

March 7, 2024

**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 40.6 Notification Regarding the Amendment of the “Who will win at the Grammys?” Contract

Dear Sir or Madam,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.6 of the regulations of the Commodity Futures Trading Commission, KalshiEX LLC (Kalshi) hereby notifies the Commission that it is amending the “Who will win at the Grammys?” contract (Contract).

This is a straight-forward modification to the previous GRAMMY contract. The changes are as follows:

1. <nominee> was changed to allow for listing nominees prior to the official list of nominees being released
2. The Expiration Date was changed to: The Expiration Date of the Contract shall be the sooner of the date of the first 10:00 AM following the release of the nominees for <number> Grammys (whereupon strikes for <nominee> that are not nominated will resolve to “No”), the first 10:00 AM ET following the release of winners for <number> Grammy Awards ceremony, or <expo\_date>.

Along with this letter, Kalshi submitted the following documents:

- A clean copy of the amended Contract; and
- A redline showing the changes to Appendix A, the product rules and terms and conditions of the contract.

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: Who will win at the Grammys?

Rulebook: GRAMMY

Kalshi Contract Category: Entertainment/Popular Culture

Grammy Awards

March 7, 2024

**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, and the Commission's regulations thereunder.

**I. Introduction**

The “Who will win at the Grammys?” Contract is a contract relating to the Grammy Awards. After careful analysis, Kalshi (hereafter referred to as “Exchange”) has determined that the Contract complies with its vetting framework.

The annual Grammy Awards for the music industry are one of the most viewed television events in the United States, with almost nine million viewers in 2021, and nineteen million the year before.<sup>1</sup> The ceremony features many of the moment’s most popular cultural figures, and its selection of winners has major implications for the future of involved artists, the industry, and many others who have a stake in the success of particular music products.

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 binary 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

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<sup>1</sup> <https://www.nytimes.com/2021/03/15/business/media/grammy-awards-ratings.html>

and has a minimum price fluctuation of \$0.01 to enable Members to match the size of the contracts purchased to their economic risks. The Exchange has further imposed position limits (defined as maximum loss exposure) of \$25,000 USD on the Contract. 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 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 may 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. After trading on the Contract has closed, the Expiration Value and Market Outcome are determined. 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 <nominee> has won <award> at the <number> Grammy Awards, 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](mailto:ProductFilings@kalshi.com).



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By: Xavier Sottile  
Title: Head of Markets  
Date: March 7, 2024

**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: Who will win at the Grammys?**

**Ticker and Rulebook: GRAMMY**

## GRAMMY

**Scope:** These rules shall apply to this contract.

**Underlying:** The Underlying for this Contract is award winners at the Annual Grammy Awards according to the website of the Grammys. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** The winners will be listed on the website of the Grammys following the ceremony at: <https://www.grammy.com/grammys/awards>. 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 Agency is the Recording Academy.

**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.

**<award>:** Kalshi may list iterations of the Contract with <award> values corresponding to award categories offered at the Grammys.

**<nominee>:** Kalshi may list iterations of the Contract with <nominee> values corresponding to potential nominees for the Recording Academy awards.

**<number>:** Kalshi may list iterations of the Contract with <number> values corresponding to a particular Grammy Awards ceremony.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that <nominee> won <award>.

**Minimum Tick:** The Minimum Tick size for the referred Contract shall be \$0.01.

**Position Limit:** The Position Limit for the \$1 referred Contract shall be \$25,000 per Member.

**Last Trading Date:** The Last Trading Date of the Contract will be the same day as the Expiration Date. The Last Trading Time will be the same as the Expiration time.

**Settlement Date:** The Settlement Date of the initial iteration 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 Expiration Date of initial the Contract shall be the earlier of the day following the occurrence of the event (the award winners being posted on the website of the Recording Academy) or the last day of the year the ceremony is being held in.

**Expiration time:** The Expiration time of the Contract iteration 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 for the <number> Grammy Awards 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(c) of the Rulebook.



## GRAMMY REDLINE

**Scope:** These rules shall apply to this contract.

**Underlying:** The Underlying for this Contract is award winners at the Annual Grammy Awards according to the website of the Grammys. Revisions to the Underlying made after Expiration will not be accounted for in determining the Expiration Value.

**Instructions:** The winners will be listed on the website of the Grammys following the ceremony at: <https://www.grammy.com/grammys/awards>. 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 Agency is the Recording Academy.

**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.

**<award>:** Kalshi may list iterations of the Contract with <award> values corresponding to award categories offered at the Grammys.

**<nominee>:** Kalshi may list iterations of the Contract with <nominee> values corresponding to the **potential** nominees listed ~~by~~**for** the Recording Academy **awards**.

**<number>:** Kalshi may list iterations of the Contract with <number> values corresponding to a particular Grammy Awards ceremony.

**Payout Criterion:** The Payout Criterion for the Contract encompasses the Expiration Values that <nominee> won <award>.

**Minimum Tick:** The Minimum Tick size for the referred Contract shall be \$0.01.

**Position Limit:** The Position Limit for the \$1 referred Contract shall be \$25,000 per Member.

**Last Trading Date:** The Last Trading Date of the Contract will be the same day as the Expiration Date. The Last Trading Time will be the same as the Expiration time.

**Settlement Date:** The Settlement Date of the initial iteration 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 Expiration Date of the initial Contract shall be the earlier of a day following the occurrence of the event (the event being the award winners of the Grammys being posted online on the Grammys website) or February 7, 2022.~~ **The Expiration Date of the Contract shall be the sooner of the date of the first 10:00 AM following the release of the nominees for <number> Grammys (whereupon strikes for <nominee> that are not nominated will resolve to “No”), the first 10:00 AM ET following the release of winners for <number> Grammy Awards ceremony, or <expo\_date>.**

**Expiration time:** The Expiration time of the Contract iteration 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 for the <number> Grammy Awards 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(c) of the Rulebook.

