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 over <number> of Americans be vaccinated for COVID-19?" Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is self-certifying the amendments to the "Will over <number> of Americans be vaccinated for COVID-19?" contract (VAXX contract or Contract). The Contract is intended to be listed at intervals of at least one week. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<count> (The target value of number of vaccines)**

The amendments to VAXX contract are as follows:

1. The contract's expiration has changed from <date> to the sooner of the first 10:00 AM following when the data arrives for <date>, the first 10:00 AM following an event that is encompassed in the Payout Criterion occurs, or one week after <date>. This new approach has several key advantages: it keeps the risk of a "no data" resolution low and means that members can receive their money back faster in the event that the data arrives on time.
2. The settlement time has shrunk from the day after expiration to "no later than the day after expiration" in order to increase convenience for members.
3. The market will now close prior to the expected release of the final data. This change benefits members because it eliminates the risk that a resting order could be filled by someone after the final data has been posted. While this feature would be desirable to have on all markets, it is only possible for markets with scheduled data release times.
4. The contract changes the way it refers to <date>. Previously, <date> referred to the data available at <date>. For example, if <date> was December 6, then it was whatever value the CDC reported on December 6, which often meant the data was only updated through December 5th. This arrangement eliminated the risk of "no data" resolutions but now that the Exchange has the ability to support a variable expiration date, that state of affairs is no longer necessary. Now <date> refers to the date when the data was updated, so if <date> was December 6, then it would be data accurate as of December 6. This helps members better model and make educated trades by making it more certain exactly which data is included.
5. More instructions have been added to Appendix A to make it easier for members to find what data is being used. The Exchange may add iterations of a contract for a given period with different values of <count> if forecasts change. For example, suppose the Exchange listed a contract asking if 250 million Americans will be vaccinated by April 1, 2022. However, the

Omicron variant is spreading rapidly and it becomes clear that this number is too low. In such a scenario, the Exchange may add an additional iteration of the Contract for the same period with a higher value of <count>, e.g. 300,000,000.

6. The Expiration Time has been moved to 10:00 AM and <number> has been renamed to <count> in order to be consistent with other contracts.
7. Additional form language regarding contingencies has been added to be consistent with other contracts.

Along with this letter, Kalshi submitted the following documents:

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

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

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

Sincerely,

Eliezer Mishory

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

KalshiEX LLC
New Contract Submission: How many Americans will be vaccinated for COVID-19?
Ticker: VAXX
Kalshi Contract Category: Economic/Demographic Measure (U.S. Government Data)
COVID-19 Vaccination
12/11/2021

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

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

I. Introduction

The "How many Americans will be vaccinated for COVID-19? "Contract is a contract relating to the number of people living in the United States who have received one or more doses of a COVID-19 vaccine. It is designed to enable market participants whose businesses or operations are affected by the economic downturn and uncertainties caused by the coronavirus pandemic to mitigate the commercial risks associated with the continuation of the COVID-19 pandemic and the frequency of vaccinations among the American public. After careful analysis, Kalshi (hereafter referred to as "Exchange") has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange's application for designation as a Contract Market ("DCM") that was approved by the Commission.

As of June 2021, the United States has fully vaccinated just over 44% of its population. Estimates suggest that 70-90% of the population needs to acquire resistance to the coronavirus to reach herd immunity, allowing the country to return to normalcy.[1] At the current pace, the U.S. should reach herd immunity sometime between October and February.[2] However, obstacles could arise that would delay herd immunity and with it the lifting of social distancing requirements, the end of government shutdowns, and the reopening of the economy. Reluctance to take the vaccine could result in lower vaccination levels in the U.S., even if supply is not restricted. The contract allows market participants to hedge the risk of unexpected changes in the vaccination rate, and the attendant economic consequences.

[1] https://www.nytimes.com/interactive/2020/us/covid-19-vaccine-doses.html?action=click&module=Top%20Stories&pgtype=Homepage
[2] Ibid.

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

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

General Contract Terms and Conditions: The Contract operates similar to other binary contracts that the Exchange lists for trading. The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of $0.01 to enable Members to match the size of the contracts purchased to their economic risks. The Exchange has further imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract. As outlined in Rule 5.12 of the Rulebook, trading shall be available at all times outside of any maintenance windows, which will be announced in advance by the Exchange. Members will be charged fees in accordance with Rule 3.6 of the Rulebook. Fees are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. After trading on the Contract has closed, the Expiration Value and Market Outcome are determined. The market is then settled by the Exchange, and the long position holders and short position holders are paid according to the Market Outcome. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Contract and "short position holders" refers to Members who purchased the "No" side of the Contract. If the Market Outcome is "Yes," meaning that the number of people receiving a first dose of a COVID-19 vaccine by <date> is strictly more than <count>, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is “No,” then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of “Yes” are included below in the section titled “Payout Criterion” in Appendix A.

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: How many Americans will be vaccinated for COVID-19?
Ticker and Rulebook: VAXX

VAXX

Scope: These rules shall apply to the VAXX contract.

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

Instructions: The number of people in the United States reported as receiving first doses of a COVID-19 vaccine published by the CDC (https://covid.cdc.gov/covid-data-tracker/#vaccinations). To view the Underlying, go to the table titled "People Vaccinated" displayed on the linked webpage, and check the "Total" value of the column titled "At Least One Dose" to view the total number of people who have received at least one dose of an approved vaccine. The value is in the column titled "Count" and the row labelled "Total". These instructions on how to access the Underlying are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time.

Source Agency: The Source Agency is the CDC.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a daily basis. Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week or beyond. The Exchange may add contracts with different values of <count> for a given period in response to changing forecasts.

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

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

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

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

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

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

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

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

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

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

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

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

KalshiEX LLC
~~Rule 40.2~~ New Contract Submission: ~~“Will over <number> of~~How many Americans will be vaccinated for COVID-19~~?”~~?
~~07/06~~Ticker: VAXX
Kalshi Contract Category: Economic/Demographic Measure (U.S. Government Data)
COVID-19 Vaccination
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 over <number> of~~How many Americans will be vaccinated for COVID-19~~?” contract~~? “Contract is a contract relating to the number of people living in the United States who have received one or more doses of a COVID-19 vaccine. It is designed to enable market participants whose businesses or operations are affected by the economic downturn and uncertainties caused by the coronavirus pandemic to mitigate the commercial risks associated with the continuation of the COVID-19 pandemic and the frequency of vaccinations among the American public. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the ~~contract~~Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange’s application for designation as a Contract Market (“DCM”) that was approved by the Commission.

As of June 2021, the United States has fully vaccinated just over 44% of its population. Estimates suggest that 70-90% of the population needs to acquire resistance to the coronavirus to reach herd immunity, allowing the country to return to normalcy.[1] At the current pace, the U.S. should reach herd immunity sometime between October and February.[2] However, obstacles could arise that would delay herd immunity and with it the lifting of social distancing requirements, the end of government shutdowns, and the reopening of the economy. Reluctance to take the vaccine could result in lower vaccination levels in the U.S., even if supply is not restricted. The contract allows market

[1] https://www.nytimes.com/interactive/2020/us/covid-19-vaccine-doses.html?action=click&module=Top%20Stories&pgtype=Homepage
[2] Ibid.

participants to hedge the risk of unexpected changes in the vaccination rate, and the attendant economic consequences.

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

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

~~Relevant~~General Contract Terms and Conditions: The Contract operates similar to ~~the~~ other binary contracts that the Exchange ~~is self-certifying~~lists for trading. ~~In particular, the contract's~~The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of $0.01 to enable Members to match the size of the contracts purchased to their economic risks. The Exchange has further imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract. As outlined in Rule 5.12 of the Rulebook, trading shall be available at all times outside of any maintenance windows, which will be announced in advance by the Exchange. Members will be charged fees in accordance with Rule 3.6 of the Rulebook. Fees are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. ~~While~~During the time that trading on the ~~contract~~Contract is open, Members are able to adjust their positions and trade freely. ~~Once~~After trading on the ~~contract~~Contract has closed, the Expiration Value and Market Outcome are determined. The market is then settled by the Exchange, and the long position holders and short position holders are paid according to the ~~outcome of the market.~~Market Outcome. In this case, "long position ~~holder~~holders" refers to ~~a Member~~Members who purchased the "Yes" side of the ~~contract~~Contract and "short position ~~holder~~holders" refers to ~~a Member~~Members who purchased the "No" side of the ~~contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered.~~Contract. If the Market Outcome is "Yes~~"~~," meaning that the ~~Number of People Receiving 1 or More Doses~~number of people receiving a first dose of a COVID-19 vaccine ~~for the statistical period of the week ending~~by <date> is strictly more than <~~number~~count>, then the long position ~~holder is~~holders are paid an absolute amount proportional to the size of their position and the short position ~~holder receives~~holders receive no payment. ~~Otherwise, if~~ If the Market Outcome is "No~~"~~," then the short position ~~holder is~~holders are paid an absolute amount proportional to the size of their position and the long position ~~holder receives~~holders receive no payment. ~~Further specification~~Specification of the circumstances that would trigger a ~~settlement in the~~Market Outcome of "Yes" ~~direction~~ are included below in the section titled "Payout Criterion" in Appendix A.

~~**Contract Specifications:**~~

~~**Underlying**~~	~~The CDC's estimate of the Number of People Who Have Received At Least 1 Dose of a COVID-19 Vaccine (https://covid.cdc.gov/covid-data-tracker/#vaccinations). Revisions after Expiration will not be taken into account.~~
~~**Payout Criterion**~~	~~The Payout Criterion encompasses the Expiration Values that are strictly greater than <number>.~~
~~**Contract Size**~~	~~The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.~~
~~**Listing Cycle**~~	~~For contracts whose Expiration Value is based on the outcome of recurrent data releases, Contract iterations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.~~ ~~The Contract is based on the outcome of a recurrent data release which is issued on a daily basis (the CDC COVID Data Tracker) and checked on a weekly basis by the Exchange. Thus, Contract iterations will be listed on a weekly basis.~~ ~~I. The Issuance of the initial contract will be July 7, 2021.~~ ~~II. The Issuance of each subsequent contract will correspond to the next week and be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on Mondays.~~ ~~III. The Exchange will list additional contract weeks on a recurring basis~~

	~~and will publish all available contract weeks on its website.~~
~~Tick Size~~	~~The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99.A minimum price fluctuation of $0.01 is the standard tick size on the Exchange.~~
~~Position Limit~~	~~The Exchange has imposed position limits (defined as maximum loss exposure) of $25,000 USD on the contract.~~
~~Trading Hours~~	~~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.~~
~~Fees~~	~~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.~~
~~Contract Modifications~~	~~As outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.~~

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Rule 100.11~~

~~Contract: "Will over <number> of~~
Official Product Name: How many Americans will be vaccinated for COVID-19~~?"~~?
Ticker and Rulebook: VAXX

VAXX

Scope: These rules shall apply to the VAXX contract ~~referred to as "Will over <number> of Americans be vaccinated for COVID-19?"~~.

~~**Underlying:** The Underlying for this Contract is the number of people reported as receiving one or more~~**Underlying:** The Underlying for this Contract is the number of people in the United States who have received a first dose of a COVID-19 vaccine by <date> according to the Centers for Disease Control and Prevention (CDC). Please note that the data often says something to the effect of: "Data as of: December 6, 2021 6:00am ET." If <date> was December 6, 2021 and that is *the most recent data that is "as of December 6"*, then the Underlying is that aforementioned data, even though it is accurate only as of the morning. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The number of people in the United States reported as receiving first doses of a COVID-19 vaccine published by the CDC (https://covid.cdc.gov/covid-data-tracker/#vaccinations). To view the Underlying, go to the table titled "People Vaccinated" displayed on the linked webpage, and check the "Total" value of the column titled "At Least One Dose" to view the total number of people who have received at least one dose of an approved vaccine. ~~Revisions after Expiration will not be taken into account~~The value is in the column titled "Count" and the row labelled "Total". These instructions on how to access the Underlying are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time.

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

Type: The type of Contract is a Binary Contract.

Issuance: The ~~Issuance of this contract will be in accordance with the information outlined in the "Listing Cycle" section of the Contract Specifications table. The~~ Contract is based on the outcome of a recurrent data release, which is issued on a daily basis ~~(the CDC COVID Data Tracker) and checked on a weekly basis by the Exchange. Thus, Contracts~~. Contract iterations will be issued on a ~~weekly~~recurring basis, and ~~subsequent contracts~~future Contract iterations will generally correspond to the next week~~. The Issuance of the initial contract will be on July 7, 2021 at 10:00am ET. After the initial contract, subsequent contracts will be issued each week on Monday~~ or beyond. The Exchange may add contracts with different values of <count> for a given period in response to changing forecasts.

~~Number:~~<count>: Kalshi may list ~~“Will over <number> of Americans be vaccinated for COVID-19?” contracts~~ iterations of the Contract with <~~number~~count> levels that fall within an inclusive range between a maximum value of ~~350~~<1,000,000,000> and a minimum value of ~~175,000,000~~<0> at consecutive increments of ~~5,000.~~<1>. Due to the potential for variability in the Underlying, the Exchange may modify <~~number~~count> levels in response to suggestions by Members.

Date: <date> refers to a calendar date specified by Kalshi. Kalshi may list ~~"Will over <number> of Americans be vaccinated for COVID-19?" contracts~~iterations of the Contract corresponding to different statistical periods of <date~~>, ranging from July 7, 2021 to January 1, 2023.~~ >.

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

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

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

Last Trading Date: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Last Trading Date ~~for~~of the initial iteration of the Contract will be ~~the day five days after the~~ <date ~~of issuance, and the Last Trading Time for the Contract is 7:00pm ET on the Last Trading Date. No trading in the Contract shall occur after its Last Trading Date and Time.~~

~~The initial Contract follows a different schedule.~~>. The Last Trading ~~Date of the initial Contract~~ Time will be ~~July 10, 2021, and the Last Trading Time is 7:00pm ET on July 10, 2021~~11:59 AM.

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

Expiration Date: The Expiration Date of the Contract shall be the ~~date seven days after~~ sooner of the ~~date of issuance. The initial Contract follows a different schedule. The Expiration Date~~first 10:00 AM ET following the release of the ~~initial Contract~~data for <date>, the first 10:00 AM ET following the occurrence of an event that is ~~Monday, July 12, 2021.~~encompassed in the Payout Criterion, or one week following <date>.

Expiration time: The Expiration time of the initial Contract iteration shall be ~~11:00am~~10:00 AM ET.

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

Expiration Value: The Expiration Value is the value of the Underlying ~~for the statistical period of the week ending <date>~~ as documented by the Source Agency on the Expiration Date at the Expiration time.

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

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 of the LCASE Contract

Dear Sir or Madam,

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

- **<date_start> (The starting date of the statistical period)**
- **<date_end> (The end date of the statistical period)**
- **<last_trading_date> (The last trading date)**
- **<above/below> (Above or below)**
- **<count> (The target value of number of cases)**
- **<expo_date> (The last possible date for expiration)**

The amendments to the LCASE contract are as follows:

1. The Expiration Time has been amended from 11:00 AM two days following the end date to the sooner of the first 10:00 AM following when the data arrives for <date_end>, an event that is encompassed in the Payout Criterion occurs, or one week after <date>. This new approach has several key advantages: it functionally eliminates the risk of a "no data" resolution and means that members can receive their money back faster.
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 and expire at 10:00 AM. This change benefits members because it eliminates the risk that a resting order could be filled by someone after the final data has been posted. While this would be ideal to have for all markets, it is only possible to do in markets where there is a particularly scheduled data release.
4. The contract allows for both <above/below>, whereas before it was only "above". This means that the contract can now allow members to hedge both how fast cases will rise and how fast they will fall.
5. The Underlying has been shifted from single day data points to the seven-day average. This change will benefit members because it reduces the risk the contract will be resolved based on a fluke in data reporting (e.g. a holiday means that cases for several days get reported for a single day) but instead will resolve based on the more important underlying trends.

6. 6. More instructions have been added to Appendix A to make it easier for members to find what data is being used. The Exchange may add iterations of a contract for a given period with different values of <count> if forecasts change. For example, suppose the Exchange listed a contract asking if the seven-day average of COVID-19 cases will ever get above 200,000 between January 2022 and March 2022. However, the Omicron variant is spreading rapidly and it becomes clear that this number is too low. In such a scenario, the Exchange may add an additional iteration of the Contract for the same period with a higher value of <count>, e.g. 300,000.

Along with this letter, Kalshi submitted the following documents:

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

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

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

Sincerely,

Eliezer Mishory

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

KalshiEX LLC
New Contract Submission: What will long-term COVID-19 case numbers be?
Ticker: LCASE
Kalshi Contract Category: Economic/Demographic Measure (U.S. Government Data)
Long-term COVID-19 Cases
12/11/2021

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

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

I. Introduction

The "What will long-term COVID-19 case numbers be?" Contract is a contract relating to the number of new COVID-19 cases reported for the United States in a given period. The emergence of SARS-CoV-2, the coronavirus that causes COVID-19, has had enormous implications for the American economy. Despite vaccination efforts, the virus remains a threat in the United States. After careful analysis, Kalshi (hereafter referred to as "Exchange") has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange's application for designation as a Contract Market ("DCM") that was approved by the Commission.

