August 8, 2025

SUBMITTED VIA CFTC PORTAL

Secretary of the Commission
Office of the Secretariat
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: KalshiEX LLC – August 2025 Volume and Liquidity Incentive Program

Dear Sir or Madam,

KalshiEX LLC ("Kalshi" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC") that it is implementing on or after August 22, 2025, a Volume and Liquidity Incentive Program ("Program") as set forth in Appendix A.

For the avoidance of doubt, Kalshi hereby notifies the CFTC that Kalshi's volume incentive program filed in October 2024, and Kalshi's fee rebate program filed in January 2025, did not go into effect and are hereby terminated.

This Program will go into effect upon Exchange notice and will remain in effect until the earlier of August 1, 2026, or a date on which Kalshi amends or terminates the Program. Appendix A contains the Program's terms.

Compliance with Core Principles

Kalshi has concluded that the Program is not inconsistent with the CEA and the CFTC's regulations. The following core principles most directly pertain to the Program: **Core Principle 2 - Compliance with Rules; Core Principle 3 - Contracts not Readily Susceptible to Manipulation; Core Principle 4 - Prevention of Market Disruption; Core Principle 7 - Availability of General Information; Core Principle 9 - Execution of Transactions; Core Principle 12 - Protection of Markets and Market Participants; Core Principle 18 - Recordkeeping; Core Principle 21 - Financial Resources.**

Kalshi Rule 3.13(f) allows Kalshi to create programs that provide incentives to Participants that encourage trading, and the Program does not change this. The Program does not impact Kalshi's ability to perform its trade practice and market surveillance obligations under the CEA. The Program also does not render the Exchange's contracts readily susceptible to manipulation. Chapter 5 of Kalshi's Rulebook includes prohibitions against fraudulent, non-competitive, unfair or abusive practices, all of which apply to trading under the Program. All references to "fees" in this filing refer to exchange trading fees, and do not include clearing, banking or any other type of fee that may from time to time be imposed by the Exchange or its clearing house partner. Kalshi staff will continue to monitor for manipulative trading, market abuse and other trading violations, including by participants in the Program. Additionally, Kalshi's systems will continue to track Program participants' volume to ensure proper implementation of the Program. The effective terms of the Program will be posted on the Exchange's website and publicly available. The Program does not impact the Exchange's order execution. The eligibility criteria for the Program are set forth in Appendix A, and are non-discriminatory and designed to encourage wide participation in the Program amongst Kalshi's members. The increased volume and liquidity encouraged by the Program will enhance the competitiveness and efficiency of the market. The Program is anticipated to be economically sustainable. Notification of the filing is posted to Kalshi's website. The terms of all Program iterations will be posted on the Exchange's website prior to implementation. Kalshi will keep records of participation in the Program. Finally, the Program will not negatively impact Kalshi's satisfaction of the financial resources requirements.

The Program is public and accurate, and available to all participants. Kalshi will maintain records of all trades and payments under the Program. No opposing views to the contrary have been expressed.

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

Sincerely,

Richard Heaslip
Chief Regulatory Officer
KalshiEX LLC
rheaslip@kalshi.com

Enclosure:
Appendix A

Appendix A

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

Program Purpose

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

Program Scope and Duration

The Program applies to all Kalshi markets. The Program shall have two components, consisting of Volume Incentives and Liquidity Incentives.

The Program will be effective upon Exchange notice, and continue until the earlier of August 1, 2026, or the date that Kalshi amends or terminates the Program. Kalshi may announce separate effective dates for each component of the Program, and may in its discretion terminate either component separately or together.

Eligible Participants

“Eligible Participants” are all Kalshi members, except the following: (i) affiliates of Kalshi; (ii) members who have executed a Market Maker Agreement with Kalshi; (iii) Introducing Brokers, Futures Commission Merchants, and customers thereof when transacting via the IB or FCM.

Program Terms

Volume Incentives:

During the Program, Kalshi will identify on market pages:

1. Whether or not the market is eligible for a volume incentive;
    a. If eligible, a given term for which the market will be eligible for a volume incentive (“Eligible Term”);
    b. If eligible, a fixed per-market reward (“Volume Reward”) for the the market during the Eligible Term;
2. Future Eligible Terms and Volume Rewards planned for the market.

At the end of each Eligible Term, each Eligible Participant who traded in the market will be awarded a share of the Volume Reward proportional to that member's Eligible Volume in the market as compared to all other Eligible Volume in the market.

"Eligible Volume" is defined as: trades made by the Eligible Participant during the Term that are executed on the central limit order book at prices between $.03 and $.97.

In order to help avoid price distortion caused by these Volume Incentives, Volume Rewards shall be capped at, and shall not exceed, $.005 per contract traded for each participant.

<u>Liquidity Incentives:</u>

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

Eligible Participants can receive incentives for improving liquidity via resting orders.

The calculation for such incentives will be as follows:

During a Time Period, if the market is open for trading, a snapshot of the book ("Snapshot") will be taken once for each second, with the exact time of the snapshot drawn from a random uniform distribution. For each Snapshot, the exchange will determine a score for each user that had resting orders that improved liquidity in the market ("Snapshot Liquidity Provider Score").

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

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

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

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

Determining "Snapshot Liquidity Provider Score":

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

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

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

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

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

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

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

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

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

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

$$Time\ Period\ Liquidity\ Provider\ Score(user) \ =$$

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

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

Determining Payments:

Each Time Period Liquidity Provider Score is multiplied by the Time Period Reward, and if the result is greater than or equal to $1.00, the result is paid out to the corresponding user, rounded down to the nearest cent.

$$Payout(user) \approx Time\ Period\ Liquidity\ Provider\ Score(user) \ * \ Time\ Period\ Reward$$

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

Monitoring and Termination of Status

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

Kalshi may end the Program (or any component thereof) at any time.