

October 14, 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 – Amendment to August 2025 Liquidity Incentive Program

Dear Sir or Madam,

KalshiEX LLC (“Kalshi” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC”) that, pursuant to Kalshi Rule 3.13(f), Section 5c(c) of the Commodity Exchange Act (the “Act”), and Section 40.6(a) of the regulations of the CFTC, it is amending its August 2025 Liquidity Incentive Program (the “Program”) as set forth in Appendix A. The Program as amended will become effective on, October 28, 2026, no earlier than ten (10) business days following the date of this self-certification. The Program amendments primarily serve to:

- Clarify through Appendix C the market sub-categories underpinning the previously used terminology “all Kalshi markets” that may be considered in scope for Liquidity Rewards;
- Add Program definitions for additional transparency of Program variables through Appendix A;
- Add tailored Program variable ranges by eligible market sub-category through Confidential Appendix D;
- Provide an example of market-specific Program details to be posted on the Kalshi website via the Program-specific webpage (for hypothetical, informational purposes only); and
- Add additional sections to the Program terms and conditions for compliance with the Kalshi Rulebook; interaction with other incentive programs; and recordkeeping, monitoring, and termination procedures.

Appendices A and B contain the Program’s updated terms in both redlined and clean form. Appendix C contains a list of Eligible Markets by category and subcategory. Confidential Appendix D contains additional information about maximum values of Program variables tailored to the market subcategories and the contract selection methodology under the Program, which has been submitted to the CFTC under a request for FOIA confidential treatment. Capitalized terms used herein are defined in Section 4 of Appendix A.

Kalshi Rule 3.13(f) allows Kalshi to create programs that provide incentives to Participants that encourage trading, and the Program is consistent with this Rule. The purpose of this Program is to increase volume and liquidity on the central limit order book and thereby enhance pricing efficiency. More volume and liquidity on the central limit order book and more efficient pricing benefit all participants in the marketplace. The Program will incentivize high-quality market liquidity by offering a capped total reward for liquidity provided to a given Eligible Market via resting orders in Eligible Contracts, to be divided among Eligible Participants in accordance with a formula providing a quantitative measure of the liquidity each Eligible Participant provides based on such orders' distance from an established Eligible Contract reference price capturing the best bid/offer.

Kalshi has analyzed the Program as amended under the Commodity Exchange Act and the CFTC's regulations. The analysis below addresses the core principles most directly implicated by the Program, assuming the most generous application of the filed ranges (including the highest permitted Liquidity Reward for a market) and the full set of eligible subcategories.

- **Core Principle 2 - Compliance with Rules.** The Program's eligibility criteria, notice requirements, payout mechanics, contract-selection criteria, and variable ranges are stated in Appendix A and Confidential Appendix D. The reward calculation methodology and other mechanics apply uniformly to all Eligible Participants that satisfy the filed criteria and do not permit individualized or preferential terms. Affiliates of Kalshi are excluded to avoid conflicts of interest. Introducing Brokers, Futures Commission Merchants, and customers transacting through an IB or FCM are also excluded. Participants with obligations or benefits in a market under a separate market-making agreement do not receive Liquidity Rewards in that market. All selections of Eligible Contracts, Target Sizes, and Liquidity Rewards are made within the ranges and under the criteria filed in Appendix A and Confidential Appendix D, and any change to those ranges or criteria will be made only by a new filing under CFTC Regulation 40.6(a).
- **Core Principle 3 - Contracts Not Readily Susceptible to Manipulation.** Kalshi has evaluated the Program's structure and terms against potential manipulative- and abusive-trading risks, such as spoofing and other abusive, manipulative, or disruptive order or trading activity. Kalshi believes the Program will support the relevant event contracts' resistance to manipulation by enhancing liquidity in such contracts, making it more difficult for a single bad actor to create an artificial price. Kalshi further believes the Program's design reinforces the manipulation resistance of the Exchange's event contracts across all eligible categories. The Program's structure and features were designed with the intention of minimizing manipulation risks in Kalshi's event contracts, including, but not limited to the following elements:
 - (a) the Liquidity Rewards are capped at a pre-set value of \$10,000 per business day for the most volatile Eligible Markets, with less volatile Eligible Markets having lower caps as established in Confidential Appendix D, and Time Periods are limited to seven (7) days, among other maximum Program variables, tailored to each subcategory of event contracts in consideration of the unique volatility,

price maturity, and average trade size patterns observed in each of the underlying subcategories of event contracts;

(b) the randomized snapshot process rewards liquidity provided at any possible period of time during the operation of the Program and reduces the potential for Program Participants to conduct non-bona fide order activity at predictable measurement times for the sole purpose of obtaining Program incentives;

(c) the two-sided liquidity requirement necessarily prevents one-sided order activity that could lead to disruptions in market pricing or manipulation; and

(d) the application of a discount factor for orders further from mid-market that reduces an Eligible Participant's quantitatively determined "score" dictating its share of Liquidity Rewards, incentivizing tight markets and bona fide price discovery and necessarily discouraging divergent order activity that could lead to market disruption or market manipulation.

Specifically with respect to contracts that resolve based on the statements or actions of a single individual ("mention" markets), the Program does not change the contract's terms or settlement source, which would have separately been determined not readily susceptible to manipulation pursuant to the Part 40 filing for that product's listing and in accordance with Commission staff guidance on mention markets. Additionally, any person who is prohibited by Exchange rules from trading in a particular contract—for example, because the person has the ability to influence its outcome—would continue to be prohibited from submitting orders for or trading in the contract and thus could not participate in the Program with respect to that contract, even if the person is otherwise an Eligible Participant.

