

**THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN**

THE UNITED STATES OF AMERICA AND
COMMODITY FUTURES TRADING
COMMISSION,

Plaintiffs,

v.

STATE OF WISCONSIN; ANTHONY S.
EVERS, in his official capacity as Governor of
WISCONSIN; JOSHUA L. KAUL, in his official
capacity as Attorney General of WISCONSIN;
STATE OF WISCONSIN DEPARTMENT OF
ADMINISTRATION DIVISION OF GAMING;
JOHN DILLETT, in his official capacity as
Administrator of the Wisconsin Department of
Administration Division of Gaming,

Defendants.

Civil Action No.: 2:26-cv-749

**PROPOSED COMPLAINT FOR
PERMANENT INJUNCTION AND DECLARATORY RELIEF**

Proposed Intervenor-Plaintiff, KalshiEX LLC (“Kalshi”), by and through its undersigned counsel, brings this civil action for declaratory and injunctive relief, and alleges as follows:

INTRODUCTION

1. This action challenges the State of Wisconsin’s intrusion into the federal government’s exclusive authority to regulate derivatives trading on exchanges overseen by the Commodity Futures Trading Commission (“CFTC”). 7 U.S.C. § 2(a)(1)(A). Kalshi seeks declaratory and injunctive relief to restrain Defendants (individually and together, “Wisconsin”) from improperly assuming jurisdiction over, regulating, and attempting to prohibit Kalshi’s offering of lawful event contracts for trading on its federally regulated exchange.

2. Kalshi is a federally designated derivatives exchange, subject to the CFTC’s exclusive jurisdiction. It offers consumers the chance to trade in many types of event contracts. These contracts are subject to exclusive federal oversight, and—critically—they are *lawful* under federal law, and state gambling laws that seek to regulate them are preempted. Indeed, the Third Circuit recently found as much, and a district court used the same reasoning in issuing a preliminary injunction barring Arizona officials from enforcing state gambling laws against exchanges like Kalshi. *See, e.g., KalshiEX LLC v. Flaherty*, 172 F.4th 220, 225-232 (3d Cir. Apr. 6, 2026); *KalshiEX LLC v. Johnson*, 2026 WL 1223373, at *4-8 (D. Ariz. May 5, 2026).

3. Wisconsin has taken a different view. On April 23, 2026, Wisconsin filed a state civil enforcement action purporting to assert jurisdiction over Kalshi, several of its affiliates, and other market participants (the “Enforcement Action”). *See Wisconsin v. Kalshi, Inc.*, No. 2026CV001284 (Wis. Cir. Ct. Dane Cnty. Apr. 23, 2026), Dkt. No. 1, (“Wis. Compl.”). As explained below, Wisconsin alleges that the defendants collectively facilitated unlawful gambling by providing services allowing Wisconsin residents to trade event contracts offered on Kalshi’s designated contract market (“DCM”). Wisconsin seeks (i) a declaratory judgment decreeing Kalshi and the other defendants’ operations to be a public nuisance, and (ii) a preliminary and permanent injunction enjoining and restraining Defendants and their officers, employees, agents, successors, and anyone acting on their behalf from making sports-related event contracts available for trading by customers located in Wisconsin.

4. Kalshi removed the Enforcement Action to the United States District Court for the Western District of Wisconsin pursuant to 28 U.S.C. §§ 1331, 1441(a), 1442(a), and 1446. *See* Notice of Removal at 1, *Wisconsin v. Kalshi Inc.*, 3:26-cv-00378 (W.D. Wis. Apr. 24, 2026), Dkt. No. 1.

5. The Enforcement Action and Wisconsin's threats of further criminal prosecution intrude upon the federal regulatory framework that Congress established for regulating the trading of derivatives on federally designated exchanges. The state's efforts to regulate Kalshi are preempted under principles of express preemption, field preemption, and conflict preemption. This Court should therefore issue both a preliminary and a permanent injunction, as well as grant declaratory relief.

6. Commodity futures regulation has long been under the exclusive purview of the federal government. In 1936, Congress passed the Commodity Exchange Act ("CEA"), which enacted a federal regulatory framework for derivatives. In 1974, Congress established a federal agency called the CFTC to oversee it.

7. The text, purposes, and statutory history of the CEA leave no question that Congress sought to preempt state regulation of derivatives on exchanges overseen by the CFTC, known as "designated contract markets" or "DCMs." The text of the statute gives the CFTC "exclusive jurisdiction" over trading on federally regulated exchanges. 7 U.S.C. § 2(a)(1)(A). During the drafting of the 1974 amendments to the CEA, Congress deleted a provision that would have granted states concurrent jurisdiction over futures trading. *See* 120 Cong. Rec. 30464 (1974) (statements of Sens. Curtis and Talmadge). One of Congress's avowed goals in creating the CFTC was to avoid the "chaos" that would result from subjecting exchanges to a patchwork of 50 different—and potentially conflicting—state laws. *Commodity Futures Trading Commission Act: Hearings Before the S. Comm. on Agriculture & Forestry on S. 2485, S. 2578, S. 2837, and H.R. 13113*, 93d Cong. 685 (1974) (hereinafter "Senate Hearings") (statement of Sen. Clark). As the conference report to the 1974 amendments explained, they were designed to "preempt the field insofar as futures regulation is concerned." H.R. Rep. No. 93-1383, at 35 (1974) (Conf. Rep.).

And the statute gives the CFTC comprehensive authority over regulated exchanges, including the authority to approve or reject certain categories of event contracts as against the public interest.

8. For that reason, courts have easily found that the CEA preempts state laws in similar contexts. *See, e.g., Am. Agric. Movement, Inc. v. Bd. of Trade of Chi.*, 977 F.2d 1147, 1156 (7th Cir. 1992), *abrogated on other grounds by Time Warner Cable v. Doyle*, 66 F.3d 867, 875 n.7 (7th Cir. 1995); *Bibbo v. Dean Witter Reynolds, Inc.*, 151 F.3d 559, 563–64 (6th Cir. 1998). The CFTC itself agrees. It informed the U.S. Court of Appeals for the D.C. Circuit that, “*due to federal preemption, event contracts never violate state law* when they are traded on a DCM” like Kalshi. Brief for Appellant at *27, *KalshiEX LLC v. CFTC*, 119 F.4th 58 (D.C. Cir. 2024) (No. 24-5205), 2024 WL 4512583 (emphasis added).¹