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

[1] https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html
[2] https://fas.org/sgp/crs/misc/R46554.pdf
[3] https://www.bls.gov/news.release/pdf/empsit.pdf

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

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

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

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

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: What will long-term COVID-19 case numbers be?
Ticker and Rulebook: LCASE

LCASE

Scope: These rules shall apply to the LCASE contract.

Underlying: The Underlying for this Contract is the seven-day moving averages of new COVID-19 cases in the United States for each day in the period between <date_start> and <date_end> according to the Centers for Disease Control and Prevention (CDC). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The seven-day moving average of COVID-19 can be found at the CDC's "Trends in Number of COVID-19 Cases and Deaths in the US Reported to CDC". This report is available at the following stable URL: https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases. Scroll down to the section titled "Data Table for Daily Case Trends"; the Underlying is the seven-day moving average . These instructions on how to access the Underlying are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time.

Source Agency: The Source Agency is the CDC.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a daily basis. Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to a period ending at least one month in the future. The Exchange may add contracts with different values of <count> for a given period in response to changing forecasts.

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

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

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

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

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that contain a value which is strictly <greater than/less than> <count>.

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

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

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

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

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

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

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

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

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

KalshiEX LLC
~~Rule 40.2~~ New Contract Submission: What will long-term COVID-19 case numbers be?
Ticker: LCASE
~~8/16~~Kalshi Contract Category: Economic/Demographic Measure (U.S. Government Data)
Long-term COVID-19 Cases
12/11/2021

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

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

I. Introduction

The ~~LCASE~~"What will long-term COVID-19 case numbers be?" Contract is a contract relating to the number of new COVID-19 cases reported for ~~a given day over certain period of time in~~ the United States in a given period. The emergence of SARS-CoV-2, the coronavirus that causes COVID-19, has had enormous implications for the American economy. Despite vaccination efforts, the virus remains a threat in the United States. After careful analysis, Kalshi (hereafter referred to as "Exchange") has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange's application for designation as a Contract Market ("DCM") that was approved by the Commission.

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

[1] https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html
[2] https://fas.org/sgp/crs/misc/R46554.pdf
[3] https://www.bls.gov/news.release/pdf/empsit.pdf

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

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

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

General Contract Terms and Conditions: The Contract operates similar to other binary contracts that the Exchange lists for trading. The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of $0.01 to enable Members to match the size of the contracts purchased to their economic risks. The Exchange has further imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract. As outlined in Rule 5.12 of the Rulebook, trading shall be available at all times outside of any maintenance windows, which will be announced in advance by the Exchange. Members will be charged fees in accordance with Rule 3.6 of the Rulebook. Fees are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. After trading on the Contract has closed, the Expiration Value and Market Outcome are determined. The market is then settled by the Exchange, and the long position holders and short position holders are paid according to the Market Outcome. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Contract and "short position holders" refers to Members who purchased the "No" side of the Contract. If the Market Outcome is "Yes," meaning that ~~reported new COVID-19 cases~~ there is at least one day in the ~~US for any given day after Issuance and before~~period between <date~~> is more than~~_start> and <date_end> when the seven-day moving average is <above/below> <count>, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is “No,” then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of “Yes” are included below in the section titled “Payout Criterion” in Appendix A.

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Contract~~Official Product Name: What will long-term COVID-19 case numbers be?
Ticker and Rulebook: LCASE

~~**Contract:**~~

LCASE

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

Underlying: The Underlying for this Contract is the ~~reported number~~seven-day moving averages of new COVID-19 cases ~~of COVID-19 published by~~in the United States for each day in the period between <date_start> and <date_end> according to the Centers for Disease ~~Control's~~Control and Prevention (CDC~~)~~). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The seven-day moving average of COVID-19 can be found at the CDC's "Trends in Number of COVID-19 Cases and Deaths in the US Reported to CDC". This report is available at the following stable URL: https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases. Scroll down to the section titled "Data Table for Daily Case Trends"; the Underlying is the ~~number of "New Cases". Revisions~~seven-day moving average . These instructions on how to access the Underlying ~~that~~ are ~~published after~~ provided for convenience only and are not part of the ~~Expiration~~binding Terms and Conditions of the Contract. They may be clarified at any time~~ on the Expiration Date will not be accounted for in determining the Expiration Value~~.

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

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a daily basis. ~~The Issuance of the initial Contract will be on or after August 18, 2021~~Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to a period ending at least one month in the future. The Exchange may add contracts with different values of <count> for a given period in response to changing forecasts.

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

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

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

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

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that contain a value which is strictly <greater than/less than> <count>.

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

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

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

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

Expiration Date: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~The Expiration Date of the Contract shall be the ~~day after~~sooner of the first 10:00 AM ET following the release of the data for <date~~>.~~ _end>, the first 10:00 AM ET following the occurrence of an event that is encompassed in the Payout Criterion, or one week following <date_end>.

Expiration time: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Expiration time of the Contract shall be ~~11:00am~~10:00 AM ET.

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

Expiration Value: The Expiration Value is ~~a set containing~~ the ~~values~~value of the Underlying ~~for each day 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.

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 the CPI increase by more than <percent>?" Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is self-certifying the "Will the CPI increase by more than <percent>?" contract (Contract). The Contract is intended to be listed over the period of a year. At issuance, contracts will be issued for each month of 2022. After January 2022 has passed, the Exchange will list a Contract corresponding to January 2023. The Exchange may list additional contracts with different <percent> levels for a given <month> according to changes in forecasts. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<percent> (the amount that CPI will change)**
- **<month> (the month whose CPI the Contract will turn on)**

The amendments are as follows:

1. The Underlying was separated from Instructions on how to access the Underlying. This is to make sure that the Underlying is not tied to a particular website style, URL, or format.
2. The listing cycle, as noted above, was changed from a single month to cover months one year in advance. This was done to provide Members with more long-term hedging opportunities.
3. 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.
4. The Last Trading Date is now the day of the scheduled data release rather than the day before, to better reflect the timing of the data release.
5. The Last Trading Time is now 8:25 AM rather than 7:00 PM, to better reflect the timing of the data release, which occurs at 8:30 AM.
6. The Expiration Date is now the sooner of the data release for <month> and one week following the scheduled date. This is intended to prevent any risk of a data release not occuring promptly.
7. The Expiration Time is now 10:00 AM rather than 3:00 PM, to return Members' funds faster.
8. The Settlement date has been changed to no later than the day following Expiration rather than strictly the day following Expiration, to return Members' funds faster.

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
Rule 40.2 New Contract Submission: How much will CPI increase?
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 “How much will CPI increase?” contract is a contract relating to percentage increases in the value of the Consumer Price Index (“CPI”) several months in the future. The Contract will allow market participants to hedge the risk of an increase of inflation over the medium to long-term. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange’s application for designation as a Contract Market (“DCM”) that was approved by the Commission.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract’s payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the contract is open, Members are able to adjust their positions and trade freely. After trading on the contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, “long position holder” refers to a Member who purchased the “Yes” side of the contract and “short position holder” refers to a Member who purchased the “No” side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the Market Outcome is “Yes”, meaning that the value of the seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the statistical period of <month> increases by more than <percent>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is “No”, then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the “Yes” direction are included below in the section titled “Payout Criterion” in Appendix A.

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: How much will CPI increase?
Ticker and Rulebook: CPI

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

Underlying: The Underlying for this Contract is the signed one-month percent change in the seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics ("BLS"). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Underlying can be accessed at https://www.bls.gov/cpi/. A schedule of release dates is available on the BLS website (https://www.bls.gov/schedule/news_release/cpi.htm), and the data is released at 8:30am ET. Each month's report is available at the following stable URL, which automatically displays the latest available report: https://www.bls.gov/news.release/pdf/cpi.pdf. The Underlying is typically listed in the first sentence of the first page of the monthly report under the heading "CONSUMER PRICE INDEX-[Month/Year]". For example, in the CPI report for June 2021, the first sentence is "the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.9 percent in June on a seasonally adjusted basis…" so 0.9 percent would be the Expiration Value for the month of June 2021. Historical reports from prior months are available on the Bureau of Labor Statistics website at the following link: https://www.bls.gov/bls/news-release/cpi.htm. If you select the year in question, links to CPI reports from months in that year will be displayed. 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 Bureau of Labor Statistics.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is intended to be issued twelve months in advance of <month> ending. At issuance, contracts will be issued for each month of 2022. After January 2022 has passed, the Exchange will list a Contract corresponding to January 2023. The Exchange may list additional contracts with different <percent> levels for a given <month> according to changes in forecasts.

Percent: Kalshi may list LTCPI contracts with <percent> levels that fall within an inclusive range between a maximum value of 10% 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.

Month: <month> refers to a calendar month specified by Kalshi. Kalshi may list LTCPI contracts corresponding to different statistical periods of <month>, ranging from January to December.

Payout Criterion: The Payout Criterion for this Contract encompasses the Expiration Values that are strictly greater than <percent>. If no data is available on the Expiration Date at the Expiration time, the market resolves to No.

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

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

Last Trading Date: The Last Trading Date for the Contract will be the day of the scheduled data release for <month>. The Last Trading Time will be 8:25 AM 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 data being released for <month>, or one week following the date data is scheduled to be released for <month>.

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 for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

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

KalshiEX LLC
Rule 40.2 New Contract Submission: ~~"Will the Consumer Price Index (~~How much will CPI~~)~~ increase~~ more than <percent>?"~~?
~~06/28/~~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

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I. Introduction

The "~~Will the Consumer Price Index (~~How much will CPI~~)~~ increase~~ more than <percent>?"~~?" contract is a contract relating to percentage increases in the value of the Consumer Price Index ("CPI~~").~~") several months in the future. The Contract will allow market participants to hedge the risk of an increase of inflation over the medium to long-term. After careful analysis, Kalshi (hereafter referred to as "Exchange") has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange's application for designation as a Contract Market ("DCM") that was approved by the Commission.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the contract is open, Members are able to adjust their positions and trade freely. After trading on the contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, "long position holder" refers to a Member who purchased the "Yes" side of the contract and “short position holder” refers to a Member who purchased the “No” side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the Market Outcome is “Yes”, meaning that the value of the seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the statistical period of <month> increases by more than <percent>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is “No”, then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the “Yes” direction are included below in the section titled “Payout Criterion” in Appendix A.

~~Contract Specifications:~~

~~Underlying~~	~~The signed one-month percent change in the seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics (“BLS”) (https://www.bls.gov/cpi/). Further analysis regarding the Underlying, including a discussion of data collection methodology and considerations related to Core Principle 3, are covered in Confidential Appendix C and Confidential Appendix D.~~
~~Payout Criterion~~	~~The Payout Criterion encompasses Expiration Values that are strictly greater than <percent>.~~
~~Contract Size~~	~~The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.~~
~~Listing Cycle~~	~~For contracts whose Expiration Value is based on the outcome of recurrent data releases, Expirations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Expirations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.~~ ~~The Contract is based on the outcome of a recurrent data release which is issued on a monthly basis (the Consumer Price Index). Thus, Expirations for the Contract will be listed on a monthly basis.~~ ~~I. The issuance of the initial contract will be on June 30, 2021.~~ ~~II. The issuance of each subsequent contract will correspond to the next month and be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous iteration of the contract to reflect the monthly schedule of the Bureau of Labor Statistics’s Consumer Price~~

	~~Index ("CPI") report releases.~~ ~~III. The Exchange will list additional contract months on a recurring basis and will publish all available contract months on its website.~~
~~Tick Size~~	~~The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. A minimum price fluctuation of $0.01 is the standard tick size on the Exchange.~~
~~Position Limit~~	~~The Exchange has imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract.~~
~~Trading Hours~~	~~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.~~
~~Fees~~	~~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.~~
~~Contract Modifications~~	~~As outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.~~

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Rule 100.4~~

~~Contract: "Will the Consumer Price Index (~~Official Product Name: How much will CPI~~)~~ increase~~ more than <percent>?"~~?
Ticker and Rulebook: CPI

Scope: These rules shall apply to the contract referred to as ~~"Will the Consumer Price Index (CPI) increase more than <percent>?".~~CPI.

Underlying: The Underlying for this Contract is the signed one-month percent change in the seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics ("BLS~~") (~~"). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Underlying can be accessed at https://www.bls.gov/cpi/~~)~~.. A schedule of release dates is available on the BLS website (https://www.bls.gov/schedule/news_release/cpi.htm), and the data is ~~typically~~ released at 8:30am ET. Each month's report is available at the following stable URL, which automatically displays the latest available report: https://www.bls.gov/news.release/pdf/cpi.pdf. The Underlying is typically listed in the first sentence of the first page of the monthly report under the heading "CONSUMER PRICE INDEX-[Month/Year]". For example, in the CPI report for ~~April~~June 2021, the first sentence is "the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.~~8~~9 percent in ~~April~~June on a seasonally adjusted basis…" so 0.~~8~~9 percent would be the Expiration Value for the month of ~~April~~June 2021.~~ Future revisions to the CPI released after Expiration will not be taken into account.~~ Historical reports from prior months are available on the Bureau of Labor Statistics website at the following link: https://www.bls.gov/bls/news-release/cpi.htm. If you select the year in question, links to CPI reports from months in that year will be displayed. 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 Bureau of Labor Statistics.

Type: The type of Contract is a Binary Contract.

~~**Issuance:** The Issuance of this contract will be in accordance with the information outlined in the "Listing Cycle" section of the Contract Specifications table. The Contract is based on the outcome of a recurrent data release which is issued on a monthly basis (the Consumer Price Index report). Thus, Contracts will be issued on a monthly basis, and subsequent contracts will correspond to the next month. The Issuance of the initial contract will be on June 30, 2021 at 10:00am ET. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous iteration of the contract to reflect the monthly schedule of the Bureau of Labor Statistics's Consumer Price Index report releases.~~

Issuance: The Contract is intended to be issued twelve months in advance of <month> ending. At issuance, contracts will be issued for each month of 2022. After January 2022 has passed, the Exchange will list a Contract corresponding to January 2023. The Exchange may list additional contracts with different <percent> levels for a given <month> according to changes in forecasts.

Percent: Kalshi may list ~~"Will the Consumer Price Index (CPI) increase more than <percent>?"~~LTCPI contracts with <percent> levels that fall within an inclusive range between a maximum value of 10% 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.

Month: <month> refers to a calendar month specified by Kalshi. Kalshi may list ~~"Will the Consumer Price Index (CPI) increase more than <percent>?"~~LTCPI contracts corresponding to different statistical periods of <month>, ranging from January to December.

Payout Criterion: The Payout Criterion for this Contract encompasses the Expiration Values that are strictly greater than <percent>. If no data is available on the Expiration Date at the Expiration time, the market resolves to No.

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

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

Last Trading Date: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~The Last Trading Date for the Contract will be the day ~~prior to~~of the scheduled data release ~~date of the next Consumer Price Index Report.~~for <month>. The Last Trading Time ~~for the Contract is 7:00pm ET on the Last Trading Date. No trading in the Contract shall occur after its Last Trading Date and Time. A calendar of future Consumer Price Index report release dates is available at the following page: https://www.bls.gov/schedule/news_release/cpi.htm.~~

~~For example, the Last Trading Date of the initial contract~~ will be ~~July 12, 2021 and the Last Trading Time will be 7:00 PM ET on July 12, 2021 because the next Consumer Price Index report will be issued on July 13, 2021~~8:25 AM 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 ~~release date~~sooner of the ~~next Consumer Price Index report. For example,~~first 10:00 AM ET following data being released for <month>, or one week following the ~~Expiration Date of the initial contract will~~date data is scheduled to be ~~July 13, 2021 because the next Consumer Price Index report will be issued on July 13, 2021.~~released for <month>.

Expiration time: The Expiration time of the Contract shall be ~~6:00pm~~10:00 AM ET.

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

Expiration Value: The Expiration Value is the value of the Underlying for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

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

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 real GDP <increase/decrease> by more than <percent>?" 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 real GDP <increase/decrease> by more than <percent>?" contract (GDP contract or Contract). The Contract is intended to be listed over the period of a year. At issuance, contracts will be issued for each quarter of 2022. After Q1 2022 has passed, the Exchange will list a Contract corresponding to Q1 2023. The Exchange may list additional contracts with different <percent> levels for a given <quarter> according to changes in forecasts. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<percent> (the percent that GDP increases or decreases)**
- **<quarter> (the quarter whose GDP growth the Contract will turn on)**

This amendments to the GDP contract are as follows:

1. The Underlying was separated from Instructions on how to access the Underlying. This is to make sure that the Underlying is not tied to a particular website style, URL, or format.
2. The listing cycle, as noted above, was changed from a single quarter to cover quarters one year in advance. This was done to provide Members with more long-term hedging opportunities.
3. 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.
4. The Last Trading Date is now the day of the scheduled data release rather than the day before, to better reflect the timing of the data release.
5. The Last Trading Time is now 8:25 AM rather than 7:00 PM, to better reflect the timing of the data release, which occurs at 8:30 AM.
6. The Expiration Date is now the sooner of the data release for <quarter> and one week following the scheduled date. This is intended to prevent any risk of a data release not occuring promptly.
7. The Expiration Time is now 10:00 AM rather than 6:00 PM, to return Members' funds sooner.
8. The Settlement date has been changed to no later than the day following Expiration rather than strictly the day following Expiration, to return Members' funds sooner.

