The Economic Club of New York

119th Year
868th Meeting

Tarek Mansour
Chief Executive Officer
Co-Founder
Kalshi

October 27, 2026

In-Person-Hybrid Event

Moderator: Catherine Rampell
Economics Editor, The Bulwark
Host, “Receipts with Catherine Rampell”

Introduction

Chair Dambisa Moyo

Hello everyone and good afternoon. Again, sincere apologies for the late start. Our guest is now here, and the good news is we will, he's agreed to stay a little bit longer, so we are going to still have the one hour devoted to the program.

Welcome to the 868th meeting of The Economic Club of New York. I'm Dambisa Moyo, Chair of the Club, and it is a pleasure to be here with you. I would like to extend a warm welcome to the students joining us virtually from Princeton University and to recognize the members of the 2026 Class of Fellows – a select group of next-generation business leaders who are with us here today. Please note that applications for the 2027 Class of Fellows are now open.

The Economic Club of New York is proud to stand as the nation's leading nonpartisan platform for discussion on economic, social, and political matters. For nearly 120 years, the Club has hosted over 1,000 preeminent guest speakers contributing to a tradition of excellence.

We continue that tradition today by welcoming our distinguished guest, Tarek Mansour.

Tarek is the Co-Founder and CEO of Kalshi, a federally regulated exchange where people can trade on the outcome of future events, from elections and economic data to cultural moments. He co-founded Kalshi in 2018. The exchange offers event contracts, which let traders take a position on whether something will happen or not.

Before Kalshi, Tarek was a quantitative trader at Goldman Sachs and Citadel. Born in Lebanon, he earned his bachelor's degree in computer science and mathematics, and a Masters in Engineering at MIT.

Tarek will be in conversation with Catherine Rampell, Economics Editor at The Bulwark and host of the podcast "Receipts with Catherine Rampell." We are honored to have you both here today. The program will conclude, as I mentioned a moment ago, on the hour. And as a reminder, this discussion is on the record as we do have media in the room and online. Now, without further ado, please join me in welcoming Tarek and Catherine.

Conversation with Tarek Mansour

CATHERINE RAMPELL: Tarek, thank you so much for being here. It's okay if I start by embarrassing you a little bit. The reason you were late, may I share?

TAREK MANSOUR: Well, I usually have a good excuse for being late, but this time, yeah...

CATHERINE RAMPELL: So the reason why Tarek was late is that there's a dress code here. And Tarek, I gather, did not show up wearing...

TAREK MANSOUR: I had to buy a shirt. I was buying a shirt.

CATHERINE RAMPELL: I only mention this because it feels like an elaborate metaphor somewhat for some for the regulatory questions facing your industry. Tarek, you know, they could have snuck you in through a side door, but you went out roaming the streets of New York and found a new shirt.

TAREK MANSOUR: I had to follow the rules.

CATHERINE RAMPELL: Exactly, had to follow the rules. So, anyway, thank you again for coming and for abiding by the dress code. I wanted to start by talking about the midterms that are coming up. You have said that these midterms are truly the first prediction market election. What concretely does the public get from prediction markets that polls and forecasters do not provide?

TAREK MANSOUR: A better forecast. It's also a difference, for of answering a little bit of a separate question, I mean polls are really asking people what they want to happen, like who are they voting for. Prediction markets ask people what they think will happen, which are two different questions. They're also kind of pricing something different. A poll is essentially, okay, if I poll this room, it will give me, okay, this is the percentage of people in this room that are voting for one candidate or the other.

And you often see a poll that says, okay, like in Texas Talarico is polling, I don't know, I didn't look at the recent polls. I usually look at the prediction markets. But let's say Talarico is polling at 51% but the prediction markets are at 65%, 67%, because it's a probability. It's not the same thing. A poll that's at 67% will usually translate to like a 99% probability of the candidate winning. And that's, I think, one of the things that the general public mistakes often.

But maybe to really answer the question. I think the thing that's unique, and I really think about this election as being the first prediction market election, even though '24 is when we went mainstream, it's the first time that we have a piece of information that is really flowing bottom up from people. That's really what's exciting about this. It's like historically, okay, how do we know which candidates are worthy to look at or interesting or about to win. I mean it really is a few publications, or a few people in those

publications telling us, okay, here are the different candidates and here's how well they're doing.

And there's polls, which in my view, I mean polls are mostly an elites, top-down messaging or information medium because, you know, polls are commissioned by a few people that decide, they have all sorts of decisions they make when they run the poll, who they're going to ask, what's the sort of sampling bias? And there's all sorts of things that can lead the poll to go one way or the other. And the best proof you have of that is actually, you know, we're in the last streak to the election, and I'm not a wizard but I'm going to make a prediction.

You know, each of the Senate races are pretty contentious. You're going to see two polls are released for each race, one from the Democrat, one from the Republican. And the polls are going to be saying opposite things. These polls, you can make them say whatever you want. That's not true for markets. You can't. People oftentimes come and tell me, why is Kalshi predicting something? We're not predicting anything. This is millions of people going one way or the other and with real skin in the game.

And that, I think, is what's interesting. In some ways, you're sort of re-shifting the power of information to people, millions of people, that we cannot, nobody can really control. If

you look at 2028 for Kalshi right now, you know, you have Jon Ossoff, you have Gavin, you have AOC. That's information that's coming from millions of people, not an Ed Board or two opinion writers at *Politico*, and that's what's so different about prediction markets.

CATHERINE RAMPELL: You have said that prediction markets are different from gambling. They're not gambling, it's about price discovery, at least in my recent conversation with you. And I'm sure that the viewers on line and the participants in this room will agree there is great value in price discovery. It helps markets function more efficiently. But why is it important for markets to price who wins the Cardinals/Cowboys football game or who gets eliminated on Dancing with the Stars this week? Two actual bets, by the way, on Kalshi. I don't have the odds.

TAREK MANSOUR: You'd be surprised about the number of people that care about Dancing with the Stars.

CATHERINE RAMPELL: Yes.

TAREK MANSOUR: You know, who am I to say whether Dancing with the Stars matters or not? I mean really, it's always interesting. The interesting thing to me about this is

certainly we have markets that are more societally useful to some people than others and there's markets; some people would find them frivolous. And this is where the rule of a federal regulator can come and put some lines and decide, okay, these are too frivolous, these are like in the public interest and have an economic consequence.

But, you know, I'm sure you can find some markets that are funny on Kalshi because some set of people really care about them. And one example I always quote, it's so interesting, I've learned so much about Taylor Swift markets. And it's always been interesting to me because the general public, when you think about Taylor Swift, you think it's a gimmick. You think it's some sort of funny sideshow. Okay, Taylor Swift is doing one thing or the other.