9. In *Flaherty*, the U.S. Court of Appeals for the Third Circuit affirmed the District of New Jersey’s grant of a preliminary injunction to prevent similar state overreach. In ruling for Kalshi, the Third Circuit emphasized that because “Congress gave the CFTC exclusive jurisdiction over trades on DCMs, [and] provided for continued state regulation of trades conducted off DCMs,” it was “reasonable for the District Court to conclude that Kalshi was likely to succeed in showing that the [CEA] preempts [state] law” from “reaching into Kalshi’s CFTC-licensed DCM[.]” *Flaherty*, 172 F.4th at 231. *But see KalshiEX LLC v. Martin*, 793 F. Supp. 3d 667 (D. Md. 2025), *appeal pending*, Case No. 25-1892 (4th Cir.); *KalshiEX, LLC v. Hendrick*, 2025 WL 3286282 (D. Nev. Nov. 24, 2025), *appeal pending*, Case No. 25-7516 (9th Cir.); *KalshiEX LLC v.*

¹ Commentators have likewise concluded with no difficulty that the CEA “resulted in the preemption of all other would-be regulators at every level of government.” Philip F. Johnson, *The Commodity Futures Trading Commission Act: Preemption as Public Policy*, 29 Vand. L. Rev. 1, 2 (1976). And commentators have specifically recognized that “the CEA preempts state bucket-shop laws and other anti-gambling legislation.” Kevin T. Van Wart, *Preemption and the Commodity Exchange Act*, 58 Chi.-Kent L. Rev. 657, 721 (1982).

Schuler, 2026 WL 657004 (S.D. Ohio Mar. 9, 2026), *appeal pending*, Case No. 26-03196 (6th Cir.).

10. The Third Circuit also found that Kalshi faced irreparable harm because “absent injunctive relief, Kalshi would suffer economic and reputational harm, including loss of business and goodwill.” *Flaherty*, 172 F.4th at 231; *see also KalshiEXLLC v. Flaherty*, 2025 WL 1218313, at *7 (D.N.J. Apr. 28, 2025) (describing the circumstances as a “Hobson’s choice” for Kalshi where “leaving it subject to state enforcement or obligating it to shift its business practices [are] consequences that are not cleanly undone”).

11. The CFTC has consistently affirmed its exclusive role in regulating derivatives markets like Kalshi, and the CFTC has committed to defending that authority against improper attacks from state regulators. Amicus Brief of CFTC at 1, *N. Am. Derivatives Exch., Inc. v. Nevada*, No. 25-7187 (9th Cir. Feb. 17, 2026), Dkt. No. 38.2 (“CFTC Amicus Br.”) (“Congress vested the CFTC with exclusive jurisdiction to protect that national interest by overseeing the regulation of futures, options, and swaps traded on federally regulated exchanges...[t]he CFTC’s jurisdiction supersedes State as well as Federal agencies because commodity derivatives markets require nationally uniform rules governing the listing, trading, clearing, settlement, surveillance, and enforcement of financial instruments traded in these markets to prevent the type of fragmented oversight” that would result from state enforcement (citation modified) (emphasis added)). Recently, CFTC and the Department of Justice initiated litigation against five states in addition to Wisconsin—Arizona, Connecticut, Illinois, New York, and Minnesota—to prevent them from applying state gambling laws or legislation to event contracts traded on CFTC-regulated DCMs (as Defendants seek to do here), leaving no doubt as to the CFTC’s view that the trading of Kalshi’s event contracts is subject to its exclusive jurisdiction. *See generally* Compl., *United States v.*

Wisconsin, No. 2:26-cv-00748 (W.D. Wis. Apr. 28, 2026), Dkt. No. 1; Compl., *United States v. Arizona*, No. 2:26-cv-02246 (D. Ariz. Apr. 2, 2026), Dkt. No. 1; Compl., *United States v. Connecticut*, No. 3:26-cv-00498 (D. Conn. Apr. 2, 2026), Dkt. No. 1; *United States v. Illinois*, No. 1:26-cv-03659 (N.D. Ill. Apr. 2, 2026), Dkt. No. 1; Compl., *United States v. New York*, No. 1:26-cv-03404 (S.D.N.Y. Apr. 24, 2026), Dkt. No. 1; Compl., *United States v. Minnesota*, No. 0:26-cv-02661 (D. Minn. May 19, 2026).

12. Indeed, a federal court in the District of Arizona granted the CFTC a preliminary injunction barring Arizona state gaming regulators from enforcing laws materially similar to those that Wisconsin seeks to enforce against Kalshi here. That court held that “the CEA’s granting of exclusive jurisdiction to the CFTC over swaps preempts state enforcement against event contracts.” *Johnson*, 2026 WL 1223373, at *3. In doing so, the court “agree[d] with and adopt[ed] the view that ‘if event contracts are swaps under the [CEA], . . . the scope of field preemption [is] the regulation of trading on a DCM.’” *Id.* (citing *Flaherty*, 172 F.4th at 229).

13. The rulings in *Flaherty* and *Johnson* reflect a growing recognition by federal courts that Kalshi’s contracts are legal under federal law, subject to the exclusive jurisdiction of the CFTC. In February, a federal court in the Middle District of Tennessee granted Kalshi a preliminary injunction barring officials in that state from taking action against Kalshi’s exchange, based on a finding that Kalshi’s contracts—specifically Kalshi’s sports event contracts—are swaps subject to the CFTC’s exclusive jurisdiction. *KalshiEX v. Orgel*, No. 3:26-cv-00034, 2026 WL 474869, at *7 (M.D. Tenn. Feb. 19, 2026) (“The court finds that Kalshi is likely to succeed on the merits because sports event contracts are ‘swaps’ and conflict preemption applies.”).

14. The Tennessee court was also persuaded that Kalshi would suffer irreparable harm because its constitutional rights were threatened and because “[a]bsent an injunction, Kalshi could

either continue its operations in Tennessee and face potential civil and criminal liability” or attempt to comply and risk its position as a national exchange. *Id.* at *10. The court further noted that Kalshi would be irreparably injured from the “substantial expenses and reputational harm” it would incur from attempting to comply with Tennessee’s unconstitutional demands. *Id.* at *11.

15. An enforcement action by Wisconsin designed to prohibit Kalshi from offering contracts that federal law permits would intrude on the comprehensive federal scheme for regulating designated exchanges. Kalshi is a federally designated and approved derivatives exchange, subject to the CFTC’s exclusive jurisdiction. Kalshi offers consumers the chance to trade many types of event contracts, all of which are subject to extensive oversight by the CFTC, and are lawful under federal law. The CFTC has the authority to initiate the review of, and under certain circumstances, prohibit the trading of, contracts listed on Kalshi’s federally regulated exchange. As discussed, the CFTC has made clear that it views Kalshi’s offerings as legal and within its purview.

