

Securities Regulation Daily Wrap Up, EXCHANGES AND MARKET

REGULATION—D. Nev.: Kalshi exchange fights state gaming regulators over event markets crackdown, (Mar 31, 2025)

By [Lene Powell, J.D.](#)

Kalshi says that state gaming commissions are impermissibly intruding on the CFTC's exclusive authority to regulate futures trading on CFTC-regulated exchanges.

Event markets operator Kalshi is suing gaming regulators in Nevada and New Jersey to block cease-and-desist orders barring certain event contracts listed by the exchange. In complaints in federal district court, Kalshi argues that the Commodity Exchange Act preempts state gambling laws and the regulators lack jurisdiction. Kalshi seeks declaratory and injunctive relief to prevent the regulators from pursuing their enforcement actions (([KalshiEx LLC v. Hendrick](#), No. 2:25-cv-00575 (D. Nev. Mar. 28, 2025) and [KalshiEx LLC v. Flaherty](#), No. 25-cv-2152 (D.N.J. Mar. 28, 2025))).

The latest lawsuits open a new front for Kalshi in defending its event markets. The exchange is also suing the CFTC for [prohibiting Kalshi](#) from listing some of the same event contracts.

Parties. KalshiEx LLC ([Kalshi](#)) is a CFTC-regulated exchange that offers contracts on the outcomes of future events.

The Nevada defendants include the Nevada Gaming Control Board, Nevada Gaming Commission, and related officials, along with Nevada Attorney General Aaron Ford.

The New Jersey defendants include the New Jersey Division of Gaming Enforcement, New Jersey Casino Control Commission, and related officials. New Jersey Attorney General Matthew Platkin is also named in his official capacity.

Jurisdiction. The complaints are filed in the federal district courts for Nevada and New Jersey.

Facts. In both cases, Kalshi says the state gaming regulators sent it cease-and-desist letters stating that certain Kalshi event-based contracts are illegal in Nevada and New Jersey. Nevada cited "contracts on sporting events and election outcomes", while New Jersey cited "unauthorized sports wagers."

Kalshi explained that the event contracts at issue are derivatives contracts—specifically a type of option. They commonly involve "yes" or "no" positions on a binary question and identify a future event with several possible outcomes, a payment schedule for the outcomes, and an expiration date.

Kalshi said that traders exchange positions with each other and event contracts do not reflect a "bet" against the "house."

Claims. Kalshi argues that because it is a federally regulated exchange under the exclusive jurisdiction of the CFTC and Commodity Exchange Act, the state laws at issue are preempted under the Supremacy Clause, Article VI, Section 2, of the U.S. Constitution.

"... Defendants are impermissibly intruding on the CFTC's exclusive authority to regulate futures trading on CFTC-regulated exchanges," Kalshi wrote.

Relief requested. Kalshi argued that the states regulators' conduct will result in irreparable injury to Kalshi, including criminal liability, economic hardship, and impairment of existing contractual relationships.

Kalshi is seeking declaratory and injunctive relief prohibiting the state regulators from enforcing state laws attempting to regulate Kalshi's futures market.

This is case Nos. [2:25-cv-00575](#) (Nevada) and [25-cv-2152](#) (New Jersey).

Attorney names: Neil Katyal, Joshua Sterling, and Gurbir Grewal (Milbank LLP) for Kalshi.

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