

Notice of Affiliate Entity Member:

September 21st, 2021

Pursuant to Rule 2.12 of the KalshiEX, LLC (“Exchange”) Rulebook, the Exchange’s board of directors approved Kalshi Trading LLC (“Trading”), an affiliate of the Exchange, to be a member of the Exchange. Beginning June 28, 2021, Trading commenced trading on the Exchange platform. Two members of Trading’s board of directors, Tarek Mansour and Luana Lopes Lara, are also members of the board of directors of the Exchange and the holding company that owns the Exchange and Trading, as well as officers of the Exchange.

Trading was established as a profit-making enterprise to help support liquidity on the Exchange, principally through spread trading. From the inception of trading, on most days, Trading has provided liquidity for the Exchange’s contracts, often accounting for a substantial portion of relevant quotations and trading volume. Trading both aggresses and enters passive orders on the exchange.

Although Trading has no formal legal obligations imposed by the Exchange to make markets or to provide any minimum amount of liquidity, it has represented to the Exchange that it likely will continue to account for a substantial portion of the Exchange’s quotations and trading volume in the short term, and may do so in the long term too.

As a member of the Exchange, Trading is subject to all provisions of the Rulebook, identical to all other Exchange members. The Exchange will treat Trading like any other market participant. Because the activity of Trading creates specific risks with respect to the integrity and fairness of the Exchange, the Exchange has developed policies and procedures to mitigate such risks. Among such measures are strict informational barriers between Trading and the Exchange to preclude the provision of any confidential information regarding any other member to Trading. The Exchange will also ensure members remain informed of actual or potential conflicts arising out of Trading activities.

If any of the above information changes in a material way or additional disclosure is determined to be warranted, the Exchange will disclose to members promptly the updated information. Market participants who have questions should reach out to the Exchange via our support email: Support@kalshi.com.