KalshiEX LLC
Rulebook

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CHAPTER 1 DEFINITIONS

When used in this Rulebook the following terms shall have the respective meanings as follows:

"Affiliate" means, with respect to any Person, any Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

"Anti-Money Laundering" or "AML" means all laws, regulations and guidance relating to the prevention of money-laundering and terrorist financing, including without limitation, the Bank Secrecy Act, the PATRIOT Act, and all regulations and orders issued by the U.S. Department of the Treasury or the CFTC.

"Appeal Committee" means a committee of the Board to consider appeals under Chapter 9 .

"Applicable Law" means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations, and state regulations where applicable.

"Authorized Trader" means a natural person who is either employed by or is an agent of a Member and who is authorized by the Exchange as an Authorized Trader in accordance with Chapter 3.

"Binary Contract" means a Contract that typically settles with two potential Market Outcomes (typically YES or NO).

"Block Trade" means a Trade in a Contract that is executed in compliance with Rule 5.3(e), including all applicable eligibility, minimum size, reporting, and pricing conditions therein.

"Board" means the Board of Directors of Kalshi, which manages the Company and is constituted from time to time in accordance with the Operating Agreement.

"CFTC" or "Commission" means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

"CFTC Regulations" means the rules and regulations promulgated by the CFTC, as amended.

"Clearing House" means any clearing house registered with the CFTC as a Derivatives Clearing Organization ("DCO") that the Exchange designates to provide clearing services with respect to any or all Contracts. To the extent that the Exchange designates multiple DCOs to provide clearing services at any given time, the term Clearing House shall refer to any DCO designated to provide such services with respect to the Contract in question.

"Commodity Exchange Act" or "CEA" means the Commodity Exchange Act, as amended from time to time.

"Contract" means any contract, agreement, or transaction approved for trading on Kalshi pursuant to these Rules.

"Contract Market" has the meaning set forth in CFTC Regulation 1.3.

"Contract Specifications" means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by the Company.

"Customer Due Diligence" or "CDD" means the ongoing monitoring and documentation related to each Member's activities and risk profile in accordance with Applicable Laws.

"Customer" or "Customer Funds" have the meanings set forth in CFTC Regulation 1.3.

"Derivatives Clearing Organization" has the meaning set forth in Section 1a(15) of the CEA.

"Director" means any member of the Board.

"Disciplinary Panel" means the panel appointed by the Board at the recommendation of the Chief Compliance Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 9.

"Emergency" means the occurrences or circumstances which, in the opinion of the Board, require immediate action, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following:

(1) any activity that manipulates or attempts to manipulate a Contract on Kalshi
(2) any circumstance that may materially affect the performance of a Contract, including failure to clear and any failure of the payment systems;
(3) any action taken by any domestic or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other Contract Market, Derivatives Clearing Organization, board of trade, or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on Kalshi or the settlement legality or enforceability of any Contract;

(4) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract; any circumstance that may have a severe, adverse effect upon the functions and facilities of Kalshi, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Kalshi Platform, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;
(5) the bankruptcy or insolvency of any Derivatives Clearing Organization or the imposition of any injunction or other restraint by any government agency, clearing house, court or arbitrator upon a Derivatives Clearing Organization which may affect the ability of a Derivatives Clearing Organization to trade in or perform on a Contract;
(6) any circumstance in which it appears to the Board that a Derivatives Clearing Organization or any other Person:
(i) has failed to perform on a Contract;
(ii) is insolvent; or
(iii) is in a financial or operational condition or is conducting business such that the Derivatives Clearing Organization or Person cannot be permitted to continue in business without jeopardizing the safety of FCM Customer funds, Members, Kalshi or the Derivatives Clearing Organization;
(7) any circumstance which may have a material impact on the reliability or transparency of the Underlying related to a Contract; or
(8) any other unusual, unforeseeable or adverse circumstance as determined by the Company.

"Expiration" means the time on the Expiration Date established pursuant to these Rules at which a Contract expires and the Expiration Value of that Contract is determined.

"Expiration Date" means the date established by these Rules on which the Expiration Value of each Contract is determined.

"Expiration Value" means the rate, level, amount, measure, or other value of the Underlying at Expiration.

"FCM" means a Person that is registered with the Commission as a futures commission merchant that has entered into an FCM Member Agreement with Kalshi and is authorized by Kalshi to intermediate Customer Orders on Kalshi and clear the resulting contracts at the Clearing House.

"FCM Customer" means a Customer of an FCM Member that trades on Kalshi according to the procedures of the FCM Member and these Rules.

"FCM Customer Account" means a Member Account established and maintained by the Clearing House for an FCM for its FCM Customers.

Fully Collateralized Contract" means a Contract entered into by a Member maintaining sufficient Margin with the Clearing House to fully collateralize the obligation of the Member to the Clearing House associated with the Contract.

"Government Agency" means any governmental entity (including the United States, a State, or a foreign government).

"Introducing Broker" or "IB" means a Person that has entered into an IB Member Agreement with Kalshi and is authorized by Kalshi to intermediate Customer Orders on Kalshi and is either a registered (i) Introducing Broker that may solicit or accept Orders from IB Customers for execution on a Platform and then routes those orders for clearing or (ii) futures commission merchant engaged in such activity but not clearing any such resulting contracts (i.e., a futures commission merchant acting solely in an IB capacity).

"IB Customer" means a Customer of an IB that is also a Self-Clearing Member or clearing through an FCM Member and that trades on Kalshi according to the procedures of the IB Member and these Rules.

"Kalshi" or "Company" means KalshiEX LLC, or any successor thereto.

"Kalshi Account" means an account established with Clearing House for the purpose of trading contracts on Kalshi.

"Know Your Customer" or "KYC" means the policies and procedures required to obtain and retain a record of the essential facts concerning a Participant.

"Market Maker" means a Member that is designated as a Market Maker and granted certain privileges in exchange for maintaining certain requirements as set forth in Chapter 4 of these Rules.

"Market Outcome" means the result of the Contract. For a Binary Contract, if the Expiration Value is encompassed within the Payout Criterion, then the "Market Outcome" is YES. Otherwise, the "Market Outcome" is NO, unless otherwise specified in the contract terms. For a Scalar Contract, the "Market Outcome" will be one of three or more options, as detailed by the Contract terms.

"Material Relationship" has the meaning attributed to such term in Rule 2.2(g).

"Member" means an FCM, IB, and/or a Self-Clearing Member.

"Member Account" means an account carried by Clearing House on behalf of a Member.

"Member Agreement" means the agreement between the Company and any Person that the Person must agree to prior to the Person becoming a Member (FCMs, IBs, and Self-Clearing Members each have a specific Member Agreement).

"NFA" means the National Futures Association or any successor regulatory body.

"Officer" has the meaning attributed to such term in Rule 2.3.

"Order" means either (i) a bid or an offer for a Contract or (ii) a pending Block Trade.

"Outcome Review Committee" means a committee of the Board to determine Market Outcomes in accordance with Chapter 7.

"Oversight Panel" means any panel, or any subcommittee thereof, authorized by Kalshi to recommend or establish policies or procedures with respect to Kalshi's surveillance, compliance, rule enforcement, or disciplinary responsibilities.

"Participant" means a Self-Clearing Member, an FCM, an IB, an FCM Customer, and/or an IB Customer.

"Payout Criterion" of a Contract means the Expiration Value or set of Expiration Values that will cause that Contract to pay a Settlement Value (or proportion thereof) to positionholders. The holder of a position in a Contract that receives a Settlement Value (or proportion thereof) is considered to be "in-the-money" while the holder of a position in a Contract that does not receive a Settlement Value is considered to be "out-of-the-money". For a Binary Contract, the Payout Criterion defines the Expiration Value(s) that will cause a Settlement Value to be paid to the holder of a long position in such Contract, or as specified in a Contract's terms and conditions. For a Scalar Contract, the Payout Criterion will determine the proportion of the Settlement Value to be distributed to holders of long and short positions.

"Person" means an entity as defined in Section 1a(38) of the CEA and in CFTC Regulation 1.3.

"Platform" means the Kalshi electronic trade execution system that is used for trading Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

"Position Accountability Level" means the level of loss that can be incurred as a result of a position in a Contract that is held or controlled by a Member, above which Kalshi may impose restrictions or obligations on the Member as set forth in Chapter 4 and Chapter 5.

“Position Limit” means the maximum loss that can be incurred as a result of a position in a Contract that is allowed to be held or controlled by one Member or FCM Customer as prescribed by Kalshi and/or the Commission.

“Public Director” means an individual with the qualifications set forth in Rule 2.2(g).

“Regulatory Agency” means any governmental or self-regulatory authority applicable to Kalshi, including the CFTC and applicable foreign regulators.

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 2.6.

“Rulebook” or “Rules” means the Kalshi Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals, and directives of the Company or Clearing House.

“Scalar Contract” means a Contract that has three or more potential Market Outcomes and can result in a payout to both counterparties to the contract.

“Self-Clearing Member” means a Person, other than an FCM, that has entered into the Self-Clearing Member agreement with Kalshi or an FCM Member clearing for its own proprietary account (as defined by CFTC Regulation 1.3).

“Self-Clearing Member Account” means a Member Account established and maintained by Clearing House for a Self-Clearing Member for itself, which includes a Member Account for an FCM Member clearing for its proprietary account (as defined by CFTC Regulation 1.3).

“Self-Regulatory Organization” shall, unless otherwise provided, have the meaning set forth in CFTC Regulation § 1.3(ee) and, in addition, shall include a Contract Market, Derivatives Clearing Organization, and registered futures association.

“Settlement” means payment to Traders who have the right to receive money pursuant to a Contract, held until Expiration.

“Settlement Date” means the date on which Settlement occurs.

“Settlement Value” means the amount which the holder of a Contract may receive for a Contract held until Expiration.

“Source Agency” means the agency that publishes the Underlying and/or Expiration Value for any Contract.

"Source Agency Prohibition" means the list of Source Agencies which may implicate trading prohibitions under Chapter 5 of these Rules such as if a Trader has access to material non-public information or is a decision maker. The particular trading violations are set forth in detail in Chapter 5.

"Sub-Account" means a distinct account segment maintained by a Self-Clearing Member at Clearinghouse, each with a unique identification code for the separate recording of details of Transactions based on the manner in which the Transactions were executed (*e.g.*, through a particular Introducing Broker or Authorized Trader), for which margin and collateral are calculated separately.

"Trade" or "Transaction" means any purchase or sale of any Contract on Kalshi, either directly or indirectly.

"Trader" means an IB Customer, FCM Customer, a Self-Clearing Member, IB, and/or an FCM that is trading on a Platform through one of the permitted types of accounts specified in these Rules.

"Underlying" means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence the Expiration Value of which determines whether a Contract is in-the-money.

CHAPTER 2 MARKET GOVERNANCE

RULE 2.1 OWNERSHIP

KalshiEX LLC ("Kalshi" or the "Company") is a Delaware limited liability company. The management and operation of Kalshi is governed by the Operating Agreement and the Rules. Member status does not confer any equity interest or voting rights in the Company.

RULE 2.2 BOARD OF DIRECTORS

The Board has the power to manage and direct Kalshi including but not limited to the power to define the standards for membership in Kalshi and the power to amend, adopt, or repeal these Rules, and the power to oversee the business conduct of Participants and impose penalties for violation of these Rules.

(a) The Board shall manage the day to day business operations of the Company. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day to day business operations of the Company.

(b) The chief executive officer of Kalshi shall serve as chairman of the Board.

(c) Any authority or discretion by the Rules vested in any Officer or delegated to any committee or subcommittee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail. This does not apply to the Outcome Review Committee.

(d) A majority of the Directors serving on the Board, including at least one Public Director, shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting, and the Board may act only by the decision of a majority of the Directors constituting a quorum of the Board by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(e) The Board shall comprise the number of Directors set forth in the Operating Agreement and shall include Public Directors as no less than 35% of the Board, at all times. Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

(f) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Company.

(g) To qualify as a Public Director, an individual must be found, by the Board and on the record, to have no Material Relationship, as defined below, with the Company. The Board must make such a finding at the time the Public Director is elected and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. A Material Relationship is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of the Company to constitute a Material Relationship. A Director shall be considered to have a Material Relationship with the Company if any of the following circumstances exist or have existed within the past year:

    (1) Such Director is or was an Officer or an employee of the Company, or an officer or an employee of an Affiliate of the Company;
    (2) Such Director is or was a Participants, or an officer or director of a Participants; or
    (3) Such Director, or a firm with which the Director is an officer, director, or partner, receives more than $100,000 in combined annual payments from Kalshi, or any Affiliate thereof, for legal, accounting, or consulting services.

(h) If any immediate family of a Director are found to have a Material Relationship, then such Material Relationship will be determined to apply to the Director.

(i) The Board shall have procedures, as may be adopted by the Board from time to time, to remove a Director where the conduct of such Director is likely to be prejudicial to the sound and prudent management of the Company.

(j) The Board shall review its performance and that of its individual directors annually.

RULE 2.3 OFFICERS

(a) The Board shall appoint a Chief Executive Officer, Chief Operating Officer, Chief Compliance Officer, and other such officers of Kalshi as it may deem necessary or appropriate from time to time (collectively, the "Officers").

(b) Any Officer may also be a director, officer, partner or employee of the Company or of any of its Affiliates, subject to disclosure and resolution of conflicts of interest.

(c) The Officers shall have such powers and duties in the management of the Company as the Board may prescribe from time to time, subject to any limitations set forth in the Operating Agreement.

(d) Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Company.

RULE 2.4 RESTRICTIONS ON WHO MAY BE MEMBERS OF THE BOARD, MEMBERS OF COMMITTEES , OR TEN PERCENT OR GREATER OWNERS

(a) An individual may not serve as a Director or Officer, serve on a committee or subcommittee established by the Board, including the Disciplinary Panel, or hold a 10% or greater ownership interest in the Company, if the individual:

(1) Within the prior three years has been found, by a final decision of a court of competent jurisdiction, an administrative law judge, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;
(2) Within the prior three years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
(3) Is currently suspended from trading on a Designated Contract Market or a Swap Execution Facility, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty imposed pursuant to either: a finding by final decision of a court of competent jurisdiction, an administrative law judge, the CFTC or any Self-Regulatory Organization that such person committed a disciplinary offense; or

a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(4) Is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;

(5) Is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC, or has been convicted within the past three years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;

(6) Is currently subject to a denial, suspension or disqualification from serving on a disciplinary panel, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or

(7) Is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.

For purposes of this Rule 2.4(a), the terms "disciplinary offense," "final decision" and "settlement agreement" have the meaning given those terms in CFTC Regulation 1.63(a).

(b) Any Director, Officer, member of a committee established by the Board and any individual nominated to serve in any such role, shall immediately notify the Chief Executive Officer if such individual is subject to one or more of the criteria in Rule 2.4(a). Prior to nomination to the Board, each individual shall certify that he or she is not disqualified pursuant to Rule 2.4(a). Upon appointment, each Director, Officer, and a member of a committee shall provide to the Company, where applicable, changes in registration information within 30 days and certification of compliance accordingly. The Company shall verify information supporting Board compliance with eligibility criteria.

(c) To serve as a Director, an individual must possess the ability to contribute to the effective oversight and management of the Company, taking into account the needs of the Company and such factors as the individual's experience, perspective, skills and knowledge of the industry in which the Company operates.

(d) A Director or Officer must meet any qualifications set forth from time to time in the Operating Agreement and these Rules.

(e) An individual may not serve on any Disciplinary Panel, arbitration panel, or the Appeals Committee during any proceeding affecting or concerning such individual, to be determined in a reasonable manner by the Company.

(f) If the Company determines that an individual subject to this Rule 2.4 no longer meets the criteria set forth in Rule 2.4(a), the Company shall inform the CFTC of such determination. The Company shall provide to the CFTC, upon request, an individual's certification of compliance with the criteria set forth in Rule 2.4(a).

RULE 2.5 COMMITTEES AND SUBCOMMITTEES

(a) The Board may create, appoint Directors to serve on, and delegate powers to, committees and subcommittees. There shall be a Regulatory Oversight Committee, Disciplinary Panel, Outcome Review Committee, and Appeals Committee. The Board shall designate the chairperson of each such committee.

(b) Each committee and subcommittee shall assist in the supervision, management and control of the affairs of the Company within its particular area of responsibility, subject to the authority of the Board.

(c) Subject to the authority of the Board, each committee and subcommittee shall determine the manner and form in which its proceedings shall be conducted. A majority of the members serving on a committee or subcommittee, including at least one Public Director, shall constitute a quorum for the transaction of business of a committee or subcommittee. Each committee and subcommittee may act only by the decision of a quorum, by vote at a meeting or by unanimous written consent without a meeting.

RULE 2.6 REGULATORY OVERSIGHT COMMITTEE

(a) The Regulatory Oversight Committee shall be a standing committee of the Board consisting of only Public Directors, as appointed from time to time. No less than two Public Directors shall serve on the Regulatory Oversight Committee.

(b) Each member of the Regulatory Oversight Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve multiple terms.

(c) The Regulatory Oversight Committee shall oversee the Company's regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. The Regulatory Oversight Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of the Company. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

(d) The Regulatory Oversight Committee shall appoint individuals to the Disciplinary Panel in accordance with these Rules, Applicable Law and the composition requirements of the Disciplinary Panel. The Committee shall appoint at least one person who would not be disqualified from serving as

a Public Director.

(e) The Regulatory Oversight Committee shall prepare an annual report that assesses the Company's self-regulatory program for the Board and the CFTC. The annual report sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of the Disciplinary Panel, as provided in Exhibit B to Part 38 of the CFTC Regulations

(f) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:

(1) Monitor the regulatory program of the Company for sufficiency, effectiveness, and independence;
(2) Oversee all facets of the regulatory program, including trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;
(3) Review the size and allocation of the regulatory budget and resources; and the number, hiring, termination, and compensation of regulatory personnel;
(4) Supervise the Chief Compliance Officer of the Company, who will report directly to the Regulatory Oversight Committee;
(5) Recommend changes that would ensure fair, vigorous, and effective regulation; and
(6) Review all regulatory proposals prior to implementation and advise the Board as to whether and how such changes may impact regulation.

RULE 2.7 DISCIPLINARY PANEL, APPEALS COMMITTEE, AND OUTCOME REVIEW COMMITTEE

(a) The Disciplinary Panel shall be:

(1) A standing committee consisting of at least three members, including at least one person who would not be disqualified from serving as a Public Director. No member of the Disciplinary Panel shall also be a member of the Company's compliance staff or any person involved in adjudicating any other stage of the same proceeding. The Board may establish more than one Disciplinary Panel. The Regulatory Oversight Committee will appoint individuals for membership on the Disciplinary Panel. Each Disciplinary Panel shall include members with sufficient differing experience and Participant interests so as to ensure fairness and to prevent special treatment or preference for any Person.
(2) Responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any Disciplinary Action. The Disciplinary Panel shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may determine from time to time.

(b) Each member of the Disciplinary Panel shall serve for a term of one calendar year from the date of his or her appointment, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Disciplinary Panel. A member of the Disciplinary Panel may serve for multiple terms.

(c) The Appeals Committee shall be:

(1) A standing committee consisting of at least three members of the Board. The members of the Appeals Committee and its Chairperson shall be appointed by the Chairperson of the Board, provided that, at all times the Appeals Committee shall include at least one Public Director.
(2) Responsible for conducting hearings of appeals of decisions of the Disciplinary Panel, rendering decisions of such appeals, and imposing sanctions with respect to such appeals. The Appeals Committee shall also have such other powers and perform such other duties as set forth in these Rules and as the Board may determine from time to time.

(d) Each member of the Appeals Committee shall serve for a term of one calendar year from the date of his or her appointment or, if shorter, for the remainder of his or her term as a Public Director, as applicable, until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Appeals Committee or as a Public Director. A member of the Appeals Committee may serve multiple terms.

(e) The Outcome Review Committee shall be:
a. A standing committee consisting of three members who are appointed by the Regulatory Oversight Committee. At least two of the members must be Public Directors. Members of the Regulatory Oversight Committee may also concurrently serve on the Outcome Review Committee.
b. Responsible for determining Market Outcomes as provided in Rule 7.1.

(f) Each member of the Outcome Review Committee shall serve for a term of one calendar year from the date of his or her appointment or, if shorter, for the remainder of his or her term as a Public Director, as applicable, until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Outcome Review Committee or as a Public Director. A member of the Outcome Review Committee may serve multiple terms.

RULE 2.8 EMERGENCY RULES

(a) Kalshi may adopt emergency Rules in response to the emergencies that are described in paragraph (c) of this Rule. In the event of one of those emergencies, the Board or at least two members of the management team may, without giving prior notice to, or securing prior approval from the Commission, adopt a temporary emergency rule to address the emergency. Adoption of a temporary emergency rule requires the CEO's approval. Adoption of a temporary emergency rule by the

management team requires the written authorization and acknowledgement of two members of the management team, indicating the emergency action to be taken and the reasons for that action, before the action is taken.

(b) Any temporary emergency rule adopted under this Rule may authorize Kalshi to act as the Board or management team deems necessary or appropriate to meet the emergency, and those actions may adversely affect the ability to trade on the Platform. Therefore, the chance of an emergency is one of the risks that Participants should consider when deciding whether to trade on the Platform.

(c) For the purposes of this Rule, an "emergency" is:

a. Any activity that manipulates or attempts to manipulate a Contract on the Platform;
b. Any circumstance that may materially affect the performance of the Contracts traded on Kalshi;
c. Any action taken by the United States, any foreign government, any state or local governmental body, any other contract market or board of trade, or any other exchange, market, facility, or trade association (foreign or domestic) that may have a direct impact on trading on Kalshi;
d. Any circumstances that may have a severe, adverse impact upon the physical functions of Kalshi including, for example, natural disasters such as fire or flood, terrorist acts such as bomb threats, physical plant breakdowns such as plumbing, heating, or air conditioning problems, system breakdowns such as power, telephony, cable, trading systems, or computer systems failures or interruptions to communications, the network, or the Internet;
e. The imposition of any injunction or other restraint by any government agency, court, or arbitrator that may affect the ability of a Trader to perform on Contracts;
f. Any circumstance in which it appears that a Participant or any other person is in such operational condition, or is conducting business in such a manner, that such person cannot be permitted to continue in business without jeopardizing the safety of Participants or Kalshi itself; and
g. Any other unusual, unforeseeable, and adverse circumstance which, in the opinion of the governing board, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to Contracts traded on Kalshi.

(d) If deemed necessary to combat perceived market threats caused by an emergency, a Kalshi official authorized to do so may suspend trading on the Platform during the duration of the emergency or take any other action that the official thinks is necessary or appropriate. The official will order an end to the action taken in response to the emergency as soon as the official determines that the emergency has sufficiently abated to permit the Platform to function properly. Reasonable actions resulting under this Rule include but are not limited to:

a. Modification to limits on positions;
b. Reduction of positions and exposure by participating Traders to certain Contracts;
c. Cancellation of a Contract and the return of any funds paid to enter Trades on the Contract;
d. Extension/shortening of expiration and/or closing date;
e. Suspension and curtailing of trading; and
f. Changing a Contract's terms and conditions and/or specifications.

(e) Kalshi will make every effort practicable to notify the Director of the Division of Market Oversight, his delegates, and/or other persons designated by the Commission's Regulations that Kalshi intends to implement, modify, or terminate a temporary emergency rule pursuant to Rule 2.4(a) or an action in response to an emergency pursuant to Rule 2.4(d) prior to the implementation, modification, or termination of the rule or action. If it is not possible to notify the Commission prior to the implementation, modification, or termination of the rule or action, Kalshi will notify the Commission of the implementation, modification, or termination of the rule or action at the earliest possible time, and in no event more than 24 hours after implementation, modification, or termination.

(f) Any time that Kalshi takes action in response to an emergency, either under Rule 2.4(a) or Rule 2.4(d), Kalshi shall publish a notice of such action on its website, notify Members through the API, and notify Members via email. Kalshi will likewise document its decision-making process and reasons for taking emergency action.

RULE 2.9 VOTING BY INTERESTED BOARD MEMBERS

Core Principle 16 of Section 5(d) of the Commodity Exchange Act ("CEA") requires that contract markets have adequate procedures to prevent conflicts of interest. In this regard, Kalshi has adopted provisions of Commission Regulation 1.69 as Rules provided herein. Commission Regulation 1.69 prohibits a member of the Board or any disciplinary or oversight committee or subcommittee from taking part in any deliberations or voting on any matter in which the board, committee, or subcommittee member has an interest or has a relationship with a named party in interest. Regulation 1.69 also requires disclosure by Board, committee, or subcommittee members of interests and relationships in certain circumstances. Consequently, Board, committee, and subcommittee members shall not deliberate or vote on any matter in which the Board, committee, or subcommittee member has an interest or has a relationship with a named party in interest and shall disclose such interests in accordance with Regulation 1.69.

RULE 2.10 INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHERS

(a) Kalshi will indemnify, to the full extent authorized by law, any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative in nature, by reason of the fact that such

person is or was a director, officer, employee, or agent of Kalshi or is or was serving at the request of Kalshi as a director, officer, employee, or agent of Kalshi against expenses, including attorneys' fees, judgments, fines, and amounts paid in connection with such action, suit, or proceeding.

(b) Indemnification shall not be deemed exclusive of any other rights to which a person may be entitled under any agreement or as a matter of law or otherwise.

(c) Kalshi may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of Kalshi against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not Kalshi would have the power to indemnify such person against such liability under the provisions of this Rule.

(d) Notwithstanding the above, no person shall be indemnified from liability for fraud, bad faith, willful misconduct, or gross negligence. Further, no person shall be indemnified against a civil penalty imposed by the Commission under Section 6b of the CEA.

RULE 2.11 PROHIBITION ON USE OF MATERIAL, NON-PUBLIC INFORMATION

(a) Commission Regulation 1.59 prohibits employees and members of the Board from using or disclosing material, nonpublic information gained through their employment or board service in certain circumstances. This Rule prohibits the use and disclosure forbidden by Commission Regulation 1.59. In this regard, Kalshi has adopted provisions of Regulation 1.59 as a Rule of Kalshi in Chapter 11 of these Rules.

(b) No member of the Board or any committee established by the Board or these Rules will use or disclose material, nonpublic information obtained as a result of participation on the Board or such committee for any purpose other than the performance of official duties as a board or committee member.

(c) No employee, consultant, or member of the Board or any committee of Kalshi will disclose to any other person material, nonpublic information obtained as a result of such person's employment for purposes inconsistent with such person's official duties.

(d) No employee, consultant, or member of the Board or any committee of Kalshi will trade for such person's account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through special access related to the performance of such person's duties as an employee, consultant, or member of the Board or committee.

(e) No Participant who inadvertently or otherwise comes into possession of any material, non-public information held by Kalshi or any employee, consultant, or member of the Board or any committee of Kalshi gained through their employment by or service to Kalshi will disclose to anyone such material, non-public information or trade for such person's account, or for or on behalf of any other account, in any commodity interest on the basis of such material, nonpublic information.

(f) For purposes of this Rule, the terms "material information," "nonpublic information," "linked exchange", "commodity interest," and "related commodity interest" have the same meanings as they do in Commission Regulation 1.59.

(g) Any director, officer, or employee of Kalshi who violates any provision of this Rule will be required to indemnify Kalshi for any losses, damages, or costs caused by that violation.

RULE 2.12 LIMITATION ON TRADING BY AFFILIATES

The Company, pursuant to approval by the Board, permits an affiliated entity (the "Affiliate") to participate on its Platform, subject to the following provisions:

(a) The Affiliate is a Member of the Platform.

(b) The Company has ensured the Affiliate does not have access to the Company's material non-public information, and the Company ensures the Affiliate's access to information is limited to public information available to all Members. (The provision of information to common directors of the Company, any affiliate or the holding company shall not constitute a violation of this proscription.) The Company ensures the Affiliate maintains operational independence from the Company. Operational independence means that the Affiliate member must:

   a. Have and maintain operations, including servers, databases, accounts, tools, software, and development tooling, separate from the Company;
   b. Have no access to Company operations;
   c. Be subject to all of the rules in this Rulebook, including the rules regarding Membership (see Chapter 3);
   d. Have access to the Platform limited to that set forth in the rules in this Rulebook (see Chapter 5);
   e. Not have access to material non-public information, including but not limited to information regarding order flow, trading, settlement, contracts, and compliance; and
   f. Have and maintain physical separation from the Company.

(c) All capital underlying trading by an affiliate will not originate from sources the Company.

(d) Any algorithms employed by any affiliate(s) must not be readily exploitable (e.g., be not readily subject to manipulation, hacking).

(e) Affiliate entities trading on the Platform as Members may have multiple purposes, and there may be multiple affiliate entities trading as Members on the Platform.

a. The Affiliate participates on the Platform and provides liquidity to the Platform by placing orders on either (or both) sides of a market at competitive price levels. The Affiliate's trading activity includes aggressing and/or passive trading. The Affiliate's business purpose is profitability, and liquidity provision is a significant part of its business model. The Affiliate's capitalization derives from the holding company that owns the Company and Entity, and one or more employees of the Company serve on the board of directors of the Company, the Affiliate, and the holding company that owns both.
b. The Affiliate has no obligation to trade all or even any contracts at any time, and other Participants should not rely on the potential presence of the Affiliate to make markets or otherwise augment or provide liquidity in any contract.
c. If additional affiliates of the Company commence trading on the Platform, or if the information about the trading activities of the Affiliate changes materially, the Company has put in place necessary controls to ensure that it updates this Rulebook and notifies the marketplace promptly to disclose any affiliate's purpose in trading on the Platform, and provides a summary of the procedures in place to manage and disclose actual or potential conflicts of interest and effects on trading to ensure market integrity and fairness are preserved.

