

November 13, 2024

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 Notification Regarding the Amendment of the “Will \$INX be <above/below/between> <value> <on/before> <time> on <date>?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6 of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the “Will \$INX close <above/below/between> <value> on <date>?” contract (Contract). This Amendment will take effect 10 business days after certification, on November 28, 2024. Market participants expressed an interest in these changes to increase the number of strikes available, reduce Expiration Time, and increase Position Limits. The likely impact that this will have is increased participation in the market.

This contract is a straight-forward modification to the previous “Will \$INX close <above/below/between> <value> on <date>?” contract. The changes are as follows:

1. The Contract now can offer strikes based on the index price at any given time rather than just closing price.
2. The Expiration Time changed from 7:00 PM ET to shortly after <time> ET.
3. Position limits were increased to \$7,000,000 from \$25,000.
4. The Contract is now able to capture a price threshold being hit after Issuance and before <date> rather than merely price on a given <date>.
5. <value> can also take the form of a percentage change rather than just a price level.
6. If no data is available at a given <time>, the Expiration Value will be the last available value rather than 0.

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,

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

KalshiEX LLC

Official Product Name: Will \$INX close <above/below/between> <value> on <date>?

Rulebook: \$INX

Kalshi Contract Category: Commodity

\$INX price

November 13, 2024

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 \$INX close <above/below/between> <value> on <date>?” Contract is a contract relating to the price of the Standard & Poor’s 500 index¹

The S&P 500 is the most widely tracked equity index in the United States. It includes 500 of the largest companies in the United States.

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: 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

¹ S&P 500 is a registered mark of Standard & Poor’s Financial Services, LLC. Kalshi is not affiliated with Standard & Poor’s and it, nor its affiliates, sponsor or endorse Kalshi or its products in any way. In particular, the Kalshi Contracts are not sponsored, endorsed, sold or promoted by Standard & Poor’s.

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: November 13, 2024

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

TERMS OF CONTRACTS TRADED ON KALSHI

Official Product Name: Will \$INX be <above/below/between> <value> <on/before> <time>
on <date>?

Rulebook: \$INX

\$INX

Scope: These rules shall apply to this Contract.

Underlying: The Underlying for this Contract is the price of the S&P 500 Index <on/before> <time> on <date>. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agency is Kalshi.

Type: The type of Contract is an Event 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 will be released on a daily and weekly basis.

<value>: Kalshi may list iterations of the Contract with <value> levels that fall within an inclusive range between 0 and 1,000,000 at consecutive increments of 0.01. Due to the potential for variability in the Underlying, the Exchange may modify <value> levels at any time and in response to suggestions by Members. <value> may also take the form of a given price at a given date at a given date before that price is known (e.g. “The closing (4:00 PM ET) price tomorrow.”). <value> may also take the form of a percentage change relative to a given price, or a given price at a given date and time.

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

<time>: <time> refers to a time of day specified by Kalshi. Kalshi may list iterations of the Contract corresponding to different variations of <time>. <time> will be measured in Eastern Time (ET) and refer to a set of hours, minutes, seconds, and milliseconds. The only times listed will be for traditional market hours (9:30 AM - 4 PM ET), and only prices recorded in those times will be included in any Payout Criterion.

<on/before>: <on/before> refers to whether the Contract will pay out based on whether a given threshold is hit by the Underlying after Issuance and before <date> (<before>) or on a given date (<on>).

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that are <above/below/between> <value> <on/before> <time> on <date>. If the value of <above/below/between> is “between”, then <value> shall be a pair of values, and an Expiration

Value that is greater than or equal to the lower value of the value pair and less than or equal to the greater value of the value pair are encompassed in the Payout Criterion. If no data is available for *<time>* on *<date>* on the Expiration Date, the Expiration Value will be the value most recently available prior to that *<time>*.

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

Position Limit: The Position Limit for the \$1 referred Contract shall be \$7,000,000 per Member.

Last Trading Date: The Last Trading Date of the Contract will be the sooner of the first 10:00 AM ET following an event encompassed by the Payout Criterion (whereupon the Last Trading Time will be 10:00 AM ET) or *<time>* on *<date>* (whereupon the last trading time will be *<time>*).

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

Expiration Date: The Expiration Date of the Contract shall be the sooner of the first date following an event encompassed by the Payout Criterion, *<date>* if data is available, or one week after *<date>* if no data for *<time>* on *<date>* is available.

Expiration time: The Expiration time of the Contract shall be the sooner of the first 10:00 AM ET following the occurrence of an event encompassed by the Payout Criterion or at least one minute after *<time>*.

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.