

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 a bill raising the highest income tax rate on individuals in <bracket> above <percent> become law?" 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 a bill raising the highest income tax rate on individuals in <bracket> above <percent> become law?" contract (Contract). The Exchange intends to list the contract on an annual basis. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<income bracket> (The income bracket for whom the contract refers)**

The amendments are as follows:

1. The Expiration Date is moved from <date> to the sooner of the nearest 10:00 AM following the occurrence of an event that is encompassed in the Payout Criterion, 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 a non-substantive clarification for members about what constitutes an increase in the personal income tax, which includes added surtaxes on the population in <bracket> but does not include other forms of income, such as capital gains taxes. <Percent> has been removed as a variable for simplicity.
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

KalshiEX LLC

Official Product Name: Will income taxes rise?

Ticker: ITAX

Kalshi Contract Category: Political Decision

Income Taxes

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 income taxes rise” Contract is a contract relating to a bill regarding the income tax levied on a certain income bracket. The tax rates levied on each tax bracket can have significant effects on inequality and investment incentives. 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, 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. 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 a bill has become law between Issuance and <date> that raises the highest individual income tax rate imposed on individuals in <bracket> (please see Appendix A for the complete details), 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 income taxes rise?

Ticker and Rulebook: ITAX

ITAX

Scope: These rules shall apply to this contract .

Underlying: The Underlying for this Contract is all bills that became law between Issuance and <date> according to Congress.gov. Revisions after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The list of bills that have become law is available here:

<https://www.congress.gov/search?q=%7B%22source%22%3A%22legislation%22%2C%22bill-status%22%3A%22law%22%7D>. These instructions are provided for convenience only and may be modified or clarified at any time.

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

Issuance: After the initial Contract, 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.

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

<bracket>: Kalshi may list iterations of the contract with all income brackets listed on the Library of Congress website at the time of Issuance.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that contain documentation of a bill that raises the highest personal income tax rate imposed on <bracket>. Other provisions that may affect the amount of personal income tax paid by a given individual but are not the personal income tax rate--such as rules affecting what income counts as taxable or affecting deductions, credits, and other tax attributes relevant to individuals do not affect the resolution of the Contract. However, added or raised surtaxes on adjusted gross income or taxable income for incomes greater than or equal to the threshold established in <income bracket> is encompassed in the Payout Criterion. Subsequent legislation which lowers the highest personal income tax rate imposed on <bracket> does not affect the Payout Criterion. Changes in taxes on specific forms of personal income that are not taxable income or adjusted gross income--such as dividends, long-term capital gains, etc.--are not relevant for the Payout Criterion.

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 Time will be the sooner of the first 10:00 AM following the occurrence of an event which is encompassed in the Payout Criterion, or 11:59 PM on <date>.

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 occurrence of an event that is encompassed in the Payout Criterion, 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 time on the Expiration Date.

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 a bill raising the highest income tax rate on individuals in <bracket> above <percent> become law?"

Official Product Name: Will income taxes rise?

Ticker: ITAX

Kalshi Rule 100.27 Contract Category: Political Decision

July 27, Income Taxes

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 a bill raising the highest income tax rate on individuals in <bracket> above <percent> become law?" taxes rise" Contract is a contract relating to- a bill regarding the income tax levied on a certain income bracket. The tax rates levied on each tax bracket can have significant effects on inequality and investment incentives. 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, 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. 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 a bill has become law between Issuance and <date> that raises the highest individual income tax rate imposed on individuals in <bracket> above <percent>, (please see Appendix A for the complete details), 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 100.27

Contract: "~~Will a bill raising the highest income tax rate on individuals in <bracket> above <percent> become law?~~"

Official Product Name: Will income taxes rise?

Ticker and Rulebook: ITAX

ITAX

Scope: These rules shall apply to ~~the~~this contract referred to as "Will a bill raising the highest income tax rate on individuals in <bracket> become law?".

Underlying: The Underlying for this Contract is all bills ~~published on the Library of Congress's official website for federal legislative information, Congress.gov, that have the status of "became law between Issuance and <date> according to Congress.gov. Revisions after Expiration will not be accounted for in determining the Expiration Value.~~

~~". The site contains both the direct text of the law and the status of the law.~~

Instructions: The list of bills that have become law is available here:

<https://www.congress.gov/search?q=%7B%22source%22%3A%22%20legislation%22%2C%22%20bill-status%22%3A%22law%22%7D>. These instructions are provided for convenience only and may be modified or clarified at any time.

~~Revisions after Expiration will not be accounted for in determining the Expiration Value.~~

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

~~**Issuance:** The Issuance of the initial Contract will be on or after July 27.~~ **Issuance:** After the initial Contract, 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.

~~**Income brackets:**<date>: <date> refers to a calendar date specified by Kalshi. Kalshi may list "Will a bill raising iterations of the highest income tax rate on individuals in Contract corresponding to different statistical periods of <date>.~~

~~<bracket> above <percent> become law?" contracts>: Kalshi may list iterations of the contract with all income brackets listed on the Library of Congress website at the time of Issuance.~~

~~**Percent:** Kalshi may list "Will a bill raising the highest income tax rate on individuals earning in <bracket> above <percent> become law?" contracts 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 .01%. 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 contain documentation of a bill that ~~has the effect of raising~~ raises the highest personal income tax rate imposed on <bracket> ~~to be strictly greater than <percent>~~. Other provisions that may affect the amount of personal income tax paid by a given individual but are not the personal income tax rate--such as rules affecting what income counts as taxable or affecting deductions, credits, and other tax attributes relevant to individuals do not affect the resolution of the Contract. ~~A bill that is invalidated by a final judicial action prior to the Expiration time~~ However, ~~added or raised surtaxes on the Expiration Date will not be~~ adjusted gross income or taxable income for incomes greater than or equal to the threshold established in <income bracket> is encompassed in the Payout Criterion. ~~Any other judicial action will not affect the value of the bill.~~ Subsequent legislation which ~~has the effect of lowering~~ lowers the highest personal income tax rate imposed on <bracket> ~~to be below or equal to <percent>~~ does not affect the Payout Criterion. Changes in taxes on specific forms of personal income that are not taxable income or adjusted gross income--such as dividends, long-term capital gains, etc.--are not relevant for the Payout Criterion.