16. Even though Kalshi’s contracts are subject to the CFTC’s exclusive jurisdiction, Defendants have made clear through the Wisconsin Enforcement Action that they (mistakenly) believe that Kalshi’s contracts are instead subject to—and unlawful under—Wisconsin law.

17. In the Wisconsin Enforcement Action, Wisconsin alleges that Kalshi’s event contracts constitute “bets” under Wis. Stat. § 945.01(1) and that Kalshi’s operation violates Wisconsin’s *criminal* gambling statutes, including Wis. Stat. § 945.03, which prohibits “[c]ommercial gambling and makes violations punishable as a Class I felony.”

18. Wisconsin seeks declaratory and injunctive relief to prohibit Kalshi and the other defendants from offering event contracts to customers located in Wisconsin—but the state explicitly and repeatedly characterizes Kalshi’s and the other defendants’ federally authorized

conduct as “criminal.” For example, Wisconsin alleges that Kalshi and the other defendants are “engaging in criminal gambling activity under Wis. Stat. § 945.03(1m)” and that its activities constitute “ongoing, repeated criminal violations.” Wis. Compl. ¶¶ 8–9. Wisconsin alleges that Kalshi and the other defendants violate three separate criminal subsections of § 945.03(1m) with respect to each sports-related event contract traded by Wisconsin residents: subsection (b), for “receiv[ing], record[ing] or forward[ing] a bet”; subsection (c), for “becom[ing] a custodian of anything of value bet or offered to be bet”; and subsection (g), for “us[ing] a wire communication facility” to assist in the placing of sports bets. Wis. Compl. ¶¶ 86–91.

19. The Enforcement Action and any other like it is preempted under the Supremacy Clause of the U.S. Constitution—both because Congress has expressly and impliedly occupied the field of regulating trading on CFTC-approved exchanges, and because Defendants’ acts squarely conflict with federal law. Kalshi is entitled to declaratory and injunctive relief to prevent Wisconsin authorities from enforcing their preempted state laws against Kalshi.

20. Accordingly, Defendants’ actions would result in irreparable harm, not just to Kalshi, but to its customers and commercial counterparties. The Enforcement Action and ongoing threats of criminal prosecution damage Kalshi’s reputational and goodwill interests, cause economic losses, and impair existing contractual relationships. Any ongoing or forthcoming economic losses are likely unrecoverable because sovereign immunity bars recovery for monetary damages. *See Alden v. Maine*, 527 U.S. 706, 712–13 (1999). Shutting down Kalshi’s ability to offer event contracts in Wisconsin would threaten Kalshi’s viability and require devising complex technological solutions. It would also impair Kalshi’s existing contracts with consumers and business partners, subject Kalshi’s users to uncertainty and loss, undermine confidence in the integrity of Kalshi’s platform, threaten its prospective business relationships, and jeopardize

Kalshi's status as a CFTC-approved exchange. Kalshi therefore seeks to intervene in this Action to obtain declaratory and injunctive relief restraining Defendants from improperly assuming jurisdiction over, regulating, and effectively terminating the listing of lawful derivatives contracts on federally regulated exchanges.

JURISDICTION AND VENUE

21. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331 because the action arises under the Supremacy Clause of the United States Constitution. The federal question presented is whether Wisconsin gambling laws are preempted by the CEA, 7 U.S.C. §§ 1 *et seq.*, as applied to Kalshi's event contracts.

22. The Eleventh Amendment imposes no bar to this Court's jurisdiction in this suit for prospective declaratory and injunctive relief against state officials. "[S]uits against state officials seeking prospective equitable relief for ongoing violations of federal law are not barred by the Eleventh Amendment because it falls under the *Ex parte Young* exception." *Marie O. v. Edgar*, 131 F.3d 610, 615 (7th Cir. 1997).

23. Venue is proper under 28 U.S.C. §§ 1391(b)(1) and 1391(b)(2). Defendants perform their duties in and thus reside in this District. A substantial part of the events giving rise to the claim occurred in this District.

PARTIES

24. Proposed Intervenor-Plaintiff Kalshi is a financial services company with its principal place of business in New York. Kalshi operates a derivatives exchange and prediction market where users can buy and sell financial products known as event contracts. Its exchange market is federally regulated by the CFTC pursuant to the CEA, 7 U.S.C. §§ 1 *et seq.*

25. Plaintiff United States of America regulates U.S. financial markets, and it enforces federal commodity derivatives laws through its agency, the CFTC.

26. Plaintiff Commodity Futures Trading Commission is an agency of the United States Government that regulates U.S. financial markets, and it enforces federal commodity derivatives laws.

27. Defendant State of Wisconsin is a state of the United States. The State of Wisconsin has initiated a civil action against Kalshi, alleging that Kalshi's offering of event contracts authorized by federal law constitutes a public nuisance. *See, e.g.*, Wis. Compl. ¶¶ 9, 22, 92.

28. Defendant Anthony S. Evers is the Governor of Wisconsin and is sued in his official capacity. Under the Wisconsin Constitution, the Governor possesses "the executive power," "shall take care that the laws be faithfully executed," and "shall transact all necessary business with the officers of the government." Wis. Const. art. V, §§ 1, 4.

29. Defendant Joshua L. Kaul is the Attorney General for the State of Wisconsin and is sued in his official capacity. Wisconsin law tasks the Attorney General with directing and supervising the State's Department of Justice, which is authorized to enforce Wisconsin's gambling laws. *See* Wis. Stat. §§ 15.25, 165.60. Wisconsin law specifically authorizes the Attorney General to commence actions to abate public nuisances under certain circumstances. Wis. Stat. § 823.02. Defendant Kaul filed the Wisconsin Enforcement Action complaint, which alleges that Kalshi's offering of event contracts authorized by federal law constitutes a public nuisance. *See generally* Wis. Compl. Wisconsin law also specifically authorizes the Attorney General to commence actions to enforce Wisconsin's gambling laws. Wis. Stat. § 945.041.

30. Defendant Wisconsin Department of Administration Division of Gaming is an agency of the State of Wisconsin. The Department of Administration oversees certain of the State

of Wisconsin's regulatory and licensing activities concerning gambling. *See Wis. Stat. §§ 562, 563, 569.*

31. Defendant John Dillett is the Administrator of the Wisconsin Division of Gaming and is sued in his official capacity. Wisconsin law authorizes the Administrator to direct and supervise certain of the State of Wisconsin's regulatory and licensing activities concerning gambling. *See Wis. Stat. § 562.01(1)(4m).*

32. Individually and together, Defendants are responsible for the regulation and enforcement of Wisconsin's gambling laws, including as applied to Kalshi.

