COApril 20, 2026

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 40.6 Notification Regarding the Amendment of the "Will <entity> say <word> <time period>?" Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6 of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the "Will <entity> say <word> <time period>?" contract (Contract).

This contract is a straight-forward modification to the previous "Will <entity> say <word> <time period>?" contract. The changes are as follows:

1. **Change to remove resolution to Last Fair Price in favour of resolution to "Event does not qualify/occur"**
2. **Change to grammatical notes related to inclusion or exclusion of strikes**

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended Contract
- A red-lined copy of the original Contract

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 <entity> say <word> <time period>?"
Rulebook: NEWMENTION
Summary: Words said by a given entity
Kalshi Contract Category: Political Decision
Kalshi Internal Category: Politics
April 20, 2026

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 <entity> say <word> <time period>?" Contract is a contract relating to **Politics**.

Further information about the Contract, including an analysis of its risk mitigation and price basing utility, as well as additional considerations related to the Contract, is included in Confidential Appendices B, C, and D.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a), the Exchange hereby certifies that the listing of the Contract complies with the Act and Commission regulations under the Act.

General Contract Terms and Conditions: The Contract operates similar to other event contracts that the Exchange lists for trading. The minimum price fluctuation is $0.01 (one cent). Price bands will apply so that Contracts may only be listed at values of at least $0.01 and at most $0.99. Further, the Contract is sized with a one-dollar notional value and has a minimum price fluctuation of $0.01 to enable Members to match the size of the contracts purchased to their economic risks. As outlined in Rule 5.12 of the Rulebook, trading shall be available at all times outside of any maintenance windows, which will be announced in advance by the Exchange. Members will be charged fees in accordance with Rule 3.6 of the Rulebook. Fees, if they are charged, are charged in such amounts as may be revised from time to time to be reflected on the Exchange's Website. A new Source Agency can be added via a Part 40 amendment. All instructions on how to access the Underlying are non-binding and are provided for convenience only and are not part of

the binding Terms and Conditions of the Contract. They may be clarified at any time. Furthermore, the Contract's payout structure is characterized by the payment of an absolute amount to the holder of one side of the option and no payment to the counterparty. During the time that trading on the Contract is open, Members are able to adjust their positions and trade freely. The Expiration Value and Market Outcome are determined at or after Market Close. The market is then settled by the Exchange, and the long position holders and short position holders are paid according to the Market Outcome. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Contract and "short position holders" refers to Members who purchased the "No" side of the Contract. If the Market Outcome is "Yes," meaning that an event occurs that is encompassed within the Payout Criterion, then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Market Outcome is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger a Market Outcome of "Yes" are included below in the section titled "Payout Criterion" in Appendix A.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. § 7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.2, 17 C.F.R. § 40.2

Based on the above analysis, the Exchange certifies that:

- ❏ The Contract complies with the Act and Commission regulations thereunder.
- ❏ This submission (other than those appendices for which confidential treatment has been requested) has been concurrently posted on the Exchange's website at https://kalshi.com/regulatory/filings.

Should you have any questions concerning the above, please contact the exchange at ProductFilings@kalshi.com.



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By: Xavier Sottile
Title: Head of Markets
Date: April 20, 2026

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 <entity> say <word> <time period>?"
Rulebook: NEWMENTION

NEWMENTION

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is words used by <entity> <time period>. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agencies are <source>.

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.

<entity>: <entity> refers to the speaker, writer, performer, or communicator specified by the Exchange. This may include (but is not limited to): a specific named individual, multiple individuals specified using AND/OR logic, an individual identified by position or title, a group, band, team or collective entity, a specified member or members of a group, an organization, company, or institutional entity, or any combination of the aforementioned.

When <entity> is defined by a position or title, the Contract tracks whoever holds that position during <time period>, even if the individual holding the position changes. When <entity> is a specific named individual, the identity remains consistent throughout. Name changes (e.g., stage names, married names) do not create a new entity. When <entity> is a group or organization and the Contract does not specify particular members, any official communication or statement by any member or designated spokesperson counts. When using AND logic, all specified entities must independently say <word> during <time period>. When using OR logic, at least one of the specified entities must say <word> during <time period>. The Exchange may specify additional conditions such as "at least X members of" a group or "the majority of" a group.

