

January 30, 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 – Pre-Execution Communications and RFQ Orders

Dear Sir or Madam,

KalshiEX LLC (“Kalshi” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC”) that it is amending Rule 5.3 of the Exchange Rulebook, effective February 14, 2026, to update its rules regarding pre-execution communications and request for quote (“RFQ”) order functionality.

Attached Appendix A contains the proposed changes to Rule 5.3 in both tracked and clean format.

Compliance with Core Principles

Kalshi has concluded that the amendments to the rulebook are not inconsistent with the CEA and the CFTC’s regulations. The following core principles most directly pertain to the amendment: **Core Principle 2 - Compliance with Rules; Core Principle 3 - Contracts not Readily Susceptible to Manipulation; Core Principle 4 - Prevention of Market Disruption; Core Principle 7 - Availability of General Information; Core Principle 9 - Execution of Transactions; Core Principle 12 - Protection of Markets and Market Participants; and Core Principle 18 - Recordkeeping.**

The amendment to the rulebook adjusts the Exchange’s pre-execution communication and request for quote (“RFQ”) order functionality by adjusting the RFQ timing periods associated with High Volatility Markets. The Exchange expects that the amendment will not materially alter trading behavior, and will instead provide a more efficient user experience. Kalshi expects this change to promote competitive pricing in the context of high volatility markets, and in doing so enhance the orderliness of the Exchange, increase volume, and aid in price discovery. These changes ultimately benefit all participants.

Kalshi’s surveillance system and market regulation staff will continue to surveil all orders that result from the use of the pre-execution communications described in the amendment, and all use of the pre-execution communication is subject to the Exchange’s rules, surveillance, and

discipline. The amendment does not materially alter markets' susceptibility to manipulation. The rule is public and accurate and available to all participants. The RFQ system continues to provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process, and trades continue to take place on the public order book. Further, the Exchange will maintain records of all uses of all pre-execution communications and orders described in the amendment.

No opposing views to the contrary have been expressed.

Kalshi accordingly certifies that the Program 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 (except for the confidential appendix) 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,
Richard Heaslip
Chief Regulatory Officer
KalshiEX LLC
rheaslip@kalshi.com

Enclosures:
Appendix A

Appendix A

Rulebook Amendment (Clean)

RULE 5.3 TRADING CONTRACTS – MEMBERS

- A. Members trade Contracts by entering Orders through Kalshi’s secured channels. After logging into the secure portion of the Kalshi website, the Member will input its Orders into the Platform.
- B. Orders may result from using Kalshi’s pre-execution communications system.
 - a. A Member (referred to for the purpose of this Rule as the “Requester”) may use Kalshi’s pre-execution communications system to create a two-sided Request for Quote (“RFQ”) message to express interest in a market. This message must contain the following information, which is public to all other Members:
 - i. The market in which the Requester desires a quote;
 - ii. The size of quote desired by the Requester, measured in number of contracts or in total cost; and
 - iii. A unique ID code, pseudonymously identifying the Requester. This code will remain consistent for a single Member across different RFQs (e.g., MEMBER-A9BCD), but contains no information that would reveal the identity of the Member. Members may opt to hide this ID code until order execution in step (d) below.
 - b. Any other Member (referred to for the purpose of this Rule as the “Quoter”) may choose to respond to the RFQ with a structured response (“Quote”). This Quote must be for the same size as the RFQ, contain the price that the Quoter is willing to offer to buy and the price that the Quoter is willing to sell the contract, and contain a unique ID code, as described in the paragraph above, that identifies the Quoter. This Quote is private and visible only to the Requester. A Quoter may only respond with a Quote that the Quoter has sufficient collateral to match at the specified price and quantity and full execution would not result in any position limit violations.
 - c. A Requester may choose to accept one side of a Quote, provided that the Requester has sufficient collateral to match at the specified price and quantity and full execution would not result in any position limit violations. A Requestor may either accept the Quote for its full size, or accept some number of contracts in the quote less than the full size. Upon acceptance, a message specifying the accepted side of the Quote and the number of contracts accepted will be sent back to the Quoter, who will have 30 seconds to confirm that the Quoter wishes to proceed. If the Quote is not confirmed by the Quoter within these 30 seconds, the Quote will be treated as void. In the event that multiple Quotes are sent in response to the RFQ, the Requester will only be able to accept the Quote with the best price. Quotes may also be rejected by the Requester.
 - d. Upon the Quote’s confirmation by the Quoter, the Platform will automatically begin a 15 second timer. At the end of this timer, the Platform will sequentially enter orders into the order book for the Quoter and Requester according to the direction, size, and price of the confirmed Quote. These orders will have time priority in the order book as though they

were placed manually at the end of the timer (they will execute at a lower time priority than all existing resting orders). Once the Quote is confirmed and the 15 second timer begins, neither party can opt-out of this process. During this 15 second period, no public indication is given of the incoming orders, and the timer is visible only to the Quoter and Requester.

- e. Each of these orders behaves identically to a standard order in the order book at the price specified in the Quote. Each order will be evaluated against the best prices in the order book.
 - i. If the Quote price improves the best bid and the best offer in the order book or if there is no other bid or offer, the Quoter's order will match in its entirety against the entirety of the Requester's order.
 - ii. If the Quote price improves the best bid but there is a better, or equal, offer or offers resting in the order book, the buy side order will be executed first against such better, or equal, offer or offers and then subsequently against the sell side order produced by the Quote, if any residual quantity on the buy side remains.
 - iii. Similarly if the Quote improves the best offer but there is a better, or equal, bid or bids resting in the order book, the sell side order will be executed first against such better, or equal, bid or bids and then subsequently against the buy side order produced by the Quote, if any residual quantity on the sell side remains.
- f. A party to pre-execution communications shall not disclose the details of such communications to any Person who is not a party to the communications.
- g. A party to private pre-execution communications shall not enter, modify, or cancel orders on any market to take advantage of information conveyed during such communications, except in accordance with this Rule.
- h. Members may only create a Quote and/or a RFQ for the purpose of executing bona fide Transactions.
- i. The Exchange may identify certain markets to be High Volatility Markets ("HVM"). In a HVM, upon Quote acceptance, a Quoter will have only 1 second (or another period of time as set forth in the Kalshi Platform) to confirm that they wish to proceed (rather than the usual 30). After a Quote is confirmed in a HVM, a 1 second timer begins before order execution (rather than the usual 15). The Exchange will indicate if a market is considered to be a HVM through its website and via the API.
- j. A Member may choose to make public their willingness to provide Quotes in a market. If a Member chooses to do so, the Exchange will add the Member's unique ID code to a list of "available Quoters" on that market. This list will be published by the Exchange on its website and via the API.

Rulebook Amendment (Showing Changes)

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