Along with this letter, Kalshi submitted the following documents:

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

- A redline showing the amendments.

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

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

Sincerely,

Eliezer Mishory

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

KalshiEX LLC
Rule 40.2 New Contract Submission: “Will real GDP <increase/decrease> by more than <percent>?”
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 real GDP <increase/decrease> by more than <percent>?” contract is a contract relating to the growth rate of real GDP as measured by the Bureau of Economic Analysis (“BEA”). The Contract is designed to enable market participants whose businesses or operations are affected by the rate of growth of real GDP to hedge risks associated with changes in the aforementioned rate. 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 rate of growth of U.S. real GDP is a key indicator for the health of the U.S. economy. GDP growth correlates with the growth rate of incomes, corporate profits, and tax revenue in the U.S. economy. Thus, the Contract can serve as a hedging instrument for the overall health of the American economy, making it useful to a large class of investors.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract’s payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the contract is open, Members are able to adjust their positions and trade freely. Once trading on the contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, “long position holder” refers to a Member who purchased the “Yes” side of the contract and “short position holder” refers to a Member who purchased the “No” side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the Market Outcome is “Yes”, meaning that the Advance Estimate of the quarter-over-quarter GDP growth percentage for the statistical period of <quarter> is strictly <greater/less> than <percent>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is “No”, then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the “Yes” direction 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 real GDP <increase/decrease> by more than <percent>?
Ticker and Rulebook: GDP

Scope: These rules shall apply to the contract referred to as "Will real GDP <increase/decrease> by more than <percent>?".

Underlying: The Underlying for this Contract is the seasonally adjusted annualized percent change in U.S. real gross domestic product (GDP) from the preceding quarter. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The data can be accessed at https://www.bea.gov/data/gdp/gross-domestic-product. The schedule for data releases can be found at https://www.bea.gov/news/schedule. 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 Bureau of Economic Analysis.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is intended to be issued four quarters in advance of <quarter> ending. At issuance, contracts will be issued for each quarter of 2022. After Q1 2022 has passed, the Exchange will list a Contract corresponding to Q1 2023. The Exchange may list additional contracts with different <percent> levels for a given <quarter> according to changes in forecasts.

Percent: Kalshi may list "Will real GDP <increase/decrease> by more than <percent>?" contracts with <percent> levels that fall within an inclusive range between a maximum value of 50% and a minimum value of 0% at consecutive increments of 0.1%. Due to the potential for variability in the Underlying, the Exchange may modify <percent> levels in response to suggestions by Members.

Quarter: <quarter> refers to a quarter specified by Kalshi. Kalshi may list "Will real GDP <increase/decrease> by more than <percent>?" contracts corresponding to different statistical periods of <quarter>, ranging from Quarter 1 to Quarter 4.

Payout Criterion: The Payout Criterion for contracts of the form "Will real GDP increase by more than <percent>?" encompasses the Expiration Values that are strictly greater than

<percent>. The Payout Criterion for contracts of the form “Will real GDP decrease by more than <percent>?” encompasses the Expiration Values that are strictly less than negative <percent>. If no data is available on the Expiration Date at the Expiration time, then the market resolves to No.

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

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

Last Trading Date: The Last Trading Date for the Contract will be the day of the scheduled data release for <quarter>. The Last Trading Time will be 8:25 AM 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 the day data is released for <month>, or one week following the date data is scheduled to be released for <month>.

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 for the statistical period of <quarter> 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.

KalshiEX LLC
Rule 40.2 New Contract Submission: "Will real GDP <increase/decrease> by more than <percent>?"
~~06/28/~~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 real GDP <increase/decrease> by more than <percent>?" contract is a contract relating to the growth rate of real GDP as measured by the Bureau of Economic Analysis ("BEA"). The Contract is designed to enable market participants whose businesses or operations are affected by the rate of growth of real GDP to hedge risks associated with changes in the aforementioned rate. 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 rate of growth of U.S. real GDP is a key indicator for the health of the U.S. economy. GDP growth correlates with the growth rate of incomes, corporate profits, and tax revenue in the U.S. economy. Thus, the Contract can serve as a hedging instrument for the overall health of the American economy, making it useful to a large class of investors.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the contract is open, Members are able to adjust their positions and trade freely. Once trading on the contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, “long position holder” refers to a Member who purchased the “Yes” side of the contract and “short position holder” refers to a Member who purchased the “No” side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the Market Outcome is “Yes”, meaning that the Advance Estimate of the quarter-over-quarter GDP growth percentage for the statistical period of <quarter> is strictly <greater/less> than <percent>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is “No”, then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the “Yes” direction are included below in the section titled “Payout Criterion” in Appendix A.

~~Contract~~ ~~**Specifications:**~~

~~**Underlying**~~	~~The Advance Estimate of the percent change in quarterly US GDP last released by the Bureau of Economic Analysis. Revisions after Expiration will not be accounted for. Further analysis regarding the Underlying, including a discussion of data collection methodology and considerations related to Core Principle 3 are covered in Confidential Appendix C and Confidential Appendix D.~~
~~**Payout Criterion**~~	~~The Payout Criterion for contracts of the form “Will real GDP increase by more than <percent>?” encompasses the Expiration Values that are strictly greater than <percent>. The Payout Criterion for contracts of the form “Will real GDP decrease by more than <percent>?” encompasses the Expiration Values that are strictly less than negative <percent>.~~
~~**Contract Size**~~	~~The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.~~
~~**Listing Cycle**~~	~~For contracts whose Expiration Value is based on the outcome of recurrent data releases, Expirations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Expirations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.~~ ~~The Contract is based on the outcome of a recurrent data release which is~~

	~~issued on a quarterly basis. Thus, Expirations for the Contract will be listed on a quarterly basis.~~ ~~I. The issuance of the initial contract will be June 30, 2021.~~ ~~II. The issuance of each subsequent contract will correspond to the next quarter and be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous contract to reflect the release schedule of the BEA's Advance Estimates of quarterly US GDP.~~ ~~III. The Exchange will list additional contract quarters on a recurring basis and will publish all available contract quarters on its website.~~
~~**Tick Size**~~	~~The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. A minimum price fluctuation of $0.01 is the standard tick size on the Exchange.~~
~~**Position Limit**~~	~~The Exchange has imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract.~~
~~**Trading Hours**~~	~~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.~~
~~**Fees**~~	~~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.~~
~~**Contract Modifications**~~	~~As outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.~~

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Rule 100.2~~

~~Contract: "~~Official Product Name: Will real GDP <increase/decrease> by more than <percent~~>?"~~>?
Ticker and Rulebook: GDP

Scope: These rules shall apply to the contract referred to as "Will real GDP <increase/decrease> by more than <percent>?".

Underlying: The Underlying for this Contract is the ~~Advance Estimate of the percent change in quarterly US GDP last released by the Bureau of Economic Analysis ("BEA"), published by the BEA official website (https://www.bea.gov/data/gdp/gross-domestic-product). According to the BEA website (https://www.bea.gov/help/faq/1069), quarterly GDP estimates are "seasonally adjusted to remove fluctuations that normally occur at about the same time and the same magnitude each year." The~~ seasonally adjusted annualized percent change in U.S. real gross domestic product (GDP) from the preceding quarter ~~will be used as~~. Revisions to the Underlying ~~for this contract. Any additional estimates or revisions of GDP data that are published~~made after Expiration will not be ~~taken into account when~~accounted for in determining the Expiration Value.

Instructions: The data can be accessed at https://www.bea.gov/data/gdp/gross-domestic-product. The schedule for data releases can be found at https://www.bea.gov/news/schedule. 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 Bureau of Economic Analysis.

Type: The type of Contract is a Binary Contract.

~~**Issuance:** The Issuance of this contract will be in accordance with the information outlined in the "Listing Cycle" section of the Contract Specifications table. The Contract is based on the outcome of a recurrent data release which is issued on a quarterly basis. Thus, Contracts will be issued on a quarterly basis, and subsequent contracts will correspond to the next quarter. The Issuance of the initial contract will be on June 30, 2021 at 10:00am ET. After the initial contract, subsequent contracts will be issued on the Expiration Date of the prior iteration of the contract to~~

~~reflect the schedule of the BEA's release of Advance Estimates of quarterly US GDP growth. For example, the issuance of the second iteration of the contract will be on July 29, 2021.~~
Issuance: The Contract is intended to be issued four quarters in advance of <quarter> ending. At issuance, contracts will be issued for each quarter of 2022. After Q1 2022 has passed, the Exchange will list a Contract corresponding to Q1 2023. The Exchange may list additional contracts with different <percent> levels for a given <quarter> according to changes in forecasts.

Percent: Kalshi may list "Will real GDP <increase/decrease> by more than <percent>?" contracts with <percent> levels that fall within an inclusive range between a maximum value of 50% and a minimum value of 0% at consecutive increments of 0.1%. Due to the potential for variability in the Underlying, the Exchange may modify <percent> levels in response to suggestions by Members.

Quarter: <quarter> refers to a quarter specified by Kalshi. Kalshi may list "Will real GDP <increase/decrease> by more than <percent>?" contracts corresponding to different statistical periods of <quarter>, ranging from Quarter 1 to Quarter 4.

Payout Criterion: The Payout Criterion for contracts of the form "Will real GDP increase by more than <percent>?" encompasses the Expiration Values that are strictly greater than <percent>. The Payout Criterion for contracts of the form "Will real GDP decrease by more than <percent>?" encompasses the Expiration Values that are strictly less than negative <percent>. If no data is available on the Expiration Date at the Expiration time, then the market resolves to No.

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

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

~~**Last Trading Date:** Unless otherwise noted by the Exchange and indicated on the Exchange website, the Last Trading Date for the Contract will be the day prior to the release of the next BEA Advance Estimate of quarterly GDP growth for the specified quarter. The Last Trading Time for the Contract is 7:00pm ET on the Last Trading Date. No trading in the Contract shall occur after its Last Trading Date and Time. For example, the Last Trading Date of the initial contract is July 28, 2021 and the Last Trading Time is 7:00pm ET on July 28, 2021 because the next BEA advance estimate GDP report will be released on July 29, 2021. A schedule of future BEA Advance Estimate GDP report releases is available here: https://www.bea.gov/news/schedule.~~

Last Trading Date: The Last Trading Date for the Contract will be the day of the scheduled data release for <quarter>. The Last Trading Time will be 8:25 AM 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 ~~date~~sooner of the ~~next release of~~first 10:00 AM ET following the ~~BEA Advance Estimate of quarterly GDP. For example, the Expiration Date of the initial contract~~day data is ~~July 29, 2021 because the next BEA advance estimate GDP report~~ released for ~~the specified quarter (Q2 2021) will~~<month>, or one week following the date data is scheduled to be released ~~on July 29, 2021.~~for <month>.

Expiration time: The Expiration time of the Contract shall be ~~6:00pm~~10:00 AM ET.

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

Expiration Value: The Expiration Value is the value of the Underlying for the statistical period of <quarter> 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.

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 unemployment be more than <percent>?” 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 unemployment be more than <percent>?” contract (Contract). The Contract is intended to be listed over the period of a year. At issuance, contracts will be issued for each month of 2022. After January 2022 has passed, the Exchange will list a Contract corresponding to January 2023. The Exchange may list additional contracts with different <percent> levels for a given <month> according to changes in forecasts. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<percent> (the unemployment rate)**
- **<month> (the month whose unemployment rate the Contract will turn on)**

The changes are as follows:

1. The Underlying was separated from Instructions on how to access the Underlying. This is to make sure that the Underlying is not tied to a particular website style, URL, or format.
2. The listing cycle, as noted above, was changed from a single month to cover months one year in advance. This was done to provide Members with more long-term hedging opportunities.
3. 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.
4. The Last Trading Date is now the day of the scheduled data release rather than the day before, to better reflect the timing of the data release.
5. The Last Trading Time is now 8:25 AM rather than 7:00 PM, to better reflect the timing of the data release, which occurs at 8:30 AM.
6. The Expiration Date is now the sooner of the data release for <month> and one week following the scheduled date. This is intended to prevent any risk of a data release not occurring promptly.
7. The Expiration Time is now 10:00 AM rather than 3:00 PM, to return Members’ funds sooner.
8. The Settlement date has been changed to no later than the day following Expiration rather than strictly the day following Expiration.
9. Additional form language regarding contingencies has been added to be consistent with other contracts.

Along with this letter, Kalshi submitted the following documents:

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

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

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

Sincerely,

Eliezer Mishory

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

KalshiEX LLC
Rule 40.2 New Contract Submission: "What will the unemployment rate be?"
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 Regulation 40.2(a)(3)(v), the following is a concise explanation and analysis of the product and its compliance with the Act, including the relevant Core Principles, and the Commission's regulations thereunder.

I. Introduction

The "What will the unemployment rate be?" contract is a contract relating to the number of Americans who are currently unemployed. The Contract is designed to enable market participants whose businesses or operations are affected by changes in the unemployment rate to mitigate the commercial risks associated with increasing unemployment and the associated macroeconomic and microeconomic effects. After careful analysis, Kalshi (hereafter referred to as "Exchange") has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange's application for designation as a Contract Market ("DCM") that was approved by the Commission.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the Contract is open, Members are able to adjust their positions and trade freely. Once trading on the Contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, "long position holder" refers to a Member who purchased the "Yes" side of the Contract and "short position holder" refers to a Member who purchased the

“No” side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the the Market Outcome is “Yes”, meaning that the seasonally adjusted unemployment rate (U-3) for the statistical period of <month> is strictly greater than <percent>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is “No”, then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the “Yes” direction are included below in the section titled “Payout Criterion” in Appendix A.

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: "What will the unemployment rate be?"
Ticker and Rulebook: U3

Scope: These rules shall apply to the U3 contract.

Underlying: The Underlying for this Contract is the seasonally adjusted unemployment rate ("U-3") reported by the Bureau of Labor Statistics ("BLS") Monthly Employment Situation Report. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Monthly Employment Situation Report is published by the BLS every month. A schedule of release dates is available on the BLS website (https://www.bls.gov/schedule/news_release/empsit.htm), and the data is released at 8:30am ET. Each month's report is available at the following stable URL, which automatically displays the latest available report: https://www.bls.gov/news.release/pdf/empsit.pdf. The Underlying is typically listed on the first page and first sentence of the report under the section titled "THE EMPLOYMENT SITUATION — [Month]". It is also listed in Table A-15, as the seasonally adjusted U-3 ("Total unemployed, as a percent of the civilian labor force") unemployment rate for the month in question. Revisions to the data after Expiration will not be taken into account. Historical reports from prior months are available on the Bureau of Labor Statistics website at the following link: https://www.bls.gov/bls/news-release/empsit.htm. To view reports from prior months, select the year in question, and links to reports from months in that year are subsequently displayed. 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 U.S. Bureau of Labor Statistics.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is intended to be issued twelve months in advance of <month> ending. At issuance, contracts will be issued for each month of 2022. After January 2022 has passed, the Exchange will list a Contract corresponding to January 2023. The Exchange may list additional contracts with different <percent> levels for a given <month> according to changes in forecasts.

Percent: Kalshi may list “Will the unemployment rate (U-3) be above <percent>?” contracts with <percent> levels that fall within an inclusive range between a maximum value of 30% and a minimum value of 1% at consecutive increments of 0.1%. Due to the potential for variability in the Underlying, the Exchange may modify <percent> levels in response to suggestions by Members.

Month: <month> refers to a calendar month specified by Kalshi. Kalshi may list “Will the unemployment rate (U-3) be above <percent>?” contracts corresponding to different statistical periods of <month>, ranging from January to December.

Payout Criterion: The Payout Criterion encompasses the Expiration Values that are strictly greater than <percent>. If no data is available at the Expiration Date at the Expiration time, then the market resolves to No.

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

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

Last Trading Date: The Last Trading Date for the Contract will be the scheduled day of the data release for <month>. The Last Trading Time will be 8:25 AM 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 the release of data for <month>, or one week following the date data is scheduled to be released.

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 for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

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

KalshiEX LLC
Rule 40.2 New Contract Submission: “~~Will~~What will the unemployment rate ~~(U-3)~~ be ~~above <percent>?”~~?”
~~07/01/~~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 Regulation 40.2(a)(3)(v), the following is a concise explanation and analysis of the product and its compliance with the Act, including the relevant Core Principles, and the Commission's regulations thereunder.