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 same as the Expiration Date and the~~ The Last Trading Time for the Contract will be the sooner of the first 10:00 AM following the occurrence of an event which is 8:00 pm ET on the Last Trading Date. ~~No trading encompassed in the Contract shall occur after its Last Trading Date and Time.~~ Payout Criterion, or 11:59 PM on <date>.

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: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the Expiration~~ The Expiration Date of the Contract shall be ~~December 31, 2021.~~ the sooner of the first 10:00 AM ET following the occurrence of an event that is encompassed in the Payout Criterion, 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 ~~8:00pm~~ 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 Underlying (~~i.e. all bills listed on Congress.gov with the status of “became law”~~), as documented by the Source Agency, ~~that became law after the time of Issuance and before~~ on the Expiration time on the Expiration Date.

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 a bill raising the corporate income tax above <percent> become law?” 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 a bill raising the corporate income tax above <percent> become law?” contract (Contract). The Exchange intends to list the contract on an annual basis. However, in exigent political circumstances, the Exchange may issue additional iterations of the contract to reflect those circumstances. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- <date> (The target date)
- <percent> (The corporate tax rate)

The changes are as follows:

1. The Expiration Date is moved from <date> to the sooner of the nearest 10:00 AM following the occurrence of an event that is encompassed in the Payout Criterion, 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 a non-substantive clarification for members about what constitutes an increase in the corporate tax rate.
4. 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
Chief Regulatory Officer
KalshiEX LLC
emishory@kalshi.com

KalshiEX LLC

Official Product Name: Will corporate taxes rise?

Ticker: CORP

Kalshi Contract Category: Political Decision

Corporate Tax Increases

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 corporate taxes rise” Contract is a contract relating to the rate of corporate income taxes imposed by 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.

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, 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. 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 a bill raising the federal corporate income tax above <percent> has become law between Issuance and <date> (please see Appendix A in the Rulebook 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: Will corporate taxes rise?

Ticker and Rulebook: CORP

CORP

Scope: These rules shall apply to the CORP contract.

Underlying: The Underlying for this Contract is all bills that became law between Issuance and <date> according to Congress.gov. Revisions after the Expiration time on the Expiration Date will not be accounted for in determining the Expiration Value.

Instructions: The list of bills that have become law is available here:

<https://www.congress.gov/search?q=%7B%22source%22%3A%22%20legislation%22%2C%22%20bill-status%22%3A%22law%22%7D>. Each bill will say the date upon which it became law. These instructions are provided for convenience only and may be clarified or modified at any time.

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

Issuance: After the initial Contract, 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.

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

Percent: Kalshi may list CORP contracts 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 .01%. 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 contain documentation of a bill that raises the top federal corporate income tax rate to be strictly greater than <percent>. Other provisions that may affect the amount of corporate tax paid by a given corporation but are not the corporate income tax rate--such as rules affecting what income counts as taxable or affecting deductions, credits, and other tax attributes relevant to corporations--do not affect the resolution of the Contract. A bill that creates different tax brackets with some brackets below the threshold and others above with a rate greater than <percent> is encompassed in the Payout Criterion, since the Contract only considers the top tax bracket. Subsequent legislation which has the effect of lowering the top tax rate imposed on corporate income below <percent> does not affect the Payout Criterion. Surtaxes imposed on taxable income or (adjusted) gross income imposed on incomes in the top tax bracket are encompassed in the Payout Criterion. Increases in taxes imposed on specific kinds of corporate

income that are not taxable income or (adjusted) gross income are not relevant for the Payout Criterion.

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 and Time will be the sooner of the first 10:00 AM following the occurrence of an event which is encompassed in the Payout Criterion, or 11:59 PM on <date>.

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 shall be the sooner of the first 10:00 AM ET following the occurrence of an event that is encompassed in the Payout Criterion, 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 time on the Expiration Date.

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 a bill raising the corporate income tax above <percent> become law?”~~

~~7/22 Official Product Name: Will corporate taxes rise?~~

~~Ticker: CORP~~

~~Kalshi Contract Category: Political Decision~~

~~Corporate Tax Increases~~

~~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 a bill raising the corporate income tax above <percent> become law?”~~taxes rise” Contract is a contract relating to the rate of corporate income taxes imposed by 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.

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, 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. 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 a bill raising the federal corporate income tax above <percent> has become law, between Issuance and <date> (please see Appendix A in the Rulebook 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

Rule 100.26

Contract: “Official Product Name: Will a bill raising the corporate income tax above
<percent> become law?” taxes rise?
Ticker and Rulebook: CORP

CORP

Scope: These rules shall apply to the ~~“Will a bill raising the corporate income tax above <percent> become law?”~~CORP contract.

Underlying: The Underlying for this Contract is all bills ~~published on the Library of Congress’s official website for federal legislative information, Congress.gov, that have the status of “became law between Issuance and <date> according to Congress.gov. Revisions after the Expiration time on the Expiration Date will not be accounted for in determining the Expiration Value.”~~. The site contains both the direct text of the law and the status of the law.

Instructions: The list of bills that have become law is available here:

<https://www.congress.gov/search?q=%7B%22source%22%3A%22%20legislation%22%2C%22%20bill-status%22%3A%22law%22%7D>. Each bill will say the date upon which it became law. These instructions are provided for convenience only and may be clarified or modified at any time. ~~Revisions after the Expiration time on the Expiration Date will not be accounted for in determining the Expiration Value.~~

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

~~**Issuance:** The Issuance of the initial Contract will be on or after July 23, 2021.~~ **Issuance:** After the initial Contract, 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.

