November 9, 2021

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 EVMKT Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.2(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is self-certifying the EVMKT contract (Contract).

Along with this letter, Kalshi submitted the following documents:

- A concise explanation and analysis of the Contract;
- Certification;
- Appendix A with the Contract's Terms and Conditions;
- Confidential Appendices with further information; and
- A request for FOIA confidential treatment.

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

Sincerely,

Elie Mishory
Chief Regulatory Officer
KalshiEX LLC
emishory@kalshi.com

KalshiEX LLC
New Contract Submission: What will the electric vehicle market share be in the US?
Ticker: EVMKT
Kalshi Contract Category: Economics
Electric Vehicle Market Share
November 9, 2021

CONCISE EXPLANATION AND ANALYSIS OF THE PRODUCT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION'S REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.2(a)(3)(v), the following is a concise explanation and analysis of the product and its compliance with the Act, including the relevant Core Principles, and the Commission's regulations thereunder.

I. Introduction

The EVMKT Contract is a contract relating to the market share of electric vehicles ("EVs") in the U.S., measured as a percentage of total light-drive vehicle ("LDV") sales, as tracked by the U.S. Federal Government's Argonne National Laboratory. After careful analysis, Kalshi (hereafter referred to as "Exchange") has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange's application for designation as a Contract Market ("DCM") that was approved by the Commission.

EV market share (as a percentage of total vehicle sales) is a fundamental economic indicator that can serve as a barometer for the progress of an economy-wide shift towards renewable energy. The Contract is designed to enable market participants whose businesses or operations are affected by fluctuations in the growth of the electric vehicle market to mitigate the commercial risks associated with slower than expected growth in EV market share or declining EV market share. The Contract can be used to mitigate or hedge against the economic risk that the number of electric vehicles sold in the United States grows at a slower than expected rate or declines, or the economic risk that electric vehicles do not grow more popular with consumers relative to traditional gasoline-powered vehicles. It is currently difficult for retail market participants with exposure to the EV ecosystem, such as EV manufacturer employees or retail investors with positions in EV-related companies, to hedge risks related to commercial fluctuations in the EV industry. The Contract has the potential to provide investors with the ability to mitigate risks associated with growth in the renewable energy sector.

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

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a), the Exchange hereby certifies that the listing of the Contract complies with the Act and Commission regulations under the Act.

General Contract Terms and Conditions: The Contract operates similar to other binary contracts that the Exchange lists for trading. The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of $0.01 to enable Members to match the size of the contracts purchased to their economic risks. The Exchange has further imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract. As outlined in Rule 5.12 of the Rulebook, trading shall be available at all times outside of any maintenance windows, which will be announced in advance by the Exchange. Members will be charged fees in accordance with Rule 3.6 of the Rulebook. Fees are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. After trading on the Contract has closed, the Expiration Value and Market Outcome are determined. The market is then settled by the Exchange, and the long position holders and short position holders are paid according to the Market Outcome. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Contract and "short position holders" refers to Members who purchased the "No" side of the Contract. If the Market Outcome is "Yes," meaning that the percent of total light-duty vehicle ("LDV") sales captured by plug-in electric vehicles ("PEVs") for the statistical period of <month> is higher than <percent>, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A.

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

Based on the above analysis, the Exchange certifies that:

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

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

Eliezer Mishory

By: Eliezer Mishory
Title: Chief Regulatory Officer
Date: November 9, 2021

Attachments:

Appendix A - Contract Terms and Conditions
Appendix B (Confidential) - Further Considerations
Appendix C (Confidential) - Source Agency
Appendix D (Confidential) - Compliance with Core Principles

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: What will the electric vehicle market share be in the US?
Ticker and Rulebook: EVMKT

EVMKT

Scope: These rules shall apply to the EVMKT contract.

Underlying: The Underlying for this Contract is the percentage of total light-duty vehicles ("LDVs") sales that come from Plug-in Vehicles ("PEVs") reported by the Argonne National Laboratory. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The data is available in the Argonne National Laboratory' Light Duty Electric Drive Vehicles Monthly Sales Update (https://www.anl.gov/es/light-duty-electric-drive-vehicles-monthly-sales-updates). Formally, this is computed as (PEV Sales)/(Total LDV Sales) * 100 and is reported monthly in the Argonne report with a line that reads similar to "PEVs captured <percent>% of total LDV sales in this month." For example, in January 2021, a total of 30,913 PEVs (22,576 BEVs and 8,337 PHEVs) were sold and the report read, "PEVs captured 2.82% of total LDV sales in this month".[1] Thus, 2.82% would have been the Expiration Value. With regard to the availability of data, the data for the specified statistical month is made available the following month, and is typically released by the second week of that month. These instructions on how to access the Underlying are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time.

Source Agency: The Source Agency is Argonne National Laboratory.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a monthly basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next month.

Percent: Kalshi may list iterations of the Contract with <percent> levels that fall within an inclusive range between a maximum value of 100.0 and a minimum value of 0.0 at consecutive increments of 0.1. Due to the potential for variability in the Underlying, the Exchange may modify <percent> levels in response to suggestions by Members.

Month: <month> refers to a calendar <month> specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <month>, ranging from November 2021 to December 2024.

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[1] https://www.anl.gov/es/light-duty-electric-drive-vehicles-monthly-sales-updates

Payout Criterion: The Payout Criterion for this Contract encompasses the Expiration Values that are higher than <percent>.

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

Position Limit: The Position Limit for the $1 referred Contract shall be $25,000 per Member.

Last Trading Date: The Last Trading Date of the initial iteration of the Contract will be the same day as the Expiration Date. The Last Trading Time will be the same as the Expiration time.

Settlement Date: The Settlement Date of the initial iteration of the Contract shall be the day after the Expiration Date, unless the Market Outcome is under review pursuant to Rule 7.1.

Expiration Date: The Expiration Date of the Contract shall be the sooner of one day following the release of the data for <month>, or the fourth day of the second month after the end of <month>. For example, for a contract regarding November 2021, the Expiration Date shall be the sooner of one day following the release of the data for November 2021, or January 4, 2022.

Expiration time: The Expiration time of the initial Contract iteration 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 for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

Contingencies: Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading.