SPXSPW

Scope: These rules shall apply to this Contract.

Underlying: The Underlying for this Contract is the Comparison Value of the S&P 500 Index and the S&P 500 Equal Weight Index over <time period>, calculated according to <comparison method> using Reference Prices, levels, or other measurements published by the applicable Source Agency in or before the end of <time period>, using Reference Prices denominated in U.S. dollar index points as designated by the applicable Source Agency, and with the resulting Comparison Value expressed in the units produced by the applicable <comparison method> (percentage points or unitless, as set forth below) and rounded to <decimal places>. For each iteration of this Contract, the Exchange shall designate one of the S&P 500 Index and the S&P 500 Equal Weight Index as the <primary> (used as the minuend in difference-based methodologies and as the numerator in ratio-based methodologies) and the other as the <secondary> (used as the subtrahend in difference-based methodologies and as the denominator in ratio-based methodologies). By way of illustration, for the Arithmetic Return Difference method described below, if the Exchange designates the S&P 500 Index as the <primary> and the S&P 500 Equal Weight Index as the <secondary>, and if Return(SPX) = 12.50% and Return(SPW) = 5.00%, the Comparison Value is Return(SPX) − Return(SPW) = +7.50 percentage points (i.e., 7.50 pp), not 150% and not −7.50 pp. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agencies for this Contract are, in hierarchical order, Bloomberg, Reuters, The Wall Street Journal, the Financial Times, Dow Jones Newswires, the Associated Press, CNBC, and Barron's.

Type: The type of Contract is an Event Contract.

Issuance: After the initial Contract, Contract iterations will be listed on either a recurring or as-needed basis at the discretion of the Exchange and corresponding to the risk management needs of Members.

<primary> and <secondary>: <primary> and <secondary> each refer to one and only one of the following two underlying assets, as specified by the Exchange for the relevant Contract iteration: (a) the S&P 500 Index (ticker symbol: SPX), a free-float market-capitalization-weighted price-return index of 500 leading large-cap U.S. companies, as calculated and published by S&P Dow Jones Indices LLC, which is a broad-based security index within the meaning of Section 1a(35) of the Commodity Exchange Act and constitutes a "commodity" within the meaning of Section 1a(9) of the Commodity Exchange Act; or (b) the S&P 500 Equal Weight Index (ticker symbol: SPW), an equal-weighted price-return index of the same 500 constituents as the S&P 500 Index, in which each constituent is assigned an equal weight at each quarterly rebalancing, as calculated and published by S&P Dow Jones Indices LLC, which is a broad-based security index within the meaning of Section 1a(35) of the Commodity Exchange Act and constitutes a "commodity" within the meaning of Section 1a(9) of the Commodity Exchange Act. <primary> and <secondary> shall not refer to the same underlying; for each Contract iteration, exactly one of <primary> and <secondary> shall be the S&P 500 Index and the other shall be the S&P 500 Equal Weight Index. <primary> is the minuend in difference-based methodologies and the numerator in ratio-based methodologies; <secondary> is the subtrahend in difference-based methodologies and the denominator in ratio-based methodologies. The Exchange may list iterations of the Contract corresponding to either of the two possible orientations (i.e., <primary> = the S&P 500 Index with <secondary> = the S&P 500 Equal Weight Index, or <primary> = the S&P 500 Equal Weight Index with <secondary> = the S&P 500 Index).

References to the S&P 500 Index, S&P Dow Jones Indices LLC, and the S&P 500 Equal Weight Index include any renaming, rebranding, ticker change, or corporate reorganization of the applicable underlying, benchmark, reference rate, or administrator that does not result in a material change to the underlying's, benchmark's, or reference rate's methodology, constituent selection (where applicable), calculation, weighting (where applicable), or definitional characteristics; material changes and discontinuations are instead governed by the successor / unreferenceability provision in the Payout Criterion.

