THCLEGALSALE3MG

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the federal legal status, as of the end of <time period>, of a hemp-derived beverage intended for human ingestion that:

1. is enclosed for retail sale in a single sealed 12-fluid-ounce (355-milliliter) container, where "container" means the innermost wrapping, packaging, or vessel in direct contact with the beverage in which the beverage is enclosed for retail sale to the ultimate consumer;
2. contains exactly 3 milligrams of tetrahydrocannabinol in that container, all of which is delta-9 tetrahydrocannabinol naturally produced by, and derived directly from, a Cannabis sativa L. plant qualifying as hemp under 7 U.S.C. § 1639o as in effect on January 1, 2025, and none of which is synthesized or manufactured outside the plant; and
3. contains no tetrahydrocannabinolic acid, no other cannabinoid of any kind, and no other substance listed in any schedule of the Controlled Substances Act, 21 U.S.C. § 801 et seq. — specifically, whether, as of the end of <time period>, such a beverage is treated under federal law as lawful to sell, as determined solely under the Payout Criterion.

For the avoidance of doubt: such a beverage's delta-9 tetrahydrocannabinol content and its total tetrahydrocannabinols content are each exactly 3 milligrams per container under any federal statutory or regulatory measure, and references to "Total THC" in the Official Product Name refer to that quantity; the beverage's tetrahydrocannabinol concentration is below 0.3 percent on a dry weight basis and on every other weight basis; where a federal instrument states a limit per serving and does not itself determine the number of servings in such a container, the container is treated as one serving; and the dose, formulation, labeling, or measurement of any specific commercial product is not relevant to resolution. 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 United States Government Publishing Office (including GovInfo and the United States Statutes at Large), the Office of the Law Revision Counsel of the United States House of Representatives (the United States Code), the Office of the Federal Register (including the Federal Register and the Code of Federal Regulations), the Library of Congress (including Congress.gov), and the federal judiciary of the United States (including the Public Access to Court Electronic Records (PACER) system, the Case Management/Electronic Case Files (CM/ECF) dockets of the federal courts, and the official websites of the federal courts, including the Supreme Court of the United States).

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 variations of <time period>. Each iteration constitutes a separate Contract that resolves independently of any other iteration.

<time period>: <time period> refers to a specific duration or range of time, or a single specific date, as specified by the Exchange. <time period> may be expressed as a single calendar date, an exact range of dates, a calendar month and year, a calendar quarter, a calendar year, or another bounded period, and may be defined by relative markers (e.g., "before" a specified date, which excludes that date; "between" two dates is inclusive of both endpoints). All dates and times are interpreted in Eastern Time (ET). The end of <time period> is 11:59 PM ET on the final (or only) day of <time period>, and the federal legal status described in the Underlying is evaluated as of the end of <time period>. Where <time period> consists of multiple, non-consecutive dates, each such date shall be treated as the <time period> of a separately resolving Contract, unless otherwise specified by the Exchange. The Exchange may list iterations of the Contract corresponding to variations of <time period>. Each such iteration constitutes a separate Contract that resolves independently of any other iteration, based solely on the law in legal effect as of the end of its own <time period>.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values in which, as of the end of <time period>, at least one of conditions (a) through (d) below is satisfied.

(a) Statutory and regulatory status: Under the federal statutes and federal regulations in legal effect as of the end of <time

period>, the beverage described in the Underlying is not a controlled substance in any schedule of the Controlled Substances Act (whether as "marihuana" under 21 U.S.C. § 802(16), as "tetrahydrocannabinols," or otherwise). Without limiting the generality of the foregoing, condition (a) is satisfied if any of the following is in legal effect as of the end of <time period>:

