

September 29, 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(a) Notification Regarding the Initial Listing of the UNIPERP Futures Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.2(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi), a designated contract market (DCM) registered with the Commission, hereby self-certifies the UNIPERP contract (the Contract). The Contract will initially be listed after close-of-business on September 29, 2026. The Exchange intends to list the Contract on a continuous basis.

Along with this letter, Kalshi submits the following documents:

- A concise explanation and analysis of the Contract;
- Certification;
- Appendix A with the Contract's Terms and Conditions;
- Appendix B with enhanced trading prohibitions applicable to the Contract;
- Appendix C with further considerations regarding the Contract;
- Appendix D with information regarding the Source Agency for the Contract;
- Appendix E describing the Contract's compliance with the Core Principles;
- Appendix F with further information on the Contract's compliance with the Core Principles;
- Confidential Appendix G with the Exchange's agreement with the Source Agency; 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: UNIPERP

Rulebook: UNIPERP

Summary: Uniswap Perpetual Future

September 29, 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 40.2(a)(3)(v), the following is a concise explanation and analysis of the product and its compliance with the Act, including the relevant Core Principles (discussed in Appendices E and F), and the Commission's regulations thereunder.

I. Introduction

The UNIPERP Contract is a perpetual futures contract related to digital assets.

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 and the underlying spot price generates an offsetting carrying cost that draws the two back into alignment. The instrument therefore functions as 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.

Why are these important? Perpetual futures have become an important form of derivative and a significant locus of price discovery in digital-asset markets. Listing a perpetual on a CFTC-registered DCM brings this economically significant activity into a regulated environment featuring trade surveillance, know-your-customer verification, risk-based margin, central clearing, and disciplinary procedures consistent with the CEA. For hedgers whose economic exposure is itself continuous or indefinite - including miners or validators where applicable, ETP market makers and authorized participants carrying inventory, OTC desks, lenders holding collateral, market makers, and institutional holders of the underlying asset - a perpetual is structurally superior to a strip of dated futures: it eliminates roll cost and roll-date basis risk, tracks spot more tightly through the funding mechanism, and concentrates liquidity in a single instrument rather than fragmenting it across expirations. Listing a regulated domestic perpetual thus advances the Commission's stated objective of facilitating novel derivative products subject to appropriate safeguards.

Perpetuals are appropriate for Uniswap and similar digital assets, but likely not all commodities. 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. Uniswap and similar digital assets trade continuously and globally, have no natural endpoint of delivery or termination, and are naturally suited for the perpetual, 24/7 structure. The Commission should strongly consider and discuss with Exchanges whether or not such structures are appropriate and whether they comply with Core Principle 3's requirements that contracts not be readily susceptible to manipulation before novel perpetuals are listed.

The analysis that follows is strictly limited to Uniswap, though many of its principles and arguments also would apply to other digital assets.

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

General Contract Terms and Conditions: 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 is a cash-settled futures contract with no fixed expiration date. Each Contract represents a continuous obligation to make or receive cash payments based on changes in the Contract's mark price and periodic funding payments. Positions are marked to market on a continuous basis, and margin is collected and paid in accordance with the Exchange's margin methodology. 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 reference price, the Contract employs a periodic funding mechanism whereby long position holders and short position holders exchange funding payments based on the difference between the Contract's mark price and the Reference Price, as specified in Appendix A. A Member's gain or loss at any point is equal to the change in the Contract's mark price since the position was established, multiplied by the contract multiplier, plus or minus net funding payments received or paid. Settlement of all payments is made in cash; no physical delivery occurs.

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

Based on the above analysis, the Exchange certifies that:

- ☐ The Contract complies with the Act and Commission regulations thereunder.
- ☐ This submission (other than those appendices for which confidential treatment has been requested) has been concurrently posted on the Exchange's website at <https://kalshi.com/regulatory/filings>.

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



By: Xavier Sottile
Title: Head of Markets
Date: September 29, 2026

Attachments:

Appendix A - Contract Terms and Conditions

Appendix B - Trading Prohibitions

Appendix C - Further Considerations

Appendix D - Source Agency

Appendix E - Compliance with Core Principles

Appendix F - Additional Compliance with Core Principles

Appendix G - (Confidential) - Agreement with CF Benchmarks

APPENDIX A – CONTRACT TERMS AND CONDITIONS

Official Product Name: UNIPERP

Rulebook: UNIPERP

UNIPERP

Scope: These rules shall apply to this Contract.

Underlying: The Underlying for this Contract is the spot price of one Uniswap (UNI) in U.S. dollars.

Underlying Price Index: For a given time t , the Underlying Price Index (UPI t) is the last recorded value of the CME CF Uniswap-Dollar Real Time Index.

Source Agency: The Source Agency is CF Benchmarks.

Type: The type of Contract is a Perpetual Futures Contract.

Trading Hours: 24 hours per day, 7 days per week, throughout the lifetime of the Contract, subject to any trading halts imposed by the Exchange.

Trading Unit: Ten thousand (10,000) Uniswap (UNI).

Price Quotation: Prices for the Contract are quoted in U.S. dollars per one Uniswap.

Minimum Trading Unit: The Minimum Trading Unit for the Contract shall be one ten-thousandth ($1/10,000$) of one Contract, equal to one (1) Uniswap (UNI).

Tick Value: A one-tick price movement equals \$1.00 per Contract, with prices quoted in increments of \$0.0001 per Uniswap ($\$0.0001 \times 10,000 \text{ UNI} = \1.00).

Position Accountability Level: \$5,000,000 mark-to-market position value (in the case of a short position, the equivalent long position value is considered).