<source>: <source> refers to a Source Agency or ordered collection of Source Agencies specified by the Exchange at the time of Contract listing, which will be incorporated into the Source Agency hierarchy above and used to determine the occurrence of the Underlying. <source> may refer to a singular agency, multiple agencies, an agency by distinguishing characteristics, by category or type (e.g., "official government statistical body," "primary wire service"), or any combination thereof. When multiple agencies are specified, they may be applied in the hierarchical order designated by the Exchange if so specified, with the highest-ranked available and responsive agency taking precedence for purposes of determining the Expiration Value. A lower-ranked agency shall only be consulted if all higher-ranked agencies are unavailable, unresponsive, have not reported on the Underlying by the Expiration

time, or if the Exchange, in its sole discretion, determines that a higher-ranked agency's reporting is incomplete, erroneous, or otherwise insufficient to determine the Expiration Value. If <source> designates multiple agencies without specifying a hierarchical order, the Exchange shall resolve any conflict between reporting agencies at its sole discretion.

<word>: <word> refers to the particular word or phrase potentially to be mentioned by <entity>. It may refer to a word being said a minimum number of times. It may also refer to one of multiple words/phrases, any of which are acceptable (e.g., "Doge/Dogecoin").

<time period>: <time period> refers to a specific range of time, event or discrete date and time specified by the Exchange. This may be defined by, but is not limited to: a specific event or context (e.g., "during the State of the Union address,"), exact dates or times, relative time markers (e.g., "before July 1, 2027," "in Q1 2026"), event-based periods (e.g., "during any campaign rally in October 2026," "during the awards ceremony"), and Broader intervals (e.g., "Q1–Q2 2027," "January–March 2026")

Unless stated otherwise, "Between" is inclusive of both endpoints, while "before" and "after" exclude the specified date. <time period> may also refer to "Any" or "None", to multiple dates (even if non-consecutive), or to a singular and discrete date or time.

When <time period> refers to a specific event (such as an address, speech, performance, or broadcast), the Exchange may specify what is included, including whether it includes both live and pre-recorded segments (including whether advertisements are included). Where a timezone is not specified, ET is assumed.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values that <word> is said by <entity> <time period>.

The word must appear as a distinct, standalone unit, not buried inside another word. Plural and possessive noun forms count. Other grammatical changes (tense, conjugation, derivation) do not. If <word> appears separated from other words by a space or hyphen or in a compound form with a space or hyphen, it counts. If <word> is fused into a single unhyphenated word, it does not count.

If <time period> refers to an event and that event is cancelled, and the market contains a strike stating “Event does not qualify/occur”, such a strike shall resolve “Yes” and all others “No”. If <time period> refers to an event and that event is cancelled but such strikes are NOT listed, the Contracts will resolve to the last fair price determined at the discretion of the Exchange. If the event is postponed, and such a postponement is announced by the end of the following calendar day to be rescheduled to a time within 14 calendar days, the markets shall remain open. If the event captured in <time period> is a live-stream or broadcast, the Exchange may keep the market

open for 24 hours for the release of an official recording. Further granular details on conditions for these Contracts is available below.

Additional clarification(s):

- **Possessive noun forms of <word>, plurals, and possessive plural noun forms are INCLUDED:**
  - <word> is "Immigrant" → "Immigrants" counts
  - <word> is "Egg" → "eggs' shells" counts
  - <word> is “Russia” → “Russia’s” counts, “Russian” does not
- **If <word> exists only in adjective form, no plural form exists:**
  - <word> is “Economic” → “Economics” does not count (“Economic” is an adjective for which “Economics” is not a plural)
- **Plural nouns occurring within proper nouns and noun phrases are included:**
  - <word> is “Cat” → “Cats the musical” counts
- **Grammatical variations beyond plurals/possessives are NOT included:**
  - <word> is "Immigrant" → "Immigration" does NOT count
  - <word> is "Run" → "Running" or "Ran" do NOT count
- **When <word> specifies a plural form, the singular does NOT count:**
  - <word> is "Veterans" → "Veteran" does NOT count
- **Words that are spelled the same as the plural form of <word> (if such exists) but are themselves not a plural noun are included:**
  - <word> is “Wind” → “Winds up the clock” counts
- **Open compounds (words separated by spaces) count**
  - <word> is "fire" → "fire station" counts
  - <word> is "couch" → "couch potato" counts
- **Hyphenated compounds (words connected by hyphens) count**
  - <word> is "Palestine" → "pro-Palestine" counts
  - <word> is "fat" → "non-fat" counts
- **Closed compounds (single word, no spaces/hyphens) do not count**
  - <word> is "fire" → "wildfire" does not count
  - <word> is "fire" → "firefighter" does not count
- **Multi-word <word> in larger constructions:** When <word> is a multi-word phrase appearing within a hyphenated construction, it counts only if <word> appears as a complete, unmodified element.
  - <word> is "New York" → "New York-based" counts (complete element)
- **Portmanteaus (words blended from two words where parts of each are combined) are NOT included unless the portmanteau clearly contains <word> as a distinct, unaltered element.**
  - <word> is "MAGA" → "MAGA-nificent" counts (MAGA appears as distinct element)
  - <word> is "magnificent" → "MAGA-nificent" does NOT count (portmanteau blend)

