

February 13, 2026

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 “Will <more/fewer/exactly as many/at least as many> <player category 1> <than/as> <player category 2> players be selected <draft scope> in the <draft>?” 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 “Will <more/fewer/exactly as many/at least as many> <player category 1> <than/as> <player category 2> players be selected <draft scope> in the <draft>?” contract (Contract). The Contract will initially be listed after close-of-business on **February 20, 2026**; 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:

- **<more/fewer/exactly as many/at least as many>**
- **<player category 1>**
- **<than/as>**
- **<player category 2>**
- **<draft scope>**
- **<draft>**
- **<) the count of <player category 2>**

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: “Will <more/fewer/exactly as many/at least as many> <player category 1> <than/as> <player category 2> players be selected <draft scope> in the <draft>?”

Rulebook: DRAFTCOMPARISON

Summary: Relative draft counts for two player groups

Kalshi Contract Category: Sports

Kalshi Internal Category: Sports

February 13, 2026

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 “Will <more/fewer/exactly as many/at least as many> <player category 1> <than/as> <player category 2> players be selected <draft scope> in the <draft>?” Contract is a contract relating to Sports.

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 C, D, and E.

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 5.16 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 3.13 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: February 13, 2026

Attachments:

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

APPENDIX A – CONTRACT TERMS AND CONDITIONS

Official Product Name: “Will <more/fewer/exactly as many/at least as many> <player category 1> <than/as> <player category 2> players be selected <draft scope> in the <draft>?”

Rulebook: DRAFTCOMPARISON

DRAFTCOMPARISON

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the official results of the **<draft>**, as reported by the Source Agencies, including the identity and classification of players selected and the order in which they were selected. Specifically, the Underlying comprises the total count of **<player category 1>** players selected **<draft scope>** and the total count of **<player category 2>** players selected **<draft scope>**. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agencies are the league or association governing **<draft>**, the Associated Press, ESPN, CBS Sports, Fox Sports, and The Wall Street Journal.

Type: The type of Contract is an Event Contract.

Issuance: The Contract is based on the outcome of a recurrent event. Thus, Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next year that **<draft>** is held.

<draft>: **<draft>** refers to a professional sports league player selection event specified by the Exchange, and may include a specified year and/or other distinguishing information (e.g., "the 2026 NFL Draft," "the 2026 NBA Draft," "the 2026 MLB First-Year Player Draft," "the 2026 NHL Entry Draft"). **<draft>** may refer to (but is not limited to) the drafts of the National Football League, the National Basketball Association, the National Hockey League, Major League Baseball, or any other professional sports league specified by the Exchange. The Exchange may list iterations of the Contract corresponding to variations of **<draft>**.

<player category 1> and <player category 2>: Each of **<player category 1>** and **<player category 2>** refers to a distinct classification of draft-eligible or drafted players as specified by the Exchange at the time of listing. The Exchange will specify the exact definition of each player category at listing time. A single player may qualify under multiple categories simultaneously, but for purposes of this Contract, each category shall be mutually distinguishable as defined by the Exchange. Examples of player categories include, but are not limited to:

- **Nationality or country of birth** (e.g., "international-born players," "Canadian-born players," "players born in the United States"). For nationality- or birthplace-based categories, a player's country of birth as reported by the governing league of **<draft>** or its official draft records shall be determinative. If the governing league does not report country of birth, the country of birth as reported by the Source Agencies shall be used.
- **Academic classification** (e.g., "freshmen," "sophomores," "juniors," "seniors"). For academic classification categories in U.S. college sports, the classification assigned to the

player's most recent college or university class designation at the time of the draft shall be determinative. If a player did not attend a U.S. college or university, that player shall not be classified under any U.S. academic classification category.

- *Example:* If a player just finished their freshman year going into the draft, they are classified as a Freshman since that is their most recent class designation at the time of the draft, even though they are also technically incoming Sophomores.
- **Conference or league of origin** (e.g., "SEC players," "Big Ten players," "CHL players," "players from European leagues"). For conference-based categories, the conference affiliation of the player's most recent college or university at the time of the draft shall be determinative. A player who was not affiliated with any conference (e.g., an independent school) does not qualify for any conference-based category unless the Exchange specifies otherwise at listing time.
- **Position** (e.g., "quarterbacks," "centers," "goalies," "pitchers"). For position-based categories, the primary position designated by the governing league at the time of selection shall be determinative. If the governing league does not designate a position at the time of selection, the position listed on the official draft card or announcement shall be used.
- **School or institution** (e.g., "players from Alabama," "players from Michigan"). For school-based categories, the player's most recent college or university at the time of the draft shall be determinative.
- **League-specific designations** (e.g., "international players" as defined by a specific league's collective bargaining agreement or official rules). When the Exchange specifies a league-specific designation, the governing league's official definition as in effect at the time of the draft shall control.

A single player may qualify under both <player category 1> and <player category 2> simultaneously (e.g., a player may be both 'international-born' and a 'freshman'). If a player meets the definition of both categories, that player is counted in both tallies independently. The counts of <player category 1> players and <player category 2> players are calculated separately; the two categories need not be mutually exclusive.

Unless the Exchange specifies otherwise, players who meet the definition of their respective player category at the time of declaring for the draft — specifically, the classification assigned to the player's most recent status at the time — shall be counted regardless of whether they later changed status (e.g., transferred conferences after declaring).

