

April 23, 2025
BY ELECTRONIC FILING
Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: BTNL Self-Certification Pursuant to CFTC Regulation 40.2(a) Certification -
Listing of Bitcoin US Dollar Centi Perpetual Futures Contract**

Dear Mr. Kirkpatrick,

Bitnomial Exchange, LLC (“BTNL” or the “Exchange”) hereby submits for self-certification to the Commodity Futures Trading Commission (“CFTC” or the “Commission”) under Commission regulation 40.2(a) its plan to list Bitcoin US Dollar Centi Perpetual Futures (“PBUC”) contracts to be offered for trading on BTNL for an intended trade date on or after April 28, 2025.

Contract Description

The PBUC contract is a physically-settled, margined futures contract based on the price of 0.01 BTC (Bitcoin). Attached as Exhibit 1, Exchange Rule “Bitcoin US Dollar Centi Perpetual Futures Contract” details the product specifications. Exhibit 2 contains Funding Rate and Settlement Price calculations.

Bitcoin (BTC) Market Overview

Bitcoin is the first and most widely recognized cryptocurrency, designed as a decentralized, peer-to-peer digital currency. It operates on a secure, proof-of-work blockchain, allowing for trustless transactions without the need for intermediaries. Bitcoin’s fixed supply of 21 million coins ensures its scarcity, making it a popular choice for long-term value storage. The Bitcoin network is maintained by a global community of miners and developers who prioritize security, decentralization, and resilience. Layer 2 solutions like the Lightning Network enhance Bitcoin’s utility by enabling fast and low-cost transactions, making it increasingly viable for everyday payments.

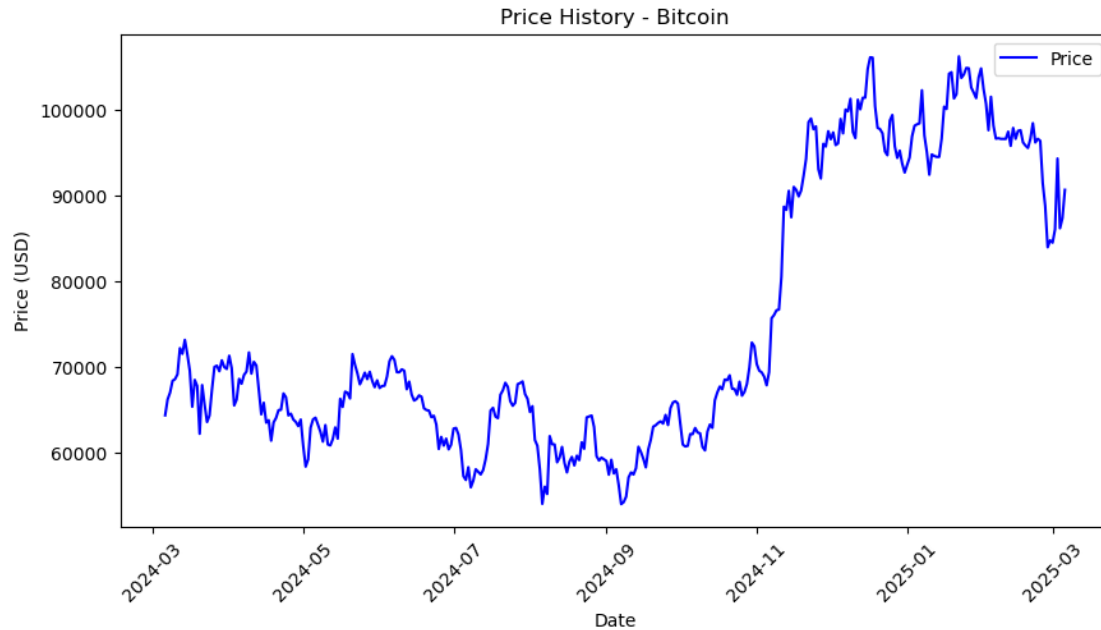
Governance: Bitcoin operates under a decentralized governance model, with protocol changes proposed through Bitcoin Improvement Proposals (BIPs) and adopted by consensus among the community and miners.

Consensus Mechanism: Utilizes Proof of Work (PoW), where miners solve complex mathematical problems to validate transactions and secure the network.