<comparison method>: <comparison method> refers to the methodology specified by the Exchange by which the relative performance, characteristic, or attribute of the S&P 500 Index and the S&P 500 Equal Weight Index over <time period>, in the orientation given by <primary> and <secondary>, is measured to produce a single signed numerical "Comparison Value." Permissible methodologies include, without limitation, the following, each computed using Reference Prices for each of the S&P 500 Index and the S&P 500 Equal Weight Index sampled in the manner specified by the applicable methodology described below and as published by the applicable Source Agency, during <time period>. The default Reference Price, where a methodology does not specify otherwise, is the official daily close for the S&P 500 Index and the official daily close for the S&P 500 Equal Weight Index, as designated by the applicable administrator (S&P Dow Jones Indices LLC for the S&P 500 Index; and S&P Dow Jones Indices LLC for the S&P 500 Equal Weight Index) and published by the applicable Source Agency. As of the date of Issuance, S&P Dow Jones Indices LLC designates the level as of 4:00 PM ET on each U.S. equity-market trading day as the official daily close for the S&P 500 Index; and S&P Dow Jones Indices LLC designates the level as of 4:00 PM ET on each U.S. equity-market trading day as the official daily close for the S&P 500 Equal Weight Index. If an administrator subsequently designates a different time, level, or methodology as the official daily close or official daily close (as applicable), the Reference Price so designated shall be used. The Exchange may list iterations of the Contract corresponding to methodologies that use other sampling cadences (e.g., hourly, weekly, intra-period) or other Reference Price conventions (e.g., open-to-close, volume-weighted average) under the "without limitation" language above.

(i) **Arithmetic Return Difference:** Comparison Value = Return(<primary>) − Return(<secondary>), expressed in percentage points, where Return = ((End-of-<time-period> Reference Price − Start-of-<time-period> Reference Price) / Start-of-<time-period> Reference Price) × 100, in which the "Start-of-<time-period> Reference Price" is the Reference Price for the affected asset for the last day on which the applicable Source Agency publishes a Reference Price for that asset immediately preceding the first day of <time period>, and the "End-of-<time-period> Reference Price" is the Reference Price for the affected asset for the last day on which the applicable Source Agency publishes a Reference Price for that asset within <time period>.

(ii) **Geometric Return Ratio:** Comparison Value = (((1 + Return(<primary>)/100) / (1 + Return(<secondary>)/100)) − 1) × 100, expressed in percentage points, where Return is defined as in (i). The Comparison Value under this method is undefined only in the catastrophic case where Return(<secondary>) is at or below −100% (i.e., <secondary> has lost all of its value over <time period>, causing the denominator to be zero or negative); in that case, and only in that case, Kalshi shall determine payouts pursuant to Rule 7.1 of the Rulebook. In all other cases the Comparison Value is well-defined and is evaluated under the Payout Criterion in the ordinary course, including where the Comparison Value is negative.

(iii) **Realized Volatility Difference:** Comparison Value = σ(<primary>) − σ(<secondary>), expressed in percentage points, where σ is the annualized realized volatility for the relevant asset, calculated as the standard deviation of daily natural-logarithmic returns of the Reference Price during <time period> using the population formula (dividing by N), multiplied by the square root of the applicable annualization factor for that asset, and expressed as a percentage. The applicable annualization factor is 252 (corresponding to a trading-day series, reflecting that the S&P 500 Index publishes a Reference Price only on U.S. equity-market trading days) for the S&P 500 Index; and 252 (corresponding to a trading-day series, reflecting that the S&P 500 Equal Weight Index publishes a Reference Price only on U.S. equity-market trading days) for the S&P 500 Equal Weight Index.

(iv) **Maximum Drawdown Difference:** Comparison Value = MDD(<primary>) − MDD(<secondary>), expressed in percentage points, where MDD is the maximum peak-to-trough percentage decline in the daily closing Reference Price during <time period>, expressed as a non-negative percentage (i.e., MDD = max over t of ((peak prior to or at t − Reference Price at t) / peak prior to or at t) × 100).

(v) **Return-to-Volatility Ratio Difference:** Comparison Value = (Return(<primary>) / σ(<primary>)) − (Return(<secondary>) / σ(<secondary>)), expressed as a unitless decimal, where Return is defined as in (i) and σ is defined as in (iii). If σ for either index equals zero, the Comparison Value is not defined and Kalshi shall determine payouts pursuant to Rule 7.1 of the Rulebook.

The Exchange may list iterations of the Contract corresponding to variations of <comparison method>.

<comparison operator>: <comparison operator> refers to a comparison relation specified by the Exchange, applied to the Comparison Value against <count>. Permissible operators include "above" (i.e., strictly greater than <count>), "below" (i.e., strictly less than <count>), "at least" (i.e., greater than or equal to <count>), "at most" (i.e., less than or equal to <count>), "exactly" (i.e., equal to <count> after rounding the Comparison Value to <decimal places>), and "between" (i.e., greater than or equal to the lower value of <count> and less than or equal to the upper value of <count>, inclusive of both endpoints unless otherwise specified by the Exchange). For purposes of applying any <comparison operator> under this Contract, the Comparison Value is rounded to <decimal places> before evaluation, and <count> is taken at the face-value precision specified by the Exchange and is not itself rounded. The Exchange may list iterations of the Contract corresponding to variations of <comparison operator>.

