

January 7, 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 <party> <lose/gain> <chamber> majority <time period>?” 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 <party> <lose/gain> <chamber> majority <time period>?” contract (Contract). The Contract will initially be listed after close-of-business on **January 8, 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:

- <date>
- <party>
- <lose/gain>
- <chamber>
- <time period>

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 <party> <lose/gain> <chamber> majority <time period>?"

Rulebook: PARTYCHAMBERCONTROL

Summary: Party's control of chamber majority timeframe

Kalshi Contract Category: Political Decision

Kalshi Internal Category: Elections

January 7, 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 <party> <lose/gain> <chamber> majority <time period>?" 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 5.16 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: January 7, 2026

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: “Will <party> <lose/gain> <chamber> majority <time period>?”

Rulebook: PARTYCHAMBERCONTROL

PARTYCHAMBERCONTROL

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the number of seats held by <party> in <chamber> in <time period>. 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 body responsible for certifying election results for <chamber> (e.g., the Federal Election Commission, Secretary of the Senate, Clerk of the House), the official website or press office of <chamber>, The Associated Press, Reuters, The New York Times, The Washington Post, The Wall Street Journal, Bloomberg News, CNN, Fox News, NBC, ABC, CBS, Politico, and BBC News.

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.

<time period>: <time period> refers to a specific range of time as specified by the Exchange. This may be defined by exact dates (e.g., "between January 1, 2026, and December 31, 2026"), relative markers (e.g., "before July 1, 2027"), an event (e.g., "during the 118th Congress"), or broader intervals (e.g., "in 2026," "Q1 2027"). "Between" is inclusive of both endpoints, while "before" and "after" exclude the specified date unless stated otherwise. <time period> may also refer to multiple dates (even if non-consecutive), or to a singular and discrete date or time. <time period>, unless otherwise specified, shall be denoted or set with reference to the timezone of <chamber>.

<lose/gain>: <lose/gain> refers to a change in majority control status:

- "Lose" means <party> transitions from holding a majority of seats in <chamber> prior to <time period> to not holding a majority at any point in <time period> "Gain" means <party> transitions from not holding a majority of seats in <chamber> prior to <time period> to holding a majority at any point in <time period>.

<chamber>: <chamber> refers to a legislative body or house of a legislature specified by the Exchange (e.g., U.S. House of Representatives, U.S. Senate, UK House of Commons, state legislature). <chamber> may refer to a single chamber, multiple chambers using AND logic or OR logic, or chambers identified by distinguishing characteristics. <chamber> may also take the form "Any" or "None".

<party>: <party> refers to a political party, bloc, or coalition specified by the Exchange (e.g., Democratic Party, Republican Party, Labour Party, Conservative Party). The identity of <party> is determined by the party affiliation recognized by <chamber> or the relevant electoral authority. <party> may refer to a singular party, multiple parties using AND logic (all must meet the condition) or OR logic (any one suffices), or parties identified by distinguishing characteristics.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that <party> <lose/gain> majority control of <chamber> in <time period>.

Additional clarification(s):

- Majority control means holding more than half of the total seats in <chamber>. For chambers with a fixed number of seats, this means holding at least $(\text{total seats} / 2) + 1$ seats when total seats is even, or at least $(\text{total seats} + 1) / 2$ seats when total seats is odd. If two or more parties are tied in seats held, the majority will be determined to be the party holding the leadership position (e.g. Speaker, Majority Leader).
- The beginning of <time period> is determined as of 12:00 AM local time to <chamber> on the first day of <time period>, or if <time period> begins with an event, immediately after that event concludes.
- End of <time period> is determined as of 11:59 PM local time to <chamber> on the last day of <time period>, or if <time period> ends with an event, immediately after that event concludes.
- For the purposes of determining party affiliation:
 - Members are counted according to their official party designation as recognized by <chamber> or the relevant electoral authority
 - Independent or unaffiliated members who caucus with a party are counted as members of that party only if they are formally recognized as doing so by <chamber>
 - Members who switch parties during <time period> are counted according to their affiliation at the relevant measurement time (beginning or end of <time period>)
- Vacant seats are not counted toward any party's total. Majority is calculated based on filled seats only.
- If <chamber> uses a power-sharing arrangement where control is shared despite equal or near-equal seat distribution, majority control is determined by which party holds the leadership position (e.g., Speaker, Majority Leader) or controls the legislative agenda, as announced by <chamber> or reported by the Source Agencies.
- For "lose" contracts:
 - <party> must hold a majority immediately prior to the beginning of <time period> AND lose majority during <time period>

- If <party> does not hold a majority immediately prior to the beginning of <time period>, the contract resolves to "No"
- For "gain" contracts:
 - <party> must not hold a majority at the beginning of <time period> AND gain majority during <time period>
 - If <party> already holds a majority at the beginning of <time period>, the contract resolves to "No"
- If <chamber> is dissolved, suspended, or ceases to function during <time period>, the contract will resolve based on the last verifiable composition before dissolution or suspension, unless <chamber> is reconstituted before the end of <time period>, even with a novel structure, in which case the reconstituted composition controls.
- Special elections, by-elections, and appointments that occur during <time period> and result in changes to party composition are included in the determination if they are certified and the member is seated by the end of <time period>.
- If election results are contested or subject to recount at the end of <time period>, the Exchange will use the most recent certified results available from the Source Agency. If no certified results are available by the Expiration Date, the Exchange may extend the Expiration Date or determine payouts in its sole discretion.
- If <party> gains or loses a majority of seats in <chamber> and then again loses or re-gains a majority of seats, the Contract shall resolve on the initial instance of gain or loss.
- For contracts involving multiple chambers (using AND or OR logic):
 - AND logic requires <party> to <lose/gain> majority in all specified chambers
 - OR logic requires <party> to <lose/gain> majority in at least one specified chamber

Examples that WOULD resolve to "Yes":

For "Will the Democratic Party lose House majority in 2026?":

- Democrats hold 220 seats (majority) on January 1, 2026, and hold 210 seats (minority) on December 31, 2026

For "Will the Republican Party gain Senate majority in Q1 2027?":

- Republicans hold 49 seats (minority) on January 1, 2027, and hold 51 seats (majority) on March 31, 2027

Examples that would NOT resolve to "Yes":

For "Will the Democratic Party lose House majority in 2026?":

- Democrats hold 220 seats on January 1, 2026, and still hold 218 seats (majority) on December 31, 2026
- Democrats hold 215 seats (minority) on January 1, 2026, and hold 210 seats on December 31, 2026 (did not lose majority because they did not hold it at the start)

For "Will the Republican Party gain Senate majority in Q1 2027":

- Republicans hold 51 seats (majority) on January 1, 2027 (already held majority at start of period)
- Republicans hold 49 seats on January 1, 2027, and still hold 49 seats on March 31, 2027 (did not gain majority)

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 Expiration Date. The Last Trading Time will be 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 week after the last day of <time period>. 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 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.