FACTUAL ALLEGATIONS

A. An Event Contract—Like Other Derivatives—Is a Recognized Financial Tool to Mitigate Risk.

33. Derivatives contracts are financial tools used to mitigate risk. Event contracts are a quintessential example of a derivatives contract—they are a type of option. This form of derivatives contract identifies a future event with several possible outcomes, a payment schedule for the outcomes, and an expiration date. Most commonly, event contracts involve a binary question: Every “yes” position has an equal and opposite “no” position. For example, a derivatives contract might center around whether a magnitude 8 earthquake will take place in California before January 1, 2027. A purchaser may trade on either the “yes” or the “no” position on the contract. If an earthquake does take place in Los Angeles County before the end of the calendar year, then the “yes” positions would be paid out.

34. Event contracts are traded on an exchange. Traders exchange positions with other traders in the marketplace. Importantly, event contracts do not reflect a “bet” against the “house.” Because traders do not take a position against the exchange itself, traders' ability to hedge risk requires counterparties willing to assume risk in the hope of seeing a return. *See Merrill Lynch,*

Pierce, Fenner & Smith, Inc. v. Curran, 456 U.S. 353, 358 (1982) (“The liquidity of a futures contract, upon which hedging depends, is directly related to the amount of speculation that takes place.”). Kalshi’s exchange links traders seeking to hedge or seeking returns based on the uncertainty associated with financially significant events.

35. The value of an event contract is determined by market forces. An event contract’s price will fluctuate between the time of its creation and the expiration date in accordance with changing market perceptions about the likelihood of the event’s occurrence. During that period, individuals can buy and sell the contract at its fluctuating prices. The ultimate value of an event contract is determined at its expiration date. If the underlying event occurs, the holder of the “yes” position is entitled to its full value. But if the underlying event does not occur, the holder of the “no” position gets the payment.

36. Traders price event contracts by reference to available information at any given time. If new information comes to light portending an increase in the likelihood of the event’s occurrence, then the event contract’s price will increase. The market prices of event contracts thus reflect probabilistic beliefs about whether the underlying event will occur. Returning to the earthquake example, a “yes” contract that trades at 30 cents reflects that the market believes that there is a 30% chance of an earthquake this year. The 30% figure can be informed by data points the market deems significant, such as the time since the last earthquake in the area and the frequency of fault line tremors in preceding months surrounding Los Angeles County.

37. Event contracts are a valuable means to hedge against event-driven volatility. Event contracts reflect real-time risk assessment and thus provide a nuanced and finely tuned opportunity for traders to mitigate their exposure to real-world events in an uncertain market. There is no other widely available financial instrument with this unique capability to capture the

risks of an event with potential economic consequences, which is a benefit not only to those that wish to hedge risk or seek return, but also to market observers and other economic actors.

38. To give just some of many examples, this past February, researchers at the Federal Reserve published a paper for which the “results suggest that Kalshi markets provide a high-frequency, continuously updated, distributionally rich benchmark that is valuable to both researchers and policymakers.”² Findings in that paper included that “Kalshi markets are well-behaved and broadly consistent with those from more established financial instruments,” and that “in several episodes, they allocate probability mass in ways that may reflect the range of plausible macroeconomic outcomes better than traditional financial derivative or survey-based forecasts.”³ Further, Kalshi’s “median and mode have a perfect forecast record on the day before the [Fed Open Market Committee] meeting, which represents a statistically significant improvement over the fed funds futures forecast,”⁴ and, for headline consumer price index forecasts, “Kalshi provides a statistically significant improvement over the Bloomberg consensus forecast.”⁵ And, “Kalshi provides real-time, distributional forecasts for macroeconomic variables such as GDP, core CPI, and unemployment—markets for which options data have historically been unavailable.”⁶

39. As another example, Kalshi recently announced a partnership with Tradeweb, a leading global operator of electronic marketplaces for rates, credit, equities, and money markets,

² Anthony M. Diercks, Jared Dean Katz & Jonathan H. Wright, *Kalshi and the Rise of Macro Markets*, Finance and Economics Discussion Series Paper 2026-010, Board of Governors of the Federal Reserve System, at 1 (Feb. 18, 2026), <https://www.federalreserve.gov/econres/feds/kalshi-and-the-rise-of-macro-markets.htm>.

³ *Id.* at 2-3.

⁴ *Id.* at 3.

⁵ *Id.*

⁶ *Id.*

which facilitates more than \$2.6 trillion in notional value of instruments traded per day.⁷ The partnership is designed to expand institutional access to data from Kalshi's market and to facilitate trading by those same institutional investors on Kalshi's platform.⁸

40. And late last year, the real estate investment firm Arrived announced its plans to utilize Kalshi's event contracts to hedge the risk of a government shutdown impacting its business.⁹

41. Though Defendants have attacked prediction markets broadly, some states have focused in particular on Kalshi's sports event contracts. But these too are swaps that fall under the CFTC's exclusive jurisdiction. That is because, as both courts and the CFTC have recognized, sporting events can have significant economic consequences for a broad ecosystem of stakeholders. *Orgel*, 2026 WL 474869, at *7–10; *Flaherty*, 2025 WL 1218313, at *6; CFTC Amicus Br. at 19-20. Advertisers, sponsors, television networks, local communities, sportsbooks, and others all stand to gain or lose substantial sums depending on the outcomes of sports events. Sports event contracts thus offer these entities opportunities to hedge their exposure. And that is happening in the market right now.

42. Take, for example, Game Point Capital, a sports-focused insurance firm that works with college athletic departments, pro teams, and sponsors to insure risk related to performance

⁷ Tradeweb and Kalshi Announce Strategic Partnership to Expand Institutional Access to Prediction Markets, Tradeweb (Feb. 19, 2026), <https://www.tradeweb.com/newsroom/media-center/news-releases/tradeweb-and-kalshi-announce-strategic-partnership-to-expand-institutional-access-to-prediction-markets/>.

⁸ See Katherine Doherty and Sridhar Natarajan, *Wall Street Bond-Trading Hub Tradeweb Strikes Deal with Kalshi*, Bloomberg (Feb. 19, 2026), <https://www.bloomberg.com/news/articles/2026-02-19/bond-trading-hub-tradeweb-strikes-prediction-markets-deal-with-kalshi>.