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

Percent: Kalshi may list ~~“Will a bill raising the corporate income tax above <percent> become law?”~~CORP contracts 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 .01%. 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 contain documentation of a bill that ~~has the effect of raising~~raises the top federal corporate income tax rate to be strictly greater than <percent>. Other provisions that may affect the amount of corporate tax paid by a given corporation but are not the corporate income tax rate--such as rules affecting what income counts as taxable or affecting deductions, credits, and other tax

attributes relevant to corporations--do not affect the resolution of the Contract. A bill that creates different tax brackets with some brackets below the threshold and others above with a rate greater than <percent> is encompassed in the Payout Criterion, since the Contract only considers the top tax bracket. ~~A bill that is invalidated by a final judicial action prior to the Expiration time on the Expiration Date will not be encompassed in the Payout Criterion. Any other judicial action will not affect the value of the bill.~~ Subsequent legislation which has the effect of lowering the top tax rate imposed on corporate income below <percent> does not affect the Payout Criterion. Surtaxes imposed on taxable income or (adjusted) gross income imposed on incomes in the top tax bracket are encompassed in the Payout Criterion. Increases in taxes imposed on specific kinds of corporate income that are not taxable income or (adjusted) gross income are not relevant for the Payout Criterion.

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 and time for the contract will be the same as the Expiration Date and time. No trading in the Contract shall occur after its-~~ The Last Trading Date and Time- will be the sooner of the first 10:00 AM following the occurrence of an event which is encompassed in the Payout Criterion, or 11:59 PM on <date>.

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: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the-~~ The Expiration Date of the initial Contract shall be December 31, 2021, the sooner of the first 10:00 AM ET following the occurrence of an event that is encompassed in the Payout Criterion, 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 ~~8:00pm~~ 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 Underlying (~~i.e. all bills listed on Congress.gov with the status of "became law"~~), as documented by the Source Agency, ~~that became law after the time of Issuance and before~~ on the Expiration time on the Expiration Date.

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 CAPGAIN 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 CAPGAIN contract (Contract). Contract is intended to be listed for an annual basis. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (the target date)**
- **<percent> (the target capital gains tax rate)**

The changes are as follows:

1. The Expiration Date is moved from a fixed date to the sooner of the nearest 10:00 AM following the occurrence of an event that is encompassed in the Payout Criterion, the first 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. The last trading time has been changed from 10:00 PM to 11:59 PM in response to changing hours on the platform.
4. Additional form language has been added to the Contingency section in order 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: Will capital gains taxes rise?

Ticker: CAPGAIN

Kalshi Contract Category: Political Decision

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 capital gains taxes rise?” Contract is a contract relating to the rate of capital gains taxes imposed by 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.

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, 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 a bill raising the long-term capital gains tax above <percent> has become law between Issuance and <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 Title: Will capital gains taxes rise?

Contract: CAPGAIN

CAPGAIN

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

Underlying: The Underlying for this Contract is all bills that became law between Issuance and <date> according to Congress.gov. Revisions after the Expiration time on the Expiration Date will not be accounted for in determining the Expiration Value.

Instructions: The site contains both the direct text of the law and the status of the law. The list of bills that have become law is available here:
<https://www.congress.gov/search?q=%7B%22congress%22%3A%5B%22117%22%5D%2C%22source%22%3A%22all%22%2C%22bill-status%22%3A%22law%22%7D>. These instructions are non-binding and are provided for convenience only. They may be clarified at any time.

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

Issuance: After the initial Contract, 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.

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 .01%. Due to the potential for variability in the Underlying, the Exchange may modify <percent> 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 contain documentation of a bill that has the effect of raising the top federal capital gains tax rate on net long-term capital gains to be strictly greater than <percent>. Subsequent legislation which has the effect of lowering the top capital gains tax rate on net long-term capital gains below <percent> does not affect the Payout Criterion. Documentation of a bill which would treat net long-term capital gains as ordinary income for the purpose of taxation is encompassed in the Payout Criterion if the top tax rate on such income is above <percent>. Bills which change the income which is taxable by the long-term capital gains tax or which is a surtax on the same taxable income are not encompassed in the Payout Criterion, if unaccompanied by an increase in the top federal capital gains tax rate on net long-term capital gains.

For the purposes of this contract, net long-term capital gains is defined to have the same meaning as it does in Internal Revenue Code Title 26 Subtitle A, Chapter 1, Subchapter P, Part III.

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 and Time will be the sooner of the first 10:00 AM following the occurrence of an event which is encompassed in the Payout Criterion, or 11:59 PM on <date>.

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 initial Contract shall be the earlier of the first 10:00 AM ET following the occurrence of an event that is encompassed in the Payout Criterion, 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 time on the Expiration Date.

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: Will capital gains taxes rise?

Ticker: CAPGAIN

Kalshi Contract Submission: CAPGAIN Category: Political Decision

9/0212/11/2021

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 ~~The~~ “Will capital gains taxes rise?” ~~CAPGAIN~~ Contract is a contract relating to the rate of capital gains taxes imposed by 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.

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, 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 a bill raising the long-term capital gains tax above <percent> has become law; between Issuance and <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 Title: Will capital gains taxes rise?

Contract: _CAPGAIN

CAPGAIN

Scope: These rules shall apply to the CAPGAIN contract.

~~**Context:** This contract relates to whether or not the tax on long-term capital gains will be increased.~~

Underlying: The Underlying for this Contract is all bills ~~published on the Library of Congress's official website for federal legislative information, Congress.gov,~~ that ~~have the status of "became law"~~ between Issuance and <date> according to Congress.gov. Revisions after the Expiration time on the Expiration Date will not be accounted for in determining the Expiration Value.

Instructions: The site contains both the direct text of the law and the status of the law. The list of bills that have become law is available here:

<https://www.congress.gov/search?q=%7B%22congress%22%3A%5B%22117%22%5D%2C%22source%22%3A%22all%22%2C%22bill-status%22%3A%22law%22%7D>

These instructions are non-binding and are provided for convenience only. They may be clarified at any time.

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

~~**Issuance:** The Issuance of the initial Contract will be on or after September 6, 2021.~~ **Issuance:** After the initial Contract, 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.