<count>: <count> refers to a numerical threshold value specified by the Exchange against which the Comparison Value is evaluated, denominated in the units produced by the applicable <comparison method> (i.e., percentage points for Arithmetic Return Difference, Geometric Return Ratio, Realized Volatility Difference, and Maximum Drawdown Difference; unitless for Return-to-Volatility Ratio Difference). May be a single value (for "above," "below," "at least," "at most," and "exactly") or a pair of values expressed as a lower value and an upper value (for "between"). May be positive, zero, negative, integer, or decimal, and is taken at face value as specified by the Exchange (i.e., <count> is not itself rounded). The Exchange may list iterations of the Contract corresponding to variations of <count>.

<time period>: <time period> refers to a specific duration or range of time as specified by the Exchange. May be expressed as a calendar year (e.g., "2025"), a calendar month and year (e.g., "January 2025"), a calendar quarter (e.g., "Q1 2025"), a specific week, a season (e.g., "2024-25 NFL Season"), or other bounded time periods as appropriate to the contract subject matter. All time periods are interpreted in Eastern Time (ET) unless otherwise specified. The end of <time period> is defined as 11:59:59 PM ET on the final day of the specified period, unless otherwise specified. The Exchange may list iterations of the Contract corresponding to variations of <time period>.

<decimal places>: <decimal places> refers to the precision level for numerical values, as specified by the Exchange, including rounding methodology. The default rounding methodology is as follows: any digit beyond the last retained decimal place that is less than 5 results in rounding down (the last retained digit is unchanged); any such digit greater than 5, or equal to 5 followed by any further non-zero digit, results in rounding up (the last retained digit is increased by one); and any such digit equal to exactly 5 with no further non-zero digits results in the last retained digit being set to the nearest even value (i.e., unchanged if already even, increased by one if odd). By way of illustration, at two decimal places: 0.124 rounds to 0.12; 0.126 rounds to 0.13; 0.125 rounds to 0.12 (the last retained digit, 2, is already even); and 0.135 rounds to 0.14 (the last retained digit, 3, is odd and increases to 4). The Exchange may list iterations of the Contract corresponding to variations of <decimal places>; if not specified for a Contract iteration, the default is two decimal places, expressed in the units produced by the applicable <comparison method>.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values for which the Comparison Value of the S&P 500 Index and the S&P 500 Equal Weight Index, in the orientation given by <primary> and <secondary> and calculated as set forth in the Underlying using Reference Prices, levels, or measurements published by the applicable Source Agency in or before the end of <time period>, satisfies the relation <comparison operator> <count> after the Comparison Value has been rounded to <decimal places>.

For purposes of resolution:

- All comparisons under this Payout Criterion are evaluated after the Comparison Value has been rounded to <decimal places>; <count> is taken at face value and is not itself rounded. If, after such rounding, the Comparison Value does not satisfy the relation specified by <comparison operator> against <count>, the Contract resolves to No. By way of illustration, if <comparison operator> = "above" and the rounded Comparison Value equals <count>, the Contract resolves to No (the relation is strict); if <comparison operator> = "at least" and the rounded Comparison Value equals <count>, the Contract resolves to Yes (the relation is inclusive).
- If, in or before <time period>, the S&P 500 Index or the S&P 500 Equal Weight Index becomes unreferenceable due to discontinuation of the applicable benchmark, succession to a different benchmark, material change in methodology, dissolution of the underlying network or system, or analogous event: (i) where a successor benchmark, successor reference rate, or successor asset is designated by the applicable administrator or calculation agent (i.e., S&P Dow Jones Indices LLC for the S&P 500 Index or S&P Dow Jones Indices LLC for the S&P 500 Equal Weight Index), the Contract shall use the successor as the continuing reference for the affected asset for the remainder of <time period>; (ii) if no successor methodology can be applied, or the affected asset becomes economically worthless such that the applicable Source Agency ceases publishing a comparable value, Kalshi shall determine payouts pursuant to Rule 7.1 of the Rulebook.
- If a temporary outage, technical failure, suspension of publication, source compromise, or interruption affecting the Source Agency prevents the Comparison Value from being reasonably evaluated as of the Expiration time, Kalshi shall determine payouts pursuant to Rule 7.1 of the Rulebook.
- If a source within the Source Agency publishes a price, level, or measurement that is subsequently corrected, restated, or retracted (including due to hacking, compromise, error, or republication) after the end of <time period> but before the Expiration time, the corrected value as published as of the Expiration time will be used. Corrections, restatements, retractions, or deletions published after the Expiration time will not be accounted for in determining the Expiration Value.