I can tell you, I have a partnership with MSG. I'm not going to say exactly how much we pay for it per year, but let's assume we pay for it, a million dollars a year. That's my deal value with MSG. After this woman decided to get married there, I can resell that thing for $3 million now. It went up by 3X. That is the economic impact of Taylor Swift just deciding to do her wedding at MSG.

And this is true for the weather, it's true for economics, and it's certainly true for sports. I mean the notion that sports is a sort of sideshow or a game, it's a bit outdated now. Like

it's big business, $70 billion of private equity applied to sports. Whether the World Cup was going to be played in certain cities, I mean that has invigorated the city in many different ways. You go to Kansas and you ask them, what the World Cup did to the city, I mean there's a real inflection point that happened.

A lot of people that were hedging on Kalshi, I mean some people bet on Kalshi. They trade, and a lot of people do it the way they bet on the stock market, or the way they bet on traditional grain futures, as a way to make money. But there are some people that are actually using it to offset risk, to essentially hedge themselves against an adverse consequence. And, you know, sports, one of the typical examples is like we had a bunch of media rights buyers that know that, okay, if Team America loses early, that investment they made in the advertisement is going to get marked down by 50%, 60%, 70%. Why? Because Americans stop watch the World Cup.

And so, to me, what's interesting is, you know, the difference in markets and gambling, it's never been about behavior. Gambling is a behavior. There are people that bet and gamble and trade, whatever you want to call it, any name, on Kalshi, the same way they do in a Robinhood, the same way they do it on Coinbase, the same way they do on the stock market, on Nasdaq. That is true. That doesn't make the market not a market.

You know, the structure is, is it a market that promotes open price discovery? That actually if somebody is smart and doing research in the world, they come to the market and get rewarded for it. And the reason they're getting rewarded is because a lot of you are actually looking at the prediction market forecasts when it comes to politics and so on and so forth. There's a public good that comes out of it, which is this prediction. And then some people are hedging their risk, and for every hedger, you need a speculator. And that's true for prediction markets, it's true for sports, weather, economic. It's true for grain futures. It's true for all the futures. The topic can change, the market doesn't.
Or is it gambling? Where the sole purpose of the model, it's a business model, you're going to a House, and if you're doing anything that's smart, if you're showing any indicative behavior of doing research and getting sophisticated in calibrating the odds or being smart about what you're doing, you get banned, because that's not what the purpose of this thing is. It's not price discovery, or getting smart about something. The purpose of it is for you to lose money to the House. You're bet against the House. The House revenue is equal to the customer's losses, and over time, you root out the winners and you figure out how to get the losers coming back and so on and so forth.

And so oftentimes people, they have this conception, which the casinos have done a very good job at like seeing this side of the prediction markets, these young men that are, you know, gambling their life savings. I mean if you look at the percentage of the

volume that comes from these young men, It's tiny on Kalshi. It's pretty much irrelevant. Really 70% to 80% of our volume comes from the people, maybe the best way to imagine it, a lot of people probably here watched The Big Short.

You know, the two kids that were living in their mom's garage but did all the research. They were going crazy doing the research on mortgages and read every single one of them and all of that. That's what we're doing. You're adding that level of rigor to politics, to sports, to economics, and 70%, 80% of that is those people. They're setting up teams and they're doing copious amounts of research the same way that a Morgan Stanley analyst does research on Apple stock and then trading it on the open market.
And if they have a good piece of information, they make money. If they don't, they get punished. That's, I think, what's so exciting about this next generation of markets is anyone can participate.

CATHERINE RAMPELL: You mentioned that there are a few participants who have outsized participation in these markets, outsized volume. The *Journal* actually found that there's a small number of accounts on Polymarket and Kalshi, often pros using sort of a more data-driven algorithmic trading model who take home most of the winnings. Not just participation, but most of the winnings. And they phrase it as there are few sharks and a lot of losers, potentially losing their shirts. What duty do marketplaces like

yours have to ensure participants are informed about the risks they take and ensure that they are not gambling away their life savings?

TAREK MANSOUR: Let me ask, I want to answer the risk question, but it's been interesting. I did see that *Wall Street Journal* article. Most of the data was from Polymarket. Kalshi's data is a big different. And I also don't know how they sampled that data.

But it's always been interesting to me, like how many hedge funds outperform the S&P every year, like what percentage of hedge funds outperform the S&P? It's pretty much an 80/20 thing. Twenty percent of hedge funds win, and 80% lose. And it's always been interesting to me. It's as if there's some sort of standard that an open competition, a market, should be 50/50. It's like 50% of people win and 50% of people lose. Then there wouldn't be skill. Then what are we even doing? There's been this sort of supposition that it should be, like a competition should be uniform.

Imagine, you know, we run the NBA Finals and every year we pick one team uniformly at random and that's the one that wins. I mean what's the point of a competition? A competition is a game of skill, the same way in the stock market and prediction markets. You will reward people that will be better. Some athletes put more effort, energy,

resources into their research than others, and they will be rewarded disproportionately than others. And that's what you see, some people put way more money, effort, resources to get better at this than other people. And that's what an open competition, open market does.

The thing that's unique about prediction markets, though, is that when you put out some trader – some of you may have seen this – we put out some studies and it's all public, but who are the top traders? Who are the people that are performing the best in prediction markets? And it's amazing, you see, 80% of them went to public school. They're 2X more likely to have worked in retail than have worked on Wall Street or banking. I mean think about that. They are 2X more likely to have worked in retail than Wall Street or banking.

You know, the Federal Reserve put out a paper about, you know, the forecasts from Kalshi, which I think is Main Street, its people, millions of people, laymen, average people against Wall Street on economics, on inflation, GDP, interest, a bunch of economic indicators. And they found that Main Street, Kalshi, was actually more accurate than Wall Street. And that's a paper that's public, it may be in the pack. It's called Kalshi and the Rise of Macro-Markets.

And after that paper was put out, it was like, how is Kalshi so predictive on inflation? Like who are these traders? Are they like Wall Street, etc.? And you look at the top traders, like our top trader on inflation is a random dude in Kansas. Never traded financial markets, likes reading about the economy for 25 years, and there's now a way to monetize it.

I certainly think, though, that Kalshi, like Robinhood, like the Nasdaq, we do have a very, and I believe, you know, we are regulated as a federally regulated exchange. We spent the first four years getting regulated. And we are doing a lot of things that are beyond the regulation. My personal beliefs, and I've been a very big advocate of this, I'm pro-regulation. I'm pro-free markets, but also pro-regulation. I don't think they're counter to each other. I actually think that if you do it right, and if you solve the hard problems that are not usually sexy headlines, you can actually get to a better outcome where free markets grow even faster and better, but you have sensible guardrails around it.

I believe it's totally the platform's responsibility to make sure that we're policing a responsible use. And a responsible use is not people losing money. People losing in a competition or losing anything in life, that's what you do. You got out-competed by someone else and that's okay. It's losing money that you cannot afford. It's doing things

that can harm you and harm your life. And that's true for Kalshi. It's true for traditional gaming, like whatever, Sportsbook and DraftKings. It's true for Robinhood and it's true for Nasdaq.