Concentration of Ownership: BTC ownership is relatively decentralized, though early adopters and certain institutional holders possess significant amounts.

Liquidity: Bitcoin has a market capitalization of \$1,665,685,215,931.00 and a 30-day spot trading volume of \$39,635,455,195.00, ensuring strong liquidity and accessibility across centralized and decentralized exchanges as well as OTC dealers.

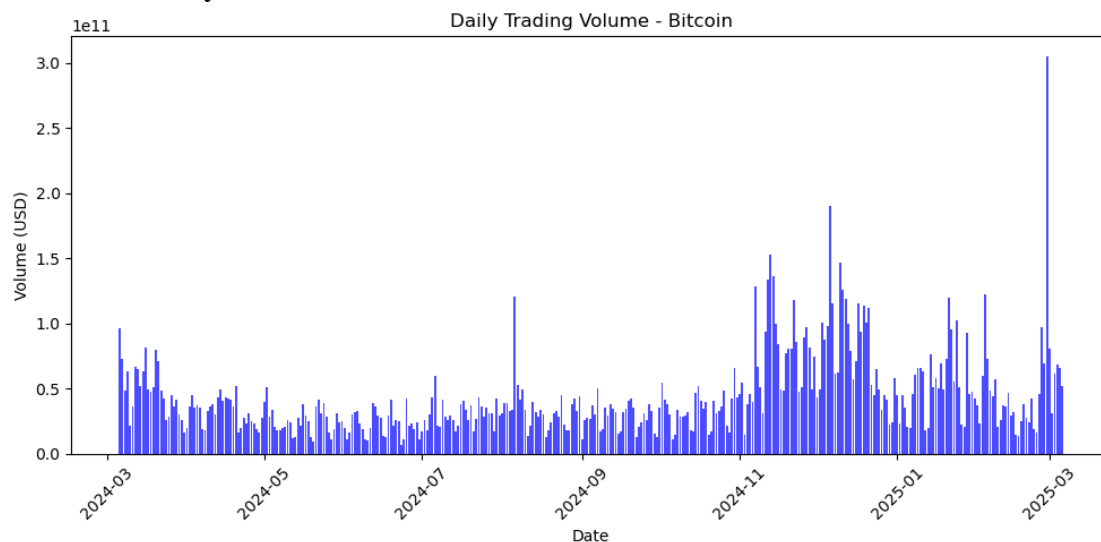
Price History



Price Chart

Source: <https://www.coingecko.com>

Volume History



Volume Chart

Source: <https://www.coingecko.com>

Deliverable Supply Analysis

- **Current Circulation:** 19,849,878 BTC
- **Total Supply:** 19,849,896 BTC
- **Max Supply:** 21,000,000 BTC
- **Market Cap:** \$1,665,685,215,931.00
- **30 Day Volume:** \$39,635,455,195.00

The Exchange proposes a contract month position limit of 2,000,000 futures contracts, representing 0.1% of total deliverable supply.

Core Principle Compliance

BTNL has determined that its rules related to the listing of PBUC contracts comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated by the Commission thereunder. BTNL has reviewed the DCM Core Principles and related guidance and determined that the listing of PBUC contracts impact the following Core Principles:

Core Principle 2 - Compliance with Rules:

Trading and delivery of PBUC contracts are subject to the Business Conduct and Trading Practice Rules found in Chapter 4 of the BTNL Rulebook including Rule 403 which forbids pre-arranged, pre-negotiated non-competitive trades. Trading and delivery in these products will also be subject to Market Operations and Discipline and Enforcement Rules found in Chapters 5 and 6, respectively.

Core Principle 3 - Contracts Not Readily Subject to Manipulation:

Multiple domestic and foreign markets trade the underlying BTC product, making manipulation unlikely. Additionally, Trading and delivery of PBUC contracts are not readily subject to manipulation because they are subject to position limits. Daily and Final settlement will be determined in accordance with BTNL Rule 509.

Core Principle 4 - Prevention of Market Disruption:

Trading and delivery of PBUC contracts are subject to prohibitions of market disruption under Chapters 4, 5, and 6 relating to Business Conduct and Trading Practices, Market Operations, and Discipline and Enforcement, respectively. All trading at BTNL Exchange is subject to market surveillance and a robust disciplinary framework.

