Open to the Public Investing, Inc.

Event Contracts Risk Disclosure

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EVENTS CONTRACTS RISK DISCLOSURE

Open to the Public Investing, Inc. ("**Public Investing**"), a Futures Commission Merchant ("**FCM**") registered with the Commodity Futures Trading Commission ("**CFTC**") and a member of the National Futures Association ("**NFA**"), is offering Event Contracts ("**Contracts**"). Events Contracts are cleared swaps regulated by the CFTC under the Commodity Exchange Act ("**CEA**"). Public Investing will route Events Contracts orders placed by customers through Apex Clearing Corporation ("**Apex Clearing**"), another FCM that is also registered with the CFTC and an NFA member. Apex Clearing is a member of KalshiEx LLC ("**KalshiEx**"), a designated contract market ("**DCM**") registered with the CFTC, and KalshiKlear LLC ("**Kalshi Klear**"), a derivatives clearing organization ("**DCO**" or "**Clearinghouse**") also registered with the CFTC.

In compliance with CFTC Regulation 22.16, we are advising you that in the unlikely event of Public Investing's insolvency, customer rights would be determined pursuant to the commodity broker liquidation provisions of the U.S. Bankruptcy Code and CFTC Part 190. Because Public Investing clears Event Contracts through Apex Clearing as its clearing FCM, in the unlikely event of Apex Clearing's insolvency, your rights would similarly be determined pursuant to the commodity broker liquidation provisions of the U.S. Bankruptcy Code and CFTC Part 190. However, if the DCO or the insolvency proceeding is outside the U.S., local insolvency law could affect a customer's ability to recover funds and securities or the speed of any such recovery. DCOs have rules that govern the use of cleared swaps customer collateral, and/or the transfer, neutralization of risks, and liquidation of cleared swaps in the event of a default relating to a cleared swap customer account.

In accordance with CFTC Regulation 22.16, and in order to assist you in understanding the rules governing the DCO that clears your Event Contracts, Public Investing is providing the following URL to the Kalshi Klear rulebook: https://kalshi.com/regulatory/rulebook. Please note that such rules and the URL are subject to change; if you have difficulty accessing these rules, please contact Public Investing for an updated link.

Description of Event Contracts

Event Contracts are a type of derivative that the CFTC classifies as "Cleared Swaps," and are often referred to as forecast or prediction contracts. The value of a Contract is based on whether a specific event will occur at or before a specific time. The Contracts are described by a "Yes" or "No" proposition. The "Yes" Contract and "No" Contract are two separate Event Contracts each with a unique contract ID. Market participants place Bids on either the "Yes" or "No" Contract at prices between $0.01 and $0.99.

Once the execution has been reported to the Clearinghouse, each market participant will have entered into a Contract on the DCM, and the Clearinghouse has the obligation to pay any monies required at such time as the Contract settles. Event Positions are not novated because the Clearinghouse is the original contractual counterparty to each pairing.

All Event Contracts must be fully collateralized. Public Investing, as your FCM, will reject any Bid placed by a customer unless funds sufficient to fully collateralize the Bid are on deposit in the customer's Event Contracts account with Public Investing prior to the customer placing the Bid.

Once an Event Contract expires, it will no longer be available. Subsequently, the resolution of the Contract will be determined based on the occurrence or nonoccurrence of the reference event, and the Contract will go through settlement. Depending on the outcome of the event underlying the Contract, the holder of the "Yes" Contract that reflects the outcome of the event may be entitled to receive the Settlement Value of $1.00, while the opposing "No" Contract may expire with no value, or vice versa.

Event Contracts cannot be sold or transferred to another DCM. Contracts can only be exited before resolution by acquiring an offsetting position, which is achieved by holding both a "Yes" and a "No" Contract with respect to the same underlying event.

