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CFTC Exercises Emergency Authority to Ensure Market Stability

August 11, 2026

WASHINGTON — The Commodity Futures Trading Commission today exercised its emergency authority in response to KalshiEX, LLC's notification of a market emergency and ordered the exchange to continue to operate in accordance with the Commodity Exchange Act's Core Principles.

KalshiEX, LLC notified the Commission of the emergency after New York Attorney General Letitia James filed a complaint against the exchange in state court. In the lawsuit, filed on July 31, New York seeks a temporary restraining order prohibiting KalshiEX, LLC from offering all event contracts nationwide and more than \$36 billion in damages.

The CEA requires the Commission to provide a uniform national market in derivatives transactions. As part of this obligation, the CFTC ensures public confidence in its markets by safeguarding market resilience and orderliness. The Commission is also tasked with providing competitive, fair, and efficient markets that protect the price discovery process of trading in the centralized derivatives markets. Major market disruptions hamper these efforts.

"New York intends to make event contract derivatives waste away under its iron curtain of state gaming laws before the courts get the chance to issue final rulings," said Chairman Michael S. Selig. "Congress did not intend for derivatives exchanges to be regulated under a patchwork of state gaming laws. These are financial exchanges that offer financial instruments and operate across state lines. They match the bid from a resident of one state with the offer of a resident from another state and submit the trade to a clearinghouse that backstops the transactions of customers throughout the country. New York has no business regulating these interstate financial markets. The Commission is required by law to ensure order in these markets, and that is what we have done today."

States have attempted to bring enforcement actions against CFTC-regulated DCMs in state and federal courts throughout the nation. To protect the jurisdiction granted to it by Congress, the CFTC has filed lawsuits against Arizona, Connecticut, Illinois, Kentucky, Minnesota, New Mexico, New York, Rhode Island, and Wisconsin. The Commission has also filed amicus briefs in the U.S. Court of Appeals for the Sixth and Ninth Circuits and the Supreme Judicial Court of Massachusetts.

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