

June 11, 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 <candidate/option> win <election> in the United States?” 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 <candidate/option> win <election> in the United States?” contract (Contract). The Contract will initially be listed after close-of-business on June 11, 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>**
- **<candidate/option>**
- **<election>**

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 <candidate/option> win <election> in the United States?”

Rulebook: USELECTION

Summary: Candidate option winning U.S. election

Kalshi Contract Category: Other Event

Kalshi Internal Category: World

June 11, 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 <candidate/option> win <election> in the United States?” 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.



By: Xavier Sottile
Title: Head of Markets
Date: June 11, 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 <candidate/option> win <election> in the United States?”

Rulebook: USELECTION

USELECTION

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the official results of <election> as certified by the Source Agencies after Issuance and before <date>. The Underlying specifically refers to: (i) for candidate elections, the candidate receiving the plurality of votes or meeting the winning threshold as defined by applicable law for that jurisdiction and election type; (ii) for ballot measures, whether the measure achieved the required threshold (simple majority, supermajority, or other as specified by law); (iii) for primaries, the candidate(s) winning, advancing, or securing delegates according to the rules of that primary system; (iv) for recall elections, both the recall question result and if applicable, the replacement winner; (v) for initiatives and referenda, whether the measure met all legal requirements including signature validation and vote thresholds. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The official results can typically be found at the relevant Secretary of State website, county clerk office, or election authority website. 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.

Source Agency: The Source Agencies are, in hierarchical order: the relevant state Secretary of State or chief election officer, the Federal Election Commission (for federal campaign matters), the state board of elections or canvassing board, the relevant county clerk or board of elections, the relevant city/municipal clerk, the U.S. Archivist (for Electoral College certificates), the presiding officers of Congress (for Electoral College counting), official government websites of the relevant jurisdiction, and if official results are not yet available, then in order: the Associated Press, Decision Desk HQ, The New York Times, The Washington Post, The Wall Street Journal, Reuters, Bloomberg News, Fox News Decision Desk, CNN, NBC News, CBS News, ABC News, NPR, Politico.

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.

<candidate/option>: <candidate/option> refers to individuals, political parties, ballot measure positions, or other electoral choices specified by the Exchange. May include: named candidates on the ballot, qualified write-in candidates, "Yes/No" on ballot measures, "Recall/Do Not Recall" options, political party nominees, slate of candidates in multi-winner races, "Advance to General/Runoff" in jungle primaries, "Contested Convention/Brokered Convention" for

primaries, "No Majority/Runoff Required" options, "None of These Candidates" where applicable, "Tie" where ties are reasonably possible, or "Field/Other/Unlisted" options.

<election>: <election> refers to a specific electoral contest specified by the Exchange, including: the jurisdiction (federal, state, county, municipal, special district), the type (general, primary, special, runoff, recall, initiative, referendum, retention, bond measure), the office or measure, the date, and for primaries whether it covers a single state or overall nomination. Federal elections include presidential (general and Electoral College), Senate (regular and special), and House elections. State elections include gubernatorial, lieutenant governor, attorney general, secretary of state, other constitutional officers, legislative, and judicial (partisan, nonpartisan, or retention). Local elections include mayoral (strong, weak, or council-manager), city council (at-large, ward, or mixed), county commission, school board, and special district elections. Electoral mechanisms include recalls (with or without simultaneous replacement), initiatives (constitutional or statutory), referenda (veto or legislative), and bond measures (general obligation or revenue).

<date>: <date> refers to a calendar date specified by the Exchange in the format of Month DD, YYYY in Eastern Time unless otherwise specified. 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 <candidate/option> has achieved the result required for <election> according to applicable law and the electoral system in use.