Periodic Transfer Criterion: At each Funding Calculation Interval, the Funding Rate is computed as defined below. If the Funding Rate is zero, no Periodic Transfer is made. If the Funding Rate is positive, long-side holders must contribute an amount equal to the Funding Rate multiplied by the volume-weighted average price of the Contract during the 60 seconds preceding the Funding Calculation Interval to short-side holders, multiplied by the Trading Unit (10,000 UNI), for each Contract held. If the Funding Rate is negative, short-side holders must contribute an amount equal to the absolute value of the Funding Rate multiplied by the volume-weighted average price of the Contract during the 60 seconds preceding the Funding Calculation Interval to long-side holders, multiplied by the Trading Unit (10,000 UNI), for each Contract held. Periodic Transfer obligations are determined at the end of each Funding Calculation Interval and are settled in cash at the next Settlement Time. Revisions to the Underlying made after any Funding Calculation Interval will not be accounted for in determining the applicable Periodic Transfer.

Funding Calculation Interval: The Funding Rate is calculated for each interval ending at 12:00 AM ET, 8:00 AM ET, and 4:00 PM ET. Each such interval ordinarily comprises eight (8) hours. Because these times are anchored to U.S. Eastern Time, on the calendar day on which U.S. daylight saving time commences the interval ending at 8:00 AM ET comprises seven (7) hours, and on the calendar day on which U.S. daylight saving time ceases the interval ending at 8:00

AM ET comprises nine (9) hours; in each case the Funding Rate for that interval is computed over the actual number of one-second observations in the interval, as set forth in the definition of Funding Rate below.

Premium Index: For each second during each funding interval, the Exchange computes a Premium Index as follows:

$$PI(t) = (\max(0, IBP_t - UPI_t) - \max(0, UPI_t - IAP_t)) / UPI_t$$

where:

Impact Notional (IN) is \$1,000, meant to approximate the median trade size in the market.

Impact Ask Price (IAP $\square$) is the average execution price, per contract, of a long market order with size of the Impact Notional. If there does not exist sufficient contracts on the order book for an order of this size to fill in its entirety, IAP $\square$ is considered to be undefined.

Impact Bid Price (IBP $\square$) is the average execution price, per contract, of a short market order with size of the Impact Notional. If there does not exist sufficient contracts on the order book for an order of this size to fill in its entirety, IBP $\square$ is considered to be undefined.

If IBP $\square$ is undefined, $\max(0, IBP\square - UPI\square)$ is considered to evaluate to 0. Similarly if IAP $\square$ is undefined, $\max(0, UPI\square - IAP\square)$ is considered to evaluate to 0.

Within each one-second range, t is selected uniformly at random for the purposes of computing the IAP and IBP.

Number of Contracts = $IN / (UPI_t \times \text{Trading Unit})$. The resulting number of Contracts shall be rounded to the nearest one ten-thousandth (1/10,000) of a Contract, the Minimum Trading Unit for the Contract.

Funding Rate: The n per-second Premium Index calculations which make up each sample (in ascending chronological order $PI_t(1), PI_t(2), \dots, PI_t(n)$) are combined to compute the Weighted Average Premium Index (WAPI) as: $WAPI = (\sum \text{from } i=1 \text{ to } n \text{ of } [i \times PI_t(i)]) / (\sum \text{from } i=1 \text{ to } n \text{ of } i)$, where n is the number of one-second Premium Index calculations in the interval (28,800 for a standard eight-hour interval) and the denominator equals $n(n+1)/2$. For the avoidance of doubt, this is not a time-weighted average price (TWAP), which would weight each per-second sample equally. The Funding Rate for a given interval is derived from the Weighted Average Premium Index (WAPI) for that interval by applying the following adjustments to the WAPI:

(a) **Deadband:** If the absolute value of the WAPI falls below 0.01%, the Funding Rate shall be set to zero.

(b) **Clamp:** If the absolute value of the WAPI exceeds 2%, the Funding Rate shall be clamped to +2% or -2%, as applicable (the "Maximum Funding Magnitude").

Clearing: The Contract will be centrally cleared by Kalshi Klear LLC (Klear or the Clearinghouse), a derivatives clearing organization registered with the Commission, as central counterparty.

Settlement Date/Times: 12:00 PM ET and 4:00 PM ET, on every day throughout the lifetime of the Contract. At each Settlement Time, the Exchange settles all outstanding obligations, including variation margin and any accrued Periodic Transfer obligations calculated since the prior Settlement Time.

Settlement Price: For the purposes of calculating variation margin and Periodic Transfer obligations, the Settlement Price 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 Settlement 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 Settlement Period). Transactions occurring precisely at the Settlement 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 Settlement 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 Settlement 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 Settlement Time and the current Settlement Time.

Initial and Maintenance Margin: Initial margin and maintenance margin requirements for the Contract shall be calculated using the Exchange's risk-based margin methodology.

Last Trading Date: As this is a Perpetual Futures Contract, it has no Last Trading Date.

Expiration Date: As this is a Perpetual Futures Contract, it has no Expiration Date.

Expiration Time: As this is a Perpetual Futures Contract, it has no Expiration Time.

Pre-Trade Risk Controls: The Exchange may impose pre-trade risk controls, including price banding, order size limits, and position exposure limits, to ensure orderly trading and mitigate market disruption risk.

Market Integrity: The Exchange may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 7.1 of the Rulebook. 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 of the Rulebook. If the Funding Rate cannot be determined for a given interval (including due to insufficient order book liquidity), the Funding Rate shall be set to zero. In the event of an Emergency, as defined in Rule 2.8 of the Rulebook, the Exchange may take such actions as it deems necessary and appropriate, including but not limited to adjusting the Maximum Funding Magnitude, modifying margin requirements, or imposing additional risk controls, in accordance with the procedures set forth in Rule 2.8. The Exchange will monitor the performance of the Funding Rate in keeping the Contract economically tethered to the Underlying Price Index and may amend the Funding Rate methodology in accordance with applicable Exchange rules and Commission filing requirements. Any such amendment shall apply prospectively only and shall not alter the Funding Rate or any Periodic Transfer obligation for any Funding Calculation Interval ending prior to the amendment's effective date.