Kalshi Rule 5.17 prohibits spoofing, layering, quote stuffing, self-matching, wash trading, and other disruptive or abusive practices regardless of whether orders or transactions arise from Program participation. The Exchange's surveillance capabilities include alerts for spoofing of resting orders; alerts for quote-stuffing behavior; monitoring for self-matching of resting orders or wash trading; and monitoring for pre-arranged trading or coordinated or linked accounts, including common devices, IP addresses, payment instruments, or other linkage indicators. The Exchange will periodically reassess surveillance thresholds and the Program's effects. If the Exchange identifies abusive, disruptive, or manipulative activity, it will investigate and may suspend or terminate rewards for the relevant market, terminate a participant's eligibility, take disciplinary action, submit a new filing to modify the Program, or terminate the Program, as appropriate.

If the Exchange determines that the Program is no longer consistent with its goals, the Rules of the Exchange, or applicable law, the Exchange may take action including, but not limited to, terminating the Program, terminating a Program participant's eligibility for incentives, or pursuing disciplinary action and rule enforcement under Chapter 9 of Kalshi's Rulebook.

For these reasons, Kalshi does not believe the Program's structure creates excess risk of manipulation as it relates to all of Kalshi's event contract markets that may be incentivized under this Program.

- **Core Principle 4 - Prevention of Market Disruption; Core Principle 12 - Protection of Markets and Market Participants.** The Program elements identified under Kalshi's Core Principle 3 analysis were also designed with the intention of preventing market disruptions across all event contract markets that are eligible for incentives under this Program. The operation of the Program does not impact Kalshi's ability to perform its trade practice and market surveillance obligations under the CEA. Chapter 5 of Kalshi's Rulebook includes prohibitions against fraudulent, non-competitive, unfair, or abusive practices, such as spoofing and disruptive trading, all of which apply to order and trade activity conducted under the Program. Kalshi maintains an independent surveillance and enforcement program dedicated to detecting violations of and enforcing Chapter 5 of Kalshi's Rulebook. Kalshi staff will continue to monitor for manipulative trading, market abuse, and in particular, disruptive trading violations (e.g., spoofing, quote stuffing, and other disruptive order activity), as noted above, with a heightened focus on event contracts across all subcategories eligible for incentives and order-level and trade-level activities in the central limit order books by participants incentivized under this Program. The Program's objective formula, two-sided liquidity requirement, Discount Factor, filed caps, notice periods, participant exclusions, and surveillance controls are intended to increase displayed liquidity without rewarding disruptive or non-bona fide activity. The Exchange will not permit a participant to receive Liquidity Rewards for orders that are subject to inquiry or investigation for spoofing, layering, quote stuffing, self-matching, wash trading, or other abusive or disruptive conduct. The Exchange will evaluate the cumulative effect of Liquidity Rewards together with fees, fee rebates, and other incentive programs, including whether the aggregate payments could create net-negative trading economics, reduce genuine risk transfer, or distort price discovery. The Program will be suspended, reduced, or revised as appropriate through the applicable filing process if the Exchange's periodic reassessment identifies material market-disruption or participant-protection concerns across multiple markets.
- **Core Principle 7 - Availability of General Information.** The Program terms, eligible categories and subcategories, and effective dates will be posted on the Exchange's website through the Regulatory Notices page and the Program-specific Liquidity Rewards webpage. No later than twenty-four (24) hours before a Liquidity Reward begins, the Exchange will post on the Liquidity Rewards webpage each Eligible Contract and its Liquidity Incentive Schedule, including the start and end of each Time Period, the Target Size, the Liquidity Reward, and the Discount Factor. Each Time Period will last no less than one (1) day and no more than seven (7) days. Because the end of each Time Period is disclosed before it begins, and because each Liquidity Reward is allocated pro rata after the Time Period ends and cannot be exhausted early, participants will know the start and end of each offering at least twenty-four (24) hours in advance. If the Exchange terminates the Program or a Time Period early (for example, if necessary as a result of

extensive disruptive order or trading activity that cannot otherwise be appropriately addressed), the Exchange will post notice promptly on the Liquidity Rewards webpage.

- **Core Principle 9 - Execution of Transactions.** The Program does not afford participants any execution priority over non-participants. The Program does not alter the order matching engine, other order-execution protocols, or priority of orders on the central limit order book. Liquidity Rewards are calculated after the end of the Time Period from snapshots of resting orders and do not affect how or whether any order is executed. Under Section 6 of Appendix A, a transaction eligible for more than one per-trade incentive receives only the largest of the available incentives, rather than the cumulative total incentives under all programs; and incentive payments are reduced as necessary to prevent net-negative fees on a per-trade basis; allowing the program to incentivize liquidity while imposing appropriate limits on those incentives to prevent any negative impact on transaction execution in the market, together with the surveillance and other controls discussed herein.
- **Core Principle 16 - Conflicts of Interest.** To minimize the potential for conflicts of interest, Kalshi has determined to exclude any affiliate of Kalshi from becoming an Eligible Participant under the Program.
- **Core Principle 18 - Recordkeeping.** The Exchange or its systems will make and keep records of Eligible Contracts, applicable Time Periods, Target Sizes, Discount Factors, Liquidity Rewards, snapshots, participant order and trade data, reward calculations, payments, notifications, contract-selection decisions, cap calculations, surveillance alerts, investigations, and any termination or suspension decisions with respect to Eligible Participant status. Kalshi will retain all records relating to the Program, including participant performance data, reward calculations, payment records, selection documentation, and surveillance reports, for at least five (5) years in accordance with 17 C.F.R. §§ 38.950–38.951 and 1.31.
- **Core Principle 19 - Antitrust Considerations.** The Program has short, fixed, and transparent terms, is voluntary, and is open to all Eligible Participants that satisfy the same objective criteria. It does not require exclusivity in market or trading platform participation, otherwise restrict a participant's ability to trade on the Exchange or on any other trading platform, or impose any other unreasonable restraint of trade or material anticompetitive burden. The Program's participant exclusions are limited to affiliates of Kalshi, Introducing Brokers, Futures Commission Merchants, and their customers when transacting through them, and participants with obligations or benefits in a market under a separate market-making agreement, for the reasons described above.
- **Core Principle 21 - Financial Resources.** The Liquidity Reward for any market is fixed in advance and may not exceed \$10,000 per business day for the most volatile Eligible Markets (with less volatile Eligible Markets having lower maxima); no Time Period may exceed seven (7) days; and the Program expires no later than January 1, 2027. The Exchange will monitor cumulative payouts and will amend or terminate the Program

through a filing under CFTC Regulation 40.6(a) in the unexpected event that payouts threaten its ability to satisfy its financial resources requirements.