I. Introduction

The “~~Will~~What will the unemployment rate ~~(U-3)~~ be ~~above <percent>?”~~?” contract is a contract relating to the number of Americans who are currently unemployed. The Contract is designed to enable market participants whose businesses or operations are affected by changes in the unemployment rate to mitigate the commercial risks associated with increasing unemployment and the associated macroeconomic and microeconomic effects. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the Contract complies with its vetting framework, which has been reviewed by the CFTC and formed part of the Exchange’s application for designation as a Contract Market (“DCM”) that was approved by the Commission.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract’s payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the Contract is open, Members are able to adjust their positions and trade freely. Once trading on the Contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, “long position holder” refers to a Member who purchased the “Yes” side of the Contract and “short position holder” refers to a Member who purchased the

"No" side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the the Market Outcome is "Yes", meaning that the seasonally adjusted unemployment rate (U-3) for the statistical period of <month> is strictly greater than <percent>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is "No", then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the "Yes" direction are included below in the section titled "Payout Criterion" in Appendix A.

~~Contract Specifications:~~

~~Underlying~~	~~The seasonally adjusted unemployment rate (U-3) reported by the Bureau of Labor Statistics ("BLS") Monthly Employment Situation Report, found here: https://www.bls.gov/news.release/pdf/empsit.pdf. Revisions after Expiration will not be accounted for.~~
~~Payout Criterion~~	~~The Payout Criterion encompasses the Expiration Values that are strictly greater than <percent>.~~
~~Contract Size~~	~~The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.~~
~~Listing Cycle~~	~~For contracts whose Expiration Value is based on the outcome of recurrent data releases, Expirations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Expirations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.~~ ~~The Contract is based on the outcome of a recurrent data release which is issued on a monthly basis. Thus, Expirations for the Contract will be listed on a monthly basis.~~ ~~I. The Issuance of the initial contract will be July 3, 2021.~~ ~~II. The Issuance of each subsequent contract will correspond to the next month and be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous contract iteration to reflect the monthly schedule of Employment Situation Report releases.~~ ~~III. The Exchange will list additional contract months on a recurring basis and will publish all available contract months on its website.~~
~~Tick Size~~	~~The minimum price fluctuation is \$0.01 (one cent). Price bands will apply so~~

	~~that Contracts may only be listed at values of at least \$0.01 and at most \$0.99. A minimum price fluctuation of \$0.01 is the standard tick size on the Exchange.~~
~~Position Limit~~	~~The Exchange has imposed position limits (defined as maximum loss exposure) of \$25,000 USD on the Contract.~~
~~Trading Hours~~	~~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.~~
~~Fees~~	~~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.~~
~~Contract Modifications~~	~~As outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.~~

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Rule 100.10~~

~~Contract: "Will~~Official Product Name: "What will the unemployment rate ~~(U-3)~~ be ~~above <percent>?"~~?"
Ticker and Rulebook: U3

Scope: These rules shall apply to the U3 contract~~ referred to as "Will the unemployment rate (U-3) be above <percent>?"~~.

Underlying: The Underlying for this Contract is the seasonally adjusted unemployment rate ("U-3") reported by the Bureau of Labor Statistics ("BLS") Monthly Employment Situation Report. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Monthly Employment Situation Report is published by the BLS every month. A schedule of release dates is available on the BLS website (https://www.bls.gov/schedule/news_release/empsit.htm), and the data is ~~typically~~ released at 8:30am ET. Each month's report is available at the following stable URL, which automatically displays the latest available report: https://www.bls.gov/news.release/pdf/empsit.pdf. The Underlying is typically listed on the first page and first sentence of the report under the section titled "THE EMPLOYMENT SITUATION — [Month]". It is also listed in Table A-15, as the seasonally adjusted U-3 ("Total unemployed, as a percent of the civilian labor force") unemployment rate for the month in question. Revisions to the data after Expiration will not be taken into account. Historical reports from prior months are available on the Bureau of Labor Statistics website at the following link: https://www.bls.gov/bls/news-release/empsit.htm. To view reports from prior months, select the year in question, and links to reports from months in that year are subsequently displayed. 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 U.S. Bureau of Labor Statistics.

Type: The type of Contract is a Binary Contract.

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

~~outcome of a recurrent data release which is issued on a monthly basis. Thus, Contracts will be issued on a monthly basis, and subsequent contracts will correspond to the next month. The Issuance of the initial contract will be on July 3, 2021 at 10:00am ET. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous iteration of the contract to reflect the monthly schedule of Employment Situation Report releases. For example, the issuance of the second iteration of the contract will be on August 6, 2021.~~
Issuance: The Contract is intended to be issued twelve months in advance of <month> ending. At issuance, contracts will be issued for each month of 2022. After January 2022 has passed, the Exchange will list a Contract corresponding to January 2023. The Exchange may list additional contracts with different <percent> levels for a given <month> according to changes in forecasts.

Percent: Kalshi may list "Will the unemployment rate (U-3) be above <percent>?" contracts with <percent> levels that fall within an inclusive range between a maximum value of 30% and a minimum value of 1% at consecutive increments of 0.1%. Due to the potential for variability in the Underlying, the Exchange may modify <percent> levels in response to suggestions by Members.

Month: <month> refers to a calendar month specified by Kalshi. Kalshi may list "Will the unemployment rate (U-3) be above <percent>?" contracts corresponding to different statistical periods of <month>, ranging from January to December.

Payout Criterion: The Payout Criterion encompasses the Expiration Values that are strictly greater than <percent>. If no data is available at the Expiration Date at the Expiration time, then the market resolves to No.

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

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

Last Trading Date: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~The Last Trading Date for the Contract will be the scheduled day ~~before~~of the data release ~~date of the next Bureau of Labor Statistics Monthly Employment Situation Report.~~for <month>. The Last Trading Time ~~for the Contract is 7:00pm~~will be 8:25 AM ET ~~on the Last Trading Date. No trading in the Contract shall occur after its Last Trading Date and Time. For example, the Last Trading Date of the initial contract is August 5, 2021 and the Last Trading Time is 7:00pm ET on August 5, 2021.~~.

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

Expiration Date: The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release ~~date of the next Bureau~~ of ~~Labor Statistics Monthly Employment Situation Report. For example, the Expiration Date of~~data for <month>, or one week following the ~~initial contract~~date data is ~~August 6, 2021 because that is the date of the next Monthly Employment Situation Report. A full release schedule can~~scheduled to be ~~found here: https://www.bls.gov/schedule/news_release/empsit.htm.~~released.

Expiration time: The Expiration time of the Contract shall be ~~6:00pm~~10:00 AM ET.

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

Expiration Value: The Expiration Value is the value of the Underlying for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

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

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 RECSS 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 RECSS contract (Contract). The Contract is intended to be listed annually. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<quarter> (the quarter that the Contract will be based on)**
- **<year> (the year of the quarter in question)**

The amendments are as follows:

1. The Underlying was separated from Instructions on how to access the Underlying. This is to make sure that the Underlying is not tied to a particular website style, URL, or format.
2. The Last Trading Date was changed to being the same as the Expiration Date from a fixed date, July 27th, 2022, to expand the scope of the Contract and increase hedging opportunities for Members.
3. The Last Trading Time was changed to 10:00 AM ET from 11:00 PM ET. This was done to be congruent with the Expiration time.
4. The Expiration Date is now the the sooner of one day following an event encompassed by the Payout Criterion (one of the relevant four quarters has less than 0% change), or the day that data released is by the BEA for the final relevant quarter, or one week following the scheduled release date of the final relevant quarter's data; rather than a fixed date, August 2nd, 2022. This was done both to expand the Contract's scope and increasing hedging opportunities, and also to make sure that a short-term issue with the final data release does not affect the Contract's Expiration Value.
5. The Expiration Time was changed to 10:00 AM ET from 11:00 AM ET. This was done to standardize Expiration Times on the platform.
6. The Settlement date has been changed to no later than the day following Expiration rather than strictly the day following Expiration to return Members' funds sooner.

Along with this letter, Kalshi submitted the following documents:

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

- A redline showing the amendments.

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

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

Sincerely,

Eliezer Mishory

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

KalshiEX LLC
Rule 40.2 New Contract Submission: "Will there be a recession?"
Ticker: RECSS
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 there be a recession?" Contract is a contract relating to whether or not there will be a quarter of negative real GDP growth in the next four quarters as measured by the Bureau of Economic Analysis ("BEA"). The Contract is designed to enable market participants whose businesses or operations are affected by the rate of growth of real GDP to hedge risks associated with changes in the aforementioned rate. 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 rate of growth of U.S. real GDP is a key indicator for the health of the U.S. economy. GDP growth correlates with the growth rate of incomes, corporate profits, and tax revenue in the U.S. economy. Thus, the Contract can serve as a hedging instrument for the overall health of the American economy, making it useful to a large class of investors.

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 there was at least one quarter of negative real GDP growth in the next four quarters, 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 there be a recession?
Ticker and Rulebook: RECSS

RECSS

Scope: These rules shall apply to the RECSS contract.

Underlying: The Underlying for this Contract is the most recent estimates of seasonally adjusted annualized percent changes in quarterly US real GDP from previous quarters as released by the Bureau of Economic Analysis (BEA). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: To find the Underlying, click the following link: https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=2#reqid=19&step=2&isuri=1&1921=survey and then click "Section 1-Domestic Product and Income" and then navigate to "Table 1.1.1. Percent Change From Preceding Period in Real Gross Domestic Product". Check the row for "Gross Domestic Product" (in line 1) to find the Underlying. In the event that not all of the data for the relevant four quarters specified by the Exchange is reported in that link, the value for each missing quarter will be ascertained by examining the most recent estimate of the seasonally adjusted annualized percent change in US GDP from the previous quarter for the relevant quarter from the following link: https://www.bea.gov/data/gdp/gross-domestic-product. 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 Bureau of Economic Analysis.

Type: The type of Contract is a Binary Contract.

Issuance: This contract is intended to be listed on an annual basis.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values where at least one of the four values (representing the values of the Underlying for the specified four quarters) is strictly less than zero.

Quarter: <quarter> refers to a quarter specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <quarter>, ranging from Quarter 1 to Quarter 4 of <year>.

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

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

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

Last Trading Date: The Last Trading Date will be the same as the Expiration 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 will be the the sooner of the first 10:00 AM ET following an event encompassed by the Payout Criterion (one of the relevant four quarters has less than 0% change according to the BEA), the first 10:00 AM ET following the release of the data for the final relevant quarter, and the first 10:00 AM ET one week following the scheduled release date of the final relevant quarter's data. The release schedule can be found at https://www.bea.gov/news/schedule.

Expiration time: Unless otherwise noted by the Exchange and indicated on the Exchange website, 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 four values which are given by the value of the Underlying for the statistical period of <quarter> in <year> and the value of the Underlying for the immediately preceding 3 quarters as documented by the Source Agency on the Expiration Date at the Expiration time.

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

KalshiEX LLC
Rule 40.2 New Contract Submission: “Will there be a recession?”
Ticker: RECSS
~~August 3~~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 ~~RECSS~~“Will there be a recession?” Contract is a contract relating to whether or not there will be a quarter of negative real GDP growth in the next four quarters as measured by the Bureau of Economic Analysis (“BEA”). The Contract is designed to enable market participants whose businesses or operations are affected by the rate of growth of real GDP to hedge risks associated with changes in the aforementioned rate. 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 rate of growth of U.S. real GDP is a key indicator for the health of the U.S. economy. GDP growth correlates with the growth rate of incomes, corporate profits, and tax revenue in the U.S. economy. Thus, the Contract can serve as a hedging instrument for the overall health of the American economy, making it useful to a large class of investors.

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 there was at least one quarter of negative real GDP growth in the next four quarters, 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 there be a recession?
Ticker and Rulebook: RECSS

RECSS

Scope: These rules shall apply to the RECSS contract.

Underlying: The Underlying for this Contract is the most recent estimates of seasonally adjusted annualized percent changes in quarterly US real GDP from previous quarters as released by the Bureau of Economic Analysis (BEA). Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: To find the Underlying, click the following link: https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=2#reqid=19&step=2&isuri=1&1921=survey and then click "Section 1-Domestic Product and Income" and then navigate to "Table 1.1.1. Percent Change From Preceding Period in Real Gross Domestic Product". Check the row for "Gross Domestic Product" (in line 1) to find the Underlying. In the event that not all of the data for the relevant four quarters specified by the Exchange is reported in ~~the Underlying~~that link, the value for each missing quarter will be ascertained by examining the most recent estimate of the seasonally adjusted annualized percent change in US GDP from the previous quarter for the relevant quarter from the following link: ~~https://www.bea.gov/data/gdp/gross-domestic-product. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.~~https://www.bea.gov/data/gdp/gross-domestic-product. 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 Bureau of Economic Analysis.

Type: The type of Contract is a Binary Contract.

Issuance: ~~The Issuance of the initial Contract will be on or after August 5, 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 is intended to be listed on an annual basis.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values where at least one of the four values (representing the values of the Underlying for the specified four quarters) is strictly less than zero.

Quarter: <quarter> refers to a quarter specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <quarter>, ranging from Quarter 1 to Quarter 4 of <year>.

Year: <year> refers to a year specified by Kalshi. Kalshi may list contracts corresponding to different statistical periods of <year~~>, ranging from 2021 to 2025.~~>.

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 July 27, 2022.~~ The Last Trading ~~Time is 11:00 PM.~~Date will be the same as the Expiration Date.

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 Expiration Date of the Contract shall be August 2, 2022.~~

Expiration Date: The Expiration Date of the Contract will be the the sooner of the first 10:00 AM ET following an event encompassed by the Payout Criterion (one of the relevant four quarters has less than 0% change according to the BEA), the first 10:00 AM ET following the release of the data for the final relevant quarter, and the first 10:00 AM ET one week following the scheduled release date of the final relevant quarter's data. The release schedule can be found at https://www.bea.gov/news/schedule.

Expiration time: Unless otherwise noted by the Exchange and indicated on the Exchange website, the Expiration time of the Contract shall be ~~11~~10:00 AM ET.

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

Expiration Value: The Expiration Value is the four values which are given by the value of the Underlying for the statistical period of <quarter> in <year> and the value of the Underlying for the immediately ~~following~~preceding 3 quarters 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 new U.S. home sales be above <count>?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the “Will new U.S. home sales be above <count>?” contract (Contract). The Contract is intended to be listed monthly. The Exchange may list additional contracts with different <count> levels for a given <month> according to changes in expectations. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<month> (the target month)**
- **<count> (the number of new home sales)**

The changes are as follows:

1. The Underlying was separated from instructions on how to access the Underlying. This is to make sure that the Underlying is not tied to a particular website style, URL, or format.
2. The Last Trading Date was changed to the day of the scheduled data release for <month>.
3. The Last Trading Time was changed to 9:55 AM ET to better reflect the timing of the data release (10:00 AM).
4. The Expiration Date is now the sooner of the day of the release of data for <month> or one week following the scheduled data release for <month>. This will prevent any short-term issues with the data release from affecting the Expiration Value.
5. The Expiration Time was changed to 10:05 AM ET to better reflect the timing of the data release (10:00 AM).
6. The Settlement date has been changed to no later than the day following Expiration rather than strictly the day following Expiration to return Members’ funds sooner.
7. Additional form language regarding contingencies has been added to be consistent with other contracts.

Along with this letter, Kalshi submitted the following documents:

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

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

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

Sincerely,

Eliezer Mishory

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

KalshiEX LLC
Rule 40.2 New Contract Submission: "How many new U.S. home sales will there be?"
Ticker: HOME
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 "How many new U.S. home sales will there be?" contract is a contract relating to aggregate data on the number of new single-family houses sold per month in the United States. This contract is designed to enable market participants with significant interest in the sale of new homes in the U.S. to hedge the risk that sales outperform or underperform their expectations. 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.

This contract will allow market participants to directly hedge against weakness in the housing market for new construction. This will allow participants interested in purchasing a new home to hedge the risk of high demand from other consumers that could put upward pressure on housing prices. It will also provide valuable information to policymakers regarding the health of the housing market, a vital indicator that contains information about the potential formation of bubbles or other trends that can contribute to systemic risk in the economy.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the contract is open, Members are able to adjust their positions and trade freely. Once trading on the contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, “long position holder” refers to a Member who purchased the “Yes” side of the contract and “short position holder” refers to a Member who purchased the “No” side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the Market Outcome is “Yes”, meaning that the quantity of “New Houses Sold” in the New Residential Sales report for the statistical period of <month> is strictly above <count>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is “No”, then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the “Yes” direction are included below in the section titled “Payout Criterion” in Appendix A.

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: How many new U.S. home sales will there be?
Ticker and Rulebook: HOME

HOME

Scope: These rules shall apply to the HOME contract.

