BITNOMIAL CLEARING, LLC

Financial Statement and Schedules

October 31, 2023

(With Report of Independent Registered Public Accounting Firm)

CFTC FORM 1-FR-FCM [0005]

OMB NO. 3038-0024

NAME OF COMPANY: **BITNOMIAL CLEARING, LLC** **[0010]**	**EMPLOYER ID NO:** **85-3555552** **[0020]**	**NFA ID NO:** **0528310** **[0030]**
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: **318 West Adams St.** **Chicago, Illinois 60606** **[0050]**	**PERSON TO CONTACT CONCERNING THIS REPORT:** **James C. Haney.** **[0040]** **TELEPHONE NO:** **(630) 890-0859** **[0060]** **E-MAIL ADDRESS:** **james.haney@bitnomial.com** **[0065]**	

1. Report for the period beginning **1-01-23** [0070] and ending **10-31-23** [0080]

2. Type of report [0090] [**X**] Certified [ ] Regular quarterly/semiannual [ ] Monthly 1.12 (b)

   [ ] Special call by: ______________________ [ ] Other - Identify:_____

3. Check whether [0095] [**X**] Initial filing [ ] Amended filing

4. Name of FCM's Designated Self-Regulatory Organization: **National Futures Association** [0100]

5. Name(s) of consolidated subsidiaries and affiliated companies:

Name	Percentage Ownership	Line of Business
[0110]	[0120]	[0130]
[0140]	[0150]	[0160]
[0170]	[0180]	[0190]
[0200]	[0210]	[0220]
[0230]	[0240]	[0250]

The futures commission merchant, or applicant for registration therefore, submitting this Form and its attachments and the person whose signature appears below represent that, to the best of their knowledge, all information contained therein is true, correct and complete. It is understood that all required item, statements and schedules are integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted. It is further understood that any intentional misstatements or omissions of facts constitute Federal Criminal Violations (see 18 U.S.C. 1001).

Signed this 5th day of December, 2023

Manual signature James Haney

Type or print name James C. Haney

[ ] Chief Executive Officer	[X] Chief Financial Officer	Corporate Title ______________
[ ] General Partner	[ ] Sole Proprietor	

Authority: Sections 4c, 4d, 4f, 4g, 5a, 8a, and 17 of the Commodity Exchange Act (7 U.S.C. §§ 6c, 6d, 6f, 6g, 7a, 12a, and 21)

Contents

RYAN & JURASKA LLP
Certified Public Accountants

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Sole Member and Management
of Bitnomial Clearing, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Bitnomial Clearing, LLC (the "Company") as of October 31, 2023 that you are filing pursuant to Regulation 1.10 under the Commodity Exchange Act, and the related notes (collectively referred to as the financial statement). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Bitnomial Clearing, LLC as of October 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of Bitnomial Clearing, LLC's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to Bitnomial Clearing, LLC in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission, the Commodity Futures Trading Commission ("CFTC"), and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Auditor's Report on Supplemental Information

The information in Supplemental Schedules ("the supplementary schedules") has been subjected to audit procedures performed in conjunction with the audit of the Bitnomial Clearing, LLC's financial statement. The supplementary schedules are the responsibility of the Company's management. Our audit procedures included determining whether the supplementary schedules reconcile to the financial statement or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplementary schedules. In forming our opinion on the supplementary schedules, we evaluated whether the supplementary schedules, including their form and content, are presented in conformity with Regulation 1.10 of the Commodity Exchange Act. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statement as a whole.