Kalshi is not aware of any substantive opposing views.

Kalshi accordingly certifies that the amendment to the Program described in this submission complies with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder, and certifies that, concurrent with this filing, a copy of this submission was posted on the Kalshi website and may be accessed at: <https://kalshi.com/regulatory/notices>. If you have any questions or comments or require further information, please do not hesitate to contact me.

Sincerely,

Rhianna Ross
Regulatory Counsel
KalshiEX LLC
rross@kalshi.com

Enclosure:

Appendix A (Tracked)

Appendix B (Clean)

Appendix C (Eligible Markets)

Confidential Appendix D (Confidential Program Reward Methodology)

Appendix A

Liquidity Incentive Program (“Program”) Terms and Conditions (Tracked)

1. Program Purpose

The purpose of this Program is to increase liquidity on the central limit order book and thereby enhance pricing efficiency. More liquidity on the central limit order book and more efficient pricing benefit all participants in the marketplace.

2. Program Scope and Duration

The Program applies to ~~all~~ certain Kalshi markets listed in the following high-level categories: (a) Climate and Weather, (b) Commodities, (c) Crypto, (d) Economics, (e) Elections, (f) Entertainment, (g) Financials, (h) Mentions, (i) Politics, (j) Science and Technology, and (k) Sports. Specific Eligible Markets for the purposes of this Program, listed by detailed subcategory within these high-level categories, are listed in Appendix C. Any change to that scope, including any narrowing, will be made only by an amendment to this submission pursuant to CFTC Regulation 40.6(a).

In determining to include a particular contract within an Eligible Market under this Program, Kalshi will identify contracts in need of additional liquidity to enhance price discovery due to characteristics such as a contract’s nascency, observed bid-ask spread patterns, as detailed in Confidential Appendix D. Specific eligible contracts will be identified on the Kalshi Liquidity Rewards Page publicly available on the Kalshi website no later than twenty-four (24) hours prior to the implementation of the Liquidity Reward.

The Program will be effective ~~upon Exchange notice, no earlier than October 28, 2026, ten (10) business days from the date of this filing, and shall continue to be effective until the earlier of January 1, 2027, or the date that Kalshi amends or terminates the Program or amends the program through another filing under Part 40 of the Commission’s Regulations. Kalshi may announce separate effective dates for each component of the Program, and may in its discretion terminate either component separately or together.~~

3. Eligible Participants

“Eligible Participants” are all Kalshi members, except the following: (i) affiliates of Kalshi; and (ii) Introducing Brokers, Futures Commission Merchants, and customers thereof when transacting via the IB or FCM. For the avoidance of doubt, Kalshi members who are prohibited by the Kalshi Rules from submitting orders or trading with respect to a particular contract remain subject to that prohibition notwithstanding anything in the Program terms and conditions and are not “Eligible Participants” under the Program with respect to that contract.

4. Program Definitions and Incentives

“Discount Factor” refers to the percentage deducted from the Snapshot Liquidity Provider Score, based on how far (measured in ticks) the resting order diverges from the reference price, as detailed in Section 5. The discount factor is set for all Eligible Markets at 0.5, means that an order’s score will be deducted by 50% for each tick the order diverges from the reference price.

“Eligible Market” refers to the underlying market sub-category eligible for incentives under the Program. Detailed Sub-categories of Eligible Markets are detailed in Appendix C. In contrast, “Eligible Contract” refers to the specific contracts underlying the Eligible Markets that exhibit the characteristics detailed in Section 2 of this Program.

“Liquidity Incentive Schedule” refers to a sequence of one or more time periods (“Time Period”) that an Eligible Market may be eligible for a Liquidity Reward, as detailed in Appendix C. For clarity, a Time Period may be contained in a single trading session or encompass parts of multiple trading sessions. Time Periods may overlap. Time Periods must start and end at a non-fractional second. The minimum Time Period will be one (1) day.

“Liquidity Reward” refers to a total fixed, per-Eligible Market amount of funds in U.S. dollars, as determined by the Exchange in considering the liquidity needs of each market, that is eligible for distribution during the incentive period, subject to the maximum values detailed in Confidential Appendix D.

“Target Size” refers to the number of contracts required to be resting on a side of the central limit order book for that side to qualify for rewards.

~~During the Program, Kalshi will identify on the Program website, each “Eligible Market” under the Program market pages whether or not the market is eligible for a liquidity incentive. If eligible, the market page will also identify a liquidity incentive schedule (“Liquidity Incentive Schedule”), comprised of a sequence of one or more time periods (“Time Period”), each with a corresponding target size (“Target Size”), discount factor (“Discount Factor”), and reward (“Liquidity Reward”). For clarity, a Time Period may be contained in a single trading session or encompass parts of multiple trading sessions. Time Periods may overlap. Time Periods must start and end at a non-fractional second.~~

5. Program Terms and Incentives:

Eligible Participants in each Eligible Market can receive incentives for improving liquidity ~~via~~ by placing resting orders. Incentives will be distributed in accordance with the calculation method below, and are subject to the maximum values of variables for each Liquidity Incentive Schedule as detailed below and in Confidential Appendix D, on an Eligible Market (sub-category) basis as detailed in Appendix C. Any changes to Appendix C or Confidential Appendix D, including any changes to Eligible Markets or Maximum Values of Variables shall be made only by an amendment to this submission pursuant to CFTC Regulation 40.6(a).