Underlying: The Underlying for this Contract is the preliminary estimate of seasonally adjusted "New Residential Sales" found in the Current Press Release of the monthly New Residential Sales report published by the U.S. Census Bureau. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Underlying can be found by clicking on "Full Report [PDF]" under "Current Press Release:" at https://www.census.gov/construction/nrs/index.html. A schedule of release dates for the New Residential Sales report is available in the table on page 2 of the following PDF in the row titled "New Residential Sales": https://www.census.gov/economic-indicators/censusreleaseglance_2021.pdf. Each month's report is available at the following stable URL, which automatically displays the latest available report: https://www.census.gov/construction/nrs/pdf/newressales.pdf. The Underlying is typically located on the first page of the report in the left-hand table titled "New Residential Sales [MONTH/YEAR]" and is delineated by the identifier "New Houses Sold:". 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 U.S. Census Bureau.

Type: The type of Contract is a Binary Contract.

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

Count: Kalshi may list "Will U.S. new home sales be above <count>?" contracts with <count> levels that fall within an inclusive range between a maximum value of 2,000,000 and a minimum value of 0 at consecutive increments of 1,000. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

Month: <month> refers to a calendar month specified by Kalshi. Kalshi may list "Will new U.S. home sales be above <count>?" contracts corresponding to different statistical periods of <month>, ranging from January to December.

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

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

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

Member.

Last Trading Date: The Last Trading Date for the Contract will be the day of the scheduled data release for <month>. The schedule can be found at https://www.census.gov/construction/nrs/schedule.html. The Last Trading Time will be 9:55 AM 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 10:05 AM ET following the release of data for <month> or one week following the scheduled data release for <month>.

Expiration time: The Expiration time of the Contract shall be 10:05 AM ET.

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

Expiration Value: The Expiration Value is the value of the Underlying for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

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

KalshiEX LLC
Rule 40.2 New Contract Submission: "~~Will~~How many new U.S. home sales will there be ~~above <count>?"~~?"
~~06/28/~~Ticker: HOME
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.~~ I. Introduction

The "~~Will~~How many new U.S. home sales will there be ~~above <count>?"~~?" contract is a contract relating to aggregate data on the number of new single-family houses sold per month in the United States. This contract is designed to enable market participants with significant interest in the sale of new homes in the U.S. to hedge the risk that sales outperform or underperform their expectations. 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.

This contract will allow market participants to directly hedge against weakness in the housing market for new construction. This will allow participants interested in purchasing a new home to hedge the risk of high demand from other consumers that could put upward pressure on housing prices. It will also provide valuable information to policymakers regarding the health of the housing market, a vital indicator that contains information about the potential formation of bubbles or other trends that can contribute to systemic risk in the economy.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the contract is open, Members are able to adjust their positions and trade freely. Once trading on the contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, "long position holder" refers to a Member who purchased the "Yes" side of the contract and "short position holder" refers to a Member who purchased the "No" side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the Market Outcome is "Yes", meaning that the quantity of "New Houses Sold" in the New Residential Sales report for the statistical period of <month> is strictly above <count>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is "No", then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the "Yes" direction are included below in the section titled "Payout Criterion" in Appendix A.

~~**Contract Specifications:**~~

~~**Underlying**~~	~~The preliminary estimate of seasonally adjusted "New Residential Sales" reported in the Current Press Release of the monthly Residential Sales report published by the U.S. Census Bureau. (https://www.census.gov/construction/nrs/index.html). Future revisions after Expiration will not be accounted for. Further analysis regarding the Underlying, including a discussion of data collection methodology and considerations related to Core Principle 3 are covered in Confidential Appendix C and Confidential Appendix D.~~
~~**Payout Criterion**~~	~~The Payout Criterion encompasses Expiration Values that are strictly above <count>.~~
~~**Contract Size**~~	~~The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.~~

~~**Listing Cycle**~~	~~For contracts whose Expiration Value is based on the outcome of recurrent data releases, Expirations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Expirations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.~~ ~~The Contract is based on the outcome of a recurrent data release which is issued on a monthly basis. Thus, Expirations for the Contract will be listed on a monthly basis.~~ ~~I. The issuance of the initial contract will be on June 30, 2021.~~ ~~II. The issuance of each subsequent contract will correspond to the next month and be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous contract to reflect the monthly schedule of the New Residential Sales report.~~ ~~III. The Exchange will list additional contract months on a recurring basis and will publish all available contract months on its website.~~
~~**Tick Size**~~	~~The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. A minimum price fluctuation of $0.01 is the standard tick size on the Exchange.~~
~~**Position Limit**~~	~~The Exchange has imposed position limits (defined as maximum loss exposure) of $25,000 U.S.D on the Contract.~~
~~**Trading Hours**~~	~~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.~~
~~**Fees**~~	~~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.~~
~~**Contract Modifications**~~	~~As outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.~~

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Rule 100.3~~

~~Contract: "Will~~Official Product Name: How many new U.S. home sales will there be~~ above <count>?"~~?
Ticker and Rulebook: HOME

HOME

Scope: These rules shall apply to the ~~contract referred to as "Will new U.S. home sales be above <count>?".~~HOME contract.

Underlying: The Underlying for this Contract is the preliminary estimate of seasonally adjusted "New Residential Sales" found in the Current Press Release of the monthly New Residential Sales report published by the U.S. Census Bureau ~~(~~. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Underlying can be found by clicking on "Full Report [PDF]" under "Current Press Release:" at ~~https://www.census.gov/construction/nrs/index.html).~~https://www.census.gov/construction/nrs/index.html. A schedule of release dates for the New Residential Sales report is available in the table on page 2 of the following PDF in the row titled "New Residential Sales": ~~https://www.census.gov/economic-indicators/censusreleaseglance_2021.pdf.~~ https://www.census.gov/economic-indicators/censusreleaseglance_2021.pdf. Each month's report is available at the following stable URL, which automatically displays the latest available report: ~~https://www.census.gov/construction/nrs/pdf/newressales.pdf.~~https://www.census.gov/construction/nrs/pdf/newressales.pdf. The Underlying is typically located on the first page of the report in the left-hand table titled "New Residential Sales [MONTH/YEAR]" and is delineated by the identifier "New Houses Sold:". ~~Given that the preliminary estimate of seasonally adjusted New Residential Sales is explicitly specified as the underlying for the Contract, further revisions that are published after Expiration will not be taken into account when determining the Expiration Value of the Contract.~~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 U.S. Census Bureau.

Type: The type of Contract is a Binary Contract.

Issuance: The ~~Issuance of this contract will be in accordance with the information outlined in the "Listing Cycle" section of the Contract Specifications table. The~~ Contract is based on the outcome of a recurrent data release which is issued on a monthly basis. Thus, Contracts will be issued on a monthly basis, and subsequent contracts will correspond to the next month. ~~The Issuance of the initial contract will be on June 30, 2021 at 10:00am ET. After the initial contract, subsequent contracts will be issued on the Expiration Date of the prior iteration of the contract to reflect the monthly schedule of the New Residential Sales report.~~

Count: Kalshi may list “Will U.S. new home sales be above <count>?” contracts with <count> levels that fall within an inclusive range between a maximum value of 2,000,000 and a minimum value of 0 at consecutive increments of 1,000. Due to the potential for variability in the Underlying, the Exchange may modify <count> levels in response to suggestions by Members.

Month: <month> refers to a calendar month specified by Kalshi. Kalshi may list “Will new U.S. home sales be above <count>?” contracts corresponding to different statistical periods of <month>, ranging from January to December.

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

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

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

Member.

Last Trading Date: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~The Last Trading Date for the Contract will be the day ~~prior to~~of the scheduled data release ~~of the next Census Bureau New Residential Sales report. The Last Trading Time~~ for ~~the Contract is 7:00pm ET on the day prior to the release of the next Census Bureau New Residential Sales report. No trading in the Contract shall occur after its Last Trading Date and Time. For example, the Last Trading Date of the initial contract is July 25, 2021 and the Last Trading Time is 7:00pm ET on July 25, 2021 because the next Census Bureau New Residential Sales report will be released on July 26, 2021. A calendar of future New Residential Sales report release dates is available here:~~<month>. The schedule can be found at https://www.census.gov/construction/nrs/schedule.html. The Last Trading Time will be 9:55 AM 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 ~~release date of the next New Residential Sales report published by the Census Bureau. For example, the Expiration Date of the initial contract is July 26, 2021 because the next New Residential Sales report will be released on July 26, 2021.~~sooner of the first 10:05 AM ET following the release of data for

<month> or one week following the scheduled data release for <month>.

Expiration time: The Expiration time of the Contract shall be ~~6:00pm~~10:05 AM ET.

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

Expiration Value: The Expiration Value is the value of the Underlying for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

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

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 MEAD 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 MEAD contract (Contract). The Contract is intended to be listed monthly. The Exchange may list additional contracts with different <feet> levels for a given <month> according to changes in expectations. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<feet> (how high Lake Mead's water level is)**
- **<month> (the target month)**
- **<greater than/less than>**

The changes are as follows:

1. The Expiration Date is now the sooner of one day following data being available for the last day of <month> or or one week following the first day after the third day of the calendar month that is neither a weekend nor a federal holiday.
2. The Settlement date has been changed to no later than the day following Expiration rather than strictly the day following Expiration.

Along with this letter, Kalshi submitted the following documents:

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

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

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

Sincerely,

Eliezer Mishory

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

KalshiEX LLC
New Contract Submission: What will Lake Mead water levels be?
Ticker: MEAD
Lake Mead Water Levels
December 11, 2021

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

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

I. Introduction

The "What will Lake Mead water levels be?" Contract is a contract relating to water levels at Lake Mead. Lake Mead is one of the largest sources of electricity in the American Southwest, primarily servicing the Las Vegas area. In recent months, the water levels have reached dangerously low levels. 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.

Lake Mead is the reservoir on the Colorado River that is formed by the Hoover Dam. When water levels drop, that means less water can flow through the turbines of the dam, producing less electricity (and, of course, decreased electrical production raises the equilibrium price of electricity in the broader dispatch region). Considering Lake Mead's status both as a direct producer of electricity and as a bellwether for overall water conditions in the American Southwest, this Contract provides a large hedging utility.

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 water levels at Lake Mead are <greater than/less than> <feet> for <month>, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A.

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: What will Lake Mead water levels be?
Ticker and Rulebook: MEAD

MEAD

Scope: These rules shall apply to the MEAD contract.

Underlying: The Underlying for this Contract is end-of-month water elevation in feet for Lake Mead at Hoover Dam as measured by the U.S. Bureau of Reclamation. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The data can be found at https://www.usbr.gov/lc/region/g4000/hourly/mead-elv.html. The value should be in the row labeled with the appropriate year and the column with the appropriate month.

Should no data be available at that link, please use: https://www.usbr.gov/lc/region/g4000/hourly/levels.html. The data is in the column “Elevation Feet” under the header “Lake Mead”. The row is the row associated with the final available day of <month>. These instructions on how to access the Underlying are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time.

Source Agency: The Source Agency is the U.S. Bureau of Reclamation.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a monthly basis. Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next month. The Exchange will publish all available contract months on its website.

<Feet>: Kalshi may list iterations of the Contract with <feet> levels that fall within an inclusive range between a maximum value of <1,500> and a minimum value of <0> at consecutive increments of <0.1>. Due to the potential for variability in the Underlying, the Exchange may modify <feet> levels in response to suggestions by Members.

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

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

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

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

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

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

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

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

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

Expiration Value: The Expiration Value is the value of the Underlying for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

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

KalshiEX LLC
New Contract Submission: What will Lake Mead water levels be?
Ticker: MEAD
Lake Mead Water Levels
~~10/5/~~December 11, 2021

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

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

I. Introduction

~~The MEAD~~The "What will Lake Mead water levels be?" Contract is a contract relating to water levels at Lake Mead. Lake Mead is one of the largest sources of electricity in the American Southwest, primarily servicing the Las Vegas area. In recent months, the water levels have reached dangerously low levels. 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.

Lake Mead is the reservoir on the Colorado River that is formed by the Hoover Dam. When water levels drop, that means less water can flow through the turbines of the dam, producing less electricity (and, of course, decreased electrical production raises the equilibrium price of electricity in the broader dispatch region). Considering Lake Mead's status both as a direct producer of electricity and as a bellwether for overall water conditions in the American Southwest, this Contract provides a large hedging utility.

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 water levels at Lake Mead are <greater than/less than> <feet> for <month>, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A.

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Contract~~Official Product Name: What will Lake Mead water levels be?
Ticker and Rulebook: MEAD

MEAD

Scope: These rules shall apply to the MEAD contract.

Underlying: The Underlying for this Contract is end-of-month water elevation in feet for Lake Mead at Hoover Dam as measured by the U.S. Bureau of Reclamation. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The data can be found at https://www.usbr.gov/lc/region/g4000/hourly/mead-elv.html. The value should be in the row labeled with the appropriate year and the column with the appropriate month.

Should no data be available at that link, please use: https://www.usbr.gov/lc/region/g4000/hourly/levels.html. The data is in the column “Elevation Feet” under the header “Lake Mead”. The row is the row associated with the final available day of <month>. These instructions on how to access the Underlying are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time.

Source Agency: The Source Agency is the U.S. Bureau of Reclamation.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a monthly basis. Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next month. The Exchange will publish all available contract months on its website. ~~The Issuance of the initial Contract will be on or after October 7, 2021.~~

<Feet>: Kalshi may list iterations of the Contract with <feet> levels that fall within an inclusive range between a maximum value of <1,500> and a minimum value of <0> at consecutive increments of <0.1>. Due to the potential for variability in the Underlying, the Exchange may modify <feet> levels in response to suggestions by Members.

<Month>: <month> refers to a calendar month specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different statistical periods of <month~~>, ranging from October 2021 to December 2031.~~ >.

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

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

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

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

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

Expiration Date: The Expiration Date of the Contract shall be the ~~third day~~sooner of the ~~calendar month~~first 10:00 AM ET following ~~<month>, unless that date is a weekend or a federal holiday, whereupon it shall be the first day after the third day of the calendar month that is neither a weekend nor a federal holiday. For example, the Expiration Date of the initial Contract will be the earlier of~~ the release of the data ~~or November 3, 2021 is neither a weekend nor a federal holiday.~~for the last day of <month> or one week following the last day of <month>.

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

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

Expiration Value: The Expiration Value is the value of the Underlying for the statistical period of <month> as documented by the Source Agency on the Expiration Date at the Expiration time.

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

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 the target federal funds rate be above <percent>?" 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 the target federal funds rate be above <percent>?" contract (Contract). The Contract is intended to be listed over the period of a year. At issuance, contracts will be issued for each Federal Reserve meeting of 2022. After the first meeting of 2022 has passed, the Exchange will list a Contract corresponding to the first meeting of 2023. The Exchange may list additional contracts with different <percent> levels for a given <meeting> according to changes in forecasts. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<greater than/less than>**
- **<percent> (the federal funds rate in question)**
- **<meeting> (a given Federal Reserve Board meeting where its members discuss the Bank's monetary policy stance)**

The amendments are as follows:

1. The Contract was modified to allow Kalshi to list contracts which turn on being above or below <percent> rather than merely above, to also accurately cover lowering, rather than merely raising, interest rates.
2. The Contract was modified to correspond to specific Federal Reserve meetings, i.e. will the federal funds rate be <above/below> <percent> for a given meeting rather than just a date that corresponds to a meeting. This will allow the Contract to cover multiple meetings as opposed to just one, increasing hedging opportunities for Members.
3. The Issuance was modified to reflect an entire year's worth of meetings, as stated above, rather than only the next meeting, to increase hedging opportunities for Members.
4. The Underlying was separated from instructions on how to access the Underlying. This is to make sure that the Underlying is not tied to a particular website style, URL, or format.
5. The Last Trading Date is now the last day of a Federal Reserve meeting rather than the day before a Federal Reserve meeting begins to better reflect the timing of the data release (2:00 PM ET the last day of meetings).
6. The Last Trading Time is now 1:55 PM instead of 7:00 PM to better reflect the timing of the data release.
7. The Expiration Date is now the sooner of the date a statement is released for <meeting> or one

week after the last day of <meeting> rather than one day following the last date of a Federal Reserve meeting. This will prevent any short-term issue with the data being released in a timely way from affecting the Expiration Value.

8. The Expiration Time is now 2:05 PM instead of 6:00 PM to better reflect the timing of the data release.
9. 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.
10. Additional form language regarding contingencies has been added to be consistent with other contracts.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended Contract; and
- A redline showing the changes to Appendix A, the product rules and terms and conditions of the contract.