And I think that the rules need to be updated to reflect the reality that financial markets now have millions of people, not just institutions, that are participating in them, whether it's in options and so on and so forth. But the key thing about prediction markets is when somebody is doing things that are harmful to them and keep losing money and they're clearly vulnerable and have addiction issues, they're not losing money that money to Kalshi. They're losing it to somebody else in the open market. So we don't have an incentive to keep promoting it.

In fact, we use the same tools that the Sportsbooks do to send predatory marketing to these customers, to actually ban these customers or add more friction to their accounts. Because again the Sportsbooks, their business model is reliant on these most vulnerable customers that keep losing money to the Sportsbook. They'll send them a drink or get them a suite or whatever.

But on Kalshi, I am reliant on these informed traders that make that markets more efficient and more accurate over time. And sure, some people are going to lose. That's

a competition. But those people that are really doing it irresponsibly, in some ways we want to kind of put them out of the system. I think of it as a long probability. It's like there's all the use and then on both extremes there's all the smart, informed traders, and on that very extreme of those is the insider traders, the people that are actually cheating on the one side. Those, you want to ban. And there's people that are going to be losing because, you know, they got out-competed by somebody else. And on the other end of that spectrum you have the people that are doing it irresponsibly, and you also want to basically put those out of the system. And that's what the regulation needs to basically target.

CATHERINE RAMPELL: You mentioned insider trading. I believe that just in the election-related markets you've already suspended six 2026 candidates for improperly betting on their own races. There have been some other very high-profile cases of insider trading – the teleprompter guy, the Trump teleprompter guy just as an example.

TAREK MANSOUR: Yes. George Santos.

CATHERINE RAMPELL: George Santos as well.

TAREK MANSOUR: That guy is a moron. It's unbelievable. He loves committing fraud.

It's like, you know, his thing.

CATHERINE RAMPELL: How do you go about detecting insider trading? Because I imagine that in the George Santos case maybe it was relatively easy if he was doing it under his own name, but maybe somebody has a cousin, maybe the cousin of the teleprompter guy. It seems very difficult. Unlike in some of these other competitions that you were talking about with sports and things like that.

TAREK MANSOUR: For politics, yes.

CATHERINE RAMPELL: Well, for politics or any of these other markets where it really would be an unfair playing field if there is somebody who has insider information at the heart of what the bet is, or even worse you might have some moral hazard problems, right? Where they can effectuate the outcome that they are betting on, they can set the wildfire or what have you. So can you talk a little bit about how you try to prevent it or how you detect it, insider trading ex-post.

TAREK MANSOUR: Yes, I mean a few things. Let me address the moral hazard because I think it's a bit easier, and then I'll get to insider trading. So we, there's a bunch of regs that ban essentially markets that present moral hazards, like violence,

war, terrorism, assassinations, etc. Like those have never been listed, including wildfires. We've never listed wildfires. Those have been listed offshore so on prediction markets that are unregulated that run offshore.

And that's one of the challenges that we've had, and I will say this, and I say this pretty publicly at this point, I like competition. I love competing with Robinhood and Coinbase and now Goldman is entering the space. There's so many. Competition is good. An industry doesn't really become an industry without competition. I think the things that I've always struggled with a little bit, with one of our big competitors, Polymarket, is I think we have, like principles differences.

I think they went offshore, did unregulated, and then the results show it. They listed some of these missile strike markets, etc. that have really infuriated people, for good reason. They infuriate me too. They're bad markets that shouldn't exist because they present moral hazards. So really the line there is, like you know, there are regs that ban them, and we shouldn't allow any operators to do these types of things. And if there are certain markets that are on the line, my view is we should be conservative and not let them happen.

Now insider trading is a more interesting issue. And I always go back to, you know,

initially, at the beginning of the year when the first insider trading case, which is the famous Maduro trade happened, there was a bit of a debate in the industry, like we came out very strongly and said, you know, we've spent the first four years building systems to ban insider trading, and we're very against insider.

And some of the industry players who have now come around initially were saying, well, actually no, we should let insider trading happen because it makes market prices more efficient. Like if you let insiders trade on the information that they have, it should, in theory, make the market price more efficient. And it's a completely moronic take basically because like, there's a short theoretically that would happen. But what would happen if you let corruption go rampant in a supposedly free and fair competition? People stop believing it's fair, and what happens if people stop believing it's fair? They stop participating. The thing breaks. People stop using it. And that's why it's banned in the stock market. It's banned in traditional markets. It's banned in prediction markets.

There's a few layers. I mean one is we verify all customers. So when you onboard to Kalshi we take your name and your Social Security. Number two is we send it to a bunch of vendors that usually the banks use. So after the Bank Secrecy Act was enacted, banks have a duty the same way as a regulated exchange like us, we have a duty to figure out who we're transacting for, who we're moving money for, who the

customers are. And then you can cross-validate it against a bunch of lists.

So FEC reports, politically expose people, their families, their close families. And there's all sorts of lists now also with sports leagues. We just announced a partnership with the NBA. The core tenets of that partnership is they share data with us about who may be an insider in the league so we can ban them from trading. And then we ban all these people from trading on things that they proactively, we proactively ban them on things that they might have insider information or influence over. That ban is actually a self-regulation. That's not currently law. We're pushing for this to be law. I'm strongly advocating for this to become law.

But what's law is also after the trade, like post de facto, which we had discussed last time. After a trade happens, the thing that's interesting with fraud is like there's always something suspicious. Like somebody all of a sudden is buying in larger size something that's an asymmetric long shot or other things. And then that can go, that goes to our Investigation Team that can impose fines all the way to criminal prosecution. And the way to really combat crime or bad actors is you catch them. And when you catch them you have to enforce heavy consequences. And that's true for any financial crime or any crime really on the street. And so that the next person that considers doing it is going to reconsider it because of how bad it would be for them to get caught.

Now, here's the thing I will say about prediction markets. I'm sure a lot of you have seen, especially the young people in the room, you know the meme about the plane from World War II, around survivorship bias, where like the plane was shot in certain places and we make the completely wrong conclusion about where we should shoot the plane or not shoot the plane. Like, I think that's a bit what's happening in prediction markets.

The thing is prediction markets are incredibly transparent. All the trading activity is public. You see it. Everybody sees it. You can go to Kalshi.com right now, click on Texas Senate Race or any race of whatever you want to click on, and you see all the trading activity publicly available as a log, for anyone, which is not really true for traditional markets. You cannot see, reporters and press and the general public and our customers cannot see, it so publicly.

