

12/11/2021

**SUBMITTED VIA CFTC PORTAL**

Secretary of the Commission  
Office of the Secretariat  
U.S. Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: KalshiEX LLC – CFTC Regulation 40.6(a) Notification Regarding the Amendment of the “Will there be more than <count> new COVID-19 cases on <date>?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the “Will there be more than <count> new COVID-19 cases on <date>?” contract (CASE contract or Contract). The Contract is intended to be listed on a daily basis. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<last\_trading\_date> (The last trading date)**
- **<count> (The target value for number of cases)**

The amendments to the CASE contract are as follows:

1. The expiration time has been amended from 11:00 AM two days after <date> to now expire at the sooner of the first 10:00 AM following the release of data for <date> or one week after <date>. This new approach has several key advantages: it functionally eliminates the risk of a “no data” resolution and means that members can receive their money back faster when the data is released prior to the fixed expiration date.
2. The settlement time has been amended from the day after expiration to “no later than the day after expiration” in order to increase convenience for members by decreasing the wait for settlement.
3. The market will now close prior to the expected release of the data. This change benefits members because it eliminates the risk that a resting order could be filled by someone after the final data has been posted. While this would be ideal to have for all markets, it is only possible to do in markets where there is a particularly scheduled data release.
4. More instructions have been added to Appendix A to make it easier for members to find what data is being used.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,



Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

KalshiEX LLC

New Contract Submission: What will COVID-19 case numbers be?

Ticker: CASE

Kalshi Contract Category: Economic/Demographic Measure (U.S. Government Data)

COVID-19 Cases

12/11/2021

## 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 “What will COVID-19 case numbers be?” Contract (CASE contract or Contract) is a contract relating to the number of new COVID-19 cases reported for the United States each day. The emergence of SARS-CoV-2, the coronavirus that causes COVID-19, has had enormous implications for the American economy. Despite vaccination efforts, the virus remains a threat in the United States. 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.

As of June 2021, over 600,000 Americans have died of COVID-19, and over 33 million cases of COVID-19 have been recorded.<sup>1</sup> Millions of Americans have lost loved ones, jobs, and a sense of normalcy. Shutdowns, social distancing requirements, and fear of contracting the virus have shuttered businesses, prompted layoffs, and reduced income streams. Unemployment climbed to 14.8% in April 2020,<sup>2</sup> before declining to 5.8% in May 2021 -- still over 2 points higher than pre-pandemic levels.<sup>3</sup> The number of new COVID-19 cases is an essential indicator of the state of the pandemic. Government officials at the local, state, and federal levels make policy decisions around shutdowns, social distancing measures, and fiscal stimulus based on COVID-19 case counts, among other factors. Fear of contracting or spreading COVID-19 also tracks with new case counts: higher levels of COVID-19 deter would-be customers from eating inside,

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<sup>1</sup> <https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html>

<sup>2</sup> <https://fas.org/sqp/crs/misc/R46554.pdf>

<sup>3</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

shopping inside, travelling, and more. The Contract allows individuals and institutions to directly hedge the economic fallout that comes with higher COVID-19 levels.

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 reported new COVID-19 cases in the US for <date> is above <count>, 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: What will COVID-19 case numbers be?**

**Ticker and Rulebook: CASE**

## CASE

**Scope:** These rules shall apply to the CASE contract.

**Underlying:** The Underlying for this Contract is the number of new COVID-19 cases in the United States for <date> according to the Centers for Disease Control and Prevention (CDC). No data for <date> counts as zero. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** The number of new cases of COVID-19 can be found at the CDC’s “Trends in Number of COVID-19 Cases and Deaths in the US Reported to CDC”. This report is available at the following stable URL:

[https://covid.cdc.gov/covid-data-tracker/#trends\\_dailytrendscases](https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases). Scroll down to the section titled “Data Table for Daily Case Trends”; the Underlying is the number of “New Cases”. 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 the CDC.

**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 daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next day.

**Count:** Kalshi may list iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of 3,000,000 and a minimum value of 0 at consecutive increments of 1. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** <date> refers to a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>.

**<Last Trading Date>:** <last\_trading\_date> refers to a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <last\_trading\_date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly greater than <count>.

**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 Contract will be <last\_trading\_date>. It will correspond to the day of the expected release of the data, which is typically one day after <date>, but may be different in cases of Sundays and federal holidays and varies based on the holiday. The Last Trading Time will be 11:59 AM.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the nearest 10:00 AM ET following the release of the data for <date>, or one week following <date>.

**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 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.



KalshiEX LLC

Rule 40.2-New Contract Submission: “Will there be more than <count> new What will COVID-19 eases on <date>?” case numbers be?

7/21 Ticker: CASE

Kalshi Contract Category: Economic/Demographic Measure (U.S. Government Data)

COVID-19 Cases

12/11/2021

## 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 “Will there be more than <count> new What will COVID-19 eases on <date>?” case numbers be?” Contract (CASE contract or Contract) is a contract relating to the number of new COVID-19 cases reported for the United States each day. The emergence of SARS-CoV-2, the coronavirus that causes COVID-19, has had enormous implications for the American economy. Despite vaccination efforts, the virus remains a threat in the United States. 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.

As of June 2021, over 600,000 Americans have died of COVID-19, and over 33 million cases of COVID-19 have been recorded.<sup>1</sup> Millions of Americans have lost loved ones, jobs, and a sense of normalcy. Shutdowns, social distancing requirements, and fear of contracting the virus have shuttered businesses, prompted layoffs, and reduced income streams. Unemployment climbed to 14.8% in April 2020,<sup>2</sup> before declining to 5.8% in May 2021 -- still over 2 points higher than pre-pandemic levels.<sup>3</sup> The number of new COVID-19 cases is an essential indicator of the state of the pandemic. Government officials at the local, state, and federal levels make policy decisions around shutdowns, social distancing measures, and fiscal stimulus based on COVID-19 case counts, among other factors. Fear of contracting or spreading COVID-19 also tracks with new case

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<sup>2</sup> <https://fas.org/sqp/crs/misc/R46554.pdf>

<sup>3</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

counts: higher levels of COVID-19 deter would-be customers from eating inside, shopping inside, travelling, and more. The [contractContract](#) allows individuals and institutions to directly hedge the economic fallout that comes with higher COVID-19 levels.

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 reported new COVID-19 cases in the US for <date> is ~~more than~~above <count>, 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Rule 100.25**

**Contract: “~~Will there be more than <count> new COVID-19 cases on <date>?”~~”**

**Official Product Name: What will COVID-19 case numbers be?**

**Ticker and Rulebook: CASE**

## CASE

**Scope:** These rules shall apply to the ~~“Will there be more than <count> new COVID-19 cases on <date>?” Contract~~ CASE contract.

**Underlying:** The Underlying for this Contract is the number of new ~~cases of COVID-19~~ cases in the United States for ~~the given <date>~~ published by ~~published by~~ according to the Centers for Disease Control’s Control and Prevention (CDC). No data for <date> counts as zero. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** The number of new cases of COVID-19 can be found at the CDC’s “Trends in Number of COVID-19 Cases and Deaths in the US Reported to CDC”. This report is available at the following stable URL:

[https://covid.cdc.gov/covid-data-tracker/#trends\\_dailytrendscases](https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases). Scroll down to the section titled “Data Table for Daily Case Trends”; the Underlying is the number of “New Cases”.

~~Updated data for a given <date> is released the day after. Revisions~~ These instructions on how to access the Underlying that are published after provided for convenience only and are not part of the binding Terms and Conditions of the Expiration Contract. They may be clarified at any time on the Expiration Date will not be accounted for in determining the Expiration Value.

**Source Agency:** The Source Agency is the ~~Centers for Disease Control and Prevention (“CDC”)~~.

**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 daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next day. ~~The Exchange will publish all available contract days on its website. The Issuance of the initial Contract will be on or after July 23, 2021. After the initial Contract, future Contracts will be issued in a manner which reflects the daily schedule of “Trends in Number of COVID-19 Cases and Deaths in the US Reported to CDC”.~~

**Count:** Kalshi may list ~~“Will there be more than <count> new COVID-19 cases on <date>?”~~ contracts iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of ~~13,000,000~~ and a minimum value of 0 at consecutive increments of 1. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** <date> refers to a calendar date specified by Kalshi. Kalshi may list ~~"Will there be more than <count> COVID-19 cases on <date>?"~~ contracts iterations of the Contract corresponding to different statistical periods of <date>, ~~ranging from July 23, 2021~~.

**<Last Trading Date>:** <last trading date> refers to January 1, 2023, a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <last trading date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly greater than <count>.

**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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Last Trading Date for of the Contract will be <last trading date>. It will correspond to the day of the expected release of the data, which is typically one day after the date of Issuance. <date>, but may be different in cases of Sundays and federal holidays and varies based on the holiday. The Last Trading Time will be ~~8:00pm ET~~ 11:59 AM.

**Settlement Date:** The Settlement Date of the initial iteration 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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Expiration Date of the Contract shall be two days after the the sooner of the nearest 10:00 AM ET following the release of the data for <date of Issuance>, or one week following <date>.

**Expiration time:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Expiration time of the initial Contract iteration shall be 11:00am 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 <date>~~ 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.

12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the WKCASE Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is self-certifying the amendments to the WKCASE contract (WKCASE contract or Contract). The contract is intended to be issued at weekly intervals. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<last\_trading\_date> (The last trading date)**
- **<count> (The target value number of cases)**

This amendments to the WKCASE contract are as follows:

1. The expiration time has been amended from 11:00 AM two days after <date> to now expire at the sooner of the first 10:00 AM following the release of data for <date> or one week after <date>. This new approach has several key advantages: it functionally eliminates the risk of a “no data” resolution and means that members can receive their money back faster when the data is released prior to the fixed expiration date.
2. The settlement time has been amended from the day after expiration to “no later than the day after expiration” in order to increase convenience for members by decreasing the wait for settlement.
3. The market will now close prior to the expected release of the data. This change benefits members because it eliminates the risk that a resting order could be filled by someone after the final data has been posted. While this would be ideal to have for all markets, it is only possible to do in markets where there is a particularly scheduled data release.
4. More instructions have been added to Appendix A to make it easier for members to find what data is being used.



Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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 weekly COVID-19 case numbers be?

Ticker: WKCASE

Kalshi Contract Category: Economic/Demographic Measure (U.S. Government Data)

Weekly COVID-19 Cases

12/11/2021

## 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 “What will weekly COVID-19 case numbers be?” Contract is a contract relating to the number of new COVID-19 cases reported for the United States each week. The emergence of SARS-CoV-2, the coronavirus that causes COVID-19, has had enormous implications for the American economy. Despite vaccination efforts, the virus remains a threat in the United States. 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.

As of June 2021, over 600,000 Americans have died of COVID-19, and over 33 million cases of COVID-19 have been recorded.<sup>1</sup> Millions of Americans have lost loved ones, jobs, and a sense of normalcy. Shutdowns, social distancing requirements, and fear of contracting the virus have shuttered businesses, prompted layoffs, and reduced income streams. Unemployment climbed to 14.8% in April 2020,<sup>2</sup> before declining to 5.8% in May 2021 -- still over 2 points higher than pre-pandemic levels.<sup>3</sup> The number of new COVID-19 cases is an essential indicator of the state of the pandemic. Government officials at the local, state, and federal levels make policy decisions around shutdowns, social distancing measures, and fiscal stimulus based on COVID-19 case counts, among other factors. Fear of contracting or spreading COVID-19 also tracks with new case counts: higher levels of COVID-19 deter would-be customers from eating inside,

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<sup>3</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

shopping inside, traveling, and more. The contract allows individuals and institutions to directly hedge the economic fallout that comes with higher COVID-19 levels.

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 reported new COVID-19 cases in the US for the week ending <date> is above <count>, 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: What will weekly COVID-19 case numbers be?**

**Ticker and Rulebook: WKCASE**

## WKCASE

**Scope:** These rules shall apply to the WKCASE contract.

**Underlying:** The Underlying for this Contract is the sum of the reported new COVID-19 cases in the United States for the week ending <date> according to the Centers for Disease Control and Prevention (CDC). If data is not available for some date in that week, it is treated as a zero. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** The number of new cases of COVID-19 can be found at the CDC’s “Trends in Number of COVID-19 Cases and Deaths in the US Reported to CDC”. This report is available at the following stable URL:

[https://covid.cdc.gov/covid-data-tracker/#trends\\_dailytrendscases](https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases). Scroll down to the section titled “Data Table for Daily Case Trends”; the Underlying is the number of “New Cases”, summed for the week ending <date>. 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 the CDC.

**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 daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week.

**Count:** Kalshi may list iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of 10,000,000 and a minimum value of 0 at consecutive increments of 1. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** <date> refers to a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>.

**<last\_trading\_date>:** <last\_trading\_date> refers to a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <last\_trading\_date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly greater than <count>.

**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 Contract will be <last\_trading\_date>. It will correspond to the day of the expected release of the data for the statistical period, which is typically one day after <date>, but may be different in cases of Sundays and federal holidays and varies based on the holiday. The Last Trading Time will be 11:59 AM ET.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data for <date>, or one week following <date>.

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

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

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

**Contingencies:** Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. 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.

KalshiEX LLC

**Rule 40.2**-New Contract Submission: What will weekly COVID-19 case numbers be?

**Ticker:** WKCASE

**Kalshi Contract Category:** Economic/Demographic Measure (U.S. Government Data)

Weekly ~~Covid-eases~~COVID-19 Cases

8/1612/11/2021

## 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 WKCASE“What will weekly COVID-19 case numbers be?” Contract is a contract relating to the number of new COVID-19 cases reported for ~~a certain week in~~ the United States each week. The emergence of SARS-CoV-2, the coronavirus that causes COVID-19, has had enormous implications for the American economy. Despite vaccination efforts, the virus remains a threat in the United States. 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.