APPENDIX B – 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:

- Officers, directors, and employees of CF Benchmarks Ltd., including members of its Oversight Committee, and its parent company
- Members of the CF Oversight Committee responsible for governance of the CF Benchmarks index family
- Officers, directors, and employees of the Constituent Exchanges contributing data to the CME CF Uniswap-Dollar Real Time Index (being those exchanges that satisfy the applicable CME CF Constituent Exchange Criteria, as published by CF Benchmarks), to the extent such persons have access to non-public order flow data, surveillance data, or advance knowledge of exchange operational changes that could materially affect the Underlying Price Index
- Third-party auditors (e.g., KPMG engagement teams) currently engaged in auditing or assuring CF Benchmarks' index methodology or BMR compliance
- Immediate family members (parents, siblings, spouses, domestic partners) and household members of all persons listed above

APPENDIX C – FURTHER CONSIDERATIONS

The UNIPERP Contract serves risk mitigation functions for market participants with bona fide economic exposure to Uniswap. Uniswap is one of the largest decentralized exchange protocols, launched on the Ethereum blockchain in November 2018 and now deployed across multiple networks including Unichain, its own Ethereum Layer-2 network; UNI, introduced in September 2020, is the protocol's governance token and, following the UNification governance proposal approved in December 2025, is also the asset through which protocol fee revenue is captured, by way of programmatic open-market purchases and burns of UNI funded by protocol fees and Unichain sequencer revenue.¹ Liquidity providers in Uniswap pools earn coin-denominated trading fees, protocol participants hold UNI to vote on governance matters, and the protocol's fee-funded buyback-and-burn mechanism converts protocol revenue into UNI on a continuing basis, so that liquidity providers, ecosystem operators and market makers hold coin-denominated positions while incurring U.S. dollar-denominated capital, hedging and operating costs.² UNI had a genesis supply of one billion tokens, now fully distributed, from which 100 million UNI (approximately ten percent of the supply) were permanently burned in December 2025 upon activation of the protocol fee switch, with ongoing burns funded by protocol fees thereafter; these revenue-linked burn mechanics increase the importance of tools for hedging coin-denominated revenue and holdings against dollar costs.³ UNI is also supported by major spot trading and custody venues, creating inventory and treasury exposure for exchanges, OTC desks, payment processors and liquidity providers.⁴ Institutional channels such as CME Group's announced cash-settled Uniswap futures contracts, multi-asset digital asset funds that hold UNI, the institutional partners deploying regulated real-world-asset liquidity through Uniswap v4 permissioned pools, custodial spot holdings, and reported accumulation by sophisticated investors, provide additional channels through which market makers, product sponsors, and authorized participants can acquire UNI exposure requiring risk management.⁵ Academic research on crypto futures hedging finds that perpetual futures can reduce roll-cost uncertainty relative to standard dated futures for continuous digital-asset exposure.⁶ Those conditions create ongoing UNI price exposure that a cash-settled perpetual futures contract can help hedge.⁷

¹ Uniswap, A Short History of Uniswap, <https://uniswap.org/blog/uniswap-history/>; Uniswap Labs and Uniswap Foundation, UNification proposal (Nov. 10, 2025).

² CF Benchmarks, CME CF Uniswap-Dollar Real Time Index, https://www.cfbenchmarks.com/data/indices/UNIUSD_RTI; Uniswap governance, UNification proposal and on-chain vote (Dec. 2025).

³ Uniswap governance, UNification (approved Dec. 2025; executed Dec. 28, 2025) (one-time burn of 100 million UNI from the treasury and activation of the protocol fee switch and fee-funded burn mechanism).

⁴ CF Benchmarks, CME CF Constituent Exchanges (v. 13.7, Aug. 24, 2026), <https://docs.cfbenchmarks.com/CME%20CF%20Constituent%20Exchanges.pdf> (listing Coinbase, Kraken and Gemini as Constituent Exchanges for the CME CF Uniswap-Dollar Real Time Index).

⁵ CME Group, announcement of cash-settled Uniswap futures contracts (Sept. 24, 2026) (scheduled to launch Oct. 19, 2026, pending regulatory review); CME Group, CME CF Cryptocurrency Benchmarks, <https://www.cmegroup.com/markets/cryptocurrencies/cme-cf-cryptocurrency-benchmarks>.

⁶ Carol Alexander, Jun Deng & Bin Zou, Hedging with Automatic Liquidation and Leverage Selection on Bitcoin Futures, 306 Eur. J. Operational Res. 478–493 (2023).

⁷ CF Benchmarks, CME CF Uniswap-Dollar Real Time Index, https://www.cfbenchmarks.com/data/indices/UNIUSD_RTI.

Although no U.S. spot exchange-traded fund for Uniswap has yet been approved, institutional UNI exposure exists through CME Group's announced cash-settled Uniswap futures (scheduled to launch on October 19, 2026, subject to regulatory review), multi-asset products, custodial spot holdings, exchange inventories, OTC desks and collateralized lending arrangements.⁸ These products and spot markets require market makers, liquidity providers, custodians and trading desks to manage continuous mark-to-market exposure to UNI.⁹ OTC crypto trading volumes more than doubled in 2024, illustrating the growth of institutional bilateral risk-transfer activity.¹⁰ The crypto lending market reached \$36.5 billion in Q4 2024 and a record \$73.6 billion by Q3 2025, creating collateral and liquidation exposure correlated with spot price moves.¹¹ A regulated UNI perpetual futures contract would allow participants to hedge these continuing inventory, collateral and basis risks with greater precision.¹²

The perpetual structure, combined with the funding rate mechanism that maintains convergence with the spot reference price, makes the Contract functionally superior to dated alternatives for participants whose economic exposure is itself perpetual or indefinite in duration: as Coinbase Derivatives stated in its comment letter to the CFTC's request for comment on perpetual contracts, perpetual contracts eliminate the need for traders to roll contracts regularly, trade with a much smaller basis to the spot market due to the funding rate mechanism, and allow liquidity to be concentrated in a single contract rather than fragmented across multiple expiration dates.¹³

Perpetual futures, such as the Contract, also provide substantial price-discovery and transparency benefits that serve the public interest. For digital assets generally, Kaiko reports that derivatives make up over 75% of all trading activity in crypto markets and that Bitcoin perpetuals accounted for 68% of Bitcoin trading volume in 2025, illustrating the central role of perpetuals in digital-asset risk transfer.¹⁴ CoinGecko likewise reported rapid growth in perpetual trading venues in 2025, including \$6.7 trillion of volume on the top 10 perpetual decentralized exchanges.¹⁵

Listing the UNIPERP Contract on a CFTC-registered DCM brings economically significant perpetual-futures activity into a regulated environment with robust trade surveillance, know-your-customer verification, risk-based margin requirements, central clearing, and disciplinary procedures consistent with the CEA and Commission regulations thereunder.