So it's interesting because there's way more trading happening in the stock market, we're just catching way less of it. Whereas in prediction markets we're just actually catching much more of it because it's so blatant, it's right there for everybody to see. When somebody is moving the price from 10% to 25%, well, everybody, you know, starts freaking out about what happened. And that's a good thing because then we can go and police it. And I think that's a bit of that dynamic happening. But over time, I mean

the candidates now know, well, if I'm going to do something on my campaign and I get caught, it's pretty much going to ruin my campaign, so I'm not going to do it.

CATHERINE RAMPELL: Well, I was going to ask you about a study actually from Bloomberg that looked at how much it takes to move one of these prediction markets in a midterms race, because these are generally relatively thinly traded races. So Bellwether, an online tool built by Stanford Grad School of Business research lab, monitors how much money it would take to meaningfully move political markets on prediction market platforms. A single bet of less than $100,000 could move 99% of the 15,000 U.S. midterm election markets.

TAREK MANSOUR: How much?

CATHERINE RAMPELL: $100,000 could move 99%.

TAREK MANSOUR: That's not true. There's no way that's true. I didn't even look at the research. I can tell you right now, it's not true. I mean people can put out all sorts of sh*t, I mean, you know. I'm sorry for the ... I mean, you know, it's like the polls from Wedgewood, oh, I think this candidate is like up 17% and the two dudes were just fabricating fake data. I mean, you know, tell them they should move the market. They

should put money on it then. We should ask them, do they have enough conviction to put money on it? I mean, I don't know. I don't know what to tell you. I mean it's not true. Somebody put a million and a half dollars on the LA mayor race, you can all go publicly see it, I don't know if it's in the pack but we can, Kalshi.com, ask me about that. I'll send you all the information. They put a million and a half dollars in the LA mayor race and they moved the price from, I think, it was something like 25% to 40%. They were trying to artificially manipulate public perception on what people perceive Spencer Pratt's odds of winning are. Guess how much, how long the price stayed at 40% for? Nine seconds. It went to 40 and then the smart people, the traders that have incentives to make money on these things, the incentives are so clean and transparent, they're like, well, something is off here. It certainly is not 40%. They traded it back all the way to 25%.

So what happens to that $1.5 million? They just lost their money. It's completely stupid. They should have actually commissioned a bunch of polls, which by the way, they probably did, to say that Spencer Pratt is crushing it in the election or bought a bunch of AI videos to, you know, promote a bunch of misinformation on TikTok and Instagram, which they also probably did. And if you're a campaign candidate right now and you're not doing that, what are you doing? Like, this is what everybody is doing. They're doing doc ads. I mean Campaign-101, you set up a campaign, put a million into creating a bunch of fake, you know, cool AI videos that makes your opponent look very, very bad.

Say a bunch of inflammatory things and you start ripping them. I mean that's Left and Right, that's politics, pretty much.

So my point is, sure, could people move prediction markets? Certainly, that's certainly true. But we have to put them in context of everything else that we're dealing with. I mean, how much money did it take for these two dudes to fake the Wedgewood Poll. Zero. They're just coming up with numbers. They literally wrote a number on a spreadsheet and they sent it to a bunch of mainstream media and they were being reported left and right. And then people are like, why do people not trust the polls? Why would they? Maybe I should do that experiment, like fake a bunch of polls and then also release it.

But my point is markets are not going to be perfect always. Now if you look at a bunch of studies that have shown how calibrated they are, it's like, they do work. When we say something has a 20% chance of happening, it does happen two out of ten times. Some markets are going to be more public, have more volume than others, the same way that Tesla stock has much more volume, is more efficient than a Russell 2000 biotech stock. And that's all publicly available on Kalshi.

Maybe this is the most important thing to take away here, is everything is public. The

methodology is public. The incentive is public. And once something is low volume, it's also public. And I tell the customers, if something is like $5,000 of volume versus $5 million of volume, you should treat it differently. One of them is a more efficient market than the other one. None of that is true for polls. None of that is true for how the black box algorithms on social media are feeding information or not feeding us information. None of it is true for all these other sources of information that somehow are held to a much lower standard.

Like if a poll is basically a sample of, a completely mis-sampled versus not mis-sampled, do we even know? Is there any public audits about how the poll was done and so on and so forth? There isn't. And I think the fact that we can be asked that question I think is a good thing. I actually think this is why these markets are so important is because it's bringing more transparency to the entire process.

CATHERINE RAMPELL: Have you thought about how you will adjudicate some of the election outcomes given that there is likely to be a lot of contesting of election outcomes? I mean who wins in Alaska if the Department of Justice decides to try to overturn the results of the election?

TAREK MANSOUR: That's a great question. So this is a question that markets have

always had an issue with. So I'll give an example and I'll get to the election because the elections are actually surprisingly interesting, like you would think it's just like a yes/no. And so back in the day when CME, the Chicago Board of Trade listed butter futures, they said, okay, we're going to list the futures on the price of butter. They would get to settlement and then all the butter farmers and the traders and speculators, they would all, like it was civil war. They would all start fighting because they're like, no, no, no, this type of milk should count as butter and this cheese is actually kind of buttery so it should be in the butter definition.

And so how they actually handled it, what these markets are, the reason we call them event contracts is they're a legal contract. We're like, okay, we're going to set, what you're buying is a contract. There's a swap that pays based on these specific legal, like legally-defined characteristics. So if you look at any of our markets and you, you know, Control-F-View Rules, you'll see the full rules. It's a long PDF. It's like three pages of legalese that explains exactly upfront to the marketplace what exactly does it mean for us to say the Strait of Hormuz is going to open. Like what does that actually mean? And it's usually a very specific definition of, like, okay, the seven-day average of amount of cargo is X, Y, and Z reported by these different agencies.

Elections are interesting. So in the '24 election, what we've done, so for the elections

we're very careful. We basically get election lawyers, like election integrity lawyers that essentially help us with the definition of, okay, what is the moment where you know the election is done in a way essentially is nonpartisan and is defined upfront to the entire public, that all the public can see and agree to upfront. So in '24 what we realized is the only way to really determine, like fully determine and settle an election is January 20th. So it's basically whoever gets sworn in as the next president of the United States. Because actually, I didn't know this but actually even after a Congress cert there could be a bunch of different things that could happen, including the SCOTUS overruling Congress certification and so on and so forth.

And that's basically, I think the standard we do. I don't know how we're doing every single one of our midterm markets but there's a team upfront that defines these rules and a team of external counsel that essential vets them to make sure that once the settlement is done, that's basically who won the election. And I mean we don't want to be in a business of calling an election or deciding what the outcome is. We want to be in the business of, like once the outcome is decided, however it gets decided, and that's a whole different issue that society has to deal with, we are there to settle it basically. The same way as the butter, we don't have strong views about what butter is or isn't. We'll just be there to settle it, as long as we agree what the final definition of butter is.

CATHERINE RAMPELL: I should go and look up how many Kalshi markets relate to butter.