Ryan & Juraska LLP

Chicago, Illinois
December 5, 2023
We have served as Bitnomial Clearing, LLC's auditor since 2020

Bitnomial Clearing, LLC
Statement of Financial Condition
As of October 31, 2023

		Total
ASSETS:		
Cash	$	1,020,532
Deposits with Clearing Organizations		500,000
Investment Securities		220,000
Prepaid Assets		15,188
Accounts Receivable		801
TOTAL ASSETS	**$**	**1,756,521**
MEMBER'S EQUITY:		
Member's Equity	$	1,756,521
TOTAL MEMBER'S EQUITY	**$**	**1,756,521**

See accompanying notes

1) General Information and Summary of Significant Accounting Policies

Bitnomial Clearing, LLC (the Company), was formed on August 25, 2017 in the State of Delaware as Bitnomial Technology, LLC. The Company changed its name to Bitnomial Clearing, LLC on November 23, 2020. The Company is a wholly owned subsidiary of Bitnomial, Inc. (the Parent), a U.S. corporation. The Company was approved for registration as a futures commission merchant (FCM) with Commodity Futures Trading Commission (CFTC or Commission) and the National Futures Association (NFA) in September 2022. The Company's primary source of revenue will be commissions derived from clearing orders for commodity futures contracts and options on futures contracts on behalf of its customers on Bitnomial Exchange, an entity affiliated by common ownership. As of October 31, 2023, the Company has not yet commenced operations.

a) Accounting Policies

The Company follows the accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets U.S. generally accepted accounting principles (GAAP) that the Company follows to ensure consistent reporting of the financial statement.

b) Use of Estimates

The preparation of financial statement in conformity with GAAP generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statement of financial condition and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Cash Funds Segregated or in Separate Accounts as Required under Federal and Other Regulations

Pursuant to the requirements of the Commodity Exchange Act (CEA), funds deposited by customers relating to futures and option contracts in regulated commodities must be carried in separate accounts that are designated as segregated customers' accounts, as applicable. At October 31, 2023, the Company has neither customers nor funds deposited by customers.

d) Derivative Transactions

Futures and futures options transactions will be recorded on the trade date.

e) Revenue Recognition

Commission revenue and related brokerage and exchange fee revenue and expenses will be recognized on a trade date basis. Brokerage and exchange fees will include variable expenses for clearing and settlement services, including fees paid to other brokers, exchanges, and clearing organizations. Commission expense will include commissions paid to introducing brokers and internal brokers and will be recognized and settled monthly.

The Company recognizes revenue in accordance with FASB Account Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers.* The guidance was amended to require business entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on trade date (the date the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date of the trade execution as there are no further performance obligations once the transactions are executed by the Company. Commission related expenses, including commissions or fees paid to internal and external parties, are recognized when incurred.

Interest income is accrued as earned. Interest income will be generated primarily from investments in qualified securities using customer funds deposited with the Company to satisfy margin requirements, net of interest returned to customers.

f) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investment assets and liabilities of the Company are measured and reported at fair value.

See Note 7, *Fair Value Measurements* for further details regarding fair value measurement policies.

g) Income Taxes

The Company is organized as a limited liability company and treated as a disregarded entity for U.S. income tax purposes and has no federal tax liability. State tax liabilities are determined under individual state laws. The Company's income is included in the federal and state consolidated income tax returns of its Parent, which is a C Corporation.

The Company evaluates all significant tax positions as required by GAAP. As of October 31, 2023, the Company does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. If the Company were to incur an income tax liability in the future, the interest on any tax liability would be reported as interest expense and penalties and any income tax liability would be reported as income taxes. The Company's income tax returns are subject to examination by the appropriate taxing jurisdictions for the current and past 3 years.

h) Foreign Currencies

The Company has no assets or liabilities denominated in foreign currencies. The Company's functional currency is the U.S. dollar.

i) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which supersedes the leasing guidance in ASC 840, Leases. Under ASU 2016-02 lessees are required to recognize the lease assets and lease liabilities for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification determining the pattern of expense recognition in the statement of income. With the recent deferral this guidance is effective for non-public business entities for fiscal periods beginning after December 15, 2021. It requires a modified retrospective approach to adoption for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the impact that adoption of this ASU will have on its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*: *Measurement of Credit Losses on Financial Instruments,* which amends several aspects of the measurements of credit losses on financial instruments, including replacing the existing incurred credit loss model and other models with the Current Expected Credit Losses (CECL) model and amending certain aspects of account for purchased financial assets with deterioration in credit quality since origination. The new standard is effective for fiscal years beginning after December 15, 2022. The adoption of this new accounting standard did not have a material impact on the Company's financial statement.