⁸ CME Group, announcement of cash-settled Uniswap futures contracts (Sept. 24, 2026).

⁹ CME Group, announcement of standard (10,000 UNI) and micro (1,000 UNI) cash-settled Uniswap futures contracts (Sept. 24, 2026), scheduled to launch Oct. 19, 2026, subject to regulatory review.

¹⁰ Finery Markets, as reported in The Block, Crypto OTC Trading Volume Surged Over 100% in 2024 (Jan. 2025), <https://www.theblock.co/post/334300/>.

¹¹ Galaxy Research, The State of Crypto Lending (Apr. 2025); Yahoo Finance, Crypto Lending Hits \$73.6B Record as DeFi Captures Two-Thirds of Market (Nov. 19, 2025).

¹² See issuer product pages and offering documents cited in this Appendix C for examples of exchange-traded or institutional spot products whose issuers, market makers, liquidity providers, and authorized participants may have related inventory and hedging needs.

¹³ Coinbase Derivatives, LLC, Comment Letter to the CFTC on Perpetual Derivatives (May 21, 2025), <https://comments.cftc.gov/Handlers/PdfHandler.ashx?id=35619>.

¹⁴ Kaiko, Perps are Coming to America (June 2025), <https://www.linkedin.com/pulse/perps-coming-america-kaikoinindices-girie/>.

¹⁵ CoinGecko, 2025 Annual Crypto Industry Report (2026), <https://www.coingecko.com/research/publications/2025-annual-crypto-report>; CoinGecko, Is the Future of Crypto Perpetual? (Feb. 26, 2026), <https://www.coingecko.com/learn/rise-of-perpetuals-and-perp-dexs>.

Further, the Contract's use of the CME CF Uniswap-Dollar Real Time Index ensures that the reference price is derived from a regulated benchmark administrator: CF Benchmarks is authorized by the UK Financial Conduct Authority under the EU/UK Benchmarks Regulation (FRN 847100), with compliance independently audited by KPMG under ISAE 3000 reasonable assurance.¹⁶ CF Benchmarks' real-time indices and spot rates are calculated from order-book data from constituent exchanges, and the UNIPERP Contract uses the real-time UNIUSD_RTI for funding-rate calculations and settlement pricing.¹⁷ CME Group's announced Uniswap futures contracts, the protocol's fee-funded UNI buyback-and-burn program, and the CME CF Uniswap-Dollar index suite demonstrate institutional demand for transparent UNI pricing infrastructure.¹⁸ The funding-rate mechanism has been studied in academic literature: Akerer, Hugonnier & Jermann (2025), published in *Mathematical Finance*, derive no-arbitrage perpetual futures prices and demonstrate that the pricing formula "is closely related to Covered Interest Parity used to price futures and forwards";¹⁹ He, Manela, Ross & von Wachter (2024) find that deviations from no-arbitrage in crypto perpetuals "diminish over time as crypto markets develop and become more efficient";²⁰ and a BIS Working Paper documents that the CME Bitcoin basis can reach "exceptionally high levels, sometimes exceeding 40% per annum," identifying limited deployment of arbitrage capital due to regulatory and margin frictions as a key driver.²¹

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 Uniswap perpetual futures contract directly advances the Commission's stated policy objectives of deterring manipulation, protecting market participants, and promoting responsible innovation.²²

¹⁶ CF Benchmarks Ltd., FCA Financial Reference Number 847100; CF Benchmarks, CF Benchmarks Authorised and Regulated by the FCA under EU BMR (Sept. 13, 2019),

<https://www.cfbenchmarks.com/blog/cf-benchmarks-authorised-and-regulated-by-the-fca-under-eu-bmr>.

¹⁷ CF Benchmarks, CME CF Uniswap-Dollar Real Time Index,

https://www.cfbenchmarks.com/data/indices/UNIUSD_RTI; CF Benchmarks, CME CF Real Time Indices Methodology, <https://docs.cfbenchmarks.com/CME%20CF%20Real%20Time%20Indices%20Methodology.pdf>.

¹⁸ CME Group, announcement of cash-settled Uniswap futures contracts (Sept. 24, 2026); CF Benchmarks, CME CF Uniswap-Dollar Real Time Index, https://www.cfbenchmarks.com/data/indices/UNIUSD_RTI.

¹⁹ Damien Akerer, Julien Hugonnier & Urban Jermann, *Perpetual Futures Pricing*, *Mathematical Finance* (2025), DOI: 10.1111/mafi.70018; NBER Working Paper No. 32936.

²⁰ Songrun He, Asaf Manela, Omri Ross & Victor von Wachter, *Fundamentals of Perpetual Futures* (2024), <https://arxiv.org/abs/2212.06888>.

²¹ Maik Schmeling, Andreas Schrimpf & Karamfil Todorov, *Crypto Carry*, BIS Working Paper No. 1087 (Apr. 2023, rev. Oct. 2025), <https://www.bis.org/publ/work1087.pdf>.

²² 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 – SOURCE AGENCY

The Source Agency for the UNIPERP Contract is CF Benchmarks Ltd ("CF Benchmarks"), the administrator of the CME CF Uniswap-Dollar Real Time Index (the "Underlying Price Index" or "UNIUSD_RTI"), which provides a real-time measure of the U.S. dollar price of Uniswap calculated from consolidated order book data from Constituent Exchanges, rather than from executed trade data.

