: Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 7.1 of the Rulebook. If an Expiration Value cannot be determined on the Expiration Date, Kalshi has the right to determine payouts pursuant to Rule 7.1 in the Rulebook.

APPENDIX B – PAYOUT SHAPE METHODOLOGY (VERSION 1.0)

This Methodology is published in full on the Exchange’s website and is incorporated into the Contract’s Terms and Conditions (Appendix A). It applies identically to every iteration of the Contract. Given the published parameters and the Expiration Value, every long payout is determined mechanically, and no discretion is exercised in determining any long payout (excluding exceptional cases documented in Appendix A requiring last fair price settlement).

Section 1 — Definitions and parameters. Each parameter below is specified by the Exchange and published in full for every listed market before trading begins.

- ❑ **Directional market:** a market whose long (“Yes”) position is “Above” the strike and whose short (“No”) position is “Below” the strike.
- ❑ **Proximity market:** a market whose long (“Yes”) position is “Close to” the strike and whose short (“No”) position is “Far from” the strike.
- ❑ **X:** the Expiration Value, as determined under Appendix A.
- ❑ **K:** the strike, which is the center of the payout curve.
- ❑ **L and H:** the range low and the range high, which are the values of the Underlying beyond which the payout no longer changes, where $L < K < H$.
- ❑ **Pm:** the strike payout, which is the long payout of a Directional market when X equals K. Pm is a whole multiple of q, and $\$0.00 \leq Pm \leq \1.00 . Where the Exchange does not specify otherwise, Pm is \$0.50. Pm does not apply to Proximity markets.
- ❑ **Payout schedule:** the ordered list of buckets that defines a market’s long payout from L to H. A payout schedule is specified either bucket by bucket or by one of the preset shapes in Section 3.
- ❑ **Bucket:** a range of values of X from a lower bound c to an upper bound d, where $c < d$ and both bounds are inclusive, together with its start amount a, its end amount b, its mapping type, and, where its mapping type requires them, its exponent or base and its orientation.
- ❑ **a and b:** the payout amounts that a bucket assigns at its lower bound c and at its upper bound d.
- ❑ **Mapping type:** fixed, linear, power, or exponential, as set out in Section 3.
- ❑ **p:** the exponent of a power bucket, where $p > 0$. With $p = 2$, the power mapping is quadratic.
- ❑ **k:** the base of an exponential bucket, where $k > 0$ and $k \neq 1$.
- ❑ **Orientation:** lower or upper, for a power or exponential bucket, as set out in Section 3.
- ❑ **q:** the settlement increment, which is \$0.01, \$0.001, or \$0.0001. Where the Exchange does not specify otherwise, q is \$0.01.
- ❑ **R:** the unrounded long payout.
- ❑ **V:** the long payout, per Contract. The short payout is $\$1.00 - V$.

Section 2 — Requirements.

- ❑ The payout floor is \$0.00 and the payout cap is \$1.00 for every market; neither is a parameter.
- ❑ $L < K < H$; P_m is a whole multiple of q , with $0.00 \leq P_m \leq 1.00$; $p > 0$ for every power bucket; and $k > 0$ and $k \neq 1$ for every exponential bucket.
- ❑ **Coverage.** A payout schedule has at least one bucket below K and at least one bucket above K . Its buckets are listed in increasing order and are contiguous: the lower bound of the first bucket is L , the upper bound of the last bucket is H , the upper bound of each bucket is the lower bound of the next, and K is the upper bound of one bucket and the lower bound of the next. Buckets need not be of equal width, and the Exchange specifies every bound.
- ❑ **Continuity.** The start payout amount a of each bucket equals the end payout amount b of the bucket immediately below it, so the long payout never jumps from one value to another. A fixed bucket has $a = b$.
- ❑ **Anchor amounts.** For a Directional market, the first bucket starts at \$0.00, the bucket ending at K ends at P_m , the last bucket ends at \$1.00, and every bucket has $b \geq a$. For a Proximity market, the first bucket starts at \$0.00, the bucket ending at K ends at \$1.00, the last bucket ends at \$0.00, every bucket below K has $b \geq a$, and every bucket above K has $b \leq a$.
- ❑ Each a and b is a whole multiple of q between \$0.00 and \$1.00.
- ❑ Every parameter is published before trading begins and is never changed, selected, or recalibrated during trading or at settlement.

Section 3 — Mapping types and preset shapes. For X within a bucket, the position variable $x = (X - c) \div (d - c)$ runs from 0 at the bucket's lower bound to 1 at its upper bound. The unrounded amount is $R = a + (b - a) \times f(x)$, where f is that bucket's mapping:

- ❑ **Fixed:** $R = a$ for every X within the bucket, and $a = b$. Neither x nor f is used.
- ❑ **Linear:** $f(x) = x$.
- ❑ **Power:** $h(x) = x^p$. With lower orientation, $f(x) = h(x)$; with upper orientation, $f(x) = 1 - h(1 - x)$.
- ❑ **Exponential:** $h(x) = (k^x - 1) \div (k - 1)$. With lower orientation, $f(x) = h(x)$; with upper orientation, $f(x) = 1 - h(1 - x)$.