- Where <comparison method> requires daily observations and the applicable Source Agency does not publish a Reference Price for the S&P 500 Index or the S&P 500 Equal Weight Index on a particular calendar day during <time period> (e.g., a U.S. equity-market holiday or other non-trading day for the S&P 500 Index, or a U.S. equity-market holiday or other non-trading day for the S&P 500 Equal Weight Index), the most recent prior published Reference Price for the affected asset shall be carried forward for that day for purposes of the calculation, except that no observation shall be carried forward across the boundary of <time period>.

Examples that would resolve the market to Yes:

- <primary> = SPX, <secondary> = SPW, <comparison method> = Arithmetic Return Difference, <comparison operator> = "at least", <count> = 3, <time period> = "Q1 2025", <decimal places> = 2. Return(SPX) = +9.20%; Return(SPW) = +5.00%. Comparison Value = +4.20 pp; 4.20 ≥ 3; resolves YES.
- <primary> = SPX, <secondary> = SPW, <comparison method> = Geometric Return Ratio, <comparison operator> = "above", <count> = 0, <time period> = "2024", <decimal places> = 2. Return(SPX) = +25.50%; Return(SPW) = +25.40%. Comparison Value ≈ +0.08 pp; 0.08 > 0; resolves YES.
- <primary> = SPX, <secondary> = SPW, <comparison method> = Realized Volatility Difference, <comparison operator> = "between", <count> = 5 and 15, <time period> = "Q3 2025", <decimal places> = 2. σ(SPX) = 22.00%; σ(SPW) = 14.00%. Comparison Value = +8.00 pp; 5 ≤ 8 ≤ 15; resolves YES.
- <primary> = SPX, <secondary> = SPW, <comparison method> = Maximum Drawdown Difference, <comparison operator> = "above", <count> = 0, <time period> = "2025", <decimal places> = 2. MDD(SPX) = 18.00%; MDD(SPW) = 10.00%. Comparison Value = +8.00 pp; 8.00 > 0; resolves YES (SPX had a more severe drawdown than SPW).
- <primary> = SPW, <secondary> = SPX, <comparison method> = Return-to-Volatility Ratio Difference, <comparison operator> = "at least", <count> = 0.05, <time period> = "Q2 2025", <decimal places> = 2. Return-to-volatility ratio of SPW = 0.28; return-to-volatility ratio of SPX = 0.20. Comparison Value = +0.08; 0.08 ≥ 0.05; resolves YES.

Examples that would NOT resolve the market to Yes:

- <primary> = SPX, <secondary> = SPW, <comparison method> = Arithmetic Return Difference, <comparison operator> = "above", <count> = 0, <time period> = "Q1 2025", <decimal places> = 2. Return(SPX) = +6.00%; Return(SPW) = +6.00%. Comparison Value = 0.00 pp; 0.00 is not strictly greater than 0; resolves NO.
- <primary> = SPX, <secondary> = SPW, <comparison method> = Geometric Return Ratio, <comparison operator> = "at least", <count> = 0, <time period> = "2025", <decimal places> = 2. Return(SPX) = +12.00%; Return(SPW) = +12.05%. Comparison Value ≈ −0.04 pp; −0.04 is not ≥ 0; resolves NO.
- <primary> = SPX, <secondary> = SPW, <comparison method> = Arithmetic Return Difference, <comparison operator> = "at least", <count> = 5, <time period> = "Q4 2025", <decimal places> = 2. Return(SPX) = +2.00%; Return(SPW) = +9.00%. Comparison Value = −7.00 pp; −7.00 is not ≥ 5; resolves NO.
- <primary> = SPX, <secondary> = SPW, <comparison method> = Realized Volatility Difference, <comparison operator> = "between", <count> = 5 and 15, <time period> = "Q3 2025", <decimal places> = 2. σ(SPX) = 13.00%; σ(SPW) = 15.00%. Comparison Value = −2.00 pp; −2.00 is not within [5, 15]; resolves NO.
- <primary> = SPX, <secondary> = SPW, <comparison method> = Maximum Drawdown Difference, <comparison operator> = "exactly", <count> = 0, <time period> = "2025", <decimal places> = 2. MDD(SPX) = 6.00%; MDD(SPW) = 6.10%. Comparison Value = −0.10 pp; −0.10 ≠ 0.00 after rounding; resolves NO.

