

## Kalshi Trade Practice Requirements 2026

### Course Outline

This course is intended to inform you of trading practices requirements and restrictions under the Commodity Exchange Act (CEA), Commodity Futures Trading Commission (CFTC) regulations and the rules of derivatives self-regulatory organizations (SROs), in particular the Kalshi Exchange.

Introduction: Prediction Markets / Employer Liability / Exchange Jurisdiction / Exchange Trade Practice Sanctions

- I. Market Participant Obligations
  - a. Insider Trading in Prediction Markets
    - i. Insider Trading & Misappropriated Information
    - ii. Kalshi Insider Trading
      - 1. Definitions
      - 2. Prohibitions
      - 3. Enforcement Actions
    - iii. CFTC Advisory – Insider Trading
  - b. Market Manipulation
    - i. Anti-Fraud and Anti-Manipulation
    - ii. Case Discussions
  - c. Wash Sales
    - i. Definition
    - ii. Account Ownership
    - iii. Indirect Wash Trades
    - iv. Motivation for Wash Sales
    - v. Inadvertent Trade Execution
    - vi. Preventing Wash Sales
    - vii. Case Discussions
  - d. Disruptive Trade Practices
    - i. Orderly Execution During the Closing Period
    - ii. Spoofing
      - 1. Techniques
      - 2. CFTC Cases and Consequences
      - 3. Exchange Spoofing Rules
      - 4. Exchange Cases and Consequences
      - 5. Spoofing Deep Dive #1 (Order Books 1-5)

# EXCHANGE | ANALYTICS

- 6. Spoofing Deep Dive #2 – Layering (Order Books 1-8)
      - iii. Pre-arranged Trading
      - iv. Accessing the Markets
        - 1. Trader Information
        - 2. Disciplinary Cases
      - v. Front-Running
      - vi. Position Limits
        - 1. Purpose
        - 2. Types
        - 3. Reporting
      - vii. General Offenses
    - II. FCM and IB Obligations
      - a. Prohibited Execution Guarantees
      - b. Proprietary Trading and Customer Orders
      - c. Entering Orders for Kalshi Employees
    - III. Supervision & Recordkeeping
      - a. Employer Liability
      - b. Supervisory Responsibilities
      - c. Supervision Case Discussions
      - d. Recordkeeping Requirements
    - IV. Assessment