As of June 2021, over 600,000 Americans have died of COVID-19, and over 33 million cases of COVID-19 have been recorded.<sup>1</sup> Millions of Americans have lost loved ones, jobs, and a sense of normalcy. Shutdowns, social distancing requirements, and fear of contracting the virus have shuttered businesses, prompted layoffs, and reduced income streams. Unemployment climbed to 14.8% in April 2020,<sup>2</sup> before declining to 5.8% in May 2021 -- still over 2 points higher than pre-pandemic levels.<sup>3</sup> The number of new COVID-19 cases is an essential indicator of the state of the pandemic. Government officials at the local, state, and federal levels make policy decisions around shutdowns, social distancing measures, and fiscal stimulus based on COVID-19 case counts, among other factors. Fear of contracting or spreading COVID-19 also tracks with new case counts: higher levels of COVID-19 deter would-be customers from eating inside,

<sup>1</sup> <https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html>

<sup>2</sup> <https://fas.org/sqp/crs/misc/R46554.pdf>

<sup>3</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>



shopping inside, ~~travelling~~traveling, and more. The contract allows individuals and institutions to directly hedge the economic fallout that comes with higher COVID-19 levels.

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 total~~ reported new COVID-19 cases in the US for the week ending <date> is ~~more than~~above <count>, 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Contract Official Product Name: What will weekly COVID-19 case numbers be?**

**Ticker and Rulebook: WKCASE**

**Contract:**

## WKCASE

**Scope:** These rules shall apply to the WKCASE ~~Contract~~contract.

**Underlying:** The Underlying for this Contract is ~~at the~~ sum of the reported new COVID-19 cases ~~published by in the United States for the week ending <date> according to the Centers for Disease Control's~~Control and Prevention (CDC). ~~If data is not available for some date in that week, it is treated as a zero. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.~~

**Instructions:** ~~The number of new cases of COVID-19 can be found at the CDC's "Trends in Number of COVID-19 Cases and Deaths in the US Reported to CDC" of COVID-19 for the statistical period of the week ending <date>.~~ This report is available at the following stable URL:

~~[https://covid.cdc.gov/covid-data-tracker/#trends\\_dailytrendscases](https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases). Scroll down to the section titled "Data Table for Daily Case Trends". The weekly statistical period is defined as the 7-day period running from Thursday to Wednesday, and the relevant <date> is the date of the ending Wednesday. The Underlying is the total sum of the reported "New Cases" value for each day within the weekly statistical period ending <date>. Missing data is treated as if it were a value of zero. Revisions to the Underlying that are published after the Expiration time on the Expiration Date will not be accounted for in determining the Expiration Value"; the Underlying is the number of "New Cases", summed for the week ending <date>. 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 the ~~Centers for Disease Control and Prevention ("CDC")~~.

**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 daily basis. ~~The Issuance of the initial~~ Thus, Contract iterations will be issued ~~on or after August 18, 2021~~ a recurring basis, and future Contract iterations will generally correspond to the next week.

**Count:** Kalshi may list ~~WKCASE contracts~~iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of 10,000,000 and a minimum value of 0 at consecutive increments of 1. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** <date> refers to a calendar date specified by Kalshi. Kalshi may list ~~WKCASE~~ contracts/iterations of the Contract corresponding to different statistical periods of <date>, ranging from August 18, 2021.

<last trading date>: <last trading date> refers to ~~January 1, 2023~~, a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <last trading date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly greater than <count>.

**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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Last Trading Date for of the Contract will be <last trading date>. It will correspond to the day of the expected release of the data for the statistical period, which is typically one day after <date>, but may be different in cases of Sundays and federal holidays and varies based on the holiday. The Last Trading Time will be ~~8:00pm~~ 11:59 AM ET.

**Settlement Date:** The Settlement Date of the initial iteration 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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Expiration Date of the Contract shall be 2 days after the sooner of the first 10:00 AM ET following the release of the data for <date>, or one week following <date>.

**Expiration time:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Expiration time of the Contract shall be 11:00am 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 the week ending <date>~~ 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.

12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the BOOSTER Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is self-certifying amendments to the “How many Americans will receive a booster for COVID-19?” contract (BOOSTER contract or Contract). The Contract is intended to be listed at intervals of at least one week. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<count> (The target value for number of booster shots)**

The amendments to BOOSTER contract are as follows:

1. The contract’s expiration has changed from <date> to the sooner of the first 10:00 AM following when the data arrives for <date>, the first 10:00 AM following an event that is encompassed in the Payout Criterion occurs, or one week after <date>. This new approach has several key advantages: it keeps the risk of a “no data” resolution low and means that members can receive their money back faster in the event that the data arrives on time.
2. The settlement time has shrunk from the day after expiration to “no later than the day after expiration” in order to increase convenience for members.
3. The market will now close prior to the expected release of the final data. This change benefits members because it eliminates the risk that a resting order could be filled by someone after the final data has been posted. While this feature would be desirable to have on all markets, it is only possible for markets with scheduled data release times.
4. The contract changes the way it refers to <date>. Previously, <date> referred to the data available at <date>. For example, if <date> was December 6, then it was whatever value the CDC reported on December 6, which often meant the data was only updated through December 5th. This arrangement eliminated the risk of “no data” resolutions but now that the Exchange has the ability to support a variable expiration date, that state of affairs is no longer necessary. Now <date> refers to the date when the data was updated, so if <date> was December 6, then it would be data accurate as of December 6. This helps members better model and make educated trades by making it more certain exactly which data is included.
5. More instructions have been added to Appendix A to make it easier for members to find what data is being used. The Exchange may add iterations of a contract for a given period with different values of <count> if forecasts change. For example, suppose the Exchange listed a



contract asking if 100 million Americans will have received a booster by April 1, 2022. However, the Omicron variant is spreading rapidly and it becomes clear that this number is too low. In such a scenario, the Exchange may add an additional iteration of the Contract for the same period with a higher value of <count>, e.g. 150,000,000.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,



Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

KalshiEX LLC

New Contract Submission: How many Americans will receive a booster for COVID-19?

Ticker: BOOSTER

Kalshi Contract Category: Economic/Demographic Measure (U.S. Government Data)

COVID-19 Booster

12/11/2021

## 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 “How many Americans will receive a booster for COVID-19?” Contract is a contract relating to the number of fully vaccinated people in the United States who have received a booster shot for COVID-19. 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.

On September 22, 2021, the Food and Drug Administration (FDA) amended the Emergency Use Authorization for Pfizer-BioNTech’s COVID-19 vaccine to allow certain groups of people--those over the age of 65, those between the ages of 18 and 64 at high risk of severe COVID-19, and those between the ages of 18 and 64 with high institutional or occupational exposure to COVID-19 (e.g. health care workers). Since then, the FDA has gradually expanded the class of people eligible for booster shots.

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," that the number of fully vaccinated people in the United States who have received a booster shot for COVID-19 by <date> is above <count>, 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: How many Americans will receive a booster for COVID-19?**

**Ticker and Rulebook: BOOSTER**

## BOOSTER

**Scope:** These rules shall apply to the BOOSTER contract.

**Underlying:** The Underlying for this Contract is the number of fully vaccinated people in the United States who have received a booster shot for COVID-19 as reported by the Centers for Disease Control and Prevention. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value. Please note that the data often says something to the effect of: “Data as of: December 6, 2021 6:00am ET.” If <date> was December 6, 2021 and that is *the most recent data that is “as of December 6”*, then the Underlying is that aforementioned data, even though it is accurate only as of the morning.

**Instructions:** Please navigate to [https://covid.cdc.gov/covid-data-tracker/#vaccinations\\_vacc-total-admin-rate-total](https://covid.cdc.gov/covid-data-tracker/#vaccinations_vacc-total-admin-rate-total) . Click on the tab that says “Booster Dose”. The value is in the column labeled “Count” and the row labeled “Total”. 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 the CDC.

**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 daily basis. Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week.

**<count>:** Kalshi may list iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of <1,000,000,000> and a minimum value of <0> at consecutive increments of <1>. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** <date> refers to a calendar <date> specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that strictly exceed <count>.

**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 <date>. The Last Trading Time will be 11:59 AM.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data for <date>, the first 10:00 AM ET following occurrence of an event that is encompassed in the Payout Criterion, or one week following <date>.

**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 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.

KalshiEX LLC

New Contract Submission: [How many Americans will receive a booster for COVID-19?](#)

Ticker: BOOSTER

[Kalshi Contract Category: Economic/Demographic Measure \(U.S. Government Data\)](#)

COVID-19 ~~Vaccine~~ Booster

[10/2512/11/2021](#)

## 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 BOOSTER~~ [The “How many Americans will receive a booster for COVID-19?”](#)

Contract is a contract relating to the number of fully vaccinated people in the United States who have received a booster shot for COVID-19. 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.

On September 22, 2021, the Food and Drug Administration (FDA) amended the Emergency Use Authorization for Pfizer-BioNTech’s COVID-19 vaccine to allow certain groups of people--those over the age of 65, those between the ages of 18 and 64 at high risk of severe COVID-19, and those between the ages of 18 and 64 with high institutional or occupational exposure to COVID-19 (e.g. health care workers). Since then, the FDA has gradually expanded the class of people eligible for booster shots.

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 number of fully vaccinated people in the United States who have received a booster shot for COVID-19 ~~by <date>~~ is above ~~<count>~~, 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.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Contract Official Product Name: How many Americans will receive a booster for COVID-19?**  
**Ticker and Rulebook: BOOSTER**

## BOOSTER

**Scope:** These rules shall apply to the BOOSTER contract.

**Underlying:** The Underlying for this Contract is the number of fully vaccinated people in the United States who have received a booster shot for COVID-19 as reported by the Centers for Disease Control and Prevention. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value. Please note that the data often says something to the effect of: “Data as of: December 6, 2021 6:00am ET.” If <date> was December 6, 2021 and that is the most recent data that is “as of December 6”, then the Underlying is that aforementioned data, even though it is accurate only as of the morning.

**Instructions:** Please navigate to [https://covid.cdc.gov/covid-data-tracker/#vaccinations\\_vacc-total-admin-rate-total](https://covid.cdc.gov/covid-data-tracker/#vaccinations_vacc-total-admin-rate-total) . Click on the tab that says “Booster Dose”. The value is in the column labeled “Count” and the row labeled “Total”. 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 the Centers for Disease Control and Prevention (“CDC”).

**Type:** The type of Contract is a Binary Contract.

**Issuance:** ~~The Issuance of the initial Contract will be based on or after Tuesday, October 26. After the initial Contract, the outcome of a recurrent data release, which is issued on a daily basis. Contract iterations will be listed issued on an as-needed a recurring basis at, and future Contract iterations will generally correspond to the discretion next week.~~

**<count>:** Kalshi may list iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of <1,000,000,000> and a minimum value of <0> at consecutive increments of <1>. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** ~~and <date> refers to a calendar <date> specified by Kalshi. Kalshi may list iterations of the Contract corresponding to the risk management needs of Members. different statistical periods of <date>.~~

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that strictly exceed <count>.

**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.~~<date>. The Last Trading Time will be ~~the same as the Expiration time~~ 11:59 AM.

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

**Expiration Date:** The Expiration Date of the Contract shall be <date>, ~~generally corresponding to one week after Issuance. However, the Exchange may also issue longer-term BOOSTER contracts whose Expiration Date shall be longer-term in nature.~~ the sooner of the first 10:00 AM ET following the release of the data for <date>, the first 10:00 AM ET following occurrence of an event that is encompassed in the Payout Criterion, or one week following <date>.

~~<date>: <date> refers to a calendar <date> specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>, ranging from November 1, 2021 to December 31, 2025.~~

**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 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.

12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the “Will weekly average subway ridership in New York City be above <count>?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the “Will weekly average subway ridership in New York City be above <count>?” contract (Contract). The Exchange intends to list the contract on a weekly basis. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<expo\_date> (The last possible expiration date)**
- **<count> (The target value for number of subway riders)**

The amendments are as follows:

1. The Expiration Date shall be the earlier of the first 10:00 AM following the release of the data for each date in the statistical period or some later <expo\_date>, which is a change from the previous format where the Expiration was merely 6:00 PM seven days after Issuance. The new approach has several advantages: it functionally eliminates the risk of Expiration occurring with any data missing and reduces the lag between when the data is released and the contract expires when the data shows up as scheduled.
2. Settlement time is shortened from the day after expiration to no later than the day after expiration, in order to reduce the amount of time that members have to wait before receiving the money.
3. The Expiration Time has been moved to 10:00 AM. This benefits members by standardizing expiration times across contracts and making it easier for members to understand when they will receive their money.
4. The Last Trading Time has been moved from 7:00 PM on the day before Expiration to 11:59 PM on <date>. This change means that trading will have closed before the release of the final data, which may encourage more people to post standing orders without worrying that someone may fulfill the order after the data has been released. While this feature would be ideal to have for all markets, it is only possible to do for markets that have scheduled data release times.
5. We have also increased instructions on how to access the Underlying. We have also added form language to the Contingency section to be consistent with other contracts.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,



Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

KalshiEX LLC

Official Product Name: Will weekly average subway ridership in New York City be above <count>?

Ticker: MTA

Kalshi Contract Category: Transportation

MTA Ridership

12/11/2021

## 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 “Will weekly average subway ridership in New York City be above <count>?” contract is a contract relating to the weekly average of subway ridership in New York City, based on data reported daily by the Metropolitan Transportation Authority (“MTA”). The contract is designed to enable market participants whose businesses or operations are affected by changes in weekly average New York City subway ridership to mitigate the commercial risks associated with unexpected decreases in New York’s subway ridership. 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.

New York City’s subway ridership is tightly linked to the city’s economic growth as well as America’s economic growth. The subway network provides a highly connected transportation infrastructure for the city. The MTA, which administers the NYC subway, is a critical part of the NYC economy, which generates approximately 10 percent of the United States’ economic output. MTA bonds also constitute 1 percent of the national bond market, so fluctuations in NYC subway ridership can potentially have ripple effects nationwide.<sup>1</sup> The Contract can be used to mitigate or hedge against the economic risks associated with lower than expected subway ridership. Millions of retail market participants, from proprietors of small and medium enterprises (“SMEs”) with proximity

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<sup>1</sup><https://www.bloombergquint.com/business/new-york-mta-faces-dire-service-cuts-without-heroes-act-funding>

to subway stations to employees of transportation-related industries can utilize the Contract to hedge against the risk of decreased revenue and potential unemployment.