Dictionary determination: Both the Merriam-Webster Dictionary (available online) AND the Oxford English Dictionary shall be used to determine compound type and/or conventional spelling patterns. Inclusion in either dictionary as an open or hyphenated compound shall satisfy the Payout Criterion. If neither provides clarity (or the word is not included), determination is based on whether written as single unit (closed/doesn't count) vs. spaces or hyphens (open or hyphenated/counts) and/or context and previous usage.

PHONETIC EQUIVALENCIES

- **Homophones (same sound, different spelling) do not count:**
  - <word> is "write" → "right" does not count
- **Homonyms and homographs (same spelling) COUNT regardless of meaning or pronunciation:**
  - <word> is "bass" → both "bass guitar" and "bass fishing" count
- **Proper and common nouns are treated identically:**
  - <word> is "Apple" → both "Apple Inc." and "apple" (fruit) count
  - <word> is "Will" → both "Will Smith" and "I will go" count
- **Minor unintentional mispronunciations COUNT if context makes intent clear:**
  - <word> is "Mamdani" → "Mandani" counts
- **Severe mispronunciations that make <word> unrecognizable do NOT count.**
- **Trademarked spellings do not count, even when pronounced identically, unless the word itself is the same:**
  - <word> is "lift" → "Lyft" (pronounced "lift") does not count
  - <word> is “uber” → “Uber” counts
- **Words with non-standard transliteration to English count within reason, provided they are phonetically equivalent.**
  - Example: <word> is "Zelensky" → any of "Zelenski," "Zelenskii," "Zelensky," or "Zelenskiy" count if pronounced equivalently
- **Numbers spoken as words COUNT, when spoken exactly (not part of a larger number), unless <word> is itself a unit of measure (e.g. “trillion”, “million”, “billion”, “thousand”, “hundred”), in which case it counts REGARDLESS of whether signifying a multiple (e.g. “five trillion”):**
  - <word> is "five" → saying "five" or reading "$5" aloud as "five dollars" counts, saying “five hundred” does NOT count
  - <word> is “trillion” → “five trillion” counts
  - <word> is "410" → "four hundred ten", “four one zero” or "four ten" counts
- **Ordinals COUNT when <word> is written numerically OR a phrase that includes a number:**
  - <word> is "January 6" → "January 6th" counts
  - <word> is "3" (written numerically)→ "3rd" (spoken as "third") counts
  - <word> is “Eight War” → “8 Wars” and “Eighth War” will count
- **Cardinal and ordinal number words are distinct:**
  - <word> is "one" → "first" does NOT count
  - <word> is "first" → "one" does NOT count
- **Acronyms and abbreviations count when pronunciation or letter-by-letter spelling matches <word>:**

