tick.com

Regulatory Disclosures

CFTC Regulation 1.55 - Regulatory Disclosure - Disclosure Documents

Legal | Prediction Operating LLC · Last Updated Date: November 1, 2026

Introduction

Prediction Operating, LLC. ("Tick.com," "we," "us," or "our") is a Futures Commission Merchant ("FCM") registered with the U.S. Commodity Futures Trading Commission ("CFTC") and a Member of the National Futures Association ("NFA").

Pursuant to CFTC Regulation 1.55, this Regulatory Disclosure provides important information regarding the material risks associated with trading event contracts offered on Tick.com's platform. These event contracts are categorized as swaps under the Commodity Exchange Act and applicable CFTC regulations.

Trading event contracts involves substantial risk of loss and is not suitable for all persons. The value of an event contract is based on the outcome of a specified event, which may be influenced by factors that are unpredictable, volatile, or outside of any participant's control. You may lose the entire amount of funds committed to a position. Before entering into any transaction, you should carefully consider your financial condition, investment objectives, and risk tolerance.

This Regulatory Disclosure is designed to help you understand the nature of event contracts and the risks associated with trading them, as well as certain material information about Tick.com's business operations and regulatory obligations. It does not describe all risks associated with trading swaps or event contracts. You should consult your own financial, legal, and tax advisors before participating.

Tick.com maintains customer funds and conducts its operations in accordance with applicable CFTC and NFA requirements; however, regulatory protections are subject to statutory and regulatory limitations, as described further in this Regulatory Disclosure.

Please review this document carefully in conjunction with the Risk Disclosure Statement for Cleared Swaps Customers and retain it for your records. The most recent updated version of this document can be found on the Tick.com FCM Regulatory web page.

Overview

The CFTC requires each FCM, including us, to provide the following information to a customer prior to the time a customer first enters into an account agreement with the FCM or deposits funds with the FCM. Unless otherwise noted below, the information below is current as of the date set forth above. We

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will update this information quarterly, and as necessary, to take account of any material change to our business operations, financial condition, or other factors that we believe may be material to a customer's decision to do business with us. Nonetheless, our business activities and financial data will change in non-material ways throughout the year.

Business Operations

Tick.com operates only in the United States. Our principal place of business is at 8383 Wilshire Boulevard, Suite 800, Office 849 Beverly Hills, CA, 90211, United States. We may be contacted via telephone at +1 (213) 784-1638 and email at help@tick.com.

Principal Information

Steven Bolton

Chief Executive Officer

8383 Wilshire Boulevard, Suite 800, Office 849, Beverly Hills, CA 90211

Steven Bolton serves as Chief Executive Officer of Prediction Operating LLC. A founder and technology executive, he has built and scaled international technology businesses, assembling and leading specialist teams across low-latency engineering, quantitative trading and risk management. His background combines the delivery of mission-critical transaction infrastructure designed for large-scale concurrency with executive responsibility for corporate strategy, capital allocation and governance across regulated markets.

Julia Sartini

Chief Compliance Officer/AML Officer

8383 Wilshire Boulevard, Suite 800, Office 849, Beverly Hills, CA 90211

Julia Sartini serves as Chief Compliance Officer and Anti-Money Laundering (AML) Officer of Prediction Operating LLC. Ms. Sartini has over 25 years of operational and regulatory governance experience across technology and digital platform companies. Throughout her career, she has held executive roles including Chief Executive Officer, Chief Operating Officer, and Chief Compliance Officer for domestic and international private and public organizations, where she was responsible for supervisory oversight, cross-border regulatory compliance, anti-money laundering programs, and internal operational controls.

Diana de la Cruz

Chief Financial Officer

8383 Wilshire Boulevard, Suite 800, Office 849, Beverly Hills, CA 90211

Diana de la Cruz serves as Chief Financial Officer of Prediction Operating LLC, overseeing financial accounting, regulatory capital compliance, financial reporting, and treasury operations. Ms. de la Cruz has over 20 years of international corporate finance and accounting experience. Prior to her current role, she held senior finance roles at several global technology companies, directing financial reporting, treasury, and statutory compliance. Her prior experience includes serving as Finance Director for

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Pharmedoc AU / Maternity Outlet SG, Group Financial Controller at Cartelux, Head of Finance at VargasAndrews, and Finance Manager for US and APAC operations at Wyndham Destinations. Ms. de la Cruz is a Certified Public Accountant and an Associate member of CPA Australia, and holds a B.S. in Accountancy from Saint Louis University.