Event Contracts are a type of derivative, in that they derive their value from an underlying asset. However, Event Contracts have a number of important distinctions from other derivative products. Unlike futures and options, Event Contracts are fully-collateralized and cannot be purchased on margin. This means that a market participant must post the full amount of funds required to secure the Contract prior to being permitted to do so. Additionally, Event Contracts are not marked-to-market. As a result, market participants will never require the deposit of additional funds to maintain an existing position in one or more Contracts. These Contracts are further differentiated from other derivatives in that they are not restricted to using a physical commodity or tradable financial instrument as their underlying asset and are always settled by cash settlement. Finally, the value of a futures or in-the-money options contract at expiration will vary depending on the price of the underlying asset, whereas Contracts will either have a Settlement value of $1.00 or $0.

Event Contract Risks

Market Risk

The outcome of an Event Contract cannot be known in advance. Market participants' expectations may not match the outcome of the Event, which can lead to unexpected losses. Market participants should be prepared to potentially lose the entirety of their collateral. Changes in the likelihood of an underlying event may not necessarily result in a change in the price of the related Contract, which could prevent a customer from offsetting an existing position at a profit.

Pricing Risk

The prices of Event Contracts are dependent on the market's sentiment regarding the probability of events occurring, which makes traditional derivative pricing models inapplicable for forecast or prediction event contracts. Event Contract prices may not always be reflective of the actual probabilities of the Events occurring, which can lead to unexpected losses for market participants.

Source Agency Risk

The value of an Event Contract is dependent upon the outcome of events which are reported by third party Source Agencies. Market participants may be exposed to risk if data security is compromised, if the reported data is not accurate or is incomplete, or if the data is not reported at the expected date or time.

Liquidation Risk

Market participants may not be able to offset their positions if there is insufficient volume in the opposing Event Contract. Market participants may also struggle to offset their positions if the opposing contract has insufficient Bid depth. These could result in a mismatch between the pricing of Contracts with the market's prediction of the underlying event, and market participants would be forced to pay higher prices to offset their positions.

Trading Halt Risk

DCMs have the authority to initiate trading halts if they deem it in the interest of market participants, which would prevent market participants from exiting their positions, and could affect their portfolios and strategies. The CFTC can also direct the DCM to initiate a trading halt.

FCM Risk

Market participants will be exposed to risks associated with Public Investing and Apex Clearing. These risks include: the failure of hardware or software at either FCM, bankruptcy of either FCM, and Apex Clearing failing to provide the Clearinghouse with adequate funds to guarantee customers' Bids. These risks may result in Bids (including offsetting Bids) not being executed according to the market participant's instructions, not being accepted, or being subject to delays. Market participants should consult their FCM concerning the nature of the protections in place to minimize these risks.

Litigation Risk

There is ongoing litigation with respect to certain event contracts regarding sports that are currently listed by DCMs for trading and cleared through DCOs. The legality of these contracts has been challenged by certain states' enforcement and regulatory authorities, federally-recognized Indian tribes, and private plaintiffs. There is a risk that a court of competent jurisdiction could reach a final, non-appealable, non-stayed judgment that certain event contracts are not lawfully listed and that requires the DCM and DCO to take action that could result in the liquidation of the covered event contracts open at the time of the ruling and that prohibits any new contracts from being entered. If this occurs, Public Investing will endeavor to comply with, and will coordinate with Apex Clearing as its clearing FCM in complying with, the procedures implemented by the DCM and/or the DCO in response to any such decision, and will seek to provide appropriate disclosures and communications to its customers consistent with any decisions made by the DCM and/or the DCO.

An adverse court decision that requires unplanned unwinding and liquidation of open contracts could result in losses that otherwise would not have been incurred.

Public Investing is closely monitoring these cases as they develop and will update these disclosures from time to time as appropriate.

Other Risks

There are unforeseen operational risks associated with human error, systems failures, cyberattack, or inadequate procedures and controls that may pose a risk to the success of market participants' bids. Because Public Investing is a fully electronic platform, the software system could be subjected to temporary interruptions or failure. If any of the events listed above occurred, it could lead to potential losses for the customer.