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 number of MTA riders in the week ending <date> is greater than <count>, 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.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: “Will weekly average subway ridership in New York City be above  
<count>?”**

**Ticker and Rulebook: MTA**

## MTA

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

**Underlying:** The Underlying for this Contract is the average of the Metropolitan Transportation Authority (MTA)'s daily ridership for the New York City subway for the week ending <date>. Specifically, the Subway including Staten Island Railway Total Estimated Ridership numbers published by the MTA will be used to compute a "Weekly Average" of traveler throughput as measured by the Total Estimated Ridership numbers. For the purposes of determining the Expiration Value of the Contract, "Weekly Average" is defined as the sum of the published MTA total estimated ridership numbers that are included in the 7-day period defined by Monday through Sunday, divided by the number of days in the week for which data was published. The "Weekly Average" is the value that will be used to determine the Expiration Value of the Contract each week. If the calculated Weekly Average is not a whole number and is instead a decimal, then the final value of Weekly Average will be calculated by rounding to the nearest integer (0.5 rounds up). For example, a non-whole number value of Weekly Average such as 1500000.32 would become 1500000 and a value such as 1500000.67 would become 1500001. The MTA may make adjustments to data after it has been initially published. If there is a revision of daily Total Estimated Ridership data for a certain day included in the relevant statistical period published prior to the Expiration Date and Expiration time, then this revised data will be accounted for in computing the Weekly Average. In all other cases, such as if revisions to data are published after the Expiration Date and Expiration time, revised data will not be used to compute the Weekly Average used to calculate Expiration Value.

Kalshi will rely only on data made available before Expiration Date to compute the Weekly Average. For example, if only five out of seven days of data are available by the Expiration Date, Kalshi will average across those five days to compute Weekly Average. As noted above, any revisions or data published after the Expiration Time on the Expiration Date will not be used to compute the Weekly Average.

**Instructions:** This data is collected daily by the MTA, and data for the previous day is published the following day at the following website: <https://new.mta.info/coronavirus/ridership> on a page called "Day-by-Day ridership numbers". 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 the Metropolitan Transportation Authority ("MTA").

**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 daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week.

**<count>:** Kalshi may list iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of 10,000,000 and a minimum value of 0 at consecutive increments of 1. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**<date>:** <date> refers to a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>.

**<expo\_date>:** <expo\_date> refers to a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <expo\_date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly above <count>.

**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 <date>. The Last Trading Time will be 11:59 PM.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data for <date>, or <expo\_date> .

**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 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.

KalshiEX LLC

**Rule 40.2 New Contract Submission: “Official Product Name: Will weekly average subway ridership in New York City be above <count>?”>?**

**07 Ticker: MTA**

**Kalshi Contract Category: Transportation**

**MTA Ridership**

**12/11/2021**

## 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 [Regulation 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 “Will weekly average subway ridership in New York City be above <count>?” contract is a contract relating to the weekly average of subway ridership in New York City, based on data reported daily by the Metropolitan Transportation Authority (“MTA”). The contract is designed to enable market participants whose businesses or operations are affected by changes in weekly average New York City subway ridership to mitigate the commercial risks associated with unexpected decreases in New York’s subway ridership. 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.

New York City’s subway ridership is tightly linked to the city’s economic growth as well as America’s economic growth. The subway network provides a highly connected transportation infrastructure for the city. The MTA, which administers the NYC subway, is a critical part of the NYC economy, which generates approximately 10 percent of the United States’ economic output. MTA bonds also constitute 1 percent of the national bond market, so fluctuations in NYC subway ridership can potentially have ripple effects nationwide.<sup>1</sup> The Contract can be used to mitigate or hedge against the economic risks associated with lower than expected subway ridership. Millions of retail market participants, from proprietors of small and medium enterprises (“SMEs”) with proximity

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<sup>1</sup><https://www.bloombergquint.com/business/new-york-mta-faces-dire-service-cuts-without-heroes-act-funding>

to subway stations to employees of transportation-related industries can utilize the Contract to hedge against the risk of decreased revenue and potential unemployment.

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

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

**RelevantGeneral Contract Terms and Conditions:** The Contract operates similar to ~~the~~ other binary contracts that the Exchange ~~is self-certifying~~lists for trading. ~~In particular~~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. ~~While~~During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. ~~Once~~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 ~~outcome of the market.~~Market Outcome. In this case, "long position ~~holder~~holders" refers to a ~~Member~~Members who purchased the "Yes" side of the Contract and "short position ~~holder~~holders" refers to a

~~Member~~Members who purchased the “No” side of the Contract. ~~Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered.~~ If the Market Outcome is “Yes”, meaning that ~~the Weekly Average of subway ridership in New York City for the statistical period of~~ number of MTA riders in the week ending <date> is ~~strictly above~~ greater than <count>, then the long position ~~holder is~~holders are paid an absolute amount proportional to the size of their position and the short position ~~holder receives~~holders receive no payment. ~~Otherwise, if~~ If the Market Outcome is “No”, then the short position ~~holder is~~holders are paid an absolute amount proportional to the size of their position and the long position ~~holder receives~~holders receive no payment. ~~Further specification~~Specification of the circumstances that would trigger a ~~settlement in the~~Market Outcome of “Yes”-direction are included below in the section titled “Payout Criterion” in Appendix A.

### Contract Specifications:

<b>Underlying</b>	The Metropolitan Transportation Authority (MTA)’s “Day by Day” ridership numbers” for the New York City subway: <a href="https://new.mta.info/coronavirus/ridership">https://new.mta.info/coronavirus/ridership</a> .
<b>Payout Criterion</b>	The Payout Criterion encompasses the Expiration Values that are strictly above <count>.
<b>Contract Size</b>	<del>The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.</del>
<b>Listing Cycle</b>	<p><del>For contracts whose Expiration Value is based on the outcome of recurrent data releases, Contract iterations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.</del></p> <p><del>The Contract is based on the outcome of a recurrent data release which is issued on a daily basis (the MTA Day by day Ridership Numbers report), and computed into a Weekly Average by the Exchange. Thus, iterations for the Contract will be listed on a weekly basis.</del></p> <p><del>I. The issuance for the initial contract will be July 13, 2021.</del></p> <p><del>II. The issuance for each subsequent contract will correspond to the next week and be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous contract.</del></p> <p><del>III. The Exchange will list additional contract weeks on a recurring basis</del></p>

	and will publish all available contract weeks on its website.
<b>Tick Size</b>	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. A minimum price fluctuation of \$0.01 is the standard tick size on the Exchange.
<b>Position Limit</b>	The Exchange has imposed position limits (defined as maximum loss exposure) of \$25,000 USD on the Contract.
<b>Trading Hours</b>	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.
<b>Fees</b>	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.
<b>Contract Modifications</b>	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.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Rule 100.16**

**Contract Official Product Name:** “Will weekly average subway ridership in New York City be above <count>?”

**Ticker and Rulebook:** MTA

## MTA

**Scope:** These rules shall apply to ~~the~~this contract ~~referred to as “Will weekly average subway ridership in New York City be above <count>?”.~~

**Underlying:** The Underlying for this Contract is the average of the Metropolitan Transportation Authority (MTA)’s ~~“Day-by-Day”~~daily ridership ~~numbers”~~ for the New York City subway. ~~This data is collected daily by the MTA, and data for the previous day is published the following day at the following website: [https://new.mta.info/coronavirus/ridership-week\\_ending <date>](https://new.mta.info/coronavirus/ridership-week_ending_<date>).~~

Specifically, the Subway including Staten Island Railway Total Estimated Ridership numbers published by the MTA will be used to compute a “Weekly Average” of traveler throughput as measured by the Total Estimated Ridership numbers. For the purposes of determining the Expiration Value of the Contract, “Weekly Average” is defined as the sum of the published MTA ~~Total Estimated Ridership~~total estimated ridership numbers that are included in the 7-day period defined by Monday through Sunday, divided by the number of days in the week for which data was published. The “Weekly Average” is the value that will be used to determine the Expiration Value of the Contract each week. If the calculated Weekly Average is not a whole number and is instead a decimal, then the final value of Weekly Average will be calculated by rounding to the nearest integer: (0.5 rounds up). For example, a non-whole number value of Weekly Average such as 1500000.32 would become 1500000 and a value such as 1500000.67 would become 1500001. The MTA may make adjustments to data after it has been initially published. If there is a revision of daily Total Estimated Ridership data for a certain day included in the relevant statistical period published prior to the Expiration Date and Expiration time, then this revised data will be accounted for in computing the Weekly Average. In all other cases, such as if revisions to data are published after the Expiration Date and Expiration time, revised data will not be used to compute the Weekly Average used to calculate Expiration Value.

Kalshi will rely only on data made available before Expiration Date to compute the Weekly Average. For example, if only five out of seven days of data are available by the Expiration Date, Kalshi will average across those five days to compute Weekly Average. As noted above, any revisions or data published after the Expiration Time on the Expiration Date will not be used to compute the Weekly Average.

~~For the first iteration of this Contract, any data for the day of Monday, July 12, 2021 will be taken into account to compute the Weekly Average.~~

**Instructions:** This data is collected daily by the MTA, and data for the previous day is published the following day at the following website: <https://new.mta.info/coronavirus/ridership> on a page called “Day-by-Day ridership numbers”. 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 the Metropolitan Transportation Authority (“MTA”).

**Type:** The type of Contract is a Binary Contract.

**Issuance:** ~~The Issuance of this contract will be in accordance with the information outlined in the “Listing Cycle” section of the Contract Specifications table. The Contract is based on the outcome of a recurrent data release, which is issued on a daily basis (the MTA Day-by-day Ridership Numbers report), and computed into a Weekly Average by the Exchange. Thus, Contracts/Contract iterations will be issued on a weekly/recurring basis, and subsequent contracts will/future Contract iterations will generally correspond to the next week. The Issuance of the initial contract will be on July 13, 2021 at 10:00am ET. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous contract.~~

**Count:** ~~<count>:~~ Kalshi may list ~~“Will weekly average subway ridership in New York City be above <count>?”~~ ~~contracts/iterations of the Contract~~ with <count> levels that fall within an inclusive range between a maximum value of 10,000,000 and a minimum value of 0 at consecutive increments of 1,000. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** ~~<date>:~~ <date> refers to a calendar date specified by Kalshi. Kalshi may list ~~“Will weekly average subway ridership in New York City be above <count>?”~~ ~~contracts/iterations of the Contract~~ corresponding to different statistical periods of <date>, ~~ranging from July 13, 2021>.~~

**<expo\_date>:** ~~<expo\_date> refers to January 1, 2023, a calendar date specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <expo\_date>.~~

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly above <count>.

**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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the Last Trading Date for the Contract will be the day six days after the date of issuance, and the Last Trading Time for the Contract is 7:00pm ET on the Last Trading Date. No trading in the Contract shall occur after its Last Trading Date and Time. The initial Contract iteration follows a different pattern. The Last Trading Date of the initial contract is July 18, 2021 and the Last Trading Time is 7:00pm ET on July 18, 2021.~~

**Last Trading Date:** The Last Trading Date of the initial iteration of the Contract will be <date>. The Last Trading Time will be 11:59 PM.

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

**Expiration Date:** The Expiration Date of the Contract shall be ~~seven days after the date of issuance. The initial Contract iteration follows a different pattern. The Expiration Date of the initial Contract iteration will be July 19, 2021.~~ the sooner of the first 10:00 AM ET following the release of the data for <date>, or <expo\_date>.

**Expiration time:** The Expiration time of the initial Contract iteration shall be ~~6:00pm~~ 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 “Weekly Average” ~~for the statistical period of the week ending <date> as defined above in~~ Underlying as documented by the Source Agency on the Expiration Date at the Expiration time.

**Contingencies:** Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook.



12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the NHIGH Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the NHIGH (Contract). The Exchange intends to list the contract on a daily basis. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (the target date)**
- **<degrees> (the high temperature in degrees F)**
- **<greater than/less than/between> (whether the contract resolves to Yes relative to the target value)**

The amendments are as follows:

1. The Expiration Date is moved from a fixed date one day after <date> to the sooner of the nearest 10:00 AM following the release of the data for <date> or one week after <date>. This change benefits members by all but eliminating the risk of an expiration occurring with missing data while minimizing the time lag between the occurrence of the event and people receiving the money.
2. The settlement time has been shortened from one day after Expiration to the sooner of the first 10:00 AM following the release of the data for <date> or one week after <date>, in order to further accelerate members receiving their money while eliminating the risk of a 'no data' resolution.
3. We have changed the Payout Criterion from being merely "strictly above" to <greater than/less than/between>. This allows members to hedge both excessively high temperatures and excessively low temperatures.
4. We have also added enhanced instructions on how to access the Underlying.
5. Additional form language has been added to the Contingency section to be consistent with other contracts.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,

*Elie Mishory*

Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

KalshiEX LLC

Official Product Name: What will the high temperature be in New York City?

Ticker: NHIGH

Kalshi Contract Category: Weather/climate

New York City High Temperature

12/11/2021

## **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 “What will the high temperature be in New York City” Contract is a contract relating to the high temperature in New York City. The contract is designed to enable market participants whose businesses or operations are affected by changes in daily temperature to mitigate the commercial risks associated with unexpected changes in the daily high temperature, such as a lower than expected high temperature due to cold weather or a higher than expected high temperature due to a heat wave. 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.

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 high temperature in Central Park, New York for <date> is <greater than/less than/between> <degrees> (please see Appendix A for the legally binding terms and conditions), 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: What will the high temperature be in New York City?**

**Ticker and Rulebook: NHIGH**

## NHIGH

**Scope:** These rules shall apply to the contract referred to as NHIGH.

**Underlying:** The Underlying for this Contract is the maximum temperature recorded for the specified <date> published in the National Weather Service's ("NWS") Daily Climate Report for Central Park, New York. Revisions made to the Underlying made after Expiration will not be taken into account.

**Instructions:** The Daily Climate Report for Central Park, New York can be accessed here: <https://www.weather.gov/wrh/climate?wfo=okx> Click on "Observed Weather". Under "Choose a Location", select "Central Park NY". The Underlying is in the section labeled "Temperature" and "Yesterday" in a column titled "Observed Value" and row titled "Maximum". Temperatures are reported in degrees Fahrenheit. As stated on the NWS website, "These data are preliminary" and "are subject to revision." Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in settling the contract. These instructions are provided for convenience only and may be modified or clarified at any time.