TAREK MANSOUR: We don't have that yet. It's a touchy subject.

CATHERINE RAMPELL: Touchy subject, okay, fair enough.

TAREK MANSOUR: We also don't have onions.

CATHERINE RAMPELL: You can explain why.

TAREK MANSOUR: Because it goes back to the market manipulation question, you know, this is the prime example of how we really kind of get to unsigned policies sometimes when there's a time of crisis, which is unfortunate. We often do policy as a reaction to a crisis instead of just being thoughtful and proactive and enacting policy that makes sense and is down the middle.

But in '55, 1955, there's two guys that manipulated the onion markets by basically buying up pretty much most of the onion supply and doing what we call a short squeeze. So they put a big short and then they tanked, they sold all the onions at the

same time to tank the prices down and make a lot of money on their short, on the futures. A bunch of people went bankrupt. It was really bad.

So Congress at the time was like, well, obviously the issue is onions, not humans. And so we will ban onion futures. The Onion Act of ‘55. And, you know, it’s just such an interesting use case of, like, you know, yeah obviously, I mean manipulation is only endemic to onions. We cannot possibly manipulate tomato futures or corn futures, I mean that’s impossible. But it’s one of those interesting things.
And you see there’s a real practical impact now because onions are one of the most volatile commodities. They are a very volatile vegetable because there is no future market to dampen that volatility, to help farmers reduce their risk and predict how much they’re going to sell it for. So supply ends up being kind of volatile and the market, it’s actually more volatile than oil, which is one of the most volatile commodities out there. And so, you know, after we deal with the prediction market issue, my next thing will be to repeal the Onion Act, which must be done.

CATHERINE RAMPELL: Also, movie box office returns, right? You also can’t offer prediction markets in those.

TAREK MANSOUR: You can’t do futures on box office returns. Can I talk about that

one?

CATHERINE RAMPELL: Briefly, sure.

TAREK MANSOUR: Okay, I'll do it fast, but it's just, there's interesting use cases in the law. At the time, there was an exchange who wanted to do box office futures. And the reason why those futures were great is because right now, you know, like movie production is basically a few big, it's monopolistic, a few big studio companies that have all the resources, all the investment, and they can basically produce movies. What's hard for basically a bunch of the smaller studios is to get lines of credit to basically get going. And so the reason to build a futures market for it is basically if you can predict ahead of time that a market was going to be kind of successful, it can help you basically get more predictability in the future so you can get higher credit worthiness and raise loans, raise money, and basically let the smaller players basically get more competitive and more dynamic.

They started to go around and at the last minute, a small line got introduced out of nowhere which was like ban box office futures. Guess who it was introduced by? The lobbying coalition for the three big box office companies. And two reasons, they didn't want to prop up more competition because if there's open price discovery, there's more

transparency on who is going to do well, which movies are going to do well or not, it might be an equalizer of where capital goes.

And the second hidden reason, which after a while it came around, they didn't want to have a good forecast of whether a movie was going to do well or not ahead of time, because usually they get three or four weeks of box office sales before people realize that a movie was pretty bad. And so if you have more transparency in that system, it would kind of hurt their bottom line.

And so sometimes, a lot of people don't also like these markets, and we've seen this a little bit with the casinos now, like they don't like the idea there's an open market that is pricing these sports events so transparently because it kind of hurts their ability to screw their customers. And so there's a little bit of that going on.

CATHERINE RAMPELL: So let's talk about some of that litigation. You have faced lawsuits in, I think, 20 states, of trying to restrict or ban...

TAREK MANSOUR: But we're the ones suing in most of them.

CATHERINE RAMPELL: You're suing in most of them, because they're trying to

regulate you.

TAREK MANSOUR: No, it's not exactly right, because they're trying to sue us, so we sue them first.

CATHERINE RAMPELL: Okay, fair enough. As I understand it, so far Appeals Courts have issued conflicting rulings.

TAREK MANSOUR: It's not a regulatory...

CATHERINE RAMPELL: Well, they've issued conflicting rulings. Do you think that there is any legitimate state interest in regulating products that look and feel like sports betting?

TAREK MANSOUR: Certainly. Certainly. Not exactly...So I don't have my phone now, it just turned off, battery. Recently I've been really obsessed with this court opinion. There's a court opinion that goes, you know, we believe, I don't have the exact language – I think I read it to you last time – so we believe that dealing in these types of markets is void by the common law because it is contrary to public policy. It's not only contrary to public policy, it is a crime against the state. It's a crime against the country, a

crime against humanity. They go on and on about this species of gambling is a __ and it's emphatically the worst thing that's happening to society.

That's an opinion from 1888 about grain futures. It's like amazing; the states were suing the Chicago Board of Trade because some farmers were betting on the price of grain. They're gambling on the price of grain. Some of them were losing their house, which is bad. And states were like, well, this is gambling. It's the same thing as people betting on the bucket shops, which is the original version of the casinos and the sportsbooks at the time.

And, you know, the whole thing played out, a bunch of states, there were like 20 or 30 states that sued the Chicago Board of Trade. And it went up to the Supreme Court. And we handled with the Commodities Exchange Act, which came in '74, which was, like, okay, yes, there is gambling, speculating, trading, whatever you want to call it in all the financial markets. If anyone is going to use a certain market to gamble, then the Nasdaq should be state by state regulated. And there's an argument to be made for that because there are people that lose their shirts gambling on the options markets. It's true.

So how do we draw a line? The line goes back to, is it a market or are you betting

against the House? Because the House's incentives are to basically ban out the winners and screw the losers. The market's incentive is to promote prices covering an open market that can produce the public goods at the price forecast, which gives farmers predictability about the future, the same way the prediction markets give us predictability about a bunch of different things. And risk management, there's some speculators on one side and hedgers on the other side.

And the reason why a market needs to be regulated? There's a reason why it needs to be regulated at the federal level. It's because of liquidity. Like when you want to buy something, you mentioned the piece, some state races have low volume or low liquidity, why? Because I'm not taking the other side. If you're on one side of the market, you have to be on the other side of that market. And so at the time, it's a little bit like they were thinking about, well, we have two options. Like the New York Stock Exchange should be a nationwide market with nationwide rules – the rules of who is an insider in California are the same as New York. So that when I match the two, you're abiding by the same rules in the competition. And then we enable liquidity so you can trade against someone in Texas. Someone in Texas can trade against someone in California, against Hawaii. Like that global liquidity, that diversity of trades is critical for an open market.

Or the alternative is imagine we bifurcate the New York Stock Exchange to 50 state

New York Stock Exchanges, like 50 national stock exchanges, where you can only buy Apple stock in Oregon from someone who is in Oregon. What would happen? You can't buy the Apple stock. It wouldn't work. It would bifurcate liquidity, make markets inefficient. It's a very anti-free markets way to approach things. It would just not work.