- the definition of hemp in 7 U.S.C. § 1639o as in effect prior to the amendments made by Section 781 of Public Law 119-37, whether because the operative provisions of those amendments have not, by their own terms or by operation of enacted federal legislation, taken legal effect as of the end of <time period>, or because enacted federal legislation suspends, postpones, or holds in abeyance their effectiveness to or until a date after the final (or only) day of <time period>;
- enacted federal legislation that repeals the amendments made by Section 781 of Public Law 119-37, or that amends federal law such that the 3 milligrams of tetrahydrocannabinol in the beverage described in the Underlying does not exceed any applicable federal cap, limit, or threshold for hemp or hemp-derived products (including enacted federal legislation raising the per-container total tetrahydrocannabinols cap to 3 milligrams or more);
- a final or interim final federal regulation that has been published in the Federal Register, has taken effect by its own terms, and is in legal effect (and not stayed or vacated) as of the end of <time period>, and that deschedules or exempts from the schedules of the Controlled Substances Act the beverage described in the Underlying or a class of products that includes the beverage described in the Underlying; or
- enacted federal legislation that removes marihuana and tetrahydrocannabinols from the schedules of the Controlled Substances Act.

(b) Judicial relief: One or more orders of a federal court of the United States — including a temporary restraining order, a preliminary or permanent injunction, a stay, or a vacatur — are in full force and effect as of the end of <time period> (that is, entered at or before the end of <time period> and not stayed, vacated, dissolved, or expired as of the end of <time period>) and, individually or together, bar the enforcement of the amendments made by Section 781 of Public Law 119-37, or of the CSA's treatment of the beverage described in the Underlying as a controlled substance, with respect to the entire class of products that includes the beverage described in the Underlying and with effect throughout the United States, and not solely with respect to particular parties, plaintiffs, persons, products, brands, sellers, districts, or geographic areas. Relief in favor of a certified class satisfies condition (b) only if the certified class encompasses, at minimum, all persons engaged in, or seeking to engage in, the retail sale of the class of products that includes the beverage described in the Underlying, throughout the United States; relief in favor of named plaintiffs, the members of an organization or association, or any narrower or geographically limited class does not. Notwithstanding the foregoing, a judgment of the Supreme Court of the United States holding the amendments made by Section 781 of Public Law 119-37 invalid or unenforceable on their face, and not merely as applied to particular parties or circumstances, satisfies condition (b) without regard to the identity of the parties, if entered at or before the end of <time period> and not vacated or overruled as of the end of <time period>.

(c) Funding prohibition: Enacted federal legislation in legal effect as of the end of <time period> prohibits the use of federal funds to implement, administer, carry out, or enforce the amendments made by Section 781 of Public Law 119-37, or the Controlled Substances Act, with respect to the retail sale of the beverage described in the Underlying (whether the prohibition addresses the beverage described in the Underlying specifically or a broader class of products, activities, or conduct that includes the retail sale of the beverage described in the Underlying), where the prohibition: (i) applies throughout the United States; (ii) is not conditioned on the content of state, local, territorial, or tribal law; and (iii) is not limited to particular states, localities, parties, persons, products, brands, or sellers.

(d) Express authorization: Enacted federal legislation in legal effect as of the end of <time period> expressly authorizes or makes lawful the retail sale, in interstate commerce, of the beverage described in the Underlying or of a class of beverages that includes the beverage described in the Underlying, notwithstanding any contrary provision of the Controlled Substances Act or the amendments made by Section 781 of Public Law 119-37.

Additional clarifications:

- An instrument satisfies a condition whether it addresses the beverage described in the Underlying specifically or a broader class of products, substances, activities, or conduct that includes the beverage described in the Underlying (or, for condition (c), its retail sale).