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 last day of <time period>. 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 the end 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.

APPENDIX B – TRADING PROHIBITIONS

In addition to the general prohibition against trading on material nonpublic information, the Exchange will institute additional prohibitions for trading the contract. Persons under 18 years of age are not permitted to create Kalshi accounts. The following individuals will be prohibited from trading:

- Employees, officers, directors, contractors, consultants, and immediate family members of any administrator, calculation agent, or publisher within the Source Agency (including without limitation the news organizations listed as Source Agencies), where such persons have material non-public information regarding the calculation, scheduled publication, halt, retraction, restatement, or correction of reported Reference Prices for the S&P 500 Index or the S&P 500 Equal Weight Index.
- Members of the S&P 500 Index Committee (which is responsible for the methodology and constituent selection of both the S&P 500 Index and the S&P 500 Equal Weight Index), and any other index oversight, governance, advisory, or methodology committee responsible for the S&P 500 Index or the S&P 500 Equal Weight Index, and any persons with non-public access to pending methodology changes, scheduled or unscheduled rebalances (including the quarterly equal-weighting rebalance applicable to the S&P 500 Equal Weight Index), additions or deletions of constituents, free-float share-count revisions, weighting changes, or successor-benchmark designations for either index.
- Officers, directors, and senior employees of any issuer whose common equity is a constituent of the S&P 500 Index (which is the same constituent set as the S&P 500 Equal Weight Index, with the difference between the two indices being limited to weighting methodology) with a weight that, individually or in combination with affiliated constituents, is material to the Comparison Value during <time period>, where such persons have material non-public information bearing on the constituent's price during <time period> (including, without limitation, non-public information regarding earnings, mergers and acquisitions, restructuring, material litigation, or material adverse events). For the avoidance of doubt, because the S&P 500 Equal Weight Index assigns equal weight to each constituent at each quarterly rebalancing, the universe of constituents whose non-public information may be material to the Comparison Value under this Contract may be substantially broader than for an analogous capitalization-weighted contract, and Members should consider this when assessing the application of this prohibition.
- Employees, officers, directors, and immediate family members of the New York Stock Exchange (including NYSE American and NYSE Arca), the Nasdaq Stock Market, Cboe BZX Exchange, Cboe BYX Exchange, Cboe EDGA Exchange, Cboe EDGX Exchange, the Investors Exchange (IEX), and any other registered national securities exchange or alternative trading system that is a primary listing or material trading venue for any constituent of the S&P 500 Index or the S&P 500 Equal Weight Index, where such persons have non-public access to order book, opening or closing auction, trading-halt, listing-status, or fee-tier data that materially affects the closing level of either index.
- Auditors, regulators, examiners, and compliance personnel of the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, the U.S. Commodity Futures Trading Commission, the U.K. Financial Conduct Authority, and any other regulatory or self-regulatory body with non-public access to suspension, halting, manipulation, enforcement, delisting, or trading-halt actions pending against the S&P 500 Index, the S&P 500 Equal

Weight Index, the administrators or calculation agents of either index, or any material constituent or constituent input venue during <time period>.

APPENDIX C (CONFIDENTIAL) – FURTHER CONSIDERATIONS

This event contract question speaks directly to how market capitalization and weighting methodologies influence equity market performance and, by extension, capital allocation in the U.S. economy. The S&P 500 Index is cap-weighted, so larger firms exert greater influence on returns, whereas the S&P 500 Equal Weight Index treats each constituent the same, implicitly favoring smaller and mid-sized firms. The comparison value—whether based on return differentials, volatility, or some other metric—captures whether market leadership is concentrated in mega-caps or more broadly shared across the corporate spectrum. If the specified performance level is achieved in favor of the cap-weighted index, it suggests that a handful of large firms are driving economic and market outcomes, which can signal high concentration risk but also reflect strong competitive advantages and profitability in dominant sectors like technology. Conversely, if the equal-weight index outperforms to the required degree, it implies healthier breadth, with gains more evenly distributed across companies and industries, often associated with more resilient employment, investment, and regional economic activity. These dynamics influence monetary policy interpretation: broad-based strength may be read as a sign of underlying economic robustness, while narrow leadership can make the economy appear more fragile beneath headline index levels. Asset allocation decisions, risk management practices, and even corporate financing conditions are affected, as performance patterns alter investor demand for different segments of the market. Over time, sustained outperformance of one index relative to the other can reshape valuations, cost of capital, and strategic behavior by firms seeking to attract investment. Thus, the resolution of this contract encapsulates not only a technical market outcome, but also deeper signals about economic inclusivity, systemic risk concentration, and the distribution of growth across the corporate landscape.

