July 10, 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 "Will <person> join <political party> before <date>?" 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 <person> join <political party> before <date>?" contract (Contract). The Contract will initially be listed after close-of-business on **July 10, 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>**
- **<person>**
- **<political party>**

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 <person> join <political party> before <date>?"
Rulebook: PARTYJOIN
Summary: Person joining political party by deadline
Kalshi Contract Category: Political Decision
Kalshi Internal Category: Politics
July 10, 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 "Will <person> join <political party> before <date>?" Contract is a contract relating to Politics.

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.

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By: Xavier Sottile
Title: Head of Markets
Date: July 10, 2025

<u>Attachments:</u>

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 <person> join <political party> before <date>?"
Rulebook: PARTYJOIN

PARTYJOIN

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is public announcements by <person> regarding joining, registering with, or declaring general support for <political party> as a political organization after Issuance and before <date>. The announcement must indicate support for the party itself, not merely individual candidates or specific policies. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agencies are <person>, official social media accounts controlled by <person>, official websites of <person>, official press releases from <person>'s office or representatives, official voter registration records (where publicly available), The New York Times, the Associated Press, Bloomberg News, Reuters, Axios, Politico, Semafor, The Information, The Washington Post, The Wall Street Journal, ABC, CBS, CNN, Fox News, MSNBC, NBC, and official statements from <political party>.

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>: <person> refers to an individual or group of individuals specified by the Exchange. This may include politicians, business leaders, celebrities, activists, or other public figures. The Exchange may list multiple persons as separate options, "Any person not already listed," "No one," or categories of people (e.g., "Any sitting U.S. Senator," "Any Fortune 500 CEO").

<political party>: <political party> refers to a specific political party organization as designated by the Exchange. This includes major parties (Democratic, Republican), third parties (Libertarian, Green, etc.), new parties, or "Independent" as a formal declaration of non-affiliation. The party name must match the official registered name in at least one jurisdiction or be the commonly recognized name of the party.

<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 that <person> has announced they are joining or are a supporter of <political party> after Issuance and before <date>.

An announcement qualifies if it meets ANY of the following criteria:

1. **Formal Party Registration**: <person> officially changes their voter registration to <political party> and this change is publicly announced or reported
2. **Explicit Declaration of Membership**: <person> states they are "joining," "becoming a member of," "switching to," "now a member of," or uses similar language indicating party membership
3. **General Party Support**: <person> declares they are "a supporter of," "support," "endorse," "back," or "stand with" <political party> as an organization (not just specific candidates or policies)
4. **Party Affiliation Announcement**: <person> announces they will run for office as a member of <political party> or seek <political party>'s nomination
5. **Official Party Recognition**: <political party> officially announces <person> as a member, supporter, or affiliated individual with <person>'s consent

Supporting individual candidates who happen to members of <political party>; donating to members of <political party>; or voting for <political party> do not necessarily meet the above criterion *unless* they support a member of <political party> or <political party> for a 1) national presidential election or 2) national parliamentary general election.

The following do NOT meet the Payout Criterion:

- Agreeing with specific policy positions associated with <political party>
- Conditional support statements (e.g., "I would support the party if...")
- Past tense declarations about previous support
- Speculation by media about party affiliation without direct quotes
- Supporting a faction or wing of a party without supporting the party itself
- Supporting the creation of a party but not necessarily the party itself

Examples that WOULD meet the Payout Criterion:

- "I am leaving the Democratic Party and registering as an Independent"
- "I'm proud to announce I'm now a Republican"
- "I support the Green Party and what it stands for"
- "After much consideration, I'm joining the Libertarian Party"
- "I will be running for Senate as a Democrat"
- The party announces: "We welcome [person] as our newest member"

Examples that would NOT meet the Payout Criterion:

- "I agree with the Republican position on taxes" (supporting a policy, not the party)
- "I donated to several Democratic candidates for Congress" (supporting candidates, not the party)
- "I might consider becoming an Independent" (conditional/future consideration)

- "I used to be a Republican" (past tense)
- Media reports saying "[person] is believed to be considering joining" (speculation)

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 for any <person>, 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.