~~Maximum Values of Variables for Liquidity Incentive Schedule:~~

Pre-Determined Maximum Values of Variables:

1. "Time Period" shall be no less than one (1) day and no greater than seven (7) days; and
2. "Discount Factor" will be 0.5

~~"Time Period" shall be no greater than 31 days;~~

~~"Target Size" will be greater than 100 contracts and less than 20,000 contracts;~~

~~"Discount Factor" will be no greater than 1.00; and~~

~~"Liquidity Reward" shall be no less than \$1 and no greater than \$1,000 per calendar day encompassed in the Time Period. For the avoidance of doubt, this minimum and maximum shall be applied on a per-market basis.~~

Floating Maximum Values of Variables:

1. "Target Size" will be greater than 100 contracts and fewer than 10,000 contracts based on the Eligible Market's characteristics as set forth in Confidential Appendix D; and
2. "Liquidity Reward" shall be no less than \$10 and no greater than \$10,000 per business day encompassed in the Time Period. For the avoidance of doubt, this maximum shall be applied on a per-market basis, as set forth in Confidential Appendix D.

Timing of Notice: The Exchange will give public notice of the relevant values for each Eligible Market (Liquidity Incentive Schedule, Target Size, Liquidity Reward) on the Kalshi Liquidity Rewards Page publicly available on the Kalshi website no later than twenty-four (24) hours prior to the implementation of the Liquidity Reward. For illustrative purposes only, Kalshi's Liquidity Rewards Program page may specify information as in the following hypothetical example, provided all information shall not exceed the scope of this Program:

<u>Eligible Market</u>	<u>Liquidity Incentive Schedule</u>	<u>Program</u>	<u>Target Size (Contracts)</u>	<u>Liquidity Reward</u>
<u>Climate and Weather: Daily Temperature</u>	<u>October 1, 2026 6:00 PM ET to October 5, 2026 11:59 PM ET</u>	<u>Liquidity</u>	<u>500</u>	<u>\$15,000</u>

For avoidance of doubt, the above example does not reflect an offer of incentives under this Program.

The Exchange will follow this notice with a subsequent notice on the Kalshi Liquidity Rewards Page identifying the specific Eligible Contracts within the Eligible Market that will be included. Such notice of Eligible Contracts will be provided at least twenty-four (24) hours before the start of the Liquidity Incentive Schedule.

The calculation **method** for such incentives will be as follows **(for all Eligible Markets):**

During a Time Period, a snapshot of the book (“Snapshot”) will be taken once for each second, with the exact time of the snapshot drawn from a random uniform distribution on a periodic basis. For each Snapshot, the Exchange will determine a score for each user that had resting orders that improved liquidity in the market (“Snapshot Liquidity Provider Score”) as described below. Snapshots will be excluded if a market is not open for trading or if there is not two-sided liquidity (i.e., resting orders sufficient to meet the Target Size on each side of the market) at the time of the Snapshot.

Determining “Reference Yes Price,” “Qualifying Yes Bids,” “Qualifying Yes Total Size,” and their “No” Counterparts:

Kalshi will first determine qualifying yes bids (“**Qualifying Yes Bids**”), a reference yes price (“**Reference Yes Price**”), and a qualifying yes total size (“**Qualifying Yes Total Size**”). Kalshi will do the same for the no side. For purposes of this analysis and for ease of discussion, a yes ask is counted as a bid for no.

First, Kalshi will initialize the Qualifying Yes Bids to the empty set. The exchange will initialize the Qualifying Yes Total Size to zero and set the current bid price to the highest yes bid price. Kalshi will add the size available at the current bid price to the Qualifying Yes Total Size, and add all bids at the current bid price to the Qualifying Yes Bids. If the Reference Yes Price has not yet been set, and the Qualifying Yes Total Size is greater than or equal to one fifth of the target size, then the Reference Yes Price is set to the current bid price. If the Qualifying Yes Total Size is greater than or equal to the target size, the procedure is stopped here. Otherwise, Kalshi will find the next highest yes bid price and repeat without reinitializing the Qualifying Yes Total Size, Qualifying Yes Bids, or Reference Yes Price. If no more bids exist, Kalshi will clear the Qualifying Yes Bids, as there were not enough bids to reach the Target Size. Note that if the highest yes bid price does not exist, there are also no Qualifying Yes Bids.

Kalshi will repeat the process for the no side to find the Qualifying No Bids, Reference No Price, and Qualifying No Total Size.

Determining “Snapshot Liquidity Provider Score”:

If there is at least one Qualifying Yes Bid, each Qualifying Yes Bid is assigned a score equal to the Discount Factor taken to the Nth power multiplied by its size, where N is the number of ticks between the Reference Yes Price and the price of the Qualifying Yes Bid. If the price of the Qualifying Yes Bid is greater than the Reference Yes Price, N is set to zero. The score divided by the sum of the scores creates a normalized score (“Normalized Qualifying Yes Score”) for the bid.