The Exchange has not determined such contracts to be contrary to the public interest and there has been no determination by the Commission that such contracts would be contrary to the public interest. The Contract provides a means for managing and assuming price risks, discovering prices, and disseminating price information on the Exchange's fair and financially secure trading facility.

The Contract has bona fide risk mitigation and price basing utility for participants with underlying economic exposure. The Contract is not merely recreational, as the discussion of risk mitigation and price basing/price discovery utility demonstrates. The outcome of the Contract is not predominantly determined by chance and depends on a variety of factors. Finally, it is possible for traders to use skill and effort to gain knowledge and information about the likelihood of the event.

APPENDIX D (CONFIDENTIAL) – SOURCE AGENCY

The Source Agencies for this Contract—Bloomberg, Reuters, The Wall Street Journal, the Financial Times, Dow Jones Newswires, the Associated Press, CNBC, and Barron's—are established, independent providers of financial and market news, data, and analysis, and have no role in structuring or promoting this Contract. These organizations are widely recognized for their rigorous editorial standards, timely and accurate reporting, and deep coverage of equity markets, including the S&P 500 Index and the S&P 500 Equal Weight Index. Their longstanding reputations and specialized expertise make them appropriate, credible, and reliable sources for determining and confirming the outcome of this event contract.

APPENDIX E (CONFIDENTIAL) – COMPLIANCE WITH CORE PRINCIPLES

Compliance with Core Principles

The Exchange has conducted a comprehensive analysis of the designated contract market core principles ("Core Principles") as set forth in Part 38 of the Act. The Core Principles relevant to the Contract are outlined and discussed in further detail below:

Core Principle 2 - Compliance with Rules and Impartial Access: The Exchange has adopted the Rulebook, which provides the requirements for accessing and trading on the Exchange. Pursuant to Chapters 2, 3, and 5 of the Rulebook, in utilizing the Exchange's services, all Members must comply with the rules of the Rulebook ("Rules"), cooperate with Exchange investigations, inquiries, audits, examinations and proceedings, and engage in conduct consistent with just and equitable principles of trade. Chapter 3 of the Rulebook also provides clear and transparent access criteria and requirements for Exchange Members. Trading the Contract will be subject to all the rules established in the Rulebook, which are aimed at enforcing market integrity and customer protection.

In particular, Chapter 5 of the Rulebook sets forth the Exchange's Prohibited Transactions and Activities and specifically prescribes the methods by which Members trade contracts, including the Contract. Pursuant to Rule 3.6, each Member is required to cooperate promptly and fully with an Exchange investigation by providing access to information on the activities of the Member in any referenced market, which includes books and records of trading. Pursuant to Rule 9.2, the Exchange may compel testimony, subpoena documents, and require statements under oath from any Member. As described in Rule 9.1, the Exchange conducts trade practice surveillance, market surveillance, and real-time market monitoring to ensure that Members adhere to the Rules of the Exchange. The Exchange, through the compliance department, initiates review and, where appropriate, investigates unusual trading activity. The compliance department also investigates any time it has other reason to believe that inappropriate activity of any sort is taking place on the Kalshi Platform or its website.

Core Principle 2 also stipulates that an exchange shall establish means to provide market participants with impartial access to the market. Chapter 3 of the Rulebook, and Rule 3.1 in particular, provides clear and transparent access criteria and requirements for Members. The Exchange will apply access criteria in an impartial manner, including through the application process described in Rule 3.1.