<draft scope>: <draft scope> refers to the subset of draft selections to which the Contract applies, as specified by the Exchange. <draft scope> may refer to:

- A range of overall pick numbers (e.g., "in the top 5 picks," "with picks 1 through 10," "in the first 15 overall selections").

- A specific round or set of rounds (e.g., "in Round 1," "in Rounds 1 and 2," "in the first three rounds").
- The entire draft (e.g., "overall," "in the draft").
- Any other clearly bounded subset of selections specified by the Exchange.

Pick numbers refer to overall selection order as officially reported by the governing league, regardless of trades. If a pick is traded during the draft, the overall pick number does not change; the player selected with that pick number is counted in the applicable *<draft scope>*. For example, if a team trades into the third overall pick position and selects a player, that player counts as a "top 5" pick regardless of which team made the selection.

<more/fewer/exactly as many/at least as many>: Refers to comparison operators applied to the count of *<player category 1>* players relative to the count of *<player category 2>* players, both selected within *<draft scope>*.

- "**More**" means the count of *<player category 1>* players is strictly greater than ($>$) the count of *<player category 2>* players.
- "**Fewer**" means the count of *<player category 1>* players is strictly less than ($<$) the count of *<player category 2>* players.
- "**Exactly as many**" means the count of *<player category 1>* players is equal to ($=$) the count of *<player category 2>* players.
- "**At least as many**" means the count of *<player category 1>* players is greater than or equal to (\geq) the count of *<player category 2>* players.

<than/as>: This grammatical connector is determined automatically based on the comparison operator:

- Use "**than**" when the operator is "more" or "fewer."
- Use "**as**" when the operator is "exactly as many" or "at least as many."

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that the number of *<player category 1>* players officially selected *<draft scope>* in the *<draft>* is *<more/fewer/exactly as many/at least as many>* the number of *<player category 2>* players officially selected *<draft scope>* in the *<draft>*.

Additional Clarifications:

- **Counting players:** Only players who are officially selected (i.e., their name is announced or recorded as a draft pick by the governing league) are counted. Players who withdraw from the draft before selections are made, players who are not selected at all, and players whose selections are officially voided by the governing league before Expiration are not

counted. Undrafted players are never counted regardless of subsequent free agent signings.

- **Same draft scope for both categories:** Both <player category 1> and <player category 2> are counted within the identical <draft scope>. For example, if <draft scope> is "in Round 1," both categories are counted only among players selected in Round 1.
- **Tie resolution:** If the count of <player category 1> players equals the count of <player category 2> players:
 - Markets with the operator "**exactly as many**" will resolve to **Yes** (\$1.00).
 - Markets with the operator "**more**" or "**fewer**" will resolve to **No** (\$0.00).
 - Markets with the operator "**at least as many**" will resolve to **Yes** (\$1.00) (since "at least as many" includes equality).

Edge Cases and Contingencies:

- **Postponement:** If the <draft> is postponed past its originally scheduled date, the market will remain open and will resolve after the sooner of (1) the official results of the <draft> being reported or (2) one year following the <draft>'s original scheduled start date.
- **Shortened draft:** If the <draft> is shortened (i.e., fewer rounds are conducted than originally scheduled), the market will resolve based on the selections that were officially made. If <draft scope> references rounds or picks that were not conducted, the count of players in both <player category 1> and <player category 2> for those unconducted rounds or picks shall be zero.
- **Cancellation:** If the <draft> is cancelled outright and no selections are made, all markets will resolve to the last fair price as determined in the sole discretion of the Exchange.
- **Voided selections before Expiration:** If a player's selection is voided or reversed by the governing league before Expiration (e.g., due to ineligibility), that player shall not be counted in either category.
- **Voided selections after Expiration:** If a player's selection is voided or reversed by the governing league after Expiration, that reversal shall not affect the market's resolution.
- **Supplemental drafts:** If the governing league conducts a supplemental, compensatory, or secondary draft distinct from the primary <draft>, selections in such supplemental drafts are not counted unless the Exchange specifies otherwise at listing time.
- **Players drafted but unsigned:** If a player is drafted but doesn't sign with the team that drafted them, that still counts as being drafted for purposes of the Contract.

Examples:

Assume the market is: "**Will more international-born players than college freshmen be selected in Round 1 of the 2026 NBA Draft?**"

Examples that would resolve to Yes:

- Six international-born players and four freshmen are selected in Round 1. (Yes — 6 > 4.)
- Three international-born players and two freshmen are selected in Round 1. (Yes — 3 > 2.)

Examples that would NOT resolve to Yes:

- Four international-born players and four freshmen are selected in Round 1, with no overlap. (No — 4 = 4, not 4 > 4.)
- Two international-born players and five freshmen are selected in Round 1. (No — 2 < 5.)
- Five international-born players and six freshmen are selected in Round 1. (No — 5 < 6.)

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 originally scheduled date for <draft>. If the official results of the <draft> for the applicable <draft scope> are reported, 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 7.1 of the Rulebook. If an Expiration Value cannot be determined on the Expiration Date, Kalshi has the right to determine payouts pursuant to Rule 7.1 in the Rulebook.