⁹ See Ryan Frazier, LINKEDIN, <https://www.linkedin.com/posts/activity-7386091007588749312-rhxN/> [<https://perma.cc/CQN6-JK3M>]; see also Michael J. de la Merced, *Kalshi, a Prediction Market, Raises \$1 Billion in a New Round*, N.Y. TIMES (Dec. 2, 2025), <https://www.nytimes.com/2025/12/02/business/dealbook/kalshi-prediction-market-billion.html> [<https://perma.cc/VUY8-HCDT>].

bonuses, coach salary buyouts, postseason and ticket revenue, and other areas of economic exposure.¹⁰ Game Point Capital uses Kalshi to hedge, and it intends to do so for \$30 million in risk annually.¹¹

43. Likewise, Underdog Sports, a fantasy sports company, uses Kalshi as a tool to “hedge against volatility” on its own platform.¹² And others can as well: sponsors of a particular team or athlete can use event contracts to hedge against the risk that the team or athlete underperforms. Hotel operators can hedge against the revenue earned from a local team making a playoff run, and TV networks can hedge against the risk that star players who draw viewers may not play in certain games.

44. Event contracts are also a valuable means of communicating information to the public because contract prices reflect prevailing market opinions and conditions. Prediction markets thus serve as sensitive information-gathering tools that can provide insights for stakeholders—including businesses, individuals, governments, and educational institutions. This

¹⁰ Game Point Capital, *Services*, <https://www.gamepointcapital.com/services>; see also Paul Steinbach, *UConn Insured Basketball Coach Bonuses and Saved Nearly \$3M*, Athletic Bus. (Apr. 23, 2024), <https://www.athleticbusiness.com/operations/budgeting/article/15669200/uconn-insured-basketball-coach-bonuses-and-saved-nearly-3m> (Game Point Capital wrote insurance contract that saved university nearly \$3 million in bonus payments to coaches related to NCAA tournament performance.).

¹¹ Andrew Ross Sorkin et al., *New Epstein Details Rattle Washington, Hollywood and Beyond*, N.Y. Times (Feb. 10, 2026), <https://www.nytimes.com/2026/02/10/business/dealbook/epstein-lutnick-wasserman-starmer.html>.

¹² See Brett Smiley, *Underdog Sports Preparing To Use Kalshi, Prediction Markets For Its Own Risk Management*, InGame (Oct. 20, 2025), <https://www.ingame.com/underdog-kalshi-pm-risk-management/>.

is not theoretical. Kalshi has recently announced partnerships with CNN and CNBC, which make use of its market data in their reporting.¹³

45. Kalshi has recently launched a platform, Kalshi Research, to share market data with academics and promote research derived from the same.¹⁴ Data generated through prediction markets can also help to set rates and prices for assets whose value depends on the occurrence or non-occurrence of the underlying event. *See* 7 U.S.C. § 5(a) (derivatives contracts, including event contracts, “are affected with a national public interest by providing” both a means for hedging risk and “disseminating pricing information through trading in liquid, fair and financially secure trading facilities”).

B. Congress Delegated the Power to Regulate Event Contracts That Are Offered by a Regulated Exchange to the CFTC.

46. Futures contracts have long been regulated by the federal government. In 1936, Congress passed the CEA, which provides for federal regulation of all commodities and futures trading activities and requires that all futures and commodity options are traded on organized, regulated exchanges.

47. In 1974, Congress established the CFTC as the federal agency empowered to oversee and regulate exchanges under the CEA. Proponents of the 1974 Act were concerned that the “states . . . might step in to regulate the futures markets themselves,” thus subjecting futures exchanges to “conflicting regulatory demands.” *Am. Agric. Movement*, 977 F.2d at 1156. One

¹³ *See* James Faris, *Prediction giant Kalshi strikes a new media partnership with CNBC, days after its CNN deal*, Business Insider (Dec. 4, 2025), <https://www.businessinsider.com/kalshi-cnbc-deal-cnn-data-integration-partnership-2025-12>; R.T. Watson, *Kalshi inks exclusive CNBC deal as prediction markets surge into mainstream media*, The Block (Dec. 4, 2025), <https://www.theblock.co/post/381415/kalshi-exclusive-cnbc-deal-prediction-markets-surge-mainstream-media>.

¹⁴ *See Kalshi launches new research arm*, Kalshi News, (Dec. 22, 2025) <https://news.kalshi.com/p/kalshi-launches-research-arm-prediction-markets>.

Senator remarked that “different State laws would just lead to total chaos.” Senate Hearings at 685 (statement of Sen. Clark). As a solution, the House Committee on Agriculture put “all exchanges and all persons in the industry under the same set of rules and regulations for the protection of all concerned.” H.R. Rep. No. 93-975, at 76, 82 (1974). The Senate reaffirmed the CFTC’s exclusive power by deleting a provision of the CEA that would have preserved the states’ authority over futures trading. *See* 120 Cong. Rec. 30464 (1974) (statements of Sens. Curtis and Talmadge).

48. The public can only trade derivatives on a board of trade that the CFTC has designated as a contract market, or DCM. 7 U.S.C. §§ 2(e), 6(a)(1), 7(a); 17 C.F.R. § 38.3(a). An entity must first submit an application to the CFTC detailing how the entity complies with the Core Principles of the CEA. 17 C.F.R. § 38.3(a)(2). Among other things, the proposed contract market must show that it can and will (1) comply with all CFTC requirements imposed by rule or regulation, (2) establish, monitor, and enforce compliance with the rules, (3) list only contracts that are not readily susceptible to manipulation, (4) have the capacity and responsibility to prevent manipulation, price distortion, and disruptions through market surveillance, compliance, and enforcement, and (5) adopt position limitations for each contract to reduce the threat of market manipulation. 17 C.F.R. §§ 38.100, 38.150, 38.200, 38.250, 38.300. Proposed exchanges must provide detailed information demonstrating their capacity to abide by the CEA. 17 C.F.R. § 38.3(a)(2). The CFTC then reviews the application and renders a decision on the purported market’s designation within 180 days of submission. 17 C.F.R. § 38.3(a)(1).

49. Once the CFTC designates an entity as a contract market, the CEA gives the CFTC “exclusive jurisdiction” over the derivatives traded on the market. Those derivatives include “accounts, agreements (including any transaction which is of the character of, or is commonly

known to the trade as, an ‘option’, ‘privilege’, ‘indemnity’, ‘bid’, ‘offer’, ‘put’, ‘call’, ‘advance guaranty’, or ‘decline guaranty’), and transactions involving swaps or contracts of sale of a commodity for future delivery.” 7 U.S.C. § 2(a)(1)(A). This exclusive jurisdiction extends to “event” contracts. *See id.* § 1a(47)(A)(ii), (iv), (vi).