Regulatory Status and Governance

CF Benchmarks is authorized and regulated by the UK Financial Conduct Authority ("FCA") as a benchmark administrator under the UK Benchmarks Regulation (FCA Financial Reference Number 847100). CF Benchmarks was the first cryptocurrency index provider to obtain FCA authorization under the BMR framework, which it received in September 2019.²³ The UK Benchmarks Regulation transposes the IOSCO Principles for Financial Benchmarks (published July 2013) into binding regulatory requirements, imposing governance, methodology transparency, conflict-of-interest management, and oversight obligations on benchmark administrators. CF Benchmarks is registered in England and Wales (company number 11654816) and is a wholly owned subsidiary of Payward, Inc. (d/b/a Kraken), acquired in February 2019.

CF Benchmarks' BMR compliance has been independently verified through a KPMG audit conducted under International Standard on Assurance Engagements 3000 (ISAE 3000) — a reasonable assurance engagement — covering the period from September 2022 to September 2024. This is the same assurance standard applied to benchmark administrators of traditional financial indices. CF Benchmarks maintains an independent Oversight Committee, composed of industry experts and external members, that reviews the methodology and governance of all CF Benchmarks indices in accordance with BMR requirements. The Oversight Committee has authority to recommend changes to methodology, review complaints, and escalate concerns to the FCA.

Index Methodology

The CME CF Uniswap-Dollar Real Time Index is calculated in real time based on the Relevant Order Books of its Constituent Exchanges. A Relevant Order Book consists of currently unmatched limit orders to buy or sell Uniswap against the relevant quote asset on a Constituent Exchange, aggregated by price and reported through the exchange's API to CF Benchmarks' Calculation Agent. The Constituent Exchanges are those exchanges that satisfy the applicable CME CF Constituent Exchange Criteria published by CF Benchmarks, as in effect from time to time. The methodology specifies the applicable spacing, deviation-from-mid, potentially erroneous data, order-size-cap, Effective Time, and retrieval-lag threshold parameters for the relevant index. The methodology is publicly available and subject to periodic review and consultation in accordance with CF Benchmarks' benchmark-governance procedures.

²³ CF Benchmarks Ltd., CF Benchmarks Authorised and Regulated by the FCA under EU BMR (September 13, 2019), available at <https://www.cfbenchmarks.com/blog/cf-benchmarks-authorised-and-regulated-by-the-fca-under-eu-bmr>; FCA Financial Services Register, FRN 847100.

The UNIUSD_RTI is designed to provide a real-time indication of the Uniswap-U.S. dollar exchange rate by consolidating order books across Constituent Exchanges. At each Effective Time, CF Benchmarks adds the Relevant Order Book from each Constituent Exchange to a joint list, aggregates those inputs into a consolidated order book, applies a dynamic order size cap, calculates bid, ask, mid-price, and mid-spread volume curves, determines the utilized depth, and weights the mid-price-volume curve using the normalized probability density of an exponential distribution to produce the index value. If an exchange's Relevant Order Book is delayed, erroneous, or potentially erroneous, that exchange's order book is disregarded for the affected Calculation Time, subject to the methodology's calculation-failure rules.

CF Benchmarks also administers the CME CF Uniswap-Dollar Reference Rate (the "Reference Rate"), a once-daily settlement reference calculated under the CME CF Reference Rates Methodology from trade data across its constituent exchanges during a defined daily observation window. While the UNIPERP Contract uses the real-time UNIUSD_RTI for funding rate calculations and settlement pricing, the Reference Rate is referenced here to describe CF Benchmarks' broader institutional track record. The Reference Rate and UNIUSD_RTI are administered under the CF Benchmarks governance framework and use constituent exchanges selected under applicable constituent-exchange criteria, but they use different calculation methodologies: the Reference Rate is a once-daily transaction-price benchmark, while UNIUSD_RTI is a real-time, order-book-based index.

Institutional Adoption and Track Record

The CF Benchmarks index family is among the most widely adopted cryptocurrency pricing benchmarks in the regulated financial industry. CME Group uses CF Benchmarks indices as the settlement benchmarks for its Bitcoin, Ether, XRP, and SOL futures and options contracts. The CME CF Uniswap-Dollar Real Time Index (UNIUSD_RTI) and CME CF Uniswap-Dollar Reference Rate (UNIUSD_RR) are published as part of the CME CF Single Asset Series administered by CF Benchmarks in partnership with CME Group, which applies CF Benchmarks' order-book-based spot rate and settlement price methodologies and constituent-exchange criteria to a broad range of individual digital assets. CME Group has announced cash-settled Uniswap futures contracts scheduled to launch on October 19, 2026, subject to regulatory review, within a cryptocurrency derivatives suite that settles to CME CF Reference Rates administered by CF Benchmarks, and the Uniswap protocol's fee-funded buyback-and-burn program executes recurring open-market purchases of UNI that depend on transparent reference pricing.²⁴ In total, CF Benchmarks states that its indices carry over \$80 billion of assets through investment funds, ETFs, and other financial products globally.

The selection of CF Benchmarks by BlackRock, CME Group, and other major regulated financial institutions reflects a market determination that the index methodology, governance, and regulatory oversight are sufficient to serve as the pricing backbone for products holding tens of billions of dollars in customer assets and settling billions of dollars in daily futures volume.

Resilience and Manipulation Resistance

²⁴ CME Group, FAQ: CME CF Cryptocurrency Benchmarks, available at <https://www.cmegroup.com/articles/faqs/cme-cf-cryptocurrency-benchmarks-faq.html>; CME Group, announcement of cash-settled Uniswap futures contracts (Sept. 24, 2026)

The multi-exchange, order-book-based construction of the UNIUSD_RTI provides inherent resistance to manipulation on any single venue. Any attempt to manipulate the index would require simultaneous, coordinated activity across multiple independently operated, regulated trading platforms — each of which maintains its own surveillance, KYC/AML, and market integrity programs. The constituent exchange selection criteria require that exchanges demonstrate adequate trade volume, operational reliability, and compliance with applicable regulatory standards; exchanges that fail to meet these standards are removed from the index. CF Benchmarks periodically reviews and updates its constituent exchange universe through a formal consultation process subject to Oversight Committee approval.