- References in the Payout Criterion to enacted federal legislation mean an Act of Congress that has been signed into law by the President, has been enacted over a presidential veto, or has become law without the President's signature pursuant to Article I, Section 7 of the U.S. Constitution, in each case including any continuing resolution, appropriations, reconciliation, or other legislative vehicle. Bills that have been introduced, reported out of committee, or passed by one or both chambers of Congress, but that have not become law as of the end of <time period>, do not qualify.
- An instrument satisfies a condition only if its operative provisions are in legal effect as of the end of <time period>. For purposes of the Contract: an Act of Congress takes legal effect on its date of enactment (the date of presidential approval, of enactment over a veto, or of becoming law without signature), as stated in the enrolled measure, the slip law, or the United States Statutes at Large, unless the Act specifies a later effective date for the relevant provisions, in which case those provisions take legal effect on that later date; a federal regulation takes legal effect on its stated effective date as published in the Federal Register; and a court order takes legal effect upon entry as reflected on the docket. Where a precise time of day cannot be determined from the Source Agencies, an instrument that is enacted, that takes effect, that is entered, or that expires or lapses on a given calendar date is treated as in legal effect through 11:59 PM ET on that date.
- Only statutes, regulations, and court orders in legal effect as of the end of <time period> shall be considered. A statute, regulation, court decision, correction, or amendment that takes legal effect after the end of <time period> shall not affect resolution, even if it purports to apply retroactively and even if it purports to be effective as of a time at or before the end of <time period>. An instrument in legal effect as of the end of <time period> is given effect according to its terms as of the end of <time period>, without regard to any subsequent amendment, repeal, expiration, vacatur, or judicial decision.
- The absence, lapse, exhaustion, or expiration of appropriations (including during any lapse in government funding), and any resulting practical inability of a federal agency to act, is not a prohibition on the use of federal funds and does not satisfy any of conditions (a) through (d).
- If the federal definition of hemp, the per-container cap, or any other provision bearing on conditions (a) through (d) is renumbered, recodified, restructured, or moved to a different legislative vehicle without changing whether the relevant condition is satisfied, resolution shall follow the legal substance in effect as of the end of <time period>, regardless of citation or legislative vehicle.

None of the following, standing alone, is sufficient to satisfy any of conditions (a) through (d), and each shall be disregarded for purposes of resolution:

- State, local, territorial, and tribal laws, regulations, and court orders, and state-level tolerance or enforcement policy of any kind;
- Federal enforcement discretion, non-enforcement or deprioritization policies, prosecutorial guidance, memoranda, press releases, public statements, and non-binding or informal agency guidance that does not carry the force of law, for so long as the underlying statutory or regulatory treatment of the beverage described in the Underlying remains in legal effect;
- Proposed rules, notices of proposed rulemaking, discussion drafts, and agency announcements that have not taken legal effect;
- Federal court orders granting relief limited to particular parties, plaintiffs, persons, products, brands, sellers, districts, or geographic areas;
- Funding prohibitions that have lapsed or expired before the end of <time period>, or that do not satisfy each of clauses (i) through (iii) of condition (c);
- Executive orders, proclamations, presidential memoranda, pardons, and grants of clemency;
- Regulation of the beverage described in the Underlying under any body of federal law other than the CSA — including regulation of foods, beverages, and dietary supplements under the Federal Food, Drug, and Cosmetic Act or any other authority of the Food and Drug Administration, and tax, customs, postal, labeling, advertising, and banking law —

which does not affect resolution in either direction; and

- Any failure of a federal agency to issue implementing regulations, lists, or guidance (including the lists and container guidance contemplated by section 781(3) of division B of Public Law 119-37), it being understood that those amendments are self-executing and that, if they are in legal effect and none of conditions (a) through (d) is satisfied, the 3 milligrams of tetrahydrocannabinol in the beverage described in the Underlying exceeds the 0.4-milligram per-container cap.

