June 4, 2025

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

Re: KalshiEX LLC – CFTC Regulation 40.2(a) Notification Regarding the Initial Listing of the "What will the margin of victory for <person/party> in <election>?" Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.2(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi), a registered DCM, hereby notifies the Commission that it is self-certifying the "What will the margin of victory for <person/party> in <election>?" contract (Contract). The Contract will initially be listed on **June 5, 2025**. The Exchange intends to list the contract on a custom basis. The Contract's terms and conditions (Appendix A) includes the following strike conditions:

- **<date>**
- **<person/party>**
- **<election>**
- **<geography>**
- **<margin_type>**
- **<margin_range>**

Along with this letter, Kalshi submits the following documents:

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

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

Sincerely,

Xavier Sottile
Head of Markets
KalshiEX LLC
xsottile@kalshi.com

KalshiEX LLC
Official Product Name: “What will the margin of victory for <person/party> in <election>?”
Rulebook: ELECTIONMOV
Summary: Election victory margin
Kalshi Contract Category: Political Decision
Kalshi Internal Category: Elections
June 4, 2025

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 (discussed in Appendix D), and the Commission's regulations thereunder.

I. Introduction

The “What will the margin of victory for <person/party> in <election>?” Contract is a contract relating to Elections.

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 event 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. 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, if they are charged, are charged in such amounts as may be revised from time to time to be reflected on the Exchange’s Website. A new Source Agency can be added via a Part 40 amendment. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract'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. The Expiration Value and Market Outcome are determined at or after Market Close. 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 an event occurs that is encompassed within the Payout Criterion, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A.

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

Based on the above analysis, the Exchange certifies that:

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

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

By: Xavier Sottile
Title: Head of Markets
Date: June 4, 2025

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

APPENDIX A – CONTRACT TERMS AND CONDITIONS

Official Product Name: "What will the margin of victory for <person/party> in <election>?"
Rulebook: ELECTIONMOV

ELECTIONMOV

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the margin by which <person/party> wins or loses in <election> in <geography> based on the official certified election results. The margin shall be calculated according to <margin_type> as specified below. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agencies are, in hierarchical order, the official election authority responsible for certifying results in <geography>, the Federal Election Commission (for federal American elections), the Secretary of State of <geography> (for American state elections), the Associated Press, Reuters, Bloomberg News, The New York Times, The Wall Street Journal, CNN, Fox News, NBC News, ABC News, CBS News, NPR, Politico, Ballotpedia, and the official government website of <geography>.

Type: The type of Contract is an Event Contract.

Issuance: After the initial Contract, Contract iterations will be listed on an as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.

<person/party>: <person/party> refers to a specific individual candidate or political party specified by the Exchange.

<election>: <election> refers to a specific election specified by the Exchange, including the office, level of government, and year.

<geography>: <geography> refers to the specific geographic area for the election, such as supra-national, nationwide, a specific state, congressional district, county, or other political subdivision.

<margin_type>: <margin_type> refers to the method of calculating the margin. Valid values include:

- "percentage points" - the difference in vote share percentages
- "raw votes" - the difference in total vote counts
- "electoral votes" - the difference in electoral votes (for applicable elections)

<margin_range>: <margin_range> refers to a range specified by the Exchange in the format "X to Y" where X and Y are numbers that may be positive, negative, or zero, with appropriate units based on <margin_type>.

<date>: <date> refers to a calendar date specified by the Exchange. The Exchange may list iterations of the Contract corresponding to variations of <date>.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values where the margin of victory for <person/party> in <election> in <geography> falls within <margin_range>, inclusive of both endpoints.

The margin of victory shall be calculated as follows based on <margin_type>:

- For "percentage points": (Vote percentage received by <person/party>) minus (Vote percentage received by the candidate/party that finishes immediately behind <person/party> if <person/party> wins, or immediately ahead if <person/party> loses)
- For "raw votes": (Total votes received by <person/party>) minus (Total votes received by the candidate/party that finishes immediately behind <person/party> if <person/party> wins, or immediately ahead if <person/party> loses)
- For "electoral votes": (Electoral votes received by <person/party>) minus (Electoral votes received by the candidate/party with the second-most electoral votes)

Additional provisions:

- If <person/party> wins the election, the margin will be positive
- If <person/party> loses the election, the margin will be negative
- If <person/party> ties for first place, the margin shall be 0
- For uncontested races where <person/party> is the only candidate, the margin shall be 100 percentage points or the total number of votes cast (for raw votes)
- For multi-winner elections (e.g., at-large seats), the margin for <person/party> shall be calculated relative to the candidate immediately behind them if elected, or immediately ahead if not elected
- Write-in votes shall be aggregated and treated as a single candidate if no individual write-in candidate is officially reported
- Only certified results shall be used; preliminary or unofficial results shall not determine the outcome
- If the election is cancelled, postponed beyond the Expiration Date, or no certified results are available by the Expiration Date, all markets shall resolve to "No"
- If a recount changes the certified percentage after the initial certification but before the Expiration Date, the most recent certified percentage shall be used.

Examples that would resolve to Yes (assuming <margin_range> is "5 to 10 percentage points"):

- <person/party> wins with 52% of the vote and second place has 45% (margin: +7 percentage points)
- <person/party> wins with 50% and second place has 45% (margin: +5 percentage points)

- <person/party> wins with 55% and second place has 45% (margin: +10 percentage points)

Examples that would NOT resolve to Yes:

- <person/party> wins with 49% and second place has 45% (margin: +4 percentage points)
- <person/party> loses with 45% to a winner with 52% (margin: -7 percentage points)
- <person/party> wins with 56% and second place has 45% (margin: +11 percentage points)

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

Position Accountability Level: The Position Accountability Level for the Contract shall be $25,000 per strike, per Member.

Last Trading Date: The Last Trading Date of the Contract will be the same as the Expiration Date. The Last Trading Time will be the same as the Expiration Time.

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

Expiration Date: The latest Expiration Date of the Contract shall be one year after the election date for <election>. If certified results are published for <geography>, expiration will be moved to an earlier date and time in accordance with Rule 7.2.

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(d) of the Rulebook. If an Expiration Value cannot be determined on the Expiration Date, Kalshi has the right to determine payouts pursuant to Rule 6.3(b) in the Rulebook.