

July 3, 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 the U.S. State Department issue a <category> level warning for <country>?” 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 the U.S. State Department issue a <category> level warning for <country>?” contract (Contract). The Contract will initially be listed after close-of-business on **July 3, 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>
- <category>
- <country>

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 the U.S. State Department issue a <category> level warning for <country>?”

Rulebook: TRAVELWARNING

Summary: US State Department issue

Kalshi Contract Category: Other Event

Kalshi Internal Category: World

July 3, 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 the U.S. State Department issue a <category> level warning for <country>?” Contract is a contract relating to World.

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](mailto:ProductFilings@kalshi.com).



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By: Xavier Sottile  
Title: Head of Markets  
Date: July 3, 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: “Will the U.S. State Department issue a <category> level warning  
for <country>?”**

**Rulebook: TRAVELWARNING**

## TRAVELWARNING

**Scope:** These rules shall apply to this contract.

**Underlying:** The Underlying for this Contract is the U.S. State Department's Travel Advisory <category> for <country> after Issuance and before <date>. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Source Agency:** The Source Agency is the U.S. State Department.

**Instructions:** The Underlying can be found at: <https://travel.state.gov/content/travel/en/traveladvisories/traveladvisories.html/>. These instructions on how to access the Underlying 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.

**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.

**<category>:** <category> refers to one of the four official U.S. State Department Travel Advisory levels:

- Level 1: Exercise Normal Precautions
- Level 2: Exercise Increased Caution
- Level 3: Reconsider Travel
- Level 4: Do Not Travel

The Exchange will specify the exact level in each contract iteration. Contracts may also be listed in a “<category> or higher” or “<category> or lower” specification, where higher/lower refer to the number above/below the word Level. For example, “Level 3 or higher” refers to “Level 3” or “Level 4” categories.

**<country>:** <country> refers to a sovereign nation or territory as recognized by the U.S. State Department for travel advisory purposes. This includes independent sovereign nations, territories, dependencies, or administrative regions that receive separate travel advisories (e.g., Hong Kong, Taiwan, Puerto Rico), and regions within countries that receive distinct sub-advisories when the State Department issues region-specific guidance. If <country> undergoes a name change, merger, partition, or change in sovereignty status, the contract will follow the State Department's updated designation. If the State Department ceases to issue advisories for <country> due to political changes, the contract will resolve based on the final advisory level issued before cessation.



**<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 the U.S. State Department has issued, updated, or reaffirmed a <category> level Travel Advisory for <country> after Issuance and before <date>. Advisories dated for future events must be effective before <date> to qualify. The <category> level must be the one that applies to the whole <country>, rather than a particular region, unless <country> in this case refers to a region.

The following constitute qualifying Travel Advisory actions:

- Initial issuance of a <category> level advisory for <country>
- Update of an existing advisory to <category> level
- Reaffirmation of an existing <category> level advisory with updated content or date
- Reinstatement of a <category> level advisory after temporary suspension

A Travel Advisory is considered "issued" when it appears on the official State Department travel advisories website with an official publication date.

The following do NOT constitute qualifying Travel Advisory actions:

- Informal statements, press releases, or social media posts that do not constitute official Travel Advisories
- Security alerts, embassy messages, or consular notifications that are not formal Travel Advisories
- Draft or preliminary advisories not yet officially published

**Examples that would resolve the market to Yes:**

- The State Department updates <country> from Level 2 to Level 3 on [date before expiration]
- The State Department issues a new Level 4 advisory for <country> that was previously unrated
- The State Department reaffirms an existing Level 3 advisory for <country> with updated language and a new publication date
- A regional crisis causes the State Department to elevate <country> to Level 4 due to widespread civil unrest

**Examples that would NOT resolve the market to Yes:**

- The State Department issues a Level 2 advisory when the contract specifies Level 3
- A U.S. Embassy security message recommends avoiding travel but no formal Travel Advisory is updated

- The State Department issues the qualifying advisory level on the day after <date>
- Informal State Department comments to media about travel concerns without official advisory changes

**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 day prior to <date>. The Last Trading Time will be 11:59 PM ET.

**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 <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.

