



## U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of  
Market Oversight

Vincent McGonagle  
Director

September 24, 2024

Mr. Eliezer Mishory  
Chief Regulatory Officer  
KalshiEX LLC  
549 Broadway  
New York, NY 10012  
Sent via e-mail to: emishory@kalshi.com

Re: Notification of Stay: Kalshi Submission No. 2409-1100-4224-55 (filed September 11, 2024)

Dear Mr. Mishory:

This letter informs you that, pursuant to delegated authority in § 40.7 of the Commission's regulations, the Division of Market Oversight ("DMO") has determined to stay KalshiEX LLC ("Kalshi") Submission No. 2409-1100-4224-55, filed September 11, 2024 (the "Submission"),<sup>1</sup> pursuant to Section 5c(c) of the Commodity Exchange Act ("Act") and § 40.6(c) of the Commission's regulations. This determination is based upon (1) the need for additional time to analyze the rule amendments contemplated in the Submission in light of novel and/or complex issues, and (2) a determination that the Submission is potentially inconsistent with the Act or the Commission's regulations thereunder.

Specifically, based on the information provided to the Commission, DMO has identified the following areas of concern:<sup>2</sup>

- 1) Designated Contract Market ("DCM") Core Principle 9:<sup>3</sup> Kalshi must provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade. The request for quote ("RFQ") functionality proposed by Kalshi in the Submission is novel and complex and potentially inconsistent with the Act and § 38.500 of the Commission's regulations as the RFQ functionality may not provide a competitive, open,

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<sup>1</sup> KalshiEX LLC Submission No. 2409-1100-4224-55, "KalshiEX LLC – Pre-Execution Communications and RFQ Orders" (Sept. 11, 2024).

<sup>2</sup> As the Commission reviews this filing further, additional areas of concern may be identified.

<sup>3</sup> Section 5(d)(9) of the Act; 7 U.S.C. 7(d)(9).

and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade.

- 2) DCM Core Principles 2 and 12:<sup>4</sup> The rule amendments contemplated in the Submission would facilitate pre-execution communications that may result in pre-arranged trades. The RFQ functionality proposed by Kalshi in the Submission is novel and complex and potentially inconsistent with the Act and §§ 38.150(a)(3), 38.152, 38.650, and 38.651 of the Commission’s regulations which require DCMs to prohibit abusive trading practices, including pre-arranged trades, on their markets.

The certification review period for the Submission is hereby stayed for an additional 90 days, until the end of December 23, 2024.

Please note that the Submission becomes effective only upon the expiration of the 90-day review period unless the Commission notifies Kalshi that it has determined to withdraw the stay prior to the end of the 90-day review period. After completion of its review, the Commission will notify Kalshi if it denies certification on the grounds that the Submission is inconsistent with the Act or the Commission’s regulations.

The Commission must provide a 30-day public comment period during the 90-day review period. The Commission will publish a notice of the 30-day public comment period on the Commission’s website.

If you have questions regarding this notification, please feel free to contact Jonathan Lave, Associate Director DMO at [JLave@cftc.gov](mailto:JLave@cftc.gov), Jasmine Lee, Special Counsel DMO, at [JLee@cftc.gov](mailto:JLee@cftc.gov), or Nivedita Sathiakumar, Special Counsel DMO, at [NSathiakumar@cftc.gov](mailto:NSathiakumar@cftc.gov).

Sincerely,

*Vincent A. McGonagle*

Vincent McGonagle

Director

Division of Market Oversight

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<sup>4</sup> Section 5(d)(2) of the Act; 7 U.S.C. 7(d)(2) and Section 5(d)(12) of the Act; 7 U.S.C. 7(d)(12), respectively.