RULE 2.13 CONSENT TO JURISDICTION

Any Person initiating or executing a transaction subject to these Rules, directly or indirectly, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of Kalshi and agrees to be bound by and comply with the Rules of the Company in relation to such transactions, including, but not limited to, Rules requiring cooperation and participation in investigatory and disciplinary processes.

RULE 2.14 RECORDKEEPING

(a) Kalshi shall keep, or cause to be kept, complete and accurate books and records of accounts and activities of the Company, including all books, records and other documentation required to be maintained pursuant to the CEA and CFTC Regulations. This includes, among other things, all trade records and investigatory or disciplinary files, in accordance with the requirements of Commission Regulation 1.31.

(b) Kalshi shall retain all such books and records in accordance with the CEA and CFTC Regulations.

(c) Kalshi will provide information required to be maintained or provided pursuant to the CEA and CFTC Regulations to the Commission, the U.S. Securities and Exchange Commission, the U.S. Department of Justice or any representative of a prudential regulator as authorized by the Commission, upon request, in each case in the form and manner required under these Rules, and/or the CEA and CFTC Regulations. This shall include any records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the U.S. Securities and Exchange Commission.

RULE 2.15 INFORMATION-SHARING AGREEMENTS

(a) Kalshi may enter into any information-sharing agreements or other arrangements or procedures, including an information-sharing agreement or other arrangement or procedure with any Person or body (including but not limited to a Regulatory Agency) if the Company considers such agreement, arrangement or procedures to be in furtherance of the Company's purpose or duties under these Rules or Applicable Law.

(b) Kalshi may provide information to a duly authorized foreign governmental authority, as directed by the CFTC, in accordance with an information-sharing agreement or other arrangements or procedures executed with such foreign governmental authority or the CFTC.

RULE 2.16 RECORDKEEPING AND REPORTING REQUIREMENTS

(a) In the event the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee or the Chief Compliance Officer, Kalshi shall maintain documentation detailing:

a. The recommendation or action of the Regulatory Oversight Committee or the Chief Compliance Officer as the case may be;
b. The rationale for such recommendation or action;
c. The rationale of the Board for rejecting such recommendation or superseding such action; and
d. The course of action that the Board decided to take contrary to such recommendation or action.

(b) Kalshi shall record and report to the CFTC all data required to be reported to the CFTC under Part 16 of CFTC Regulations, in the form and manner required by CFTC Regulations.

(c) Kalshi shall keep and maintain books and records identifying each Order submitted to the Company and each Transaction effected pursuant to these Rules, including the identification of the execution method (e.g., central limit order book) with respect to each such Order and Transaction. These books and records shall be kept and maintained in accordance with the CEA and CFTC Regulations.

(d) Kalshi shall submit to the CFTC within thirty days after each Board election a list of the Board's Directors, the Participant interests they represent, and how the composition of the Board meets the requirements of CFTC Regulation 1.64(b) and the Company's Rules and procedures.

(e) In accordance with the CFTC Letter No 25-02 ("Letter") issued on January 31, 2025, Kalshi relies upon no-action relief with respect to various swap data reporting requirements under Parts 43 and 45 of the Commission's regulations for contracts traded on or pursuant to the rules of the Company. Kalshi will comply with all conditions of such relief as set forth in that Letter.

RULE 2.17 PUBLIC INFORMATION

(a) Accurate, complete and current copies of these Rules and Contract Specifications will be published on the Company website.

(b) Kalshi shall make public on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for actively traded Contracts.

(c) Except as provided herein, Kalshi shall publish on its Website a Notice with respect to each addition to, modification of, or clarification of, the Rules, the Matching Engine, and any Company Contract Specification prior to the earlier of:

(1) The effective date thereof; and
(2) The filing of such change with the Commission.

(d) If confidential treatment is sought with respect to any information the Company submits to a Regulatory Agency, only the public version of such filing shall be disclosed.

(e) Any Notice shall be deemed to have been made to all Members and any other such Person as may be required by the following:
   a. For Members, by sending such Notice to the email address on file with the Company;
   b. For FCM Customers or IB Customers, by sending such Notice to the FCM or IB, as applicable.
   c. For all Participants, and by posting the Member Notice on the Company website.

CHAPTER 3 MEMBERS AND PARTICIPANTS

RULE 3.1 SELF-CLEARING MEMBERS - APPLICATIONS, AGREEMENTS, ELIGIBILITY CRITERIA, CLASSIFICATIONS, AND PRIVILEGES

(a) Self-Clearing Members' accounts are not carried by an FCM.

(b) If a Self-Clearing Member application is approved by Kalshi, the applicant will be a Self-Clearing Member and will have the following privileges, which Kalshi may revoke, amend, or expand in accordance with, or by amending, these Rules:
    a. To maintain a Kalshi Account;
    b. To buy Contracts on the Platform using the funds in its Kalshi Account;
    c. To sell Contracts on the Platform using the funds in its Kalshi Account;
    d. To view "real-time" the same best bids to buy and offers to sell the Contracts traded on the Platform as are available to all other Members;
    e. To view the current trading volume and open interest for the Contracts traded on the Platform; and
    f. To view all non-secure parts of the Kalshi website.

(c) Kalshi will provide access to the Platform (including but not limited to the central limit order book) and related services in an impartial, transparent, fair and non-discriminatory manner.

(d) To be eligible to become a Self-Clearing Member, an applicant must:

    a. Be a Person;
    b. Provide Kalshi with any information or documentation Kalshi deems necessary in order to verify the applicant's identity, perform a criminal background check, or otherwise review information provided on an application or by a third-party provider;
    c. Maintain an account, or accounts, in the Self-Clearing Member's name with a U.S. Financial Institution that the Self-Clearing Member will use to fund its Kalshi Account at Clearing House, and to receive funds from its Kalshi Account, or, if the Self-Clearing Member is a non-United States resident, have an account or accounts in the Self-Clearing Member's name with either a US Financial Institution or a Foreign Bank capable of transacting with Clearing House either directly, through a correspondent account, or other acceptable intermediary that the Self-Clearing Member will use to fund its Kalshi Account at Clearing House, and to receive funds from its Kalshi Account via one of the acceptable methods as stated on the Kalshi website;
    d. Not be subject to any economic or trade sanctions programs administered by OFAC or other relevant U.S. or non-U.S. authority; and must not be listed on OFAC's List of Specially Designated Nationals and Blocked Persons; and
    e. Certify the following:
        1. The applicant is old enough to enter into a legally enforceable contract and has reached the required age as stated on the Self-Clearing Member Agreement;
        2. The applicant has read, understands and agrees to comply with the Kalshi Rulebook, Terms of Use, Privacy Policy, and Self-Clearing Member Agreement; and

3. The applicant will trade in its Self-Clearing Member Account only for itself and will not serve as an intermediary for any other Person.

(e) In order to become a Self-Clearing Member, an applicant must complete an online member application (the "Self-Clearing Member Application") and provide Kalshi with any other relevant information upon request. Kalshi may return any account balance and terminate any account upon the discovery that the Self-Clearing Member Application was completed by anyone other than the Person identified on the Self-Clearing Member Application. All funds deposited by Self-Clearing Members shall constitute "Proprietary Funds" in accordance with CFTC Regulations.

(f) Submission of a Self-Clearing Member Application to Kalshi constitutes the applicant's agreement to be bound by these Rules and other policies of Kalshi. Among other things, this also includes the applicant's agreement to become a member of Clearing House, and be bound by Clearing House's Rules in its capacity as a Derivatives Clearing Organization.

(g) Kalshi may in its sole discretion approve, deny, or condition any Self-Clearing Member application as Kalshi deems necessary or appropriate.

a. In the event that Company staff decides to decline or condition an application for admission as a Self-Clearing Member, or to terminate a Person's status as Self-Clearing Member, Company staff shall notify such Person thereof in a notice sent to the email address provided by the Person in the Self-Clearing Member Application and Agreement or maintained in the Company's registry of Members. The written notice will specify the basis for the Company's decision. Such Person may, within 28 business days, request in writing that the Company reconsider the determination.
b. Within 28 business days of receiving a request for reconsideration, the Company shall confirm, reverse or modify the denial, condition or terminate the Self-Clearing Member status of such Person, and shall promptly notify such Person accordingly in writing. The Company may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such Person or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration.
c. The Company's decision is the final action of the Company and is not subject to appeal.

(h) A Self-Clearing Member may not maintain and/or trade more than one Self-Clearing Member account, although Clearing House may establish multiple Sub-Accounts for a Self-Clearing Member.

(i) Applicants for Self-Clearing Member status of the Company may withdraw their applications at any time without prejudice or without losing their right to apply at a future time.

RULE 3.2 FCMs

(a) Kalshi will allow FCMs access to the Platform and related services in an impartial, transparent, fair and non-discriminatory manner to enable Customers of FCMs who are not Members of Kalshi to become FCM Customers. Kalshi may in its sole discretion approve, deny, or condition any FCM Member application as Kalshi deems necessary or appropriate, so long as such a denial is impartial, transparent, fair, and non-discriminatory.

(b) To be eligible to become an FCM, an applicant must:

a. be validly organized, in good standing, in the United States;
b. be registered as a futures commission merchant by the CFTC and a member of NFA;
c. execute the FCM Member Agreement;
d. have adequate financial resources and credit as required by CFTC Regulation 1.17;
e. designate at least one person who is responsible for supervising all activities of its employees relating to transactions effected on Kalshi or subject to Kalshi Rules and provide any information Kalshi may request regarding such officer(s);
f. submit to Kalshi a letter confirming that the applicant will maintain all Customer Funds deposited with it in appropriately labeled Customer segregated funds accounts separated from funds of non-Customers, as required by CFTC regulations;
g. agree to be bound by these Rules;
h. submit to Kalshi a guarantee agreement on a form prescribed by Kalshi defining the FCM's obligation to guarantee to Clearing House the applicant's transactions and those of the applicant's FCM Customers, signed by the FCM; and
i. submit to Kalshi an agreement authorizing Kalshi to unilaterally instruct Clearing House to debit accounts in accordance with Kalshi's rules, policies, and procedures and in amounts solely determined by Kalshi.

(c) FCMs must adopt, adhere to and enforce risk management and other policies and procedures in accordance with CFTC Regulation 1.11 and promptly provide, upon request by the Company or the CFTC, information related to the risk management policies, procedures, and practices of the FCM.

(d) FCMs must, on an annual basis, submit their Business Continuity and Disaster Recovery plans to Kalshi's compliance team for review. FCMs must ensure that their plans coordinate with Kalshi's.

(e) FCMs must become clearing members (or equivalent term) of Clearing House, pursuant to the rules and obligations required by Clearing House.

(f) FCMs must provide their FCM Customers accurate information as listed below. Kalshi will assist the FCM with obtaining this information. Information required to be transmitted or made available must be provided to the best of the FCM's knowledge, must be accurate and complete, and must not omit material information. Information that must be provided includes but is not limited to the following:

a. A copy of Kalshi's Rulebook that is accurate, complete, current and readily accessible;
b. The terms and conditions of each Contract listed for trading on the Platform;
c. Rules, regulations, and mechanisms for executing transaction;

d. Public information pertaining to new product listings, new rules, rule amendments, or other changes to previously disclosed information; and
e. Any other information relevant to the operation of Kalshi's Exchange or Contracts listed for trading.

(g) If an FCM application is approved by Kalshi, the applicant will be an FCM of Kalshi and will have the following privileges:
a. to intermediate Customer transactions on Kalshi;
b. to distribute Kalshi data to its FCM Customers pursuant to any data distribution agreement with Kalshi; and
c. to access Kalshi's trading systems electronically.

(h) Kalshi may in its sole discretion approve, deny, condition, or terminate any FCM Application as the Company deems necessary or appropriate. In the event that Company staff decides to decline or condition an application for admission as a FCM, or to terminate a Person's status as a FCM Member, Company staff shall notify such FCM thereof in a written notice sent to the email address provided by the FCM in the FCM Member Application and Agreement or maintained in the Company's registry of Members. The written notice will specify the basis for the Company's decision. Such FCM may, within 28 business days, request in writing that the Company reconsider the determination. Within 28 business days of receiving a request for reconsideration, the Company shall confirm, reverse or modify the denial, condition or termination of the FCM status of such FCM, and shall promptly notify such FCM accordingly in writing. The Company may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such FCM or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration. The Company's decision is the final action of the Company and is not subject to appeal.

RULE 3.3 FCM CUSTOMERS

(a) FCM Customers are subject to and required to adhere to all relevant procedures of the relevant FCM, as well as the relevant Kalshi rules. Prior to allowing FCM Customers to trade, FCMs are required to ensure and document that their FCM Customers who are not themselves Members are aware of and acknowledge this Rule and this Rulebook and Source Agency Prohibition.

(b) FCM Customers are allowed to have accounts with multiple FCMs. However, an FCM Customer must not intentionally match its own orders against each other. If an FCM Customer places orders that match each other, that may constitute a trading violation and subject the FCM Customer to discipline under these Rules, as well as violate the CEA and CFTC Regulations. Before an FCM Customer trades on Kalshi with multiple accounts, it must disclose the identity of each account to the Exchange by email (or as otherwise specified by Kalshi in lieu of sending an email).

(c) FCM Customers must access Kalshi through the FCM, unless the FCM Customer is also a Self-Clearing Member. A Self-Clearing Member may also be an FCM Customer, provided that the Self-Clearing Member:

a. informs Kalshi of the FCM that it is a Customer of via email (or as otherwise specified by Kalshi in lieu of sending an email); and
b. does not intentionally match its own orders against each other. If its own orders match each other, that may constitute a trading violation and incur discipline under these Rules, as well as violate the CEA and Commission Regulations.

(d) An FCM Customer who is closing its account with an FCM may request to move positions to the FCM Customer's own account with Kalshi and with Clearing House and to no longer have the positions in an account carried by the FCM.

(e) An FCM Customer must adhere to all relevant Position Limits. This includes if the FCM trades through multiple FCMs or IBs, or is also a Self-Clearing Member.

(f) If an FCM Customer's account with the FCM becomes negative due to the FCM Customer's activity on a Platform, with the result that the FCM Customer owes the FCM money, the FCM may liquidate some or all of the FCM Customer's positions.

RULE 3.4 INTRODUCING BROKERS

(a) Kalshi will allow IBs access to the Platform and related services in an impartial, transparent, fair and non-discriminatory manner, including to enable the Customers of IBs who are not Members of Kalshi to become IB Customers. Kalshi may in its sole discretion approve, deny, or condition any IB application as Kalshi deems necessary or appropriate, so long as such a denial is impartial, transparent, fair, and non-discriminatory.

(b) To be eligible to become an IB, an applicant must:
a. be validly organized, in good standing, in the United States;
b. be registered as an Introducing Broker by the CFTC and a member of NFA;
c. execute the IB Agreement;
d. have adequate financial resources and credit as required by Commission Rule 1.17;
e. designate at least one person who is responsible for supervising all activities of its employees relating to transactions effected on Kalshi or subject to Kalshi Rules and provide any information Kalshi may request regarding such officer(s); and
f. agree to be bound by these Rules;

(c) IBs must adopt, adhere to and enforce written compliance and supervisory policies and procedures in accordance with NFA Compliance Rule 2-9 and promptly provide, upon request by the Company, the CFTC or NFA, information related to the compliance and supervisory policies, procedures, and practices of the IB.

(d) IBs must, on an annual basis, submit their Business Continuity and Disaster Recovery plans, as mandated by NFA Compliance Rule 2-38, to Kalshi's compliance team for review. IBs must ensure that their plans coordinate with Kalshi's.

(e) An IB may only submit Orders for an IB Customer if the IB Customer is a Self-Clearing Member at Clearing House or clearing at Clearing House through a futures commission merchant that is a clearing member (or equivalent term) of Clearing House.

(f) IBs must provide their IB Customers accurate information as listed below. Kalshi will assist the IB with obtaining this information. Information required to be transmitted or made available must be provided to the best of the IB's knowledge, must be accurate and complete, and must not omit material information. Information that must be provided includes but is not limited to the following:

f. A copy of Kalshi's Rulebook that is accurate, complete, current and readily accessible;
g. The terms and conditions of each Contract listed for trading on the Platform;
h. Rules, regulations, and mechanisms for executing transaction;
i. Public information pertaining to new product listings, new rules, rule amendments, or other changes to previously disclosed information; and
j. Any other information relevant to the operation of Kalshi's Exchange or Contracts listed for trading.

(g) If an IB application is approved by Kalshi, the applicant will be an IB of Kalshi and will have the following privileges:

d. to intermediate Customer transactions on Kalshi; and
e. to distribute Kalshi data to its IB Customers pursuant to any data distribution agreement with Kalshi;

(h) Kalshi may in its sole discretion approve, deny, condition, or terminate any IB application as the Company deems necessary or appropriate. In the event that Company staff decides to decline or condition an application for admission as an IB, or to terminate a Person's status as an IB, Company staff shall notify such IB thereof in a written notice sent to the email address provided by the IB in the IB application and Member Agreement or maintained in the Company's registry of Members. The written notice will specify the basis for the Company's decision. Such IB may, within 28 business days, request in writing that the Company reconsider the determination. Within 28 business days of receiving a request for reconsideration, the Company shall confirm, reverse or modify the denial, condition or termination of the IB status of such IB, and shall promptly notify such IB accordingly in writing. The Company may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such IB or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration. The Company's decision is the final action of the Company and is not subject to appeal.

RULE 3.5 IB CUSTOMERS

(a) IB Customers are subject to and required to adhere to all relevant procedures of the relevant IB, as well as the relevant Kalshi rules. Prior to allowing IB Customers to place Orders, IBs are required to ensure and document that their IB Customers who are not themselves Members are aware of and acknowledge this Rule and this Rulebook and Source Agency Prohibition.

(b) IB Customers are allowed to place Orders with multiple IBs. However, an IB Customer must not intentionally match its own Orders against each other. If an IB Customer places Orders that match each other, that may constitute a trading violation and subject the IB Customer to discipline under these Rules, as well as violate the CEA and Commission Regulations. Before an IB Customer places Orders on Kalshi with multiple accounts, it must disclose the identity of each account to the Exchange by email (or as otherwise specified by Kalshi in lieu of sending an email).

(c) IB Customers must access Clearing House through a futures commission merchant, unless the IB Customer is also a Self-Clearing Member.

(d) An IB Customer must adhere to all relevant Position Limits. This includes if the IB Customer trades through multiple IBs or FCMs, or is also a Self-Clearing Member.

RULE 3.6 OBLIGATIONS APPLICABLE TO ALL PARTICIPANTS

(a) Each Participant must comply with these Rules, applicable provisions of the CEA, and relevant CFTC regulations. Each Participant, upon a request of the Company or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for the Company to perform any of the functions described in CEA Section 5(h). Each Member must also cooperate promptly and fully with Kalshi, its agents, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing Kalshi with access to information on the activities of such Participant in any referenced market that provides the underlying prices for any Contract. Failure to cooperate with any request for information within 15 days of the request is determined to be a violation of this Rule and subject to the disciplinary proceedings described in Chapter 9 including but not limited to the revocation or suspension of the Member's privileges in full or in part or subject a Participant to civil or criminal prosecution.

(b) Each Participant consents to allow Kalshi to provide all information Kalshi has about the Participant, including the Participant's trading activity, to the Commission or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals without notice to the Participant.

(c) Each Participant consents to Kalshi providing information related to Know Your Customer or Anti-Money Laundering to its Clearing House.

(d) Each Participant is required to review the "Notices" section of the Kalshi website to make itself aware of material changes to these Rules or other notices that may affect your rights and obligations as a Participant of Kalshi.

(e) Each Participant, upon a request of the Company or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for the Company to perform any of the functions described in CEA Section 5(h).

(f) Each Participant shall maintain appropriate books and records of its trading, including records of any activity in the underlying commodity and related derivatives markets, and make such records available, upon request, to Kalshi.

RULE 3.7 OBLIGATIONS APPLICABLE TO ALL MEMBERS

(a) Each Member consents to Kalshi providing information related to KYC or AML to its Clearing House and any relevant banking partner.

(b) Each Member must update its email address within 24 hours if the email address most recently provided to Kalshi becomes inactive. Each Member must update all other information provided in its relevant member application within five days after that information has changed. If any Member thereof fails to satisfy these obligations, Kalshi may revoke or suspend the Member's privileges in full or in part.

(c) Each Member must immediately notify Kalshi in writing upon becoming aware:

a. That the Member has had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Agency;
b. That the Member has been convicted of, pled guilty or no contest to, or entered a plea agreement to, any felony in any domestic, foreign or military court;
c. That the Member has been convicted of, plead guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign or military court which involves:
    1. Embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, tax evasion, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or
    2. Any transaction in or advice concerning swaps, futures, options on futures, leveraged transactions or securities;
d. That the Member has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or Regulatory Agency;
e. That the Member is currently a party to any investigation or proceeding, the resolution of which could result in an event described in Rule 3.3(d)(1)-(4);
f. Of any other material change in any information contained in the Member Application;
g. Of becoming subject to early warning reporting under Commission Regulation 1.12;
h. Of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due; or

i. Of information that concerns any financial or business developments that may materially affect the Members' ability to continue to comply with participation requirements.

(d) A Member is not required to engage in trading activity or maintain a minimum balance in its account after initial funding.

RULE 3.8 FCM OBLIGATIONS

(a) FCMs shall comply with all Applicable Law, including but not limited to Commission Regulations 1.10, 1.12, 1.20 - 1.32, 155.3.

(b) FCMs shall have obligations in addition to the obligations applicable to all Participants and to all Members. Each FCM shall receive an identification number that the FCM will use as appropriate when required to identify actions and activities of the FCM.

(c) Each FCM must submit statements of financial condition at such times and in such manner as shall be prescribed from time to time.

(d) Each FCM must maintain a separately identifiable position account for each FCM Customer and provide that account identifier with every order submitted to Kalshi.

(e) Each FCM must use due diligence in receiving and handling Orders from FCM Customers, submitting such Orders onto Kalshi on behalf of such FCM Customers, responding to inquiries from FCM Customers about their Orders and reporting to FCM Customers the execution of such Orders. This specifically includes ensuring that FCM Customers adhere to all relevant Position Limits in their FCM accounts and establishing automated pre-trade risk controls.

(f) Each FCM must maintain policies and procedures acceptable to Kalshi that:
   a. with respect to each FCM Customer who is an individual, restricts access to any system through which such individual FCM Customer submits Orders to the FCM for transmission to Kalshi to that individual FCM Customer; and
   b. with respect to each FCM Customer who is not an individual:
      1. restricts access to any system through which the FCM Customer's Orders may be submitted to the FCM for transmission to Kalshi to such individuals authorized to enter orders on behalf of such FCM Customer;
      2. when required to by Kalshi, requires each FCM Customer who is not an individual to have and maintain a Legal Entity Identifier deemed acceptable under CFTC regulations, which shall be provided to Kalshi; and
      3. identifies each individual authorized to enter Orders on behalf of such FCM Customer by a distinct identification code, which shall be provided to the FCM and Kalshi with each order message submitted by such FCM Customer.

(g) FCMs must perform all required KYC, CDD and AML activities for their FCM Customers.

(h) Each FCM must maintain policies and procedures acceptable to Kalshi that identifies each of its FCM Customers by a distinct identification code, which shall be provided to Kalshi with each Order message submitted by such FCM Customers. Each FCM must provide to Kalshi upon request identifying information for FCM Customers, including but not limited to names, numbers, addresses, and contact information.

(i) Each FCM must maintain policies and procedures that require its FCM Customers to make the records that its FCM Customers are required to maintain under Rule 3.6 available to the FCM upon request, and the FCM must make that information available to Kalshi upon its request.

(j) FCMs may maintain a proprietary trading account for Kalshi contracts, as well as error accounts, test accounts, and an account used to liquidate FCM Customer positions as allowed under this Chapter, or equivalent accounts with similar purpose. Any proprietary trading by an FCM may only be done in accordance with CFTC Regulation 155.3 and any other Applicable Law.

(k) An employee of an FCM, including an associated person of the FCM, may trade Kalshi contracts for his or her personal account only under the following circumstances:
    a. All such trading of Kalshi contracts by an employee shall occur in a trading account held by the FCM with which he or she is registered or employed. No employee may be a Self-Clearing Member or maintain an interest in or control the trading in the account of any direct Self-Clearing Member of Kalshi.
    b. The FCM must notify Kalshi in a manner that Kalshi instructs, prior to permitting the FCM's employee to submit orders to Kalshi, of the employee's name and account identifier and identify that account as belonging to an employee.
    c. The FCM must notify Kalshi immediately, in a manner that Kalshi instructs, in the event that the FCM's AP/employee is no longer registered and/or employed by the FCM.

(l) Each FCM is responsible for supervising the FCM's employees and the FCM's compliance with all relevant laws, regulations, and rules. Each FCM shall be responsible for the acts or omissions of its employees, and may be liable for any fines imposed upon its employees by Kalshi. Any violation of Kalshi's rules by an FCM employee may be considered a violation by the FCM.

(m) Each FCM must make and file reports in accordance with CFTC Regulations and NFA rules in a manner and form and at such times as may be prescribed by the CFTC or NFA.

(n) Each FCM must make and file reports with Kalshi at such times, in such manner and form, and containing such information as Kalshi may prescribe from time to time.

(o) Each FCM, upon a request of Kalshi or any Regulatory Agency, must promptly respond to any requests for information. This includes but is not limited to any information requested by Kalshi in order to investigate a potential violation of these Rules by a FCM Customer or information relevant to the FCM's financial resources or Customer positions.

(p) Each FCM must certify to Kalshi that its system has the capacity to mitigate market disruptions or system anomalies associated with electronic trading.

(q) Each FCM must prepare, maintain and keep current those books and records required by the rules of Kalshi and Applicable Law. Such books and records shall be open to inspection and promptly provided to Kalshi, its Designated Self-Regulatory Organization ("DSRO"), the Commission and/or the U.S. Department of Justice, upon request.

RULE 3.9 IB OBLIGATIONS

(a) IBs shall comply with all Applicable Law, including but not limited to CFTC Regulations 1.10, 1.12, and 155.4.

(b) IBs shall have obligations in addition to the obligations applicable to all Members. Each IB shall receive an identification number that the IB will use as appropriate when required to identify actions and activities of the IB.

(c) Each IB must submit statements of financial condition at such times and in such manner as shall be prescribed from time to time.

(d) Each IB must use due diligence in receiving and handling Orders from IB Customers, placing such Orders with the IB for submission onto Kalshi on behalf of such IB Customers, responding to inquiries from IB Customers about their Orders and reporting to IB Customers the execution of such Orders.

(e) Each IB must maintain policies and procedures acceptable to Kalshi that:
   a. with respect to each IB Customer who is an individual, restricts access to any system through which such individual IB Customer submits Orders to the IB for transmission to Kalshi to that individual IB Customer; and
   b. with respect to each IB Customer who is not an individual:
      1. restricts access to any system through which the IB Customer's Orders may be submitted to the IB for transmission to Kalshi to such individuals authorized to enter orders on behalf of such IB Customer;

2. when required to by Kalshi, requires each IB Customer who is not an individual to have and maintain a Legal Entity Identifier deemed acceptable under CFTC regulations, which shall be provided to Kalshi; and
3. identifies each individual authorized to enter orders on behalf of such IB Customer by a distinct identification code, which shall be provided to the IB and Kalshi with each order message submitted by such IB Customer.

(f) IBs must perform all required KYC, CDD and AML activities for their IB Customers.

(e) Each IB must maintain policies and procedures acceptable to Kalshi that identifies each of its IB Customers by a distinct identification code, which shall be provided to Kalshi with each order message submitted by such IB Customers. Each IB must provide to Kalshi upon request identifying information for IB Customers, including but not limited to names, numbers, addresses, and contact information.

(g) Each IB must maintain policies and procedures that require its IB Customers to make the records that its IB Customers are required to maintain under Rule 3.6 available to the IB upon request, and the IB must make that information available to Kalshi upon its request.

(h) Each IB is responsible for supervising the IB's employees and the IB's compliance with all relevant laws, regulations, and rules. Each IB shall be responsible for the acts or omissions of its employees, and may be liable for any fines imposed upon its employees by Kalshi. Any violation of Kalshi's rules by an IB employee may be considered a violation by the IB.

(i) Each IB must make and file reports in accordance with CFTC Regulations and NFA rules in a manner and form and at such times as may be prescribed by the CFTC or NFA.

(j) Each IB must make and file reports with Kalshi at such times, in such manner and form, and containing such information as Kalshi may prescribe from time to time.

(k) Each IB, upon a request of Kalshi or any Regulatory Agency, must promptly respond to any requests for information. This includes but is not limited to any information requested by Kalshi in order to investigate a potential violation of these Rules by an IB Customer or information relevant to Customer positions.

(l) Each IB must certify to Kalshi that its order-entry and communications systems have adequate controls to detect and prevent the transmission of erroneous, duplicative, or disruptive orders. The IB must also maintain procedures to notify Kalshi promptly if any system anomaly or market disruption occurs on its order-entry platform.

(m) Each IB must prepare, maintain and keep current those books and records required by the rules of Kalshi and Applicable Law. Such books and records shall be open to inspection and promptly provided to Kalshi, its DSRO, the Commission and/or the U.S. Department of Justice, upon request.