And so the message is always, like it's not about Kalshi not wanting to be regulated. We spent the first four years proactively getting regulated when our main competitor became the Uber of the space, Polymarket. Two years ago, you didn't even know who we were. I've always been very pro-regulation. I want regulation. And if there's a delta with the states, I always tell them how the marketing is being done, etc., like let's have that conversation. We're open to it. If you want to tax it, certainly you can tax it. It's more about whether we want this market to live as a market onshore, or are we going to drive it offshore to give yet another monopoly to the casinos? That's really the fundamental question that's going on here. And I'd like to choose the free open market competition, which is what America has chosen.

CATHERINE RAMPELL: So these lawsuits are over the sports betting in particular.

TAREK MANSOUR: Some of them. No, a lot of them are actually about the whole thing.

CATHERINE RAMPELL: Okay. Well, the reason I ask...

TAREK MANSOUR: New York is about the whole thing. Utah is, I think, a whole swath of events. I mean some people think, the point is, again, where's the line? Where's the limiting principle that you're drawing? The topics can change, but the structure is exactly the same. Right? Elections, economics, interest rates, the whole thing is the same. So, no, I think a bunch of these lawsuits are about a much broader set of things.

CATHERINE RAMPELL: Well, the reason I ask about sports is that it does seem like that is at least one common denominator among the different lawsuits. And as I understand it, sports bets made up something like 95% of your revenue, like a year ago, and now it's closer to 60%, 65%, somewhere around there. So what happens to Kalshi if these cases ultimately get adjudicated by the Supreme Court and you are no longer allowed to participate?

TAREK MANSOUR: People love to ask me that question. I mean, look, I think there's a few things. I mean on the one hand we would need to figure out some sort of patchwork, which would really destroy the market, and it's just bad for the customer. It's a little bit, the way I think about is, the way to respond to that question is what happens if we just like gave them a monopoly to the Sportsbook model? It's just worse for the

customers. Like the winners that are getting banned from Sportsbook that are basically using prediction markets right now should have a place to go, and they cannot do it on Sportsbook. It's just terrible.

But, like, you know, we have, I mean our fastest-growing businesses are not sports, you know, the common thing, what people believe to me. The fastest-growing is actually, and also Crypto, it's actually commodities. And like we're just entering single stocks. Like we're a very diversified company now and we have 30 million customers, which is really large, like we're basically one of the largest fintechs, if not, the top two fin-tech sort of brokerages in America today. So we're very excited about the direction of travel, we're entering into computer futures.

We have a few announcements coming. We just announced our S&P partnership this morning or last morning – everything is hazy these days – which we're very excited about because we're going to be developing a bunch of indices. Like imagine the S&P for politics, S&P for sports, S&P for economics, and for all these different areas of the economy that are essentially becoming increasingly larger industries. But to summarize all of that, you know, the law is on our side. The law is very clear. And the pro-social utilities of prediction markets are very clear, and we feel pretty good about our court standing.

CATHERINE RAMPELL: Speaking also about the regulatory risk and how states are approaching all of this, Kalshi announced on January 13th of 2025, shortly before Trump's inauguration that Trump's son, Don, Jr., was going to be joining as a Strategic Advisor. Reports at the time indicated that he was being given something like $300,000 worth of equity in the company. And the press release at the time cited this quote, "extensive business experience and influence, Don, Jr. brings a fresh perspective to Kalshi as we continue to push prediction markets into the mainstream."

Since then, Don Jr. has been reported to have told Republican state attorney generals to back off investigations in prediction markets at a closed-door event in March. Do you understand why, at the very least the perception of this relationship with the President's son and his relationship with his own father, with other states, suggests favor trading on the part of Kalshi.

TAREK MANSOUR: Yes, I mean we totally understand the optics issue. I mean there's no question about it, and we keep getting asked that question over and over. The press loves that question, and I always think, like why are we not talking about the pro-prediction markets, what's interesting about prediction markets. I've answered this question a million times. You can find a million clips of me online with a bunch of comments about it. I'll tell you the same thing right now.

But it's interesting, I didn't even know about this Republican...then are we being sued by Republican attorney generals? If that worked, then what's happened? So, look, we've never done anything on the regulatory front, and we've never done anything on the policy front. It was made, upfront, very clear at the beginning, and it's still very clear, we've never done anything. And, you know, whatever happens, happens, it's going to surface that basically nothing in that regard has ever been done.

The interesting thing about it is actually, it was announced in January but we had actually done it before the election. It was not a political decision. It was never a political decision, because at the time there was still a 50, 55% chance that Harris would have won that election. So we were a company that was 20 people. Now we're very big so people look at us as some sort of big industrial, like establishment company, big company, be scared of it.

But like, I'm a random guy that grew up in Lebanon, a single mom, volatility, crazy life. I go to MIT, love math, love markets. I went through four, five, six years, anyone who has built a company or started a company at some point, those three or four years of early building, they're the most excruciating painful experiences anyone can go through. And I'm telling you, building, like what should hopefully become a high growth tech company

is one of the hardest you can ever do.

And I really believe in prediction markets. I believe in this so much that I staked my entire career and took all the risks, even though I'm a risk-averse guy. I'm a paranoid person. I think about risk all day. And we got to a place in '24 where literally it's been six years of building things and no one cared about prediction markets. It was like a niche corner of the internet, which is a bunch of weirdos. Like maybe if I polled this room, they'll be like two dudes in this room that had heard of prediction markets in '23, and no one else. And those two dudes, sorry, you're probably internet weirdos. I mean those are the people that liked prediction markets at that time.

And so how do you get the word out? And Don was a public figure that loved them. He did, and it was amazing. And like he has 10 million followers on Twitter, and the deal was like you help us promote the message and you help us get it out there. And we did this with Republicans and we did this with Democrats. If you look at our Twitter affiliates, people love to cover, we have hundreds of Republican affiliates and hundreds of Democratic affiliates. And yet that announcement happened and people flew with it. And that was a narrative that was basically set, and it was never a political decision. It still isn't.

And we also have a lot of advisors on the Democratic front. People just don't like to talk about them. I'm guessing next year they will talk about them because, you know, Kalshi hired a Democratic advisor because Congress flipped, etc. even though we had them for two years. And, oh my God, evil corporation, big bad, everybody freak out.

CATHERINE RAMPELL: I mean I don't think it's unusual for companies to hedge their risk by developing relationships with Republicans and Democrats. It's still a political relationship.

TAREK MANSOUR: Certainly, but it's interesting to me, it's like that one specific, frankly we do hire lobbyists. We have an infinite number of lobbyists at this point. That is just not one of them. And when all the things surface you will see that it was not one of them. By the way, what's interesting to me is I see all these reports about, like Kalshi gave to whatever – I wouldn't even know about it – $7,000 to Candidate X, Y, and Z. And there's a big article about it.

