RESEARCH PERSPECTIVE

Edge or Subsidy?

Separating trading economics from fees, rebates and incentive programs

Two hypothetical quoting policies each report +$140 per 10,000 contracts. One earns $130 of it by trading, and the other loses $10 trading and is paid to keep quoting. Venues now pay liquidity providers through volume-tiered rebates, shares of fee revenue, fee credits and pool-based rewards, and those payments can make a marginal policy look profitable. We compare the published terms on four venues and propose an attribution that reports the edge before and after them.

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KEY TAKEAWAYS

01 Taker fees on Polymarket US, Polymarket International and NOVIG scale with $p \times (1 - p)$, where p is the contract price. On Polymarket US the standard fee for 100 contracts is $1.74 at a 50-cent price, 3.5% of the cost, but $0.33 at 5 cents, 6.6% of the cost (Exhibit 1).

02 Payments to makers differ in kind. Polymarket US pays volume-tiered rebates that start at $10 million of prior-month maker volume under ordinary monthly assignment, Polymarket International shares category fees, NOVIG credits a share of fees collected, and Kalshi pays pool-based rewards for resting depth (Exhibit 2).

03 Report the edge before incentives. A quoting policy that is profitable only after incentives is a bet on incentive terms, which can change on short notice (Exhibit 3).

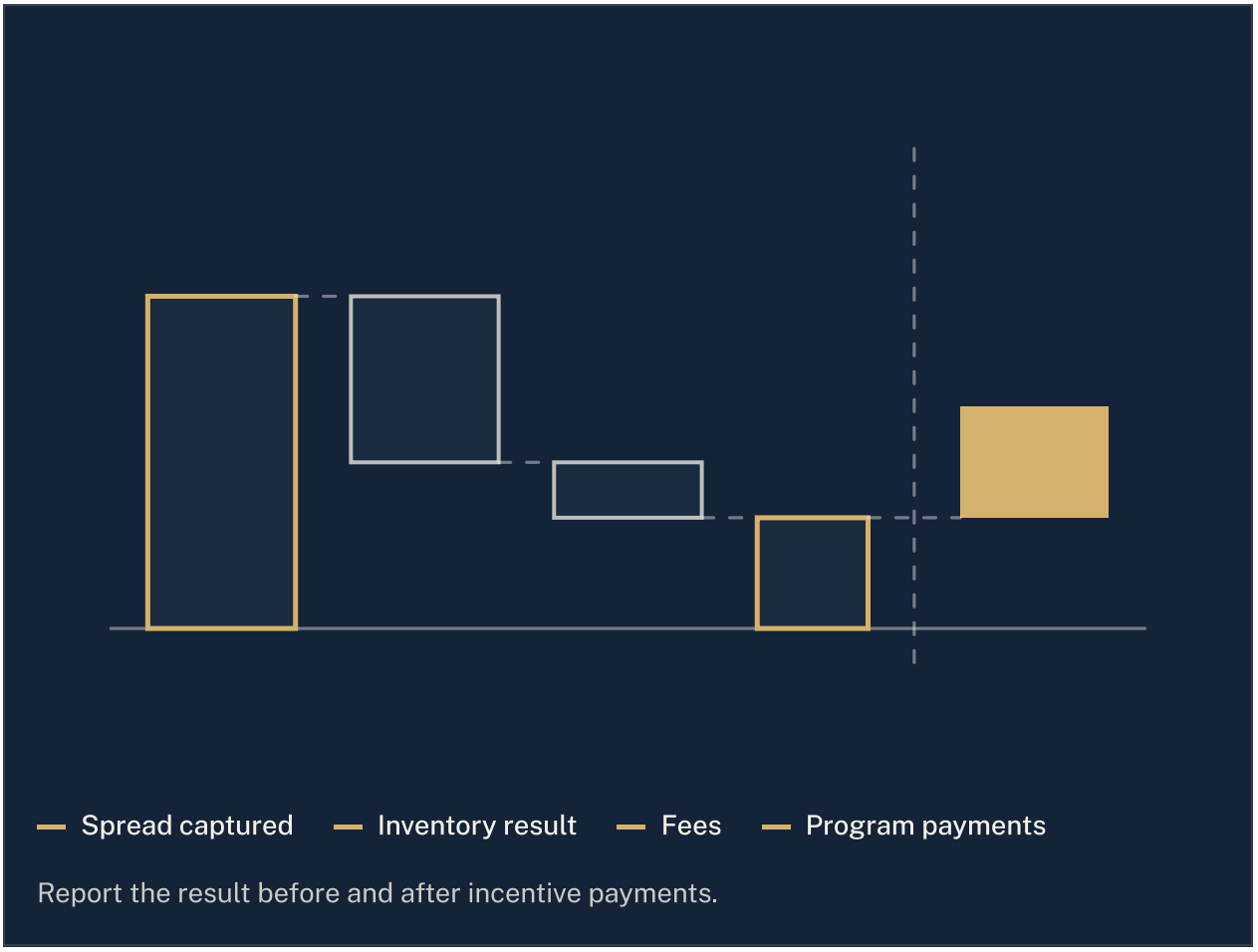
> Venue documentation analysis. Published terms are summarized as of their stated dates and do not describe Predict Here Capital's eligibility, tier or economics.

