



## **ZSENMUSR Contract Terms and Conditions**

**Sample Question:** If the [political party] wins a United States Senate majority in the [year] general election, will the United States economy enter a recession by the end of [Quarter] [Year]?

**Variables:** [political party]: The specified political party. [year]: The year of the specified United States Senate general election. [Quarter] [Year]: The quarter and year by the end of which the United States economy is evaluated to determine whether it has entered a recession.

**Product Code:** ZSENMUSR

**Conditional Contract Structure:** This Contract consists of a Conditioning Event and a Settlement Event. The Conditioning Event is the prerequisite that must occur for the Contract to proceed to resolution.

The Conditioning Event determines whether the Contract proceeds to the Settlement Event. If the Conditioning Event occurs, the Settlement Event will be evaluated and the Contract will resolve to “Yes” or “No”. If the Conditioning Event does not occur, the Settlement Event will not be evaluated and the Contract will terminate without resolving to either “Yes” or “No.”

### **Resolution Sequence:**

1. The Conditioning Event shall be evaluated first.
2. If the Conditioning Event occurs, the Contract shall proceed to evaluation of the Settlement Event.
3. If the Conditioning Event does not occur, the Contract shall terminate and the Settlement Event shall not be evaluated.
4. Only the occurrence of the specified outcome determines whether the Contract resolves to "Yes" or "No."

**Conditioning Event Determination:** The Conditioning Event shall be deemed to have occurred if the referenced US Senate Majority Forecast Contract (SENMA), resolves to the specified result identified in the Contract. The occurrence of the Conditioning Event shall be determined solely by the final resolution of the referenced SENMA Contract.

**Settlement Event Determination:** If the Conditioning Event occurs, the outcome of the Contract shall be determined in accordance with the resolution methodology of the referenced US Recession Forecast Contract (USR).

If the Conditioning Event occurs, the Contract shall thereafter be treated as a standard, unconditional Forecast Contract based solely on the Settlement Event. Upon final resolution of the Conditioning Event as having occurred, all outstanding positions shall automatically continue, without action by Market Participants and without requiring any transfer, delivery, or replacement of positions, as positions in the

Settlement Event component of the Contract. For operational purposes, outstanding positions may be removed from the Conditional Contract and re-established in a corresponding contract based solely on the Settlement Event, in the same quantity and at the same acquisition cost basis. Such transition shall not result in the realization of profit or loss, any settlement payment, or any increase in net open interest. Thereafter, the Contract shall be resolved solely by reference to the Settlement Event, and all resulting positions shall be economically identical to corresponding positions in an unconditional contract on the relevant Settlement Event.

If the Conditioning Event does not occur, the Contract will not proceed to the Settlement Event and will terminate without resolving to a "Yes" or "No" outcome. In such circumstances, all outstanding Contracts shall be terminated and settled at the consideration paid by the holder to acquire such Contracts, resulting in no gain or loss to holders from the Contract's termination. Transaction fees incurred in connection with the acquisition of such Contracts will not be refunded.

**Reference Contracts:** The occurrence of the Conditioning Event shall be determined by the final resolution of the referenced US Senate Majority Forecast Contract (SENMA), which can be found [here](#). The outcome of the Settlement Event shall be determined in accordance with the resolution methodology of the referenced US Recession Forecast Contract (USR), which can be found [here](#). Refer to the Conditioning Contract and Settlement Contract for Instructions, Underlying, Source Agency, Last Trading Time, Resolution Time, Expiration Time, and Settlement Time.

**Minimum Tick:** The Minimum Tick size for the referred Contract shall be \$0.01.

**Listing Cycle:** ForecastEx will list Contract expirations at its discretion.

**Thresholds:** For each Contract expiration, thresholds will be listed at ForecastEx's discretion.

**Position Accountability:** The position accountability level is 250,000 Contracts in any one Forecast Market.

**Payout Criteria:** The Settlement Value of each Contract is \$1.00 or \$0.00 depending on the Outcome of the Contract. If the Outcome of the Contract is "Yes", then holders of the "Yes" Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the "No" Position will receive \$0.00. If the Outcome of the Contract is "No", then holders of the "No" Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the "Yes" Position will receive \$0.00.

**Changes in Resolution Time:** The Resolution Time of a Forecast Contract is dependent on the time that the Source Agency releases the Underlying data. There are circumstances in which ForecastEx will change the Resolution Time of a Contract as described below:

1. **Delay by Source Agency:** If the Source Agency delays the release of the underlying data required for Resolution, ForecastEx will delay the Resolution Time of the Contract until such data is released. In these circumstances, ForecastEx will release a public notice to its website informing Market Participants that the Resolution of the Contract has been delayed and release a second notice to its website informing Market Participants when the Contract is resolved.
2. **Change in Release Schedule:** ForecastEx sets the Resolution Time of each Contract based on either the published or anticipated release schedule of the Source Agency for the underlying data. If the Source Agency amends its release schedule or announces that it will publish the underlying data at a

different time than anticipated, ForecastEx may, at its sole discretion, amend the Resolution Time of the Contract to match the updated release schedule when doing so is necessary to ensure the accurate and fair resolution of the contract. In these circumstances, ForecastEx will publish a public notice to its website informing Market Participants of the revised Resolution Time.

3. **Event Review Process:** In accordance with ForecastEx Rule 415, ForecastEx may, at its sole discretion, initiate the event review process prior to Settlement which may delay the Resolution of a Contract. In these cases, ForecastEx will publish a public notice to its website informing Market Participants that the Contract's Outcome is under review.
4. **Early Resolution:** If a Forecast Contract Resolves based on whether a specific event occurs before a defined point in time, it will be subject to early resolution. For these Contracts, if the Outcome of the contract becomes determinable prior to the scheduled Resolution Time – either because the event has occurred (resolving “Yes”) or because it can no longer occur (resolving “No”) – ForecastEx may, at its sole discretion accelerate the Resolution Time of the Contract in accordance with ForecastEx Rule 413. Whether or not this Contract is subject to early resolution is specified in the Instructions section.

**Settlement Date:** Unless the Outcome of the Contract is under review in accordance with ForecastEx Rule 415, Settlement of the Contract will occur no later than the day following Expiration Time.

**Trading Restrictions:** In accordance with ForecastEx Rule 509(h), the following persons are prohibited from entering Bids or executing Pairs in Senate Majority-Recession Conditional Forecast Contracts:

- Persons who are not either US Citizens or US Residents within the meaning of Internal Revenue Code (IRC) Section 7701(b)(1)(A).
- Candidates and paid staff on campaigns for US Congress.
- Candidates for any other elected federal or statewide public office.
- The existing US President, including a president not running for re-election, and paid White House Staff.
- Existing Members of Congress and their paid staff.
- Paid employees of national party organizations, including the Republican National Committee and Democratic Congressional Campaign Committee.
- Paid employees of Political Action Committees and “Super PACs”
- Paid employees of major polling organizations. This prohibition does not apply to all employees of an organization that contains a polling division.
- Immediate family members, parents, and other household members of any of the above.
- Any of the above listed institutions themselves.