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

Sincerely,

Eliezer Mishory

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

KalshiEX LLC
Rule 40.2 New Contract Submission: Will the target federal funds rate be <above/below> <percent>?
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 target federal funds rate be <above/below> <percent>?” contract is a contract relating to the upper bound of the target federal funds range as set by the Federal Open Market Committee. The Contract is designed to enable market participants whose businesses or operations are affected by the level of the target federal funds range to mitigate the commercial risks associated with a higher or lower benchmark interest rate. 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 target federal funds range set by the Federal Open Market Committee is a core indicator for the health of the US economy. The range is typically specified as 25 basis points wide, and so a change in the upper bound of the range, denoted as the target federal funds rate, is usually synonymous with a shift of the range itself. The level of the target federal funds range directly affects the cost of capital for major US financial corporations, and therefore the ability of non-financial corporations, small businesses, and individuals to raise or borrow money to fund investments in future production. The Contract can serve as an important hedging instrument for the overall health of the American economy, making it useful to a large class of investors.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the Contract is open, Members are able to adjust their positions and trade freely. Once trading on the Contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, "long position holder" refers to a Member who purchased the "Yes" side of the contract and "short position holder" refers to a Member who purchased the "No" side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the Market Outcome is "Yes", meaning that the upper bound of the target federal funds range is strictly greater than <percent>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is "No", then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the "Yes" direction 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 target federal funds rate be <above/below> <percent>?
Ticker and Rulebook: FED

FED

Scope: These rules shall apply to the FED contract.

Underlying: The Underlying for this Contract is the upper bound of the target federal funds range published by the official website of the Federal Reserve. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Underlying can be accessed in the latest table entry under the Column titled "Level (%)"(https://www.federalreserve.gov/monetarypolicy/openmarket.htm). The linked website displays a continuously updated list of changes to the target federal funds range in table format. The most recent entry on the page determines the value of the Underlying. For example, on March 16, 2020, the FOMC voted to lower the target range to "0-0.25%", where the upper bound is 0.25%, which is reflected in the table entry for March 16, 2020 and thus the Underlying value would be 0.25%. Statements from meetings can be accessed at https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm. Statements are released at 2:00 PM ET on the last day of meetings. 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 United States Federal Reserve System.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is intended to be issued one year in advance of Federal Reserve meetings. At issuance, contracts will be issued for each scheduled meeting for 2022 (currently, eight are scheduled). After the first meeting of 2022 has passed, the Exchange will list a Contract corresponding to the first meeting of 2023. The Exchange may list additional contracts with different <percent> levels for a given <meeting> according to changes in forecasts. The Exchange may also list additional contracts corresponding to emergency meetings, which are announced at the same source listed in <meeting>.

Percent: Kalshi may list "Will the target federal funds rate be <above/below> <percent>?" contracts with <percent> levels that fall within an inclusive range between a maximum value of 20.00% and a minimum value of 0.00% at consecutive increments of 0.05%. Due to the potential for variability in the Underlying, the Exchange may modify <percent> levels in response to suggestions by Members.

<meeting>: Kalshi may list "Will the target federal funds rate be above <percent>?" contracts with <meeting> values corresponding to Federal Reserve meetings over the next 12 months. The list of meetings for the current year can be found at https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm. The 2022 calendar can be found at https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm.

Payout Criterion: The Payout Criterion encompasses Expiration Values that are strictly <greater than/less than> <percent> for <meeting>. If no data is available on the Expiration Date at the Expiration Time, the Contract resolves to No.

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

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

Last Trading Date: The Last Trading Date of the Contract will be the last day of <meeting>. If <meeting> spans two days, then the Last Trading Date will be the second day. The Last Trading Time will be 1:55 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 will be the sooner of the first of the first 2:05 PM ET following the release of a Federal Reserve statement for <meeting> and one week following the last day of <meeting>. The link to find these statements is found in the Instructions. These statements are typically titled with, “Decisions Regarding Monetary Policy Implementation.”

Expiration time: The Expiration time of the Contract shall be 2:05 PM ET.

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

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

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

KalshiEX LLC
Rule 40.2 New Contract Submission: Will the target federal funds rate be <above/below> <percent>?
~~06/30/~~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 target federal funds rate be <above/below> <percent>?” contract is a contract relating to the upper bound of the target federal funds range as set by the Federal Open Market Committee. The Contract is designed to enable market participants whose businesses or operations are affected by the level of the target federal funds range to mitigate the commercial risks associated with a higher or lower benchmark interest rate. 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 target federal funds range set by the Federal Open Market Committee is a core indicator for the health of the US economy. The range is typically specified as 25 basis points wide, and so a change in the upper bound of the range, denoted as the target federal funds rate, is usually synonymous with a shift of the range itself. The level of the target federal funds range directly affects the cost of capital for major US financial corporations, and therefore the ability of non-financial corporations, small businesses, and individuals to raise or borrow money to fund investments in future production. The Contract can serve as an important hedging instrument for the overall health of the American economy, making it useful to a large class of investors.

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

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

Relevant Contract Terms and Conditions: The Contract operates similar to the other binary contracts that the Exchange is self-certifying for trading. In particular, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. While trading on the Contract is open, Members are able to adjust their positions and trade freely. Once trading on the Contract has closed, the market is settled by the Exchange and the long position holders and short position holders are paid according to the outcome of the market. In this case, "long position holder" refers to a Member who purchased the "Yes" side of the contract and "short position holder" refers to a Member who purchased the "No" side of the contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered. If the Market Outcome is "Yes", meaning that the upper bound of the target federal funds range is strictly greater than <percent>, then the long position holder is paid an absolute amount proportional to the size of their position and the short position holder receives no payment. Otherwise, if the Market Outcome is "No", then the short position holder is paid an absolute amount proportional to the size of their position and the long position holder receives no payment. Further specification of the circumstances that would trigger a settlement in the "Yes" direction are included below in the section titled "Payout Criterion" in Appendix A.

~~**Contract Specifications:**~~

~~**Underlying**~~	~~The upper bound of the target federal funds range, published on the Federal Reserve official website (https://www.federalreserve.gov/monetarypolicy/openmarket.htm). Revisions after Expiration will not be accounted for. Further analysis regarding the Underlying, including a discussion of data collection methodology and considerations related to Core Principle 3 are covered in Confidential Appendix C and Confidential Appendix D.~~
~~**Payout Criterion**~~	~~The Payout Criterion encompasses the Expiration Values that are strictly greater than <percent>.~~
~~**Contract Size**~~	~~The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.~~

~~**Listing Cycle**~~	~~For contracts whose Expiration Value is based on the outcome of recurrent data releases, Expirations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Expirations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.~~ ~~The Contract is based on the outcome of a recurrent data release which is issued according to the FOMC official calendar (https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm). Thus, Expirations for the Contract will be listed according to the calendar above. Specifically, Expirations will be listed on the day following the last day of the next regularly scheduled FOMC meeting.~~ ~~I. The Issuance of the initial contract will be on July 2, 2021.~~ ~~II. The Issuance of each subsequent contract will reflect the meeting schedule of the Federal Open Market Committee, and will be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on the Expiration Date of the previous contract.~~ ~~III. The Exchange will list additional contract periods on a recurring basis and will publish all available contract periods on its website.~~
~~**Tick Size**~~	~~The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. A minimum price fluctuation of $0.01 is the standard tick size on the Exchange.~~
~~**Position Limit**~~	~~The Exchange has imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract.~~
~~**Trading Hours**~~	~~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.~~
~~**Fees**~~	~~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.~~
~~**Contract Modifications**~~	~~As outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.~~

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Rule 100.5~~

~~Contract: “~~Official Product Name: Will the target federal funds rate be <above/below> <percent~~>?”~~>?
Ticker and Rulebook: FED

FED

Scope: These rules shall apply to the FED contract ~~referred to as "Will the target federal funds rate be above <percent>?"~~.

Underlying: The Underlying for this Contract is the upper bound of the target federal funds range published by the official website of the Federal Reserve. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Underlying can be accessed in the latest table entry under the Column titled "Level (%)"(https://www.federalreserve.gov/monetarypolicy/openmarket.htm). The linked website displays a continuously updated list of changes to the target federal funds range in table format. The most recent entry on the page determines the value of the Underlying. For example, on March 16, 2020, the FOMC voted to lower the target range to "0-0.25%", where the upper bound is 0.25%, which is reflected in the table entry for March 16, 2020 and thus the Underlying value would be 0.25%. Statements from meetings can be accessed at https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm. Statements are released at 2:00 PM ET on the last day of meetings. 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 United States Federal Reserve System.

Type: The type of Contract is a Binary Contract.

~~**Issuance:** The Issuance of this contract will be in accordance with the information outlined in the "Listing Cycle" section of the Contract Specifications table. The Contract is based on the outcome of a recurrent data release which is issued according to the FOMC official calendar (https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm). Thus, Contracts will be issued according to the calendar above, specifically, on the day following the last day of the next regularly scheduled FOMC meeting. The Issuance of the initial contract will be on July 2, 2021 at 10:00am ET. After the initial contract, subsequent contracts will be issued on the Expiration Date of the prior iteration of the contract to reflect the meeting schedule of the Federal Open Market Committee which determines the target federal funds range. For example, the issuance of the second iteration of the contract will be on July 29, 2021.~~

Issuance: The Contract is intended to be issued one year in advance of Federal Reserve meetings. At issuance, contracts will be issued for each scheduled meeting for 2022 (currently, eight are scheduled). After the first meeting of 2022 has passed, the Exchange will list a Contract corresponding to the first meeting of 2023. The Exchange may list additional contracts with different <percent> levels for a given <meeting> according to changes in forecasts. The Exchange may also list additional contracts corresponding to emergency meetings, which are announced at the same source listed in <meeting>.

Percent: Kalshi may list "Will the target federal funds rate be <above/below> <percent>?" contracts with <percent> levels that fall within an inclusive range between a maximum value of 20.00% and a minimum value of 0.00% at consecutive increments of 0.05%. Due to the potential for variability in the Underlying, the Exchange may modify <percent> levels in response to suggestions by Members.

<meeting>: Kalshi may list "Will the target federal funds rate be above <percent>?" contracts with <meeting> values corresponding to Federal Reserve meetings over the next 12 months. The list of meetings for the current year can be found at https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm. The 2022 calendar can be found at https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm.

Payout Criterion: The Payout Criterion encompasses Expiration Values that are strictly <greater than~~<percent>.~~/less than> <percent> for <meeting>. If no data is available on the Expiration Date at the Expiration Time, the Contract resolves to No.

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

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

~~**Last Trading Date:** Unless otherwise noted by the Exchange and indicated on the Exchange website, the Last Trading Date for the Contract will be the day prior to the first day of the next regularly scheduled Federal Open Market Committee ("FOMC") meetings. There are eight regularly scheduled FOMC meetings throughout the year, and each meeting typically lasts two days. The statement relevant to the determination of the Expiration Value of the Contract is released on the afternoon of the second day; thus, trading of the Contract will end two days prior, i.e., on the day before the first day of the meeting. The Last Trading Time for the Contract is 7:00pm ET on the Last Trading Date. No trading in the Contract shall occur after its Last Trading Date and Time. For example, the Last Trading Date of the initial contract is July 26, 2021 and the Last Trading Time is 7:00pm ET on July 26, 2021 because the next FOMC meeting will take place on July 27-28. A calendar of future FOMC meeting dates is available here: https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm.~~

Last Trading Date: The Last Trading Date of the Contract will be the last day of <meeting>. If <meeting> spans two days, then the Last Trading Date will be the second day. The Last Trading Time will be 1:55 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~~will be the ~~day after the final day~~sooner of the ~~next regularly scheduled~~first of the first 2:05 PM ET following the release of a Federal ~~Open Market Committee~~ Reserve statement for <meeting~~. For example, the Expiration Date of the initial contract~~> and one week following the last day of <meeting>. The link to find these statements is ~~July 29, 2021 because~~found in the ~~next FOMC meeting will close on July 28, 2021.~~Instructions. These statements are typically titled with, "Decisions Regarding Monetary Policy Implementation."

Expiration time: The Expiration time of the Contract shall be ~~6:00pm~~2:05 PM ET.

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

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

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

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 average gas prices be higher than <price>? 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 average gas prices be higher than <price>? contract (Contract). The Exchange intends to list the contract at three intervals: one week, one month, and three months. This cadence allows market participants to hedge against short-term losses at the pump as well as longer-term gas expenditures and price increases (such as in food) that occur when gas prices are high for longer time. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<expo_date> (The last possible expiration date)**
- **<price> (The target gas price)**

The amendments to are as follows:

1. The Expiration Date shall be the earlier of the first 10:00 AM following the release of the data for each date in the statistical period or some later <expo_date>, which is a change from the previous format where the Expiration was the day of the data release. The new approach has several advantages: this approach functionally eliminates the risk of Expiration occurring with any data missing and reduces the lag between when the data is released and the contract expires.
2. Settlement time is shortened to no later than the day after expiration, in order to reduce the amount of time that members have to wait before receiving the money.
3. The Expiration Time has been moved to 10:00 AM. This benefits members by standardizing expiration times across contracts and making it easier for members to understand when they will receive their money.
4. We have also increased instructions on how to access the Underlying.
5. The Exchange may add iterations of a contract for a given period with different values of <price> if forecasts change. For example, suppose the Exchange listed a contract asking if the gas price for the week ending March 1, 2022 will be above $4.00. However, the Omicron variant is spreading rapidly and people are staying home, so it becomes clear that the target is far too high. In such a scenario, the Exchange may add an additional iteration of the Contract for the same period with a lower value of <price>, e.g. $2.00.
6. Form language has been added to the Contingency section in order to make it 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,

Eliezer Mishory

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

KalshiEX LLC
Official Product Name: Will average gas prices be higher than <price>?
Ticker: GAS
Kalshi Contract Category: Econ/demographic measure (U.S. Data)
Gas prices
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 average gas prices be higher than <price>?” Contract is a contract relating to the average gas price for a given week. 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.

Gas prices are a major expense for hundreds of millions of Americans, and a core input into the prices of many other goods and services, such as food and heating. This contract is designed to hedge against an increase in prices of gasoline.

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 price of gas for the week ending <date> is above <price>, 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 average gas prices be higher than <price>?
Ticker and Rulebook: GAS

GAS

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the price per gallon in the United States for All Grades - Conventional Areas for the week ending <date> according to the Weekly Retail Gasoline and Diesel Prices table published by the Energy Information Administration. Revisions after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The data is available at https://www.eia.gov/dnav/pet/PET_PRI_GND_DCUS_NUS_W.htm and contained in the "Weekly Retail Gasoline and Diesel Prices" table . Make sure "Area" is set to "U.S." and "Period" is set to "Weekly". 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 Energy Information Administration ("EIA").

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a weekly basis. Thus, Contract iterations will be issued on a recurring basis, and after the initial Contract, iterations will generally be posted each week and correspond to the next week. The Exchange will also issue longer-dated contracts out in order to facilitate longer-term hedging. This schedule is elucidated further in the introductory letter.

Price: Kalshi may list iterations of the contract with <price> levels that fall within an inclusive range between a maximum value of 50 and a minimum value of 0 at consecutive increments of 0.001. Due to the potential for variability in the Underlying, the Exchange may modify <price> levels in response to suggestions by Members.

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

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

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

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

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

Last Trading Date: The Last Trading Date of the Contract will be on the day of the expected release of the data, which (excluding holidays) are generally on Mondays and corresponding to <date>. The Last Trading Time shall be 4:59 PM.

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

Expiration Date: The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data, or <expo_date>.

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

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

Expiration Value: The Expiration Value is the value of the Underlying as documented by the Source Agency on the Expiration Date at the Expiration time. If data for the week ending <date> is not reported by <expo_date>, then the Expiration Value is zero.

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

KalshiEX LLC
~~Rule 40.2 New Contract Submission: “~~Official Product Name: Will average gas prices be higher than <price~~>?”~~>?
~~Kalshi Rule 100.28~~
~~07/28/21~~
Ticker: GAS
Kalshi Contract Category: Econ/demographic measure (U.S. Data)
Gas prices
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 average gas prices be higher than <price>?” Contract is a contract relating to the average gas price ~~of gas on~~for a given ~~date~~week. 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.

Gas prices are a major expense for hundreds of millions of Americans, and a core input into the prices of many other goods and services, such as food and heating. This contract is designed to hedge against an increase in prices of gasoline.

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 ~~average~~the price of gas ~~prices on~~for the week ending <date> ~~are higher than~~is above <price>, 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 100.28~~

~~Contract: “~~Official Product Name: Will average gas prices be higher than <price~~>?”~~>?
Ticker and Rulebook: GAS

GAS

Scope: These rules shall apply to ~~the~~this contract~~ referred to as “Will average gas prices be higher than <price>?”~~.

Underlying: The Underlying for this Contract is ~~contained in the ~~the price per gallon in the United States for All Grades - Conventional Areas for the week ending <date> according to the Weekly Retail Gasoline and Diesel Prices table published by the ~~EIA and~~Energy Information Administration. Revisions after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The data is available ~~here:~~at https://www.eia.gov/dnav/pet/PET_PRI_GND_DCUS_NUS_W.htm~~. In~~ and contained in the “Weekly Retail Gasoline and Diesel Prices” table ~~ensure that the~~. Make sure “Area” is set to “U.S.” and “Period” is set to “Weekly~~.” The ~~”. These instructions on how to access the Underlying~~, specifically, is the data point in the row titled “All Grades - Conventional Areas” and in the column for ~~ are provided for convenience only and are not part of the ~~specified <date>. Revisions after Expiration will not be accounted for in determining the Expiration Value~~binding Terms and Conditions of the Contract. They may be clarified at any time.