▼ **Method, sources and limitations**

Study type	Comparative venue analysis
Method	Review of published fee schedules, program terms and exchange filings with the CFTC, with illustrative calculations. Terms are summarized as published on the dates shown.
Data period	Venue documentation reviewed October 27, 2026; Kalshi program terms from filings dated July 15 and September 28, 2026.
Source categories	Official fee schedules and program terms; Exchange filings with the CFTC
Limitations	Fee and program terms change often; the current schedule and any participant agreement govern. Illustrations apply published formulas; they do not describe the terms available to any particular participant, including Predict Here Capital. No entitlement, volume tier, designation or program participation is asserted.

Venues pay for liquidity, on terms they can change

Venues pay for resting liquidity. Kalshi's filing for its Liquidity Incentive Program, for example, states that its purpose is to increase liquidity on the central limit order book and thereby enhance pricing efficiency. The terms appear in published fee schedules and program documents, several of which changed in October 2026. For a market maker the payments are real: at Polymarket US's top tier, the rebate at a 50-cent price is about a quarter of a one-cent spread.



They are also contingent. They depend on eligibility, volume and program design, and the venue can change them. A research record has to keep them separate from the economics of trading, or it cannot say which of the two produced a result.

Fees scale with the variance of the contract

Polymarket US, Polymarket International and NOVIG charge takers in proportion to $p \times (1 - p)$, which would be the variance of the $1-or-nothing payoff if the price p were the probability of winning. Kalshi used the same form for takers from 2021 to April 2025. The fee is largest in cents at 50 cents and smallest at the extremes. As a share of the price paid it is largest for cheap contracts.

EXHIBIT 1

Polymarket US standard taker fee per 100 contracts, schedule effective October 19, 2026

Price	Fee per 100 contracts	Fee as a share of the price paid
$0.05	$0.33	6.6%
$0.20	$1.11	5.6%
$0.50	$1.74	3.5%
$0.80	$1.11	1.4%
$0.95	$0.33	0.3%

Fee = 0.0695 × contracts × p × (1 − p), rounded to the cent with banker's rounding as the schedule specifies. Table-tennis markets use a coefficient of 0.10, and combo fills use a different formula.

Source: Polymarket US fee schedule, retrieved October 27, 2026; Predict Here Capital calculation.

Two implications follow. A taker who buys at 50 cents and holds to settlement needs a probability edge of about 1.7 percentage points just to cover the fee, although paying the fee does not show that the taker expected such an edge, since the trade may serve a hedging, inventory or liquidity need. And because fees weigh most heavily on cheap contracts as a share of price, they add to the longshot losses that Who Earns the Spread? reviews.

Coefficients differ by venue and category. Polymarket International uses fee coefficients of 0.05 for sports takers and 0.07 for crypto takers, among other category coefficients, and never charges makers. NOVIG's fee page gives the same formula for live and futures trades and lists no fee for pregame straight trades. It also lists two different live coefficients, 0.06 in its fee table and 0.03 in its explanation of multi-level fills; anyone modeling NOVIG fees should confirm the coefficient against the binding schedule. Kalshi now charges maker fees on some markets, and only when an order executes.

Four venues, four ways of paying makers

EXHIBIT 2

How each venue pays liquidity providers, as published

Polymarket US: maker rebate

Basis of payment

A negative coefficient on the fee formula, −0.0035, −0.0070 or −0.0104, giving rebates of about 5%, 10% or 15% of the taker fee

Conditions and notice

Under ordinary monthly tier assignment, no rebate below $10 million of prior-month maker volume; the schedule also offers Accelerated Tier Placement; no rebate on combo fills

Polymarket International: Maker Rebates Program

Basis of payment

A share of category taker fees, for example 15% in sports and 20% in crypto, distributed daily

Conditions and notice

Makers pay no trading fees

NOVIG: Maker Credit Program

Basis of payment

25% of the taker fee collected on in-game fills and 50% on eligible futures, plus a further 50% on in-game fills in leagues where an enrolled participant meets the quoting standards