  - <word> is "NASA" → "NASA" (pronounced "NAH-suh") counts
  - <word> is "NASA" → "N-A-S-A" (spelled out) counts
- **Acronyms and abbreviations count as <word> when pronounced as the full word:**
  - <word> is "Doctor" → "Dr." (pronounced "Doctor") counts
- **Expanded forms of acronyms do NOT count:**
  - <word> is "AI" → "artificial intelligence" does not count
- **Words in foreign languages do NOT count unless they are perfect cognates with an English word:**
  - <word> is "fire" → "fuego" (Spanish) does NOT count
- **English words within foreign sentences count:**
  - <word> is "policy" → "Nuestra policy es clara" counts
- **<word>, possessive noun forms of <word>, plural of <word>, and possessive plural noun forms of <word> in organization/company names COUNT:**
  - <word> is "Securities" → "Bank of America Securities" counts
- **Words in URLs, emails, handles, and hashtags (exclusive of domain structure, email provider or symbols) are treated as compounds when spoken as complete words, with the type of compound subject to aforementioned rules:**
  - <word> is "fire" → "firestation.com" pronounced "fire station dot com" counts
  - <word> is "fire" → "wildfire.com" pronounced "wildfire dot com" does NOT count
  - <word> is “apple” → “apple.com” pronounced “apple dot com” does count
  - When presented in URL, email, handle, or hashtag form, <word> shall be treated as a compound, not a multi-word word
- **Sung, rapped, or poetic words COUNT if phonetically recognizable:**
  - <word> is "money" → "moneyyy" (extended in rap) counts
  - Extreme distortion making <word> unrecognizable does NOT count.
- Phonetic alphabet spelling ("Foxtrot India Romeo Echo" for "FIRE") does NOT count

CANCELLATIONS AND DELAYS

- The Exchange may list an "Event does not qualify/occur" strike for any Contract. If listed, such a strike refers to the **structural** conditions of the market, and is **NOT** adjudicated as a <word> needing to be said by or validated by having been said by <entity>. If listed, this strike resolves to "Yes" whenever the event fails to occur or qualify under the Payout Criterion, or any other circumstance prevents normal resolution.
- Where <time period> refers to a specific event, the following rules apply if the event is cancelled, postponed, rescheduled, or materially altered (including being closed to press):
  - **If the event is cancelled**, the Contract will resolve to "Event does not qualify/occur".
  - **If the event is postponed or rescheduled**, the outcome depends on whether a new date is publicly announced within one calendar day (i.e. if the event was scheduled to begin on Monday, any time up to 11:59PM on Tuesday falls within this period) of the originally scheduled start time:

        - **If no new date is announced within one calendar day**, the Contract will resolve to "Event does not qualify/occur".
        - **If a new date is announced within one calendar day**, the outcome depends on when the rescheduled event is set to occur:
            - If the rescheduled date falls within fourteen (14) calendar days of the originally scheduled date, the Contract shall remain open and <word> stated during the rescheduled event will count.
                - The fourteen-day window begins at 12:00 AM ET on the originally scheduled date and ends at 11:59 PM ET fourteen days later, unless an alternate timezone is explicitly specified.
                - Example: <time period> is "during the State of the Union on January 15, 2026" rescheduled to January 20, 2026 → words spoken during the rescheduled address count.
            - If the rescheduled date falls more than fourteen (14) calendar days after the originally scheduled date, the Contract will resolve to "Event does not qualify/occur".
    - If an event begins but is interrupted, abbreviated, or ends prematurely, words stated by <entity> during the portion of the event that did occur will count and the market will otherwise resolve.
- If the event occurs within the fourteen-day window but the venue, format, or medium changes (e.g., moved to a different location, changed from in-person to virtual (with the exception of being closed to press)), words stated during the event will count.
- **Special condition:** If the event specified as or in <time period> is a live-stream or broadcast (or relayed as such) but the live stream/broadcast does not occur, the Contract will resolve to "Event does not qualify/occur", regardless of if content is later uploaded.
    - If only a partial broadcast of the event is made available, the “Event does not qualify/occur” strike shall resolve to “No”, and strikes stated will resolve to “Yes”, with any not stated resolving to “No”.
    - If partial snippets are released but the event is not broadcast or livestreamed, the "Event does not qualify/occur" strike will resolve to “Yes” and all others will resolve to “No”.

TECHNICAL DETAILS (UNLESS OTHERWISE SPECIFIED)

- When <time period> refers to a specific event, pre-recorded content broadcast, streamed, or published as part of that event is included if presented as part of the official presentation.
    - Example: <time period> is "during the concert" with pre-recorded video interlude where entity speaks → words from interlude count

    - Example: <time period> is "during the television appearance" with pre-taped segment aired during broadcast → words from segment count
- Behind-the-scenes content, rehearsals, sound checks, and unofficial recordings are NOT included unless officially broadcast or published as part of <time period>.
- Subtitles and captions that display <word> on screen but are not spoken aloud by <entity> do NOT count.
- Sign language interpretation or usage by entity does NOT count as saying <word> unless the Contract explicitly specifies that sign language counts.
- Text that entity displays on screen (presentation slides, teleprompter visible to audience, signatures) does NOT count unless entity reads it aloud.
- Content generated by AI, deepfakes, or synthetic voice technology impersonating entity does NOT count unless the synthetic content is officially commissioned, authorized, or published by entity, OR the Contract explicitly specifies that AI-generated content counts
- If <word> is muted due to technical failure or censorship it shall not count unless corroborating contextual evidence (including surrounding speech, or an official uncensored recording or transcript) confirms that <entity> specifically uttered <word> during the muted period.