Core Principle 3 - Contract not Readily Subject to Manipulation:

Core Principle 3 and Rule 38.200 provide that a DCM shall not list for trading contracts that are readily susceptible to manipulation. The Exchange's marketplace and contracts, including this Contract, have been designed in accordance with this fundamental principle. The Exchange maintains various safeguards against outcome manipulation and other forms of manipulation, including, (i) real-time market monitoring, automated trade surveillance, and suspicious behavior detection, (ii) Rulebook prohibition, Member certification, and notification, (iii) Member monitoring and know-your-customer verification, and (iv) sanctions. These safeguards render the Contract not readily susceptible to manipulation.

(i) **Real-time market monitoring, automated trade surveillance, and suspicious behavior detection**: Kalshi conducts real-time market monitoring of all trading activity on the Exchange to identify disorderly trading and any market or system anomalies. As described in Rule 5.11, Kalshi has the authority to adjust trade prices or cancel trades when necessary to mitigate market disrupting events caused by malfunctions in its electronic trading platform or errors in orders submitted by members and market participants. Any trade price adjustments or trade cancellations must be transparent to the market and subject to standards that are clear, fair, and publicly available. Kalshi also maintains an automated trade surveillance system capable of detecting and investigating potential trade practice violations. The automated system loads and processes orders and trades as they occur on the Exchange (well within 24 hours after the completion of the trading day stated in Commission Regulation 38.156). The automated trade surveillance system has the ability to detect and flag specific trade execution patterns and trade anomalies; compute, retain, and compare trading statistics; compute trade gains, losses, and positions; reconstruct the sequence of market activity; perform market analyses; and support system users to perform in-depth analyses and ad hoc queries of trade-related data. As described in Rule 9.2(a), Kalshi's Compliance Department investigates unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of Kalshi's Rules, or upon the receipt of a request from Commission staff. The Exchange disciplinary process is conducted in accordance with Chapter 9 of the Exchange Rulebook, and penalties may be imposed in accordance with Rule 9.5.

(ii) **Rulebook prohibition, member certification and notification:** The Exchange's Rulebook includes various provisions that prohibit manipulative behaviors. As noted above in the discussion of Core Principle 2, the Exchange's Rulebook gives the Exchange the authority to investigate potential violations of its rules. Pursuant to Rule 3.6, each Member is required to cooperate promptly and fully with an Exchange investigation by providing access to information on the activities of the Member in any referenced market, which includes books and records of trading. Pursuant to Rule 9.2, the Exchange may compel testimony, subpoena documents, and require statements under oath from any Member. The Exchange's Surveillance Officers, which operate within the Compliance Department, perform trade practice surveillance and real-time market monitoring to ensure that Members adhere to the Exchange's rules. The Rulebook also imposes sanctions on Members who break rules. Potential penalties include fines, disgorgement, and revocation of membership in Kalshi. Only Members are allowed to trade on the Exchange, and the Exchange requires its Members to strictly comply with the Rulebook. Members cannot complete the account creation process and trade on the Exchange until they certify that they have read the Exchange's rules and agree to be bound by them.

In addition, prior to trading, the Exchange requires Members to represent and covenant that the Member will not trade on any contract where they have access to material non-public information, may exert influence on the market outcome, or are an employee or affiliate of the Source Agency. In order to further reduce the potential for manipulation, the Exchange maintains a dedicated page on the trading portal that lists all the source agencies and their associated contracts, together with a warning that employees of those companies, persons with access to material non-public information, and persons with an ability to exert influence on the underlying of a contract are prohibited from trading on those contracts. This page is intended to serve as an effective means of raising Members' awareness of these rules and prohibitions, further reducing the potential for manipulation. Similarly, the Exchange places a prominent notice on each contract page that notifies Members of the prohibition on trading the Contract while employed by its Source Agency, trading the Contract on the basis of non-public information, and trading the Contract while having the ability to exert influence on the Contract's Market Outcome.

(iii) **Member monitoring and know-your-customer verification ("KYC")**: The Exchange has a robust KYC process. The KYC process is an important tool that helps flag and uncover higher risk traders before they become Members of the platform. The Exchange's KYC process ensures that the Exchange has access to all of its members' personal identifying information, and the Exchange can leverage this information as part of its surveillance and to ensure the overall fairness and integrity of its markets. During the application process, individual applicants are required to share personally identifiable information, such as their full legal name, social security number, date of birth, and address with the Exchange. Applicant information is run through a comprehensive set of databases that are actively compiled and maintained by an independent third party. The databases are utilized by the Exchange to identify applicants that are employees or affiliates of various governments and other agencies.