RULE 3.10 AUTHORIZED TRADERS

(a) Each Self-Clearing Member who is not a natural Person shall designate one or more Authorized Trader(s) who will be responsible for exchange activity conducted on behalf of the Self-Clearing Member. An Authorized Trader may also be a Self-Clearing Member in his or her individual capacity, but may not knowingly act as a counterparty in any capacity to any Order that he or she has placed as an Authorized Trader on behalf of another Self-Clearing Member in his or her individual capacity. Any Authorized Trader must notify Kalshi prior to becoming a Self-Clearing Member, IB Customer, or an FCM Customer; and a Self-Clearing Member, IB Customer or FCM Customer must notify Kalshi prior to becoming an Authorized Trader, by email (or as otherwise specified by Kalshi in lieu of sending an email).

(b) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with, Kalshi's Rules and Obligations. Among other duties and responsibilities that Kalshi may impose, an Authorized Trader and the Member, as relevant, must:

a. have the authority, at the Exchange's request, to adjust or withdraw any Order submitted under any unique identification code assigned to him or her;
b. ensure that any exchange activity conducted under any unique identification assigned to him or her complies with all Kalshi Rules and obligations; and
c. ensure that the Authorized Trader's unique identification code is provided to Kalshi with each order message submitted by the Authorized Trader.

(c) To designate an Authorized Trader, a Member must follow the procedures established by Kalshi. Kalshi may establish criteria that individuals must fulfill to become an Authorized Trader.

RULE 3.11 REJECTION OF APPLICANT AND LIMITATIONS OF TRADING PRIVILEGES

(a) Notwithstanding Kalshi's authority granted under any other Rule, Kalshi may, in its sole discretion, deny any Member Application, or suspend, revoke, limit, condition, restrict, or qualify the trading privileges of any Trader) or Authorized Trader of a Member as it deems necessary or appropriate.

(b) Anyone who has had trading privileges limited pursuant to Section (a) of this Rule will be provided, in writing, the reason such action was taken.

(c) If Kalshi denies the Member Application of any Person or places limitations on trading privileges pursuant to this section, the Person may appeal the decision by filing with Kalshi a petition for review of such membership denial or trading limitation. The petition should describe in detail the reasons why the Member Application should be granted, or trading limitations removed. The petition must be filed within twenty-eight (28) calendar days from the date upon which notice of the denial of membership or limitation of trading privileges was provided by Kalshi. The decision of the Company will be final. A Person that has been denied membership by the Company will not be eligible for reapplication during the six months immediately following such denial.

(d) If trading privileges are limited pursuant to Section (a) of this Rule, Kalshi may initiate a transfer of the Trader's balance to the bank account on record, or cause for the same to be affected by Clearing House.

(e) Kalshi has full discretion to limit or restrict a Trader or Authorized Trader from trading in specific Contracts or categories of Contracts to mitigate risks of market manipulation

RULE 3.12 COMMUNICATIONS BETWEEN KALSHI AND MEMBERS

(a) Each Member must provide Kalshi with its current electronic mail address and immediately notify the Company of any changes. All communications between Kalshi and its Members, including confirmation of all Transactions executed on a Member Account, may be transmitted by electronic mail on the Kalshi website or via the Kalshi API.

(b) A Member is responsible for promptly reviewing and, if necessary, responding to all electronic communications from Kalshi.

(c) Kalshi may record conversations and retain copies of electronic communications between the Company and Members. Any such recordings may be retained by the Company in such manner and for such periods of time as Kalshi may deem necessary or appropriate. Kalshi shall retain such records for the retention periods necessary to comply with CFTC Regulation 1.35 or such longer period as the Company deems appropriate.

RULE 3.13 DUES, FEES, AND EXPENSES PAYABLE BY MEMBERS

(a) Members are not required to pay dues.

(b) Traders may be charged fees in connection with the trading of Contracts in such amounts as may be revised from time to time to be reflected on the Company's Website.

(c) Traders may be charged fees for Settlement of Contracts in an amount to be reflected from time to time on Kalshi's website.

(d) Kalshi may cause and/or instruct Clearing House to deduct from the Member Account fees or expenses incurred in connection with the trading or account activity or Kalshi's administration in connection with that activity, such as fees for wire transfer or other payment methods processing fees. All such fees will be charged in an amount to be reflected from time to time on the Company's Website. For Self-Clearing Members, such fees and expenses will be deducted from the Self-Clearing Members' Account, and for FCM Customers, from the relevant FCM Customer Account.

(e) If Kalshi determines in the future to impose dues or additional fees, the Participants will be provided notice of the change at the time the amended fees are filed with the Commission. The new fee structure will be implemented no earlier than on the first available trade date for which the change may be implemented according to the Commission's self-certification filing requirements as set forth in CFTC Regulation 40.6(a).

(f) Kalshi may from time to time establish incentive programs that provide participants with incentives that encourage membership and trading.

CHAPTER 4 MARKET MAKERS

RULE 4.1 ELIGIBILITY TO BE DESIGNATED AS A MARKET MAKER

(a) Only Members in good standing may become a Market Maker.

(b) Kalshi shall have sole discretion to allow a Member to become a Market Maker.

(c) Kalshi may set any specific requirements that the Member must abide by in order to become a Market Maker.

(d) A Member must complete and file a market maker agreement with Kalshi to be considered for Market Maker status.

(e) The designation of any Market Maker may be suspended, terminated or restricted by Kalshi at any time and for any reason.

(f) Kalshi may designate more than one Market Maker, and there may be more than one Market Maker participating on the Exchange.

(g) There may be more than one Market Maker program in place at Kalshi at any given time.

RULE 4.2 DESIGNATION AS A MARKET MAKER

(a) To determine whether a Member shall be designated as a Market Maker, Kalshi shall consider the Member's available financial resources, relevant experience, business reputation, and any other relevant factor.

(b) No Member shall be designated as a Market Maker without the Member's consent.

(c) Kalshi may periodically conduct an evaluation of any Market Maker to determine whether it has fulfilled performance standards relating to, among other things, quality of the markets, competitive market making, observance of ethical standards, and administrative soundness. If the Market Maker fails to meet minimum performance standards, Kalshi may, among other things, suspend, terminate or restrict the Market Maker's designation.

RULE 4.3 MARKET MAKER BENEFITS

Market Makers may receive benefits, including but not limited to financial benefits, reduced fees, differing Position Limits and Position Accountability Levels, and enhanced access, in accordance with any relevant Market Maker program in place at Kalshi for fulfilling the market maker obligations.

RULE 4.4 MARKET MAKER OBLIGATIONS

(a) A Market Maker's transactions must be reasonably calculated to contribute to the maintenance of a fair and orderly market, and a Market Maker shall not make bids or offers or enter into transactions that are inconsistent with this goal.

(b) A Market Maker is obligated to perform all requirements and obligations delineated in the relevant Market Maker agreement and in the relevant Market Maker program in place at Kalshi. These requirements and obligations include but are not limited to maintaining two-sided markets within a defined spread and with a minimum depth during trading.

RULE 4.5 MARKET MAKER POSITION ACCOUNTABILITY LEVELS

(a) Market Makers are generally subject to the Position Accountability rules set forth in Rule 5.14. However, Kalshi may establish higher Position Accountability Levels for Market Makers on Contracts where the Market Maker has quoting obligations. Unless otherwise specified, on these Contracts Market Makers will have Position Accountability Levels that are 10 times the Position Accountability Levels for non-Market Makers.

(b) For Contracts that a Market Maker is required to adhere to Market Maker Obligations set forth in Rule 4.4(b), Market Makers will not be subject to Position Limits imposed under Rule 5.15 in regard to such Contracts, and will be subject to Position Accountability Levels.

(c) In no instance may a Market Maker's position exceed any applicable limit established by the CFTC.

CHAPTER 5 METHOD FOR MEMBERS TO TRADE CONTRACTS

RULE 5.1 PRIOR REVIEW OF THESE RULES AND ACCEPTANCE OF TERMS OF MEMBER AGREEMENT

(a) No Person may become an IB, FCM or Self-Clearing Member of Kalshi or trade any Contracts on the Platform unless such Person has received, read, understood, and accepted the Kalshi Rulebook, Terms of Use, Privacy Policy, and Member Agreement, and has certified having done so.

(b) FCM Members may not allow their FCM Customers to enter orders or otherwise engage in any Kalshi trading activity as an FCM Customer of that FCM Member unless such FCM Member has obtained certification from the FCM Customers that the FCM Customers have received, read, understood, and accepted these Rules and the Source Agency Prohibition; provided, that this Rule 5.1(b) will not apply to an FCM when submitting Block Trades on behalf of its FCM Customers that are themselves Members.

(c) IBs may not allow their IB Customers to enter orders or otherwise engage in any Kalshi trading activity as an IB Customer of that IB unless such IB has obtained certification from the IB Customers that the IB Customers have received, read, understood, and accepted these Rules and the Source Agency Prohibition; provided, that this Rule 5.1(c) will not apply to an IB when submitting Block Trades on behalf of its IB Customers that are themselves Members.

RULE 5.2 SELF-CLEARING MEMBER ACCESS TO KALSHI

(a) During the Kalshi Self-Clearing Member application process, an applicant to become a Self-Clearing Member will be required to choose a unique user identification ("ID") and password. The applicant will be required to enter the ID and password to log onto and access secure portions of the Kalshi website. Each time the applicant submits its ID and password to Kalshi in order to log onto Kalshi, the applicant affirms that it understands and agrees to be bound by these Rules and other policies of Kalshi, as amended.

(b) After a Self-Clearing Member Application has been approved by Kalshi, the applicant shall be notified of its designation as a Member. As a Self-Clearing Member, such Person will be able to access the Platform, execute Trades, and otherwise access information regarding, or perform functions in, such a Person's account using its ID and password.

(c) For account security and audit trail purposes, each Self-Clearing Member agrees that Kalshi may maintain logs of its IP address used to access the Kalshi website.

(d) Each Self-Clearing Member will be responsible for protecting its ID and password from improper disclosure. In addition, a Self-Clearing Member may not knowingly or negligently permit any Person not authorized by Kalshi and by the Self-Clearing Member to use the ID and password to access the secure portion of the Kalshi website. Each Self-Clearing Member is required to immediately notify Kalshi if it knows, or has reason to believe, that its ID or password have been disclosed to any Person not authorized by Kalshi and the Self-Clearing Member to use such ID and/or password.

(e) Each Self-Clearing Member will be liable for all costs and any losses that it may incur from Transactions executed on the Platform by any Person, authorized or not, using its ID and password. Kalshi will not be responsible in any way for unauthorized Transactions in a Member Account.

(f) Each Self-Clearing Member is responsible for contracting with an Internet service provider through which it will access the Kalshi website and for having a backup service provider if the Self-Clearing Member thinks it is necessary. Each Self-Clearing Member is also responsible for maintaining an Internet connection speed adequate for its needs. Kalshi will not be responsible in any way for any orders delayed or trades missed or not executed in a timely fashion because of failure of the Self-Clearing Member's Internet service provider or slowness of its Internet connection speed. No communication from a Self-Clearing Member will be deemed to have been received by Kalshi until that communication is logged by the Kalshi server.

(g) Kalshi in its discretion may place a Self-Clearing Member Account on hold (prohibiting any order activity) or on hold-liquidation only (allowing only orders to liquidate existing positions). In such circumstances, Kalshi will promptly notify the affected Self-Clearing Member of the nature of and reason for the action.

RULE 5.3 TRADING CONTRACTS

(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 or its customers 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 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. For a Fully Collateralized Contract, 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 (i) in the case of a Fully Collateralized Contract, the Requester has sufficient collateral to match at the specified price and quantity and (ii) 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 HMV, 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.

(c) When a Self-Clearing Order is matched by an Order from another Trader:

a. If the Self-Clearing Member's Order is to enter into one or more Fully Collateralized Contracts for which it does not have an offsetting position in its account, Kalshi will check the Self-Clearing Member's Self-Clearing Member Account to ensure it has enough funds to cover its maximum loss under the Contract(s) it is attempting to enter into. If the Self-Clearing Member does not have the necessary funds in its Self-Clearing Clearing Member Account, Kalshi will cancel its Order prior to trade execution. If the Self-Clearing Member does have the necessary funds in its Self-Clearing Clearing Member Account, Kalshi will execute the trade. Upon trade execution, Kalshi will cause and/or instruct Clearing House to:

1. Debit the funds from the Self-Clearing Member's Member Account in an amount necessary to cover the maximum loss;

2. Credit those funds towards the appropriate settlement account;
3. Place the Fully Collateralized Contracts that were the subject of the Order into the Self-Clearing Member's Member Account; and
4. Notify the Self-Clearing Member by electronic mail that the Trade has been executed.

b. If the Transaction involves entering into one or more Contracts for which a Self-Clearing Member has an offsetting position in its account, upon execution of the Trade Kalshi will cause and/or instruct Clearing House to:
   1. Close the offsetting position in the Self-Clearing Member Account;
   2. Debit the settlement account in the amount of any gains realized by the offsetting Transaction and any funds that were debited from the Self-Clearing Member Account at the time the Contract(s) that is being closed was entered into and that were not also used to pay any losses on such Contract(s);
   3. Credit those amounts to the Self-Clearing Member Account; and
   4. Notify the Member by electronic mail that the Trade has been executed.

(d) If a Self-Clearing Member's Order is placed on the Platform and not immediately matched by an Order from another Trader, unless otherwise specified it will rest on the Platform until it is matched and executed in accordance with the procedures outlined above in this Rule, until the Self-Clearing Member cancels it, or until it is canceled by Kalshi or Clearing House upon the Expiration of the Contract or otherwise in accordance with these Rules.

(e) Eligible Members may execute Block Trades under the below conditions:
   a. Kalshi shall designate products in which Block Trades shall be permitted and determine the minimum quantity thresholds for such transactions. A list of products eligible for Block Trades shall be posted on the Kalshi website.
   b. Block Trades must be for at least a quantity that meets the applicable minimum size threshold. Orders may not be aggregated in order to achieve the minimum size, unless aggregated by a party listed below in (h).
   c. Each party to a Block Trade must be an Eligible Contract Participant, as defined in the Commodity Exchange Act.
   d. Block Trades shall not be executed on behalf of a customer unless that customer has directed the order to be executed as a Block Trade.
   e. The execution price of a Block Trade must be fair and reasonable given (i) its size, (ii) available market data in associated markets (including price, time, size, and volatility), (iii) the circumstances of the markets, (iv) and the circumstances of the parties to the block trade.
   f. Block Trades shall not set off any conditional orders on the central limit orderbook, or otherwise affect orders in the regular market.
   g. Unless otherwise agreed to by the counterparties to the Block Trade, the seller, IB or FCM (as applicable) must report each Block Trade to Kalshi within the time period and in the manner specified by Kalshi. The report must include the contract, price, quantity of the transaction,

the respective clearing members, and the time of execution. Kalshi shall publish such information in a manner distinguished from the reports of transactions in the regular market. Block trades must be reported to the Clearing House in accordance with an approved reporting method. Members involved in the execution of block trades must maintain a record of the transaction.

h. Members may be eligible to execute block trades if they are (i) a commodity trading advisor ("CTA") registered or exempt from registration under the Act; or (ii) a foreign person subject to foreign regulation performing a similar role or function to a CTA or investment advisor, provided that such person or advisor has total assets under management exceeding $25 million and the block trade is suitable for their customers.

i. Block Trades proposed or submitted by an IB or FCM must be proposed or submitted in a manner consistent with the applicable Member Agreement.

RULE 5.4 SELF-CLEARING MEMBER ORDER AND CANCELLATION

(a) Entry:

a. A Self-Clearing Member will enter Orders to trade Contracts by electronic transmission over the Internet. Order rate limiter functionality will cap the maximum number of orders that may be submitted to the Exchange per second (or per a specific time period expressed in seconds) per Self-Clearing Member in order to prevent a risk of harm to the Company.

b. A Self-Clearing Member will enter an Order to trade one or more Contracts by indicating to Kalshi in the manner required by Kalshi:

1. Order direction (e.g., for a Binary Contract, buy/yes or sell/no, or for a Scalar Contract, buy/long or sell/short);
2. Price at which the Self-Clearing Member wants to buy or sell the Contract; and
3. Number of Contracts the Self-Clearing Member wants to buy or sell.

c. In order to enter an Order to trade one or more Contracts, a Self-Clearing Member will be required to submit the Order to Kalshi or direct the Member's IB or FCM to submit the Order to Kalshi on such Member's behalf. Once the Order is accepted by Kalshi, Kalshi will assign to the Order an Order ID. This ID will appear next to the associated Order on the Self-Clearing Member's Order Ticket and Order History account pages. The Self-Clearing Member will be responsible for any and all Order entries confirmed for its account and accepted by Kalshi.

d. Any Self-Clearing Member submitting Orders, or any other messages directly to Kalshi, including but not limited to messages related to the cancellation or amendment of an Order, whether manually or via automated functionality, must ensure adequate controls are in place to prevent excessive messaging or other activity that may be deemed detrimental or disruptive to the Company.

(b) Kalshi's trading system will keep an electronic record of all Orders to trade Contracts, and all executed Contract trades. The records kept by Kalshi will include all of the terms identified in paragraph (a) of this Rule as well as the date and time that the Transaction was completed to the nearest thousandth of a second and the member ID, for all executed Contract trades and to the nearest thousandth of a second for all Orders to trade Contracts.

(c) A Kalshi Contract will not be void or voidable due to:
   a. A violation by Kalshi of the provisions of sections 5 or 5h of the CEA or Part 38 of CFTC Regulations;
   b. Any CFTC proceeding to alter or supplement a rule, term or condition under section 8a(7) of the CEA or to declare an emergency under section 8a(9) of the CEA; or
   c. Any other proceeding where the effect of which is to alter or supplement a specific term or condition or trading rule or procedures, or requires Kalshi to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

(d) A Self-Clearing Member can submit instructions, via Kalshi's interface (website, mobile application) or the API, to cancel an Order which that Self-Clearing Member has placed on the Platform if that Order has not yet been executed. Upon submission of instructions to either cancel or modify an Order that has not been executed, the Kalshi system will withdraw the Order from the order book and confirm the cancellation of the Order.

RULE 5.5 FCM CUSTOMER ORDERS, CANCELLATIONS, AND TRADING

(a) FCM Customers may enter Orders with an FCM. FCMs must submit FCM Customer Orders electronically. An FCM Customer that enters an Order with an FCM is considered to have entered an Order on the Platform.

(b) FCMs will submit an FCM Customer's Order to trade one or more Contracts by transmitting the Order to Kalshi in the manner required by Kalshi, that will include:
   a. Order information;
   b. Any other relevant identifiers, including the FCM Customer's unique account identifier, provided that for a pending Block Trade submitted to Kalshi by an FCM on behalf of an FCM Customer that is a Member of Kalshi, only such identifiers assigned to such FCM Customer by Kalshi in its capacity as a Member of Kalshi must be provided; and
   c. the FCM identifier.

(c) The Rules set forth in paragraphs (a) and (b) of this section also apply to order cancellations instructed by FCM Customers.

(d) Upon receipt of an Order to trade one or more Fully Collateralized Contracts from an FCM Customer, the FCM will be required to ensure that the FCM Customer has on deposit with the FCM enough funds to satisfy Kalshi's full collateralization requirement before the Order is submitted to Kalshi. The FCM will be responsible for any and all order entries confirmed for its orders accepted by Kalshi. If there is insufficient funds in the FCM Customer Account (or relevant Sub-Account, if any), the

Order will not be accepted. If the Order results in a Trade, Kalshi will instruct Clearing House to debit the collateral for the trade from the FCM Customer Account (or relevant Sub-Account, if any).

(e) Kalshi in its discretion may instruct an FCM to place a FCM Customer Account on hold (prohibiting any order activity) or on hold-liquidation only (allowing only orders to liquidate existing positions), or may on its own place the FCM Customer's trading privileges on hold and will notify the FCM as soon as practicable afterwards. In all circumstances, the FCM will promptly notify the affected FCM Customer of the nature of and reason for the action.

RULE 5.6 IB CUSTOMER ORDERS, CANCELLATIONS, AND TRADING

(a) IB Customers may enter Orders with an IB. Upon receiving an Order from an IB Customer, the IB must forward the Order to either the IB Customer itself, if it is a Self-Clearing Member, or its FCM Member.

(b) IBs will submit an IB Customer's Order to trade one or more Contracts by transmitting the order to Kalshi in the manner required by Kalshi, that will include:
   a. Order information;
   b. Any other relevant identifiers, including the IB Customer's unique account identifier and the unique account identifier for the relevant Self-Clearing Member or FCM Member, provided that for a pending Block Trade submitted to Kalshi by an IB on behalf of an IB Customer that is a Member of Kalshi, only such identifiers assigned to such IB Customer by Kalshi in its capacity as a Member of Kalshi must be provided; and
   c. the IB's identifier.

(c) The Rules set forth in paragraphs (a) and (b) of this section also apply to order cancellations instructed by IB Customers.

(d) Upon receipt of an Order to trade one or more Fully Collateralized Contracts from an IB Customer, the IB must ensure that the IB Customer has on deposit sufficient funds on deposit in the IB Customer's Self-Clearing Member Account (or relevant Sub-Account, if any) or its FCM's FCM Customer Account (or relevant Sub-Account, if any) to satisfy Kalshi's full collateralization requirement before the Order is submitted to Kalshi. The IB will be responsible for any and all order entries confirmed for its orders accepted by Kalshi. If there are insufficient funds in the IB Customer's Self-Clearing Member Account (or relevant Sub-Account, if any) or its FCM's FCM Customer Account (or relevant Sub-Account, if any) , the Order will not be accepted. If the Order results in a Trade, Kalshi will instruct Clearing House to debit the collateral for the trade from the IB Customer's Self-Clearing Member Account (or relevant Sub-Account, if any) or its FCM's FCM Customer Account (or relevant Sub-Account, if any).

RULE 5.7 HANDLING OF ORDERS

(a) All trading on Kalshi's Central Limit Order Book is conducted on a fully anonymous basis.

(b) Disclosing Orders Prohibited:

a. It is a violation of this Rule 5.5 for any Person to disclose another Person's Order to buy or sell any Contracts except as may be requested by Kalshi or the Commission.
b. It is a violation of this Rule 5.5 for any Person to act or direct another Person to act based on non-public order information, however acquired.

(c) No FCM or IB or employee thereof in possession of the FCM's FCM Customer's or IB's IB Customer's Order may enter into a transaction opposite such Order directly or indirectly. Notwithstanding anything to the contrary herein, nothing in these Rules prohibits an IB or FCM from proposing or submitting a Block Trade between two IB Customer or FCM Customers in accordance with the applicable Member Agreement, provided the IB or FCM does not trade for its own account or an account in which it has a proprietary interest and does not favor one IB Customer or FCM Customer, as applicable, over another except as consistent with each IB Customer's or FCM Customer's instructions.

(d) No FCM or IB or employee thereof in possession of the FCM'S FCM Customer's or IB's IB Customer's Order shall enter an order to buy or sell in the same product for its/his own account or an account in which it/he has a direct or indirect financial interest.

(e) Kalshi will attempt to cancel an existing Order as soon as possible. However, the Order may be executed before Kalshi is able to cancel it. If an Order has been filled in whole or in part, only that portion of the Order (if any) that has not been executed may be canceled.

RULE 5.8 DISPUTED ORDERS

(a) If a Trader believes that an Order to trade one or more Contracts was incorrectly executed or rejected by Kalshi that Trader may request a review of the Order by providing the confirmation number for the order and stating the grounds for its disagreement with the handling of the order. FCMs may make such requests on behalf of an FCM Customer. IBs may make such a request on behalf of an IB Customer.

(b) Upon receipt of a request for review of an Order and the accompanying confirmation number, Kalshi will review its electronic audit trail to determine if the Kalshi trading system correctly interpreted and executed the Order.

(c) If the review described in paragraph (b) of this Rule reveals that the Kalshi trading system made a mistake, the Order will be canceled and the accounts of all Traders that were party to the Order will be returned to their state before the Trade was executed.

(d) If the review described in paragraph (b) of this Rule reveals that the Kalshi trading system did not make a mistake, Kalshi will inform the Trader who requested the review of its determination that the

Order was properly handled, the evidence supporting that determination, and that an adjustment will

not be made.

(e) A Trader, including an FCM on behalf of its FCM Customer or IB on behalf of its IB Customer, may appeal a determination under this Rule to a Kalshi compliance officer. The Person making the appeal will be required to provide a response to the evidence described in this Rule that the order was properly handled, and the Person may provide any other information it wishes to disclose. If the appeal does not contain a response to the evidence, it will be rejected. The compliance officer will decide on the appeal no later than 10 days after its receipt, and that decision will be final.

(f) Kalshi will document in writing all requests for review of orders received by Kalshi, the time and manner in which Kalshi reviewed its electronic audit trail in response to the request, the outcome of that review, and the action or actions taken by Kalshi in response to that review, including the results of any appeal filed under paragraph (e) of this Rule and the review conducted by the compliance officer in deciding that appeal.

RULE 5.9 PRIORITY OF ORDERS

Kalshi's central limit order book matches Orders in an open and competitive manner. Subject to the provisions of Rule 5.10(b) regarding Orders, Kalshi's trading algorithms execute all trades by matching orders according first by price and then time priority. This means that Orders and quotes entered at different prices will be executed in order of price, from best to worst, regardless of what time they were placed on the Platform, and Orders and quotes placed on the Platform at the same price will be executed in order of time, from oldest to most recent.

RULE 5.10 FILLING ORDERS TO TRADE CONTRACTS

(a) Subject to the provisions of Rule 5.10(b) regarding Orders, the Kalshi trading system will fill all Orders to trade Contracts on an "or better" basis, except as otherwise directed by the Member submitting the Order (*e.g.,* in the case of a Block Trade). To illustrate, if a Trader places an Order to buy a Contract or Contracts at a price higher than the price of the best sell offer on the Platform, the system will fill that Order to buy at the better sell offer price(s) until all available sell offers under or equal to that buy Order's limit price are filled or until that buy order is completely filled. Likewise, if a Trader submits a sell Order at a price lower than the price of the best bid, the system will fill that sell Order at the better bid price(s) until all available bids over that sell Order's limit price are filled or that sell Order is completely filled. If an Order is only partially filled, the unfilled portion of that Order will remain in the order book as a resting order at the limit price specified. Should an opposite Order at the same price or better than the original Order subsequently be placed on the system, the unfilled portion of the original Order will be executed opposite that new Order at the original Order's limit price.

(b) For Self-Clearing Members, a written record of all of the terms of each Trade entered into on Kalshi or pursuant to the Rules will be available immediately upon execution on the Kalshi interface on the Member's activity page. Such record shall legally supersede any previous agreement and serve as a

confirmation of each such Trade. Kalshi will send confirmation messages to Self-Clearing Members upon execution of a Trade via the API, mobile application, and/or website, if such Self-Clearing Members are online at the time. However, please note that if any applicable Self-Clearing Member is not online at the time of execution, such Member will see the confirmation(s) when it next logs on to the interface. The contract type, size, execution time and execution method for each Trade will be made available on the website to all Participants after execution of the relevant Trade.

RULE 5.11 TRADE CANCELLATIONS

(a) As a designated contract market, Kalshi has the authority to adjust Trade prices or cancel Trades when necessary to mitigate market-disrupting events caused by malfunctions on its Platform or errors in Orders submitted by Traders. However, the circumstances in which this authority may be exercised are limited.

(b) Kalshi, in its discretion and in accordance with these Rules, may cancel or adjust a Trade that has been executed on the market at a price that is inconsistent with prevailing market conditions due to improper or erroneous orders or quotes being matched on the Platform. Likewise, there will generally be no cancellation or adjustment of an erroneous trade except in extraordinary circumstances as determined by the Company. An erroneous trade made due to Trader error, or caused by circumstances preventable in any way by a Trader, shall not constitute "extraordinary circumstances" except as described in Rule 5.11(d).

(c) In addition to a Contract adjustment raised under Chapter 7 of these Rules, Kalshi may review a Trade based on its own analysis of the market or pursuant to a request for review by a Trader. A request for a review by a Member or other third party must be received by Kalshi no later than fifteen (15) minutes after the trade has been executed on the Platform and before Expiration of the Contract. Kalshi will promptly determine whether the Trade will be subject to review and then promptly post notice indicating that the Trade is under review.

    (i) During the review, Kalshi will calculate a fair market value for the Contract at the time of the questioned Trade by utilizing the last value or price of the Contract at the time of the Trade and/or any other relevant market information obtained or presented to the Company.

    (ii) Once a fair market value has been calculated, a twenty (20) cent range will be added above and below such fair market value to determine the "No Cancellation Range".

    (iii) If a Trade has been executed within the No Cancellation Range, the executed Trade will stand. If a Trade has not been executed within the No Cancellation Range, Kalshi shall have the authority, but not the obligation, to cancel or adjust such Trade. Once a Trade is

determined to be canceled or adjusted, Kalshi will: 1. notify all interested parties to the Trade as soon as practicable following such determination; and 2. publish its decision on the Kalshi website.

(iv) When determining the value for a trade adjustment, Kalshi may in its discretion consider subsequent trades by the counterparties in order to ensure that the operation of this Rule is fair and equitable. Members shall be accountable to remit funds as necessary to effectuate any trade cancelation or adjustment under the Rule.

(v) If Kalshi cancels or adjusts a Trade, the Trader whose order resulted in the cancellation or adjustment shall pay $3,000 to compensate Kalshi for administrative costs and any subsequent actions under this Rule (such payment to be reimbursed if Kalshi determines to cancel or adjust the trade(s) due to extraordinary circumstances wholly caused by a Platform malfunction). If the responsible Trader is not a Self-Clearing Member and fails to pay, the Member through which the Trade was placed shall be responsible for payment

(vi) The decisions of Kalshi regarding fair market value of the Contract, the No Cancellation Range, the cancellation of a Trade, or any other determination hereunder shall be final and not subject to appeal.

