

## FTCNEXT

Scope: These rules shall apply to this contract.

Underlying: The Underlying for this Contract is the identity of the first company after Issuance and before <date> that the Federal Trade Commission (FTC) sues or otherwise formally penalizes in a new enforcement action. Actions against individuals, rather than companies, are not included in the Underlying. Investigations are not encompassed by the Payout Criterion. "Sues or otherwise formally penalizes" refers to any new, formal FTC enforcement action that is publicly announced for the first time in the aforementioned period. This includes:

- The FTC filing a new lawsuit or court complaint against a company.
- The FTC issuing a new administrative complaint (or enforcement proceeding) against a company.
- The FTC announcing an initial settlement or consent order with a company (resolving an investigation or case that had not been previously made public by the FTC).
- The FTC imposing a fine or civil penalty on a company as part of a new case or violation.

In all cases, the action must represent the first public announcement of an enforcement action on that particular matter or against that company. If the FTC takes multiple enforcement steps as part of the *same* matter, only the first public step counts as "new." If the FTC had already publicly announced an investigation, complaint, or legal action against a company (or regarding the same conduct) before the contract's issuance, then any subsequent enforcement developments in that same matter do not qualify as the "first" new action. In other words, follow-on actions or additional penalties stemming from an earlier known case are excluded. For example, if the FTC filed a lawsuit against Company X last year (before this contract's issuance) and now announces a settlement or a second fine with Company X in that same case, that would not count as a new enforcement action for this contract. The "next" enforcement must be the first time the FTC is publicly pursuing that particular company or violation.

Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

Instructions: The Underlying can be found at: <https://www.ftc.gov/enforcement>. These instructions on how to access the Underlying 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.

Source Agency: The Source Agencies are the Federal Trade Commission, 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.

<company>: <company> refers to a company specified by the Exchange.

<date>: <date> refers to a calendar date specified by the Exchange. The Exchange may list iterations of the Contract corresponding to variations of <date>.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that include <company>. Once a new company has been punished, then the market will immediately resolve Yes for <company> and all other markets will resolve to No. If two companies are named in the same action, and are both listed as strikes, then Yes holders will receive  $\$(1-1/\text{the number of companies mentioned, rounded down})$  and No holders will receive  $\$1-(\text{the value of Yes})$ .

**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 day prior to <date>. 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 <date>. 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 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.