50. Once the CEA designates a board of trade as a DCM, the market is subject to an extensive framework for CFTC oversight. Part 38 of Title 17, Chapter 1 of the Code of Federal Regulations comprehensively regulates DCMs, ensuring that these markets continue to comply with the CEA. Exchanges must meet detailed requirements to maintain their designations as DCMs. 17 C.F.R. pt. 38. Among other things, DCMs must abide by recordkeeping requirements that specify the form, manner, and duration of retention. 17 C.F.R. §§ 38.950, 1.31. DCMs must meet reporting obligations like furnishing daily reports of market data on futures and swaps to the CFTC. 17 C.F.R. § 38.450, pt. 16. Part 38 also imposes specific liquidity standards, disciplinary procedures, dispute resolution mechanisms, board of directors requirements, auditing demands, and more.

51. The CEA allows DCMs to list contracts on its exchange without pre-approval from the CFTC. To do so, a DCM self-certifies that a given contract complies with the CEA and CFTC regulations by filing a “written certification” with the CFTC at the time of listing. 7 U.S.C. § 7a-2(c)(1); 17 C.F.R. § 40.2(a). The CFTC may initiate review of any contract under its purview. *See* 7 U.S.C. § 7a-2(c)(2); 17 C.F.R. § 40.2(c). The CFTC also may require a DCM to submit a “written demonstration” that it is “in compliance” with one or more Core Principles at any time. 17 C.F.R. § 38.5(b).

52. Alternatively, exchanges have the option of submitting contracts to the CFTC for approval prior to listing. 7 U.S.C. § 7a-2(c)(4)(A); 17 C.F.R. §§ 40.3(a), 40.11(c). The CFTC

“shall approve a new contract” unless the CFTC finds that it would violate the CEA. 7 U.S.C. § 7a-2(c)(5)(B). Substantially all contracts listed by DCMs for trading are self-certified by the listing DCMs; it is extremely rare for a DCM to seek CFTC approval of individual contracts.

53. The CEA’s enforcement process rounds out the comprehensive federal framework that regulates futures derivatives sold on DCMs. The CEA gives the CFTC discretion as to how to police and enforce violations of the CEA for DCMs. The CFTC includes an Enforcement Division, which may initiate investigations and, with the approval of a majority of the CFTC, pursue enforcement actions in federal court or administrative proceedings. If the Division concludes that there has been a violation of the CEA, it may recommend to the Commission that it seek a wide range of enforcement measures, including (1) civil monetary penalties, (2) restitution, (3) disgorgement, (4) suspension, denial, revocation, or restriction of registration and trading privileges, and (5) injunctions or cease-and-desist orders. *See* CFTC Division of Enforcement, Enforcement Manual (May 20, 2020), <https://www.cftc.gov/media/1966>, at § 3.3. If the Division suspects that an entity has engaged in criminal violations, the Division may also refer the matter to the Department of Justice or the appropriate state authority for prosecution. *Id.*

54. The CFTC regulates derivatives that reference physical commodities like “wheat, cotton, rice, corn, oats.” 7 U.S.C. § 1a(9). The CFTC also regulates derivatives on “excluded commodit[ies]” like interest rates, other financial instruments, economic indices, risk metrics, and—as particularly relevant here—events, which the CEA defines as any “occurrence, extent of an occurrence, or contingency” that is “beyond the control of the parties to the relevant contract” and “associated with” economic consequences. *Id.* § 1a(19)(iv); *see* 7 U.S.C. § 1a(9).

55. In 2010, Congress amended the CEA to add “swaps” to the CFTC’s exclusive jurisdiction and to define event contracts as a type of swap. *See id.* § 1a(47)(A)(ii), (iv), (vi); *see*

KalshiEX LLC v. CFTC, No. 23-3257, 2024 WL 4164694, at *2-3 (D.D.C. Sep. 12, 2024). “Event contracts” are “agreements, contracts, transactions, or swaps in excluded commodities.” 7 U.S.C. § 7a-2(c)(5)(C)(i).

56. The CFTC has also recognized that “event contracts,” including contracts on “the outcome of particular entertainment events,” “can be designed to exhibit the attributes of either options or futures contracts.” *Concept Release*, 73 Fed. Reg. 25,669, 25,669–70 (May 7, 2008). An “occurrence”-based futures contract or option results in a payment based on a specified occurrence or extent of an occurrence—for example, the occurrence or severity of a hurricane. Where event contracts pay out based on financially significant occurrences, they are “of the character of” futures and options, as understood by derivatives markets. *See id.* § 1a(36) (defining “option”).

57. Also, in 2010, Congress amended the CEA to add a “Special Rule” governing event contracts. Congress provided that the CFTC “may”—but need not—conclude that event contracts are “contrary to the public interest” if they “involve” an “activity that is unlawful under any Federal or State law,” “terrorism,” “assassination,” “war,” “gaming,” or “other similar activity determined by the Commission, by rule or regulation, to be contrary to the public interest.” 7 U.S.C. § 7a-2(c)(5)(C).

C. After an Extensive Regulatory Process, the CFTC Registered Kalshi as a Contract Market That Operates Under Federal Law.

58. Kalshi is a CFTC-regulated exchange and prediction market where users can trade on the outcome of real-world events. In 2020, the CFTC designated Kalshi as a contract market, affirming that its platform complied with the CEA. Since then, Kalshi has been fully regulated as a financial exchange under federal law, alongside entities like the Chicago Mercantile Exchange and the Intercontinental Exchange.

59. Kalshi specializes in event contracts, offering a secure and federally approved exchange where individual, retail, and institutional participants can hedge their risks on event-based outcomes.

60. Kalshi offers many kinds of event contracts related to an array of substantive areas like economics, finance, climate, technology, health, crypto, popular culture, and sports. For example, Kalshi's platform currently allows users to trade on the level of US GDP growth in Q1 2026, the closing price of the S&P 500 at the end of 2026, whether India will meet its 2030 climate goals, or whether the market share for electric vehicles will be above 50% in 2030. Kalshi also offers contracts on the outcomes of Supreme Court decisions, congressional votes, weather events, technological benchmarks, markers of cultural influence, and Federal Reserve interest rate decisions.

61. Prior to making a contract available for trade on its platform, Kalshi self-certifies to the CFTC, pursuant to section 7a-2(c)(1) of the CEA, that the offering complies with the CEA and CFTC regulations. Those certifications contain extensive information, including in confidential appendices not available to the public, for the CFTC's review.