Source Agency: The Source Agency is the ~~U.S. ~~Energy Information ~~Agency~~Administration (“EIA”).

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a weekly basis. Thus, Contract iterations will be issued on a recurring basis, and ~~future~~after the initial Contract, iterations will generally be posted each week and correspond to the next week. The Exchange will ~~publish all available contract weeks on its website. The Issuance of the initial Contract will be on or after July 30, 2021. After the initial Contract, future Contracts will be issued~~also issue longer-dated contracts out in ~~a manner which reflects the weekly~~order to facilitate longer-term hedging. This schedule ~~of Weekly Retail Gasoline data releases.~~ is elucidated further in the introductory letter.

Price: Kalshi may list ~~“Will average gas prices be higher than <price>?” contracts~~iterations of the contract with <price> levels that fall within an inclusive range between a maximum value of 50 and a minimum value of 0 at consecutive increments of 0.001. Due to the potential for variability in the Underlying, the Exchange may modify <price> levels in response to suggestions by Members.

~~**Date:**~~**<date>**: <date> refers to a calendar date specified by Kalshi. Kalshi may list ~~contracts~~iterations of the Contract corresponding to different statistical periods of <date~~>, ranging from July 30, 2021~~>.

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

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

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~~ The Last Trading Date of the Contract will be on the ~~Exchange website,~~day of the ~~Last Trading Date for~~expected release of the ~~Contract will be the same day as the Expiration Date.~~data, which (excluding holidays) are generally on Mondays and corresponding to <date>. The Last Trading Time ~~will~~shall be ~~5:00pm ET~~4:59 PM.

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

~~**Expiration Date:** Unless otherwise noted by the Exchange and indicated on the Exchange website, the Expiration Date of the Contract shall be the earlier of the next release date of the Weekly Retail Gasoline and Diesel Prices data and 14 days after the Issuance of the Contract iteration. The next release date can be found at the bottom of the following link: https://www.eia.gov/dnav/pet/PET_PRI_GND_DCUS_NUS_W.htm. The data are typically released on Mondays around 5:00 PM ET, with the exception of government holidays, when the data are released on Tuesdays.~~

Expiration Date: The Expiration Date of the Contract shall be the sooner of the first 10:00 AM ET following the release of the data, or <expo_date>.

Expiration time: The Expiration time of the initial Contract iteration shall be 10:~~00pm~~00 AM ET.

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

Expiration Value: The Expiration Value is the value of the Underlying ~~for the statistical period of <date>~~ as documented by the Source Agency on the Expiration Date at the Expiration time. If data for the week ending <date> is not reported by ~~Expiration~~<expo_date>, then the Expiration Value is zero.

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 the 30-Yr FRM be above <interest rate>?” 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 the 30-Yr FRM be above <interest rate>?” contract (Contract). The Exchange intends to list the contract at two cadences: one week and a longer-term cadence not to exceed one year that is designed to allow market participants to hedge both short-term changes in interest rates and long-term changes. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<expo_date> (The last possible expiration date)**
- **<interest_rate> (The target interest rate)**

The amendments to the FRM contract are as follows:

1. The Expiration Date shall be the earlier of the first 10:05 AM following the release of the data for each date in the statistical period or some later <expo_date>, which is a change from the previous format where the Expiration was the day of the data release, but much later in the day. The new approach has several advantages: this approach functionally eliminates the risk of Expiration occurring with any data missing and reduces the lag between when the data is released and the contract expires.
2. Settlement time is shortened to no later than the day after expiration, in order to reduce the amount of time that members have to wait before receiving the money.
3. The Expiration Time has been moved to 10:05 AM. This benefits members by standardizing expiration times across contracts and making it easier for members to understand when they will receive their money. While most contracts expire at 10:00 AM sharp, since the data arrives for the Underlying by 10:00 AM, the extra five minutes is to increase the probability that the contract can be determined at the earliest possible moment.
4. We have also increased instructions on how to access the Underlying.
5. The Exchange may add iterations of a contract for a given period with different values of <interest_rate> if forecasts change. For example, suppose the Exchange listed a contract asking if the gas price for the week ending March 1, 2022 will be above 4.00%. However, the Omicron variant is spreading rapidly and the Federal Reserve is forced to cut interest rates, so it becomes clear that the target is far too high. In such a scenario, the Exchange may add an additional

iteration of the Contract for the same period with a lower value of <interest_rate>, e.g. 2.00%.

6. We have also added form language 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,

Eliezer Mishory

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

KalshiEX LLC
Official Product Name: “Will the 30-Yr FRM be above <interest rate>?”
Ticker: FRM
Kalshi Contract Category: Econ/Demographic Measure (U.S. Government Data)
30-year Fixed Rate Mortgage Rates
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 30-Yr FRM be above <interest rate>?” contract is a contract relating to the interest rate on 30-year fixed rate mortgages (“FRM”). The interest rate on 30-year fixed rate mortgages directly relates to the cost of a mortgage for consumers seeking to purchase a house. It also relates to interest rates and levels of activity in the broader economy. 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.

This contract is derivative of the interest rate on 30-year fixed rate mortgages. This is a fundamental economic indicator which contains information about the state of the mortgage market and the consumer demand for mortgages. This in turn reflects the availability of lending for mortgages, and therefore the health of parts of the financial system devoted to financing purchases of housing.

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 30-year fixed rate mortgage rate is above <interest_rate> on <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 30-Yr FRM be above <interest rate>?"
Ticker and Rulebook: FRM

FRM

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the 30-Yr fixed-rate mortgage rate for the statistical period of the week ending <date> reported by the Freddie Mac Primary Mortgage Market Survey® ("PMMS"). The Expiration Value of the Contract will be determined using the preliminary estimate of the weekly 30-Yr FRM. Further revisions that are published after the Expiration Date and Expiration time will not be taken into account when determining the Expiration Value of the Contract.

Instructions: The Underlying is available at the following link: http://www.freddiemac.com/pmms. 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 Freddie Mac.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a weekly basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next week. The Exchange will also issue longer-dated contracts out in order to facilitate longer-term hedging. This schedule is elucidated further in the introductory letter.

Interest_rate: Kalshi may list iterations of the Contract with <interest_rate> levels that fall within an inclusive range between a maximum value of 20% and a minimum value of .01% at consecutive increments of 0.01%. Due to the potential for variability in the Underlying, the Exchange may modify <interest_rate> levels in response to suggestions by Members.

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

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

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

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 9:55 AM.

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

Expiration Date: The Expiration Date of the Contract shall be the earlier of the first 10:05 AM ET following the release of the data for <date>, or <expo_date>.

Expiration time: The Expiration time of the initial Contract iteration shall be 10:05 AM ET.

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

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

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

KalshiEX LLC
~~Rule 40.2 New Contract Submission~~Official Product Name: “Will the 30-Yr FRM be above <interest rate>?”
~~07/20~~Ticker: FRM
Kalshi Contract Category: Econ/Demographic Measure (U.S. Government Data)
30-year Fixed Rate Mortgage Rates
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 30-Yr FRM be above <interest rate>?” contract is a contract relating to the interest rate on 30-year fixed rate mortgages (“FRM”). The interest rate on 30-year fixed rate mortgages directly relates to the cost of a mortgage for consumers seeking to purchase a house. It also relates to interest rates and levels of activity in the broader economy. 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.

This contract is derivative of the interest rate on 30-year fixed rate mortgages. This is a fundamental economic indicator which contains information about the state of the mortgage market and the consumer demand for mortgages. This in turn reflects the availability of lending for mortgages, and therefore the health of parts of the financial system devoted to financing purchases of housing.

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

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

~~Relevant~~General Contract Terms and Conditions: The Contract operates similar to ~~the~~ other binary contracts that the Exchange ~~is self-certifying~~lists for trading. ~~In particular~~The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of $0.01 to enable Members to match the size of the contracts purchased to their economic risks. The Exchange has further imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract. As outlined in Rule 5.12 of the Rulebook, trading shall be available at all times outside of any maintenance windows, which will be announced in advance by the Exchange. Members will be charged fees in accordance with Rule 3.6 of the Rulebook. Fees are charged in such amounts as may be revised from time to time to be reflected on the Exchange’s Website. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract’s Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract’s payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. ~~While~~During the time that trading on the ~~contract~~Contract is open, Members are able to adjust their positions and trade freely. ~~Once~~After trading on the ~~contract~~Contract has closed, the Expiration Value and Market Outcome are determined. The market is then settled by the Exchange, and the long position holders and short position holders are paid according to the ~~outcome of the market.~~Market Outcome. In this case, “long position ~~holder~~holders” refers to ~~a Member~~Members who purchased the “Yes” side of the ~~contract~~Contract and “short position ~~holder~~holders” refers to ~~a Member~~Members who purchased the “No” side of the ~~contract. Depending on the outcome of the market, as determined by the Exchange, one of two payout processes is triggered.~~Contract. If the Market Outcome is “Yes~~”~~,” meaning that the 30-year ~~Freddie Mac FRM for the statistical period of the week ending <date>~~fixed rate mortgage rate is ~~strictly~~ above <interest~~-~~_rate> on <date>, then the long position ~~holder is~~holders are paid an absolute amount proportional to the size of their position and the short position ~~holder receives~~holders receive no payment. ~~Otherwise, if~~ If the Market Outcome is “No~~”~~,” then the short position ~~holder is~~holders are paid an absolute amount proportional to the size of their position and the long position ~~holder receives~~holders receive no payment. ~~Further specification~~Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A.

~~**Contract Specifications:**~~

~~**Underlying**~~	~~The preliminary estimate of the weekly 30-Yr FRM by Freddie Mac (http://www.freddiemac.com/pmms).~~
~~**Payout Criterion**~~	~~The Payout Criterion encompasses the Expiration Values that are strictly above <interest rate>.~~
~~**Contract Size**~~	~~The Exchange takes the view that maximizing the commercial usefulness of any product dictates that the contract size should conform to commercial norms. Therefore, as with other similar contracts offered by the Exchange, the Contract is sized with a one-dollar notional value to enable Members to match the size of the contracts purchased to their economic risks.~~
~~**Listing Cycle**~~	~~For contracts whose Expiration Value is based on the outcome of recurrent data releases, Contract iterations will be listed consistently by a time period corresponding to the cadence of Underlying data releases. For contracts whose Expiration Value is not based upon the outcome of recurrent data releases, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.~~ ~~The Contract is based on the outcome of a recurrent data release which is issued on a weekly basis. Thus, iterations of the Contract will be listed on a weekly basis.~~ ~~I. The issuance for the initial contract will be July 22, 2021.~~ ~~II. The issuance for each subsequent contract will correspond to the next week and be announced and posted on the Exchange website. After the initial contract, subsequent contracts will be issued on Thursdays to reflect the weekly schedule of Freddie Mac Primary Mortgage Market Survey® releases.~~ ~~III. The Exchange will list additional contract weeks on a recurring basis and will publish all available contract weeks on its website.~~
~~**Tick Size**~~	~~The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. A minimum price fluctuation of $0.01 is the standard tick size on the Exchange.~~
~~**Position Limit**~~	~~The Exchange has imposed position limits (defined as maximum loss exposure) of $25,000 USD on the Contract.~~
~~**Trading Hours**~~	~~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.~~
~~**Fees**~~	~~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.~~
~~**Contract Modifications**~~	~~As outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.~~

APPENDIX A – CONTRACT TERMS AND CONDITIONS

TERMS OF CONTRACTS TRADED ON KALSHI

~~Rule 100.23~~

~~Contract~~Official Product Name: “Will the 30-Yr FRM be above <interest rate>?”
Ticker and Rulebook: FRM

FRM

Scope: These rules shall apply to ~~the~~this contract~~ referred to as “Will the 30-Yr FRM be above <interest rate>?”~~.

Underlying: The Underlying for this Contract is the 30-Yr ~~FRM~~fixed-rate mortgage rate for the statistical period of the week ending <date> reported by the Freddie Mac Primary Mortgage Market Survey® (“PMMS~~”) and is available at the following link: http://www.freddiemac.com/pmms.~~ ”). The Expiration Value of the Contract will be determined using the preliminary estimate of the weekly 30-Yr FRM. Further revisions that are published after the Expiration Date and Expiration time will not be taken into account when determining the Expiration Value of the Contract.

Instructions: The Underlying is available at the following link: http://www.freddiemac.com/pmms. 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 Freddie Mac.

Type: The type of Contract is a Binary Contract.

Issuance: The ~~Issuance of this contract will be in accordance with the information outlined in the “Listing Cycle” section of the Contract Specifications table. The~~ Contract is based on the outcome of a recurrent data release, which is issued on a weekly basis. Thus, ~~Contracts~~Contract iterations will be issued on a ~~weekly~~recurring basis~~. The Issuance of the initial contract~~, and future Contract iterations will generally correspond to the next week. The Exchange will ~~be on Thursday, July 22, 2021. After the initial contract, subsequent~~also issue longer-dated contracts ~~will be issued on Thursdays to reflect the weekly~~out in order to facilitate longer-term hedging. This schedule ~~of Freddie Mac Primary Mortgage Market Survey® releases.~~is elucidated further in the introductory letter.

Interest~~ Rate~~ rate: Kalshi may list ~~“Will~~iterations of the ~~30-Yr FRM be above~~Contract with <interest~~ rate>?” contracts with <interest~~ rate> levels that fall within an inclusive range between a maximum value of 20% and a minimum value of ~~0%~~.01% at consecutive increments of 0.01%. Due to the potential for variability in the Underlying, the Exchange may modify <interest rate> levels in response to suggestions by Members.

Date: <date> refers to a calendar date specified by Kalshi. Kalshi may list ~~"Will~~ iterations of the ~~30-Yr FRM be above <interest rate>?" contracts~~Contract corresponding to different statistical periods of <date~~>, ranging from July 22, 2021~~>.

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

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that are strictly above <interest~~-~~_rate>.

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

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

Last Trading Date: ~~Unless otherwise noted by the Exchange and indicated on the Exchange website, the~~ The Last Trading Date ~~for~~of the initial iteration of the Contract will be ~~the same as the Expiration Date of the Contract and the~~<date>. The Last Trading ~~time~~Time will be ~~the same as the Expiration time~~9:55 AM.

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

Expiration Date: The Expiration Date of the Contract shall be the ~~date of the next release of the Primary Mortgage Market Survey®. For example, the Expiration Date of the initial contract is July 29, 2021 because that is the next release of the Primary Mortgage Market Survey®.~~earlier of the first 10:05 AM ET following the release of the data for <date>, or <expo_date>.

Expiration time: The Expiration time of the initial Contract iteration shall be ~~3:00pm~~10:05 AM ET.

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

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

Contingencies: Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(c) of the Rulebook. Additionally, as outlined in Rule 7.2 of the Rulebook, if any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the

Contract arises, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated Contract specifications after the first day of trading.

12/11/2021

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

Re: KalshiEX LLC – CFTC Regulation 40.6(a) Notification Regarding the Amendment of the "GSTORM" 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 "GSTORM" contract (Contract). The Exchange intends to list the contract at two cadences: a two-week cadence for moderate storms and a longer cadence (up to a year) for severe storms (e.g. G5). Considering the relative rarity of severe storms and relative frequency of moderate storms, a two-week cadence for severe storms would not optimally match members' hedging needs. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date> (The target date)**
- **<value> (The Planetary K-index value)**

The changes are as follows:

1. The Expiration Date is moved from a fixed date one day after <date> to the sooner of the nearest 10:00 AM following the occurrence of an event that is encompassed in the Payout Criterion, the nearest 10:00 AM following the release of the data for all days in the statistical period or one week after <date>. This change benefits members by all but eliminating the risk of an expiration occurring with missing data while minimizing the time lag between the occurrence of the event and people receiving the money.
2. The settlement time has been shortened to no later than one day following the occurrence of the event, in order to further accelerate members receiving their money.
3. We have also added a non-substantive clarification for members that the Underlying uses the time-zone listed at the Source Agency and exactly which data product from NOAA we are using.

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,

Eliezer Mishory

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

KalshiEX LLC
New Contract Submission: Will there be a geomagnetic storm?
Ticker: GSTORM
Geomagnetic Storms
12/11/2021

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

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

I. Introduction

The “Will there be a geomagnetic storm?” Contract is a contract relating to the presence of geomagnetic storms. Geomagnetic storms occur when the Sun emits large amounts of particles towards the Earth that interact with the Earth’s magnetic field. 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.

Geomagnetic storms carry great economic consequences. Past storms have caused widespread blackouts and equipment failures, particularly for power stations, GPS satellite communications, telecommunication systems and aircraft navigation systems. Geomagnetic storms in the 21st century have remained relatively mild, but even such mild storms have caused billions of dollars worth of damage. Some of the larger storms of the 20th and 19th centuries, were they to occur today, would cause hundreds of billions if not trillions in economic loss.