The transparency of the methodology - publicly documented and subject to regulatory review by the FCA - provides market participants, regulators, and the public with the ability to independently replicate and verify the index value at any point in time. This level of transparency provides additional protection against opaque or proprietary index calculations where methodology changes may be made without notice or external review.

In addition, the UNIUSD_RTI's constituent exchanges are themselves subject to regulatory oversight: Coinbase operates under state money transmitter licenses and is a publicly traded company (NASDAQ: COIN) subject to SEC reporting requirements; Gemini is a New York trust company regulated by the New York Department of Financial Services; and Kraken holds licenses in multiple jurisdictions.

Accuracy and Continuity

The UNIUSD_RTI is administered under CF Benchmarks' benchmark-governance framework and is designed for continuous publication, subject to the applicable methodology's calculation-failure rules. The redundancy of the multi-exchange data aggregation model helps ensure that the index remains calculable even if one or more Constituent Exchanges experience outages or trading halts.

In summary, the data used to determine the Reference Price and Funding Rate of the Contract is prepared and published by CF Benchmarks, an FCA-authorized benchmark administrator operating under the UK Benchmarks Regulation, independently audited by KPMG, adopted by CME Group and BlackRock as the pricing backbone for the world's largest regulated cryptocurrency derivatives and exchange-traded products (including Bitcoin, Ether, Solana, XRP, and other digital asset derivatives and ETPs), and constructed from consolidated order book data sourced from Constituent Exchanges selected under the applicable CF Benchmarks criteria. The Exchange believes that CF Benchmarks is a highly reliable, transparent, and manipulation-resistant Source Agency.

APPENDIX E – COMPLIANCE WITH CORE PRINCIPLES

Compliance with Core Principles

A. The Exchange has Exercised Reasonable Discretion by Categorizing the Contract as a Futures Contract for Purposes of Compliance with the Core Principles and Other Provisions of the CEA and Commission Regulations.

Section 5(d)(1)(B)²⁵ of the CEA and Regulation 38.100(b)²⁶ thereunder provide that a DCM has reasonable discretion in establishing the manner in which it complies with the Core Principles. Through the analysis laid out below, Kalshi has exercised reasonable discretion by categorizing the Contract as a futures contract for purposes of compliance with the Core Principles and other provisions of the CEA and Commission regulations thereunder.²⁷

First, we analyzed whether the Contract constitutes a futures contract by evaluating the characteristics of the Contract against relevant judicial precedent and Commission guidance. Neither the CEA nor Commission rules offer a fixed definition for what constitutes a “futures contract.” Instead, the Commission and the courts assess each transaction “as a whole with a critical eye toward its underlying purpose”²⁸ by evaluating whether certain characteristics common to futures contracts are present.²⁹

The Commission has historically described futures contracts as “standardized contracts for the purchase or sale of commodities which provide for future, as opposed to immediate, delivery, and which are directly or indirectly offered to the general public and generally secured by earnest money, or ‘margin’ . . . [and that] are entered into primarily for the purpose of assuming or shifting the risk of change in value of commodities, rather than for transferring ownership of the

²⁵ 7 U.S.C. § 7(d)(1)(B).

²⁶ 17 C.F.R. § 38.100(b).

²⁷ Kalshi and Klear intend to treat the Contract as a futures contract for purposes of compliance with the CEA and Commission regulations thereunder by themselves and their participants.

²⁸ See *CFTC v. Co Petro Marketing Group, Inc.* 680 F.2d 573, 581 (9th Cir. 1982) (“*Co Petro*”).

²⁹ See CFTC Interpretive Letter No. 98-73, Comm. Fut. L. Rep. ¶27, 449 (Oct. 8, 1998) (“Letter 98-73”); see, also CFTC Interpretive Letter No. 97-01, Comm. Fut. L. Rep. ¶26, 937 (Dec. 12, 1996); *CFTC v. UForex Consulting*, 551 F.Supp.2d, 513, 529 (W.D.La. 2008), *CFTC v. Fleury*, 2010 WL 5146283 (S.D. Fl.) at *7.

actual commodities.”³⁰ Courts have similarly focused on standardization, fungibility, and offset as the key characteristics of futures contracts.³¹

More recently, courts have turned away from the “totality of circumstances” analysis reflected by the foregoing precedent. Instead, at least in the cases of contracts involving intangible commodities such as the Underlying, courts have identified whether an executory contract is a futures contract based on whether there is trading “in the contract.”³² When evaluating whether trading “in the contract” exists for a given contract, courts have looked to whether the contract is standardized and fungible,³³ as evidenced by (i) the contract trading at a fixed, standardized unit quantity,³⁴ (ii) each party’s obligations being guaranteed by a clearing house that sets margin requirements,³⁵ and (iii) the ability of holders to exit their positions by offset.³⁶

³⁰ See *In re Stovall, et. al.*, [1977-1980 Transfer Binder] Comm. Fut. L. Rep. (CCH) 20,941, p. 6 (CFTC Dec. 6, 1979) (“*Stovall*”). See, also Policy Statement Concerning Swap Transactions, 54 Fed. Reg. 30,694 (July 21, 1989) (adopting a safe harbor from futures regulation for a swap if: the swap has individually tailored terms; there is an absence of exchange-style offset; there is no clearing organization or margin system; the swap is undertaken in connection with a line of business; and the swap is not marketed to the public) and Exemption of Certain Swap Agreements, 58 Fed. Reg. 5,587 (Nov. 12, 1993) (adopting an exemption that, similarly, distinguished swaps from futures contracts based on whether: the swap agreement was entered into solely between sophisticated parties (“eligible swap participants”) at the time such persons entered into the swap agreement; the swap agreement is not part of a fungible class of agreements that are standardized as to their material economic terms; the creditworthiness of any party having an actual or potential obligation under the swap agreement would be a material consideration in entering into or determining the terms of the swap agreement, including pricing, cost, or credit enhancement terms of the swap agreement; and the swap agreement is not entered into and traded on or through a multilateral transaction execution facility).