2) Assets Segregated or Held in Separate Accounts under Federal and other Regulations

Clients' funds, regulated under the CEA, as amended, are required to be segregated from the funds of the Company. On October 31, 2023, there were no funds deposited for the benefit of customers.

Pursuant to Section 30.7 of the CEA, there are no funds set aside for the benefit of customers relating to foreign futures in separate safekeeping accounts as of October 31, 2023.

3) Capital Requirements

Pursuant to the regulations, of the CFTC (Regulation 1.17) and the NFA, the Company is required to maintain a minimum net capital level equivalent of $1,000,000.

As of October 31, 2023:	
Adjusted net capital	$1,520,532
Minimum net capital requirement	$1,000,000
Excess net capital	$ 520,532

4) Contingent Liabilities

The Company is not party to legal or regulatory actions.

5) Financial Derivative Instruments with Off-Balance-Sheet Risk and Concentration of Credit Risk

In the normal course of business, the Company will conduct futures and options on futures contract transactions for its customers. The Company will guarantee to other FCMs its customers' performance under these contracts. The Company's customer commodities activities will be transacted either on a cash or margin basis. In margin transactions, the Company will extend credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin deposits are not sufficient to fully cover losses that customers may incur. In the event margin deposits are not sufficient to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill customers' obligations.

The Company will be engaged in various trading activities, whose counterparties include clearing organizations, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on creditworthiness of the counterparty or issuer of the financial instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

The Company maintains a cash deposit in excess of federally insured limits which is identified as a concentration credit risk. The Company attempts to mitigate this risk by maintaining deposits with high quality financial institutions.

6) Guarantees and Indemnification

Under certain exchange or clearinghouse membership agreements, members are generally required to guarantee the performance of other members by meeting any shortfalls in the event a member becomes unable to satisfy its obligation to the exchange or clearinghouse. To mitigate this risk, the exchanges and clearinghouses typically require their members to deposit collateral with them, which will be recorded as guarantee deposits in clearing organization on the statement of financial condition.

The Company will clear and execute futures contracts and options on futures contracts for the accounts of its customers. As such, the Company will deposit performance bond collateral with the applicable clearing organizations to fulfill the obligations of its customers' performance under these contracts. To reduce its operational risk, the Company will require its customers to meet, at a minimum, the margin requirements established by each exchange on which the contract is traded. This margin is a good faith deposit from the customer. To minimize its market and credit risks, the Company will adjust the amounts of margin required commensurate with the level of risk associated with the customers' underlying positions. If necessary, the Company may liquidate certain positions in order to satisfy minimum margin requirements.

7) Fair Value Measurements

Investments in equity securities, U.S. Government securities, commodity futures, and options on future contracts are carried at fair value. Fair value is the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements and disclosures include a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), then to inputs that are observable for the asset or liability, either directly or indirectly (Level 2 measurements), and the lowest priority to unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (Level 3 measurement).

A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments in equity securities, U.S. government securities and other cash investments which trade in active markets and will be valued using quoted market prices with reasonable levels of price transparency are classified as Level 1 of the fair value hierarchy. Instruments that are not actively traded and are valued based on quoted prices in markets or by reference to broker or dealer quotations are generally classified within Level 2 of the fair value hierarchy.

Exchange-traded futures and options on futures contracts are categorized within Level 1 of the fair value hierarchy, as they are deemed actively traded. The positions the Company will carry will be valued based on quoted prices from the respective exchanges they are traded at and are categorized in Level 1 of the fair value hierarchy.

As of October 31, 2023, the Company had investments in equity securities totaling $220,000 which are categorized as level 2 investments.

As of October 31, 2023, the Company held no Level 1 or Level 3 assets or liabilities.

8) Subsequent Events

The Company considered events and transactions through December 5, 2023 in evaluating subsequent events that may require changes to amounts reported or disclosed in the financial statement.

The Company has determined that there were no subsequent events requiring disclosure in the Company's financial statement.