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 maximum planetary K-index recorded between Issuance and <date> (inclusive) is greater than or equal to <value>, 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 there be a geomagnetic storm?

Contract: GSTORM

GSTORM

Scope: These rules shall apply to the GSTORM contract.

Underlying: The Underlying for this Contract is the maximum Planetary K-index between Issuance and <date> as reported by the Space Weather Prediction Center of the National Oceanic and Atmospheric Administration in their Daily Geomagnetic Data. The Exchange shall use the timezone used at the Underlying to determine which times are in <date>. As of Issuance, that means that <date> is defined in UTC. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The data is available here: https://services.swpc.noaa.gov/text/daily-geomagnetic-indices.txt This will contain information for the last 30 days. Navigate to the columns under the header “Estimated Planetary” and “K-indices” (not the column labeled A). An example is shown below. The red box has been added by the Exchange to highlight the set of Planetary K-indices for the period between 2021-09-01 and 2021-09-30. The blue box has been added by the Exchange to highlight the maximum value in the set.

```
:Product: Daily Geomagnetic Data          DGD.txt
:Issued: 2130 UT 30 Sep 2021
#
#  Prepared by the U.S. Dept. of Commerce, NOAA, Space Weather Prediction Center
#  Please send comment and suggestions to SWPC.Webmaster@noaa.gov
#
#               Last 30 Days Daily Geomagnetic Data
#
#
#                Middle Latitude        High Latitude            Estimated
#              - Fredericksburg -     ---- College ----      --- Planetary ---
#  Date        A     K-indices        A     K-indices        A     K-indices
2021 09 01     6  2 2 2 2 2 1 1 1    12  1 1 3 5 3 3 0 0     5  2 1 1 2 1 1 0 0
2021 09 02     3  1 0 0 1 2 1 1 1     5  0 1 0 3 3 1 1 0     4  1 1 1 1 2 1 1 0
2021 09 03     6  0 1 2 3 2 2 1 2    20  1 1 3 6 5 2 0 1     6  1 1 2 3 2 2 1 2
2021 09 04     5  1 1 2 1 2 2 1 2     6  1 1 2 4 2 0 0 1     5  2 1 2 2 1 1 1 2
2021 09 05     8  2 3 2 2 3 1 1 1    10  1 1 2 3 5 1 0 0     6  2 3 1 2 2 1 0 1
2021 09 06     8  2 3 1 2 3 2 1 2     3  1 1 0 2 1 2 0 1     6  2 3 1 2 1 1 1 2
2021 09 07    10  0 1 2 3 2 1 3 4     7  1 0 3 4 1 0 2 1     8  1 1 2 3 2 2 3 3
2021 09 08    14  4 2 3 4 3 2 2 1    33  2 2 6 6 6 1 1 1    14  4 2 3 4 3 2 2 1
2021 09 09     7  1 2 1 2 2 2 3 2     3  0 1 2 2 1 0 0 1     6  1 2 2 2 1 1 1 2
2021 09 10     9  1 2 2 2 2 2 2 4     6  1 3 3 0 0 1 1 2     9  1 2 2 1 1 1 3 4
2021 09 11     8  4 0 1 1 2 2 2 2     5  3 1 1 1 2 0 1 1     7  3 1 2 1 1 1 2 2
2021 09 12     6  1 1 2 2 2 2 1 2    14  0 1 2 5 5 1 1 1     6  1 1 2 2 2 2 1 2
2021 09 13     7  1 1 3 1 3 2 1 2    13  0 0 3 5 4 2 1 2     9  1 1 3 2 3 2 1 3
2021 09 14     5  2 0 1 2 2 2 2 0     8  1 0 2 3 4 1 2 1     6  2 0 2 2 2 2 2 1
2021 09 15     6  1 2 2 2 2 1 1 2    12 -1 3 3 4 3 1 1 1     6  2 2 2 2 1 1 1 2
2021 09 16     3  0 1 1 1 2 1 1 1     9  2 3 3 3 2 1 0 2     3  1 2 1 0 1 1 1 1
2021 09 17    19  2 3 1 3 2 2 5 5    32  2 3 3 6 6 3 3 4    24  2 4 1 4 2 3 5 5
2021 09 18    14  3 4 4 3 3 1 1 1    16  2 4 4 5 3 1 0 0    11  3 4 3 3 2 1 0 1
2021 09 19     2  1 0 0 1 2 1 1 0     5  1 2 3 3 1 0 0 0     3  1 0 0 1 1 0 1 0
2021 09 20     4  1 0 0 2 2 2 1 1     3  1 1 2 2 1 0 0 1     3  1 1 0 1 1 1 0 1
2021 09 21     6  2 0 1 1 2 2 2 3     6  1 1 1 1 2 3 2 2     8  3 0 1 1 1 3 2 3
2021 09 22    11  3 2 4 3 2 2 1 2    24  3 2 6 5 4 3 0 1    12  4 2 4 3 1 1 1 2
2021 09 23    10  2 3 4 2 2 2 2 1    16  1 2 5 5 3 1 1 0    11  3 3 4 2 2 2 2 1
2021 09 24     6  2 2 2 1 1 3 1 1     8  2 2 3 1 1 3 2 1     8  3 2 2 1 1 3 1 1
2021 09 25     7  2 2 2 2 2 1 2 2     9  2 2 3 4 1 1 1 1     7  2 3 2 2 1 1 1 2
2021 09 26     2  0 0 0 1 1 1 1 0     1  0 0 1 0 0 0 0 1     3  1 0 0 1 0 0 1 1
2021 09 27     6  2 2 1 1 2 2 1 2     5  2 1 0 3 1 0 1 2     7  3 2 2 1 1 2 1 3
2021 09 28     9  1 2 2 2 2 2 3 3    12  1 1 2 5 2 3 2 1    10  2 2 2 3 2 2 3 3
2021 09 29     4  0 0 1 2 2 1 2 2     7  0 0 0 3 4 2 1 1     5  1 0 1 2 2 1 2 1
2021 09 30    -1  1 1 1 2 1 2 3-1    -1  2 0 1 1 1 2 3-1     8  2 1 1 1 1 2 4-1
```

Should data not be available at that location and for data more than 30 days prior, go to ftp.swpc.noaa.gov/pub/indices/old_indices/. Download the file then open the file with the path YYYYQ[Q#]_DGD.txt. For example, for days in 2021Q3, it would be 2021Q3_DGD.txt. The value is the columns under "Estimated Planetary" and "K-indices" (not the column labeled A).

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 Space Weather Prediction Center of the National Oceanic and Atmospheric Administration.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a minute-by-minute basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next two weeks for moderate storms (e.g. k = 5 or 6). However, to enable long-term hedging against rarer but more severe events, Contract iterations for extreme storms may also be issued on longer-term time horizons of one year.

<value>: Kalshi may list iterations of the Contract with <value> levels that fall within an inclusive range between a maximum value of 9 and a minimum value of 0 at consecutive increments of 1. Due to the potential for variability in the Underlying, the Exchange may modify <value> 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 are greater than or equal to <value>.

The Exchange may also use the geomagnetic storm scale on the NOAA website to represent <value>. The conversion between the K-Index and the NOAA Geomagnetic Storm Level is below (and available at https://www.swpc.noaa.gov/sites/default/files/images/u2/TheK-index.pdf)

Kp-index	NOAA Space Weather Scale Geomagnetic Storm Level
Kp=5	G1
Kp=6	G2
Kp=7	G3
Kp=8	G4
Kp=9	G5

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

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

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

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

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

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

KalshiEX LLC
New Contract Submission: Will there be a geomagnetic storm?
Ticker: GSTORM
Geomagnetic Storms
~~October 18,~~ 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 GSTORM~~The "Will there be a geomagnetic storm?" Contract is a contract relating to the presence of geomagnetic storms. Geomagnetic storms occur when the Sun emits large amounts of particles towards the Earth that interact with the Earth's magnetic field~~-~~. 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.

Geomagnetic storms carry great economic consequences. Past storms have caused widespread blackouts and equipment failures, particularly for power stations, GPS satellite communications, telecommunication systems and aircraft navigation systems. Geomagnetic storms in the 21st century have remained relatively mild, but even such mild storms have caused billions of dollars worth of damage. Some of the larger storms of the 20th and 19th centuries, were they to occur today, would cause hundreds of billions if not trillions in economic loss.

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 maximum planetary K-index recorded between Issuance and <date> (inclusive) is greater than or equal to <value>, 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 there be a geomagnetic storm?

Contract: GSTORM

GSTORM

Scope: These rules shall apply to the GSTORM contract.

Underlying: The Underlying for this Contract is the maximum Planetary K-index between Issuance and <date> as reported by the Space Weather Prediction Center of the National Oceanic and Atmospheric Administration~~.~~ in their Daily Geomagnetic Data. The Exchange shall use the timezone used at the Underlying to determine which times are in <date>. As of Issuance, that means that <date> is defined in UTC. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The ~~repository of Solar and Geophysical Activity Survey~~data is available here: https://services.swpc.noaa.gov/text/daily-geomagnetic-indices.txt This will contain information for the last 30 days. Navigate to the columns under the header "Estimated Planetary" and "K-indices" (not the column ~~labelled~~labeled A). An example is shown below. The red box has been added by the Exchange to highlight the set of Planetary K-indices for the period between 2021-09-01 and 2021-09-30. The blue box has been added by the Exchange to highlight the maximum value in the set.

```
:Product: Daily Geomagnetic Data          DGD.txt
:Issued: 2130 UT 30 Sep 2021
#
#  Prepared by the U.S. Dept. of Commerce, NOAA, Space Weather Prediction Center
#  Please send comment and suggestions to SWPC.Webmaster@noaa.gov
#
#               Last 30 Days Daily Geomagnetic Data
#
#
#                Middle Latitude        High Latitude            Estimated
#              - Fredericksburg -     ---- College ----      --- Planetary ---
#  Date        A     K-indices        A     K-indices        A     K-indices
2021 09 01     6  2 2 2 2 2 1 1 1    12  1 1 3 5 3 3 0 0     5  2 1 1 2 1 1 0 0
2021 09 02     3  1 0 0 1 2 1 1 1     5  0 1 0 3 3 1 1 0     4  1 1 1 1 2 1 1 0
2021 09 03     6  0 1 2 3 2 2 1 2    20  1 1 3 6 5 2 0 1     6  1 1 2 3 2 2 1 2
2021 09 04     5  1 1 2 1 2 2 1 2     6  1 1 2 4 2 0 0 1     5  2 1 2 2 1 1 1 2
2021 09 05     8  2 3 2 2 3 1 1 1    10  1 1 2 3 5 1 0 0     6  2 3 1 2 2 1 0 1
2021 09 06     8  2 3 1 2 3 2 1 2     3  1 1 0 2 1 2 0 1     6  2 3 1 2 1 1 1 2
2021 09 07    10  0 1 2 3 2 1 3 4     7  1 0 3 4 1 0 2 1     8  1 1 2 3 2 2 3 3
2021 09 08    14  4 2 3 4 3 2 2 1    33  2 2 6 6 6 1 1 1    14  4 2 3 4 3 2 2 1
2021 09 09     7  1 2 1 2 2 2 3 2     3  0 1 2 2 1 0 0 1     6  1 2 2 2 1 1 1 2
2021 09 10     9  1 2 2 2 2 2 2 4     6  1 3 3 0 0 1 1 2     9  1 2 2 1 1 1 3 4
2021 09 11     8  4 0 1 1 2 2 2 2     5  3 1 1 1 2 0 1 1     7  3 1 2 1 1 1 2 2
2021 09 12     6  1 1 2 2 2 2 1 2    14  0 1 2 5 5 1 1 1     6  1 1 2 2 2 2 1 2
2021 09 13     7  1 1 3 1 3 2 1 2    13  0 0 3 5 4 2 1 2     9  1 1 3 2 3 2 1 3
2021 09 14     5  2 0 1 2 2 2 2 0     8  1 0 2 3 4 1 2 1     6  2 0 2 2 2 2 2 1
2021 09 15     6  1 2 2 2 2 1 1 2    12 -1 3 3 4 3 1 1 1     6  2 2 2 2 1 1 1 2
2021 09 16     3  0 1 1 1 2 1 1 1     9  2 3 3 3 2 1 0 2     3  1 2 1 0 1 1 1 1
2021 09 17    19  2 3 1 3 2 2 5 5    32  2 3 3 6 6 3 3 4    24  2 4 1 4 2 3 5 5
2021 09 18    14  3 4 4 3 3 1 1 1    16  2 4 4 5 3 1 0 0    11  3 4 3 3 2 1 0 1
2021 09 19     2  1 0 0 1 2 1 1 0     5  1 2 3 3 1 0 0 0     3  1 0 0 1 1 0 1 0
2021 09 20     4  1 0 0 2 2 2 1 1     3  1 1 2 2 1 0 0 1     3  1 1 0 1 1 1 0 1
2021 09 21     6  2 0 1 1 2 2 2 3     6  1 1 1 1 2 3 2 2     8  3 0 1 1 1 3 2 3
2021 09 22    11  3 2 4 3 2 2 1 2    24  3 2 6 5 4 3 0 1    12  4 2 4 3 1 1 1 2
2021 09 23    10  2 3 4 2 2 2 2 1    16  1 2 5 5 3 1 1 0    11  3 3 4 2 2 2 2 1
2021 09 24     6  2 2 2 1 1 3 1 1     8  2 2 3 1 1 3 2 1     8  3 2 2 1 1 3 1 1
2021 09 25     7  2 2 2 2 2 1 2 2     9  2 2 3 4 1 1 1 1     7  2 3 2 2 1 1 1 2
2021 09 26     2  0 0 0 1 1 1 1 0     1  0 0 1 0 0 0 0 1     3  1 0 0 1 0 0 1 1
2021 09 27     6  2 2 1 1 2 2 1 2     5  2 1 0 3 1 0 1 2     7  3 2 2 1 1 2 1 3
2021 09 28     9  1 2 2 2 2 2 3 3    12  1 1 2 5 2 3 2 1    10  2 2 2 3 2 2 3 3
2021 09 29     4  0 0 1 2 2 1 2 2     7  0 0 0 3 4 2 1 1     5  1 0 1 2 2 1 2 1
2021 09 30    -1  1 1 1 2 1 2 3-1    -1  2 0 1 1 1 2 3-1     8  2 1 1 1 1 2 4-1
```

Should data not be available at that location and for data more than 30 days prior, go to ftp.swpc.noaa.gov/pub/indices/old_indices/. Download the file then open the file with the path YYYYQ[Q#]_DGD.txt. For example, for days in 2021Q3, it would be 2021Q3_DGD.txt. The value is the columns under "Estimated Planetary" and "K-indices" (not the column labeled A).

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 Space Weather Prediction Center of the National Oceanic and Atmospheric Administration.

Type: The type of Contract is a Binary Contract.

Issuance: The Contract is based on the outcome of a recurrent data release, which is issued on a minute-by-minute basis. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next two weeks~~. The Issuance of the initial Contract will be on or after October 20, 2021~~ for moderate storms (e.g. k = 5 or 6). However, to enable long-term hedging against rarer but more severe events, Contract iterations for extreme storms may also be issued on longer-term time horizons of one year.

<value>: Kalshi may list iterations of the Contract with <value> levels that fall within an inclusive range between a maximum value of ~~<~~9~~>~~ and a minimum value of ~~<~~0~~>~~ at consecutive increments of ~~<~~1~~>.~~. Due to the potential for variability in the Underlying, the Exchange may modify <value> 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 November 1, 2021 to December 31, 2024. ~~>.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that are greater than or equal to <value>.

The Exchange may also use the geomagnetic storm scale on the NOAA website to represent <value>. The conversion between the K-Index and the NOAA Geomagnetic Storm Level is below (and available at https://www.swpc.noaa.gov/sites/default/files/images/u2/TheK-index.pdf)

Kp-index	NOAA Space Weather Scale Geomagnetic Storm Level
Kp=5	G1
Kp=6	G2
Kp=7	G3
Kp=8	G4
Kp=9	G5

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

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

Last Trading Date: The Last Trading Date ~~of the initial iteration of the Contract will be the same day as the Expiration Date. The Last Trading Time will be the same as the Expiration time.~~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 initial iteration of the Contract shall be no later than the day after the Expiration Date, unless the Market Outcome is under review pursuant to Rule 7.1.

Expiration Date: The Expiration Date of the Contract shall be the sooner of the first ~~day~~10:00 AM ET following ~~<date>~~ the occurrence of an event that is ~~neither a federal holiday nor a weekend.~~encompassed in the Payout Criterion, the first 10:00 AM ET following release of all of the data in the period between Issuance and <date> or one week following <date>.

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

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

Expiration Value: The Expiration Value is the value of the Underlying ~~for the statistical period between Issuance and <date> (inclusive)~~ 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.