If a natural person who is the primary subject of a Contract's Underlying or Payout Criterion dies prior to Expiration, Kalshi may, in its sole discretion, settle the Contract at the last traded price prior to the death. If Kalshi determines that trading activity was materially affected by the circumstances giving rise to the death, Kalshi may instead use the last traded price prior to such circumstances becoming known or reasonably anticipated by market participants. For purposes of this Rule, Kalshi may rely on an approximate time where the precise time is unknown or cannot be reasonably determined. If Kalshi determines that no last traded price represents a fair settlement, the Outcome Review Committee shall determine the fair settlement price. Kalshi may halt or pause trading in any such Contract (with public notice on Kalshi's website or the Platform) if it reasonably believes that the death of such person has occurred, is imminent, or that circumstances giving rise to the death may be occurring. Determinations of Kalshi and the Outcome Review Committee under this Rule are final and not subject to review.

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 Expiration Date. The Last Trading Time will be the Expiration time.

Settlement Date: The Settlement Date of the Contract shall be no later than the day after the Expiration Date, unless the Market Outcome is under review pursuant to Rule 7.1.

Expiration Date:
When <time period> refers to a specific event: The latest Expiration Date of the Contract shall be fourteen (14) calendar days after the originally scheduled date of the event. If the event occurs within the fourteen-day window, expiration will be moved to an earlier date and time in accordance with Rule 7.2. When <time period> is defined by specific dates: The latest Expiration Date of the Contract shall be two weeks after the end of <time period>. If an event described in the Payout Criterion occurs and a consensus has been reached on all terms, then 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 (CONFIDENTIAL) – FURTHER CONSIDERATIONS

Entities with financial or reputational exposure tied to the public communications of governments, corporations, central banks, regulatory bodies, and other influential organizations face meaningful economic risk when specific language is used—or conspicuously absent—in official statements, speeches, press conferences, earnings calls, policy announcements, or other public forums. The inclusion or omission of particular words or phrases in formal communications can serve as a leading indicator of policy shifts, strategic pivots, regulatory action, or organizational posture, and can directly affect asset prices, contract terms, negotiating positions, and business planning. For example, market participants with exposure to interest rate-sensitive instruments closely monitor whether central bank officials use specific forward-guidance language; investors in regulated industries track whether regulatory officials deploy terminology signaling enforcement escalation; and counterparties to commodity or supply-chain agreements monitor whether executive communications reference terms indicative of force majeure, capacity constraints, or renegotiation. This dynamic extends equally to the sports and entertainment ecosystem, where coaches, athletes, commentators, and franchise executives regularly make public statements—during press conferences, post-game interviews, pregame media availabilities, and broadcast appearances—that carry outsized cultural and commercial weight. Whether a coach invokes a phrase associated with a strategic philosophy, an athlete publicly names a rival, or a broadcaster deploys a signature expression that has become commercially licensed or fan-anticipated, these linguistic moments generate real economic stakes for sponsors, rights-holders, merchandise licensors, and content platforms. A contract that settles on whether <entity> uses <word> during <time period> provides participants across all of these domains with a standardized mechanism to hedge against the binary risk of such language appearing or failing to appear in a consequential public communication.

Broadcasters, advertisers, sponsors, and media buyers similarly face exposure tied to the content of live or scheduled communications more broadly. Brand-safety frameworks, contextual advertising placements, and sponsorship activations are often contingent on whether sensitive, triggering, or commercially significant language is used within a given broadcast window or public address. The cultural salience of certain recurring phrases within public discourse—whether in financial, political, or sports media contexts—makes them meaningful objects of price discovery, recognized by analysts, market participants, and commercial partners alike. A standardized contract enables these participants to offset the commercial impact of unexpected or anticipated linguistic events, reducing uncertainty in campaign planning and contractual performance.

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 C (CONFIDENTIAL) – SOURCE AGENCY

The Source Agency is the direct source of the Underlying information.

APPENDIX D (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.