Additionally, as part of the KYC process for its individual members, the Exchange runs applicants through adverse media databases. The adverse media dataset is a real-time structured data feed of companies and individuals subject to adverse media. Monitoring thousands of news sources, business and trade journals, in addition to local, regional and national newspapers, the adverse media feed isolates and highlights any entities or individuals subject to a range of adverse media. The Exchange utilizes the database to trigger enhanced due diligence, because applicants with adverse media may be more likely to engage in certain types of unlawful activity including market manipulation.

(iv) **Sanctions**: Exchange Members must agree to the terms and conditions of the Exchange's Rulebook before being allowed to trade. As a result, Members are subject to disciplinary actions and fines for engaging in improper market conduct that is prohibited by the Exchange's Rulebook. In the event that suspicious trading activity is detected and results in an investigation initiated by the Exchange, market participants are required to provide the Exchange with information relevant to the scope of the investigation under Rule 3.6. Chapter 9 of the Exchange's Rulebook details the process for discipline and rule enforcement. Disciplinary action can range from a letter of warning to fines to referral to governmental authorities that can result in criminal prosecution.

In addition to these global policies and safeguards, there are a number of contract specific attributes and considerations that render the Contract not readily susceptible to manipulation.

It is unlikely that the existence of the Contract could affect the incentives of any relevant parties given the enormous stakes of the Underlying and the high level of scrutiny applied to its outcome.

Further, as part of the Exchange's KYC verification and monitoring system, the Exchange also cross-checks applicants against comprehensive databases. In particular, the Exchange will check whether any Members trading on this Contract are on databases of Politically Engaged Persons. The Exchange further cross checks applicants against databases of family members and close associates of Politically Engaged Persons. These checks help to further reduce the potential for trading violations and further increase the integrity of this Contract.

Core Principle 4 - Prevention of Market Disruption: Trading in the Contracts will be subject to the Rules of the Exchange, which include prohibitions on manipulation. Trading activity in the Contract will be subject to monitoring and surveillance by the Exchange's Market Surveillance Department. In particular, the Exchange's trade surveillance system monitors the trading on the Exchange to detect and prevent activities that threaten market integrity and market fairness including manipulation, price distortion, and disruptions of the settlement process. The Exchange also performs real-time market surveillance. The Exchange sets position limits, maintains both a trade practice and market surveillance program to monitor for market abuses, including manipulation, and has disciplinary procedures for violations of the Rulebook.

Core Principles 7 and 8 - Availability of General Information and Daily Publication of Trading Information: Core Principles 7 and 8, implemented by Regulations Sections Subsections 38.400, 38.401, 38.450, and 38.451, require a DCM to make available to the public accurate information regarding the contract terms and conditions, daily information on contracts such as settlement price, volume, open interest, and opening and closing ranges, the rules, regulations, and mechanisms for executing transactions on or through the facilities of the contract market, and the rules and specifications describing the operation of the contract market's electronic matching platform.

Rule 2.17 of the Rulebook sets forth the rules for publicizing information. The Rulebook and the specifications of each contract are made public on the Exchange website and remain accessible via the platform. The Exchange will post non-confidential materials associated with regulatory filings, including the Rulebook, at the time the Exchange submits such filings to the Commission. Consistent with Rule 2.17 of the Rulebook, the Exchange website will publish contract specifications, terms, and conditions, as well as daily trading volume and open interest for the Contract. Each contract has a dedicated "Market Page" on the Kalshi Exchange platform, which will contain the information described above as well as a link to the Underlying used to determine the Expiration Value of the Contract. Chapter 5 sets forth the rules, regulations and mechanisms for executing transactions, and the rules and specifications for Kalshi's trading systems.

Core Principle 11 - Financial Integrity of Transactions: Each Member must be in good standing and in compliance with the Member eligibility standards set forth in Chapter 3 of the Rulebook. All contracts offered by the Exchange, including the

Contract, are cleared through the Clearinghouse, a Derivatives Clearing Organization ("DCO") registered with the CFTC and subject to all CFTC Regulations related thereto. The Exchange requires that all trading be fully cash collateralized. As a result, no margin or leverage is permitted, and accounts must be pre-funded. The protection of customer funds is monitored by the Exchange and ensured by the Clearinghouse as "Member Property."

All Remaining Requirements: All remaining Core Principles are satisfied through operation of the Exchange's Rules, processes, and policies applicable to the other contracts traded thereon. Nothing in this contract requires any change from current rules, policies, or operational processes.

KalshiEX LLC