Conditions and notice

Effective October 22, 2026; excludes members with a Market Maker Agreement; rates can change within filed ranges on 48 hours' notice

Kalshi: Liquidity Incentive Program

Basis of payment

A share of a fixed reward of $1 to $1,000 per day per market, by size-weighted resting bids near the best price, sampled every second

Conditions and notice

Only snapshots in which both sides of the book meet a target size count; "Kalshi may end the Program at any time"

Sources: Polymarket US fee schedule; Polymarket fees documentation; NOVIG Maker Credit Program; KalshiEX LLC, Liquidity Incentive Program amendment filed with the CFTC on July 15, 2026, effective July 30, 2026. Retrieved October 27, 2026. Summaries, not complete terms.

The differences change the economics. On Polymarket US, the top rebate tier returns $0.26 per 100 contracts at a 50-cent price, against $1.00 for one cent of spread on the same quantity, and a participant below the first tier receives nothing. Scale itself becomes an input.

On NOVIG, credits exist only where a taker fee was actually collected. Because pregame straight trades carry no taker fee, quoting them earns no credit, so the program rewards in-game and futures liquidity.

Kalshi's program, by contrast, pays for presence rather than fills. Each second the exchange takes a snapshot of the book and scores each participant's resting bids by size, discounted for each tick below a reference price near the top of the book. Each participant receives its share of the scores, multiplied by the scheduled reward and by the fraction of snapshots that were not excluded; snapshots in which either side lacks the target size are excluded, and payments under $1 are not made. More competing scores dilute a participant's share, other things equal, although additional depth can also raise the share of qualifying snapshots. The filed terms exclude introducing brokers, futures commission merchants and their customers when transacting through those intermediaries, and run to January 1, 2027 unless amended or ended sooner.

An attribution that keeps the two apart

A market maker's result can be split into components that have different sources and different durability.

> Net result = spread captured + inventory result − fees paid + rebates and credits + program payments
> Edge before incentives = spread captured + inventory result − fees paid

EXHIBIT 3

Same net result, different quality: two hypothetical attributions

Per 10,000 contracts traded	Policy X	Policy Y
Spread captured	+$300	+$200
Inventory result	−$150	−$190
Fees paid	−$20	−$20
Edge before incentives	*+$130*	*−$10*
Rebates and credits	+$10	+$40
Program payments	$0	+$110
Net result	**+$140**	**+$140**

Source: Predict Here Capital illustration. All figures hypothetical; not Predict Here Capital results.

Both policies report the same net result. Policy X earns almost all of it by trading, while Policy Y loses money trading and is paid to keep quoting. Without the program payments, Y's result falls from +$140 to +$30, and without rebates and credits as well, it loses $10. X would still earn $130 with no incentives at all. We think an investor should see both lines, with incentives reported as earned and as actually credited, never as expected.

Incentives shape behavior, and terms change

Program design determines what gets rewarded. Kalshi's program rewards resting size near the best price whenever two-sided depth exists, NOVIG's credits reward filled trades that generate taker fees, and Polymarket US rewards volume. Each invites different quoting behavior. Kalshi and NOVIG both reserve the right to exclude abusive activity, and NOVIG pays no credit on wash trades or self-matched trades.

Terms are also short-lived. Polymarket US moved to its current tiers on October 19, 2026, and NOVIG's current program began on October 22. On September 28,

Kalshi notified the CFTC that it was terminating its separate Volume Incentive Program no earlier than October 13. A research record should date every assumption and evaluate each trade under the terms in force when it occurred.

What would change this view

If incentive programs became stable contractual terms, published in advance and available to all participants on the same basis, the distinction would matter less for evaluating a strategy, though we would still report incentives on their own line. It would continue to matter for capacity, because pool-based rewards are divided among more participants as liquidity competes for them.

Sources and further reading

Sources reviewed October 27, 2026. Venue rules, fees and programs change; the specific contract and account terms govern. Views are the author's as of the edition date shown above.

1. Polymarket US fee schedule. Effective October 19, 2026.
2. Polymarket fees. Polymarket documentation.
3. NOVIG Maker Credit Program. Effective October 22, 2026.
4. Fees on Novig. NOVIG Help Center.
5. Fees. Kalshi Help Center, updated April 19, 2026.
6. Amendment to August 2025 Liquidity Incentive Program. KalshiEX LLC filing with the CFTC, July 15, 2026.
7. Notice of Termination of the Volume Incentive Program. KalshiEX LLC filing with the CFTC, September 28, 2026.
8. Bürgi, C., W. Deng and K. Whelan (2026). Makers and takers: the economics of the Kalshi prediction market. Working paper, University College Dublin, January 2026.