Kalshi will repeat the process for the no side to find a set of Normalized Qualifying No Scores.

$$Score(bid) = Discount\ Factor^{(Max(Reference\ Price - Price(bid), 0))} \times Size(bid)$$

$$Normalized\ Qualifying\ Score(bid) = Score(bid) \div \sum_{b \in bids} Score(b)$$

The sum of all Normalized Qualifying Yes Scores and Normalized Qualifying No Scores corresponding to bids submitted by a single user is that user's Snapshot Liquidity Provider Score.

$$\text{Snapshot Liquidity Provider Score}(\text{user}) =$$

$$\sum_{\text{yes bid} \in \text{yes bids}(\text{user})} \text{Normalized Qualifying Yes Score}(\text{yes bid}) +$$

$$\sum_{\text{no bid} \in \text{no bids}(\text{user})} \text{Normalized Qualifying No Score}(\text{no bid})$$

Converting Snapshot Liquidity Provider Scores into Time Period Liquidity Provider Scores:

After the Time Period has elapsed, the Snapshot Liquidity Provider Scores are totaled for each user and divided by the sum of all Snapshot Liquidity Provider Scores to create a final liquidity provider score for each user for the time period ("Time Period Liquidity Provider Score").

$$\text{Time Period Liquidity Provider Score}(\text{user}) =$$

$$\sum_{\text{snapshot} \in \text{Snapshots}} \text{Snapshot Liquidity Provider Score}(\text{user}) \div$$

$$\sum_{\text{snapshot} \in \text{Snapshots}} \sum_{u \in \text{Users}} \text{Snapshot Liquidity Provider Score}(u)$$

Determining Payments:

Each Time Period Liquidity Provider Score is multiplied by the Time Period Reward and the ratio of non-excluded snapshots to total snapshots, and if the result is greater than or equal to \$1.00, the result is paid out to the corresponding user, rounded down to the nearest cent.

$$\text{Payout}(\text{user}) \approx$$

$$\text{Time Period Liquidity Provider Score}(\text{user}) * \text{Time Period Reward}$$

$$* \text{Number of nonexcluded Snapshots} / \text{Total Number of Snapshots}$$

Note: All trading is subject to the rules in Kalshi's Rulebook, among other relevant Federal laws and regulations.

Payout Timing:

Payments of the applicable portion of the Liquidity Reward shall be made in the form of an outward payment credited to the user's account and shall be issued no later than 1 day following

conclusion of a Time Period, based on an evaluation of an Eligible Participant's order activity in each Eligible Market. The payment may be withdrawn by the user at any time after it is settled.

6. Interaction with Other Incentive Programs

In the event an individual transaction is simultaneously eligible for more than one per-trade incentive payment across Kalshi's trading incentive programs, Kalshi will apply the highest of any per-trade incentive for a given transaction, but not the summation of all eligible incentives for that transaction. Additionally, in the event that an individual transaction is simultaneously eligible for a trading fee rebate and per-trade incentives across Kalshi's trading incentive programs, Kalshi will adjust incentive payments under any of its trading incentive programs downwards to the exact extent necessary to prevent trading conditions with net-negative (maker + taker) fees on a per-trade basis. An Eligible Contract will not be subject to more than one active Liquidity Reward at a time.

Participants who have signed a market making agreement with Kalshi and have obligations or benefits in a market as a result of the Market Maker or Liquidity Provider programs will not receive any Liquidity Rewards in that market under this Program.

7. Compliance with Kalshi's Rulebook

All trading is subject to the rules in Kalshi's Rulebook, among other relevant Federal laws and regulations.

All Eligible Participants under this Program are required to adhere to Chapter 5 of Kalshi's Rulebook, including Rule 5.17 (Prohibited Transactions and Activities). Accordingly, any orders resulting from, or subject to inquiry or investigation for, potential spoofing or any other disruptive, abusive, manipulative, or otherwise prohibited trading practices set forth in Rule 5.17 shall be ineligible under this Program.

Kalshi may also take additional action to preserve market integrity, including but not limited to, termination or modification of the Program terms, in a manner consistent with CFTC rules and regulations, termination of Eligible Participant status under the Program in accordance with Section 8 below, or commencement of disciplinary procedures under Chapter 9 of the Kalshi Rulebook.

8. Recordkeeping, Monitoring, and Termination of Status

Kalshi shall monitor trading activity and participants' performance and shall retain the right to revoke participant status if Kalshi's Chief Regulatory Officer or Chief Compliance Officer concludes from review that a participant's participation in the program is abusive or in any way inconsistent with the purpose of the Program, Kalshi's Rulebook, or applicable law.

In the event of such a determination, Kalshi will implement the following procedures:

- Kalshi shall document the termination of Eligible Participant status under the Program

and the rational therefor;

- Kalshi shall notify the participant in writing that the participant is no longer eligible to receive incentives under the Program; and
- Upon any effective termination date, any incentives earned for periods ending before the effective termination date will remain earned, except in cases where Kalshi determines that the participant's activity participating in this Program involves fraud, abusive or willful misconduct, or other violation of the Exchange Rulebook or applicable law, or the relevant orders were subject to Kalshi investigation or inquiry for violation of Rule 5.17 as described above.

Kalshi shall keep records of the operation of this Program. Kalshi may modify or terminate the Program in its discretion, in a manner consistent with CFTC rules and regulations and with notice provided on Kalshi's website. For the avoidance of doubt, substantive modification of the Program terms would necessarily take place via a Rule 40.6 submission. ~~Kalshi may end the Program at any time.~~

Appendix B

Liquidity Incentive Program (“Program”) Terms and Conditions (Clean)

1. Program Purpose

The purpose of this Program is to increase liquidity on the central limit order book and thereby enhance pricing efficiency. More liquidity on the central limit order book and more efficient pricing benefit all participants in the marketplace.

2. Program Scope and Duration

The Program applies to certain Kalshi markets listed in the following high-level categories: (a) Climate and Weather, (b) Commodities, (c) Crypto, (d) Economics, (e) Elections, (f) Entertainment, (g) Financials, (h) Mentions, (i) Politics, (j) Science and Technology, and (k) Sports. Specific Eligible Markets for the purposes of this Program, listed by detailed subcategory within these high-level categories, are listed in Appendix C. Any change to that scope, including any narrowing, will be made only by an amendment to this submission pursuant to CFTC Regulation 40.6(a).