Percent: Kalshi may list ~~CAPGAIN contracts~~ 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 .01%. Due to the potential for variability in the Underlying, the Exchange may modify **<percent>** 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>**, ~~ranging from August 9, 2021 to January 1, 2025.->~~.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that contain documentation of a bill that has the effect of raising the top federal capital gains tax rate on net long-term capital gains to be strictly greater than **<percent>**. Subsequent legislation

which has the effect of lowering the top capital gains tax rate on net long-term capital gains below <percent> does not affect the Payout Criterion. Documentation of a bill which would treat net long-term capital gains as ordinary income for the purpose of taxation is encompassed in the Payout Criterion if the top tax rate on such income is above <percent>. Bills which change the income which is taxable by the long-term capital gains tax or which is a surtax on the same taxable income are not encompassed in the Payout Criterion, if unaccompanied by an increase in the top federal capital gains tax rate on net long-term capital gains.

For the purposes of this contract, net long-term capital gains is defined to have the same meaning as it does in Internal Revenue Code Title 26 Subtitle A, Chapter 1, Subchapter P, Part III ~~currently in effect on September 2, 2021.~~

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 the day before the Expiration Date and the Last Trading time will be 10:00pm ET. No trading in the Contract shall occur after its Last Trading Date and Time.~~ and Time will be the sooner of the first 10:00 AM following the occurrence of an event which is encompassed in the Payout Criterion, or 11:59 PM on <date>.

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 initial Contract shall be ~~December 31, 2021. The Expiration Date shall be at least two days~~ the earlier of the first 10:00 AM ET following the occurrence of an event that is encompassed in the Payout Criterion, 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 ~~8:00pm~~ 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 Underlying ~~(i.e. all bills listed on Congress.gov with the status of "became law"),~~ as documented by the Source Agency on the Expiration time on the Expiration Date, ~~that became law after the time of Issuance and before <date>.~~

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 RECNC 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 RECNC (Contract). The Exchange intends to list the contract in response to specific political developments. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- <date>

The amendments are as follows:

1. The Expiration Date is moved from a fixed date two days after <date> to the sooner of the nearest 10:00 AM following the occurrence of an event that is encompassed in the Payout Criterion, 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 to no later than one day following the occurrence of the event, in order to further accelerate members receiving their money.
3. The Last Trading Time and Expiration Time was moved to 11:59 PM and 10:00 AM respectively in order to standardize with other markets. We believe that this consistency will enhance our members' understanding of the platform.
4. We also added enhanced Instructions on how to access the Underlying. We have added form language to the Contingency section to be more 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: Will the Senate pass a reconciliation bill?

Ticker: RECNC

Kalshi Contract Category: Political Decision

Senate Reconciliation

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 the Senate pass a reconciliation bill?” Contract is a contract relating to the passage of a budget reconciliation bill by the U.S. Senate. In mid-July, President Joseph R. Biden announced a blueprint for a budget reconciliation bill that would authorize \$3.5 trillion in spending on a variety of Democratic priorities, including spending hundreds of billions of dollars on universal Pre-K, free community college, paid leave, clean energy research & development and more¹. 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.

Since mid-July, many members of the House of Representatives have announced they will not take up the Senate’s version of the bipartisan infrastructure deal unless they also pass a reconciliation bill². Meanwhile, several Democratic members of the Senate have announced that they are not certain they will support the reconciliation bill, thus rendering the final outcome unclear.

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.

¹ <https://www.nytimes.com/2021/07/14/us/politics/biden-social-spending-deal.html>

² <https://thehill.com/homenews/sunday-talk-shows/565838-ocasio-cortez-more-than-enough-votes-to-prevent-infrastructure>

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. 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 Senate has passed a budget reconciliation bill between Issuance and <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 the Senate pass a reconciliation bill?

Ticker and Rulebook: RECNC

RECNC

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is bills that have passed the Senate between Issuance and <date>, according to Congress.gov. Revisions after Expiration will not be accounted for in determining the Expiration Value.

Instructions: Bills can be found at <https://www.congress.gov/search?q=%7B%22source%22%3A%22legislation%22%7D>. The legislation tracker will indicate whether or not it has passed the Senate, as will the timeline of actions. These Instructions are provided for convenience only and may be modified or clarified at any time.

Source Agency: The Source Agency is the Library of Congress..

Type: The type of Contract is a Binary Contract.

Issuance: 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.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that include a Bill that meets the following two conditions: first, Congress.gov's legislation tracker records that it has "Passed Senate" between Issuance and <date> ; second, that the bill contains "reconciliation instructions" (such as beginning with the phrase "To provide for reconciliation pursuant to..." followed by the relevant section of the concurrent resolution on the budget for that fiscal year with instructions for specific committees).

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

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 will 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 earliest 10:00 AM ET following the occurrence of an event that is encompassed in the Payout Criterion, the earliest 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.

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: Will the Senate pass a reconciliation bill?

Ticker: RECNC

Kalshi Contract Submission: RECNC Category: Political Decision

Budget Senate Reconciliation Bill

8/912/11/2021

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 RECNC~~ The “Will the Senate pass a reconciliation bill?” Contract is a contract relating to the passage of a budget reconciliation bill by the U.S. Senate. In mid-July, President Joseph R. Biden announced a blueprint for a budget reconciliation bill that would authorize \$3.5 trillion in spending on a variety of Democratic priorities, including spending hundreds of billions of dollars on universal Pre-K, free community college, paid leave, clean energy research & development and more¹. 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.

Since mid-July, many members of the House of Representatives have announced they will not take up the Senate’s version of the bipartisan infrastructure deal unless they also pass a reconciliation bill². Meanwhile, several Democratic members of the Senate have announced that they are not certain they will support the reconciliation bill, thus rendering the final outcome unclear.

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.

¹ <https://www.nytimes.com/2021/07/14/us/politics/biden-social-spending-deal.html>

² <https://thehill.com/homenews/sunday-talk-shows/565838-ocasio-cortez-more-than-enough-votes-to-prevent-infrastructure>

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. 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 Senate has passed a budget reconciliation bill before between Issuance and <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

Contract Official Product Name: Will the Senate pass a reconciliation bill?