(d) Erroneous trades between Self-Clearing Members of Kalshi who are signatories to an active market maker agreement with Kalshi, or who have been granted access to an advanced tier of Kalshi's API, may, but need not, qualify as an "extraordinary circumstance" if, in Kalshi's sole discretion: (i) the erroneous trades were unmistakably and demonstrably made as a result of a Trader's automated trading system malfunction; (ii) such malfunction was despite reasonable safeguards, disaster recovery measures, and/or back-up capabilities; and (iii) the circumstances of any request for review do not indicate any attempt to game or manipulate the fair operation of this Rule.

RULE 5.12 INVALIDATION OF ORDERS AND TRADES UPON SUSPENSION OR REVOCATION OF FCM STATUS

(a) Upon suspension or revocation of an FCM or IB by Kalshi, any open Order on the Market for such FCM's FCM Customers or IB's IB Customers shall be canceled by Kalshi.

(b) Upon suspension or revocation of an FCM or IB by Kalshi, any trade subsequently executed on the Market for such FCM's FCM Customers or IB's IB Customers shall be invalid. Kalshi shall cancel any transaction pursuant to this Rule by entering a counter Transaction onto the Market at the price at which the canceled Transaction was effected.

RULE 5.13 RECORDKEEPING OF FCM CUSTOMERS' ORDERS

FCMs shall maintain an electronic record of all FCM Customers' Orders received by the FCM, and all order, trade and expiration confirmations received by the FCM regarding its FCM Customers' accounts.

RULE 5.14 RECORDKEEPING OF IB CUSTOMERS' ORDERS

IBs shall maintain an electronic record of all IB Customers' Orders received by the IB, and all order, trade and expiration confirmations received by the IB regarding its IB Customers' accounts.

RULE 5.15 VIEWING THE MARKET AND EXECUTED ORDERS

Kalshi will, at all times, allow its Members to view the current best bid and offer on the Platform, the open interest, the trade volume, as well as the depth of the order book up to the fifth level of prices. FCMs will, at all times, allow their FCM Customers to view the current best bid and offer on the Platform, the open interest, the trade volume, as well as the depth of the order book up to the fifth level of prices. IBs will, at all times, allow their IB Customers to view the current best bid and offer on the Platform, the open interest, the trade volume, as well as the depth of the order book up to the fifth level of prices.

RULE 5.16 HOURS FOR TRADING CONTRACTS

(a) Except as provided in paragraph (b), trading shall be available at all times outside of any maintenance windows, which may be announced from time to time.

(b) For Contracts whose Underlying is determined by reference to the price, level, or value of an agricultural commodity (as such term is defined in Section 1a(9) of the Commodity Exchange Act and CFTC Regulation 1.3), Kalshi may designate on its website that trading on the Platform shall be available only during the trading hours of the primary referenced market for such agricultural commodity, as specified in the relevant Contract Specifications. The Exchange shall publish the applicable trading hours for each such Contract on its website.

RULE 5.17 PROHIBITED TRANSACTIONS AND ACTIVITIES

Except as otherwise permitted by these rules:

(a) Members are prohibited from entering Orders for Fully Collateralized Contracts on the Platform if there are insufficient funds or Contracts in the Member's Account to satisfy such Orders if they are executed. Kalshi may, in its discretion, take such action against a Member if the circumstances warrant, subject to Rule 9.2(f) and Rule 9.6.

(b) No Person shall enter into or attempt to enter into any non-competitive Trade on the Platform, including any accommodation Trade or any Trade that has been directly or indirectly prearranged except as allowed under these Rules (*e.g.,* in the case of a Block Trade). For example, a Trader may not agree in advance with another

Trader that one of the Traders will enter an Order and the other Trader will attempt to trade against that Order by timing the submission of orders or otherwise.

(c) No Person shall enter into or attempt to enter into any Trade on the Platform that:

a. Does not result in a change in beneficial ownership;
b. Is designed to unnaturally inflate trading volume;
c. In any way attempts to circumvent the Platform's order processing, trade ordering, trade execution systems, or otherwise to circumvent exposure of the order to open and competitive bidding on the Platform; or
d. That has some other illegitimate purpose.

(d) No Person shall enter into any Trade designed or used to cause any price for a Contract other than a true and bona fide price to be reported, registered, or recorded by the Platform.

(e) No Person shall trade in, transfer, assign, or otherwise dispose of Contracts other than as provided for in these Rules.

(f) No Person shall enter into or agree to transfer or transfer the benefit of any position in any Contract to another person other than through a transaction executed through the Platform.

(g) (1) No Person shall trade for a Person other than itself, unless so authorized under these Rules.

(2) No Member may deposit funds or allow funds to be deposited into their Kalshi Account unless the Member has the legal right to deposit those funds into their Kalshi Account.

(3) The Company may deposit funds into a Member's Kalshi Account, including but not limited to, in the event of an order cancellation, trade cancellation, expiration value adjustment, ledger adjustment, refund of wire transfer fees, or incentive program.

(h) No Person shall engage in any activity that presents a risk of harm to Kalshi, its Participants, or the public.

(i) No Person shall engage in any activity that adversely affects the integrity of the Platform or its underlying systems.

(j) No Person subject to arbitration under these rules shall fail to abide by an arbitration decision or award handed down under Chapter 10 of these Rules.

(k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Kalshi on a Member Application or otherwise.

(l) No Person shall create a false appearance of a partnership, agency, employment or affiliate relationship with Kalshi and no Person shall unlawfully solicit Customer Funds for deposit at Kalshi.

(m) No Person may operate or solicit in any capacity that may require registration with the CFTC without being properly registered.

(n) No Person shall engage in any activity that is intended to, or has the effect of, manipulating the market in violation of Sections 6(c) and 9(a)(2) of the CEA and no Person shall engage in any other activity that would violate the CEA or the Commission's Regulations.

(o) No FCM or IB shall enter any bids, offers or transactions on the Platform if it knows or should know that it is subject to early warning reporting requirements under Commission Regulation 1.12, is subject to a proceeding in bankruptcy or is otherwise unable to pay its obligations as they become due, without the prior written approval of Kalshi.

(p) No FCM shall knowingly carry an account for any employee of Kalshi without Kalshi's prior written consent, nor shall any FCM or IB enter any order or effect any transactions for such an account with respect to any Kalshi contracts.

(q) No Person shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Exchange and its Participants.

(r) No FCM or IB that receives an Order to buy or sell a Contract for execution on Kalshi shall directly or indirectly guarantee the execution of the Order or any of its terms, including quantity or price. An FCM or IB may only report to an FCM Customer or IB Customer a Trade that has been executed or reported on Kalshi.

(s) No FCM or IB shall engage in any manipulative or disruptive trading practices prohibited by the Act or by the Commission pursuant to Commission regulation, including but not limited to any trading activity intended to accomplish a "money pass", "wash trade" or "front-running" as such terms are defined by the Commission and any regulations promulgated thereunder.

(t) No FCM or IB shall enter an Order to buy or sell a Contract for their own account or any account in which they have a proprietary interest when the FCM Member or IB has in hand an Order to buy or sell the same Contract for a FCM Customer or IB Customer at the same price or at the market price.

(u) No Member shall deposit funds into its Kalshi Account from an account which does not hold sufficient funds at the time of deposit, and at the time the deposit is presented by Kalshi for payment.

(v) No Member shall make a false representation to a third party regarding any deposit made into that Member's Kalshi account which would result in a chargeback or stop payment of funds to the Member Account.

(w) No Member shall allow its Member Account balance to become negative by any means. In the event that a Member's settlement account balance becomes negative, the Member must immediately deposit additional funds to correct the deficiency. Any Member whose settlement account carries a negative balance for 30 days or more is subject to summary termination of membership. Kalshi may, in its discretion, take such other action against a Member if the circumstances warrant, subject to Rule 9.2(f) and Rule 9.6.

(x) No Member shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Company.

(y) If a Trader is an Insider that has access to material non-public information that is the subject of an Underlying of any Contract or that has the ability to exert any influence on the subject of an Underlying of any Contract, that Trader is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts. An "Insider" means any person who has access to or is in a position to have access to material nonpublic information before such information is made publicly available. A Trader who is an employee or affiliate of a Source Agency for any Contract is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.

(z) If a Trader is a decision maker, either directly or indirectly, or has any influence, either directly or indirectly, no matter the scale and importance of the influence, on the outcome of the Underlying (event) of any Contract, that Trader is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.

(aa) No Person shall engage in any activity that constitutes fraudulent or abusive trading, including but not limited to violating bids or offers, demonstrating intentional or reckless disregard for the orderly execution of transactions during the closing period, or spoofing.

(bb) No Person shall engage in any trading activity intended to accomplish a "money pass", "wash trade" or "front-running" as such terms are defined by the Commission and any regulations promulgated thereunder.

(cc) No Person shall, directly or indirectly, intentionally or recklessly:

a. Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;

b. Make, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading; or

c. Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any Person.

(dd) No Person shall intentionally or recklessly engage in conduct reasonably likely to cause emotional distress to a third-party in connection with trading activity. This includes, but is not limited to, any conduct or attempted conduct reasonably likely to bully, frighten, threaten, scare, coerce, harass, or intimidate any third party in connection with trading activity.

RULE 5.18 POSITION ACCOUNTABILITY

(a) Kalshi imposes Position Accountability Levels on all Contracts as specified in each contract's Terms and Conditions, except for those contracts where Kalshi imposes a Position Limit under Rule 5.15.

(b) Any Participant who exceeds a Position Accountability Level is required to provide to Kalshi's Compliance staff all information regarding its position that Kalshi's Compliance staff deems necessary.

(c) A Participant whose position exceeds the position accountability level must refrain from increasing the size of their position or reduce the size of their position in a timely fashion if instructed to do so by Kalshi. If a Participant fails to reduce a position as instructed by Kalshi's Compliance staff, Kalshi shall have the authority to liquidate the applicable position to a level below the Position Accountability Level or a limit imposed on the Participant under this paragraph.

(d) Violations of the requirements in this Rule, including the requirement to provide information to Kalshi's Compliance staff, may result in disciplinary action in accordance with Chapter 9 of these rules.

RULE 5.19 POSITION LIMITS

(a) Kalshi may impose Position Limits on all Contracts, which will be specified in each contract's Terms and Conditions. Any Participant who exceeds a Position Limit shall be deemed in violation of this Rule. In addition, any Participant entering bids or offers, if accepted, which would cause that Participant to exceed the applicable Position Limit shall be in violation of this rule. As described in Chapter 4, a Market Maker is expressly excluded from this Rule with respect to contracts that are part of a market maker program and the market maker is subject to the obligations described in Chapter 4.

(b) If a Trader fails to reduce any position in a manner and time as directed by Kalshi, Kalshi shall have the authority to liquidate the applicable position to a level below the defined Position Limit stipulated under the relevant Contract in Chapter 13 of these Rules.

(c) In addition to the restrictions and requirements imposed in this Section, the first violation of a Position Limit by a Trader may result in a letter of warning to be issued by the Kalshi Compliance Department to the Trader or the initiation of proceedings in accordance with Chapter 9 of these rules.

(d) In addition to the restrictions and requirements placed in this Section, any subsequent violation of a Position Limit by a Trader within 12 months after a violation that resulted in a letter of warning, will result in the initiation of proceedings in accordance with Chapter 9 of these Rules.

(e) Kalshi has imposed Reportable Position Levels or Position Limits on each contract which will be communicated to FCMs. At a regular cadence, FCM Members must report the name, and any additional known KYC information requested by the Exchange, of all FCM Customers who hold any position which exceeds a Reportable Level. This information may be used by Kalshi's compliance staff to conduct surveillance.

(f) Position limits shall apply to

   a. All positions in accounts for which any Person by power of attorney or otherwise, directly or indirectly holds positions or controls trading; and

   b. Positions held by two or more Persons acting pursuant to an express or implied agreement or understanding the same as if the positions were held by, or the trading of the position were done by, a single Person.

(g) Kalshi may exempt an FCM from Position Limits set by the Exchange only to the extent necessary for the FCM's orderly carrying of its FCM Customers' accounts.

(h) In no instance may a Trader's position exceed any applicable limit established by the CFTC.

CHAPTER 6 CLEARING AND SETTLING CONTRACT TRADES, SETTLEMENT, AND WITHDRAWAL REQUESTS

RULE 6.1 CLEARANCE

(a) Clearing House shall serve as the clearing party to all orders matched pursuant to Chapter 5 and all Block Trades executed by Kalshi and reported to the Clearing House.

(b) All Trader positions in Fully Collateralized Contracts are fully cash collateralized, and no Member can take positions in Fully Collateralized Contracts that would lead to an exposure that exceeds the funds deposited in the relevant Member Account. For Traders that are FCM Customers, the relevant Member Account is the FCM's FCM Customer Account.

(c) Upon the successful matching of orders pursuant to Chapter 5, the Clearing House shall immediately, through the process of novation, be substituted as, and assume the position of, seller to the Trader buying and buyer to the Trader selling the relevant contract. Upon such substitution, the buying and selling Traders shall be released from their obligations to each other, and such Trader shall be deemed to have bought the contracts from or sold the contracts to Clearing House, as the case may be, and Clearing House shall have all the rights and be subject to all the liabilities of such Trader with respect to such transaction. Such substitution shall be effective in law for all purposes.

(d) If a trade is rejected for clearing by Clearing House for any reason, such trade is void *ab initio*.

(e) In the event of any conflict or inconsistency between these Rules and the Clearing House Rules with respect to any Participant's responsibilities or obligations under the Clearing House Rules, the Clearing House Rules shall prevail. As stated in Chapter 3 all Participants are bound by the Clearing House Rules.

RULE 6.2 SETTLING CONTRACT TRADES

Kalshi will maintain, on its system, a record of Member balances and Contracts. The Clearing House, will also maintain a Member Account, which will reflect funds used by Members to buy and sell Contracts. Kalshi may also maintain a "proprietary account," which will be credited with all fees debited from Member Accounts due to trades and Settlements.

RULE 6.3 SETTLEMENT

(a) For a Binary Contract, when a Contract expires and has a Payout Criterion that encompasses the Expiration Value of the Underlying, such Contract will pay the Settlement Value for such Contracts (e.g. $1.00) to the holders of long positions in such Contracts. Conversely, when a Contract expires and has a Payout Criterion that does NOT encompass the Expiration Value of the Underlying, such Contract will pay the Settlement Value for such Contracts (e.g. $1.00) to the holders of short positions in such Contracts. The terms and conditions of a Binary Contract may include specific settlement rules that will control the settlement of that Binary Contract.

(b) For a Scalar Contract, when a Contract expires, the Payout Criterion will determine the proportion of the Settlement Value to be distributed to holders of long and short positions. For example, if the Settlement Value is $1.00, and the Payout Criterion dictates that "Expiration Values below 25 will pay $0.10 to long positions and $0.90 to short positions," and the Expiration Value is 24, then long

positionholders will receive $0.10 and short positionholders will receive $0.90. The terms and conditions of a Scalar Contract may include specific settlement rules that will control the settlement of that Scalar Contract.

(c) To settle a Contract (or in anticipation of the settlement of a Contract), Kalshi has sole discretion to interpret a Contract's Terms and Conditions. If, when a Contract expires, it cannot be determined whether the Expiration Value of the Underlying is within the scope of the Payout Criterion, or if it cannot be determined from the Payout Criterion what proportion of the Settlement Value should be distributed to long and short positions, Kalshi will determine the payouts to the holders of long and short positions in such Contracts. This includes, but is not limited to, circumstances where the Underlying cannot be measured and this contingency is not explicitly addressed in the Contract terms. To determine the payouts in these circumstances, Kalshi may implement the following methodologies:
    a. If available, Kalshi may use the last traded price of the Contract to determine the payout (ex. a contract that last traded at $0.10 for the long side and $0.90 for the short side would pay out $0.10 to holders of long positions and $0.90 to the holders of short positions).
    b. If a last traded price is not available, or if Kalshi determines at its sole discretion that the most recent last traded price does not represent a fair settlement, the Outcome Review Committee will be responsible for making a binding determination of fair allocation. Determinations of the Outcome Review Committee are final and not subject to review.

(d) On the Settlement Date, Kalshi will cause and/or instruct Clearing House to:
    a. Notify all Members whether they or their FCM Customers will receive a Settlement Value (or proportion thereof) pursuant to Rule 6.3,
    b. Settle the Contracts by debiting the settlement account in an amount no less than the appropriate Settlement Value (or proportion thereof) for such Contracts multiplied by the total number of outstanding in-the-money Contract positions and credit those funds to the applicable Member Accounts of the Traders holding the in-the-money Contract positions following any applicable holding period. For Self-Clearing Members, that will be the Self-Clearing Member's Account. For FCM Customers, that will be the FCM's FCM Customer Account.
    c. Delete all Contracts from Members' accounts, as applicable.

(e) If a natural person who is the primary subject of a Contract's Underlying or Payout Criterion dies prior to Expiration, Kalshi may, in its sole discretion, settle the Contract at the last traded price prior to the death. If Kalshi determines that trading activity was materially affected by the circumstances giving rise to the death, Kalshi may instead use the last traded price prior to such circumstances becoming known or reasonably anticipated by market participants. For purposes of this Rule, Kalshi may rely on an approximate time where the precise time is unknown or cannot be reasonably determined. If Kalshi determines that no last traded price represents a fair settlement, the Outcome

Review Committee shall determine the fair settlement price. Kalshi may halt or pause trading in any such Contract (with public notice on Kalshi's website or the Platform) if it reasonably believes that the death of such person has occurred, is imminent, or that circumstances giving rise to the death may be occurring. Determinations of Kalshi and the Outcome Review Committee under this Rule are final and not subject to review.

(f) Before Settlement, Kalshi may, at its sole discretion initiate the Market Outcome Review Process as provided in Rule 7.1.

(g) Kalshi will distribute notification electronically at Settlement to all Members who hold the relevant Contract, and to FCMs with regard to FCM Customers who hold the relevant Contract.

RULE 6.4 SETTLING MEMBER WITHDRAWAL REQUESTS

(a) Within one business day of when a Member requests to withdraw funds from its Kalshi account, Kalshi will transmit such request to Clearing House in electronic batch mode transmission. Clearing House will then cause and/or instruct its settlement bank to process the request and distribute funds to the account at the U.S. Financial Institution or Foreign Bank in the case of a non-United States resident Member who does not have an account at a US Financial Institution, registered with Kalshi by the Member (unless the Member has unsatisfied outstanding obligations on Kalshi, in which case such balances may be retained as necessary to satisfy such obligations or until the Member otherwise satisfies such obligations, or unless such transfer would otherwise violate applicable law or regulation as determined by either Kalshi or Clearing House in its sole discretion). The Member should refer to Kalshi's website under the Fee Schedule for all fees and costs associated with withdrawal of funds from the Member's Kalshi account. The processing of a Member withdrawal request may be suspended or denied if circumstances, whether present or imminent, would make the request impossible or impractical to fulfill, cause a potential risk of harm to Kalshi, its Members, or Clearing House, violate applicable law or regulation as determined by either Kalshi or Clearing House in its sole discretion, or if, either Kalshi or Clearing House determine in its sole discretion that the funds are relevant to a pending investigation.

(b) Members are responsible for providing accurate account numbers to allow Kalshi and Clearing House to effect transfers to Members.

CHAPTER 7 MARKET OUTCOME REVIEW AND ADJUSTMENTS NECESSITATED BY MATERIAL CHANGES IN THE UNDERLYING

RULE 7.1 THE MARKET OUTCOME REVIEW PROCESS

(a) Before Settlement, Kalshi may initiate the Market Outcome Review Process, at its sole discretion and by taking into account several factors including any circumstances that may have a material impact on the reliability or transparency of the Underlying related to the Contract. Under this process, the Outcome Review Committee will determine the final Market Outcome. Settlement will occur on the date that the Outcome Review Committee reaches a determination on the Contract's final Market Outcome. If the Market Outcome Review Process is initiated, Kalshi will post on its website that the Contract's Market Outcome is under review.

(b) The Outcome Review Committee shall review all relevant evidence and determine a final Market Outcome within a 24 hour period after the Outcome Review Process is initiated.

(c) The Outcome Review Committee has full discretion in resolving the Market Outcome Review Process. The determinations made by the Outcome Review Committee are final.

RULE 7.2 CONTRACT MODIFICATIONS

(a) If any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, including but not limited to if a Contract's Source Agency is unavailable or undergoes significant modifications, Kalshi retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Kalshi would announce any such decision on its website.

(b) If any circumstance arises which would prevent the Expiration Value from being determined accurately at Expiration, including but not limited to the rescheduling or cancellation of an event whose outcome governs a Contract's Underlying, or delayed data from a source, Kalshi shall have the power to adjust the Expiration Date and the timing of Expiration of the Contract, which will be announced on its website.

(c) If an Expiration Value that is included in the Payout Criterion of a Contract occurs prior to the Expiration Date of a Contract, Kalshi may adjust the Expiration Date and the timing of Expiration to be earlier, which will be announced on its website.

(d) If the Exchange modifies the Expiration Date in accordance with this Rule, the Contract's last trading date and time are adjusted accordingly to occur no later than Expiration.

CHAPTER 8 INVESTMENT OF PARTICIPANT FUNDS

RULE 8.1 INVESTMENT OF PARTICIPANT FUNDS

(a) Participant funds on deposit with Clearing House will be held in the manner set forth in Clearing House Rulebook.

(b) Participant funds may be invested by Clearing House to the extent allowed in the Clearing House Rulebook.

(c) Klear may pay interest to Members' accounts at a floating rate to be determined by Clearing House on funds in Participant's accounts in excess of an amount to be determined by Clearing House. For FCM Customer's funds, the distribution of such interest, if any, will be governed by the agreements between the clearinghouse and the FCM, and between the FCM and the FCM Customer.

(d) Clearing House will retain all profit from investment of Participant funds not paid to Members.

CHAPTER 9 DISCIPLINE AND RULE ENFORCEMENT

RULE 9.1 MONITORING THE MARKET

(a) Kalshi's trading system will record and store for a period of not less than 5 years in a searchable, read-only database a record of all data entered into the Kalshi trading system, including the Participant's identity and the information in Rule 5.4. Such records shall be maintained in a readily available manner during the first two years. Kalshi shall conduct market surveillance and trade practice surveillance using this data with programs designed to alert Kalshi when potentially unusual trading activity takes place. Kalshi, through the compliance department, will initiate review and, where appropriate, investigate such unusual trading activity. The compliance department will also investigate any time it has other reason to believe that inappropriate activity of any sort is taking place on the Kalshi Platform or its website.

(b) All Persons within Kalshi's jurisdiction are subject to this Chapter 9 if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule or any provision of Applicable Law for which Kalshi possesses disciplinary jurisdiction.

RULE 9.2 INVESTIGATIONS, HEARINGS, AND APPEALS

(a) The Compliance Department shall investigate unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of these Rules, or upon the receipt of a request from Commission staff. Kalshi's Disciplinary Panel adjudicates findings

by the compliance department that are disputed by Participants. The Disciplinary Panel and the Compliance Department may not communicate regarding the merits of a matter brought before the hearing officer without informing the Participant who is the subject of the communication of its substance and allowing the Participant an opportunity to respond. The Compliance Department and Disciplinary Panel may compel testimony, subpoena documents, and require statements under oath from any Participant. Disciplinary Panel, Compliance Department staff and other employees or agents of Kalshi working under their supervision, may not be a Participant or trade, directly or indirectly, in any commodity interest traded on or subject to the rules of any registered contract market. Members of the Disciplinary Panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter, but in no event may be members of the Compliance Department or any Persons involved in adjudicating any other stage of the same proceeding. Likewise, members of the Disciplinary Panel may not operate under the direction or control of any person or persons with trading privileges on the Platform and may not include persons whose interests conflict with their enforcement duties.

(b) The Compliance Department shall investigate unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of these Rules, and shall enforce the Rules and prosecute possible Rule violations within Kalshi's disciplinary jurisdiction. The Compliance Department will endeavor to complete any investigation within twelve months, unless there exists significant reason to extend it beyond such period. Upon the conclusion of a material investigation, the Compliance Department will draft a document detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the Compliance Department's analysis and conclusion. If the Compliance Department concludes that there is reasonable cause to believe a Participant has materially violated Kalshi's Rules or other applicable statutes or regulations, the Compliance Department will submit to the Participant whose activity is the subject of the investigation a notice of charges, by electronic mail to that Participant's last known email address, that will include:

a. The reason the investigation was initiated;
b. The charges or a summary of the charges, including the rule or rules alleged to have been violated;
c. The response, if any, or a summary of the response;
d. A summary of the investigation conducted;
e. Findings of fact and the Compliance Department's conclusions as to each charge, including which of these Rules the Participant or its authorized representative violated, if any;
f. A summary of the Participant's, and any relevant authorized representative's, disciplinary history, if any;
g. The period within which a hearing on the charges may be requested; and
h. The penalty, if any, proposed by the Company.

(c) If the subject of any charge under this Chapter is an FCM Customer, the Compliance Department shall obtain the FCM Customer's email address from the FCM.

(d) If the subject of any charge under this Chapter is an IB Customer, the Compliance Department shall obtain the IB Customer's email address from the IB.

(e) If the Compliance Department initiates an investigation in which any Affiliate of Kalshi is a subject, the Chief Compliance Officer shall notify the Commission's Division of Market Oversight of that fact. At the conclusion of any such investigation, the Chief Compliance Officer shall provide the Commission's Division of Market Oversight with a copy of the documentation specified in paragraph (b) of this Rule.

(f) The Participant whose activity is the subject of the investigation may contest the Compliance Department's findings by forwarding a response to those findings by electronic mail to the Compliance Department within 15 days. The Participant has a right to examine all relevant books, documents, or other evidence in the possession or under the control of Kalshi, except that Kalshi may withhold from inspection any documents that:

a. Are privileged or that constitute attorney work product;
b. Were prepared by any employee of Kalshi but which will not be offered in evidence in the disciplinary proceedings;
c. May disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or
d. Disclose the identity of a confidential source.

The Participant's response must contain a detailed response to the findings and conclusions as to each charge and any other information the Participant thinks is relevant. The outcome of settlement negotiations between the Participant and the Compliance Department may include, but is not limited to, a letter of warning.

(g) The Participant whose activity is the subject of the investigation may request to enter settlement negotiations by forwarding a response to the Compliance Department's findings by electronic mail to the Compliance Department within 15 days. The Participant has a right to examine all relevant books, documents, or other evidence in the possession or under the control of Kalshi, except that Kalshi may withhold from inspection any documents that:

a. Are privileged or that constitute attorney work product;
b. Were prepared by any employee of Kalshi but which will not be offered in evidence in the disciplinary proceedings;

c. May disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or
d. Disclose the identity of a confidential source. The Participant's response must contain a response to each charge and the Participant may provide any other information the Participant thinks is relevant. The outcome of settlement negotiations between the Participant and the Compliance Department may include, but is not limited to, a letter of warning.

(h) If the findings of the Compliance Department are not contested by the Participant, Kalshi will deem those findings admitted by the Participant, the findings of fact and the Compliance Department's conclusions as to each charge shall become final and the Compliance Department shall impose the penalty (if any) proposed by the Compliance Department. The Participant will be notified of the imposition of any penalty and sent a copy of the notice of disciplinary action by electronic mail to that Participant's last known email address.

(i) If the findings of the Compliance Department are contested, the Compliance Department's report and the Participant's response will be submitted to the Disciplinary Panel. The hearing officer may not have a financial, personal or other direct interest in the matter under consideration.

a. The Disciplinary Panel will conduct a hearing with the Compliance Department and the Participant within 20 business days of receipt of the Participant's response contesting the compliance officer's finding and/or proposed sanction which the parties may attend telephonically. However, the Participant is entitled to appear personally at the hearing, to cross-examine any persons appearing as witnesses at the hearing, and to call witnesses and to present such evidence as may be relevant to the charges.
b. The formal rules of evidence shall not apply, but the hearing must be fair. The Compliance Department shall present its case on all charges and sanctions that are the subject of the hearing.
c. Prior to the hearing, the parties may (but need not) submit proposed findings, briefs, and exhibits (including affidavits), and during the hearing the parties may present witnesses. Persons within Kalshi's jurisdiction who are called as witnesses must participate in the hearing and produce evidence, as requested. Kalshi shall likewise make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant to the matter at hand.
d. Within 20 business days after that hearing, the hearing officer will issue findings, which will be delivered to the Participant by electronic mail to the Participant's last known email address. The findings of the hearing officer will contain the following information:
    1. A summary of the charges and any answer to the charges;
    2. A summary of the evidence received;
    3. Findings and conclusions with respect to each charge;
    4. An indication of each specific rule that the member was found to have violated;

5. A declaration of any penalty to be imposed on the Participant as the result of the findings and conclusions;
6. The effective date and duration of that penalty; and
7. A statement that the Participant has the right to appeal any adverse decision by the panel to the Appeals Committee and must do so within 15 days.

e. The panel's decision shall be final on the date it is signed by the hearing Disciplinary Panel. The hearing officer's decision shall become the final decision of Kalshi after the appeal period has lapsed.

f. The hearing will be recorded, and all information submitted by the parties (including the Compliance Department's report and the Participant's response) as well as the recording of the hearing, will be preserved by the Compliance Department, along with the hearing officer's findings, as the record of the proceedings (the "hearing record"). For the avoidance of doubt, if the Participant has requested a hearing, a copy of the hearing shall be made and become a part of the record of the proceeding. The record shall be one that is capable of being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the Participant, the decision is appealed pursuant to the Rules of Kalshi, or is reviewed by the Commission pursuant to section 8c of the Act. In all other instances a summary record of a hearing is permitted.