In determining to include a particular contract within an Eligible Market under this Program, Kalshi will identify contracts in need of additional liquidity to enhance price discovery due to characteristics such as a contract’s nascency, observed bid-ask spread patterns, as detailed in Confidential Appendix D. Specific eligible contracts will be identified on the Kalshi Liquidity Rewards Page publicly available on the Kalshi website no later than twenty-four (24) hours prior to the implementation of the Liquidity Reward.

The Program will be effective no earlier than October 28, 2026, ten (10) business days from the date of this filing, and shall continue to be effective until the earlier of January 1, 2027, or the date that Kalshi terminates the Program or amends the program through another filing under Part 40 of the Commission’s Regulations.

3. Eligible Participants

“Eligible Participants” are all Kalshi members, except the following: (i) affiliates of Kalshi; and (ii) Introducing Brokers, Futures Commission Merchants, and customers thereof when transacting via the IB or FCM. For the avoidance of doubt, Kalshi members who are prohibited by the Kalshi Rules from submitting orders or trading with respect to a particular contract remain subject to that prohibition notwithstanding anything in the Program terms and conditions and are not “Eligible Participants” under the Program with respect to that contract.

4. Program Definitions

“Discount Factor” refers to the percentage deducted from the Snapshot Liquidity Provider

Score, based on how far (measured in ticks) the resting order diverges from the reference price, as detailed in Section 5. The discount factor is set for all Eligible Markets at 0.5, means that an order's score will be deducted by 50% for each tick the order diverges from the reference price.

“Eligible Market” refers to the underlying market sub-category eligible for incentives under the Program. Detailed Sub-categories of Eligible Markets are detailed in Appendix C. In contrast, **“Eligible Contract”** refers to the specific contracts underlying the Eligible Markets that exhibit the characteristics detailed in Section 2 of this Program.

“Liquidity Incentive Schedule” refers to a sequence of one or more time periods (**“Time Period”**) that an Eligible Market may be eligible for a Liquidity Reward, as detailed in Appendix C. For clarity, a Time Period may be contained in a single trading session or encompass parts of multiple trading sessions. Time Periods may overlap. Time Periods must start and end at a non-fractional second. The minimum Time Period will be one (1) day.

“Liquidity Reward” refers to a total fixed, per-Eligible Market amount of funds in U.S. dollars, as determined by the Exchange in considering the liquidity needs of each market, that is eligible for distribution during the incentive period, subject to the maximum values detailed in Confidential Appendix D.

“Target Size” refers to the number of contracts required to be resting on a side of the central limit order book for that side to qualify for rewards.

5. Program Terms and Incentives:

Eligible Participants in each Eligible Market can receive incentives for improving liquidity by placing resting orders. Incentives will be distributed in accordance with the calculation method below, and are subject to the maximum values of variables for each Liquidity Incentive Schedule as detailed below and in Confidential Appendix D, on an Eligible Market (sub-category) basis as detailed in Appendix C. Any changes to Appendix C or Confidential Appendix D, including any changes to Eligible Markets or Maximum Values of Variables shall be made only by an amendment to this submission pursuant to CFTC Regulation 40.6(a).

Pre-Determined Maximum Values of Variables:

1. “Time Period” shall be no less than one (1) day and no greater than seven (7) days; and
2. “Discount Factor” will be 0.5

Floating Maximum Values of Variables:

1. “Target Size” will be greater than 100 contracts and fewer than 10,000 contracts based on the Eligible Market's characteristics as set forth in Confidential Appendix D; and
2. “Liquidity Reward” shall be no less than \$10 and no greater than \$10,000 per business day encompassed in the Time Period. For the avoidance of doubt, this maximum shall be applied on a per-market basis, as set forth in Confidential Appendix D.

Timing of Notice: The Exchange will give public notice of the relevant values for each Eligible Market (Liquidity Incentive Schedule, Target Size, Liquidity Reward) on the Kalshi Liquidity Rewards Page publicly available on the Kalshi website no later than twenty-four (24) hours prior to the implementation of the Liquidity Reward. For illustrative purposes only, Kalshi’s Liquidity Rewards Program page may specify information as in the following hypothetical example, provided all information shall not exceed the scope of this Program:

Eligible Market	Liquidity Incentive Schedule	Program	Target Size (Contracts)	Liquidity Reward
Climate and Weather: Daily Temperature	October 1, 2026 6:00 PM ET to October 5, 2026 11:59 PM ET	Liquidity	500	\$15,000

For avoidance of doubt, the above example does not reflect an offer of incentives under this Program.

The Exchange will follow this notice with a subsequent notice on the Kalshi Liquidity Rewards Page identifying the specific Eligible Contracts within the Eligible Market that will be included. Such notice of Eligible Contracts will be provided at least twenty-four (24) hours before the start of the Liquidity Incentive Schedule.

The calculation method for such incentives will be as follows (for all Eligible Markets):

During a Time Period, a snapshot of the book (“Snapshot”) will be taken once for each second, with the exact time of the snapshot drawn from a random uniform distribution on a periodic basis. For each Snapshot, the Exchange will determine a score for each user that had resting orders that improved liquidity in the market (“Snapshot Liquidity Provider Score”) as described below. Snapshots will be excluded if a market is not open for trading or if there is not two-sided liquidity (i.e., resting orders sufficient to meet the Target Size on each side of the market) at the time of the Snapshot.

