

June 12, 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 “Who will be <position> of <country> pursuant to <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 “Who will be <position> of <country> pursuant to <election>?” contract (Contract). The Contract will initially be listed after close-of-business on **June 12, 2025**; it is listed as the day after because of limitations of the Commission’s online submission portal. 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>
- <position>
- <country>
- <election>
- <person>

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: "Who will be <position> of <country> pursuant to <election>?"

Rulebook: GOVHEAD

Summary: Country's election outcome position determination

Kalshi Contract Category: Political Decision

Kalshi Internal Category: Elections

June 12, 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 "Who will be <position> of <country> pursuant to <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 12, 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: “Who will be <position> of <country> pursuant to <election>?”

Rulebook: GOVHEAD

GOVHEAD

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the identity of the person who holds the position of <position> of <country> as a result of government formation following <election>. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agencies are the official government gazette or equivalent official publication of <country>, the office of the head of state of <country>, the parliament or legislature of <country>, official government websites of <country>, Reuters, the Associated Press, BBC, The New York Times, Financial Times, Bloomberg News, The Guardian, The Washington Post, and major national news outlets of <country>.

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.

<country>: <country> refers to a sovereign state specified by the Exchange. The country's constitutional and legal framework determines the process for selecting the head of government.

<position>: <position> refers to the head of government position specified by the Exchange (e.g., Prime Minister, Chancellor, Taoiseach, or equivalent). This explicitly excludes heads of state who do not serve as head of government. If a country has co-equal heads of government, the Contract will specify which position is meant.

<election>: <election> refers to a specific parliamentary, legislative, or general election specified by the Exchange, including its date or period. This may include regularly scheduled elections, snap elections, or elections following dissolution of parliament.

<person>: <person> refers to an individual specified by the Exchange, or "Other" indicating someone not explicitly listed, or "No one" indicating no person holds the position.

<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 of the first person who meets ALL of the following criteria as a result of government formation following <election>:

1. Is formally appointed, sworn in, or invested as <position> according to <country>'s constitutional procedures
2. Commands the confidence of the parliament/legislature (through investiture vote, formal approval, or accordance with constitutional convention)
3. Exercises the full powers of the office (not serving in a caretaker/acting capacity from the previous government)
4. Their appointment stems from the government formation process following <election>.
 - a. To be clear, if the person who was leading a party (or was going to be the head of government) is unable to take the position in government solely as a result of death, their market will resolve to the last fair price available; and their successor may resolve to Yes.

The person must satisfy all criteria to meet the Payout Criterion. The following do NOT satisfy the Payout Criterion:

- Serving as caretaker/acting <position> pending government formation
- Being designated to form a government but not yet invested
- Leading the party with the most seats without forming government
- Being named <position>-designate without completing constitutional requirements
- Holding the position temporarily during coalition negotiations

If <election> results in:

- No government formation within the timeframe specified by <date>, the Contract resolves to "No one" if that is an option and resolves to No for all other strikes
- New elections being called before government formation, the Contract resolves to "No one" immediately and No for all other strikes
- A rotating <position> arrangement, the Contract resolves to the first person to meet the criteria above and assume the powers of the office

If the first person to become <position> following <election> is someone not explicitly listed as a <person> option, the Contract will resolve to "Other" if that is an option.

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 <date>. If an event described in the Payout Criterion occurs, 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.