Supplemental Schedules

Bitnomial Clearing, LLC

Schedule 1

Reconciliation of Statement of Financial Condition to Net Capital Computation
As of October 31, 2023

Total assets per Statement of Financial Condition	**$**	**1,756,521**
Deduct: Noncurrent assets (as defined) - Investment Securities		(220,000)
Deduct: Noncurrent assets (as defined) - Prepaid Assets		(15,188)
Deduct: Noncurrent assets (as defined) - Accounts Receivable		(801)
Curent Assets (as defined)	**$**	**1,520,532**

Bitnomial Clearing, LLC

Statement of the Computation of the Minimum Capital Requirements

As of October 31, 2023

Current assets (as defined)	$ 1,520,532
Liabilities	-
Net capital	1,520,532
Charges against net capital	-
Adjusted Net Capital	**$ 1,520,532**
Minimum net capital required	$ 1,000,000
Net capital in excess of requirement	**$ 520,532**
Computation of Early Warning Level:	
150% of capital requirements	$ 1,500,000

There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing as of October 31, 2023.

Bitnomial Clearing, LLC

Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges

As of October 31, 2023

Amount required to be segregated	**$**	**-**
Total amount in segregation		**-**
Excess (deficiency) funds in segregation	**$**	**-**

Note: The Company has no segregated funds and no segregation requirements.

There are no material differences between the above computation and the Company's corresponding unaudited 1-FR-FCM filing as of October 31, 2023.

Bitnomial Clearing, LLC

Statement of Segregation Requirements and Funds in Segregation for Customers' Dealer Options Accounts

As of October 31, 2023

The Company does not carry customers' dealer option accounts as defined by the Commodity Exchange Act Regulation 32.6. Therefore, the Company is exempt from the provisions of 32.6.

Bitnomial Clearing, LLC

Schedule 5

Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers Pursuant to Commission Regulation 30.7

As of October 31, 2023

Amount required to be held in separate accounts	**$**	**-**
Total amount in separate 30.7 accounts		**-**
Excess (deficiency) funds in separate 30.7 accounts	**$**	**-**

Note: The Company has no secured funds and no 30.7 secured requirements.

There are no material differences between the above computation and the Company's corresponding unaudited 1-FR-FCM filing as of October 31, 2023.

Bitnomial Clearing, LLC

Schedule 6

Cleared Swaps Segregation Requirements and Funds in Cleared Swaps Customer Accounts under 4D(F) of the CEA

As of October 31, 2023

The Company does not carry customers' cleared swaps accounts as defined by the Commodity Exchange Act Regulation 4D(F). Therefore, the Company is exempt from such regulation.

RYAN & JURASKA LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Sole Member and Management of Bitnomial Clearing, LLC

In planning and performing our audit of the financial statements of Bitnomial Clearing, LLC (the "Company") as of October 31, 2023 and the period January 1, 2023 to October 31, 2023, in accordance with standards of the PCAOB and the auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission (the "CFTC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding customer and firm assets. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the following:

The periodic computations of minimum financial requirements pursuant to Regulation 1.17.

The daily computations of the segregation requirements of section 4d(2) of the Commodity Exchange Act (the "CEAct") and the regulations thereunder, and the segregation of funds based on such computations.

The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 under the CFTC.

The daily computations of cleared swaps segregation requirements and funds in cleared swaps customer accounts under 4D(F) of the CEAct.

The Company's management is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the CFTC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the preceding paragraphs.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control and control activities for safeguarding securities and certain regulated commodity customer and firm assets that we consider to be material weaknesses.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for its purposes in accordance with the CEAct and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at October 31, 2023 to meet the CFTC's objectives.

This communication is intended solely for the information and use of the management, the shareholder, others within the Company, the CFTC, the National Futures Association, and other regulatory agencies that rely on Regulation 1.16 of the CFTC in their regulation of registered futures commission merchants and is not intended to be, and should not be, used by anyone other than these specified parties.

Ryan & Juraska LLP

Chicago, Illinois
December 5, 2023