(j) Either the Participant or the Compliance Department may appeal the decision of the panel within 15 days by filing an appeal by electronic mail with the Appeals Committee and forwarding a copy to the other parties to the appeal. Any penalties will be stayed pending appeal unless the hearing officer determines that a stay pending appeal would likely be detrimental to the Company, other Participants, or the public. The Appeals Committee will review the hearing record and any information submitted by the Compliance Department and the Participant on appeal and issue its decision, which shall be final on the date of such issuance. The Participant shall be notified of the decision by electronic mail to the Participant's last known email address. The hearing record, any information submitted on appeal, and the Appeals Committee's decision shall be preserved as the record on appeal. The decision will contain the information listed in paragraph (f) of this Rule, outside of (f)(5), as well as:

a. A statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 days of service; and
b. A statement that any person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within 10 days of service.

(k) No Kalshi officer or employee shall interfere with or attempt to influence the process or resolution of any disciplinary action, except to the extent provided under these Rules with respect to a proceeding in which a Person is a member of the relevant Disciplinary Panel or Appeals Committee.

RULE 9.3 SETTLEMENT OF INVESTIGATIONS

(a) Kalshi may enter into settlements with any Participant who is the subject of an investigation. The Participant may initiate a settlement offer. Any settlement offer shall be forwarded to a Kalshi disciplinary panel with a recommendation by the Compliance Department that the proposed settlement be accepted, rejected, or modified. A settlement offer may be withdrawn at any time before it is accepted by the hearing officer.

(b) The panel may accept or reject a proposed settlement, and the decision of the relevant panel will be final. In addition, the panel may propose a modification to the proposed settlement for consideration by the Participant or its authorized representative and the Compliance Department.

(c) Any settlement under this Rule will be written and will state:

a. The charges or a summary of the charges;
b. The response, if any, or a summary of the response;
c. A summary of the investigation conducted;
d. Findings and conclusions as to each charge, including each act the person charged was found to have committed or omitted, be committing or omitting, or be about to commit or omit, and each of these Rules that such act or practice violated, is violating, or is about to violate; and
e. Any penalty imposed and the penalty's effective date.

(d) Failed settlement negotiations, or withdrawn settlement offers, will not prejudice a Member or otherwise affect subsequent procedures in the rule enforcement process.

RULE 9.4 NOTICE AND PUBLICATION OF DISCIPLINARY ACTION

(a) Kalshi will provide to the Person charged, notice of the disciplinary action, appeal determination, or settlement in which sanctions are imposed, no later than two business days after it becomes final in accordance with the provisions of Commission Regulation 38.710.

(b) Kalshi will make public notice of the disciplinary action by posting on its website, in accordance with Commission Regulation 9.13, the information required by Commission Regulation 9.11. The disciplinary action will be considered final on the date the notice of the disciplinary action is published on the Kalshi website.

RULE 9.5 PENALTIES

(a) As a result of a disciplinary proceeding or as part of a settlement, Kalshi may impose one or more of the following penalties, commensurate with the violation committed, in consideration of any relevant

disciplinary history, and including full restitution where Participant harm is identified and where such restitution can be reasonably determined:

(b) A letter of warning, censure, or reprimand (although no more than one such letter may be issued to the same Person found to have committed the same rule violation within a rolling twelve-month period);

(c) A fine or penalty fee for each violation of any Rule or Applicable Law sufficient to deter recidivism, which Kalshi may cause and/or instruct Clearing House to deduct from the relevant Member Account balance (which, for FCM Customers, is the FCM's FCM Customer Account. In such an event, the FCM may debit the FCM Customer's account with the FCM a corresponding amount);

(d) Disgorgement of profits that resulted from the violation of any Rule, plus the cost of damages to any unoffending counterparties, which Kalshi may cause and/or instruct Clearing House to deduct from the relevant Member Account balance (which, for FCM Customers, is the FCM's FCM Customer Account. In such an event, the FCM may debit the FCM Customer's account with the FCM a corresponding amount);

(e) Suspension of Trading or Member status or privileges for a specified period, including partial suspension of such privileges (for example, suspension of trading privileges in particular types of Contracts or of placement of certain types of orders);

(f) Revocation of Trading or Member status or privileges, including partial revocation of such privileges (for example, revocation of trading privileges in particular types of Contracts or of placement of certain types of orders); and

(g) Interest, at the prime rate, as reported by the Wall Street Journal as of the date the amount becomes due, on any outstanding account balance, monetary fine, penalty fee, or disgorgement amount owed, compounded monthly and calculated from the date when the amount was first due and payable.

RULE 9.6 SUMMARY SUSPENSION

(a) Kalshi may summarily suspend or restrict Trading or Member privileges if the Chief Compliance Officer believes suspension or restriction is necessary to protect the markets, Kalshi, the public, or other Members.

(b) Whenever practicable Kalshi will notify the Traders or Members whose privileges are to be summarily suspended by electronic mail before the action is taken. If prior notice is not practicable, the Member shall be served with notice by electronic mail at the earliest opportunity. This notice shall:

a. State the action taken or to be taken;
b. Briefly state the reasons for the action;
c. State the time and date when the action became or becomes effective and its duration; and
d. State that any Member aggrieved by the action may petition the Commission for a stay of the effective date of the action pending a hearing pursuant to Part 9 of the Commission's Regulations, within 10 days of service.

For FCM Customers, notice to the FCM Customer will be deemed given by sending notice to the FCM. For IB Customers, notice to the IB Customer will be deemed given by sending notice to the IB.

(c) The Traders or Member whose privileges are to be summarily suspended shall be given an opportunity for appeal under the procedures outlined in Rule 9.2(f) of these Rules. The decision affirming, modifying, or reversing the summary suspension shall be furnished by electronic mail to the suspended Trader or Member and the Commission no later than one business day after it is issued. The decision shall contain:

a. A description of the action taken and the reasons for the action;
b. A brief summary of the evidence received during the appeal process;
c. Findings and conclusions;
d. A determination as to whether the summary action that was taken should be affirmed, modified, or reversed;
e. A declaration of any action to be taken against the suspended Member as the result of that determination;
f. The effective date and duration of that action;
g. A determination of the appropriate relief based on the findings and conclusions;
h. A statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 days of service; and
i. A statement that any person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within 10 days of service.

For FCM Customers, notice to the FCM Customer will be deemed given by sending notice to the FCM. For IB Customers, notice to the IB Customer will be deemed given by sending notice to the IB.

RULE 9.7 REPRESENTATION BY COUNSEL

A Trader or Member who is a subject of any proceedings under this Chapter has the right to retain and be represented by counsel or any other representative of its choosing in all succeeding stages of the disciplinary process, except any member of Kalshi's Board of Directors or Disciplinary Panel, any employee of Kalshi, or any person substantially related to the underlying investigations, such as material witness or respondent.

RULE 9.8 REPORTING VIOLATIONS TO THE COMMISSION

(a) Whenever Kalshi suspends, expels, fines or otherwise disciplines or denies any Person access to the Platform, Kalshi will make the disclosures required by Commission Regulations.

(b) Kalshi will submit to the Commission a schedule listing all those Company Rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of CFTC Regulation 1.63 and, to the extent necessary to reflect revisions, will submit an amended schedule within thirty days of the end of each calendar year. Kalshi will maintain the schedule required by this section and post the schedule on Kalshi's website.

(c) Kalshi will submit to the Commission within thirty days of the end of each calendar year a certified list of any Persons who have been removed from any Disciplinary Panel, the Board or any Company committee pursuant to these Rules or Applicable Law during the prior year.

(d) Whenever Kalshi finds by final decision that a Person has violated a Rule or otherwise committed a disciplinary offense and such finding makes such person ineligible to serve on Kalshi's Disciplinary Panels, Company committees, or the Board, Kalshi shall inform the Commission of such finding and the length of the ineligibility in a notice it is required to provide to the Commission pursuant to either CEA Section 17(h)(1) or CFTC Regulation 9.11.

CHAPTER 10 - ARBITRATION

RULE 10.1 GENERAL

(a) If so elected by a Participant, any Claim by the Participant against a Participant (including any related counterclaims) shall be settled by arbitration in accordance with this Chapter 10.

(b) A Claim brought pursuant to this Rule 10.1 shall be adjudicated by qualified arbitrators appointed in accordance with Rule 10.5 below.

(c) Persons to a dispute resolved in accordance with this Chapter 10 shall have the right to retain and be represented by legal counsel or any other representation of its choosing, except any Director or a member of the Disciplinary Panel or person substantially related to the underlying investigations, such as material witnesses or respondents during such proceedings. Persons to a dispute resolved in accordance with this Chapter 10 shall be responsible for their own costs, expenses and attorneys' fees incurred in connection with the dispute. Notwithstanding the foregoing, the Person that prevails shall be entitled to recover from the other party all costs, expenses and reasonable attorneys' fees incurred in any arbitration arising out of or relating to this Chapter 10, and in any legal action or administrative proceeding to enforce any arbitration award or relief.

(d) Any award or relief granted by the arbitrators hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction.

(e) For purposes of this Chapter 10, the term "Claim" means any dispute which arises out of any Kalshi Contract, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom Kalshi does not have jurisdiction or who are otherwise not available. The term "Claim" does not include disputes arising from underlying commodity transactions which are not a part of, or directly connected with, any Kalshi Contract.

RULE 10.2 FAIR AND EQUITABLE ARBITRATION PROCEDURES

(a) A Participant desiring to initiate an arbitration as provided in Rule 10.1 shall file a notice of arbitration (a "Notice") within two years from the time the Claim arose. The Notice must set forth the name and address of the party or parties against whom the Claim is being asserted, the nature and substance of the Claim, the relief requested, and the factual and legal bases alleged to underlie such relief.

(b) The Notice shall be accompanied by a non-refundable check payable to Kalshi in payment of the arbitration fee. The amount of the fee shall be (i) $500 for a Claim requesting relief totaling less than $5,000 in the aggregate or (ii) $1,000 for a Claim requesting relief totaling $5,000 or more in the aggregate.

(c) Upon receipt, Kalshi shall promptly convene an arbitration panel in accordance with Rule 10.5. Kalshi shall deliver a copy of the Notice to each other party and to the arbitration panel.

(d) Within 20 days following the delivery of the Notice, each respondent shall file a written response (a "Response") with Kalshi, with a copy to the claimant, setting forth its or his position and any counterclaims, as applicable. If the Response sets forth one or more counterclaims, the claimant shall file within 20 days a written reply to such counterclaims with the Company, with a copy to the claimant.

(e) Once each party has had an opportunity to respond to the Claim and all counterclaims, the arbitration panel shall promptly schedule a hearing. Notwithstanding, Claims requesting relief totaling less than $5,000 in the aggregate may, in the interests of efficiency and economy, be resolved without hearing.

(f) The chairman of the arbitration panel shall preside over the hearing and shall make such determinations on the relevancy and procedure as will promote a fair and expeditious adjudication.

(g) The arbitration panel shall consider all relevant, probative testimony and documents submitted by the parties. The arbitration panel shall not be bound by the formal rules of evidence.

(h) The final decision of the panel shall be by majority vote of the arbitrators, as applicable.

(i) Within 60 days after the termination of the hearing, the arbitration panel shall render its final decision in writing and deliver a copy thereof either in person or by first-class mail to each of the parties. The arbitration panel may grant any remedy or relief which it deems just and equitable, including, without limitation, the awarding of interest and the arbitration fee.

(j) The final decision of the arbitration panel shall not be subject to appeal within Kalshi.

(k) No verbatim record shall be made of the proceedings, unless requested by a party who shall bear the cost of such record.

RULE 10.3 WITHDRAWAL OF ARBITRATION CLAIM

Any Notice may be withdrawn at any time before the Response is filed in accordance with this Chapter 10. If a Response has been filed, any withdrawal shall require consent of the party against which the Claim is asserted.

RULE 10.4 PENALTIES

(a) Any failure on the part of a Participant to arbitrate a dispute subject to this Chapter 10, or the commencement by any such Participant of a suit in any court prior to arbitrating a case that is required to be arbitrated pursuant to this Chapter 10, violates these Rules and shall subject such Participant to disciplinary proceedings pursuant to Chapter 9.

(b) The Chief Compliance Officer, in consultation with the Regulatory Oversight Committee, may summarily suspend, pursuant to Rule 9.6, a Participant that fails to timely satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 10.

RULE 10.5 ARBITRATION PANEL

(a) On an as-needed basis, Kalshi shall convene an arbitration panel to adjudicate an arbitration claim under this Chapter 10. For a Claim requesting relief totaling less than $5,000 in the aggregate, the arbitration panel shall consist of one individual. For a Claim requesting relief totaling $5,000 or more in the aggregate, the arbitration panel shall consist of three individuals.

(b) Members of the arbitration panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter.

(c) Any member of the arbitration panel may disqualify himself for any reason he deems appropriate.

(d) Each member of the arbitration panel shall conduct himself in a manner consistent with the American Bar Association/American Arbitration Association's "Code of Ethics for Arbitrators in Commercial Disputes," which Kalshi hereby adopts as its own code of ethics for arbitrators.

(e) Each member of the arbitration panel must have no less than five years' experience in the financial services industry, and no less than one arbitrator must have no less than five years' experience in the commodity futures or swap industry.

(f) In the event that members of the arbitration panel do not satisfy the requirements of this Rule 10.5, then the Regulatory Oversight Committee may substitute a new member for the arbitration panel or act as the arbitration panel, to the extent that the substituted member or the Regulatory Oversight Committee, as the case may be, does not have a direct interest (financial, personal or otherwise) in the matter.

CHAPTER 11 LIMITATION OF LIABILITY; TIME PERIOD IN WHICH TO BRING ACTIONS; GOVERNING LAW

RULE 11.1 PROPERTY RIGHTS

(a) Each Participant hereby acknowledges and agrees that KalshiEX LLC owns and shall retain all right, title and interest in and to Kalshi, all components thereof, including, without limitation, all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation, all registered or unregistered, as applicable, copyright, trademark, service mark, trade secret, trade name, data or database rights, design rights, moral rights, inventions, whether or not capable of protection by patent or registration, rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, patent, and other intellectual property and ownership rights, including applications for the grant of any of the same, in or to Kalshi and all other related proprietary rights of Kalshi and/or any of its Affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, other than Proprietary Data and Personal Information, transmitted by means of any of the foregoing, including, without limitation, market data, the "Proprietary Information"). Each Participant further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of Kalshi. Each Participant acknowledges and agrees that it shall not reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of Kalshi or the Proprietary Information. Each Participant further agrees to keep the

Proprietary Information confidential and not to transfer, rent, lease, copy, loan, sell or distribute, directly or indirectly, all or any portion of the Company or any Proprietary Information.

(b) Subject to the provisions of this Rule 11.1, each Participant hereby acknowledges and agrees that Kalshi is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in market data, and all derivative works based thereon, and further agree not to distribute, create derivative works based on, or otherwise use or commercially exploit market data and any such derivative works, provided that Participants may use market data for their own internal business purposes. Without limiting the generality of the foregoing, Participants may not distribute, sell or retransmit market data exchange to any third party.

(c) Notwithstanding any other provision of this Rule 11.1, each Participant retains such rights as it may enjoy under applicable law with respect to market data solely in the form such market data was submitted to Kalshi by such Participant.

(d) Transaction data shall not be disclosed publicly other than on an aggregated or anonymous basis, or in a manner that does not directly or indirectly identify any Participant who has submitted such data.

(e) Kalshi shall not condition access to the Company upon a Participant's consent to the use of Proprietary Data and Personal Information for business or marketing purposes. Proprietary Data and Personal Information may not be used by the Company for business and marketing purposes unless the Participant has clearly consented to the use of Proprietary Data and Personal Information in such manner. Kalshi, where necessary, for regulatory purposes, may share Proprietary Data and Personal Information with one or more Designated Contract Markets or Derivative Clearing Organizations. Nothing in this Rule shall preclude Kalshi from disclosing Proprietary Data and Personal Information:

    a. As required by Applicable Law or legal process;
    b. As Kalshi may deem necessary or appropriate in connection with any litigation affecting the Company;
    c. To any Company Representative authorized to receive such information within the scope of his or her duties;
    d. To a third party performing regulatory or operational services for the Company, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by Kalshi;
    e. To a duly authorized representative of the CFTC lawfully requesting Proprietary Data and Personal Information;
    f. In a manner in which a Participant consents to such disclosure;
    g. Pursuant to the terms of an information-sharing agreement; or
    h. As permitted by CFTC Regulations.

RULE 11.2 SIGNATURES

Rather than rely on an original signature, Kalshi may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

RULE 11.3 LIMITATION OF LIABILITY

(a) EACH PARTICIPANT OF KALSHI AGREES THAT NEITHER KALSHI NOR ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, AND/OR SOFTWARE, HARDWARE, AND SERVICE PROVIDERS (COLLECTIVELY REFERRED TO AS "KALSHI PARTIES") SHALL HAVE ANY RESPONSIBILITY FOR COMPLIANCE BY PARTICIPANT WITH ANY LAW OR REGULATION GOVERNING PARTICIPANT'S CONDUCT. MOREOVER, EACH PARTICIPANT OF KALSHI ALSO AGREES THAT NO KALSHI PARTY SHALL BE LIABLE IN ANY MANNER WHATSOEVER FOR ANY LOSS OR DAMAGE SUSTAINED BY PARTICIPANT, INCLUDING ANY CONSEQUENTIAL LOSS, LOSS OF PROFIT OR LOSS OF TRADING OPPORTUNITY, AS A RESULT OF ANY ACTUAL OR PROPOSED TRANSACTIONS OR AS A DIRECT OR INDIRECT RESULT OF ANY SERVICES PROVIDED BY KALSHI PARTIES (INCLUDING, WITHOUT LIMITATION, ANY FAILURE IN KALSHI'S SYSTEMS OR ANY INACCURATE INFORMATION PROVIDED BY A KALSHI PARTY), UNLESS THE RELEVANT KALSHI PARTY IS DETERMINED BY FINAL RULING OF AN ARBITRATION PROCEEDING TO HAVE ACTED OR FAILED TO ACT IN A MANNER THAT IS GROSSLY NEGLIGENT, RECKLESS, OR FRAUDULENT. FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS RULE IS INTENDED TO LIMIT THE LIABILITY OF ANY PERSON AS MAY BE PROVIDED IN THE CEA, THE REGULATIONS OF THE COMMISSION, OR BY ACTS OF WILLFUL OR WANTON MISCONDUCT OR FRAUD.

(b) EACH PARTICIPANT OF KALSHI AGREES THAT IT MAY NOT BRING ANY ACTION AGAINST A KALSHI PARTY UNLESS IT BRINGS SUCH ACTION WITHIN 2 YEARS OF THE FIRST OCCURRENCE OR LACK OF OCCURRENCE OF THE ACT OR OMISSION COMPLAINED OF.

(c) EACH PARTICIPANT OF KALSHI AGREES THAT ANY ACTION IT BRINGS AGAINST A KALSHI PARTY WILL BE GOVERNED BY NEW YORK LAW, WITHOUT REGARD TO STATUTES, PRECEDENT, LEGAL DOCTRINE, OR CONTRACTUAL PROVISIONS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION.

(d) EACH PARTICIPANT OF KALSHI AGREES THAT ANY ACTION IT BRINGS AGAINST A KALSHI PARTY OR AGAINST ANOTHER KALSHI MEMBER WILL BE RESOLVED BY

BINDING ARBITRATION, IN ACCORDANCE WITH THE RULES OF THIS CHAPTER AND OTHER RULES OF KALSHI, IF APPLICABLE.

CHAPTER 12 COMMISSION REGULATIONS THAT HAVE BEEN ADAPTED TO BE PART OF THE RULES

The following Rules are adaptations of regulations adopted by the Commission. They must be followed by Participants and Kalshi itself, and any violation of these regulations will be a punishable violation of the Rules.

RULE 12.1 ACTIVITIES OF SELF-REGULATORY ORGANIZATION EMPLOYEES AND GOVERNING MEMBERS WHO POSSESS MATERIAL, NON-PUBLIC INFORMATION (ADAPTED FROM COMMISSION REGULATION 1.59)

(a) Employees of self-regulatory organizations; Self-regulatory organization rules.

a. Employees of Kalshi are prohibited from:
   1. Trading, directly or indirectly, in any commodity interest traded on Kalshi;
   2. Trading directly or indirectly in any commodity interest traded on or cleared by a contract market, swap execution facility, or clearing organization other than Kalshi and in any commodity interest traded on or cleared by a linked exchange if the employee has access to material non-public information concerning such commodity interest.

b. Employees of Kalshi are prohibited from disclosing to any other person any material, non-public information which such employee obtains as a result of his or her employment at Kalshi where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest; however, this Rule does not prohibit disclosures made in the course of an employee's duties, or disclosures made to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

(b) Members of Kalshi's governing boards and committees and Kalshi consultants; Kalshi's Rules. No member of Kalshi's governing board or of a committee of Kalshi and no Kalshi consultant shall use or disclose, for any purpose other than the performance of such person's official duties as a governing board or committee member or consultant, material, non-public information obtained as a result of such person's official duties.

(c) Prohibited conduct.

a. No person who is an employee of, a member of the governing board of, or a member of any committee of, or a consultant of Kalshi shall:
    1. Trade for such person's own account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through special access related to the performance of such person's official duties as an employee, board or committee member, or consultant; or
    2. Disclose for any purpose inconsistent with the performance of such person's official duties as an employee, board or committee member, or consultant, any material, non-public information obtained through special access related to the performance of such duties.
b. No person shall trade for such person's own account, or for or on behalf of any account, in any commodity interest, on the basis of any material, non-public information that such person knows was obtained in violation of paragraph (c)(1) from an employee of, a member of the governing board of, a member of any committee, or a consultant of a self-regulatory organization.

RULE 12.2 SERVICE ON SELF-REGULATORY ORGANIZATION GOVERNING BOARDS OR COMMITTEES BY PERSONS WITH DISCIPLINARY HISTORIES (ADAPTED FROM COMMISSION REGULATION 1.63)

(a) A person is ineligible to serve on any Kalshi disciplinary committees, arbitration panels, oversight panels or governing board if that person:
    a. Was found within the prior three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;

    b. Entered into a settlement agreement within the prior three years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

    c. Currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

        1. A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such person committed a disciplinary offense; or
        2. A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
    d. Currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;

e. Currently is subject to or has had imposed on him within the prior three years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in section 8a(2)(D) (ii) through (iv) of the Act; or

f. Currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

(b) No person may serve on a disciplinary committee, arbitration panel, oversight panel or governing board of Kalshi if such person is subject to any of the conditions listed in paragraphs (a)(1)-(6) of this Rule.

(c) Kalshi shall submit to the Commission a schedule listing all those rule violations which constitute disciplinary offenses and to the extent necessary to reflect revisions shall submit an amended schedule within 30 days of the end of each calendar year. Kalshi must maintain and keep current the schedule required by this section, post the schedule in a public place designed to provide notice to members and otherwise ensure its availability to the general public.

(d) Kalshi shall submit to the Commission within 30 days of the end of each calendar year a certified list of any persons who have been removed from its disciplinary committees, arbitration panels, oversight panels or governing board pursuant to the requirements of this regulation during the prior year.

(e) Whenever Kalshi finds by final decision that a person has committed a disciplinary offense and such finding makes such person ineligible to serve on that self-regulatory organization's disciplinary committees, arbitration panels, oversight panels or governing board, Kalshi shall inform the Commission of that finding and the length of the ineligibility in any notice it is required to provide to the Commission pursuant to either section 17(h)(1) of the Act or Commission Regulation 9.11.

RULE 12.3 VOTING BY INTERESTED MEMBERS OF SELF-REGULATORY ORGANIZATION GOVERNING BOARDS AND VARIOUS COMMITTEES (ADAPTED FROM COMMISSION REGULATION 1.69)

(a) Kalshi shall maintain in effect Rules that have been submitted to the Commission pursuant to Section 5c(c) of the Act and Part 40 of the Commission Regulations to address the avoidance of conflicts of interest in the execution of its self-regulatory functions. Such Rules provide for the following:

a. Relationship with named party in interest —

1. Nature of relationship. A member of Kalshi's governing board, disciplinary committee or oversight panel must abstain from such body's deliberations and voting on any matter involving a named party in interest where such member:
   (AIs a named party in interest;
   (B) Is an employer, employee, or fellow employee of a named party in interest;
   (C) Is associated with a named party in interest through a "broker association" as defined in Commission Regulation 156.1;
   (D) Has any other significant, ongoing business relationship with a named party in interest, not including relationships limited to executing futures or option transactions opposite of each other or to clearing futures or option transactions through the same clearing member; or
   (E) Has a family relationship with a named party in interest.
2. Disclosure of relationship. Prior to the consideration of any matter involving a named party in interest, each member of a Kalshi governing board, disciplinary committee or oversight panel must disclose to the appropriate Kalshi staff whether he or she has one of the relationships listed in paragraph (a)(1)(i) of this Rule with a named party in interest.
3. Procedure for determination. Kalshi must establish procedures for determining whether any member of its governing board, disciplinary committees or oversight committees is subject to a conflicts restriction in any matter involving a named party in interest. Taking into consideration the exigency of the committee action, such determinations should be based upon:

b. Financial interest in a significant action —
   1. Nature of interest. A member of a Kalshi governing board, disciplinary committee or oversight panel must abstain from such body's deliberations and voting on any significant action if the member knowingly has a direct and substantial financial interest in the result of the vote based upon either exchange or non-exchange positions that could reasonably be expected to be affected by the action.
   2. Disclosure of interest. Prior to the consideration of any significant action, each member of a Kalshi governing board, disciplinary committee or oversight panel must disclose to the appropriate Kalshi staff the position information referred to in paragraph (a)(2)(iii) of this Rule that is known to him or her. This requirement does not apply to members who choose to abstain from deliberations and voting on the subject of significant action.
   3. Procedure for determination. Kalshi must establish procedures for determining whether any member of its governing board, disciplinary committees or oversight committees is subject to a conflict restriction under this section in any significant action. Such determination must include a review of:
      (A) Gross positions held at Kalshi in the member's personal accounts or "controlled accounts," as defined in Commission Regulation 1.3(j);
      (B) Gross positions held at Kalshi in proprietary accounts, as defined in Commission Regulation 1.17(b)(3), at the member's affiliated firm;

(C) Gross positions held at Kalshi in accounts in which the member is a principal, as defined in Commission Regulation 3.1(a);

(D) Net positions held at Kalshi in "customer" accounts, as defined in Commission Regulation 1.17(b)(2), at the member's affiliated firm; and

(E) Any other types of positions, whether maintained at Kalshi or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm that the self-regulatory organization reasonably expects could be affected by the significant action.

4. Bases for determination. Taking into consideration the exigency of the significant action, such determinations should be based upon:

(A) The most recent large trader reports and clearing records available to Kalshi;

(B) Information provided by the member with respect to positions pursuant to paragraph (a)(2)(ii) of this Rule; and

(C) Any other source of information that is held by and reasonably available to Kalshi.

c. Participation in deliberations.

1. Under the Rules required by this section, a Kalshi governing board, disciplinary committee or oversight panel may permit a member to participate in deliberations prior to a vote on a significant action for which he or she otherwise would be required to abstain, pursuant to paragraph (a)(2) of this Rule, if such participation would be consistent with the public interest and the member recuses himself or herself from voting on such action.

2. In making a determination as to whether to permit a member to participate in deliberations on a significant action for which he or she otherwise would be required to abstain, the deliberating body shall consider the following factors:

(A) Whether the member's participation in deliberations is necessary for the deliberating body to achieve a quorum in the matter; and

(B) Whether the member has unique or special expertise, knowledge or experience in the matter under consideration.

3. Prior to any determination pursuant to paragraph (a)(3)(i) of this Rule, the deliberating body must fully consider the position information which is the basis for the member's direct and substantial financial interest in the result of a vote on a significant action pursuant to paragraph (a)(2) of this Rule.

d. Documentation of determination. Kalshi's governing boards, disciplinary committees, and oversight panels must reflect in their minutes or otherwise document that the conflicts determination procedures required by this section have been followed. Such records also must include:

1. The names of all members who attended the meeting in person or who otherwise were present by electronic means;

2. The name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention, if stated; and

3. Information on the position information that was reviewed for each member.

CHAPTER 13 TERMS OF CONTRACTS TRADED ON KALSHI

The following Rules set forth the terms of the Contracts traded on Kalshi. You should not trade any Contract unless you are certain that you completely understand and accept its terms. Additional information with respect to each Contract can be found on the homepage for the specific Contract.

RULE 13.1 TERMS THAT ARE UNIFORM ACROSS CONTRACTS

There are certain terms that are uniform across Contracts.

(a) The minimum unit of trading is one hundredth of one Contract, unless otherwise specified in a Contract's terms and conditions or on the Contract's market page.

(b) All Contract prices are quoted in U.S. Dollars and cents per Contract.

(c) The minimum quote increment for each Contract is $0.01 per Contract unless otherwise specified in a Contract's terms and conditions.

(d) All Market Outcomes will be posted on Kalshi's website no later than 11:59 pm ET on the day that such Market Outcomes are determined. If the Market Outcome Review Process is initiated under Rule 7.1, the final Market Outcome will be posted on Kalshi's website no later than 11:59 pm ET on the day that the Outcome Review Committee reaches a determination on the Contract's final Market Outcome.