Determining “Reference Yes Price,” “Qualifying Yes Bids,” “Qualifying Yes Total Size,” and their “No” Counterparts:

Kalshi will first determine qualifying yes bids (“**Qualifying Yes Bids**”), a reference yes price (“**Reference Yes Price**”), and a qualifying yes total size (“**Qualifying Yes Total Size**”). Kalshi will do the same for the no side. For purposes of this analysis and for ease of discussion, a yes ask is counted as a bid for no.

First, Kalshi will initialize the Qualifying Yes Bids to the empty set. The exchange will initialize the Qualifying Yes Total Size to zero and set the current bid price to the highest yes bid price. Kalshi will add the size available at the current bid price to the Qualifying Yes Total Size, and add all bids at the current bid price to the Qualifying Yes Bids. If the Reference Yes Price has not

yet been set, and the Qualifying Yes Total Size is greater than or equal to one fifth of the target size, then the Reference Yes Price is set to the current bid price. If the Qualifying Yes Total Size is greater than or equal to the target size, the procedure is stopped here. Otherwise, Kalshi will find the next highest yes bid price and repeat without reinitializing the Qualifying Yes Total Size, Qualifying Yes Bids, or Reference Yes Price. If no more bids exist, Kalshi will clear the Qualifying Yes Bids, as there were not enough bids to reach the Target Size. Note that if the highest yes bid price does not exist, there are also no Qualifying Yes Bids.

Kalshi will repeat the process for the no side to find the Qualifying No Bids, Reference No Price, and Qualifying No Total Size.

Determining “Snapshot Liquidity Provider Score”:

If there is at least one Qualifying Yes Bid, each Qualifying Yes Bid is assigned a score equal to the Discount Factor taken to the Nth power multiplied by its size, where N is the number of ticks between the Reference Yes Price and the price of the Qualifying Yes Bid. If the price of the Qualifying Yes Bid is greater than the Reference Yes Price, N is set to zero. The score divided by the sum of the scores creates a normalized score ("Normalized Qualifying Yes Score") for the bid.

Kalshi will repeat the process for the no side to find a set of Normalized Qualifying No Scores.

$$Score(bid) = Discount Factor^{(Max(Reference Price - Price(bid), 0))} \times Size(bid)$$

$$Normalized Qualifying Score(bid) = Score(bid) \div \sum_{b \in bids} Score(b)$$

The sum of all Normalized Qualifying Yes Scores and Normalized Qualifying No Scores corresponding to bids submitted by a single user is that user's Snapshot Liquidity Provider Score.

$$Snapshot Liquidity Provider Score(user) =$$

$$\sum_{yes\ bid \in yes\ bids(user)} Normalized Qualifying Yes Score(yes\ bid) +$$

$$\sum_{no\ bid \in no\ bids(user)} Normalized Qualifying No Score(no\ bid)$$

Converting Snapshot Liquidity Provider Scores into Time Period Liquidity Provider Scores:

After the Time Period has elapsed, the Snapshot Liquidity Provider Scores are totaled for each user and divided by the sum of all Snapshot Liquidity Provider Scores to create a final liquidity provider score for each user for the time period ("Time Period Liquidity Provider Score").

Time Period Liquidity Provider Score(user) =

$$\frac{\sum_{\text{snapshot} \in \text{Snapshots}} \text{Snapshot Liquidity Provider Score}(\text{user})}{\sum_{\text{snapshot} \in \text{Snapshots}} \sum_{u \in \text{Users}} \text{Snapshot Liquidity Provider Score}(u)}$$

Determining Payments:

Each Time Period Liquidity Provider Score is multiplied by the Time Period Reward and the ratio of non-excluded snapshots to total snapshots, and if the result is greater than or equal to \$1.00, the result is paid out to the corresponding user, rounded down to the nearest cent.

$$\begin{aligned} \text{Payout}(\text{user}) \approx & \\ & \text{Time Period Liquidity Provider Score}(\text{user}) * \text{Time Period Reward} \\ & * \text{Number of nonexcluded Snapshots} / \text{Total Number of Snapshots} \end{aligned}$$

Note: All trading is subject to the rules in Kalshi's Rulebook, among other relevant Federal laws and regulations.

Payout Timing:

Payments of the applicable portion of the Liquidity Reward shall be made in the form of an outward payment of U.S. dollars credited to the user's account and shall be issued no later than 1 day following conclusion of a Time Period, based on an evaluation of an Eligible Participant's order activity in each Eligible Market. The payment may be withdrawn by the user at any time after it is settled.

6. Interaction with Other Incentive Programs

In the event an individual transaction is simultaneously eligible for more than one per-trade incentive payment across Kalshi's trading incentive programs, Kalshi will apply the highest of any per-trade incentive for a given transaction, but not the summation of all eligible incentives for that transaction. Additionally, in the event that an individual transaction is simultaneously eligible for a trading fee rebate and per-trade incentives across Kalshi's trading incentive programs, Kalshi will adjust incentive payments under any of its trading incentive programs downwards to the exact extent necessary to prevent trading conditions with net-negative (maker + taker) fees on a per-trade basis. An Eligible Contract will not be subject to more than one active Liquidity Reward at a time.

Participants who have signed a market making agreement with Kalshi and have obligations or benefits in a market as a result of the Market Maker or Liquidity Provider programs will not receive any Liquidity Rewards in that market under this Program.

7. Compliance with Kalshi's Rulebook

All trading is subject to the rules in Kalshi's Rulebook, among other relevant Federal laws and regulations.

All Eligible Participants under this Program are required to adhere to Chapter 5 of Kalshi's Rulebook, including Rule 5.17 (Prohibited Transactions and Activities). Accordingly, any orders resulting from, or subject to inquiry or investigation for, potential spoofing or any other disruptive, abusive, manipulative, or otherwise prohibited trading practices set forth in Rule 5.17 shall be ineligible under this Program.