**Source Agency:** The Source Agency is the National Weather Service ("NWS").

**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 daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next day

**Degrees:** Kalshi may list NHIGH contracts with <degrees> levels that fall within an inclusive range between a maximum value of 130 degrees Fahrenheit and a minimum value of -30 degrees Fahrenheit at consecutive increments of 1 degree. Due to the potential for variability in the Underlying, the Exchange may modify <degrees> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>.

**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are <greater than/less than/between> <degrees>. If the value of <greater than/less than/between> is "between", then <degrees> shall be a pair of degrees, and an Expiration Value that is greater

than or equal to the lower value of the degree pair and less than or equal to the greater value of the degree pair are encompassed in the Payout Criterion. If the value of <greater than/less than/between> is “greater than”, then the Payout Criterion only encompasses Expiration Values that are strictly greater than <degrees> (e.g. if the strike variable values are “greater than” and “56 degrees”, then an Expiration Value of 56 degrees is not encompassed in the Payout Criterion). If the value of <greater than/less than/between> is “less than”, then the Payout Criterion only encompasses Expiration Values that are strictly less than <degrees>.

**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 shall be <date> and the Last Trading Time will be 11:59pm ET.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data for <date>, or one week after <date>.

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

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

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

**Contingencies:** Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. 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.





KalshiEX LLC

Rule 40.2 Official Product Name: What will the high temperature be in New York City?

Ticker: NHIGH

Kalshi Contract Submission: NHIGH Category: Weather/climate

08/03 New York City High Temperature

12/11/2021

## 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 ~~NHIGH contract~~ “What will the high temperature be in New York City” Contract is a contract relating to the high temperature ~~observed~~ in New York City ~~on a particular day~~. The contract is designed to enable market participants whose businesses or operations are affected by changes in daily temperature to mitigate the commercial risks associated with unexpected changes in the daily high temperature, such as a lower than expected high temperature due to cold weather or a higher than expected high temperature due to a heat wave. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the ~~contract~~ 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.

Further information about the ~~contract~~ Contract, including an analysis of its risk mitigation and price basing utility, as well as additional considerations related to the ~~contract~~ Contract, is included in Confidential Appendix 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~~ Contract complies with the Act, including and Commission regulations under the Act.

**Relevant General Contract Terms and Conditions:** The Contract operates similar to ~~the~~ other binary contracts that the Exchange is self-certifying lists for trading. In particular, the contract’s 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. ~~While~~ During the time that trading on the ~~contract~~ Contract is open, Members are able to adjust their positions and trade freely. ~~Once~~ After trading on the ~~contract~~ 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 ~~outcome of the market.~~ Market Outcome. In this case, "long position ~~holder~~ holders" refers to a ~~Member~~ Members who purchased the "Yes" side of the ~~contract~~ Contract and "short position ~~holder~~ holders" refers to a ~~Member~~ Members who purchased the "No" side of the ~~contract~~. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. ~~Contract~~. If the Market Outcome is "Yes", meaning that the ~~highest~~ high temperature on ~~<date>~~ in Central Park, New York City for ~~<date>~~ is ~~strictly~~ ~~<greater than/less than/between>~~ ~~<degrees>~~, (please see Appendix A for the legally binding terms and conditions), then the long position ~~holder is~~ holders are paid an absolute amount proportional to the size of their position and the short position ~~holder receives~~ holders receive no payment. ~~Otherwise, if~~ If the Market Outcome is "No", then the short position ~~holder is~~ holders are paid an absolute amount proportional to the size of their position and the long position ~~holder receives~~ holders receive no payment. Further specification of the circumstances that would trigger a ~~settlement in the~~ Market Outcome of "Yes" ~~direction~~ are included below in the section titled "Payout Criterion" in Appendix A.

### Contract Specifications:



<b>Underlying</b>	The maximum temperature recorded for the specified <date> published in the National Weather Service's ("NWS") Daily Climate Report for Central Park, New York which can be accessed here: <a href="https://w2.weather.gov/climate/getclimate.php?date=&amp;wfo=okx&amp;sid=NYC&amp;pi=CLI&amp;recent=yes&amp;speedate=2021-05-19+20%3A38%3A22">https://w2.weather.gov/climate/getclimate.php?date=&amp;wfo=okx&amp;sid=NYC&amp;pi=CLI&amp;recent=yes&amp;speedate=2021-05-19+20%3A38%3A22</a> . The Underlying will be the highest temperature recorded at the specified measurement point in New York City for the day in question. Temperatures are reported in degrees Fahrenheit. As stated on the NWS website, "These data are preliminary" and "are subject to revision." Data that is revised past Expiration will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration may be taken into account in determining the Expiration Value of the Contract.
<b>Payout Criterion</b>	The Payout Criterion encompasses the Expiration Values that are strictly greater than <degrees>.
<b>Contract Size</b>	The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.
<b>Listing Cycle</b>	For contracts whose Expiration Value is based on the outcome of recurrent data releases, Contract iterations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.
<b>Tick Size</b>	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. A minimum price fluctuation of \$0.01 is the standard tick size on the Exchange.
<b>Position Limit</b>	The Exchange has imposed position limits (defined as maximum loss exposure) of \$25,000 USD on the contract.
<b>Trading Hours</b>	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.
<b>Fees</b>	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.
<b>Contract Modifications</b>	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.~~

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Contract: Official Product Name: What will the high temperature be in New York City?**  
**Ticker and Rulebook: NHIGH**

## NHIGH

**Scope:** These rules shall apply to the contract referred to as NHIGH.

**Underlying:** The Underlying for this Contract is the maximum temperature recorded for the specified <date> published in the National Weather Service's ("NWS") Daily Climate Report for Central Park, New York ~~which can be accessed here:~~

~~<https://w2.weather.gov/climate/getclimate.php?date=&wfo=okx&sid=NYC&pil=CLI&recent=yes&specdate=2021-05-19+20%3A38%3A22>. Note: this link is the Daily Climate Report for May 19, 2021. To view the relevant version, click the drop-down at the top of the page titled "Select Other Date" and change the reference date to the most recent published report from the day following the <date> specified for the contract. The Underlying is located in the most recent NWS Daily Climate Report for the day following <date> (for the measurement point in question) which is published by Expiration. Specifically, it. Revisions made to the Underlying made after Expiration will not be taken into account.~~

**Instructions:** The Daily Climate Report for Central Park, New York can be accessed here:

<https://www.weather.gov/wrh/climate?wfo=okx> Click on "Observed Weather". Under "Choose a Location", select "Central Park NY". The Underlying is in the section labeled "Temperature" and "Yesterday" in a column titled "Observed Value" and row titled "Maximum". Temperatures are reported in degrees Fahrenheit. As stated on the NWS website, "These data are preliminary" and "are subject to revision." Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in settling the contract. ~~If the aforementioned section for the most recently published NWS Daily Climate Report for the day after <date> does not have the term "Yesterday" and instead says "Today", the Underlying is in the most recently published NWS Daily Climate Report for the day after <date> which says "Yesterday" in that section (and the Underlying is documented in the manner described above). In the event that no such section from the day after <date> is available, the Underlying is in the most recent published report (that is published by Expiration) from <date> in the section labeled "Temperature" and "Today" in a column titled "Observed Value" and row titled "Maximum".~~ These instructions are provided for convenience only and may be modified or clarified at any time.

**Source Agency:** The Source Agency is the National Weather Service ("NWS").

**Type:** The type of Contract is a Binary Contract.

**Issuance:** ~~The Issuance of this contract will be in accordance with the information outlined in the “Listing Cycle” section of the Contract Specifications table. The~~ Contract is based on the outcome of a recurrent data release which is issued on a daily basis. ~~The Issuance of the initial contract will be on or after August 5, 2021. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next day~~

**Degrees:** Kalshi may list NHIGH contracts with <degrees> levels that fall within an inclusive range between a maximum value of 130 degrees Fahrenheit and a minimum value of -30 degrees Fahrenheit at consecutive increments of 1 degree. Due to the potential for variability in the Underlying, the Exchange may modify <degrees> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>, ~~ranging from August 5, 2021 to January 1, 2023.~~

~~**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are strictly greater than <degrees>.~~

**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are <greater than/less than/between> <degrees>. If the value of <greater than/less than/between> is “between”, then <degrees> shall be a pair of degrees, and an Expiration Value that is greater than or equal to the lower value of the degree pair and less than or equal to the greater value of the degree pair are encompassed in the Payout Criterion. If the value of <greater than/less than/between> is “greater than”, then the Payout Criterion only encompasses Expiration Values that are strictly greater than <degrees> (e.g. if the strike variable values are “greater than” and “56 degrees”, then an Expiration Value of 56 degrees is not encompassed in the Payout Criterion). If the value of <greater than/less than/between> is “less than”, then the Payout Criterion only encompasses Expiration Values that are strictly less than <degrees>.

**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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ Last Trading Date shall be ~~the day after the~~ <date of Issuance> and the Last Trading ~~time~~ Time will be 11:59pm ET.

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

**Expiration Date:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ Expiration Date of the Contract shall be ~~two days after~~ the datesooner of

~~Issuance~~ the first 10:00 AM ET following the release of the Contract data for <date>, or one week after <date>.

**Expiration time:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Expiration time of the Contract shall be 10:00am 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 <date>~~ 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.

|

12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the CHIHIGH Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the CHIHIGH contract (Contract). The Exchange intends to list the contract on a daily basis. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (the target date)**
- **<degrees> (the target degrees F)**
- **<greater than/less than/between> (Greater, lesser, between)**

The changes are as follow:

1. The Expiration Date is moved from a fixed date one day after <date> to the sooner of the nearest 10:00 AM following the release of the data for <date> or one week after <date>. This change benefits members by all but eliminating the risk of an expiration occurring with missing data while minimizing the time lag between the occurrence of the event and people receiving the money.
2. The settlement time has been shortened from one day after Expiration to the sooner of the first 10:00 AM following the release of the data for <date> or one week after <date>, in order to further accelerate members receiving their money while eliminating the risk of a 'no data' resolution.
3. We have changed the Payout Criterion from being merely "strictly above" to <greater than/less than/between>. This allows members to hedge both excessively high temperatures and excessively low temperatures.
4. We have also added enhanced instructions on how to access the Underlying.
5. Additional form language has been added to the Contingency section to be consistent with other contracts.



Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,

*Elie Mishory*

Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

**KalshiEX LLC**

**Official Product Name: What will the high temperature be in Chicago?**

**Ticker: CHIHIGH**

**Kalshi Contract Category: Weather/climate**

**Chicago high temperature**

**12/11/2021**

**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 “What will the high temperature be in Chicago” Contract is a contract relating to the high temperature in Chicago. 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.

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 high temperature for Chicago Midway is <greater than/less than/between> <degrees> (please see Appendix A for the legally binding terms and conditions), 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: What will the high temperature be in Chicago?**

**Ticker and Rulebook: CHIHIGH**

## CHIHIGH

**Scope:** These rules shall apply to the contract referred to as CHIHIGH.

**Underlying:** The Underlying for this Contract is the maximum temperature recorded for the specified <date> published in the National Weather Service's ("NWS") Daily Climate Report for Chicago Midway, Illinois. Revisions to the Underlying made after Expiration will not be taken into account.

**Instructions:** The data can be accessed here:

<https://w2.weather.gov/climate/index.php?wfo=lot>. Click on Observed Weather, then under "Choose a location", select "Chicago Midway, IL". Specifically, it is in the section labeled "Temperature" in a column titled "Observed Value" and row titled "Maximum". Temperatures are reported in degrees Fahrenheit. As stated on the NWS website, "These data are preliminary" and "are subject to revision." The exchange will use the most recent Daily Climate Report available for the location for the data from <date> Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in settling the contract. These instructions are provided for convenience only and may be modified or clarified at any time.

**Source Agency:** The Source Agency is the National Weather Service ("NWS").

**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 daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next day.

**Degrees:** Kalshi may list CHIHIGH contracts with <degrees> levels that fall within an inclusive range between a maximum value of 130 degrees Fahrenheit and a minimum value of -40 degrees Fahrenheit at consecutive increments of 1 degree. Due to the potential for variability in the Underlying, the Exchange may modify <degrees> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>.

**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are strictly <greater than/less than/between> <degrees>. If the value of <greater than/less than/between> is

“between”, then <degrees> shall be a pair of degrees, and an Expiration Value that is greater than or equal to the lower value of the degree pair and less than or equal to the greater value of the degree pair are encompassed in the Payout Criterion. If the value of <greater than/less than/between> is “greater than”, then the Payout Criterion only encompasses Expiration Values that are strictly greater than <degrees> (e.g. if the strike variable values are “greater than” and “56 degrees”, then an Expiration Value of 56 degrees is not encompassed in the Payout Criterion). If the value of <greater than/less than/between> is “less than”, then the Payout Criterion only encompasses Expiration Values that are strictly less than <degrees>.

**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 shall be <date> and the Last Trading time will be 11:59 PM ET.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data for <date>, or one week after <date>.

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

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

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

**Contingencies:** Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. 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.



KalshiEX LLC

Rule 40.2 New Official Product Name: What will the high temperature be in Chicago?

Ticker: CHIHIGH

Kalshi Contract Submission: CHIHIGH—Category: Weather/climate

Chicago Temperaturehigh temperature

08/16/21/2021

## 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 ~~CHIHIGH contract~~ “What will the high temperature be in Chicago” Contract is a contract relating to the high temperature ~~observed in Chicago on a particular day. The contract is designed to enable market participants whose businesses or operations are affected by changes in daily temperature to mitigate the commercial risks associated with unexpected changes in the daily high temperature, such as a lower than expected high temperature due to cold weather or a higher than expected high temperature due to a heat wave in Chicago.~~ After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the ~~contract~~ 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.

Further information about the ~~contract~~ Contract, including an analysis of its risk mitigation and price basing utility, as well as additional considerations related to the ~~contract~~ Contract, is included ~~in Confidential~~ Appendix 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~~ Contract complies with the Act, ~~including and~~ Commission regulations under the Act.