62. The CFTC also has the ability to require Kalshi to submit a "Demonstration of Compliance," which is "a written demonstration, containing supporting data, information and documents" that a DCM is required to file upon request from the CFTC to explain how the DCM "is in compliance with one or more core principles as specified in the request." 17 C.F.R. § 38.5(b). The CFTC did just that with respect to Kalshi's first sports event contracts, and Kalshi responded with lengthy memoranda detailing the listing's compliance with applicable rules and regulations, and the CFTC's jurisdiction over sports event contracts traded on DCMs.

63. The CFTC took no further action and has since allowed thousands of Kalshi’s sports event contracts to be listed, traded, and closed, with no hint that the agency views these contracts as falling outside of its jurisdiction. Had the CFTC deemed Kalshi’s sports event contracts (or any other of its contracts) impermissible, it would have had the responsibility to “object[]” to the contracts. 7 U.S.C. § 7a-2(c)(3)(B)(ii). But it did not. Unless and until the CFTC takes action on a self-certified Kalshi contract—and they all have been self-certified—the contracts are authorized under federal law. 7 U.S.C. § 7a-2(c)(5).

D. Wisconsin Brings a Civil Enforcement Action Against Kalshi, and the CFTC Acts to Protect Its Exclusive Jurisdiction.

64. The CFTC has, in an exercise of its exclusive jurisdiction, permitted Kalshi to offer event contracts for trade on its exchange, including its sports-event contracts, which the CFTC views as falling “comfortably within” the CEA and under its own regulatory authority. CFTC Amicus Br. at 19.

65. On April 23, 2026, the State of Wisconsin filed the Enforcement Action against Kalshi in the State of Wisconsin Circuit Court, Dane County. *See generally* Wis. Compl. Wisconsin filed the Enforcement Action without informing Kalshi of any concerns, attempting to reach an amicable resolution, or providing Kalshi with any warning of any coming lawsuit.

66. Wisconsin alleges that Kalshi and the other defendants’ hosting of event contracts—products which are and remain federally regulated event contracts subject to the exclusive jurisdiction of the CFTC—constitutes an abatable public nuisance under Wisconsin state law. *See* Wis. Compl. ¶¶ 79–92. Specifically, Wisconsin alleges that by facilitating trading of sports event contracts on a federally registered DCM, Kalshi and the other defendants have committed “repeated and ongoing” violations of Wisconsin’s commercial gambling statute, Wis. Stat. § 945.03(1m), which constitutes “per se a public nuisance.” Wis. Compl. ¶ 92.

67. Wisconsin seeks (i) a declaratory judgment decreeing Kalshi and the other defendants' operations in Wisconsin to be a public nuisance; (ii) a preliminary and permanent injunction enjoining and restraining Kalshi from making sports-related event contracts available for trading by customers located in Wisconsin; and (iii) any other relief the court deems just and proper. Wis. Compl. ¶¶ 42-43.

68. Wisconsin moved for a temporary injunction against Kalshi and the other defendants the same day it filed the Enforcement Action, and in doing so, made clear that its case against Kalshi is premised on a direct challenge to the CFTC's exclusive jurisdiction over event contracts traded on federally regulated DCMs. Wisconsin's challenge to the CFTC's exclusive jurisdiction is the very issue that prompted Plaintiffs to bring this Action. *See* CFTC Compl. ¶¶ 1-3.

69. Wisconsin filed the Wisconsin Enforcement Action against Kalshi the same day it filed similar lawsuits against other DCMs, including North American Derivatives Exchange, Inc. d/b/a Crypto.com | Derivatives North America, and Blockratize Inc., d/b/a Polymarket, as well as Futures Commission Merchants Robinhood and Coinbase. *See Wisconsin v. Foris Dax Markets*, No. 2026CV001286 (Wis. Cir. Ct. Apr. 23, 2026); *Wisconsin v. Blockratize Inc.*, No. 2026CV001285 (Wis. Cir. Ct. Apr. 23, 2026).¹⁵

70. While the Enforcement Action addresses sports event contracts, Wisconsin does not disclaim the intent to enforce Wisconsin's supposed definition of "bet" against any and all other event contracts. As discussed above, *infra* ¶¶ 16-17, Wisconsin has also demonstrated an

¹⁵ Both actions were recently removed to the Western District of Wisconsin. *See Wisconsin v. Foris Dax Market*, No. 3:26-cv-00381 (W.D. Wis. Apr. 24, 2026); *Wisconsin v. Blockratize Inc.*, No. 3:26-cv-00375 (W.D. Wis. Apr. 24, 2026).

intent to pursue criminal relief, contending that Kalshi’s “criminal violations of Wis. Stat. § 945.03(1m) are repeated and ongoing”. Wis. Compl. ¶ 92.

71. On April 28, 2026, the CFTC filed this lawsuit to protect its exclusive jurisdiction over regulating derivatives trading on DCMs. *See* CFTC Compl. ¶¶ 1–3.

REQUISITES FOR RELIEF

72. As a result of Defendants’ conduct described above, including the filing of the Enforcement Action, Defendants have taken and will continue to take action to enforce preempted state law in violation of the Supremacy Clause of the U.S. Constitution, which subjects Kalshi and its customers to irreparable harm.

73. An actual and substantial controversy exists between Kalshi and Defendants as to their respective legal rights and duties. Defendants’ conduct alleged herein, including the Enforcement Action, has already resulted in, and will continue to result in, irreparable injury to Kalshi, including but not limited to economic hardship, lost business opportunities, and impairment of existing contractual relationships.

74. Kalshi has no plain, speedy, or adequate remedy at law to address the wrongs described herein. Kalshi therefore seeks to intervene in this Action to seek declaratory and injunctive relief restraining Defendants from enforcing Wisconsin law that the CEA preempts, and that interferes with the operation and function of Kalshi’s DCM described herein.

COUNT I

(Supremacy Clause—Preemption by Commodity Exchange Act)

75. Proposed Intervenor-Plaintiff incorporates all prior paragraphs by reference.

76. The Supremacy Clause, Article VI, Clause 2, of the U.S. Constitution, provides:

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme

Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

77. The Supremacy Clause mandates that federal law preempt state law in any field over which Congress has expressly or impliedly reserved exclusive authority to the federal government, or where state law conflicts or interferes with federal law.