Ticker and Rulebook: RECNC

~~Contract:~~ RECNC

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is bills that have passed the Senate, ~~as captured by~~ between Issuance and <date>, according to Congress.gov's legislation tracker (available at <https://www.congress.gov/search?q=%7B%22source%22%3A%22legislation%22%7D>). In particular, the Contract will be resolved depending on two parts of the Underlying. ~~The first is the bill's "Tracker," which reports whether the bill has "Passed House," "Passed Senate," "Became Law," and so on as well as the date of passage. The second is the full text of the law, which is available by clicking on the bill and then the "text" tab of the bill.gov.~~ Revisions after Expiration will not be accounted for in determining the Expiration Value.

Instructions: Bills can be found at <https://www.congress.gov/search?q=%7B%22source%22%3A%22legislation%22%7D>. The legislation tracker will indicate whether or not it has passed the Senate, as will the timeline of actions. These Instructions are provided for convenience only and may be modified or clarified at any time.

Source Agency: The Source Agency is the Library of Congress..

Type: The type of Contract is a Binary Contract.

~~**Issuance:** The Issuance of the initial Contract will be on or after August 11, 2021. After the initial Contract,~~ **Issuance:** 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.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that include a Bill that meets the following two conditions: first, Congress.gov's legislation tracker records that it has "Passed Senate" ~~before <date> and after the date of~~ between Issuance and <date>; second, that the bill contains "reconciliation instructions" (such as beginning with the phrase "To provide for reconciliation pursuant to..." followed by the relevant section of the concurrent resolution on the budget for that fiscal year with instructions for specific committees).

Date: <date> refers to a date specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <date>, ~~ranging from August 9, 2021 to January 1, 2023.~~ >.

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 <date> The Last Trading Time will be ~~the same as the Expiration time~~ 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: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the Expiration~~ The Expiration Date of the Contract shall be ~~two days~~ the sooner of the earliest 10:00 AM ET following the occurrence of an event that is encompassed in the Payout Criterion, the earliest 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 PM ET.

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

Expiration Value: The Expiration Value is the value of the Underlying (~~i.e. all bills listed on Congress.gov with the status of "Passed the Senate"~~), as documented by the Source Agency, ~~that passed the Senate after the time of Issuance and before the Target Date.~~

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 SALTX 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 SALTX contract (Contract). The Contract is intended to be listed semi-annually, although it can be additionally listed in response to changing political circumstances. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (the target date)**

The amendments are as follows:

1. The Listing Cycle was changed to a semi-annual basis as it was previously unspecified to provide clear hedging opportunities for Members.
2. The Expiration Date is now the sooner of one day following the first weekday that is not a federal holiday following <date> after an event encompassed in the Payout Criterion or the first weekday that is not a federal holiday following <date>; rather than merely two days after <date>. This is to guarantee that any short-term issue with the final data release does not affect the Expiration Value of the Contract.
3. The Expiration Time was changed to 10:00 AM ET from 8:00 PM ET. This was done to standardize Expiration Times across the platform.
4. 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
Chief Regulatory Officer
KalshiEX LLC
emishory@kalshi.com

KalshiEX LLC

New Contract Submission: Will the SALT deduction cap be raised?

Ticker: SALTX

State and Local Tax Deduction

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 the SALT deduction cap be raised?” Contract is a contract relating to whether Congress will increase the State and Local Tax (SALT) deduction cap. The SALT deduction allows tax filers to deduct the amount of income they owe in state and local taxes from the amount of income they pay federal income tax on. 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 SALT deduction has been around for as long as the federal income tax has been¹. In 2017, Congress limited the deduction such that no filer could deduct more than \$10,000 in SALT taxes from their federal taxable income; previously the deduction was unlimited. Since then, Representatives and Senators from high-tax jurisdictions have been pushing for the cap to be lifted or eliminated in the latest budget reconciliation bill.

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.

¹ <https://www.gfoa.org/salt>

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. 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 a Bill has become law between Issuance and <date> that increases the amount of state and local taxes that a tax filer can deduct from their taxable income, 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 the SALT deduction cap be raised?

Ticker and Rulebook: SALTX

SALTX

Scope: These rules shall apply to the SALTX contract.

Underlying: The Underlying for this Contract is Bills that have become law, as captured by Congress.gov's legislation tracker. In particular, the Contract will be resolved depending on two conditions. The first is the bill's "Tracker," which reports whether the Bill has "Passed House," "Passed Senate," "Became Law," and so on as well as the date of passage. Second is the bill's Text, which shall be used to determine whether the Bill increases the amount of state and local taxes which can be deducted from a taxpayer's taxable income. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: Congress.gov's legislation tracker is available at <https://www.congress.gov/search?q=%7B%22source%22%3A%22legislation%22%7D>). The text of a Bill is available by clicking on the link for a given Bill and clicking on the Text tab (currently adjacent to the Summary Tab). 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 Library of Congress.

Type: The type of Contract is a Binary Contract.

Issuance: This contract will be listed on a semi-annual basis. In response to changes in political circumstances, the Exchange may add additional iterations of the Contract.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that include a Bill that meets the following two conditions: first, Congress.gov's legislation tracker records that it has "Become Law" between Issuance and <date>; second, that the Bill increases the current limitation in Internal Revenue Code section 164(b) on the amount allowed as a deduction for state and local taxes in Internal Revenue Code in section 164(a) for at least some class of taxpayer. The current limitation for individuals is \$10,000 (\$5,000 in the case of a married individual filing a separate return). This could take a variety of forms, including striking paragraph 6 of Section 164(b) of the Internal Revenue Code of 1986 (which includes the limit) for a given taxable year; or amending paragraph 6 to increase the limit for a given taxable year. A Bill that does not increase the current cap for at least a class of individual taxpayers--for example, a Bill that allows taxpayers to claim certain amounts paid to a state or local jurisdiction as a charitable deduction--does not meet the second condition even though it has the effect of allowing a deduction for amounts paid to a state or local jurisdiction. For context and convenience, the complete tax code can be found at

<https://uscode.house.gov/browse/prelim@title26&edition=prelim>, and the specific provision including the SALT tax deduction is Title 26, Subtitle A, Chapter 1, Subchapter B, Part VI, section 164 (available here: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title26-section164&num=0&edition=prelim>). The cap is in subparagraph 6 of paragraph (b).