(e) Halted Markets – In the event that any market irregularities are declared by the Chief Regulatory Officer or Chief Executive Officer of Kalshi, or to prevent or reduce the potential risk of price distortions or market disruptions, a market may be paused or halted for trading, and the Commission will be notified, if required, pursuant to Commission Regulations. An explanation will be posted on the Kalshi Notices section of the website within a reasonable amount of time but no later than 24 hours after the initiation of the halt.

(f) Discretion to Refrain from Listing Contracts – Kalshi may, in its discretion, temporarily refrain from the listing of any Contract due to the unavailability of the Underlying upon which the Contract is based, or any other condition Kalshi determines may be detrimental to the listing of the Contract.

(g) Contract Modifications – Specifications shall be fixed as of the first day of trading of a Contract, except as provided in Rule 2.8 and Rule 7.2 of these Rules or as set forth in Rules specific to a Contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed

to take precedence and become part of these Rules, and all open and new Contracts shall be subject to such government orders.

(h) Any change in instructions, order, ruling, directive, or law issued or enacted by any court or agency of the Federal Government of the United States that conflicts with the Rules contained in this Rulebook shall take precedence, immediately become a part of these Rules, and be effective for all currently traded and newly listed Contracts.

(i) Temporary Market Suspensions and/or Delays - The Contract may be temporarily suspended in a manner consistent with public notice on Kalshi's website or the Platform. Any time delays on orders during live events shall also take place with notice on the website or Platform.

CHAPTER 14 PERPETUAL SECURITY FUTURES PRODUCTS

PART I --- GENERAL PROVISIONS

RULE 14.1 SCOPE AND APPLICATION

(a) This Chapter establishes the rules governing the listing, trading, clearing, margining, and surveillance of security futures products as defined in Section 3(a)(56) of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act") and Section 1a(45) of the CEA ("SFPs") that convey exposure to the price of an underlying equity security, have no pre-specified expiration date and are designated as Perpetual SFPs in their respective Contract Specifications (each such SFP, a "Perpetual SFP") listed for trading on KalshiEX LLC (the "Exchange").

(b) Except as otherwise provided herein, the rules contained in Chapters 1 through 13 of this Rulebook shall also apply to the trading of Perpetual SFPs. In the event of a conflict between the rules of this Chapter and any other Exchange rule, the rules of this Chapter shall govern.

(c) The Exchange adopts the rules of this Chapter consistent with its obligations as a CFTC-registered Designated Contract Market and its notice-registered status with the Securities and Exchange Commission (the "SEC") pursuant to Section 6(g) of the Exchange Act and SEC Form 1-N. The rules of this Chapter are intended to comply with the joint CFTC-SEC regulatory framework for security futures products, including CFTC Regulations 41.21 through 41.49 and the applicable provisions of the Exchange Act.

(d) Only Participants that are registered as futures commission merchants or introducing brokers with the CFTC and that are also registered or notice-registered as broker-dealers with the SEC pursuant to Section 15(b) of the Exchange Act and rules and regulations of the SEC thereunder may effect customer transactions in Perpetual SFPs. Self-Clearing Members may also trade Perpetual SFPs for their own accounts.

RULE 14.2 DEFINITIONS

(a) "ADR" means an American Depositary Receipt representing common or ordinary shares.

(b) "ADTV" means the average daily value of transactions in the Underlying Security over the applicable measurement period, calculated across all national securities exchanges.

(c) “Affiliated SFP Broker Member” means an SFP Broker Member that is an Affiliate of the Company.

(d) “Computation Interval” means each successive sixty-second interval within the Funding Period, beginning at the start of a clock minute and ending immediately before the start of the next, so that each transaction and each Underlying Price Index value falls within exactly one Computation Interval.

(e) “Contract Unit” means the number of shares of the Underlying Security represented by one Perpetual SFP contract. The Contract Unit of a Perpetual SFP contract shall be 100 shares of the Underlying Security at all times, and is not subject to adjustment in connection with any Corporate Action.

(f) “Corporate Action” means any event initiated by the issuer of an Underlying Security that alters the number, form, value, or economic characteristics of outstanding shares, including but not limited to stock splits, reverse stock splits, stock dividends, ordinary or extraordinary cash dividends, rights issues, spin-offs, mergers, acquisitions, tender offers, exchange offers, delistings, and name, ISIN, or CUSIP changes.

(g) “Cum-Price” means the official closing price of the Underlying Security on the Last Cum-Trading Day as reported by the Primary Listing Exchange, or such other reference price as the Chief Regulatory Officer may determine in the event the official closing price is unavailable or unrepresentative.

(h) “Chief Regulatory Officer” or “CRO” means the individual appointed by the Board to serve as the Company’s chief regulatory officer.

(i) “Current Market Value” means, with respect to a Perpetual SFP position, the Mark Price of the contract as determined by the Exchange pursuant to Rule 14.12(a)–(c), multiplied by the Contract Unit, multiplied by the number of contracts.

(j) “Daily Settlement Price” means the settlement price determined by the Exchange for each Perpetual SFP as of the Daily Settlement Time in accordance with Rule 14.12.

(k) “Daily Settlement Time” means the scheduled close of regular trading in the U.S. equity cash market (ordinarily 4:00 PM ET, and on early-close days, the scheduled early close), on each day on which the cash market is open for regular trading.

(l) “Deadband-Adjusted Premium” means, for a given Funding Period, the Mean Premium adjusted for the Deadband Threshold as provided in Rule 14.10(d)(2).

(m) “Deadband Threshold” means 0.002%, applied as provided in Rule 14.10(d)(2).

(n) “Estimated Deliverable Supply” means the free float of the Underlying Security, calculated as issued and outstanding shares less restricted shares (*e.g.*, restricted and control securities not registered with the SEC for public sale).

(o) “Ex-Date” means the first trading day on which the Underlying Security trades without the entitlement arising from the relevant Corporate Action, as determined by the Primary Listing Exchange.

(p) “Exchange-traded fund” or “ETF” means an open-end management investment company or unit investment trust registered under the Investment Company Act of 1940 whose shares are listed on a national securities exchange and traded at market-determined prices, including an exchange-traded fund as defined in Rule 6c-11 under that Act.

(q) “ETF Share” means a share of stock issued by an ETF.

(r) "Exempted Security" has the meaning set forth in Section 3(a)(12) of the Securities Exchange Act of 1934.

(s) "Extraordinary Dividend" means any cash distribution by the issuer of an Underlying Security that (i) the issuer designates as "special," "extraordinary," or "non-recurring," or (ii) falls outside the issuer's established ordinary dividend policy, or (iii) exceeds the Extraordinary Dividend Threshold, as determined by the Chief Regulatory Officer in accordance with Rule 14.27.

(t) "Extraordinary Dividend Threshold" means ten percent (10%) of the Cum-Price of the Underlying Security, unless a different threshold is established by the Chief Regulatory Officer by notice to Participants.

(u) "Final Settlement Price" has the meaning given in Rule 14.7(c).

(v) "Funding Period" means the period over which Premiums are computed for a given Periodic Transfer. The Funding Period comprises the regular trading session of the U.S. equity cash market on the applicable trading day.

(w) "Funding Rate" means, for a Funding Period, the rate determined under Rule 14.10(d), being the Mean Premium for that Funding Period adjusted for the Deadband Threshold and limited by the Maximum Funding Magnitude as provided therein. The Funding Rate is derived solely from the Premiums observed during the Funding Period; the Funding Rate methodology contains no separate interest rate or dividend term, and expected carry and Ordinary Dividends are reflected in the Funding Rate only to the extent they are reflected in the Premium.

(x) "Kalshi Prime" means Kalshi Prime LLC.

(y) "Last Cum-Trading Day" means the last trading day on which the Underlying Security trades with the entitlement arising from the relevant Corporate Action, being the business day immediately preceding the Ex-Date.

(z) "Margin Security" has the meaning set forth in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System (12 CFR 220.2).

(aa) "Margin Equity" means, with respect to a customer account, the sum of (i) the cash balance of the account and (ii) the collateral value, determined in accordance with Rule 14.17(b), of any non-cash margin deposits held in the account, in each case after giving effect to all Variation Margin, Funding Rate transfers, and other credits and debits settled to the account.

(bb) "Mark Price" means the price of a Perpetual SFP determined by the Exchange as of each Mark Price Calculation Time in accordance with Rule 14.12(a) through (c). A reference to the Mark Price as of any time means the Mark Price most recently determined as of or before that time.

(cc) "Mark Price Calculation Time" has the meaning assigned to it in Rule 14.12(a).

(dd) "Maximum Funding Magnitude" means 2.00%, as provided in Rule 14.10(d)(3).

(ee) "Mean Premium" means, for a Funding Period, the equally weighted arithmetic mean of the Premiums computed during that Funding Period, as determined under Rule 14.10(d)(1).

(ff) "New Product Committee" or "NPC" means the internal Exchange committee responsible for reviewing and approving new Perpetual SFP listings, comprising at least three members, including the Head of Markets (or designee).

(gg) "Ordinary Dividend" means a regularly scheduled cash dividend paid by the issuer of an Underlying Security in accordance with the issuer's established dividend policy, and which does not exceed the Extraordinary Dividend Threshold.

(hh) "Periodic Transfer" means payments exchanged between holders of long and short positions in Perpetual SFPs at each Daily Settlement Time pursuant to Rule 14.10.

(ii) "Perpetual SFP" has the meaning given to it in Rule 14.1.

(jj) "Perpetual SFP Margin Deficiency" means the amount, if any, by which the Perpetual SFP Required Margin for a customer account exceeds the Margin Equity of the account.

(kk) "Perpetual SFP Required Margin" means the amount of margin that must be on deposit in a customer account with respect to Perpetual SFP positions, as calculated under Rule 14.16.

(ll) "Premium" means, for a given Computation Interval, the quantity (Mark Price – Reference Price) / Reference Price, where the Mark Price is determined according to Rule 14.12 as of the end of such Computation Interval.

(mm) "Primary Listing Exchange" means the national securities exchange on which the Underlying Security is primarily listed for trading, as identified in the applicable Contract Specifications.

(nn) "Public Float" means the number of outstanding shares of the Underlying Security that are not held by officers, directors, or beneficial owners of more than 10% of the class of securities, calculated based on the most recent publicly available filings with the SEC.

(oo) "Reference Price" means, for a Computation Interval, the time-weighted average of the Underlying Price Index over that interval.

(pp) "Regulatory Halt" means any event within the meaning of that term in (i) SEC Rule 6h-1(a)(3) and CFTC Regulation 41.1(l) and (ii) the "Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934" approved 31 May 2012 by the SEC, as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4 631) and as implemented under New York Stock Exchange Rule 7.12 for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

(qq) "Restructure Security" means an equity security that a company issues or anticipates issuing as the result of a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction.

(rr) "Review Date" means the last business day of each calendar quarter, on which the Exchange evaluates whether listed Perpetual SFPs continue to satisfy the maintenance standards set forth in Rule 14.6.

(ss) "Third-Party DSRO" means a DSRO designated pursuant to CFTC Regulation 1.52 that is unaffiliated with the Exchange, Clearing House and Kalshi Prime.

(tt) "SDN List" means OFAC's List of Specially-Designated Nationals and Blocked Persons.

(uu) "Security Futures Product" or "SFP" has the meaning set forth in Section 1a(45) of the Commodity Exchange Act and Section 3(a)(56) of the Securities Exchange Act of 1934.

(vv) "SFP Broker Member" means an FCM Member or IB Member that has satisfied the conditions set forth in Rule 14.37(c). References to "FCM SFP Broker Members" refer to SFP Broker Members that are FCMs.

(ww) "Six-Month Total Trading Volume" means the total trading volume in the Underlying Security during the most recent six calendar months, calculated monthly.

(xx) "Standard Contract Equivalent" means a unit of exposure equal to 100 shares of the Underlying Security. The number of Standard Contract Equivalents represented by a position equals the aggregate number of shares of the Underlying Security underlying the position (the number of Perpetual SFP contracts multiplied by the applicable Contract Unit) divided by 100.

(yy) "Stressed Market Conditions" means any market conditions declared as such by the Exchange pursuant to Rule 14.15(b).

(zz) "Static Reference Price" means, for each Perpetual SFP on each trading day, the Daily Settlement Price of that Perpetual SFP on the immediately preceding trading day, or, where no Daily Settlement Price is available for the preceding trading day, the opening price of the Perpetual SFP as determined by the Exchange. The Chief Regulatory Officer may designate an alternative Static Reference Price by notice to Participants where the foregoing is unavailable or unrepresentative of prevailing market conditions.

(aaa) "Static Daily Limit" means the maximum permitted price deviation from the Static Reference Price over the course of a trading day, as established by the Exchange pursuant to Rule 14.14.

(bbb) "TIR" means trust issued receipt (*i.e.,* securities representing beneficial ownership of the specific deposited securities represented by the receipts).

(ccc) "Underlying Price Index" means the last sale price of the Underlying Security as reported by the securities information processor pursuant to the effective national market system plan for the Underlying Security (*i.e.,* the consolidated tape). During periods when the equity cash market is closed, the Underlying Price Index shall be the official closing price from the most recent regular trading session of the Underlying Security.

(ddd) "Underlying Security" means the equity security upon which a Perpetual SFP listed on the Exchange is based, as specified in the applicable Contract Specifications.

(eee) "Variation Margin" means the daily cash amount credited to or debited from a customer account to reflect the change in Current Market Value of open Perpetual SFP positions, settled in cash in the ordinary daily settlement cycle. Funding Rate transfers and any per-contract cash credit, debit, or residual payment required under Part VII constitute payment obligations separate from Variation Margin, settled in cash at the same Daily Settlement Time as, but separately from, Variation Margin.

PART II --- LISTING STANDARDS AND PRODUCT ELIGIBILITY

RULE 14.3 INITIAL LISTING ELIGIBILITY CRITERIA

An Underlying Security must satisfy all of the following criteria at the time of initial listing to be eligible for a Perpetual SFP on the Exchange. For purposes of this Rule 14.3, the "initial public offering day" of an Underlying Security is the first day on which the Underlying Security trades 'regular way' on a national securities exchange.

(a) **Exchange Listing Requirement.** The Underlying Security must be registered and listed on a U.S. national securities exchange and must be an "NMS security" as defined in Section 11A of the Exchange Act and Rule 600(b) of SEC Regulation NMS. The Underlying Security must be registered pursuant to Section 12 of the Exchange Act. Securities traded exclusively on the OTC Markets (OTC Pink, OTCQX, OTCQB), foreign exchanges without a U.S. listing, or any non-registered trading venue are not eligible. In all cases, the

Underlying Security must satisfy the requirements applicable to securities underlying SFPs under CFTC Regulation 41.21(a) and its issuer must be in compliance with any applicable requirements of the Act.

(b) **Market Capitalization.** The Underlying Security must have a market capitalization of not less than $100,000,000,000 (one hundred billion U.S. dollars), calculated as the product of (i) the closing price on the principal listing exchange and (ii) total shares outstanding, measured as of the most recent trading day prior to the NPC's review.

(c) **Trading Volume.** The Underlying Security must have an ADTV of not less than $450,000,000 over the six months immediately preceding the NPC's review, except where the Underlying Security has been listed for trading for less than six months, in which case the Underlying Security must have an ADTV of not less than $1,000,000,000 over the prior month or (ii) where the Underlying Security has been listed for trading for less than one month, in which case the Underlying Security must have had a trading volume (in all markets in which it is traded) of at least 2,400,000 shares since its initial public offering day. In computing ADTV, the Exchange shall use consolidated price data from the relevant Securities Information Processor.

(d) **Share Price.** If the Underlying Security is a "covered security" as defined under Section 18(b)(1)(A) of the Securities Act of 1933, the closing price of the Underlying Security has been at least $3.00 for the previous five consecutive business days preceding the date on which the Exchange commences to list and trade the Perpetual SFP contract on such Underlying Security; provided, however, that the foregoing requirement shall be waived during the three business days following the initial public offering day of an Underlying Security having a market capitalization of at least $3,000,000,000 based upon the offering price of its initial public offering, in which case the Exchange may commence to list and trade the Perpetual SFP on such Underlying Security on or after the second business day following its initial public offering day. If the Underlying Security is not a "covered security" as defined under Section 18(b)(1)(A) of the Securities Act of 1933, the closing price of the Underlying Security has been at least $7.50 for the previous five consecutive business days preceding the date on which the Exchange commences to list and trade the Perpetual SFP contract on such Underlying Security.

(e) **Public Float.** The Underlying Security must have a Public Float of not less than 7,000,000 shares.

(f) **Estimated Deliverable Supply**. The Underlying Security must have an Estimated Deliverable Supply in excess of 20 million shares.

(g) **Reporting Status.** The issuer of the Underlying Security must be current in all periodic reporting obligations under Sections 13 or 15(d) of the Securities Exchange Act of 1934 (including, in the case of a foreign private issuer whose equity securities are represented by an ADR, the reports required on Form 20-F and Form 6-K). The Exchange shall verify reporting status through the SEC's EDGAR system prior to listing. In the case of an Underlying Security that is an ETF Share, the issuer must instead be a registered investment company that is current in the periodic reports, financial statements, and registration-statement or prospectus updates required of it under the Investment Company Act of 1940 and the Securities Act of 1933, as verified through the SEC's EDGAR system.

(h) **Eligible Security Types.** The Underlying Security must be common stock, an ADR, TIR or an ETF Share that satisfies the requirements of Rule 14.4(e).

(i) **Multi-Class Issuers.** For an issuer with multiple classes of common stock, each class shall be assessed independently against the criteria of this Rule 14.3. The NPC may elect to list Perpetual SFPs on more than one class of an issuer's stock.

(j) **Security Holders**. In the case of an Underlying Security other than an ETF Share or a TIR, there must be at least 2,000 security holders, whether of record or beneficial, of the Underlying Security.

(k) **ETF Share and TIR Trading Volume**. In the case of an Underlying Security that is an ETF Share or a TIR, the Underlying Security must have had a total trading volume (in all markets in which it has traded) of at least 2,400,000 shares or receipts evidencing the Underlying Security in the twelve (12) months preceding the NPC's review.

(l) **ADR-Specific Requirements**. If the Underlying Security is an ADR, one of the following conditions must be satisfied:

(1) the Exchange must have an effective surveillance-sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded;

(2) the combined trading volume of the ADR and other related ADRs and securities in the U.S. ADR market, or in markets with which the Exchange has an effective surveillance-sharing agreement, represents (on a share-equivalent basis) at least 50% of the combined worldwide trading volume in the ADR, the security underlying the ADR, other classes of common stock related to the underlying security, and ADRs overlying such other stock, over the three-month period preceding the date of selection of the ADR for Perpetual SFP trading;

(3) (A) the combined trading volume of the ADR and other related ADRs and securities in the U.S. ADR market and in markets with which the Exchange has an effective surveillance-sharing agreement represents (on a share-equivalent basis) at least 20% of the combined worldwide trading volume in the ADR and other related ADRs and securities over the three-month period preceding the date of selection, (B) the average daily trading volume for the ADR in the U.S. markets over the three-month period preceding the date of selection is at least 100,000 receipts, and (C) the daily trading volume for the ADR is at least 60,000 receipts in the U.S. markets on a majority of the trading days for the three-month period preceding the date of selection; or

(4) the SEC and the CFTC have otherwise authorized the listing.

(m) **Restructure Securities.** For purposes of this Rule 14.3: "Restructuring Transaction" means the spin-off, reorganization, recapitalization, restructuring or similar corporate transaction giving rise to a Restructure Security; "Original Equity Security" means the equity security of the relevant company that existed prior to the ex-date of the Restructuring Transaction; and "Selection Date" means the date on which the Restructure Security is selected as a prospective Underlying Security. The criteria of this Rule 14.3 apply to a Restructure Security as follows:

(1) **Public Float; Security Holders.** The Exchange may assume that Rule 14.3(e) is satisfied if, based on a reasonable investigation, it determines that , on the intended listing date, at least 40,000,000 shares of the Restructure Security will be issued and outstanding or the Restructure Security will be listed on an exchange or automated quotation system that is subject to an initial listing requirement of at least seven million publicly owned shares. The Exchange may assume that Rule 14.3(j) is satisfied if, based on a reasonable investigation, it determines that , on the intended listing date, at least 40,000,000 shares of the Restructure Security will be issued and outstanding or the Restructure Security will be listed on an exchange or automated quotation system that is subject to an initial listing requirement of at least 2,000 shareholders.

Where the Restructure Security is issued or distributed to the holders of the Original Equity Security, the Exchange may consider the number of outstanding shares and the number of holders of the Original Equity Security prior to the Restructuring Transaction for purposes of determining whether the criteria in Rules 14.3(e) and 14.3(j) are satisfied.

(2) **Look-Back to the Original Equity Security.** In determining whether a Restructure Security that is issued or distributed to the holders of an Original Equity Security (other than a Restructure Security issued pursuant to a public offering or rights distribution) satisfies Rule 14.3(c) (Trading Volume) or Rule 14.3(d) (Share Price), the Exchange may look back to the trading volume or market price history, as applicable, of the Original Equity Security prior to the ex-date of the Restructuring Transaction if at least one of the following is satisfied (the "Look-Back Test"): (A) the Restructure Security has an aggregate market value of at least $500 million; (B) the aggregate market value of the Restructure Security equals or exceeds the Relevant Percentage of the aggregate market value of the Original Equity Security; (C) the aggregate book value of the assets attributed to the business represented by the Restructure Security equals or exceeds both $50 million and the Relevant Percentage of the assets attributed to the business represented by the Original Equity Security; or (D) the revenues attributed to the business represented by the Restructure Security equal or exceed both $50

million and the Relevant Percentage of the revenues attributed to the business represented by the Original Equity Security. "Relevant Percentage" means 25% where the applicable measure determined with respect to the Original Equity Security or the business it represents includes the business represented by the Restructure Security, and 33-1/3% where such measure excludes the business represented by the Restructure Security.

(3) **Measurement.** In calculating comparative aggregate market values for purposes of the Look-Back Test, the Exchange shall use the Restructure Security's closing price on its primary market on the last business day prior to the Selection Date, or its opening price on its primary market on the Selection Date, and the corresponding closing or opening price of the related Original Equity Security. In calculating comparative asset values and revenues for purposes of the Look-Back Test, the Exchange shall use the issuer's latest annual financial statements or its most recently available interim financial statements covering a period of not less than three months, whichever are more recent; such financial statements may be audited or unaudited and may be pro forma.

(4) **Public Offerings and Rights Distributions.** In determining whether a Restructure Security distributed pursuant to a public offering or a rights distribution satisfies Rule 14.3(d), the Exchange may look back to the market price history of the Original Equity Security if: (A) the Look-Back Test is satisfied; (B) the Restructure Security has traded "regular way" on an exchange or automated quotation system for at least five trading days immediately preceding the Selection Date; and (C) at the close of trading on each such trading day, and at the opening of trading on the Selection Date, the market price of the Restructure Security was at least the price applicable to it under Rule 14.3(d).

(5) **Limitations.** Except in the case of a Restructure Security distributed pursuant to a public offering or a rights distribution, the Exchange will not rely upon the market price history of the Original Equity Security for any trading day unless it also relies upon the trading volume history of the Original Equity Security for that trading day. Once the Exchange commences to rely upon the Restructure Security's own trading volume and market price history for any trading day, the Exchange will not rely upon the trading volume and market price history of the Original Equity Security for any trading day thereafter. Nothing in this paragraph (m) limits Rule 14.4(h).

RULE 14.4 CATEGORICAL EXCLUSIONS

Notwithstanding satisfaction of the criteria in Rule 14.3, the Exchange shall not list Perpetual SFPs on the following categories of securities:

(a) Any security whose issuer has filed a petition under any chapter of the U.S. Bankruptcy Code, or has been the subject of an involuntary petition, or is subject to analogous foreign insolvency proceedings.

(b) Any security that is subject to a trading halt, suspension, or revocation of listing by its principal listing exchange or by the SEC pursuant to Section 12(k) of the Exchange Act, or that is subject to a suspension of the effectiveness of, or a revocation of, its registration by the SEC pursuant to Section 12(j) of the Exchange Act, until such halt or suspension has been lifted for at least 10 consecutive trading days.

(c) Any blank check company or special purpose acquisition company that has not completed a qualifying de-SPAC business combination, or that remains in the pre-combination trust period.

(d) Any security whose issuer is organized or domiciled in, or is owned or controlled by entities in, a jurisdiction subject to comprehensive U.S. sanctions administered by OFAC, or whose issuer or any of its controlling persons is designated on the SDN List.

(e) Exchange-traded notes ("ETNs"), closed-end fund shares, shares of other pooled investment vehicles registered under the Investment Company Act of 1940 (or structured as debt instruments), and shares of leveraged, inverse, or synthetic exchange-traded products; provided, however, that this paragraph (e) does not exclude shares of an ETF that (i) is registered with the SEC as an open-end management investment company or unit investment trust under the Investment Company Act of 1940, (ii) issues and redeems shares at net asset value in creation-unit aggregations, (iii) holds or seeks to track a diversified portfolio or index of equity

securities, and (iv) is not leveraged, inverse, or synthetic. For the avoidance of doubt, exchange-traded notes, closed-end funds, leveraged, inverse, or synthetic exchange-traded products, and commodity-, currency-, or other non-equity-based exchange-traded products (including those organized as grantor trusts) remain excluded.

(f) Rights, warrants, subscription receipts, units consisting of multiple component securities, or similar derivative or hybrid equity instruments.

(g) Any security for which a material Corporate Action has been publicly announced and is pending completion, where such action, if completed with respect to the Underlying Security of a Perpetual SFP, could result in accelerated final settlement of the Perpetual SFP pursuant to Rule 14.30. The NPC may grant an exception where the Corporate Action is not expected to close within 90 days and the security otherwise satisfies all listing criteria.

(h) Any Restructure Security that is not yet issued and outstanding, regardless of whether the Restructure Security is trading on a "when issued" basis or on another basis that is contingent upon the issuance or distribution of securities.

RULE 14.5 [RESERVED]

RULE 14.6 MAINTENANCE STANDARDS AND ONGOING MONITORING

(a) **Quarterly Review.** On each Review Date, the Exchange shall evaluate each listed Perpetual SFP against the following maintenance thresholds: (i) market capitalization of not less than $50,000,000,000; (ii) ADTV of not less than $200,000,000 for the prior calendar quarter, except where the Underlying Security has been listed for less than a quarter, in which case the Underlying Security must have an ADTV of not less than $1 billion over the period traded during the calendar quarter; (iii) closing price of not less than $3.00 per share on each of the 10 consecutive trading days immediately preceding the Review Date; (iv) a Public Float of not less than 6,300,000 shares; (v) Estimated Deliverable Supply of at least 20,000,000 shares and (vi) confirmation that the issuer of the Underlying Security is current in all periodic and other reporting obligations under Sections 13 or 15(d) of the Securities Exchange Act of 1934, including for issuers of Underlying Securities other than ETF Shares, TIRs or ADRs**,** the timely filing of its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q (or, in the case of a foreign private issuer of an ADR, the reports required on Form 20-F and Form 6-K; or, in the case of the issuer of an ETF, confirmation that the issuer remains a registered investment company current in the reports and registration-statement or prospectus updates required of it under the Investment Company Act of 1940 and the Securities Act of 1933), in each case as verified through the SEC's EDGAR system.

(b) **Cure Period.** If an Underlying Security fails to satisfy any applicable maintenance standard set forth in this Rule 14.6, including Rules 14.6(a), (d), (e) and (f), on a Review Date, the Exchange shall provide notice to Participants and allow a cure period of 90 calendar days. If the Underlying Security fails to regain compliance with all applicable maintenance standards by the end of the cure period, the Exchange shall initiate delisting procedures pursuant to Rule 14.7.

(c) **Immediate Delisting Events.** Notwithstanding the cure period in paragraph (b), the Exchange shall immediately halt trading (including execution and reporting of Block Trades) in and initiate delisting of a Perpetual SFP upon the occurrence of any of the following (each, an "Immediate Delisting Event"): the Underlying Security is delisted from its Primary Listing Exchange; the issuer enters into bankruptcy, liquidation or insolvency proceedings; the SEC issues a trading suspension order under Section 12(k) of the Exchange Act; the SEC issues an order under Section 12(j) of the Exchange Act suspending the effectiveness of, or revoking, the registration of the Underlying Security; the Underlying Security ceases to exist as a result of a completed Corporate Action in which the security is cancelled; or OFAC designates the issuer or its controlling persons on the SDN List. Upon the occurrence of any Immediate Delisting Event, the Exchange

shall promptly confirm that the event has occurred and, upon such confirmation, shall halt trading (including execution and reporting of Block Trades) in the affected Perpetual SFP without any cure period and shall announce the halt and the applicable final settlement timeline by Exchange Notice; trading shall not thereafter resume, and all open positions shall be settled in accordance with Rule 14.7.

(d) **Security Holders (Maintenance).** In addition to the requirements listed in Rule 14.6(a), in the case of an Underlying Security other than an ETF Share or a TIR, there must be at least 1,600 security holders, whether of record or beneficial, of the Underlying Security as of each Review Date.

(e) **ETF Share and TIR Maintenance Standards.** Notwithstanding anything to the contrary in this Rule 14.6, if the Underlying Security of a Perpetual SFP is an ETF Share or a TIR, the applicable requirements for initial listing of the related Perpetual SFP (as described in Rule 14.3 above) shall apply in lieu of the maintenance requirements set forth in Rule 14.6(a).