Kalshi may also take additional action to preserve market integrity, including but not limited to, termination or modification of the Program terms, in a manner consistent with CFTC rules and regulations, termination of Eligible Participant status under the Program in accordance with Section 8 below, or commencement of disciplinary procedures under Chapter 9 of the Kalshi Rulebook.

8. Recordkeeping, Monitoring, and Termination of Status

Kalshi shall monitor trading activity and participants' performance and shall retain the right to revoke participant status if Kalshi's Chief Regulatory Officer or Chief Compliance Officer concludes from review that a participant's participation in the program is abusive or in any way inconsistent with the purpose of the Program, Kalshi's Rulebook, or applicable law.

In the event of such a determination, Kalshi will implement the following procedures:

- Kalshi shall document the termination of Eligible Participant status under the Program and the rationale therefor;
- Kalshi shall notify the participant in writing that the participant is no longer eligible to receive incentives under the Program; and
- Upon any effective termination date, any incentives earned for periods ending before the effective termination date will remain earned, except in cases where Kalshi determines that the participant's activity participating in this Program involves fraud, abusive or willful misconduct, or other violation of the Exchange Rulebook or applicable law, or the relevant orders were subject to Kalshi investigation or inquiry for violation of Rule 5.17 as described above.

Kalshi shall keep a record of the operation of this Program. Kalshi may modify or terminate the Program in its discretion, in a manner consistent with CFTC rules and regulations and with notice provided on Kalshi's website. For the avoidance of doubt, substantive modification of the Program terms would necessarily take place via a Rule 40.6 submission.

Appendix C

Liquidity Incentive Program (“Program”) Eligible Markets

Kalshi may select individual contracts for eligibility for Liquidity Rewards under this Program under the following event contract categories and subcategories detailed below, based upon the contract selection methodology provided in Confidential Appendix D. Individual contracts selected for Liquidity Rewards will be posted to the Kalshi website on the Liquidity Rewards webpage no later than twenty- four (24) hours prior to implementation of the Liquidity Reward for each contract selected.

Category	Subcategory
Climate and Weather	Daily temperature
Climate and Weather	Snow and rain
Climate and Weather	Hurricanes
Climate and Weather	Heatwaves
Climate and Weather	Climate change
Climate and Weather	Natural disasters
Climate and Weather	Ski Resorts
Climate and Weather	Hourly temperature
Commodities	Oil & Gas
Commodities	Compute
Commodities	Metals
Commodities	Tech
Commodities	Other commodities
Crypto	BTC
Crypto	15 min
Crypto	Hourly
Crypto	ETH
Crypto	SOL
Crypto	DOGE
Crypto	XRP
Crypto	BNB
Crypto	HYPE

Crypto	NEAR
Crypto	Other tokens
Crypto	Pre-Market
Economics	Jobs & Economy
Economics	Oil and energy
Economics	Growth
Economics	Inflation
Economics	Housing
Economics	Global Central Banks
Economics	Econ Recurring
Economics	Fed
Economics	Econ Weekly
Economics	GDP
Elections	US Elections
Elections	International elections
Elections	House
Elections	Senate
Elections	Governor
Elections	Other US Elections
Elections	Election Combos
Elections	2028 US Election
Elections	Non-US
Elections	Mixed Combos
Elections	Primaries
Elections	Senate Combos
Elections	House Combos
Elections	Governor Combos
Elections	Referendums
Entertainment	Music
Entertainment	Television
Entertainment	Awards

Entertainment	People
Entertainment	Oscars
Entertainment	Movies
Entertainment	Live Music
Entertainment	Music charts
Entertainment	Emmys
Entertainment	Video games
Entertainment	Reality TV
Entertainment	Achievements
Entertainment	Grammys
Entertainment	Collectibles
Entertainment	Music Industry
Entertainment	Art
Entertainment	TV Charts
Entertainment	Dancing with the Stars
Entertainment	Movie Charts
Entertainment	New Music
Entertainment	Views
Entertainment	Big Brother
Entertainment	Rotten Tomatoes
Entertainment	Television
Entertainment	Music Streams
Entertainment	CMA Awards
Entertainment	Daily Views
Entertainment	Daytime Emmys
Entertainment	Monthly Views
Entertainment	Collectables
Entertainment	VMA
Entertainment	Weekly Views
Financials	KPIs
Financials	Companies
Financials	Markets
Financials	Indices

Financials	Product launches
Financials	IPOs
Financials	Industries
Financials	App Downloads
Financials	Operational metrics
Financials	Headcount
Financials	Point of Sale
Financials	Compute
Financials	M&A
Financials	Advertising Spend
Financials	CEOs
Financials	Biotech
Financials	Ski Resorts
Financials	Interest Rates
Financials	Match Ups
Financials	Foreign Exchange
Mentions	Earnings
Mentions	Politicians
Mentions	Trump
Politics	Trump
Politics	International
Politics	Congress
Politics	SCOTUS & courts
Politics	Local
Politics	Recurring
Politics	NYC
Politics	Iran
Science and Technology	AI
Science and Technology	Space
Science and Technology	Medicine

Science and Technology	Big Tech & Business
Science and Technology	AI Indices
Science and Technology	Public Health
Science and Technology	Physics & Math
Science and Technology	Market Share
Science and Technology	Education
Science and Technology	Energy
Sports	Soccer
Sports	Football
Sports	Basketball
Sports	Baseball
Sports	Hockey
Sports	Golf
Sports	Tennis
Sports	Esports
Sports	MMA
Sports	Motorsport
Sports	Boxing
Sports	Chess
Sports	Cricket
Sports	Other
Sports	Rugby
Sports	Lacrosse
Sports	Table Tennis
Sports	Volleyball
Sports	Aussie Rules
Sports	Cities
Sports	Darts