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 <date>. 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 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 an event encompassed in the Payout Criterion, the first 10:00 AM ET following Congress.gov updating for <date>, or the first 10:00 AM ET 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 (i.e., all Bills listed on Congress.gov with the status of “Became Law”) as documented by the Source Agency after the time of Issuance and before <date>.

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: Will the SALT deduction cap be raised?

Ticker: SALTX

State and Local Tax Deduction

9/10/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 SALTX The “Will the SALT deduction cap be raised?” Contract is a contract relating to whether Congress will increase the State and Local Tax (SALT) deduction cap. The SALT deduction allows tax filers to deduct the amount of income they owe in state and local taxes from the amount of income they pay federal income tax on. 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 SALT deduction has been around for as long as the federal income tax has been¹. In 2017, Congress limited the deduction such that no filer could deduct more than \$10,000 in SALT taxes from their federal taxable income; previously the deduction was unlimited. Since then, Representatives and Senators from high-tax jurisdictions have been pushing for the cap to be lifted or eliminated in the latest budget reconciliation bill.

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.

¹ <https://www.gfoa.org/salt>

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. 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 a Bill has become law ~~after the time of~~between Issuance and ~~before~~ <date> that increases the amount of state and local taxes that a tax filer can deduct from their taxable income, 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: Will the SALT deduction cap be raised?

Ticker and Rulebook: SALTX

Contract: SALTX

Scope: These rules shall apply to the SALTX contract.

Underlying: The Underlying for this Contract is Bills that have become law, as captured by Congress.gov's legislation tracker. In particular, the Contract will be resolved depending on two conditions. The first is the bill's "Tracker," which reports whether the Bill has "Passed House," "Passed Senate," "Became Law," and so on as well as the date of passage. Second is the bill's Text, which shall be used to determine whether the Bill increases the amount of state and local taxes which can be deducted from a taxpayer's taxable income. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: Congress.gov's legislation tracker is available at <https://www.congress.gov/search?q=%7B%22source%22%3A%22legislation%22%7D>). The text of a Bill is available by clicking on the link for a given Bill and clicking on the Text tab (currently adjacent to the Summary Tab). 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.

~~Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.~~

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

Issuance: ~~The Issuance of the initial Contract will be on or after September 11, 2021. After the initial Contract, Contract iterations~~ This contract will be listed on an as-needed a semi-annual basis at the discretion of. In response to changes in political circumstances, the Exchange and corresponding to the risk management needs of Members may add additional iterations of the Contract.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that include a Bill that meets the following two conditions: first, Congress.gov's legislation tracker records that is has "Become Law" ~~before <date> and after the date of~~ between Issuance; and <date>; second, that the Bill increases the current limitation in Internal Revenue Code section 164(b) on the amount allowed as a deduction for state and local taxes in Internal Revenue Code in section 164(a) for at least some class of taxpayer. The current limitation for individuals is \$10,000 (\$5,000 in the case of a married individual filing a separate return). This could take a variety of forms, including striking paragraph 6 of Section 164(b) of the Internal Revenue Code

of 1986 (which includes the limit) for a given taxable year-2022; or amending paragraph 6 to increase the limit for a given taxable year-2022. A Bill that does not increase the current cap for at least a class of individual taxpayers--for example, a Bill that allows taxpayers to claim certain amounts paid to a state or local jurisdiction as a charitable deduction--does not meet the second condition even though it has the effect of allowing a deduction for amounts paid to a state or local jurisdiction. For context and convenience, the complete tax code can be found at <https://uscode.house.gov/browse/prelim@title26&edition=prelim>, and the specific provision including the SALT tax deduction is Title 26, Subtitle A, Chapter 1, Subchapter B, Part VI, section 164 (available here: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title26-section164&num=0&edition=prelim>). The cap is in subparagraph 6 of paragraph (b).

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

Settlement Date: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ 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: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Expiration Date of the Contract shall be ~~two days~~ the sooner of the first 10:00 AM ET following an event encompassed in the Payout Criterion, the first 10:00 AM ET following Congress.gov updating for <date>-.>, or the first 10:00 AM ET 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 810:00 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 (i.e., all Bills listed on Congress.gov with the status of "Became Law") as documented by the Source Agency after the time of Issuance and before <date>.

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 “VOHC” 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 “VOHC” contract (Contract). The Contract is intended to be listed semi-annually. The Exchange may list additional contracts with different <number> levels according to changes in expectations. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- <number> (the number of variants of high consequence the CDC could identify)
- <date> (the target date)

The changes are as follows:

1. The listing cycle, as noted above, was specified to cover a semi-annual period from none specified before.
2. A sentence was added to the Payout Criterion to clarify that, if no data is available on the Expiration Date at the Expiration time, the market resolves to No.
3. The Expiration Date is now the sooner of one day following the occurrence of the event or <date> rather than March 1, 2022, to increase the scope of the Contract and expand hedging opportunities for Members.
4. The Expiration Time is now 10:00 AM rather than 7:00 PM. This is to help standardize Expiration times across the platform to be 10:00 AM.
5. The Settlement date has been reduced to no later than the day following Expiration rather than strictly the day following Expiration. This is to help 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,

A handwritten signature in black ink that reads "Elie Mishory". The signature is written in a cursive, slightly slanted style.

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

KalshiEX LLC

Rule 40.2 New Contract Submission: Will the CDC identify a variant of high consequence?