No other mapping type may be used. For every mapping, $f(0) = 0$, $f(1) = 1$, and $f(x)$ increases from 0 to 1, so R equals a at the bucket's lower bound, equals b at its upper bound, and lies between a and b throughout the bucket. With $p > 1$ or $k > 1$, a lower-oriented bucket changes slowly near its lower bound and quickly near its upper bound, and an upper-oriented bucket does the reverse. Different buckets of one payout schedule may use different mapping types, exponents, bases, and orientations.

Preset shapes. Each preset shape is a payout schedule with exactly two buckets, one from L to K and one from K to H, whose amounts are the anchor amounts in Section 2 (\$0.00 to Pm and Pm to \$1.00 for a Directional market; \$0.00 to \$1.00 and \$1.00 to \$0.00 for a Proximity market):

- ❑ **Linear (LIN):** both buckets linear. Named “Linear” in both Directional and Proximity markets.
- ❑ **Quadratic, edge-anchored (P2E):** both buckets power with $p = 2$; the bucket below K has lower orientation and the bucket above K has upper orientation, so the payout changes slowly near L and H and quickly near K. Named “Quadratic” in Directional markets and “Sharp” in Proximity markets.
- ❑ **Quadratic, strike-anchored (P2S):** both buckets power with $p = 2$; the bucket below K has upper orientation and the bucket above K has lower orientation, so the payout changes quickly near L and H and slowly near K. Named “Plateau” in Directional markets and “Tolerant” in Proximity markets.

Any other payout schedule that meets Section 2 may be listed under this Methodology and is identified by its published buckets.

Section 4 — Directional (Above / Below) payout. For a Directional market, R is:

- ❑ \$0.00, if $X < L$;
- ❑ the amount computed under Section 3 for the bucket that contains X, if $L \leq X \leq H$; and
- ❑ \$1.00, if $X > H$.

The short (“Below”) payout is \$1.00 minus the long (“Above”) payout. Under Section 2, the Directional long payout does not decrease as X increases, and it equals Pm when X equals K.

Section 5 — Proximity (Close to / Far from) payout. For a Proximity market, R is:

- ❑ \$0.00, if $X < L$ or $X > H$; and
- ❑ the amount computed under Section 3 for the bucket that contains X, if $L \leq X \leq H$.

The short (“Far from”) payout is \$1.00 minus the long (“Close to”) payout. Under Section 2, the Proximity long payout is greatest, at \$1.00, when X equals K, and does not increase as X moves further from K in either direction.

Section 6 — Determining the long payout.

Step 1. X is determined under Appendix A.

Step 2. R is computed under Section 4 (Directional) or Section 5 (Proximity).

Step 3. If R would fall outside \$0.00 and \$1.00 for any reason, the nearer of the two applies.

Step 4. $V = q \times \text{floor}(R \div q)$. The short payout is $1.00 - V$; it is the exact complement of V and is never rounded independently. Each of V and the short payout is multiplied by the holder’s number of Contracts.

Section 7 — Exactness and boundary values.

- ❑ Calculations are made exactly, without rounding X , x , $f(x)$, any parameter, or any intermediate result. Rounding occurs once, at Step 4 of Section 6.
- ❑ An R that is mathematically equal to a whole multiple of q is not rounded below that multiple.
- ❑ Values that cannot be represented exactly, such as k^x in an exponential bucket, are evaluated to sufficient precision to determine Step 4 correctly.
- ❑ Where X is below L or above H , the long payout equals its end value: for a Directional market, \$0.00 below L and \$1.00 above H ; for a Proximity market, \$0.00.
- ❑ Where X equals K , a Directional market pays P_m to the long position holder and $1.00 - P_m$ to the short position holder, and a Proximity market pays \$1.00 to the long position holder and \$0.00 to the short position holder.
- ❑ Where X equals a bound shared by two buckets, both buckets assign the same amount under the continuity requirement in Section 2, so either may be used.

Section 8 — Worked examples.

All examples use strike 2000, range 1600–2400, strike payout \$0.50 (Directional only), and settlement increment \$0.01, with the Underlying measured in games; each line is a separate possible listing. Each value is the long payout per Contract after rounding; the short payout is \$1.00 minus the value shown.