Specifically:

For General Elections:

- First-past-the-post: <candidate/option> receives the most votes unless a majority is required by law
- Ranked choice voting: <candidate/option> wins after all elimination rounds per official tabulation methodology
- Top-two/Jungle primary general: <candidate/option> receives the most votes between the two finalists
- Majority requirement: <candidate/option> achieves 50%+1 of votes cast, otherwise "Runoff Required" resolves Yes
- Multi-member districts: <candidate/option> finishes within the number of positions available

For Primary Elections:

- State primaries: <candidate/option> wins the most votes or delegates in that state per party rules

- Overall nomination: <candidate/option> secures majority of delegates, convention vote, or party declaration
- Jungle/Top-two primaries: Specified candidates advance to general election (top two vote-getters)
- Contested convention: "Contested Convention" resolves Yes if no candidate has secured nomination before convention

For Ballot Measures/Initiatives/Referenda:

- Simple majority: "Yes" if measure receives 50%+1 of votes cast on that question
- Supermajority: "Yes" if measure achieves required threshold (55%, 60%, 66.67%, etc.)
- Concurrent requirements: All requirements met (e.g., statewide majority AND majority of counties)
- Tax/bond measures: Specific thresholds per jurisdiction (often 60% or 66.67%)

For Recall Elections:

- Recall question: "Yes" if majority vote to recall the officeholder
- Replacement question: The replacement candidate receiving the most votes (if recall succeeds)
- Simultaneous format: Both questions resolved independently
- Recalled official: Cannot win replacement even if receiving most write-in votes (where applicable)

For Special Elections: Same rules as general elections for that office unless otherwise specified by law

For Judicial Elections:

- Partisan/Nonpartisan: Candidate receiving most votes (or majority if required)
- Retention: "Yes" if judge receives majority vote to retain
- Merit selection: Upon official appointment and confirmation if applicable

Special Provisions:

Write-in candidates: Valid write-in votes counted only if candidate filed required declaration/paperwork OR state law counts all write-ins. Misspellings and variations counted per state law.

Ranked choice voting: Winner determined after all rounds of tabulation are complete per official methodology.

Tied elections: If candidates tie for winning position:

- Resolution per state law (coin flip, drawing lots, special election, legislative decision)
- If tie-breaking method determines winner: that candidate resolves to Yes
- If special election ordered: original market resolves to "Tie" (if available) or No for all
- If co-winners declared: tied candidates receive \$1/(number of tied candidates) unless "Tie" is available in which case it resolves to Yes and all others resolve to No

Postponed elections: Market remains open until election occurs or <date>, whichever is first. If it is postponed past <date>, all markets resolve to No.

Cancelled elections: If election cancelled without postponement: market resolves No for all candidates

Fusion voting: Votes for candidate across multiple party lines are combined

Provisional/Absentee ballots: All valid ballots counted within state law deadlines are included

Certification: Final certified results take precedence over preliminary results

Examples that would resolve to Yes:

- Candidate wins plurality in first-past-the-post race
- Candidate wins after RCV tabulation despite trailing initially
- Presidential candidate receives 270+ electoral votes as counted by Congress
- Ballot measure exceeds 60% threshold when 60% required
- Write-in candidate wins with proper filing
- Candidate wins primary and secures party nomination
- Judge receives majority in retention election

Examples that would NOT resolve to Yes:

- Candidate leads initial count but loses after absentee ballots
- Candidate wins plurality but loses required runoff
- Presidential candidate wins popular vote but loses Electoral College
- Ballot measure gets 58% when 60% required
- Write-in candidate wins without required filing in states that mandate it
- Candidate wins primary but loses nomination at convention
- Candidate is disqualified after winning but before Expiration

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: For elections with known, scheduled results release (regular elections): The Last Trading Date will be the same as the Expiration Date and the Last Trading Time will be the same as the Expiration Time. For elections with ongoing tabulation (RCV, extended counting): The Last Trading Date will be <date> with Last Trading Time of 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 year after <election>. If an event described in the Payout Criterion occurs for any <candidate/option>, 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, unless otherwise specified in accordance with the Contract's terms and conditions.

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.