(f) **ADR Maintenance**. If the Underlying Security is an ADR that was initially deemed appropriate for Perpetual SFP trading under Rule 14.3(l)(2) or Rule 14.3(l)(3), then, in addition to the requirements listed in Rule 14.6(a) and Rule 14.6(d), as of the Review Date, one of the following criteria must be met: (i) the percentage of worldwide trading volume in the ADR and other related securities that takes place in the U.S. and in markets with which the Exchange has effective surveillance-sharing agreements for any consecutive three-month period is (A) at least 30%, without regard to the average daily trading volume in the ADR, or (B) at least 15% when the average U.S. daily trading volume in the ADR for the previous three months is at least 70,000 receipts; (ii) the Exchange has in place an effective surveillance-sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded; or (iii) the SEC and the CFTC have otherwise authorized the listing.

(g) **Notice of Withdrawal of Approval**. Whenever the Exchange announces that approval of an Underlying Security has been withdrawn, or that the issuer of an Underlying Security has ceased to be in compliance with Exchange Act reporting requirements, each Member shall, prior to effecting any transaction in Perpetual SFPs on the affected Underlying Security for any customer, inform such customer of that fact and that the Exchange may prohibit further transactions in such Perpetual SFPs as the Exchange determines is necessary and appropriate.

(h) **Restructure Securities (Maintenance).** If a Restructure Security has been approved as an Underlying Security under Rule 14.3, the ADTV and market price history of the related Original Equity Security (as described in Rule 14.3(m)) prior to the commencement of trading in the Restructure Security, including "when-issued" trading, may be taken into account in determining whether the maintenance standards of Rule 14.6(a)(ii) and (iii), respectively, are satisfied.

RULE 14.7 DELISTING PROCEDURES

When the Exchange determines that a Perpetual SFP must be delisted, the following procedures apply:

(a) **Notice.** The Exchange shall provide written notice to all Participants with open positions in Perpetual SFPs, posted to the Exchange's website and disseminated through its standard notification channels, specifying the reason for delisting and the applicable timeline.

(b) **Transition Period.** For cure-period delistings, the Exchange shall provide not less than 30 calendar days' notice prior to the final settlement date. For Immediate Delisting Events, the Exchange shall conduct final settlement as promptly as practicable but no later than 5 business days following the triggering event.

(c) **Final Settlement.** All open positions shall be settled at the Final Settlement Price determined in a manner consistent with CFTC Regulation 41.25(c). The Final Settlement Price shall be determined in accordance with the following standard procedure, applied in order: (i) where the delisting arises from a Corporate Action addressed under Part VII, the consideration payable to holders of the Underlying Security under the announced terms of the Corporate Action; (ii) the Final Settlement Price shall be the opening price of the Underlying Security on its Primary Listing Exchange on the final settlement date; and (iii) where the price

under clause (i) or clause (ii) is not readily available, the Final Settlement Price shall fairly reflect the price of the Underlying Security on its Primary Listing Exchange during the most recent regular trading session for such Underlying Security or the next available opening price of the Underlying Security. Notwithstanding anything to the contrary in this Rule 14.7, where the Clearing House determines that such Final Settlement Price is not consistent with the protection of customers and the public interest, taking into account the factors listed in CFTC Regulation 41.25(c)(3), the Clearing House may determine, pursuant to its rules, an alternative Final Settlement Price. The settlement price methodology set forth in the Contract Specifications shall be consistent with, and subject to, this Rule and CFTC Regulation 41.25(c).

RULE 14.8 NEW PRODUCT APPROVAL PROCESS

(a) **New Product Committee.** No Perpetual SFP shall be listed on the Exchange without the prior approval of the NPC. The NPC shall consist of at least three members, including the Head of Markets (or designee). The NPC shall maintain written records of all determinations.

(b) **Review Process.** For each proposed Perpetual SFP listing, the NPC shall: verify that the proposed underlying security satisfies all initial listing criteria under Rule 14.3; confirm that no categorical exclusion under Rule 14.4 applies; evaluate the susceptibility of the proposed underlying security to manipulation; assess the adequacy of the proposed Contract Specifications; review the availability and reliability of data sources necessary for settlement and margining; and document the basis for its determination in a written approval memorandum.

(c) **Anti-Manipulation Considerations.** The NPC shall specifically consider whether the proposed underlying security has been the subject of, or is reasonably susceptible to, price manipulation. Where the NPC identifies elevated manipulation risk, it may impose enhanced position limits, margin requirements, or other risk controls as a condition of listing, or may decline to list the Perpetual SFP.

(d) **Discretionary Authority.** The NPC retains discretion to decline to list a Perpetual SFP on any security, even where all quantitative criteria are satisfied.

(e) **Regulatory Filing.** Following NPC approval, the Exchange shall certify or submit for voluntary approval the new Perpetual SFP with or to the CFTC pursuant to either (i) CFTC Regulations 40.2 and 41.23(a) or (ii) CFTC Regulations 40.3 and 41.23(b), and, where applicable, certify or submit corresponding rule changes with or to the CFTC pursuant to CFTC Regulation 40.5 or CFTC Regulation 40.6. In any case, the Exchange shall ensure compliance with all SEC or CFTC requirements applicable to security futures products.

(f) **Approved Securities List**. The Underlying Securities that have been approved as the subject of Perpetual SFPs listed on the Exchange are set forth in a table maintained and published by the Exchange (the "Approved Securities Table"), which shall be accessible on the Exchange's website. The Exchange shall update the Approved Securities Table promptly to reflect the addition of any newly approved Underlying Security and the removal of any Underlying Security that ceases to be approved (including as a result of delisting or accelerated final settlement under this Chapter). Publication of the Approved Securities Table shall not, itself, constitute an amendment of this Chapter.

PART III --- CONTRACT SPECIFICATIONS AND TRADING RULES

RULE 14.9 CONTRACT SPECIFICATIONS

(a) **Trading Unit.** Each Perpetual SFP shall have a Contract Unit of 100 shares of the Underlying Security. Trades may be entered in fractional Contract Unit quantities, as provided in the applicable Contract Specifications.

(b) **Price Quotation.** Perpetual SFPs shall be quoted in U.S. dollars and cents per share of the Underlying Security.

(c) **Minimum Price Fluctuation.** The minimum price fluctuation for Perpetual SFPs shall be $0.005 per share.

(d) **Settlement Method.** Perpetual SFPs shall be settled by cash settlement.

(e) **Daily Price Limits.** There shall be no daily price limits for Perpetual SFPs apart from the trading safeguards set forth in Rule 14.14.

RULE 14.10 PERIODIC TRANSFERS AND FUNDING RATE FOR PERPETUAL SFPS

(a) [Reserved]

(b) [Reserved]

(c) Premium Computation. For each Computation Interval during which the U.S. equity cash market is open for regular trading and trading in the Underlying Security is not halted, the Exchange computes the Premium. If no trades or only Block Trades in the Perpetual SFP were executed during a Computation Interval, the Premium for that interval is undefined and is excluded from the Funding Rate calculation. No Premium is computed for any Computation Interval falling in whole or in part within any period described in paragraph (f). Notwithstanding anything to the contrary herein, the computation of the Premium shall not take into account any Block Trades executed or reported to the Exchange during a Computation Interval.

(d) Funding Rate. The Funding Rate for a Funding Period shall be determined as follows:

(1) **Mean Premium**. The Mean Premium for a Funding Period equals the equally weighted arithmetic mean of the Premiums computed during that Funding Period: where Premium(1), Premium(2), …, Premium(N) are the computed Premiums in ascending chronological order and N is the number of Computation Intervals for which a Premium was computed,

$$\text{Mean Premium} = \left(\Sigma \text{ from } k = 1 \text{ to } N \text{ of Premium}(k) \right) / N.$$

For the avoidance of doubt, each computed Premium receives identical weight regardless of its chronological position within the Funding Period; the Mean Premium is not recency-weighted, and no Premium is weighted more heavily by virtue of its proximity to the Daily Settlement Time. If N is zero, the Mean Premium and the Funding Rate shall each be zero.

(2) **Deadband**. The Deadband-Adjusted Premium for a Funding Period equals the Mean Premium reduced in absolute value by the Deadband Threshold, and is zero where the absolute value of the Mean Premium does not exceed the Deadband Threshold:

$$\text{Deadband-Adjusted Premium} = \text{Mean Premium} - \text{clamp}(\text{Mean Premium}, -\text{Deadband Threshold}, +\text{Deadband Threshold}),$$

where clamp(x, a, b) denotes the value of x limited to the interval from a to b, being a where x is less than a, b where x is greater than b, and x otherwise. Accordingly: (i) where the Mean Premium is positive and greater than the Deadband Threshold, the Deadband-Adjusted Premium equals the Mean Premium minus the Deadband Threshold; (ii) where the Mean Premium is less than the negative of the Deadband Threshold, the Deadband-Adjusted Premium equals the Mean Premium plus the Deadband Threshold; and (iii) in every other case, the Deadband-Adjusted Premium is zero. The Deadband Threshold operates as a continuous reduction in

absolute value of the Mean Premium and not as a discontinuous threshold, so that the Funding Rate varies continuously with the Mean Premium.

(3) **Clamp**. The Funding Rate equals the Deadband-Adjusted Premium, limited to the interval from the negative of the Maximum Funding Magnitude to the Maximum Funding Magnitude:

Funding Rate = clamp(Deadband-Adjusted Premium, −Maximum Funding Magnitude, +Maximum Funding Magnitude).

(4) **Single Expression**. Paragraphs (1) through (3) may be expressed together as:

Funding Rate = clamp(Mean Premium − clamp(Mean Premium, −Deadband Threshold, +Deadband Threshold), −Maximum Funding Magnitude, +Maximum Funding Magnitude).

(e) Periodic Transfers. At each Daily Settlement Time at which a Funding Rate is determined: (1) if the Funding Rate is positive, each holder of a long position shall pay, for each Perpetual SFP contract held, an amount equal to the Funding Rate multiplied by the Daily Settlement Price, multiplied by the Contract Unit, and such amounts shall be paid to holders of short positions; (2) if the Funding Rate is negative, each holder of a short position shall pay, for each Perpetual SFP contract held, an amount equal to the absolute value of the Funding Rate multiplied by the Daily Settlement Price, multiplied by the Contract Unit, and such amounts shall be paid to holders of long positions; and (3) if the Funding Rate is zero, no Periodic Transfer is made. Periodic Transfers apply pro rata to fractional Perpetual SFP contract positions. Periodic Transfers are computed by the Exchange and collected and paid through the Clearing House, and are separate from, and in addition to, Variation Margin and any other payment obligation under the Rules. Revisions to the Underlying Price Index made after a Daily Settlement Time are not incorporated into the Funding Rate or any Periodic Transfer for the Funding Period then ended.

Illustration. *Suppose that, over a Funding Period comprising the regular trading session, 390 one-minute Premiums are computed and their equally weighted mean is +0.050%. The Mean Premium is +0.050%; the Deadband-Adjusted Premium is +0.050% − 0.002% = +0.048%; and, because +0.048% is within the Maximum Funding Magnitude, the Funding Rate is +0.048%. If the Daily Settlement Price is $400.00 and the Contract Unit is 100 shares, each holder of a long Perpetual SFP position pays $400.00 × 100 × 0.00048 = $19.20 per contract, which is paid to holders of short positions through the Clearing House. If instead the Mean Premium were +0.0015%, the Deadband-Adjusted Premium and the Funding Rate would each be zero and no Periodic Transfer would be made; if the Mean Premium were −0.010%, the Funding Rate would be −0.008% and holders of short positions would pay $400.00 × 100 × 0.00008 = $3.20 per contract to holders of long positions; and if the Mean Premium were +2.500%, the Deadband-Adjusted Premium would be +2.498% and the Funding Rate would be limited to +2.000%.*

(f) Excluded Periods; Disrupted Sessions. (1) No Premium is computed during any period in which the U.S. equity cash market is closed, including weekday overnight hours, weekends, and market holidays, and no

Funding Rate payment is derived from price action during such periods, notwithstanding that a Perpetual SFP may trade on the Exchange during such periods. (2) No Premium is computed during any period in which trading in the Underlying Security is halted on its Primary Listing Exchange, whether due to a Regulatory Halt or any other cause; the Funding Rate is computed solely over Computation Intervals during which the U.S. equity cash market was open and trading in the Underlying Security was not halted. (3) If the opening of regular trading is delayed, the Funding Period begins when regular trading actually commences, and no Premium is computed before that time. (4) On a day on which the U.S. equity cash market is scheduled to close early, the Funding Period runs to the scheduled early close, and the Daily Settlement Time and Daily Settlement Price are determined as of that time. (5) If the U.S. equity cash market does not open for regular trading on a day it was expected to be open, or closes unexpectedly before the scheduled close: (i) if no Premium was computed, no Funding Rate is calculated, no Periodic Transfer is made, and the Daily Settlement Price from the immediately preceding determination remains in effect; and (ii) if Premiums were computed for any portion of the Funding Period, the Funding Rate is calculated over those Computation Intervals, and the Daily Settlement Time and Daily Settlement Price are determined as of the time of the unexpected closure.

(g) Finality; Fallback. Funding Rates and Periodic Transfers determined and published by the Exchange are final, subject to the Market Outcome Review Process under Rule 7.1. If a Funding Rate cannot be determined for a Funding Period (including because no Premium was computed during the Funding Period), the Funding Rate for that Funding Period shall be zero. If a Daily Settlement Price required for a Periodic Transfer cannot be determined under Rule 14.12 and the Contract's terms and conditions, the Exchange may determine it pursuant to Rule 14.12(c)–(d).

(h) Publication. The Exchange shall make publicly available: (1) the methodology set forth in this Rule and the funding parameter values applicable to each Perpetual SFP; (2) the Funding Rate for each Funding Period, promptly following its determination; and (3) a historical record of Funding Rates. The Exchange may also disseminate indicative intraday premium or funding values, which are informational only and not binding.

(i) Monitoring; Amendments. The Exchange monitors the performance of the funding mechanism in maintaining the economic correspondence between the price of each Perpetual SFP and its Underlying Price Index, including through surveillance of Premium behavior around Daily Settlement Times. Any amendment to the methodology set forth in this Rule or to a Contract's funding parameters shall be made in accordance with the Exchange's rules and Applicable Law. Any such amendment shall apply prospectively only and shall not alter the Funding Rate or any Periodic Transfer obligation for any Funding Period ended before the amendment's effective date.

(j) Emergency Authority. In the event of an Emergency, as defined in Rule 2.8 of the Rulebook, the Exchange may take such actions as it deems necessary and appropriate in accordance with the procedures set forth in Rule 2.8, including but not limited to temporarily adjusting the Maximum Funding Magnitude, modifying margin requirements, or imposing additional risk controls.

RULE 14.11 TRADING HOURS

Perpetual SFPs shall be available for trading from 6:00 PM ET on Sunday through 5:00 PM ET on Friday, with a daily maintenance window from 5:00 PM ET to 6:00 PM ET during which Perpetual SFPs do not trade, subject to trading halts as provided in Rule 14.13 and the Exchange's discretionary authority under Rule

14.15. The Exchange may establish specific trading hours for particular Perpetual SFPs or classes of Perpetual SFPs as it deems appropriate.

RULE 14.12 MARK PRICE AND DAILY SETTLEMENT PRICE

(a) **Mark Price**. The Exchange shall determine the Mark Price for each Perpetual SFP as of the end of each Computation Interval (the "Mark Price Calculation Time") according to the following tiered methodology, applied in descending order:

(i) **Tier 1—Trade VWAP**. If one or more trades other than Block Trades in the Perpetual SFP occur during the Computation Interval, the Mark Price shall be the volume-weighted average price ("VWAP") of those trades (excluding any Block Trades executed or reported during the Computation Interval). The VWAP calculation shall be adjusted to exclude outliers. The Exchange generally shall apply a Median Absolute Deviation filter but may, in its discretion, exclude other outlier or manipulative transactions. Tier 1 shall not apply, and the Mark Price shall instead be determined under Tier 2 or Tier 3, as applicable, if the VWAP so calculated differs from the Underlying Price Index as of the Mark Price Calculation Time by more than fifty percent (50%) of that Underlying Price Index.

(ii) **Tier 2—Sampled Midpoint Average**. For purposes of this Tier 2, sixty (60) observation points shall occur at exactly N seconds before the Mark Price Calculation Time for each integer *N* from 1 through 60 (each, an "Observation Point"). The prevailing best bid and prevailing best ask at an Observation Point shall be the best bid and best ask resting on the Perpetual SFP order book as of that instant. An Observation Point shall be "two-sided" if both a prevailing best bid and a prevailing best ask are present at that instant, and the "Midpoint" at a two-sided Observation Point shall be the arithmetic mean of its prevailing best bid and prevailing best ask. A two-sided Observation Point shall be disregarded if the difference between its prevailing best ask and prevailing best bid exceeds ten percent (10%) of its Midpoint. If the Mark Price is not determined under Tier 1, whether because no trades in the Perpetual SFP occur during the Computation Interval or because Tier 1 does not apply as provided in paragraph (a)(1), and at least one Observation Point is two-sided and is not disregarded, the Mark Price shall be the arithmetic mean of the Midpoints at all two-sided Observation Points that are not disregarded.

(iii) **Tier 3—Index Net Change**. If the Mark Price is not determined under Tier 1 or Tier 2, the Mark Price shall equal the prior Mark Price plus the net change in the Underlying Price Index between the prior Mark Price Calculation Time and the current Mark Price Calculation Time.

(b) **Trading Halts**. If trading in a Perpetual SFP is halted during any portion of the Computation Interval, trades occurring during the halt shall be excluded from Tier 1, and no Observation Point occurring during the halt shall be considered two-sided for purposes of Tier 2. If trading in the Perpetual SFP is halted at the Mark Price Calculation Time, the Mark Price shall be determined under Tier 3.

(c) **Mark Price Fallback**. If the Mark Price cannot be determined under any of the tiers set forth in paragraph (a), and the Underlying Price Index is available and reliable, the Mark Price is the Underlying Price Index as of the Mark Price Calculation Time. If the Mark Price cannot be determined under any of the tiers set forth in paragraph (a) and the Underlying Price Index is unavailable or unreliable, the Exchange may determine such Mark Price pursuant to Rule 7.1.

(d) **Daily Settlement Price**. The Exchange shall determine the Daily Settlement Price for each Perpetual SFP as of the Daily Settlement Time by applying the methodology set forth in paragraphs (a) through (c) of this Rule 14.12, except that (i) references to the "Mark Price" shall be read as references to the "Daily Settlement Price" and (ii) references to the "Mark Price Calculation Time" shall be read as references to the "Daily Settlement Time".

RULE 14.13 COORDINATED TRADING HALTS

(a) **Regulatory Trading Halts.** In accordance with CFTC Regulation 41.25(b)(2), the Exchange shall halt trading in a Perpetual SFP at all times during a Regulatory Halt affecting the Underlying Security. For the avoidance of doubt, no Block Trades in a Perpetual SFP may be executed on or reported to the Exchange during any period during which the Exchange has halted trading in the Perpetual SFP.

(b) **Market-Wide Circuit Breakers.** In the event of a Regulatory Halt resulting from the operation of circuit breaker procedures by a national securities exchange or national securities association, the levels, thresholds, and durations applicable to such market-wide circuit breaker or trading curb procedures are those established by the applicable national securities exchange or national securities association, as in effect from time to time.

(c) **Duration and Resumption.** Suspension of trading due to a Regulatory Halt shall remain in effect until the Primary Listing Exchange of the Underlying Security resumes trading, unless the Exchange determines, in its discretion, that additional conditions must be satisfied before trading in the Perpetual SFP may resume. The Exchange shall resume trading no earlier than the resumption of trading in the Underlying Security on the Primary Listing Exchange, and only when the Exchange determines that price discovery in the Perpetual SFP can occur on a fair and orderly basis.

(d) **Orders During Coordinated Halts.** During a Regulatory Halt, the Exchange may, at its discretion, permit Members to submit, modify, or cancel orders in the affected Perpetual SFP. No matching shall occur during the Regulatory Halt. All market orders resting at the time a Regulatory Halt is initiated shall be cancelled. In connection with any Corporate Action adjustment, the Exchange may halt trading (including execution and reporting of Block Trades) in the affected Perpetual SFP and cancel all resting orders, including limit orders, stop orders, take-profit / stop-loss orders, and any other conditional orders, prior to applying the adjustment and reopening the market. Participants are responsible for re-entering orders after the affected Perpetual SFP reopens for trading.

(e) **Notification.** The Exchange shall promptly disseminate notice to all Members of any coordinated trading halt and the resumption of trading via the Exchange's notification channels and market data feeds.

(f) **Additional Halts**. The Exchange may, at its sole discretion, halt trading (including execution and reporting of Block Trades) in a Perpetual SFP at any time when trading in the Underlying Security is halted for any reason on any national securities exchange listing the Underlying Security.

RULE 14.14 TRADING SAFEGUARDS

(a) The Exchange shall maintain pre-trade and intra-trade safeguards for Perpetual SFPs, which may include price reasonability checks on incoming orders, dynamic and static price bands, volatility interruption mechanisms, and maximum order size and value limits.

(b) The Exchange shall establish and publish the parameters, procedures, and methodologies for such safeguards in an Exchange Notice or technical specification. The Exchange may modify such parameters, procedures and methodologies at any time and shall communicate material changes to Members.

(c) The parameters for any static price limits shall be calibrated to be consistent with the margin requirements applied to Perpetual SFPs by the Clearing House.

(d) **Self-Match Prevention.** The Exchange shall provide self-match prevention functionality for Perpetual SFPs. The Exchange may require Participants to designate one or more self-match prevention identifiers, and orders bearing the same designated identifier shall not be permitted to execute against one another. Where two opposing orders would otherwise match and are subject to self-match prevention, the Exchange shall cancel or decrement one or both orders in accordance with the methodology established and published pursuant to Rule 14.14(b). Self-match prevention shall not relieve any Participant of its obligations under Rule 5.7 or under the CEA and CFTC Regulations.

(e) **Prohibited Persons.** Without limiting the applicability of the CEA, the Exchange Act, the rules and regulations promulgated thereunder, or any other Rule of the Exchange, the following persons are prohibited from trading in Perpetual SFPs on the Exchange, with respect to a particular Perpetual SFP or derivative thereof: (1) Any person who is an officer, director, or 10% or greater shareholder, subject to Section 16 of the Exchange Act, of the issuer of a security underlying the Perpetual SFP; (2) any person who is in possession of material non-public information regarding the issuer of an Underlying Security; and (3) any individual who is a member of the immediate family or household of a person described in clauses (1) and (2) of this paragraph 14.14(e).

RULE 14.15 DISCRETIONARY EXCHANGE AUTHORITY

(a) Notwithstanding any other provision of this Chapter, the Exchange shall have the authority to halt, suspend, or restrict trading in any Perpetual SFP, or to modify the parameters of any trading safeguard, at any time and for any duration, if the Exchange determines, in its sole discretion, that such action is necessary or appropriate to: (i) maintain fair and orderly markets; (ii) protect market participants; (iii) address an emergency; (iv) respond to extraordinary market conditions; or (v) comply with applicable law or regulation.

(b) The Exchange may declare Stressed Market Conditions for one or more Perpetual SFPs if, in its judgment, market conditions warrant. During such period, the Exchange may, without prior notice to Members, widen, narrow, or otherwise modify any trading safeguard parameter established pursuant to Rule 14.14.

(c) The Exchange shall report to the CFTC any trading halt, trading suspension, or declaration of Stressed Market Conditions in accordance with Part 38 of the CFTC's Regulations.

PART V --- CUSTOMER MARGIN FOR SECURITY FUTURES PRODUCTS

RULE 14.16 MINIMUM CUSTOMER MARGIN REQUIREMENT

(a) **Perpetual SFP Required Margin.** Each FCM SFP Broker Member must collect and maintain from each FCM Customer, for each Perpetual SFP position carried in the FCM Customer's account, margin in an amount not less than 15.50% (such percentage, the "Perpetual SFP Margin Ratio") of the Current Market Value of the position.

(b) **Calculation.** "Perpetual SFP Required Margin" for each Perpetual SFP position is calculated as follows:

(1) Current Market Value = Number of Contracts × Contract Unit × Mark Price, determined as set forth in the definition of "Current Market Value" in Rule 14.2.
(2) Perpetual SFP Required Margin = Current Market Value × Perpetual SFP Margin Ratio.

(c) **No Distinction Between Initial and Maintenance Margin.** The Perpetual SFP Margin Ratio applies at all times to each position. There is no separate initial margin rate or maintenance margin rate. A Perpetual SFP Margin Deficiency arises whenever and to the extent that the margin on deposit falls below the Perpetual SFP Required Margin of the FCM Customer's open Perpetual SFP positions.

(d) **Aggregate Requirement.** The total Perpetual SFP Required Margin for a FCM Customer account is the sum of the Perpetual SFP Required Margin for each individual Perpetual SFP position.

(e) **Exchange Authority to Impose Higher Margin.** The Exchange may, in its discretion, impose margin requirements in excess of the Perpetual SFP Margin Ratio for any Perpetual SFP or class of Perpetual SFPs, effective upon such notice to FCM SFP Broker Members as the Exchange deems appropriate. Factors the Exchange may consider include market volatility, liquidity conditions, concentration risk, and the financial condition of FCM SFP Broker Members or their FCM Customers.

RULE 14.17 ACCEPTABLE MARGIN DEPOSITS

(a) An FCM Customer may satisfy the Perpetual SFP Required Margin by depositing cash (U.S. dollars) with their FCM SFP Broker Member. The Exchange may, in its discretion and by notice to FCM SFP Broker Members, accept other forms of collateral, which shall be limited to margin securities (subject to the limitations set forth in CFTC Regulation 41.46(b)(2)), exempted securities and other assets permitted under Regulation T of the Board of Governors of the Federal Reserve System to satisfy a margin deficiency in a securities margin account, or any combination thereof, in each case subject to applicable law and to the eligibility, valuation, and haircut requirements established by the Exchange and the Clearing House. The Exchange may impose conditions on, or decline to accept, any form of collateral.

(b) **Valuation.** The collateral value of all collateral accepted to satisfy the Perpetual SFP Required Margin pursuant to Rule 14.17(a) shall be determined in accordance with CFTC Regulations 41.46(c) and 41.46(e). FCM SFP Broker Members are responsible for applying current and accurate valuations.

RULE 14.18 DAILY MARK-TO-MARKET AND VARIATION SETTLEMENT

(a) All open Perpetual SFP positions must be marked to market daily based on the Daily Settlement Price.

(b) Gains and losses resulting from the daily mark-to-market (also known as "variation settlement") must be credited or debited to the customer's account on each business day.

(c) Because Perpetual SFP Required Margin is calculated as a percentage of Current Market Value, the dollar amount of Perpetual SFP Required Margin changes daily as the Daily Settlement Price changes, even if the customer's position size remains constant.

(d) **Funding Rate Payments.** Perpetual SFPs subject to periodic Funding Rate payments shall have such credits and debits applied to the customer's account. Funding Rate credits and debits affect the equity available to satisfy margin requirements, but do not alter the Perpetual SFP Required Margin calculation, which is calculated solely as provided by Rule 14.16(b).

RULE 14.19 MARGIN CALLS AND UNDERMARGINED ACCOUNTS

(a) **Issuance.** A FCM SFP Broker Member must issue a margin call to any FCM Customer whose account has a Perpetual SFP Margin Deficiency following the daily mark-to-market. Any deficiency below Perpetual SFP Required Margin constitutes a margin call event.

(b) **Satisfaction.** Margin calls must be satisfied promptly by the deposit of additional cash; by the deposit of acceptable collateral, as described in Rule 14.17; or by the reduction of positions. The FCM SFP Broker Member's internal policies must specify the timeframe within which margin calls must be satisfied, which timeframe shall be commercially reasonable.

(c) **Liquidation.** If a margin call is not satisfied within the timeframe specified by the FCM SFP Broker Member, the FCM SFP Broker Member may liquidate some or all of the customer's Perpetual SFP positions in accordance with the customer agreement.

(d) **Net Capital Deduction.** Pursuant to CFTC Rule 41.48, if a customer account carries a Perpetual SFP Margin Deficiency and the customer has not met the margin call, the FCM SFP Broker Member must take a net capital deduction under CFTC Regulation 1.17 in the amount of the Perpetual SFP Margin Deficiency.

(e) **Reporting.** Each FCM SFP Broker Member must report to the Exchange, upon request, any FCM Customer account carrying a Perpetual SFP Margin Deficiency that has remained unsatisfied for more than one business day.

RULE 14.20 [RESERVED]

RULE 14.21 MEMBER MARGIN OBLIGATIONS

(a) **Margin Collection.** Each FCM SFP Broker Member is responsible for collecting and maintaining the Perpetual SFP Required Margin from its customers in accordance with this Part V. A FCM SFP Broker Member may impose margin requirements exceeding those specified herein.

(b) **Systems.** Each FCM SFP Broker Member must maintain margin systems capable of: (1) calculating Perpetual SFP Required Margin in accordance with Rule 14.16(b), separately from any risk-based margin calculations applied to commodity futures positions; (2) accepting and correctly valuing any non-cash collateral accepted by the Exchange and the Clearing House at Regulation T collateral values; and (3) identifying and tracking Perpetual SFP Margin Deficiencies for net capital computation purposes.

(c) **Segregation.** Customer margin deposits for Perpetual SFP positions held in futures accounts must be segregated in accordance with Section 4d of the Commodity Exchange Act and CFTC Regulation 1.20. Perpetual SFP customer margin may be held in the same segregated account as other domestic futures customer funds.