Examples that would resolve the market to Yes:

- Enacted federal legislation in legal effect on the final (or only) day of <time period> (for example, a continuing resolution or appropriations act) suspends or holds in abeyance the effectiveness of the amendments made by Section 781 of Public Law 119-37 until a date after the final (or only) day of <time period>, leaving the prior definition of hemp in 7 U.S.C. § 1639o in force. Condition (a) is satisfied.
- Enacted federal legislation in legal effect on the final (or only) day of <time period> amends the per-container cap for final hemp-derived cannabinoid products from 0.4 milligrams to 5 milligrams of total tetrahydrocannabinols. The 3 milligrams of tetrahydrocannabinol in the beverage described in the Underlying does not exceed the amended cap; condition (a) is satisfied.
- A final rule of the Drug Enforcement Administration, published in the Federal Register, in effect, and not stayed or vacated as of the end of <time period>, exempts from the schedules of the Controlled Substances Act hemp-derived beverages containing not more than 5 milligrams of total tetrahydrocannabinols per container. Condition (a) is satisfied.
- A federal court order in full force and effect as of the end of <time period> bars enforcement of the amendments made by Section 781 of Public Law 119-37 as to all hemp-derived cannabinoid products, throughout the United States (for example, class-wide relief for a certified nationwide class), and is not stayed. Condition (b) is satisfied.
- A continuing resolution in legal effect on the final (or only) day of <time period> provides that no federal funds may be used to enforce the amendments made by Section 781 of Public Law 119-37 or the CSA with respect to hemp-derived beverages, in all states and without limitation as to persons, products, or sellers. Condition (c) is satisfied, even though the amendments made by Section 781 of Public Law 119-37 remain in legal effect.
- An appropriations rider satisfying clauses (i) through (iii) of condition (c) is in legal effect through the final (or only) day of <time period> and expires at the end of that day. The rider is in legal effect at the end of <time period>; condition (c) is satisfied.
- Enacted federal legislation in legal effect on the final (or only) day of <time period> expressly authorizes the retail sale, in interstate commerce, of hemp-derived beverages containing up to 5 milligrams of total tetrahydrocannabinols per container, notwithstanding the CSA. Condition (d) is satisfied.

Examples that would NOT resolve the market to Yes:

- As of the end of <time period>, the amendments made by Section 781 of Public Law 119-37 are in legal effect and none of conditions (a) through (d) is satisfied. The 3 milligrams of tetrahydrocannabinol in the beverage described in the Underlying exceeds the 0.4-milligram per-container cap, and the beverage is a Schedule I controlled substance. The Contract resolves "No."
- A bill suspending the amendments made by Section 781 of Public Law 119-37 has passed both chambers of Congress but has not become law as of the end of <time period>. None of conditions (a) through (d) is satisfied on that basis.
- The Department of Justice announces a policy of not prosecuting retailers of hemp-derived beverages. Enforcement discretion is disregarded; none of conditions (a) through (d) is satisfied on that basis.
- A federal district court issues a preliminary injunction barring enforcement of the amendments made by Section 781 of Public Law 119-37 only against the plaintiff manufacturers in that case. The relief is limited to particular parties; condition (b) is not satisfied on that basis.
- An appropriations rider prohibits the use of federal funds to enforce the amendments made by Section 781 of Public

Law 119-37 only with respect to products lawful under the law of the state in which they are sold. The prohibition is conditioned on state law; condition (c) is not satisfied on that basis.

- A funding prohibition satisfying condition (c) was in legal effect earlier in the year but expired before the final (or only) day of <time period>, and none of conditions (a) through (d) is satisfied as of the end of <time period>. The Contract resolves "No."
- Two days after the final (or only) day of <time period>, enacted federal legislation suspends the amendments made by Section 781 of Public Law 119-37 and purports to be effective as of a date before the final (or only) day of <time period>. Instruments taking legal effect after the end of <time period> are disregarded; the resolution is unchanged.
- A lapse in government funding means no appropriations are available to any federal enforcement agency on the final (or only) day of <time period>. The absence of appropriations is not a prohibition on the use of federal funds; none of conditions (a) through (d) is satisfied on that basis.

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 final (or only) 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 final (or only) day of <time period>.

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.