**Relevant General Contract Terms and Conditions:** The Contract operates similar to ~~the~~ other binary contracts that the Exchange ~~is self-certifying lists~~ for trading. ~~In particular, the contract’s~~ 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. ~~While~~During the time that trading on the ~~contract~~Contract is open, Members are able to adjust their positions and trade freely. ~~Once~~After trading on the ~~contract~~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 ~~outcome of the market.~~Market Outcome. In this case, "long position ~~holder~~holders" refers to a ~~Member~~Members who purchased the "Yes" side of the ~~contract~~Contract and "short position ~~holder~~holders" refers to a ~~Member~~Members who purchased the "No" side of the ~~contract~~. ~~Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered.~~Contract. If the Market Outcome is "Yes",<sup>2</sup> meaning that the ~~highest~~high temperature ~~on <date> infor~~ Chicago Midway is strictly <greater than/less than/between> <degrees>, > (please see Appendix A for the legally binding terms and conditions), then the long position ~~holder~~holders are paid an absolute amount proportional to the size of their position and the short position ~~holder~~receivesholders receive no payment. ~~Otherwise, if~~If the Market Outcome is "No",<sup>2</sup> then the short position ~~holder~~holders are paid an absolute amount proportional to the size of their position and the long position ~~holder~~receivesholders receive no payment. ~~Further specification~~Specification of the circumstances that would trigger a settlement in theMarket Outcome of "Yes"-~~direction~~ are included below in the section titled "Payout Criterion" in Appendix A.

### Contract Specifications:

<b>Underlying</b>	The maximum temperature recorded for the specified <date> published in the National Weather Service's ("NWS") Daily Climate Report for Chicago Midway, Illinois. The Underlying will be the highest temperature recorded at the specified measurement point in Chicago for the day in question. Temperatures are reported in degrees Fahrenheit. As stated on the NWS website, "These data are preliminary" and "are subject to revision." Data that is revised past Expiration will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration may be taken into account in determining the Expiration Value of the Contract.
<b>Payout Criterion</b>	The Payout Criterion encompasses the Expiration Values that are strictly greater than <degrees>.
<b>Contract Size</b>	The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the contract is sized with a one dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.
<b>Listing Cycle</b>	For contracts whose Expiration Value is based on the outcome of recurrent data releases, Contract iterations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.
<b>Tick Size</b>	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. A minimum price fluctuation of \$0.01 is the standard tick size on the Exchange.
<b>Position Limit</b>	The Exchange has imposed position limits (defined as maximum loss exposure) of \$25,000 USD on the contract.
<b>Trading Hours</b>	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.
<b>Fees</b>	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.
<b>Contract Modifications</b>	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.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Contract Official Product Name: What will the high temperature be in Chicago?**

**Ticker and Rulebook: CHIHIGH**

**Contract:**

## CHIHIGH

**Scope:** These rules shall apply to the contract referred to as CHIHIGH.

**Underlying:** The Underlying for this Contract is the maximum temperature recorded for the specified <date> published in the National Weather Service's ("NWS") Daily Climate Report for Chicago Midway, Illinois ~~which can be accessed here: .~~ Revisions to the Underlying made after Expiration will not be taken into account.

**Instructions:** The data can be accessed here:

<https://w2.weather.gov/climate/index.php?wfo=lot>, selecting Chicago Midway under "Location" and then clicking "go". To view the relevant version of the Underlying, click the drop-down at the top of the Climatological Report (Daily) page titled "Select Other Date" and change the reference date to the most recent published report from the day following the <date> specified for the contract. The Underlying is located in the most recent NWS Daily Climate Report for the day following <date> (for the measurement point in question) which is published by Expiration. Specifically, it is in the section labeled "Temperature" and "Yesterday. Click on Observed Weather, then under "Choose a location", select "Chicago Midway, IL". Specifically, it is in the section labeled "Temperature" in a column titled "Observed Value" and row titled "Maximum".

Temperatures are reported in degrees Fahrenheit. As stated on the NWS website, "These data are preliminary" and "are subject to revision." The exchange will use the most recent Daily Climate Report available for the location for the data from <date> Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in settling the contract. ~~If the aforementioned section for the most recently published NWS Daily Climate Report for the day after <date> does not have the term "Yesterday" and instead says "Today", the Underlying is in the most recently published NWS Daily Climate Report for the day after <date> which says "Yesterday" in that section (and the Underlying is documented in the manner described above). In the event that no such section from the day after <date> is available, the Underlying is in the most recent published report (that is published by Expiration) from <date> in the section labeled "Temperature" and "Today" in a column titled "Observed Value" and row titled "Maximum".~~ These instructions are provided for convenience only and may be modified or clarified at any time.

**Source Agency:** The Source Agency is the National Weather Service ("NWS").

**Type:** The type of Contract is a Binary Contract.

**Issuance:** ~~The Issuance of this contract will be in accordance with the information outlined in the “Listing Cycle” section of the Contract Specifications table. The~~ Contract is based on the outcome of a recurrent data release which is issued on a daily basis. ~~The Issuance of the initial contract will be on or after August 18, 2021. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next day.~~

**Degrees:** Kalshi may list CHIHIGH contracts with <degrees> levels that fall within an inclusive range between a maximum value of 130 degrees Fahrenheit and a minimum value of -40 degrees Fahrenheit at consecutive increments of 1 degree. Due to the potential for variability in the Underlying, the Exchange may modify <degrees> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>, ~~ranging from August 18, 2021 to January 1, 2023.>.~~

~~**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are strictly greater than <degrees>.~~

**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are strictly <greater than/less than/between> <degrees>. If the value of <greater than/less than/between> is “between”, then <degrees> shall be a pair of degrees, and an Expiration Value that is greater than or equal to the lower value of the degree pair and less than or equal to the greater value of the degree pair are encompassed in the Payout Criterion. If the value of <greater than/less than/between> is “greater than”, then the Payout Criterion only encompasses Expiration Values that are strictly greater than <degrees> (e.g. if the strike variable values are “greater than” and “56 degrees”, then an Expiration Value of 56 degrees is not encompassed in the Payout Criterion). If the value of <greater than/less than/between> is “less than”, then the Payout Criterion only encompasses Expiration Values that are strictly less than <degrees>.

**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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ Last Trading Date shall be ~~the day after the <date of Issuance>~~ and the Last Trading time will be 11:59pm59 PM ET.

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

**Expiration Date:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ Expiration Date of the Contract shall be ~~two days after the~~ datesooner of

~~Issuance~~the first 10:00 AM ET following the release of the ~~Contract~~.data for <date>, or one week after <date>.

**Expiration time:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~The Expiration time of the Contract shall be 10:~~00am~~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 <date>~~ 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.





12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the RAINSEA Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the RAINSEA contract (Contract). The Exchange intends to list the contract on a daily basis. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (the target date)**
- **<inches> (the target number of inches)**

The changes are as follows:

1. The Expiration Date is moved from a fixed date one day after <date> to the sooner of the nearest 10:00 AM following the release of the data for <date> or one week after <date>. This change benefits members by all but eliminating the risk of an expiration occurring with missing data while minimizing the time lag between the occurrence of the event and people receiving the money.
2. The settlement time has been shortened from one day after Expiration to no later than one day after Expiration, in order to further accelerate members receiving their money.
3. We have also added enhanced instructions on how to access the Underlying.
4. Form language has been added to the Contingency section to be consistent with other contracts.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,



Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

KalshiEX LLC

Official Product Name: How much will it rain in Seattle?

Ticker: RAINSEA

Kalshi Contract Category: Weather/climate

Seattle Rain

12/11/2021

## 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 “How much will it rain in Seattle” Contract is a contract relating to the total rainfall in Seattle. 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.

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 rain in Seattle on <date> is greater than <inches>, 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: How much will it rain in Seattle?**

**Ticker and Rulebook: RAINSEA**

## RAINSEA

**Scope:** These rules shall apply to the contract referred to as RAINSEA

**Underlying:** The Underlying for this Contract is the precipitation recorded for the specified <date> published in the National Weather Service's ("NWS") Daily Climate Report for WFO Seattle, Washington. Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract.

**Instructions:** The data can be accessed here:

<https://w2.weather.gov/climate/index.php?wfo=sew>. Click "Observed Weather", then under "Choose a Location", select "WFO Seattle, WA". Specifically, it is in the section labeled "Precipitation" in a column titled "Observed Value" and row titled "Yesterday". Precipitation is reported in inches. As stated on the NWS website, "These data are preliminary" and "are subject to revision."

Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in settling the contract. These instructions are provided for convenience only and may be clarified or modified at any time.

**Source Agency:** The Source Agency is the National Weather Service.

**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 daily basis. Thus, Contracts will generally be issued on a daily basis.

**Inches:** Kalshi may list RAINSEA contracts with <inches> levels that fall within an inclusive range between a maximum value of 100 inches and a minimum value of 0 inches at consecutive increments of .01 inches. Due to the potential for variability in the Underlying, the Exchange may modify <inches> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>.

**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are strictly greater than <inches>.

**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 will be <date>. The Last Trading time is 11:59pm ET.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET after the release of the data, or one week after <date>.

**Expiration Time:** The Expiration Time of the Contract shall be 10:00am ET.

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

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

**Contingencies:** Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. 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



KalshiEX LLC

Rule 40.2 New Official Product Name: How much will it rain in Seattle?

Ticker: RAINSEA

Kalshi Contract Submission: RAINSEA Category: Weather/climate

Seattle Precipitation Rain

08/16/21/2021

## 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 ~~RAINSEA contract~~ “How much will it rain in Seattle” Contract is a contract relating to the ~~amount of precipitation~~ total rainfall in Seattle. 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.

Further information about the ~~contract~~ Contract, including an analysis of its risk mitigation and price basing utility, as well as additional considerations related to the ~~contract~~ Contract, is included in Confidential Appendix 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, ~~including and Commission~~ regulations under the Act.

**Relevant General Contract Terms and Conditions:** The Contract operates similar to ~~the~~ other binary contracts that the Exchange ~~is self-certifying~~ lists for trading. ~~In particular~~ 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. While During the time that trading on the contract Contract is open, Members are able to adjust their positions and trade freely. Once After trading on the contract 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 outcome of the market. Market Outcome. In this case, “long position holderholders” refers to a MemberMembers who purchased the “Yes” side of the contract Contract and “short position holderholders” refers to a MemberMembers who purchased the “No” side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. Contract. If the Market Outcome is “Yes”, meaning that the number of inches of precipitation recorded for the statistical period of <date> for rain in Seattle on <date> is strictly greater than <inches>, then the long position holderholders are paid an absolute amount proportional to the size of their position and the short position holderreceivesholders receive no payment. Otherwise, if If the Market Outcome is “No”, then the short position holderholders are paid an absolute amount proportional to the size of their position and the long position holderreceivesholders receive no payment. Further specificationSpecification of the circumstances that would trigger a settlement in the Market Outcome of “Yes” direction are included below in the section titled “Payout Criterion” in Appendix A.

**Contract Specifications:**

<p><b>Underlying</b></p>	<p>The number of inches of precipitation for the station(s) representing Seattle found on the National Weather Service’s Daily Climate Report for WFO Seattle (Weather Forecast Office Seattle), available here: <a href="https://w2.weather.gov/climate/index.php?wfo=sew">https://w2.weather.gov/climate/index.php?wfo=sew</a>. Precipitation is reported in inches. As stated on the NWS website, “These data are preliminary” and “are subject to revision.” Data that is revised past Expiration will not be used</p>
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	to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration may be taken into account in determining the Expiration Value of the Contract.
<b>Payout Criterion</b>	The Payout Criterion encompasses the Expiration Values that are strictly greater than <del>&lt;inches&gt;</del> .
<b>Contract Size</b>	The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.
<b>Listing Cycle</b>	For contracts whose Expiration Value is based on the outcome of recurrent data releases, Contract iterations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.
<b>Tick Size</b>	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. A minimum price fluctuation of \$0.01 is the standard tick size on the Exchange.
<b>Position Limit</b>	The Exchange has imposed position limits (defined as maximum loss exposure) of \$25,000 USD on the Contract.
<b>Trading Hours</b>	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.
<b>Fees</b>	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.
<b>Contract Modifications</b>	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.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Contract Official Product Name: How much will it rain in Seattle?**

**Ticker and Rulebook: RAINSEA**

**Contract: RAINSEA**

**Scope:** These rules shall apply to the contract referred to as RAINSEA

**Underlying:** The Underlying for this Contract is the precipitation recorded for the specified <date> published in the National Weather Service’s (“NWS”) Daily Climate Report for WFO Seattle, Washington ~~which. Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract.~~

**Instructions:** The data can be accessed here:

~~<https://w2.weather.gov/climate/index.php?wfo=sew>, selecting WFO Seattle under “Location” and then clicking “go”. To view the relevant version of the Underlying, click the drop-down at the top of the Climatological Report (Daily) page titled “Select Other Date” and change the reference date to the most recent published report from the day following the <date> specified for the contract. The Underlying is located in the most recent NWS Daily Climate Report for the day following <date> (for the measurement point in question) which is published by Expiration. Click “Observed Weather”, then under “Choose a Location”, select “WFO Seattle, WA”.~~

Specifically, it is in the section labeled “Precipitation” in a column titled “Observed Value” and row titled “Yesterday”. Precipitation is reported in inches. As stated on the NWS website, “These data are preliminary” and “are subject to revision.”

Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract. Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in settling the contract. ~~If the aforementioned section for the most recently published NWS Daily Climate Report for the day after <date> does not have the row “Yesterday” and instead says “Today”, the Underlying is in the most recently published NWS Daily Climate Report for the day after <date> which has a row labeled “Yesterday” in the aforementioned section (and the Underlying is documented in the manner described above). In the event that no such section from the day after <date> is available, the Underlying is in the most recent published report (that is published by Expiration) from <date> in the section labeled “Precipitation” in a column titled “Observed Value” and row titled “Today”. These instructions are provided for convenience only and may be clarified or modified at any time.~~

**Source Agency:** The Source Agency is the National Weather Service.

**Type:** The type of Contract is a Binary Contract.

**Issuance:** ~~The Issuance of this contract will be in accordance with the information outlined in the “Listing Cycle” section of the Contract Specifications table. The Contract is based on the~~

outcome of a recurrent data release which is issued on a daily basis. Thus, Contracts will generally be issued on a daily basis. ~~The Issuance of the initial contract will be on or after August 18, 2021. After the initial contract, subsequent contracts will generally be issued daily to reflect the release schedule of the National Weather Service.~~

**Inches:** Kalshi may list RAINSEA contracts with <inches> levels that fall within an inclusive range between a maximum value of 100 inches and a minimum value of 0 inches at consecutive increments of .01 inches. Due to the potential for variability in the Underlying, the Exchange may modify <inches> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>, ~~ranging from August 18, 2021 to January 1, 2023.~~

**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are strictly greater than <inches>.

**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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ Last Trading Date ~~is the day after the Issuance of the Contract.~~ will be <date>. The Last Trading time is 11:59pm ET.