- Above · Linear (LIN): Outcome 1000 → \$0.00; 1600 → \$0.00; 1720 → \$0.15; 1800 → \$0.25; 1880 → \$0.35; 2000 → \$0.50; 2120 → \$0.65; 2200 → \$0.75; 2280 → \$0.85; 2400 → \$1.00; 2430 → \$1.00.
- Above · Quadratic (P2E): Outcome 1000 → \$0.00; 1600 → \$0.00; 1720 → \$0.04; 1800 → \$0.12; 1880 → \$0.24; 2000 → \$0.50; 2120 → \$0.75; 2200 → \$0.87; 2280 → \$0.95; 2400 → \$1.00; 2430 → \$1.00.
- Above · Plateau (P2S): Outcome 1000 → \$0.00; 1600 → \$0.00; 1720 → \$0.25; 1800 → \$0.37; 1880 → \$0.45; 2000 → \$0.50; 2120 → \$0.54; 2200 → \$0.62; 2280 → \$0.74; 2400 → \$1.00; 2430 → \$1.00.
- Close to · Linear (LIN): Outcome 1000 → \$0.00; 1600 → \$0.00; 1720 → \$0.30; 1800 → \$0.50; 1880 → \$0.70; 2000 → \$1.00; 2120 → \$0.70; 2200 → \$0.50; 2280 → \$0.30; 2400 → \$0.00; 2430 → \$0.00.
- Close to · Sharp (P2E): Outcome 1000 → \$0.00; 1600 → \$0.00; 1720 → \$0.09; 1800 → \$0.25; 1880 → \$0.49; 2000 → \$1.00; 2120 → \$0.49; 2200 → \$0.25; 2280 → \$0.09; 2400 → \$0.00; 2430 → \$0.00.
- Close to · Tolerant (P2S): Outcome 1000 → \$0.00; 1600 → \$0.00; 1720 → \$0.51; 1800 → \$0.75; 1880 → \$0.91; 2000 → \$1.00; 2120 → \$0.91; 2200 → \$0.75; 2280 → \$0.51; 2400 → \$0.00; 2430 → \$0.00.
- Custom above 2000 (payout schedule: 1600–1800 linear, \$0.00 to \$0.10; 1800–2000 exponential with $k = 4$, lower orientation, \$0.10 to \$0.50; 2000–2400 power with $p = 2$, upper orientation, \$0.50 to \$1.00): Outcome 1000 → \$0.00; 1600 → \$0.00; 1720 →

\$0.06; 1800 → \$0.10; 1880 → \$0.19; 1960 → \$0.37; 2000 → \$0.50; 2080 → \$0.68; 2200 → \$0.87; 2320 → \$0.98; 2400 → \$1.00; 2430 → \$1.00.

- Custom close to 2000 (payout schedule: 1600–1880 linear, \$0.00 to \$0.40; 1880–2000 power with $p = 0.5$, lower orientation, \$0.40 to \$1.00; 2000–2080 fixed, \$1.00; 2080–2400 exponential with $k = 4$, upper orientation, \$1.00 to \$0.00): Outcome 1000 → \$0.00; 1600 → \$0.00; 1720 → \$0.17; 1800 → \$0.28; 1880 → \$0.40; 1960 → \$0.88; 2000 → \$1.00; 2040 → \$1.00; 2080 → \$1.00; 2200 → \$0.45; 2320 → \$0.13; 2400 → \$0.00; 2430 → \$0.00.
- Above · Quadratic (P2E) with settlement increment \$0.001: Outcome 1720 → \$0.045; 1880 → \$0.245; 2120 → \$0.755; 2200 → \$0.875; 2280 → \$0.955.

Section 9 — Versioning. Changes to this Methodology are adopted only by rule certification under Commission Regulation 40.6 and apply prospectively only. They never alter the payout schedule of a Contract that has been listed.

APPENDIX C – TRADING PROHIBITIONS

In addition to the general prohibition against trading on material nonpublic information, the Exchange will institute additional prohibitions for trading the contract. Persons under 18 years of age are not permitted to create Kalshi accounts. The following individuals will be prohibited from trading:

- Any employee, officer, contractor, or agent of Major League Baseball, including the Office of the Commissioner and its labor relations, scheduling, baseball operations, and communications functions, and MLB's official statistician, who has access to material nonpublic information regarding the schedule, the status of games, collective bargaining, or the official records of <season>.
- Any owner, officer, executive, employee, or agent of an MLB club.
- Any MLB player, and any officer, employee, representative, or agent of the Major League Baseball Players Association.
- Any umpire, umpire supervisor, or official scorer assigned to MLB regular season games, and any officer or employee of any association representing MLB umpires.
- Any person participating in, advising on, or mediating collective bargaining between MLB and the Major League Baseball Players Association, including counsel, consultants, and mediators, who has access to material nonpublic information regarding the negotiations or the timing or duration of any work stoppage.
- Any employee, officer, contractor, or agent of a Source Agency listed in Appendix A, or of a media partner of MLB, with access to material nonpublic information relating to the Underlying.
- Any person who otherwise has the ability to influence, or has advance knowledge of, the number of MLB regular season games played in <season>, including any decision to schedule, postpone, cancel, suspend, resume, or restore regular season games.
- The immediate family members and members of the same household of any person described above