Approximate Asset And Capital Percentages

Tick.com's sole business activity is executing and clearing event contracts, for which 100% of the assets and capital are used.

Business Activities

As an FCM, we engage exclusively in the execution and clearing of event contracts, which are a type of cleared swap under the CFTC's regulations. We do not handle traditional futures, options on futures, or other types of swap transactions. We are a member of KalshiEX LLC, a CFTC designated contract market, and are authorized by Klear to intermediate customer orders on their platform.

We primarily serve retail customers who are individuals. We will not engage in direct sales activities to customers. All customer trading activity will be self-directed. We will not engage in proprietary trading for our own account, nor will we service or support proprietary trading for any affiliates. We may open accounts for our employees or their families and will monitor their trading of event contracts consistent with CFTC regulations. We may also utilize house error accounts if and when appropriate. Our customers will be permitted to trade products listed on KalshiEX LLC. We do not intend to allow trading in over-the-counter products or cash markets. All of our capital supports our customer business. We maintain sufficient capital and excess regulatory capital to support our customer business. We generally maintain a ratio of Adjusted Net Capital to Regulatory Capital Required of between 100% and 110%.

Material Risks

Market risk is the potential for losses on investments due to fluctuations in market prices. Such fluctuations can affect the price of contracts, underlying instruments, rates, indices, volatilities, correlations or other factors, such as liquidity, and can result in losses for customer positions or portfolios. The Event Contracts offered by Tick.com are fully collateralized. This means that a customer will be unable to place a trade unless the full amount of the funds necessary to collateralize the transaction are on deposit with Tick.com. We are required to deposit all customer funds into a Cleared Swaps Customer Account in accordance with section 4d(f) of the CEA and CFTC Regulation 22.2 and to keep such funds segregated from Tick.com's proprietary funds. We are also required to maintain a Residual Interest Target Amount ("**RITA**") in excess of the required segregated amount. We monitor risk 24 hours a day while event contract markets are open. Tick.com has controls in place to limit the firm from unsecured losses.

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Liquidity risk is the risk that we fail to meet our day-to-day capital and cash flow requirements. The Finance department manages liquidity risk at Tick.com. There are robust cash management policies, procedures, and stress tests that monitor liquidity daily to ensure we have sufficient resources to meet our margin and regulatory capital requirements of the CFTC. Tick.com is permitted to invest segregated cleared swaps funds deposited by customers as permitted by CFTC Regulations 22.2 and 1.25(a).

Designated SRO

Our designated self-regulatory organization ("SRO") is the National Futures Association, or NFA. Their website address is www.nfa.futures.org.

Listing Of Any Material Administrative, Civil, Criminal, Or Enforcement Complaints Or Actions

There are no material administrative, civil, enforcement, or criminal complaints or actions filed against Tick.com at this time. There have not been any enforcement complaints or actions filed against Tick.com during the last three (3) years.

Customer Fund Segregation

The brief overview below was adapted from the Futures Industry Association (FIA) "Frequently Asked Questions of Protection of Customer Funds." This can be viewed here.

FCMs may maintain up to three (3) different types of accounts for customers, depending on the products a customer trades: (a) a Customer Segregated Account for customers that trade futures and options on futures listed on US futures exchanges; (b) a 30.7 Account for customers that trade futures and options on futures listed on foreign boards of trade; and (c) a Cleared Swaps Customer Account for customers trading swaps that are cleared on a derivatives clearing organization ("**DCO**") registered with the CFTC.

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities and other collateral (collectively, funds) required to be held in one type of account, e.g., the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, e.g., the 30.7 Account, except as the CFTC may permit by order.

Tick.com will only be offering event contracts, which are a type of cleared swap. Therefore, at this time, we are only required to maintain a Cleared Swaps Customer Account on behalf of our customers.

Funds deposited with an FCM or otherwise required to be held for the benefit of customers, to margin swaps cleared through a registered DCO, *i.e.*, Cleared Swaps Customer Collateral, are held in a Cleared Swaps Customer Account in accordance with the provisions of section 4d(f) of the Act and Part 22 of the CFTC's rules. Funds required to be held in a Cleared Swaps Customer Account may be commingled in an omnibus account and held with: (i) a bank or trust company located in the US; (ii) a bank or trust

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company located outside of the US that has in excess of $1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM. Such a commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of the FCM's Cleared Swaps Customers.