And it's literally interesting to me because it's like how much have the casinos given in the last 20 years? Like what game am I supposed to be playing? I didn't set the rules of the game. Like if it were up to me, you know, I would just say, I don't know, all political giving should not be allowed. I don't know, it's not my game. You walked into the thing;

the politicians are freaking out early this year about things that we didn't even do. Like it was Kalshi and Polymarket, even though Polymarket would do every single one of these things. When they sh*t the bed, it was them, and I basically came to clean up the sh*t. And I mean it's true, and I'm so sorry, I know we're at the New York Economic Club, and I didn't come with a t-shirt.

But my point is like the casinos have been playing this game forever and I realized, oh, God, this is a thing that we have to get better at, we have to build a public affairs function, a comm function, explain who we are, and be able to walk in the door and explain who you are. And once I walk into a door, like I am right now, and explain who I am, people will understand that actually there is a lot of benefits to these markets. This person is actually pro-sensible regulations, and that's basically what lobbying is about. But I don't see any articles about the casino giving, which I'll tell you right now, it's way bigger than anything Kalshi has ever done. Those guys are very good at the political lobbying game and they'll always be very good at it. We're just, you know, getting a little bit better.

CATHERINE RAMPELL: I think we have time for a few questions, and we have some mikes floating around as well.

QUESTION: Hey, Tarek, so I'm curious, what's your take on perpetual futures? I think that's like another business line that you guys are expanding and I just wanted...

TAREK MANSOUR: Another one that we're getting sued over. But it tells you want it is. This is interesting, right? So the CME sued over perpetual futures, right? And they want to label them as future swaps, some small technical thing that doesn't really matter. And it's interesting because, so what are perpetual futures? Perpetual futures are basically futures, they're the same thing as a future, but unlike futures they don't expire. They don't have a set calendar of when you have to close, naturally close your position.

Now, futures expire because historically, like let's say, you know, you wanted to set up pork belly futures or cattle futures, there's a natural point where you can deliver the physical good. There was a natural place where it made sense to deliver the thing. And so that's how the market structure evolved. And it evolved to things that don't have a natural expiry, like Crypto or, I would say, oil, or stocks, single stocks or others. And the constant perpetual is actually, we didn't invent it, it was from the 90s. Shiller used to talk a lot about perpetuals, about the idea that you should have futures markets that don't expire under a variety of different things.

And I think it's just more elegant because, you know, right now if you want to take a position that's six months long on oil or Crypto, let's say bitcoin, you have to use CME or other futures where you have to open it and close it every month. So you open and then you close, and then open again, which we call a rollover. And then you pay fees at every rollover. It's a very inefficient mechanism. With a perp, same amount of leverage, same amount of risk, same regulation, same methodology, everything is the same. You can just open it and then close in six months and you just pay the fees at open and close instead of paying fees six times.

Why does CME and some of the big monopolistic exchanges dislike it is because, well, guess what, rollover fees are like 20%, 25% of their revenue. And now that there's an alternative where you don't have to pay rollover fees, what happens to that revenue? It's going to get squeezed. And that's usually the constant, you know, push and pull. It's like the innovator and the people that are pushing the boundary are going to have to push and the incumbents are going to figure out ways to protect their turf. I feel pretty good about perps though. You asked me how I felt about them; I feel pretty good about them.

CATHERINE RAMPELL: I think there's...microphone over here...

QUESTION: Hi. Thank you so much for joining us today. I just had a question about

what do you think makes a good target prediction market? And what makes like a market just linger around the five-figure level compared to the ones that are multi-million ones? What have you seen drive that?

TAREK MANSOUR: See, this is the fun stuff. Let's get into it. I mean, okay, prediction markets, what they do is they aggregate information that doesn't sit in a committee. Right? Like when Hayek was talking about information markets back in the 40s, the idea was really like, okay, you have a table. You're the board, and some big decision is going to impact millions of people. You need information that's actually coming from millions of people that you're impacting. How do we do it? Market price is a very good aggregator of information. They do a very good job of essentially incentivizing people that have a good piece of information to come out in the open.

And so prediction markets, like any markets, do a very good job when there's a lot of disaggregated, dispersed information that's sitting in the corners. So some person in Hawaii, some person in California, some person in Texas, some person in New York and they aggregate all that information. So the places where prediction markets, I think, over time struggle a little bit more are places where that's not quite true. And so, you know, the first version of a prediction market, some of you may know this, is the pope elections back in the 1400s in Rome. But that's interestingly, in my view, one of the bad

versions of prediction markets because there's not really information outside of the, I don't know, 14, 15 cardinals that walk into the room and make the decision. And so that's been always kind of an interesting concept.

The other one that's interesting, because I think, I think what's great about Kalshi right now is because we've onboarded so many customers from elections, from sports, from crypto, now we can build much more liquidity in all the other questions that are more and more interesting over time. So one of the things I want to release soon is markets on job displacement from AI.

Imagine the types of questions we can start answering. So instead of listening to the rhetoric that's partisan and bias and agenda-driven from both sides, okay, – AI is not going to do anything to jobs, AI is going to kill all jobs – how about we do a market with real skin in the game, where millions of Americans are telling us what they actually think. And we can then use that to inform better and better policy. And I feel like Kalshi is finally at the point where we have enough customers, enough liquidity to basically get those questions answered. So the things that would historically have basically no volume or very little volume.

QUESTION: My question is most recently you raised the Series F funding. Is there

anything, the IPO is coming up in the near future? Or are you waiting for all the court cases to be, you win, then you go for the IPO?

TAREK MANSOUR: As much as I'd like to answer the question, you know, my Comm Team would kill me if I comment on the IPO, so that's my answer. I would answer it if it were just up to me. A year ago, if you asked me, I would have answered it. But, you know, this is why, you know, people talk about Don, Jr. all day.

CATHERINE RAMPELL: Is there a prediction market bet on when you IPO?

TAREK MANSOUR: No, I have a Comm Team that tells me no and people might freak out about this one.

QUESTION: So thank you. I wanted to come back to this topic of, you know, like how even or uneven the winners are in the competition on Kalshi. And Catherine, you brought up the *Wall Street Journal* article, and I think that talked about Polymarket. But on Polymarket at least they were able to evaluate or analyze that 67% of the profits were earned by 1/10th of 1% of the accounts. And I'm curious if that's, is that like another one of these things that makes Polymarket different from Kalshi? Or do you see something similar? And then just a related aspect to the question, do kind of larger

market makers, people who put up a lot of markets, trade a lot of volume, do they get different terms from Kalshi?

TAREK MANSOUR: Yes, so that's a great question. I don't know how that study was run honestly. The numbers are not correct. It's not that tilted, but it's tilted. I mean, again if you really do an analysis on the distribution of profits in the options market, like what percentage of profits is just Citadel alone? Like when Citadel is trading against a Robinhood options trader, like what percent of the profit is Citadel? It's massive. It's basically pretty much everything they pay to Robinhood every year for the PFOF. Right?