³¹ See, e.g., *Co Petro* at 579-80 (“Except for price, all the futures contracts for a specified commodity are identical in quantity and other terms. The fungible nature of these contracts facilitates offsetting transactions by which purchasers or sellers can liquidate their positions by forming opposite contracts.”); see, also *Transnor (Bermuda) Ltd. v. BP N. Am. Petroleum*, 738 F. Supp. 1472, 1492-93 (S.D.N.Y. 1990) (following *Stovall* and *Co Petro* to define what constitutes a futures contract) and *Salomon Forex, Inc. v. Tauber* 8 F.3d 966, 971 (4th Cir. 1993) (“*Tauber*”) (“To facilitate the development of a liquid market for these transactions, these contracts are standardized and transferrable. Trading in futures seldom results in physical livery of the subject commodity, since the obligations are often extinguished by offsetting transactions that product a net profit or loss.”).

³² See, e.g., *CFTC v. Erskine*, 512 F.3d 309, 325 (6th Cir. 2008) (“*Erskine*”), *CFTC v. Zelener*, 373 F.3d 861, 865 (7th Cir. 2004) (“*Zelener*”), and *Chicago Mercantile Exchange v. SEC*, 883 F.2d 537, 542 (7th Cir. 1989) (“*CME v. SEC*”). Courts evaluating the regulatory categorization of contracts on tangible commodities have, at least in some instances, stuck with the “totality of circumstances” approach from *Co Petro*. See *Andersons, Inc. v. Horton Farms, Inc.*, 166 F.3d 308, 318 (6th Cir. 1998). Because the Contract is a derivative on the Underlying, which is an intangible commodity (the spot price of Uniswap, i.e., the spot price of Uniswap), this request does not address the regulatory categorization of contracts on tangible commodities.

³³ See *Erskine* at 325 (“the distinction [between futures and forward contracts] turns on standardization and fungibility of the contract.”)

³⁴ *Id.*

³⁵ *CME v. SEC* at 542. Although the Dodd-Frank Act arguably changed the historical analysis, at least in part, by reducing the saliency of central clearing as a distinguishing factor of futures contracts, other characteristics remain relevant, given that even many centrally cleared swaps (such as interest rate swaps) are not fully standardized as to tenor or size (among other terms) and trading can take place on swap execution facilities, which may lack the centralized market characteristics of a DCM because they can permit trading via request for quote in addition to an order book.

³⁶ *Zelener* at 868, quoting *Nagel v. ADM Investor Services, Inc.*, 217 F.3d 436, 441 (7th Cir. 2000) (noting that a seller’s promise to “sell another contract against which the buyer can offset the first contract” makes a contract “work as if fungible.”)

The Contract will exhibit all of these futures contract characteristics: the Contract will have a fixed, standardized unit quantity; each party's obligations will be guaranteed via novation to Klear, which will act as central counterparty; holders will be able to exit their positions via offset; the Contract will be available to the general public, including retail participants; parties will enter into the Contract for the purpose of assuming or shifting the risk of change in value of the Underlying, without the possibility of transferring ownership of the Underlying; and the Contract will trade on the centralized market of a DCM.

Then, we analyzed whether the Contract's indefinite duration should affect their categorization. We focused on this term of the Contract because courts have, at times, described a futures contract as providing for the purchase or sale of a commodity "at a fixed date in the future,"³⁷ or "on a date certain,"³⁸ or "at or before a stated future time."³⁹ Courts have not, however, viewed this characteristic as necessary to conclude that a contract is a futures contract. To the contrary, courts have repeatedly explained that, "While futures contracts generally have a specified future delivery date, or settlement date, that date is not always specified thus allowing some futures contracts to be of 'indefinite duration.'"⁴⁰ For example, the Seventh Circuit in *CME v. SEC* concluded that contracts of "indefinite duration" can possess the attribute of "futurity" – generally associated with futures contracts⁴¹ – because futurity means "value that is set in the future" and exists where contracts provide for future executory payment obligations, not only where a contract has a final-settlement date and fixed term.⁴² And, in *Zelener*, the Commission took the position that the transactions at issue were futures contracts because customers' positions were held open indefinitely.⁴³

³⁷ *CME v. SEC* at 542.

³⁸ *Tauberat* 971.

³⁹ *Erskineat* 323.

⁴⁰ *Standard Forex II*, 1996 WL 435440, at *10, 1996 U.S. Dist. LEXIS 14778, at *29. See, also *CFTC v. Intern. Fin. Servs.*, 323 F.Supp.2d 482, 498 (S.D.N.Y. 2004) ("As a matter of law, defendants wrongly characterize certain indicia of futures contract as essential features of such contracts. Principally, they argue at length that without a fixed date for future delivery, a transaction cannot be a futures contract within the Commission's jurisdiction. They cite no authority for this proposition, however") and *CFTC v. International Foreign Curren.*, 334 F.Supp.2d 305, 312 (E.D.N.Y. 2004) ("[T]he fact that Defendants' contracts failed to have a specified future delivery date is not determinative").

⁴¹ See *CFTC v. First Lexington Group, LLC et. Al.*, 03 CV 9124 (GBD) (S.D.N.Y. Mar. 24, 2008).

⁴² *CME v. SEC* at 541. The contracts at issue in *CME v. SEC* – "index participations" or "IPs" – were perpetual-term contracts based on the value of a securities index. The seller of an IP promised to pay the buyer the value of the underlying index as measured on a "cash-out day", while the buyer paid the seller for the IP in cash on the date of the sale. *Id.* at 539. The IPs were settled on a quarterly basis, and upon settlement the seller would owe the buyer a payment obligation approximating the value of dividends the stocks in the index paid out during the prior quarter. *Id.* The IPs thus resemble the Contract in that (i) long-side holders were not subject to a binding, final-settlement date and (ii) they provide for executory payments (for the IPs, the seller's quarterly dividend payments; for the Contract, the funding payments) determined following initiation of the contract. Although long-side holders of the IPs could exercise, on a quarterly or semi-annual basis, their privilege to "cash-out" and thereby trigger the short-side holder's obligation to pay the value of the underlying index, delivery on the "cash-out" date was not the dominant characteristic of the IPs as final-settlement was not a binding obligation on both parties to the contract (*i.e.*, long-side holders would ordinarily never face an obligation to cash-out).