It should be noted that in the event of the insolvency of the firm or the insolvency of a foreign broker or foreign depository that is holding customer funds, customer funds held in foreign jurisdictions may be subject to a different bankruptcy regime and legal system than if the funds were held in the U.S. In addition, customers are also subject to fellow customer risk in foreign jurisdictions and that, for purposes of bankruptcy protection, a customer that trades only in one country or in one market is also exposed to fellow customer risk from losses that may be incurred in other countries and other markets.

Customer Complaints

A customer that wishes to file a complaint with the CFTC about Tick.com or one of our employees may do so by completing the appropriate form available at www.cftc.gov/complaint. A customer can also file a complaint with the NFA electronically or by calling 800-621-3570.

Financial Data

As a CFTC-registered FCM, Tick.com is required to disclose certain financial data in compliance with CFTC Regulation 1.17. This financial data can be found HERE and HERE, or via our website at Tick.com. This data is accurate as of the date listed therein and is calculated in accordance with U.S. Generally Accepted Accounting Principles. Tick.com's annual audited financial statements will be made publicly available on our website.

Summary Of Risk Practices, Controls, And Procedures

Pursuant to CFTC Regulation 1.11(c)(1), Tick.com must establish, maintain, and enforce a system of risk management policies and procedures (the "**Risk Management Program**" or "**RMP**") designed to monitor and manage the risks associated with the activities of Tick.com when acting in its capacity as an FCM.

Our RMP describes the principles, policies, and functional responsibilities for risk management across Tick.com's business and establishes the common standards and reporting structure personnel are required to comply with to enable us to manage risks in a transparent and cohesive manner, consistent with CFTC regulations. Pursuant to CFTC Regulation 1.11(c)(4), we will furnish a copy of our written RMP to the CFTC and the NFA, upon request.

If an employee has any questions related to any of the policies or procedures established in the RMP, he or she should contact his or her manager or supervisor and/or Tick.com's Chief Compliance Officer for clarification. All Tick.com employees should be aware that the potential penalties for failure to comply with the policies and practices described in the RMP may be severe, including, but not limited

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to, termination or suspension of employment and/or registration, increased surveillance and supervision, limitations on employment activities or opportunities, reduction of compensation, expulsion from the futures industry, and even imprisonment.

Tick.com also can be severely sanctioned for violations of applicable laws, rules, or regulations committed by its employees. As a result, each employee's commitment to compliance must be permanent, thorough, and uncompromising.

The RMP will be reviewed annually, or when there is a material change to the business and/or regulatory requirements. As a result of these reviews, or through the normal course of business, we may identify opportunities to amend or update the RMP. In addition, communication regarding specific topics that relate to Tick.com's futures business may be distributed from time to time and will be considered a part of these policies and practices.

All Tick.com employees must read and immediately adhere to the policies and procedures contained in any such amendments or compliance communications.

The FCM RMP includes a supervisory system reasonably designed to ensure that the policies and procedures required by this section are diligently followed. Compliance and supervision over the RMP include annual testing of the program and record-keeping sufficient to evidence compliance and supervision.

Disclosures To Cleared Swaps Customers

Tick.com may clear swap transactions, or event contracts, for its clients as a clearing member of Kalshi Klear LLC ("**Klear**"). Klear is registered with the CFTC as a DCO. In compliance with the CFTC Regulation 22.16, we are advising you that in the unlikely event of Tick.com's insolvency, customer rights would be determined pursuant to the commodity broker liquidation provisions of the US Bankruptcy Code and CFTC Part 190. However, if the DCO or the insolvency proceeding is outside the US, 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. For further details, please see the Klear Risk Disclosures (including Klear DCO Rulebook Chapter 12).

User Information

We will contact you, at least annually, to verify that the information previously obtained from you remains accurate and to provide you with an opportunity to correct and complete the information.

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Important YOU REPRESENT THAT YOU WILL CAREFULLY READ, UNDERSTAND, AND ACKNOWLEDGE THIS RISK DISCLOSURE STATEMENT AND THE RISK DISCLOSURE FOR CLEARED SWAPS CUSTOMERS BEFORE CLICKING "SUBMIT APPLICATION," "AGREE," "CONTINUE," OR OTHER SIMILARLY WORDED ACKNOWLEDGEMENT. CLICKING OR TAPPING "SUBMIT APPLICATION," "AGREE," "CONTINUE," OR ANY SIMILAR ACKNOWLEDGEMENT AS PART OF THE APPLICATION PROCESS IS LEGALLY EQUIVALENT TO MANUALLY SIGNING AN ACKNOWLEDGEMENT TO THIS STATEMENT.

tick.com

Bringing forecasters and risk-takers together on one seamless, modern prediction platform.

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