Ticker: VOHC

Variant of High Consequence

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 the CDC identify a variant of high consequence?” Contract is a contract relating to whether the CDC will identify a variant of high consequence (VOHC) in the United States. The CDC classifies SARS-CoV-2 variants, provided they meet certain minimum requirements, into three categories of increasing severity: variants of interest, variants of concern, and variants of high consequence. A variant of high consequence is the most concerning of the group, and is characterized by the failure of medical countermeasures (“MCMs”), including the possibility of significantly reduced vaccine and therapeutic efficacy. The CDC has yet to identify a variant that rises to that level; the much-discussed Delta variant is only classified as a variant of concern. The Contract concerns whether such a variant will emerge. 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 COVID-19 pandemic has wreaked havoc on the United States. The virus has claimed the lives of hundreds of thousands of Americans and sickened many more. According to the Brookings Institute, “the COVID-19 global recession is the deepest since the end of World War II.”¹ The emergence of new variants, such as the Delta variant, have spooked financial markets, pushed cities to reimpose mask mandates, and raised concerns around the pace of reopening.² The emergence of a variant of high concern could ignite another wave of the pandemic, not only among the unvaccinated but the vaccinated as well. Such

¹ <https://www.brookings.edu/research/social-and-economic-impact-of-covid-19/>

² <https://www.reuters.com/business/global-markets-wrapup-3-pix-2021-08-02/>

a wave could precipitate lockdowns, overwhelmed hospitals, and economic distress. The Contract allows retail and institutional investors to hedge such risks.

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 CDC has identified a variant of high consequence, 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 the CDC identify a variant of high consequence?

Ticker and Rulebook: VOHC

VOHC

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

Underlying: The Underlying for this Contract is the number of Variants of High Consequence (VOHC) identified by the CDC. Revisions after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The CDC's SARS-CoV-2 Variant Classifications and Definitions webpage is available at: <https://www.cdc.gov/coronavirus/2019-ncov/variants/variant-info.html#Consequence>. On the page, scroll down to the header "Variant of High Consequence." Any variants that are classified as Variants of High Consequence will be listed in a table under the header. At the time of filing, no such variants have been identified, and the table reads: "Currently, there are no SARS-CoV-2 variants that rise to the level of high consequence." For an example of an existing table of variants, see the table labeled "Selected Characteristics of SARS-CoV-2 Variants of Concern" under the classification "Variant of Concern" on the same webpage. 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: This Contract will be listed on a semi-annual basis.

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

<date>: <date> refers to a calendar date specified by Kalshi.

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

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 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 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 an event that is encompassed by the Payout Criterion or <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: Will the CDC identify a variant of high consequence?Ticker: VOHC

Variant of High Consequence

~~9/2/21~~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 VOHC~~ The “Will the CDC identify a variant of high consequence?” Contract is a contract relating to whether the CDC will identify a variant of high consequence (VOHC) in the United States. The CDC classifies SARS-CoV-2 variants, provided they meet certain minimum requirements, into three categories of increasing severity: variants of interest, variants of concern, and variants of high consequence. A variant of high consequence is the most concerning of the group, and is characterized by the failure of medical countermeasures (“MCMs”), including the possibility of significantly reduced vaccine and therapeutic efficacy. The CDC has yet to identify a variant that rises to that level; the much-discussed Delta variant is only classified as a variant of concern. The Contract concerns whether such a variant will emerge. 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 COVID-19 pandemic has wreaked havoc on the United States. The virus has claimed the lives of hundreds of thousands of Americans and sickened many more. According to the Brookings Institute, “the COVID-19 global recession is the deepest since the end of World War II.”¹ The emergence of new variants, such as the Delta variant, have spooked financial markets, pushed cities to reimpose mask mandates, and raised concerns around the pace of reopening.² The emergence of a variant of high concern could ignite another wave of the pandemic, not only among the unvaccinated but the vaccinated as well. Such

¹ <https://www.brookings.edu/research/social-and-economic-impact-of-covid-19/>

² <https://www.reuters.com/business/global-markets-wrapup-3-pix-2021-08-02/>

a wave could precipitate lockdowns, overwhelmed hospitals, and economic distress. The Contract allows retail and institutional investors to hedge such risks.

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 CDC has identified a variant of high consequence, 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: Will the CDC identify a variant of high consequence?

Ticker and Rulebook: VOHC

Contract:

VOHC

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

Underlying: The Underlying for this Contract is the number of Variants of High Consequence (VOHC) identified by the CDC.

Revisions after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The CDC's SARS-CoV-2 Variant Classifications and Definitions webpage is available at: <https://www.cdc.gov/coronavirus/2019-ncov/variants/variant-info.html#Consequence>. On the page, scroll down to the header "Variant of High Consequence." Any variants that are classified as Variants of High Consequence will be listed in a table under the header. At the time of filing, no such variants have been identified, and the table reads: "Currently, there are no SARS-CoV-2 variants that rise to the level of high consequence." For an example of an existing table of variants, see the table labeled "Selected Characteristics of SARS-CoV-2 Variants of Concern" under the classification "Variant of Concern" on the same webpage. 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 on or after September 4th, 2021. After the initial Contract, 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. This Contract will be listed on a semi-annual basis.~~

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

<date>: <date> refers to a calendar date specified by Kalshi.

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

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 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 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 ~~March 1, 2022~~the sooner of the first 10:00 AM ET following an event that is encompassed by the Payout Criterion or <date>.

Expiration time: The Expiration time of the Contract shall be ~~7~~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 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 Congress raise or suspend the debt ceiling? 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 Congress raise or suspend the debt ceiling? contract (Contract) to be listed for trading on Kalshi. The case is intended to be listed at intervals of several months, corresponding to estimates of when the U.S. will breach the debt limit. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**

The changes are as follows:

1. The contract's expiration has changed from the sooner of one day following the occurrence of an event encompassed in the Payout Criterion, or one week after <date> to the sooner of the occurrence of an event encompassed in the Payout Criterion, 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 evaluation period from "after Issuance and before <date>" to "between Issuance and <date>" 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

New Contract Submission: Will Congress raise or suspend the debt ceiling?

Ticker: DCEIL

Kalshi Contract Category: Political Decision

Debt Ceiling

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 Congress raise or suspend the debt ceiling?” Contract is a contract relating to whether the U.S. Congress will raise the federal debt ceiling. The debt ceiling was most recently raised in October 2021 after an extended period of “emergency measures” following the expiration of the Bipartisan Budget Act of 2019. The debt ceiling is next expected to be reached in December 2021. 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.

