

June 4, 2025

SUBMITTED VIA CFTC PORTAL

Secretary of the Commission
Office of the Secretariat
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: KalshiEX LLC – CFTC Regulation 40.2(a) Notification Regarding the Initial Listing of the “What will be the number of Elon Musk backed non-incumbents who get elected to federal office next year?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.2(a) of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi), a registered DCM, hereby notifies the Commission that it is self-certifying the “What will be the number of Elon Musk backed non-incumbents who get elected to federal office next year?” contract (Contract). The Contract will initially be listed on **June 4, 2025**. The Exchange intends to list the contract on a **custom ▾** basis. The Contract’s terms and conditions (Appendix A) includes the following strike conditions:

- **<date>**
- **<election_date>**
- **<count>**
- **<above/below/between/exactly/at least>**

Along with this letter, Kalshi submits the following documents:

- A concise explanation and analysis of the Contract;
- Certification;
- Appendix A with the Contract’s Terms and Conditions;
- Confidential Appendices with further information; and
- A request for FOIA confidential treatment.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Xavier Sottile
Head of Markets
KalshiEX LLC
xsottile@kalshi.com

KalshiEX LLC

Official Product Name: “What will be the number of Elon Musk backed non-incumbents who get elected to federal office next year?”

Rulebook: MUSKCHALLENGERS

Summary: Musk-backed candidates elected

Kalshi Contract Category: Political Decision

Kalshi Internal Category: Politics

June 4, 2025

CONCISE EXPLANATION AND ANALYSIS OF THE PRODUCT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION'S REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.2(a)(3)(v), the following is a concise explanation and analysis of the product and its compliance with the Act, including the relevant Core Principles (discussed in Appendix D), and the Commission's regulations thereunder.

I. Introduction

The “What will be the number of Elon Musk backed non-incumbents who get elected to federal office next year?” 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.



By: Xavier Sottile
Title: Head of Markets
Date: June 4, 2025

Attachments:

Appendix A - Contract Terms and Conditions

Appendix B (Confidential) - Further Considerations

Appendix C (Confidential) - Source Agency

Appendix D (Confidential) - Compliance with Core Principles

APPENDIX A – CONTRACT TERMS AND CONDITIONS

**Official Product Name: “What will be the number of Elon Musk backed non-incumbents
who get elected to federal office next year?”**

Rulebook: MUSKCHALLENGERS

MUSKCHALLENGERS

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the number of non-incumbent candidates who receive explicit public endorsements from Elon Musk after Issuance and before <date> and who are subsequently elected to federal office in the United States in elections occurring after Issuance and before <election_date>. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Source Agency: The Source Agencies are Elon Musk's X (formerly Twitter) account, official campaign websites of candidates, the Federal Election Commission, Ballotpedia, the United States House of Representatives, the United States Senate, The New York Times, the Associated Press, Bloomberg News, Reuters, Axios, Politico, Semafor, The Information, The Washington Post, The Wall Street Journal, ABC, CBS, CNN, Fox News, MSNBC, and NBC.

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.

<count>: <count> refers to a number specified by the Exchange.

<date>: <date> refers to a calendar date specified by the Exchange by which endorsements must be made to count toward the Underlying.

<election_date>: <election_date> refers to a calendar date specified by the Exchange by which elections must occur to count toward the Underlying.

Payout Criterion: The Payout Criterion for the Contract encompasses the Expiration Values of <above/below/between/exactly/at least> <count> non-incumbent candidates endorsed by Elon Musk being elected to federal office.

For purposes of this Contract:

- “Endorsed by Elon Musk” means an explicit statement of support posted by Elon Musk that unambiguously states he endorses, supports, or backs the specific candidate for the specific federal office. Retweets, likes, replies, or ambiguous statements do not constitute endorsements.
 - Making any monetary contribution (including in-kind contributions) to a candidate's campaign, political action committee, or affiliated organization, as reported by any Source Agencies, would also be considered an endorsement

- Participating in any of the following campaign activities for a candidate would be considered endorsement:
 - Speaking at a campaign rally, fundraiser, or official campaign event
 - Appearing in campaign advertisements or promotional materials
 - Serving in an official campaign role (e.g., campaign chair, advisor, surrogate)
 - Hosting or co-hosting a fundraising event
- “Non-incumbent” means a candidate who is not currently serving in the specific federal office they are seeking at the time of the election. A member of the House running for Senate is considered a non-incumbent for the Senate race.
- “Federal office” means only: United States Senator, United States Representative, President of the United States, or Vice President of the United States.
- “Elected” means the candidate has been officially certified as the winner by the relevant state election authority.
- If Musk endorses a candidate after they have already been elected, this does not count toward the total.
- If Musk withdraws an endorsement before the election occurs, and explicitly states he is withdrawing support, the candidate no longer counts as endorsed.
- Special elections count if they occur before <election_date>.

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 same as the Expiration Date. The Last Trading Time will be the same as 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: The latest Expiration Date of the Contract shall be 90 days after <election_date>. If all relevant elections have been certified and the count is determinable, expiration will be moved to an earlier date and time in accordance with Rule 7.2.

Expiration time: The Expiration time of the Contract shall be 10:00 AM ET.

Settlement Value: The Settlement Value for this Contract is \$1.00.

Expiration Value: The Expiration Value is the value of the Underlying as documented by the Source Agency on the Expiration Date at the Expiration time.

Contingencies: Before Settlement, Kalshi may, at its sole discretion, initiate the Market Outcome Review Process pursuant to Rule 6.3(d) of the Rulebook. If an Expiration Value cannot be determined on the Expiration Date, Kalshi has the right to determine payouts pursuant to Rule 6.3(b) in the Rulebook.