But the principle that we upheld, which is interesting, this is, I think the market maker piece, the principles that we've upheld at Kalshi, in terms of the market structure, is what the traditional commodities have, and I think over time stock markets have less and less of, which is a completely free and fair and open market. Everyone has the same rights and same obligations. And there's some liquidity programs that we run but they're publicly available for anyone. So anyone can access them and get the certain rights, but they have to abide by certain obligations.

So that, for example, okay, you are going to get, let's say a small rebate on your fees that you're paying so you don't have to pay the full fee, but you're going to have to be

available two-sided at all points in time even when it's uncomfortable for you and you may lose money doing it. That's how these market making programs...(Audio issue)...in certain places.

The most interesting thing about Kalshi, so the institutional market makers that people think about as like Wall Street, like the big names that you would know, are actually a much smaller percentage of profits and liquidity and volume than people think. The biggest people, the people that are really winning in prediction markets are basically the average people.

And I go back to the mental model of the two dudes that were in their mom's garage in The Big Short. It's like the new Wall Street. That's what excites me so much because these people when you ask them, do you trade in financial markets, they're like, no, because I don't have an edge. But they have an edge in politics, they have an edge in sports, they have an edge in weather. There was a recent paper that said that weather markets are 10% more accurate than the national average of the weather stations.

And it's because, you know, you talk to these people, it's like, this one guy, it's Scott Supak. He's one of the examples. He has now a team of 10, 15 people. He got into prediction markets historically because he would get onto Twitter and fight with climate

deniers, climate change deniers, and get so pissed that he'd be like, put some money on it. And he found a prediction market, he's like, okay, you come to prediction markets, now put some money on it. You're not just going to say it on...then if he was right, he would punish them by making them lose money.

And he's so into it. And this guy, like scrapes satellite data, has all sorts of meteorology models. But that's not like the traditional institutions, people that, like anyone can actually put the effort and get good at it. That's the whole point. But not everybody does like everything in life, right? But that's a key point is that there's no structural advantage or anything like that for the financial guys. That's why they're not the top performers. They just aren't. It's a great question.

QUESTION: Hi, thanks. So you guys are doing, like north of $3 billion of volume on certain days recently. I mean obviously you mentioned already a lot of that is being driven by sports, a lot by combos. Crystal ball, you know, five years from now, what is the single largest type of contract that Kalshi is trading? And if it's perps, what kind of perps?

TAREK MANSOUR: I don't know for sure, but my feeling is computer futures right now. I think it's going to be very big. And we're announcing something big on that soon.

Because, you know, the way to think about it is derivatives markets get big. It's true for grain, oil, sports, politics, when the underlying gets pretty big, like when the underlying, there's enough moving in the underlying so you get a derivative market that ends up basically laying on top of the underlying. And generally speaking, it varies. So the FX derivatives are 2X the FX market. That's at the very least. But usually, there's some market structure reasons that make the derivatives smaller. On average, it's like 5X to 10X basically bigger than the spot.

So if it's true that we're going to spend like a trillion dollars on compute in the next year or two, you're talking about a $5 trillion market for derivatives. So I think we want to win that. I'm pretty excited about that. And so, you know, I don't know if it's going to end up being, if they materialize, but if they materialize, I feel pretty good about our ability to win there. And it'll end up, I think, being the biggest.

CATHERINE RAMPELL: I think we have time for one more question.

QUESTION: Is the reason you didn't have a shirt today because you lost it in the prediction markets?

TAREK MANSOUR: I wish I could trade in the prediction markets.

QUESTION: No, that wasn't my question. Could you talk a little bit about your fee structure, the Sportsbooks versus Kalshi? So, say you want to make a traditional Sportsbook at -110, 4½%, how would that same bet price out on Kalshi?

TAREK MANSOUR: So it depends on, so we take a fee. So the Sportsbook, basically at the end of the day they bet against you and they bet against you. And if you're winning, you get kicked out. And if you keep losing, they keep betting against you. And the way that they optimize their revenues over time is find the losers and the people that are most, highest propensity to lose, and keep bringing them back with promos.

They figure out that you will lose $1,000 a week if they give you, the minimum they have to give you is $175.67 per week – they have a bunch of algorithms that are very smart – to bring you back. So that's why you have so much promo and bonusing and all that stuff. If it were up to me, I think that's the stuff that really needs to be banned because that's, I think, the worst part of how to promote addiction. Because you find someone that has a propensity for addiction and give them more candy. And that's how you make money long term.

And then there's a spread, yes, but the key thing you need to understand, people think of it as a spread, but the winners are getting rooted out of the system. That's the key

thing. They figure out how to move the card counters out and get the best customers, and that's the customers that you try to extract as much as possible from.

We don't have, like we don't have it. They are trading against each other. And, you know, let's say they transact, you buy 100 shares from him at 50 cents or $50. I take 0.7% on average. So I will take basically 35 cents on top of the $50. And that's at trade, no matter who wins or loses, that's my fee. That's basically all the money I'll make. We don't monetize the data. We don't monetize anything else. The data is all public for anyone to access.

(INAUDIBLE QUESTION - Not on Microphone)

TAREK MANSOUR: I don't know how to think in American odds. I don't even know why American odds exist. I think they exist to confuse people. I really do. I mean I was a math guy and every time I have to think about them, I'd get confused again. I don't know. I can think in percentages, which is, I think, how people should think. But I truly think that American odds were literally invented to confuse the hell out of people. Because they make it very clear what the spread is, which is like insane. But we're cheaper, I mean, yes.

CHAIR DAMBISA MOYO: Please join me in thanking both Tarek and Catherine for being here. I'm pleased to announce that we have a robust lineup of speakers on the calendar for this fall. If you turn over the programs on your seats, and for those of you on Zoom, you can refer to the screen to see what is ahead.

This week, Thursday, October 29th, we have a Signature Luncheon, The Peter G. Peterson Leadership Excellence Award. We'll be honoring Hank Paulson, The Honorable Henry Paulson, who is a Former Treasury Secretary. Thursday, November 5th, we have a Signature Breakfast with Jessica Tisch, the New York City Police Commissioner. And Monday, November 9th, we have a Signature Luncheon with Condoleezza Rice, the 66th U.S. Secretary of State. Please be sure to visit the website and check your emails for updates in the coming weeks as we have a number of other things shaping up. And as always, we would like to encourage you to invite guests to our events.

Before we close, I'd like to take a moment to recognize our Centennial Society members who are with us here today. This is nearly 450 of our members who have committed to the Centennial Society and their generous contributions contribute the support and the financial foundation of the Club. Thank you everyone for joining us today. And for those participating virtually, we will see you next time. For those in the

room, please enjoy your lunch. Thank you.