**Settlement Date:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ Settlement Date of the Contract shall be no later than the day after the Expiration Date unless Market Outcome is under review pursuant to Rule 7.1.

**Expiration Date:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ Expiration Date of the Contract shall be ~~two days~~ the sooner of the first 10:00 AM ET after the Issuance ~~release~~ of the Contract ~~data~~, or one week after <date>.

**Expiration Time:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ Expiration Time of the Contract shall be 10:00am 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 <date>~~ 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.

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12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the RAINNYC Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the RAINNYC contract (Contract). The Exchange intends to list the contract on a daily basis. However, during times of exception rain forecasts (e.g. in advance of a hurricane), the Exchange may list the contract out on a longer time duration. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date>**
- **<inches>**

The amendments are as follows::

1. The Expiration Date is moved from a fixed date one day after <date> to the sooner of the nearest 10:00 AM following the release of the data for <date> or one week after <date>. This change benefits members by all but eliminating the risk of an expiration occurring with missing data while minimizing the time lag between the occurrence of the event and people receiving the money.
2. The settlement time has been shortened from one day after Expiration to no later than one day after Expiration, in order to further accelerate members receiving their money.
3. We also simplified the <greater than/less than> to simply "greater than" to make it consistent with its peer contract, RAINSEA.
4. We have also added enhanced instructions on how to access the Underlying.
5. Form language has been added to the Contingency section to be consistent with other contracts



Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Official Product Name: How much will it rain in New York City?

Ticker: RAINNYC

Kalshi Contract Category: Weather/Climate

New York City Rain

12/11/2021

## 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 “How much will it rain in New York City?” contract is a contract relating to the amount of precipitation in New York City. 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.

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 Appendix B.

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, including 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 number of inches of precipitation recorded for the statistical period of <date> for New York City is strictly greater than <inches> , 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: How much will it rain in New York City?**

**Ticker and Rulebook: RAINNYC**

## RAINNYC

**Scope:** These rules shall apply to the contract referred to as RAINNYC

**Underlying:** The Underlying for this Contract is the number of inches of precipitation recorded for the specified <date> published in the National Weather Service’s (“NWS”) Daily Climate Report for Central Park, New York City, New York. Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract.

**Instructions:** Please navigate to <https://www.weather.gov/wrh/Climate?wfo=okx> , select the tab of “Observed Weather”, selecting “Central Park NY”. Scroll down to the report for <date>. Specifically, it is in the section labeled “Precipitation” in a column titled “Observed Value” . Precipitation is reported in inches. As stated on the NWS website, “These data are preliminary” and “are subject to revision.”

Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in determining the contract. If the aforementioned section for the most recently published NWS Daily Climate Report for the day after <date> does not have the row “Yesterday” and instead says “Today”, navigate to the most recently published NWS Daily Climate Report for the day after <date> which has a row labeled “Yesterday” in the aforementioned section (and the Underlying is documented in the manner described above). In the event that no such section from the day after <date> is available, navigate to the most recent published report (that is published by Expiration) from <date> in the section labeled “Precipitation” in a column titled “Observed Value” and row titled “Today”.

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 the National Weather Service.

**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 daily basis. Thus, Contracts will generally be issued on a daily basis.

**Inches:** Kalshi may list RAINNYC contracts with <inches> levels that fall within an inclusive range between a maximum value of 100 inches and a minimum value of 0 inches at consecutive

increments of .01 inches. Due to the potential for variability in the Underlying, the Exchange may modify <inches> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>.

**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are strictly greater than <inches>.

**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 is <date>. The Last Trading time is 11:59pm ET.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET after the release of the data for <date>, or one week after <date>. .

**Expiration Time:** The Expiration Time of the Contract shall be 10:00am ET.

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

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

**Contingencies:** Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. 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.







KalshiEX LLC

Rule 40.2 Official Product Name: How much will it rain in New York City?

Ticker: RAINNYC

Kalshi Contract Category: Weather/Climate

New York City Precipitation Rain

09/0212/11/2021

## 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 RAINNYC~~ The “How much will it rain in New York City?” contract is a contract relating to the amount of precipitation in New York City. 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.

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 Appendix B.

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, including 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 number of inches of precipitation recorded for the statistical period of <date> for New York City is strictly ~~<greater than>~~*less than* <inches> , 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Contract Official Product Name: How much will it rain in New York City?**

**Ticker and Rulebook: RAINNYC**

**Contract: RAINNYC**

**Scope:** These rules shall apply to the contract referred to as RAINNYC

**Underlying:** The Underlying for this Contract is the number of inches of precipitation recorded for the specified <date> published in the National Weather Service’s (“NWS”) Daily Climate Report for Central Park, New York City, New York. Data that is revised past the Expiration Date and Expiration time of the contract will not be used to determine the Expiration Value of the Contract.

**Instructions:** Please navigate to

<https://www.weather.gov/wrh/Climate?wfo=okx> , select the tab of “Observed Weather”, selecting “Central Park NY”. Scroll down to the report ~~corresponding to the day afterfor~~ <date>. Specifically, it is in the section labeled “Precipitation” in a column titled “Observed Value” ~~and row titled “Yesterday” (such that it corresponds to <date>).~~ Precipitation is reported in inches. As stated on the NWS website, “These data are preliminary” and “are subject to revision.”

Revisions made during the statistical period or the period between the Last Trading Date and Time and Expiration Date and Expiration time may be taken into account in determining the contract. If the aforementioned section for the most recently published NWS Daily Climate Report for the day after <date> does not have the row “Yesterday” and instead says “Today”, navigate to the most recently published NWS Daily Climate Report for the day after <date> which has a row labeled “Yesterday” in the aforementioned section (and the Underlying is documented in the manner described above). In the event that no such section from the day after <date> is available, navigate to the most recent published report (that is published by Expiration) from <date> in the section labeled “Precipitation” in a column titled “Observed Value” and row titled “Today”.

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 the National Weather Service.

**Type:** The type of Contract is a Binary Contract.

**Issuance:** The ~~Issuance of this contract will be in accordance with the information outlined in the “Listing Cycle” section of the Contract Specifications table. The~~ Contract is based on the outcome of a recurrent data release which is issued on a daily basis. Thus, Contracts will generally be issued on a daily basis. ~~The Issuance of the initial contract will be on or after~~

~~September 4, 2021. After the initial contract, subsequent contracts will generally be issued daily to reflect the release schedule of the National Weather Service.~~

**Inches:** Kalshi may list RAINNYC contracts with <inches> levels that fall within an inclusive range between a maximum value of 100 inches and a minimum value of 0 inches at consecutive increments of .01 inches. Due to the potential for variability in the Underlying, the Exchange may modify <inches> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>, ~~ranging from September 4, 2021 to January 1, 2023.>.~~

**Payout Criterion:** The Payout Criterion encompasses the Expiration Values that are strictly ~~<greater than~~ less than <inches>.

**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 is ~~the day after the Issuance of the Contract.<date>.~~  
The Last Trading time is 11:59pm ET.

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

**Expiration Date:** The Expiration Date of the Contract shall be ~~two days after the Issuance of the Contract~~ the sooner of the first 10:00 AM ET after the release of the data for <date>, or one week after <date>.

**Expiration Time:** The Expiration Time of the Contract shall be 10:00am 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 <date>~~ 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.



12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the “Will weekly average TSA airport screenings be above <count>?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it amending the “Will weekly average TSA airport screenings be above <count>?” contract (Contract). The Exchange intends to list the contract on a weekly basis. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (the target date)**
- **<count> (the target number of passengers)**

The amendments are as follows:

1. The Expiration Date is moved from a fixed date one day after <date> to the sooner of the nearest 10:00 AM following the release of the data for all days in the statistical period or one week after <date>. This change benefits members by all but eliminating the risk of an expiration occurring with missing data while minimizing the time lag between the occurrence of the event and people receiving the money.
2. The settlement time has been shortened from one day after Expiration to no later than one day after Expiration, in order to further accelerate members receiving their money.
3. We have added enhanced instructions on how to access the Underlying.
4. Additional form language regarding contingencies has been added to be consistent with other contracts.



Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,



Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

KalshiEX LLC

Official Product Name: What will the average number of passengers screened by the TSA be this week?

Ticker: TSAW

Kalshi Contract Category: Transportation

Weekly TSA

12/11/2021

## 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 “What will the average number of passengers screened by the TSA be this week?” contract is a contract relating to the number of security checkpoint screenings for individual customers conducted by the Transportation Security Administration (“TSA”) at US airports. The Contract is designed to enable market participants whose businesses or operations are affected by changes in the volume of American passenger air travel to mitigate the commercial risks associated with decreases in the volume of American passenger air travel. 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.

The number of TSA airport screenings is widely used as a proxy for the overall amount of passenger air travel in the United States, which in turn is a core indicator for the health of the US economy. Passenger air travel is used to fuel tourism and commerce across the country, and the US aviation industry drives over \$1.7 trillion in economic activity and employs over 10 million workers.<sup>1</sup>

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.

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<sup>1</sup> <https://www.airlines.org/industry/>

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 average number of passengers screened by the TSA for the week ending <date> is strictly greater than <count>, 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: What will the average number of passengers screened by TSA be  
this week?**

**Ticker and Rulebook: TSAW**

## TSAW

**Scope:** These rules shall apply to the TSAW contract .

**Underlying:** The Underlying for this Contract is the Transportation Security Administration’s (“TSA”) checkpoint travel numbers data for the week ending <date>, as reported by the TSA. Specifically, the checkpoint travel numbers published by the TSA will be used to compute a “Weekly Average” of traveler throughput. For the purposes of determining the Expiration Value of the Contract, “Weekly Average” is defined as the sum of the published TSA checkpoint travel numbers that are included in the 7-day period defined by Monday through Sunday, divided by the number of days in the week for which data was published. The “Weekly Average” is the value that will be used to determine the Expiration Value of the Contract each week. If the calculated Weekly Average is not a whole number and is instead a decimal, then the final value of Weekly Average will be calculated by rounding to the nearest integer. For example, a non-whole number value of Weekly Average such as 1500000.32 would become 1500000 and a value such as 1500000.67 would become 1500001. The TSA may make adjustments to data after it has been initially published. If there is a revision of daily screening data for a certain day included in the statistical period published prior to the Expiration Date before the Expiration time, then this revised data will be accounted for in computing the Weekly Average. In all other cases, such as if revisions to data are published after the Expiration Date and Expiration time, revised data will not be used to compute the Weekly Average used to calculate Expiration Value.

Kalshi will rely only on data made available before Expiration Date to compute the Weekly Average. For example, if only five out of seven days of data are available by the Expiration Date, Kalshi will average across those five days to compute Weekly Average. As noted above, any revisions or data published after the Expiration Time on the Expiration Date will not be used to compute the Weekly Average.

**Instructions:** This data is collected daily by the TSA, and data for a certain day is published by 9am ET the following day at the following website: <https://www.tsa.gov/coronavirus/passenger-throughput>. These instructions are provided for convenience only and may be modified or clarified at any time.

**Source Agency:** The Source Agency is the Transportation Security Administration (“TSA”).

**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 daily basis (the TSA Checkpoint Travel Numbers report), and computed into a Weekly Average by the Exchange. Thus, Contracts will be issued on a weekly basis, and subsequent contracts will correspond to the next week.

**Count:** Kalshi may list iterations of the contract with <count> levels that fall within an inclusive range between a maximum value of 10,000,000 and a minimum value of 0 at consecutive increments of 1,000. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list TSAW contracts corresponding to different statistical periods of <date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly above <count>.

**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 for the Contract will be <date>. The Last Trading Time shall be 11:59 PM.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data for <date>, or one week after <date>.

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

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

**Expiration Value:** The Expiration Value is the value of the Underlying as documented by the Exchange 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.







KalshiEX LLC

~~Rule 40.2 New Contract Submission: “Will weekly~~ Official Product Name: What will the average number of passengers screened by the TSA airport screenings be above <count>?” this week?

~~07~~ Ticker: TSAW

Kalshi Contract Category: Transportation

Weekly TSA

12/11/2021

## 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 “~~Will weekly~~ What will the average number of passengers screened by the TSA airport screenings be above <count>?” this week?” contract is a contract relating to the number of security checkpoint screenings for individual customers conducted by the Transportation Security Administration (“TSA”) at US airports. The Contract is designed to enable market participants whose businesses or operations are affected by changes in the volume of American passenger air travel to mitigate the commercial risks associated with decreases in the volume of American passenger air travel. 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.

The number of TSA airport screenings is widely used as a proxy for the overall amount of passenger air travel in the United States, which in turn is a core indicator for the health of the US economy. Passenger air travel is used to fuel tourism and commerce across the country, and the US aviation industry drives over \$1.7 trillion in economic activity and employs over 10 million workers.<sup>1</sup>

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

<sup>1</sup> <https://www.airlines.org/industry/>

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, ~~including and Commission~~ regulations under the Act.

**Relevant General Contract Terms and Conditions:** The Contract operates similar to ~~the~~ other binary contracts that the Exchange ~~is self-certifying~~ lists for trading. ~~In particular~~ 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. ~~While~~ During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. ~~Once~~ 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 ~~outcome of the market.~~ Market Outcome. In this case, "long position ~~holder~~holders" refers to ~~a Member~~Members who purchased the "Yes" side of the ~~contract~~Contract and "short position ~~holder~~holders" refers to ~~a Member~~Members who purchased the "No" side of the ~~contract~~. ~~Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered.~~ Contract. If the Market Outcome is "Yes", meaning that the ~~Weekly Average of average number of passengers screened by the TSA airport screenings for the statistical period of for~~ the week ending <date> is strictly ~~above~~greater than <count>, then the long position ~~holder is~~holders are paid an absolute amount proportional to the size of their position and the short position ~~holder receives~~holders receive no payment.