Failure to raise the debt ceiling could have dramatic effects on American businesses and workers. Borrowing costs would rise not just for the federal government but for all bonds that are benchmarked to the Treasury rate. Millions of workers who rely on the federal government for employment or contracts would see vital payments disrupted.

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. 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 US debt ceiling has been raised between Issuance and <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 Congress raise or suspend the debt ceiling?

Ticker and Rulebook: DCEIL

DCEIL

Scope: These rules shall apply to the DCEIL contract.

Underlying: The Underlying for this Contract is bills that became law between Issuance and <date> as published on Congress.gov.

Instructions: Bills that have become law are available at:

<https://www.congress.gov/search?q=%7B%22congress%22%3A%5B%22117%22%5D%2C%22source%22%3A%22all%22%2C%22bill-status%22%3A%22law%22%7D> . In particular, the Contract will be resolved depending on two conditions. The first is the bill’s “Tracker,” which reports whether the bill has “Passed House,” “Passed Senate,” “Became Law,” and so on as well as the date of passage. Second is the bill’s Text, which shall be used to determine whether the Bill raises the debt ceiling. The text is available by clicking on the link for a given bill and clicking on the Text tab (currently adjacent to the Summary Tab). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

Issuance: After the initial Contract, 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.

<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 contain documentation of a Bill that:

- (1) Achieved the status “Became Law” between Issuance and <date>. Note that “Became Law” does not mean that the bill has taken effect.
- (2) Raises or suspends the current federal debt ceiling as defined as the limit set by Section 3101(b) of Title 31 of the United States Code.
 - (a) “Raises the current federal debt ceiling” is defined by the creation of any new debt limit greater than the amount set by law on the Issuance of the Contract. Future iterations of the contract may use different benchmarks of “current debt ceiling”. If so, the Exchange will indicate that new benchmark in the Rulebook and on the market page.
 - (b) Bills that authorize an increase in the debt ceiling subject to some determination by the President are encompassed in the Payout Criterion.

(c) Suspension of debt ceiling is defined as any action that suspends the application of Section 3101(b) of Title 31 of the United States Code for any positive length of time

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 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 shall be the sooner of the first 10:00 AM ET following the occurrence of the event as reported at the Underlying, 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

New Contract Submission: Will Congress raise or suspend the debt ceiling?

Ticker: DCEIL

Kalshi Contract Category: Political Decision

Debt Ceiling

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 DCEIL~~ The “Will Congress raise or suspend the debt ceiling?” Contract is a contract relating to whether the U.S. Congress will raise the federal debt ceiling. The debt ceiling was most recently raised in October 2021 after an extended period of “emergency measures” following the expiration of the Bipartisan Budget Act of 2019. The debt ceiling is next expected to be reached in December 2021. 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.

Failure to raise the debt ceiling could have dramatic effects on American businesses and workers. Borrowing costs would rise not just for the federal government but for all bonds that are benchmarked to the Treasury rate. Millions of workers who rely on the federal government for employment or contracts would see vital payments disrupted.

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. 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 US debt ceiling has been raised ~~after~~between Issuance and ~~before~~ <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 Congress raise or suspend the debt ceiling?

Ticker and Rulebook: DCEIL

DCEIL

Scope: These rules shall apply to the DCEIL contract.

Underlying: The Underlying for this Contract is bills that became law after/between Issuance and before <date> as published on Congress.gov.

Instructions: Bills that have become law are available at:

<https://www.congress.gov/search?q=%7B%22congress%22%3A%5B%22117%22%5D%2C%22source%22%3A%22all%22%2C%22bill-status%22%3A%22law%22%7D>. In particular, the Contract will be resolved depending on two conditions. The first is the bill’s “Tracker,” which reports whether the bill has “Passed House,” “Passed Senate,” “Became Law,” and so on as well as the date of passage. Second is the bill’s Text, which shall be used to determine whether the Bill raises the debt ceiling. The text is available by clicking on the link for a given bill and clicking on the Text tab (currently adjacent to the Summary Tab). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agency is the Library of Congress.

Type: The type of Contract is a Binary Contract.

Issuance: After the initial Contract, 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.

<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 10, 2021 to January 1, 2025.>.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that contain documentation of a Bill that:

- (1) Achieved the status “Became Law” after the time of/between Issuance and before <date>. Note that “Became Law” does not mean that the bill has taken effect.
- (2) Raises or suspends the current federal debt ceiling as defined as the limit set by Section 3101(b) of Title 31 of the United States Code.
 - (a) “Raises the current federal debt ceiling” is defined by the creation of any new debt limit greater than the amount set by law on the Issuance of the Contract. For the first iteration of the contract on or after November 10, 2021, that amount is established by the Promoting Physical Activity for Americans Act, which increased the debt limit by \$480 billion over the amount set by the Bipartisan

Budget Act of 2019¹. ~~The Bipartisan Budget Act of 2019 set the ceiling after August 1, 2021 as “the face amount of obligations issued under chapter 31 of such title and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury) outstanding on August 1, 2021”.~~ Future iterations of the contract may use a different benchmark of “current debt ceiling”. Future iterations of the contract may use different benchmarks of “current debt ceiling”. If so, the Exchange will indicate that new benchmark in the Rulebook and on the market page.

- (b) Bills that authorize an increase in the debt ceiling subject to some determination by the President are encompassed in the Payout Criterion.
- (c) Suspension of debt ceiling is defined as any action that suspends the application of Section 3101(b) of Title 31 of the United States Code for any positive length of time

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 PM.

Settlement Date: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ 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 shall be the sooner of ~~one day~~ the first 10:00 AM ET following the occurrence of the event as reported at the Underlying, 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.

¹<https://www.congress.gov/bill/117th-congress/senate-bill/1301/text?q=%7B%22search%22%3A%5B%22Promoting+Physical+Activity+for+Americans+Act%22%2C%22Promoting%22%2C%22Physical%22%2C%22Activity%22%2C%22for%22%2C%22Americans%22%2C%22Act%22%5D%7D&r=1&s=1>

Expiration Value: The Expiration Value is the value of the Underlying ~~for the statistical period after the date of Issuance and before <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.