⁴³ See *Zelener* at 863. Although the Court ruled against the CFTC in *Zelener*, the facts in that case contrast with those here. In that case, retail customers traded foreign exchange on an over-the-counter basis with a company controlled by the defendant, and the parties rolled their transactions so that customers were exposed to foreign currency prices without taking delivery. *Zelener* at 863. Notably, customers in that case did not purchase identical contracts, and their contracts did not provide a right of offset. *Id.* at 867. By contrast, here each Contract would be

Based on this analysis, Kalshi is of the view that the Contract is appropriately categorized as a futures contract for purposes of compliance with the Core Principles and other provisions of the CEA and Commission regulations thereunder.

B. The Contract Complies with the Core Principles

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

identical, and offset would be guaranteed by operation of Klear as central counterparty to all Contracts bought or sold on Kalshi.

APPENDIX F – ADDITIONAL COMPLIANCE WITH CORE PRINCIPLES

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. Further, Section 3.2 of the Klear rulebook includes clear and transparent criteria for clearing members eligible to clear transactions in the Contract through Klear, providing that the Contract will be available to all clearing members of Klear, either directly (for clearing members who are eligible contract participants) or indirectly through a futures commission merchant clearing member.

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 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, the Exchange maintains pre-trade risk controls designed to prevent erroneous or manipulative order entry in the UNIPERP Contract, including price banding, order size limits, and position exposure limits.

First, the Exchange applies a price-band check to incoming orders before they are inserted into the order book. For the Contract, the valid price band is calculated by reference to the then-current relevant top-of-book price and is the wider of (i) 20% of that top-of-book price and (ii) 1,000 ticks, or \$0.10. Accordingly, if the relevant top-of-book price is \$9.0000, an incoming ask is permitted only if its price is no greater than $\max(\$10.8000, \$9.1000)$, and an incoming bid is permitted only if its price is no less than $\min(\$7.2000, \$8.9000)$. Incoming orders priced outside the applicable band are rejected before insertion.

The price-band check is a pre-insertion control and does not operate as an automatic cancellation mechanism for resting orders. Accordingly, if market conditions later move such that a previously accepted resting order falls outside the then-current price band, the order may remain in the order book unless cancelled, modified, executed, or otherwise addressed pursuant to the Exchange's Rules.

Second, the Exchange may impose order size limits and position exposure limits to mitigate excessive concentration and market disruption risk. These concentration controls operate separately from the price-band check: the price-band check governs the prices at which incoming orders may be entered, while size and exposure controls limit the scale of activity that a participant may submit or accumulate through the order entry system.

Together, these pre-trade controls provide complementary protections against erroneous order entry, disorderly trading, excessive concentration, and related risks to market integrity.

Moreover, the specifics of the UNIPERP Contract 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 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 and has determined that position accountability levels, rather than hard position limits, are the appropriate mechanism for this contract. The contract specification includes a Position Accountability Level of \$5,000,000 in mark-to-market position value, with short positions evaluated on an equivalent long basis.

Several considerations support this approach. First, Uniswap is not an enumerated commodity subject to the federal position limit regime under Part 150, and the contract is cash-settled with no deliverable supply constraints that would necessitate spot-month position limits to prevent corners or squeezes. Second, the underlying Uniswap/USD spot market trades continuously across a globally distributed set of venues. The depth and fragmentation of the underlying market, combined with the index's multi-venue construction, make it difficult for any single participant to use a position in Kalshi's perpetual futures contract to exert meaningful influence on the reference price. Third, the perpetual futures funding-rate mechanism itself acts as a natural economic check on position concentration -- as positions become crowded on one side, the funding rate adjusts to impose carrying costs that discourage further accumulation and incentivize offsetting activity.

Critically, the liquidity of the underlying spot market is not confined to U.S. business hours. Because the UNIPERP Contract trades 24 hours per day, 7 days per week, the adequacy of position accountability levels -- as opposed to hard limits -- depends on the underlying market maintaining sufficient depth at all times to support orderly risk management and surveillance. The Exchange will monitor depth, spreads, and trading activity across the relevant Constituent Exchanges during both U.S. and non-U.S. hours. This 24/7 monitoring, combined with the multi-venue index construction and the Exchange's ability to review positions exceeding the accountability level, supports the use of accountability levels rather than hard limits.

The Exchange will monitor the underlying market on an ongoing basis and reserves the right to adjust the Position Accountability Level or impose additional risk controls under DCM Rule 2.8 if conditions warrant.

The \$5,000,000 accountability level provides Kalshi's market surveillance team with a trigger to examine the circumstances surrounding any large position, including the participant's trading activity, hedging rationale, and potential impact on market integrity, while preserving the flexibility to permit commercially justified positions above that threshold on a case-by-case basis. This approach is consistent with the practices of other DCMs listing cryptocurrency derivatives 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 the Clearinghouse, a Derivatives Clearing Organization (“DCO”) registered with the CFTC and subject to all CFTC Regulations related thereto. The Exchange requires that Members post initial margin before entering into positions and maintain maintenance margin throughout the life of a position. Margin requirements are calculated using the Exchange's risk-based margin methodology and are designed to ensure that the Exchange can liquidate positions in an orderly manner before losses exceed posted collateral. Positions that fall below maintenance margin levels are subject to liquidation. The protection of customer funds is monitored by the Exchange and ensured by the Clearinghouse as member property or futures commission merchant customer property.

All Remaining Requirements: All remaining Core Principles are satisfied through operation of the Exchange's Rules, processes, and policies applicable to the other contracts traded thereon.