(d) **Recordkeeping.** Each FCM SFP Broker Member must maintain complete records of all Perpetual SFP margin calculations, margin calls, customer deposits, collateral valuations, liquidation actions, and Perpetual SFP Margin Deficiency reports, in accordance with CFTC Regulations 1.31 and 1.35.

RULE 14.22 EMERGENCY MARGIN AUTHORITY

(a) Without limiting Rule 14.16(e), the Exchange may, in an emergency, impose special margin requirements for specific Perpetual SFPs or accounts, or require FCM SFP Broker Members to collect margin on an intraday basis, effective immediately upon notice to FCM SFP Broker Members.

(b) Any emergency margin action taken under paragraph (a) shall be reported to the CFTC and the SEC as promptly as practicable.

PART VI --- POSITION LIMITS AND REPORTING

RULE 14.23 SPECULATIVE POSITION LIMITS

(a) **Application.**

Except with the prior written permission of the Chief Regulatory Officer or his designee, all Members must comply with the position limits set forth in this Rule 14.23.

For a Perpetual SFP that the Exchange has announced will be subject to delisting pursuant to Rule 14.7 or accelerated final settlement pursuant to Rule 14.30, the "last three trading days" shall mean the three (3) trading days immediately preceding the date on which the Exchange has determined that final settlement will occur.

Notwithstanding anything to the contrary in Rule 14.23(c) and Rule 14.23(d), no position or positions aggregated in accordance with Rule 14.23(e) shall be permitted in excess of 200,000 Perpetual SFP Standard Contract Equivalents.

(b) **Default Position Limits.** Except as provided elsewhere in this Rule 14.23, the position limit for a Perpetual SFP shall be equal to: (i) at all times other than the last three trading days of an expiring contract, 50,000 Perpetual SFP Standard Contract Equivalents or (ii) during the last three days of an expiring contract, 25,000 Perpetual SFP Standard Contract Equivalents. The number of Standard Contract Equivalents held by a person may not exceed the limit either net or on the same side of the market. In no event shall the applicable limit be established or administered in a manner inconsistent with CFTC Regulation 41.25 and applicable CFTC regulations, guidance or orders.

Notwithstanding the foregoing paragraph, a position in excess of the applicable position limit that arises solely as a result of an adjustment to a Perpetual SFP effected pursuant to Part VII of this Chapter shall not, by reason of the adjustment alone, constitute a violation of this Rule 14.23, provided that the person holding

the position does not increase the position on the same side of the market after the adjustment becomes effective.

(c) **Liquidity-Tiered Position Limits.** Where the Estimated Deliverable Supply of the Underlying Security exceeds 20 million shares, the Exchange may, if appropriate in light of the liquidity of trading in the Underlying Security, assign the Perpetual SFP to a liquidity tier and establish a position limit no greater than the lesser of (i) the number of Perpetual SFP Standard Contract Equivalents specified for the applicable tier in the schedule established by the Exchange by notice to Members, and (ii) the equivalent of 12.5 percent of the Estimated Deliverable Supply of the Underlying Security, either net or on the same side of the market, applicable to positions held during the last three trading days of an expiring contract. In no event shall any tiered limit exceed the maximum permitted by CFTC Regulation 41.25(b)(3).

(d) **Position Accountability in Lieu of Position Limits.** For a Perpetual SFP on a single equity security where the Six-Month Total Trading Volume exceeds 2.5 billion shares and there are more than 40 million shares of Estimated Deliverable Supply, the Exchange may adopt a position accountability rule in lieu of a position limit. The position accountability level shall be 25,000 Standard Contract Equivalents, or such lower level as the Exchange may specify with respect to such Perpetual SFP.

(e) **Aggregation.** For purposes of determining compliance with position limits, a Person's positions shall be aggregated with positions that such Person directly or indirectly holds, controls or is obligated in respect of, positions in accounts in which such Person has an ownership, equity, beneficial or other financial interest, and positions held or controlled by any Person or group of Persons acting in concert with such Person.

(f) **Equity Hedging Exemption.** The Exchange may grant exemptions from the position limits set forth in this Rule for Perpetual SFP positions used for qualified hedging strategies, as determined by the Exchange, including but not limited to positions where each Perpetual SFP contract is "hedged" or "covered" by a number of shares of the Underlying Security equal to the Standard Contract Equivalent or securities convertible into such number of the Underlying Security. Applications for exemptions must be filed with the Exchange in such form as the Exchange may prescribe. The Exchange may condition any exemption upon such terms and conditions as the Exchange deems appropriate.

(g) **Periodic Review.** The Exchange shall calculate, on a monthly basis, the Estimated Deliverable Supply and Six-Month Total Trading Volume for each Underlying Security. The Exchange shall adjust position limits as appropriate based on such data and shall file any changes with the CFTC pursuant to CFTC Regulation 41.24.

(h) **Violations.** Any Person who exceeds a position limit established under this Rule shall be deemed to have violated Exchange Rules and shall be subject to disciplinary action. Any Member carrying an account that exceeds a position limit shall take such action as is necessary to bring the account into compliance.

(i) This Rule is adopted pursuant to, and shall be interpreted in a manner consistent with, CFTC Rule 41.25 and the requirements of the CEA and the Securities Exchange Act of 1934 applicable to Perpetual SFPs.

RULE 14.24 POSITION ACCOUNTABILITY

(a) Any Person holding a position exceeding the applicable position accountability level shall, upon request by the Exchange, promptly provide information regarding the nature, size, and purpose of such position; provide any additional information requested by the Exchange; and consent to halt increasing such position when so ordered by the Exchange.

(b) The Exchange may establish higher position accountability levels for Market Makers on Perpetual SFPs where the Market Maker has quoting obligations, in accordance with the Market Maker program applicable to Perpetual SFPs.

RULE 14.25 LARGE TRADER REPORTING

(a) Each Participant shall file with the Exchange daily reports showing the name, address, and positions of each account that has a reportable position in any Perpetual SFP.

(b) A reportable position is any position of 5,000 or more Standard Contract Equivalents, net long or net short, in Perpetual SFPs on a single Underlying Security.

(c) Reports shall be filed by 9:00 a.m. Eastern Time on the business day following the day on which the reportable position existed.

PART VII --- CORPORATE ACTIONS

RULE 14.26 CORPORATE ACTIONS — GENERAL AUTHORITY

(a) **Scope**. This Part governs the treatment of Corporate Actions affecting the Underlying Securities of Perpetual SFPs. Matters relating to clearing and settlement not specifically addressed in this Part shall be governed by the Rules of the Clearing House.

(b) **Authority and Standard**. Determinations as to whether and how to adjust the terms of a Perpetual SFP to reflect a Corporate Action affecting the Underlying Security shall be made by the CRO, or such other officer or committee as the Board of Directors may designate, based on the CRO's judgment as to what is appropriate for the protection of investors and the public interest, taking into account fairness to the buyers and sellers of the affected Perpetual SFPs, the maintenance of a fair and orderly market, consistency of interpretation and practice, and the preservation, to the greatest extent practicable, of the economic equivalence of open positions immediately before and immediately after the Corporate Action.

(c) **Covered Events**. Whenever there occurs in respect of an Underlying Security a cash dividend, stock dividend, stock distribution, stock split, reverse stock split, rights offering, distribution, recapitalization, reclassification, reorganization, or similar event, or a merger, consolidation, tender or exchange offer, dissolution, liquidation, or delisting affecting the issuer of an Underlying Security, the number of Perpetual SFP contracts, the Daily Settlement Price, the Underlying Security, or any of them may be adjusted in accordance with this Part.

(d) **General Interpretations and Discretion**. The CRO may, in addition to determining adjustments on a case-by-case basis, adopt interpretations of general application to specified types of events. Every determination of the CRO under this Part shall be made in the CRO's sole discretion and, in the absence of fraud or willful misconduct, shall be conclusive and binding on all Participants and not subject to review.

(e) **Exceptions**. Notwithstanding the general rules set forth in this Part, the CRO may make exceptions in any case or group of cases in which, applying the standard in paragraph (b), the CRO determines an exception to be appropriate. The general rules shall apply unless the CRO affirmatively determines to make an exception.

(f) **Late or Imperfect Notice**. If the Exchange does not learn, or does not learn in a timely manner, of a Corporate Action for which an adjustment would otherwise have been made, the Exchange shall not be liable for any failure to make, or delay in making, such adjustment. In making any determination, the CRO shall apply the standard in paragraph (b) in light of the circumstances known at the time.

(g) **Effective Date**. Adjustments under this Part shall, as a general rule, become effective on the Ex-Date established by the Primary Listing Exchange for the Underlying Security.

(h) **Notice**. Upon becoming aware of a pending Corporate Action that may require an adjustment, the Exchange shall publish an Exchange Notice describing the Corporate Action, the anticipated Ex-Date, and the adjustment or settlement the Exchange expects to apply, and shall publish a supplemental Exchange Notice confirming the adjustment as applied following the close of trading on the last trading day before the Ex-Date.

RULE 14.27 DIVIDENDS AND DISTRIBUTIONS

(a) **Ordinary Distributions**. The economics of an Ordinary Dividend shall be transferred between open interest through the Funding Rate, and no adjustment shall be made to the Contract Specifications, Daily Settlement Price, Contract Unit, or number of outstanding contracts of a Perpetual SFP to reflect an Ordinary Dividend. Because a Perpetual SFP is a perpetual contract with no scheduled expiration at which the prices of

the Perpetual SFP and the Underlying Security converge, the decline in the price of the Underlying Security on the Ex-Date is not otherwise offset within the contract; the Funding Rate transfer places long and short open interest in substantially the economic position they would occupy if the dividend amount were paid from short open interest to long open interest directly. No trading halt shall be required in respect of an Ordinary Dividend.

(b) **De Minimis Threshold**. The Exchange shall not be required to take any action under this Rule in respect of a cash distribution that does not exceed twelve and one-half cents ($0.125) per share of the Underlying Security, or such other threshold as the Exchange may establish by Exchange Notice.

(c) **Extraordinary Distributions**. An Extraordinary Dividend, and any distribution of cash or property (including a spin-off, demerger, or similar distribution of securities of another issuer) that is not an Ordinary Dividend and for which the CRO determines an adjustment to be appropriate, shall be reflected by a per-contract cash amount recorded against open positions and settled in cash at the Daily Settlement Time, at the same time as, but separately from, Variation Margin, by a reduction of the Daily Settlement Price by the value per share of the distributed cash or property, or by such other method as the CRO determines best preserves the economic equivalence of open positions. The CRO may halt trading in the affected Perpetual SFP in connection with an Extraordinary Distribution.

(d) **Determination of Ordinary or Extraordinary**. In determining whether a distribution is an Ordinary Dividend, the CRO shall consider the issuer's stated dividend policy and practice; whether the issuer or a relevant market authority has characterized the distribution as regular, special, accelerated, or deferred; whether the distribution is readily distinguishable from the issuer's regular dividends; the issuer's dividend payment history; and, in the case of a stock dividend or distribution, whether it exceeds ten percent (10%) of the shares of the Underlying Security outstanding. A cash distribution declared pursuant to a policy or practice of regular payment shall, as a general rule, be deemed an Ordinary Dividend.

(e) **Foreign Withholding**. Where the Underlying Security is issued by a non-U.S. issuer or is held in the form of a depositary receipt, any adjustment or cash amount determined under this Rule shall be determined net of any applicable foreign withholding tax, as the CRO determines.

(f) **Funding Rate Coordination**. Ordinary Dividend economics are transferred through the Funding Rate as provided in paragraph (a), and no separate cash amount shall be recorded against open positions in respect of an Ordinary Dividend. A Corporate Action shall not otherwise give rise to any change in the Funding Rate methodology, which shall continue to be calculated without modification across the event. Where a cash amount is recorded in respect of an Extraordinary Distribution under paragraph (c), that amount and the Funding Rate shall be administered so that the distribution economics are transferred once and not double-counted.

RULE 14.28 STOCK SPLITS, STOCK DIVIDENDS, AND RIGHTS

(a) **Stock Splits, Stock Dividends, and Consolidations**. In the case of a forward stock split, stock dividend, stock distribution, or bonus issue in respect of the Underlying Security, the Daily Settlement Price established immediately before the event shall be proportionately reduced and the number of Perpetual SFP contracts comprising each open position shall be proportionately increased; and in the case of a reverse stock split or consolidation of shares, the Daily Settlement Price established immediately before the event shall be proportionately increased and the number of Perpetual SFP contracts comprising each open position shall be proportionately reduced. In each case the Daily Settlement Price shall be multiplied by, and the number of Perpetual SFP contracts comprising each open position divided by, the ratio of the number of shares outstanding before the event to the number outstanding after the event, the Contract Unit shall remain unchanged at one hundred (100) shares of the Underlying Security, and the notional value of each open position shall be substantially unaffected by the adjustment. The adjustment shall be implemented following the Daily Settlement Time on the Last Cum-Trading Day.

(b) **Rights Offerings**. The Exchange shall ordinarily adjust the terms of a Perpetual SFP to reflect a rights distribution in the manner that best preserves economic equivalence, except that no adjustment shall

ordinarily be made to reflect the issuance of rights that are not immediately exercisable, that trade together with the Underlying Security, and that may be redeemed by the issuer (so-called "poison pill" rights). If such rights later become exercisable, begin to trade separately from the Underlying Security, or are redeemed, the CRO shall determine whether an adjustment is appropriate.

(c) **Rounding**. Adjustments of the Daily Settlement Price shall be rounded to the nearest minimum price increment, and adjustments of the number of Perpetual SFP contracts comprising a position shall be rounded to the nearest minimum trading increment under Rule 14.9(a) and the applicable Contract Specifications in the manner the CRO determines, consistent with the methodology of the Clearing House and any relevant reporting authority; any resulting difference between aggregate long and aggregate short open interest shall be resolved by the Exchange in coordination with the Clearing House and shall not be allocated to Participants. Where rounding would not preserve economic equivalence to the greatest extent practicable, the CRO may apply an alternative convention or a compensating cash adjustment.

(d) **In-Place Application**. Adjustments under this Rule shall be applied to existing open positions in place; the affected positions shall not be closed and reopened; and the version identifier of the Perpetual SFP shall be incremented. Order handling across the adjustment shall be governed by Rule 14.32.

RULE 14.29 MERGERS, TENDER OFFERS, AND REORGANIZATIONS

(a) **Tender and Exchange Offers**. No adjustment shall ordinarily be made to reflect a tender offer or exchange offer to holders of the Underlying Security, whether made by the issuer or by a third person and whether for cash, securities, or other property, and without regard to whether the offer may be favorable, adverse, or coercive. A Perpetual SFP shall ordinarily be adjusted or settled to reflect a merger, consolidation, or similar event that becomes effective following completion of such an offer.

(b) **Cash Mergers**. When the Underlying Security is converted in a merger or similar event into the right to receive a fixed amount of cash, the Perpetual SFP shall ordinarily be closed and subject to final cash settlement at such fixed amount of cash.

(c) **Stock-for-Stock Mergers and Reorganizations**. In the case of a merger, consolidation, reincorporation, or similar event in which shares of the Underlying Security are converted into or exchanged for shares of another company, the Perpetual SFP shall ordinarily be closed and subject to final cash settlement in accordance with Rule 14.30 at the value of the shares of the resulting or acquiring company receivable per share of the Underlying Security. The CRO may, in the CRO's sole discretion, instead direct that open positions be converted into positions in a Perpetual SFP listed on the Exchange that references the shares of the resulting or acquiring company, by multiplying the number of Perpetual SFP contracts comprising each open position by the number of such shares receivable per share of the Underlying Security (with rounding as provided in Rule 14.28(c)), the Contract Unit remaining unchanged, each position being deemed closed at its Daily Settlement Price and reopened at the Daily Settlement Price of that Perpetual SFP and any difference settled as Variation Margin. The listing of such a Perpetual SFP shall not create any presumption in favor of conversion.

(d) **Events Not Giving Rise to Adjustment**. No adjustment shall ordinarily be made to reflect a change in the capital structure of the issuer where the Underlying Securities held by the public are not converted into another security, cash, or other property, including the issuance of new or additional debt or equity, the refinancing of outstanding debt, the repurchase by the issuer of less than all of the Underlying Securities outstanding, or the sale of significant assets. A change in the name, ticker symbol, ISIN, CUSIP, or jurisdiction of incorporation of the issuer that does not alter the economic rights attached to the shares shall not give rise to any adjustment, and the Exchange shall update the Contract Specifications accordingly.

(e) **Reservation of Accelerated Final Settlement**. Notwithstanding paragraphs (a) through (d) and Rule 14.28, the CRO may, in the CRO's sole discretion, in lieu of any adjustment or conversion otherwise provided under this Rule or Rule 14.28, effect accelerated final cash settlement of the affected Perpetual SFP in accordance with Rule 14.30 where the CRO determines that continued trading following the Corporate Action would not result in a fair and orderly market, would give rise to material risk or pricing discontinuities, would

result in an illiquid or unrepresentative market in the affected Perpetual SFP, or would otherwise be impracticable, inequitable or undesirable.

RULE 14.30 ACCELERATED FINAL SETTLEMENT

(a) **Trigger Events**. The CRO may declare a Perpetual SFP subject to accelerated final cash settlement upon: a determination under Rule 14.29(e) or any other event that renders continued trading in the Perpetual SFP impracticable or inequitable.

(b) **Final Settlement Price**. Open positions in a Perpetual SFP subject to accelerated final settlement shall be closed by cash settlement at a Final Settlement Price determined in accordance with Rule 14.7(c).

(c) **Timing**. Accelerated final settlement shall occur as promptly as practicable, and ordinarily within three (3) business days, following the CRO's declaration. The Exchange shall provide not less than two (2) business days' notice prior to accelerated final settlement, except where emergency circumstances require more immediate action, and shall not close the affected Perpetual SFP earlier than necessary to give effect to the Corporate Action, in order to minimize premature closures in the event the Corporate Action does not become effective.

RULE 14.31 RELIABILITY OF SETTLEMENT PRICES AND REFERENCE DATA

(a) **Reliance on Reported Prices**. Unless the CRO directs otherwise, the price of an Underlying Security as reported by the Primary Listing Exchange or other relevant reporting authority shall be conclusively presumed to be accurate and shall be deemed final for purposes of determining Daily Settlement Prices and any Final Settlement Price, even if such price is subsequently revised or determined to have been inaccurate.

(b) **Erroneous or Unavailable Prices**. The Exchange shall not adjust an officially reported price used for settlement, even if it is subsequently found to have been erroneous, except in extraordinary circumstances — such as where a reported price is clearly erroneous and inconsistent with prices reported earlier in the same trading session and a corrected price is promptly published by the reporting authority. In no event shall a completed settlement be reopened on account of an error in an officially reported price. Where a required price is unavailable, the CRO may fix it based on the last available reported price or another reasonable basis consistent with Rule 14.26(b).

RULE 14.32 OPERATIONAL PROVISIONS

(a) **Trading Halt and Order Cancellation**. Where an adjustment or accelerated final settlement under this Part requires it, trading (including execution and reporting of Block Trades) in the affected Perpetual SFP shall halt and all resting orders shall be cancelled; the order book shall reopen empty; and Participants must re-enter any orders they wish to maintain. The Exchange shall not carry any resting order across an adjustment. The ordinary duration of a halt shall be brief, and the CRO may extend it as the CRO deems appropriate.

(b) **Withdrawal or Modification Prior to Ex-Date**. If, before the opening of trading on the ex-date, the CRO determines that a Corporate Action has been withdrawn or modified or will not occur on the announced terms, the CRO may cancel or recalculate the pending adjustment, in which case the affected Perpetual SFP shall resume trading at its unadjusted Daily Settlement Price and any pending cash amount recorded against open positions shall be cancelled.

(c) **Irrevocability and Remedial Adjustment**. Once an adjustment has been implemented following the Ex-Date, it shall be irrevocable. If a Corporate Action is subsequently cancelled, withdrawn, or reversed, the CRO may implement a remedial adjustment, which may be prospective or may include compensating cash payments in either direction, to restore economic equivalence to the extent practicable.

(d) **New Listings**. On or after the Ex-Date, the Exchange may list new Perpetual SFPs referencing the same Underlying Security with unadjusted terms, except where the Underlying Security has been delisted,

suspended, or extinguished or the Perpetual SFP has been closed by accelerated final settlement, in which case relisting shall occur only on a post-event basis as the CRO determines appropriate.

(e) **Clearing and Regulatory Coordination**. Any cash amount or settlement under this Part shall be administered in coordination with the Clearing House, and the Exchange shall coordinate with the CFTC, the SEC, the Primary Listing Exchange, and relevant reporting authorities and data vendors so that adjustments are accurately reflected in published market data and regulatory reports.

(f) **Limitation of Liability**. Neither the Exchange nor its directors, officers, employees, or agents shall be liable to any Participant for any loss arising from a determination made by the CRO under this Part, from any delay or error in implementing an adjustment made in good faith, or from the cancellation of orders under this Part.

PART VIII --- SALES PRACTICES

RULE 14.33 CUSTOMER ACCOUNTS AND RISK DISCLOSURE

(a) Each SFP Broker Member effecting customer transactions in Perpetual SFPs must comply with the sales practice requirements of the National Futures Association and, to the extent applicable, the rules of any national securities association of which such SFP Broker Member is a member, including suitability obligations and customer account approval procedures.

(b) Before opening an account for a customer to trade Perpetual SFPs, an SFP Broker Member must deliver to the customer the Risk Disclosure Statement for Security Futures Contracts prescribed jointly by the National Futures Association and the Financial Industry Regulatory Authority, and must obtain written acknowledgment of receipt.

PART IX --- MARKET SURVEILLANCE

RULE 14.34 MARKET SURVEILLANCE

(a) The Exchange shall conduct real-time market surveillance of all trading activity in Perpetual SFPs to detect potential violations of Exchange rules, the CEA, the Exchange Act, and other applicable laws and regulations.

(b) Market surveillance shall include monitoring for: manipulation of Perpetual SFP prices or the prices of Underlying Securities; insider trading; front-running; violations of position limits and reporting requirements; wash trades; self-referencing or self-matching trades; and other fraudulent or manipulative practices.

RULE 14.35 INTERMARKET SURVEILLANCE

(a) The Exchange shall maintain membership in the Intermarket Surveillance Group (“ISG”) and shall comply with all ISG requirements for the sharing of surveillance information.

(b) The Exchange shall share information with other markets on which the Underlying Securities and related securities trade, including transaction information, customer identity information, position information, and any other information necessary for coordinated surveillance.

(c) The Exchange shall coordinate with other markets in investigating potential violations involving Perpetual SFPs and the Underlying Securities.

RULE 14.36 AUDIT TRAIL AND RECORDKEEPING

(a) The Exchange shall maintain an audit trail sufficient to facilitate coordinated surveillance among the Exchange, any market on which an Underlying Security is traded, and any market on which any related security is traded.

(b) The audit trail shall capture, at a minimum: the time of order receipt and execution (to the millisecond); the identity of the Participant entering the order; the identity of the customer, if applicable; the terms of the order; any modifications or cancellations; and the execution price and counterparty.

(c) The Exchange shall maintain records of all transactions in Perpetual SFPs for a period of not less than five years, the first two years in an easily accessible place.

(d) Participants shall maintain records as required by CFTC Regulations and SEC Rules applicable to broker-dealers, including customer account records, order tickets and confirmations, margin records, and communications with customers. Records shall be made available to the Exchange, the CFTC, and the SEC upon request.

PART X --- MEMBERSHIP AND AFFILIATIONS

RULE 14.37 SFP ELIGIBILITY CRITERIA

In addition to the compliance with the requirements and satisfaction of the conditions set forth in Chapter 3, a Member must satisfy the following criteria in order to be eligible for membership to transact in or intermediate transactions in Perpetual SFPs:

(c) Not be subject to a statutory disqualification under Section 3(a)(39) of the Exchange Act or Section 8a(2) of the CEA;
(d) Not be subject to any order denying, suspending, or revoking registration or membership with any securities or futures regulatory authority; and
(e) In the case of an FCM Member or IB Member, (i) be registered in good standing with the CFTC and be registered with the SEC as a broker-dealer (or operate pursuant to notice registration under Section 15(b)(11) of the Exchange Act) and (ii) be a member in good standing of NFA.

RULE 14.38 AFFILIATED SFP BROKER MEMBER

(l) **Eligibility Requirements.** In order to intermediate Perpetual SFP transactions on the Platform, an Affiliated SFP Broker Member must be an FCM and must satisfy the eligibility requirements applicable to SFP Broker Members pursuant to Rule 14.37 as well as the requirements and conditions of this Rule 14.38.

(m) **Third-Party DSRO.** The Exchange shall not permit an Affiliated SFP Broker Member to intermediate Perpetual SFP transactions on the Platform unless the surveillance of the Affiliated SFP Broker Member otherwise required of the Exchange under CFTC Regulation 1.52(c) is conducted by a Third-Party DSRO.

(n) **No Misrepresentations**. An Affiliated SFP Broker Member approved to intermediate Perpetual SFP transactions on the Platform shall not represent or imply that its affiliation with the Company confers any advantage in access, execution, information or regulatory treatment.

(o) **Approval and Documentation.** The Exchange may, in its sole discretion, approve, deny, or condition any Affiliated SFP Broker Member's application to intermediate Perpetual SFP transactions on the Platform as the Exchange deems necessary or appropriate, so long as such action is impartial, transparent, fair, and non-discriminatory. The Exchange shall document and disclose any approval,

and any subsequent withdrawal or termination of such approval, of an Affiliated SFP Broker Member to intermediate Perpetual SFP transactions on the Platform by Exchange Notice, which Exchange Notice shall specify the functions to be performed by such Affiliated SFP Broker Member in relation to the Platform.

(p) **Affiliated SFP Broker Member Privileges.** An Affiliated SFP Broker Member approved by the Exchange to intermediate Perpetual SFP transactions on the Platform will be an FCM of Kalshi and will have the privileges of an FCM set forth in Rule 3.2(g) solely with respect to Perpetual SFPs, subject to this Rule 14.38 and all Rules of the Exchange applicable to FCM SFP Broker Members to the same extent and on equal terms as such Rules apply to other FCM SFP Broker Members.

(q) **Prohibited Functions.** Except to the extent encompassed by acting in accordance with Rule 14.38(e) on the same terms and conditions as any other FCM SFP Broker Member, an Affiliated SFP Broker Member may not provide or perform any optional or mandatory order-routing services to Participants of the Exchange, including the receipt of order instructions from Participants and the reporting of resulting executions to the Exchange, co-location services, market data services or any other services or functions determined by the Exchange, in its sole discretion, to constitute a system of communication from or to the Exchange for the purpose of effecting transactions on the Exchange.

(r) **Non-Exclusivity; Impartial Access.** The Exchange shall not:

(f) Permit the entry of orders through an Affiliated SFP Broker Member that result in FCM Customers of such Affiliated SFP Broker Member receiving privileged treatment by the Platform in any respect or being placed at a competitive advantage *vis a vis* Participants who enter orders otherwise than through an Affiliated SFP Broker Member.

(g) Establish or administer the Platform or any Rule, policy, fee, order routing, communication or other system, margin requirement or other functionality in a manner designed or reasonably likely to privilege an Affiliated SFP Broker Member relative to other FCM SFP Broker Members.

(s) **Confidentiality Requirements.** The officers and directors of the Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and the functions of any Affiliated SFP Broker Member. Notwithstanding this Rule 14.38(h), the Exchange may furnish to an Affiliated SFP Broker Member the same information on the same terms that the Exchange makes available in the normal course of business to any other SFP Broker Member and may, as necessary to administer the Rules or comply with Applicable Law, communicate non-public information to an Affiliated SFP Broker Member that relates solely to that Affiliated SFP Broker Member or one or more of its FCM Customers.

(t) **Independent Governance.** Consistent with Rules 2.9 and 12.3 and CFTC Regulation 1.69, only Public Director members of the Company's Board, Regulatory Oversight Committee, Disciplinary Panel, Outcome Review Committee, or Appeals Committee may take part in matters for which the Affiliated SFP Broker Member is a named party in interest. The Chief Compliance Officer shall report any such matter to the Regulatory Oversight Committee.

(u) **Kalshi Prime.** Kalshi Prime shall be the sole Affiliated SFP Broker Member initially approved to intermediate Perpetual SFP transactions on the Platform. Kalshi Prime's capitalization derives from the holding company that owns the Company and Kalshi Prime. The Company does not guarantee the obligations of Kalshi Prime, and the Company and Kalshi Prime have no lending or other financing arrangements with each other.

PART XI --- MISCELLANEOUS

RULE 14.39 INTERACTION WITH MARGIN AND CLEARING

(a) **Consistency with Margin Methodology.** The parameters for Static Daily Limits established pursuant to Rule 14.14 shall be calibrated to be consistent with the margin requirements applied to Perpetual SFPs by the Clearing House, such that the maximum permitted intraday price movement does not exceed the coverage provided by margin under normal market conditions.

(b) **Margin Calls During Trading Halts.** During any trading halt or volatility interruption pursuant to this Chapter, the Clearing House shall not issue margin calls that require liquidation of positions in the halted Perpetual SFP, unless the halt persists for a duration exceeding the threshold established by the Clearing House. Members remain responsible for meeting margin obligations.

RULE 14.40 REGULATORY FILINGS

(a) Where a Corporate Action adjustment or other action under this Chapter results in a material change to the terms of a Perpetual SFP, the Exchange shall make any required filing with the CFTC under Rule 40.6 or Rule 40.5, and with the SEC as may be required under the Securities Exchange Act of 1934.

(b) Material amendments to this chapter shall be submitted to the CFTC and SEC in accordance with applicable filing requirements.