78. Congress explicitly gave the CFTC “exclusive jurisdiction” to regulate futures trading on approved exchanges. 7 U.S.C. § 2(a)(1)(A). Without a unified approach to futures regulation, Congress feared that fragmented and uncoordinated state regulation would lead to “total chaos.” Senate Hearings at 685 (statement of Sen. Clark). Having analyzed the text, purpose, and history of the CEA, courts nationwide have agreed that Congress intended to preempt state law in futures trading on CFTC-regulated exchanges. *See, e.g., Am. Agric. Movement*, 977 F.2d at 1156; *Leist v. Simplot*, 638 F.2d 283, 322 (2d Cir. 1980) (Friendly, J.); *Jones v. B.C. Christopher & Co.*, 466 F. Supp. 213, 220 (D. Kan. 1979); *Hofmayer v. Dean Witter & Co.*, 459 F. Supp. 733, 737 (N.D. Cal. 1978).

79. In commencing enforcement of Wisconsin’s gambling statutes, including Wis. Stat. §§ 945.01, 945.02, 945.03, and related provisions, against Kalshi, Defendants are impermissibly intruding on the CFTC’s exclusive authority to regulate futures trading on CFTC-regulated exchanges. Indeed, federal law authorizes the CFTC to “determine” whether event contracts involving “gaming” should be restricted as “contrary to the public interest,” 7 U.S.C. § 7a-2(c)(5)(C)(i)—authority that is completely incompatible with parallel state regulation of the same putative subject matter. Because federal law occupies the entire field of regulating trading on designated contract markets, Defendants’ actions are both expressly and impliedly field-preempted under the Supremacy Clause.

80. In addition, Defendants' actions conflict with federal law and policy. Defendants seek to ban event contracts that federal law and the CFTC have authorized, which plainly frustrates the CFTC's exclusive authority to regulate its designated exchanges. Congress passed the 1974 Amendments to the CEA to bring futures markets regulation "under a uniform set of regulations." *Am. Agric. Movement, Inc.*, 977 F.2d at 1156. "As Congress recognized in enacting the 1974 Act, a contract market could not operate efficiently, and perhaps not at all, if varying and potentially contradictory legal standards governed its duties to investors." *Id.* The Seventh Circuit thus explained that "[w]hen application of state law would directly affect trading on or the operation of a futures market, it would stand 'as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress,' and hence is preempted." *Id.* at 1156-57 (internal citation omitted). The conflict is even clearer when considering that 49 other states and the District of Columbia might equally attempt to subject Kalshi to their own state laws, producing the patchwork of state-by-state regulation Congress sought to prevent. Moreover, Defendants' demand that Kalshi immediately cease offering event contracts in Wisconsin or face criminal charges conflicts with the federal law governing DCMs, and thus imperils Kalshi's CFTC approval. And because federal law requires Kalshi to offer impartial access to its exchange, compliance with Wisconsin law would jeopardize Kalshi's compliance with the federal obligations to which it is subject. For that reason, the enforcement actions are conflict-preempted under the Supremacy Clause.

81. Additionally, a state law is preempted where it stands as "an obstacle to the execution of Congress's purpose or frustrates that purpose by interfering with the methods Congress selected to achieve a federal goal." *Indiana Bell Tel. Co., Inc. v. Indiana Util. Regul. Comm'n*, 359 F.3d 493, 497 (7th Cir. 2004) (citation omitted). Further, where the federal government has enacted a "complete scheme of regulation," states may not "conflict or interfere

with, curtail or complement, the federal law, or enforce additional or auxiliary regulations,” because such laws “stand[] as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.” *Hines v. Davidowitz*, 312 U.S. 52, 66–68 (1941). Under federal law, once Kalshi was approved as a CFTC-designated contract market, Kalshi was authorized to list its event contracts for trading by self-certifying that these contracts comported with federal law. The CFTC had the authority to review that self-certification on the ground that these contracts were “contrary to the public interest,” 7 U.S.C. § 7a-2(c)(5)(C)(i), but chose not to do so. The CFTC’s Enforcement Division has authority to investigate and initiate enforcement actions seeking an array of penalties in federal court or administrative proceedings, but, again, it chose not to do so. Congress thus gave the CFTC a variety of tools for enforcing federal law against federally designated contract markets and entrusted the CFTC with discretion to pursue the penalties it deems most appropriate. Subjecting federally regulated exchanges to state laws like Wisconsin’s would “undermine[] the congressional calibration of force.” *Crosby v. Nat’l Foreign Trade Council*, 530 U.S. 363, 380 (2000).

82. Furthermore, Defendants’ demands conflict with the CFTC Core Principles on which Kalshi’s designation as a CFTC-approved market depends. The CFTC’s Core Principle 2 requires Kalshi to “provide its members, persons with trading privileges, and independent software vendors with *impartial access* to its markets and services.” 17 C.F.R. §§ 38.150, 38.151(b) (emphasis added). Cutting off Wisconsin residents from Kalshi’s platform—including residents with ongoing investments—would be in considerable tension with that principle. In addition, Core Principle 4 requires Kalshi to “establish and maintain risk control mechanisms to prevent and reduce the potential risk of price distortions and *market disruptions*.” 17 C.F.R. § 38.255 (emphasis added). Abruptly closing Kalshi’s event contracts to anyone located in Wisconsin could

constitute exactly the sort of market disruption the CFTC has directed Kalshi to prevent. Depending on the CFTC’s interpretation of its Core Principles, it could well be “impossible for [Kalshi] to comply with both state and federal law”—the paradigmatic case for preemption. *Crosby*, 530 U.S. at 363.

83. Defendants may not enforce Wisconsin’s gambling laws against Kalshi because Kalshi is a federally regulated exchange that operates under the exclusive oversight of the CFTC and its enabling statute, the CEA, 7 U.S.C. §§ 1 *et seq.*

PRAYER FOR RELIEF

WHEREFORE, Proposed Intervenor-Plaintiff Kalshi requests that judgment be entered in its favor and against Defendants as follows:

1. That this Court enter a judgment declaring that the challenged provisions of Wisconsin’s gambling statutes, including Wis. Stat. §§ 945.01, 945.02, 945.03, or any other state laws pertaining to gambling or wagering, as applied to Kalshi and its affiliates, violate the Supremacy Clause and are therefore preempted, unconstitutional, and invalid, and a declaratory judgment under 28 U.S.C. §§ 2201-2202 saying the same;

2. That this Court issue preliminary and permanent injunctions that prohibit Defendants, as well as their successors, agents, and employees, from enforcing the challenged provisions of Wisconsin’s gambling statutes, including Wis. Stat. §§ 945.01, 945.02, 945.03, or any other state laws pertaining to gambling or wagering, as applied to Kalshi and its affiliates;

3. Any other relief within this Court’s discretion that it deems just and proper.

Dated: May 28, 2026

Respectfully submitted,

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