Otherwise, if the Market Outcome is “No,” then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the Market Outcome of “Yes” direction are included below in the section titled “Payout Criterion” in Appendix A.

### Contract Specifications:

<b>Underlying</b>	Transportation Security Administration (TSA)’s daily travel checkpoint numbers data. The data for the previous day is made available by 9 AM ET the following day at the following easily accessible website: <a href="https://www.tsa.gov/coronavirus/passenger-throughput">https://www.tsa.gov/coronavirus/passenger-throughput</a> .
<b>Payout Criterion</b>	The Payout Criterion encompasses the Expiration Values that are strictly above <count>.
<b>Contract Size</b>	The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.
<b>Listing Cycle</b>	<p>For contracts whose Expiration Value is based on the outcome of recurrent data releases, Contract iterations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.</p> <p>The Contract is based on the outcome of a recurrent data release which is issued on a daily basis (the TSA Checkpoint Travel Numbers report), and computed into a Weekly Average by the Exchange. Thus, iterations for the Contract will be listed on a weekly basis.</p> <p>I. The Issuance for the initial contract will be July 13, 2021.</p> <p>II. The Issuance for each subsequent contract will correspond to the next week and be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous contract.</p> <p>The Exchange will list additional contract weeks on a recurring basis and will publish all available contract weeks on its website.</p>
<b>Tick Size</b>	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. A minimum price fluctuation of \$0.01 is the standard tick size on the Exchange.
<b>Position Limit</b>	The Exchange has imposed position limits (defined as maximum loss exposure) of \$25,000 USD on the Contract.

<p><b>Trading Hours</b></p>	<p>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.</p>
<p><b>Fees</b></p>	<p>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.</p>
<p><b>Contract Modifications</b></p>	<p>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.</p>

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Rule 100.15**

**Contract: “Will weekly Official Product Name: What will the average number of passengers screened by TSA airport screenings be above <count>?” this week?**

**Ticker and Rulebook: TSAW**

## TSAW

**Scope:** These rules shall apply to the TSAW contract referred to as “Will weekly average TSA airport screenings be above <count>?”.<sub>2</sub>

**Underlying:** The Underlying for this Contract is the Transportation Security Administration’s (“TSA”) checkpoint travel numbers data. ~~This data is collected daily by the TSA, and data for a certain day is published by 9am ET the following day at the following website: <https://www.tsa.gov/coronavirus/passenger-throughput> for the week ending <date>, as reported by the TSA.~~ Specifically, the checkpoint travel numbers published by the TSA will be used to compute a “Weekly Average” of traveler throughput. For the purposes of determining the Expiration Value of the Contract, “Weekly Average” is defined as the sum of the published TSA checkpoint travel numbers that are included in the 7-day period defined by Monday through Sunday, divided by the number of days in the week for which data was published. The “Weekly Average” is the value that will be used to determine the Expiration Value of the Contract each week. If the calculated Weekly Average is not a whole number and is instead a decimal, then the final value of Weekly Average will be calculated by rounding to the nearest integer. For example, a non-whole number value of Weekly Average such as 1500000.32 would become 1500000 and a value such as 1500000.67 would become 1500001. The TSA may make adjustments to data after it has been initially published. If there is a revision of daily screening data for a certain day included in the statistical period published prior to the Expiration Date before the Expiration time, then this revised data will be accounted for in computing the Weekly Average. In all other cases, such as if revisions to data are published after the Expiration Date and Expiration time, revised data will not be used to compute the Weekly Average used to calculate Expiration Value.

Kalshi will rely only on data made available before Expiration Date to compute the Weekly Average. For example, if only five out of seven days of data are available by the Expiration Date, Kalshi will average across those five days to compute Weekly Average. As noted above, any revisions or data published after the Expiration Time on the Expiration Date will not be used to compute the Weekly Average.

~~For the first iteration of this Contract, any data for the day of Monday, July 12, 2021 will be taken into account to compute the Weekly Average.~~ **Instructions:** This data is collected daily by the TSA, and data for a certain day is published by 9am ET the following day at the following website: <https://www.tsa.gov/coronavirus/passenger-throughput>. These instructions are provided for convenience only and may be modified or clarified at any time.

**Source Agency:** The Source Agency is the Transportation Security Administration (“TSA”).

**Type:** The type of Contract is a Binary Contract.

**Issuance:** ~~The Issuance of this contract will be in accordance with the information outlined in the “Listing Cycle” section of the Contract Specifications table.~~ **Issuance:** The Contract is based on the outcome of a recurrent data release which is issued on a daily basis (the TSA Checkpoint Travel Numbers report), and computed into a Weekly Average by the Exchange. Thus, Contracts will be issued on a weekly basis, and subsequent contracts will correspond to the next week. ~~The Issuance of the initial contract will be on July 13, 2021 at 10:00am ET. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous contract.~~

**Count:** Kalshi may list ~~“Will iterations of the number of TSA airport screenings be above <count>?”~~ contracts with <count> levels that fall within an inclusive range between a maximum value of 10,000,000 and a minimum value of 0 at consecutive increments of 1,000. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**Date:** <date> refers to a date specified by Kalshi. Kalshi may list ~~“Will weekly average TSA airport screenings be above <count>?”~~ TSAW contracts corresponding to different statistical periods of <date>, ~~ranging from July 13, 2021 to January 1, 2023.~~ .

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly above <count>.

**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:** ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Last Trading Date for the Contract will be ~~the day six days after the <date of issuance, and the Last Trading Time for the Contract is 7:00pm ET on the Last Trading Date. No trading in the Contract shall occur after its Last Trading Date and Time. The initial Contract iteration follows a different pattern.>.~~ The Last Trading Date of the initial Contract iteration is July 18, 2021 and the Last Trading Time is 7:00pm ET on July 18, 2021. Time shall be 11:59 PM.

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

**Expiration Date:** The Expiration Date of the Contract shall be ~~seven days after the date of issuance. The initial Contract iteration follows a different pattern. The Expiration Date of the~~



initial Contract iteration will be July 19, 2021, the sooner of the first 10:00 AM ET following the release of the data for <date>, or one week after <date>.

**Expiration time:** The Expiration time of the Contract shall be ~~6:00pm~~ 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 ~~“Weekly Average” for the statistical period of the week ending <date> as defined above in Underlying~~ Underlying as documented by the Exchange 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.



12/11/2021

**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 40.6(a) Notification Regarding the Amendment of the ANCHOR Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is self-certifying the ANCHOR contract (Contract). The contract is intended to be listed on a weekly basis. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- <week>
- <count>

The amendments are as follows:

1. The Expiration Date is moved from a fixed date four days after the Friday of <week> to the sooner of the nearest 10:00 AM following the release of the data for the Friday of <week> or one week after the Friday of <week>. This change benefits members by all but eliminating the risk of an expiration occurring with missing data while minimizing the time lag between the occurrence of the event and people receiving the money.
2. The settlement time has been shortened from one day after Expiration to no later than one day after Expiration, in order to further accelerate members receiving their money.
3. We have also changed the Last Trading Date to end at 11:59 PM on the Friday of <week>, in order to minimize trading after all of the data has been reported. This change might encourage people to make more standing orders without fear their order could be filled after the data is released. While this change is desirable, unfortunately it is only possible for contracts reliant on predictable data releases.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,



Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

KalshiEX LLC

New Contract Submission: How many ships will be docked at the Port of Los Angeles?

Ticker: ANCHOR

Anchored Ships at Los Angeles

12/11/2021

## **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 “How many ships will be docked at the Port of Los Angeles?” Contract is a contract relating to the weekly average number of container vessels currently anchored at the Port of Los Angeles. 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.

The Port of Los Angeles (POLA) is the United States’ busiest port and receives 17% of all cargo that enters the country<sup>1</sup>. A labor shortage and extremely high demand for imports have created chaos at “America’s Port”. As of September 2021, the Port of Los Angeles is only operating at 60-70% of its capacity<sup>2</sup> despite incredibly high demand for goods. There are 29 ships at anchor--idling and waiting to be berthed--as of September 28th, 2021. In normal times, that number is two, or one.

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.

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<sup>1</sup> <https://www.portoflosangeles.org/business/statistics/facts-and-figures>

<sup>2</sup> [https://www.wsj.com/articles/cargo-delays-are-getting-worse-but-california-ports-still-rest-on-weekends-11632648602?mod=searchresults\\_pos2&page=1](https://www.wsj.com/articles/cargo-delays-are-getting-worse-but-california-ports-still-rest-on-weekends-11632648602?mod=searchresults_pos2&page=1)

**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 average number of container vessels anchored at the Port of Los Angeles for <week> is strictly greater than <count>, 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.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: How many ships will be docked at the Port of Los Angeles?**

**Contract: ANCHOR**

## ANCHOR

**Scope:** These rules shall apply to the ANCHOR contract.

**Underlying:** The Underlying for this Contract is the average number of container vessels currently anchored at the Port of Los Angeles for a given <week>. This weekly average will exclude the weekend (Saturdays and Sundays). If data is only partially available for that workweek, then the average for the days which are available will be used. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** This data can be found at <https://kentico.portoflosangeles.org/getmedia/3bc2c710-5783-4f92-a39f-ae9b167d5f1f/container-vessels-in-port>. 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 the Port of Los Angeles.

**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 daily basis and computed into a Weekly Average by the Exchange. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week.

**<count>:** Kalshi may list iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of <100> and a minimum value of <0> at consecutive increments of <0.1>. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**<week>:** <week> refers to a workweek specified by Kalshi. The workweek lasts from Monday to Friday, inclusive. Kalshi may list iterations of the Contract corresponding to different statistical periods of <week>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly greater than <count>. If no data is available for any of the days that <week>, then the market resolves to No.

**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 will be the Friday of <week>. . The Last Trading Time will be 11:59 PM.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data for the Friday of <week>, or one week after the Friday of <week>.

**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 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.



KalshiEX LLC

New Contract Submission: How many ships will be docked at the Port of Los Angeles?

Ticker: ANCHOR

Anchored Ships at Los Angeles

October 5, 12/11/2021

## 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 ANCHOR~~ The “How many ships will be docked at the Port of Los Angeles?”

Contract is a contract relating to the weekly average number of container vessels currently anchored at the Port of Los Angeles. 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.

The Port of Los Angeles (POLA) is the United States’ busiest port and receives 17% of all cargo that enters the country<sup>1</sup>. A labor shortage and extremely high demand for imports have created chaos at “America’s Port”. As of September 2021, the Port of Los Angeles is only operating at 60-70% of its capacity<sup>2</sup> despite incredibly high demand for goods. There are 29 ships at anchor--idling and waiting to be berthed--as of September 28th, 2021. In normal times, that number is two, or one.

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.

<sup>1</sup> <https://www.portoflosangeles.org/business/statistics/facts-and-figures>

<sup>2</sup> [https://www.wsj.com/articles/cargo-delays-are-getting-worse-but-california-ports-still-rest-on-weekends-11632648602?mod=searchresults\\_pos2&page=1](https://www.wsj.com/articles/cargo-delays-are-getting-worse-but-california-ports-still-rest-on-weekends-11632648602?mod=searchresults_pos2&page=1)

**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 average number of container vessels anchored at the Port of Los Angeles for <week> is strictly greater than <count>, 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.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: How many ships will be docked at the Port of Los Angeles?**

**Contract: ANCHOR**

## ANCHOR

**Scope:** These rules shall apply to the ANCHOR contract.

**Underlying:** The Underlying for this Contract is the average number of container vessels currently anchored at the Port of Los Angeles for a given <week>. This weekly average will exclude the weekend (Saturdays and Sundays). If data is only partially available for that workweek, then the average for the days which are available will be used. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** This data can be found at <https://kentico.portoflosangeles.org/getmedia/3bc2c710-5783-4f92-a39f-ae9b167d5f1f/container-vessels-in-port>. 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 the Port of Los Angeles.

**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 daily basis and computed into a Weekly Average by the Exchange. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week. ~~The Exchange will publish all available contract weeks on its website. The Issuance of the initial Contract will be on or after October 6th, 2021.~~

**<count>:** Kalshi may list iterations of the Contract with <count> levels that fall within an inclusive range between a maximum value of <100> and a minimum value of <0> at consecutive increments of <0.1>. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

**<week>:** <week> refers to a workweek specified by Kalshi. The workweek lasts from Monday to Friday, inclusive. Kalshi may list iterations of the Contract corresponding to different statistical periods of <week>, ~~ranging from X to Y.~~

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that are strictly greater than <count>. If no data is available for any of the days that <week>, then the market resolves to No.

**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~~ Friday of <week>. The Last Trading Time will be ~~the same as the Expiration time~~ 11:59 PM.

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

**Expiration Date:** The Expiration Date of the ~~initial~~ Contract ~~will~~ shall be ~~two days~~ the sooner of the first 10:00 AM ET following the ~~start of the week following <week> (Tuesday)~~. ~~For example, the Expiration release of the initial contract will be on October 12, 2021, data for the Friday of <week>, or one week after the Friday of <week>.~~

**Expiration time:** The Expiration time of the initial Contract iteration shall be 6:10:00 PM 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 <week>~~ 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.





December 11, 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 40.6(a) Notification Regarding the Amendment of the APPROVE Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the APPROVE contract (Contract). The Contract is intended to be listed weekly, however, additional contracts with different <percentage points> values may be listed in response to political developments. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (the target date)**
- **<percentage points> (the approval rating the Contract will turn on)**

The amendments are as follows:

1. The Expiration Time was changed to 10:00 AM ET from 4:00 PM ET. This was done to standardize Expiration Times across the platform.
2. The Settlement date has been changed to no later than the day following Expiration rather than strictly the day following Expiration.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,

*Elie Mishory*

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

**KalshiEX LLC**

**New Contract Submission: What will the RCP's approval ratings for the President be?**

**Ticker: APPROVE**

**Biden Approval Rating**

**December 11, 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 “What will the RCP’s approval ratings for the President be?” Contract is a contract relating to the U.S. Presidential approval rating as measured by RealClearPolitics. Approval ratings are an important, widely-followed leading indicator about the passage of the presidential agenda. 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.

Approval ratings are an important leading indicator about the overall prospects of the presidential agenda. Considering the narrow margins in Congress, vulnerable representatives and Senators closely monitor approval ratings when deciding how much political risk to assume: if a President is highly popular, they may feel comfortable voting for the president’s agenda--if the President’s rating is underwater, the Congressperson may want to score political points by publicly repudiating the president and the president’s agenda. In the current highly polarized political environment, even a small change in approval ratings could be of great consequence for a President’s agenda. As Congress gears to a head on several major issues--the debt ceiling, trillion dollar infrastructure and investment plans--this is a critical tool for businesses to hedge against the risk of a major change in expected government policy.

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 U.S. presidential approval rating is <above/below> <percentage points>, 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.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: What will the RCP's approval ratings for the President be?**

**Ticker and Rulebook: APPROVE**

## Contract: APPROVE

**Scope:** These rules shall apply to the APPROVE contract.

**Underlying:** The Underlying for this contract is RealClearPolitics's average U.S. presidential approval rating. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value

**Instructions:** The current URL for President Joe Biden's approval rating is available at <https://www.realclearpolitics.com/epolls/other/president-biden-job-approval-7320.html#polls> . The Underlying is the value in the "Approve" column in the row labeled "RCP Average". 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.

The following image is from September 22, 2021.

### President Biden Job Approval

President Job Approval: [Trump](#) | [Obama](#) | [Bush](#)



[Job Approval on Economy](#) | [Job Approval on Foreign Policy](#) | [Job Approval on Immigration](#) | [Direction of the Country](#)

Polling Data					
Poll	Date	Sample	Approve	Disapprove	Spread
<b>RCP Average</b>	<b>9/1 - 9/21</b>	<b>--</b>	<b>46.0</b>	<b>50.1</b>	<b>-4.1</b>
Gallup	9/1 - 9/17	1005 A	43	53	-10
Rasmussen Reports	9/19 - 9/21	1500 LV	45	55	-10
Economist/YouGov	9/18 - 9/21	1281 RV	46	48	-2
Politico/Morning Consult	9/18 - 9/20	1998 RV	47	50	-3
Reuters/Ipsos	9/15 - 9/16	1005 A	44	50	-6
Harvard-Harris	9/15 - 9/16	1578 RV	48	50	-2
FOX News	9/12 - 9/15	1002 RV	50	49	+1
Quinnipiac	9/10 - 9/13	RV	44	50	-6
Monmouth	9/9 - 9/13	747 RV	47	46	+1

[All President Biden Job Approval Polling Data](#)

**Source Agency:** The Source Agency is RealClearPolitics.

**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 daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week.



**<date>**: <date> refers to a calendar <date> specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>.

**<percentage points>**: Kalshi may list iterations of the Contract with <percentage points> 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 <percentage point> levels in response to suggestions by Members.

**Payout Criterion**: The Payout Criterion for the Contract encompasses the Expiration Values that are <greater than/less than> <percentage points>. If no data is available, the Contract resolves to No.

**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 no later than the day after the Expiration Date, unless the Market Outcome is under review pursuant to Rule 7.1.

**Expiration Date**: The Expiration Date of the Contract shall be <date>, generally corresponding to the Friday after Issuance.

**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 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.



KalshiEX LLC

New Contract Submission: What will the RCP's approval ratings for the President be?

Ticker: APPROVE

Biden Approval Rating

10/5/December 11, 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 APPROVE~~ The "What will the RCP's approval ratings for the President be?"

Contract is a contract relating to the U.S. Presidential approval rating as measured by RealClearPolitics. Approval ratings are an important, widely-followed leading indicator about the passage of the presidential agenda. 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.

Approval ratings are an important leading indicator about the overall prospects of the presidential agenda. Considering the narrow margins in Congress, vulnerable representatives and Senators closely monitor approval ratings when deciding how much political risk to assume: if a President is highly popular, they may feel comfortable voting for the president's agenda--if the President's rating is underwater, the Congressperson may want to score political points by publicly repudiating the president and the president's agenda. In the current highly polarized political environment, even a small change in approval ratings could be of great consequence for a President's agenda. As Congress gears to a head on several major issues--the debt ceiling, trillion dollar infrastructure and investment plans--this is a critical tool for businesses to hedge against the risk of a major change in expected government policy.

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 U.S. presidential approval rating is <above/below> <percentage points>, 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.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Contract Official Product Name: What will the RCP's approval ratings for the President  
be?**

**Ticker and Rulebook: APPROVE**

## Contract: APPROVE

**Scope:** These rules shall apply to the APPROVE contract.

**Underlying:** The Underlying for this contract is RealClearPolitics's average U.S. presidential approval rating. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value

**Instructions:** The current URL for President Joe Biden's approval rating is available at <https://www.realclearpolitics.com/epolls/other/president-biden-job-approval-7320.html#polls> . The Underlying is the value in the "Approve" column in the row labeled "RCP Average". 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.

The following image is from September 22, 2021.

Polling Data					
Poll	Date	Sample	Approve	Disapprove	Spread
<b>RCP Average</b>	9/1 - 9/21	--	46.0	50.1	-4.1
Gallup	9/1 - 9/17	1005 A	43	53	-10
Rasmussen Reports	9/19 - 9/21	1500 LV	45	55	-10
Economist/YouGov	9/18 - 9/21	1281 RV	46	48	-2
Politico/Morning Consult	9/18 - 9/20	1998 RV	47	50	-3
Reuters/Ipsos	9/15 - 9/16	1005 A	44	50	-6
Harvard-Harris	9/15 - 9/16	1578 RV	48	50	-2
FOX News	9/12 - 9/15	1002 RV	50	49	+1
Quinnipiac	9/10 - 9/13	RV	44	50	-6
Monmouth	9/9 - 9/13	747 RV	47	46	+1

All President Biden Job Approval Polling Data

**Source Agency:** The Source Agency is RealClearPolitics.

**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 daily basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week. ~~The Issuance of the initial Contract will be on or after October 7, 2021.~~



**<date>**: <date> refers to a calendar <date> specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>, ~~ranging from October 15, 2021 to December 31, 2024.~~.

**<percentage points>**: Kalshi may list iterations of the Contract with <percentage points> 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 <percentage point> levels in response to suggestions by Members.

**Payout Criterion**: The Payout Criterion for the Contract encompasses the Expiration Values that are <greater than/less than> <percentage points>. If no data is available, the Contract resolves to No.

**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 no later than the day after the Expiration Date, unless the Market Outcome is under review pursuant to Rule 7.1.

**Expiration Date**: The Expiration Date of the Contract shall be <date>, generally corresponding to the Friday after Issuance, ~~except for the initial Contract. The Expiration Date of the initial Contract will be October 15, 2021, the second nearest Friday after issuance of the initial contract on October 7, 2021.~~.

**Expiration time**: The Expiration time of the initial Contract iteration shall be 4:00 PM ET.

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

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

**Contingencies**: Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. 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.



December 11, 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 40.6(a) Notification Regarding the Amendment of the “Will <variant> make up <percentage> of U.S. COVID-19 cases?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the “Will <variant> make up <percentage> of U.S. COVID-19 cases?” contract (Contract). The Contract is intended to be listed weekly, however, additional contracts may be listed in response to changing forecasts with regards to the pandemic (such as new variants being identified, information about their spread). The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- <variant> (the COVID-19 variant in question)
- <percentage> (that variant’s prevalence in US COVID-19 caseload)
- <date> (the target date)
- <greater/less>

The amendments are as follows:

1. The Last Trading Date was changed from the Expiration Date to the Monday following <date>. This was done to better reflect the timing of the data release, which is on Tuesday.
2. The Last Trading Time was changed from the Expiration time to 11:59 PM ET to better reflect the timing of the data release, which is on Tuesday.
3. The Expiration Date was changed from <date> to the sooner of one day following data released for the week ending <date> or the second Wednesday following <date>. This was done to guarantee that a short-term data release issue would not affect the Expiration Value of the Contract.
4. The Expiration Time was changed to 10:00 AM ET from 11:00 AM ET. This was done to standardize Expiration Times across the platform.
5. The Settlement date has been changed to no later than the day following Expiration rather than strictly the day following Expiration, to return Members’ funds sooner.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended parts of the originally filed Contract (Introduction and Contract Terms and Conditions, as well as Appendix A); and
- A redline showing the amendments.

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>.

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

Sincerely,



Elie Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
[emishory@kalshi.com](mailto:emishory@kalshi.com)

KalshiEX LLC

Official Product Name: Will <variant> make up <percentage> of U.S. COVID-19 cases?

Ticker: VARIANT

Kalshi Contract Category: Economic/Demographic Measure - US Govt

Prevalence of COVID-19 Variants

December 11, 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 “Will <variant> make up <percentage> of U.S. COVID-19 cases?” Contract is a contract relating to the prevalence of COVID-19 variants in the U.S. population. 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.

In recent weeks, the so-called “Delta plus” variant of COVID-19 (AY.4.2.) has spread rapidly in the United Kingdom. Scientists estimate that it is somewhat more transmissible than the traditional Delta variant.<sup>1</sup> A novel, potentially more transmissible or virulent variant could have major impacts throughout the world as it attempts to recover from the pandemic. This Contract can be used to hedge against that risk by participants with economic exposure to the risk.

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.

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<sup>1</sup><https://www.npr.org/sections/goatsandsoda/2021/10/22/1048440310/people-wonder-if-they-should-keep-calm-and-carry-on-in-the-face-of-delta-plus-va>

**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 <variant> is estimated to be <greater/less> than <percent> of total U.S. cases on the week ending <date>, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A.

**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: Will <variant> make up <percentage> of U.S. COVID-19 cases?**

**Ticker and Rulebook: VARIANT**



## VARIANT

**Scope:** These rules shall apply to the VARIANT contract.

**Underlying:** The Underlying for this Contract is the estimated proportions of COVID-19 variants in the United States according to the CDC Nowcast. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** The CDC provides this information in the “Nowcast” available at <https://covid.cdc.gov/covid-data-tracker/#variant-proportions>. The number used to determine the contract is under “%Total” for any given variant. This data is typically released on Tuesdays. As a consequence, Contracts will close on Mondays and typically expire on Wednesdays. 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 the Centers for Disease Prevention and Control (CDC).

**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 weekly basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week. The Contract may also be listed in long-term durations, such as in periods greater than a month, to hedge against long-term pandemic changes.

**Date:** <date> refers to a calendar <date> specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>.

<variant>: <variant> refers to a variant, subvariant, or lineage of COVID-19 specified by Kalshi. Kalshi may list <variants> from the lineage list at [https://cov-lineages.org/lineage\\_list.html](https://cov-lineages.org/lineage_list.html), a website used by the CDC for this purpose.

<percent>: Kalshi may list iterations of the Contract with <percent> levels that fall within an inclusive range between a maximum value of <100> and a minimum value of <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.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that <variant> is estimated to be <greater/less> than <percent> of total U.S. cases of COVID-19

for the week ending <date>, as estimated by the CDC. If no data is available, then the market resolves to No.

**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 Contract will be the Monday following <date>. The Last Trading Time is 11:59 PM.

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

**Expiration Date:** The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of data for the week ending <date> and one week following <date>.

**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 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.



KalshiEX LLC

~~New Contract Submission~~ Official Product Name: Will <variant> make up <percentage> of U.S. COVID-19 cases?

Ticker: VARIANT

Kalshi Contract Category: Economic/Demographic Measure - US Govt

Prevalence of COVID-19 Variants

~~November 14~~ December 11, 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 VARIANT~~ The “Will <variant> make up <percentage> of U.S. COVID-19 cases?”

Contract is a contract relating to the prevalence of COVID-19 variants in the U.S. population. 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.

In recent weeks, the so-called “Delta plus” variant of COVID-19 (AY.4.2.) has spread rapidly in the United Kingdom. Scientists estimate that it is somewhat more transmissible than the traditional Delta variant.<sup>1</sup> A novel, potentially more transmissible or virulent variant could have major impacts throughout the world as it attempts to recover from the pandemic. This Contract can be used to hedge against that risk by participants with economic exposure to the risk.

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.

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<sup>1</sup><https://www.npr.org/sections/goatsandsoda/2021/10/22/1048440310/people-wonder-if-they-should-keep-calm-and-carry-on-in-the-face-of-delta-plus-va>

**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 <variant> is estimated to be <greater/less> than <less than> <percent> of total U.S. cases, on the week ending <date>, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A.



**APPENDIX A – CONTRACT TERMS AND CONDITIONS**

**TERMS OF CONTRACTS TRADED ON KALSHI**

**Official Product Name: Will <variant> make up <percentage> of U.S. COVID-19 cases?  
Ticker and Rulebook: VARIANT**

## VARIANT

**Scope:** These rules shall apply to the VARIANT contract.

**Underlying:** The Underlying for this Contract is the estimated proportions of COVID-19 variants in the United States according to the CDC [Nowcast](#). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** The CDC provides this information in the “Nowcast” available at <https://covid.cdc.gov/covid-data-tracker/#variant-proportions>. The number used to determine the contract is under “%Total” for any given variant. [This data is typically released on Tuesdays. As a consequence, Contracts will close on Mondays and typically expire on Wednesdays.](#) 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 the Centers for Disease Prevention and Control (CDC).

**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 weekly basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week. [The Contract may also be listed in long-term durations, such as in periods greater than a month, to hedge against long-term pandemic changes.](#)

**Date:** <date> refers to a calendar <date> specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <date>, [ranging from November 15, 2021 to December 31, 2024.](#)

<variant>: <variant> refers to a variant, subvariant, or lineage of COVID-19 specified by Kalshi. Kalshi may list <variants> from the lineage list at [https://cov-lineages.org/lineage\\_list.html](https://cov-lineages.org/lineage_list.html), a website used by the CDC for this purpose.

<percent>: Kalshi may list iterations of the Contract with <percent> levels that fall within an inclusive range between a maximum value of <100> and a minimum value of <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.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that <variant> is estimated to be <greater/less> than ~~less than~~ <percent> of total U.S. cases of



COVID-19 ~~on~~for the week ending <date>, as estimated by the CDC. If no data is available, then the market resolves to No.

**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.~~Monday following <date>. The Last Trading Time ~~will be the same as the Expiration time~~ is 11:59 PM.

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

**Expiration Date:** The Expiration Date of the Contract shall be ~~<date>.~~the sooner of the first 10:00 AM ET following the release of data for the week ending <date> and one week following <date>.

**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 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.