Core Principle 5 - Position Limits or Accountability:

Trading and delivery of PBUC contracts are subject to position limits set forth in Chapter 15. The position limits are consistent with Commission guidance. Position limits may be adjusted based on market needs.

Core Principle 7 - Availability of General Information:

Prior to the launch of trading of PBUC contracts, product terms and conditions will be available on the BTNL website. Information on delivery of PBUC contracts will be made available on the BTNL website.

Core Principle 8 - Daily Publication of Trading Information:

The Exchange will publish PBUC trading volumes, open interest levels, and price information on its website and through quote vendors.

Core Principle 9 - Execution of Transactions:

Execution of all PBUC contracts will take place on the BTNL electronic trading platform. Electronic execution provides competitive and transparent transactions. All PBUC contracts will be cleared by Bitnomial Clearinghouse, LLC (“BNCH”), a CFTC-registered derivatives clearing organisation (“DCO”), subject to Commission rules and oversight.

Core Principle 10 - Trade Information:

All requisite trade information will be recorded and stored in the audit trail and will be surveilled and monitored in accordance with BTNL Rules.

Core Principle 11 - Financial Integrity of Transactions:

All PBUC contracts will be cleared by BNCH, a CFTC-registered DCO, subject to Commission rules and oversight.

Core Principle 12 - Protection of Markets and Market Participants:

BTNL Rules have set forth numerous requirements and protections to prevent intermediaries from disadvantaging customers.

Core Principle 13 - Disciplinary Procedures:

All PBUC contracts are subject to the protections provided by Chapter 6 of the BTNL Rulebook. Chapter 6 describes the disciplinary procedures of the Exchange that authorize the Exchange to discipline, suspend, or expel Participants that violate Exchange Rules.

Core Principle 14 - Dispute Resolution:

Disputes arising from trading of PBUC contracts must be arbitrated in accordance with BTNL Rules found in Chapter 7. All disputes, controversies or claims between or among themselves that relate to or arise out of any contract or otherwise arise out of one or more transactions made or to be made on the Exchange or subject to the Rules and are based upon facts and circumstances that occurred at a time when the parties were Participants or Customers.

Certification

The Exchange has spoken with Clearing Members and market participants who support the decision to launch Bitcoin US Dollar Centi Perpetual Futures contracts. The Exchange is not aware of any substantive opposing views to the PBUC contracts. The Exchange certifies that the PBUC contracts and related rules certified herein comply with the Commodity Exchange Act and the rules and regulations promulgated thereunder.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at: <https://bitnomial.com/exchange/regulation/>



If you have any questions or require further information, please contact the undersigned at james.walsh@bitnomial.com.

Sincerely, /s/

James A. Walsh
Chief Regulatory Officer
Bitnomial Exchange, LLC

Exhibit 1

Bitcoin US Dollar Centi Perpetual Futures

Term	Value
Product Name	Bitcoin US Dollar Centi Perpetual Futures
Product Code	PBUC
Contract Size	0.01 BTC (Bitcoin)
Price Quotation	US Dollars per BTC
Tick Size	\$10 per BTC
Tick Value	\$0.10 per contract
Price Band Variation	\$1000
Price Limit	\$10000
Position Limit	2000000
Reportable Position Level	25
Margin	US Dollars
Contract Listing	See “Perpetual Futures Listing”
Settlement Method	Deliverable - Chapter 8 & 11
Settlement Price	The Settlement Price Futures Contract is BUS. See “Perpetual Futures Contract Daily Settlement Prices”
Options Product Code	N/A
Options Exercise Style	N/A
Options Strike Price	N/A
Listing Interval	

Exchange Rules

Perpetual Futures Contract means a half-century futures Contract with a Settlement Price that is perpetually fixed to the implied spot price of the Settlement Price Futures Contract every eight (8) hours.

Perpetual Futures Listing

The Exchange may list up to two, half-century expiries, with the further dated contract listed no sooner than one year prior to the next-to-expire contract expiry.

Perpetual Futures Contract Daily Settlement Prices

The Perpetual Futures Contract Settlement Price is calculated using the Settlement Price Futures Contract implied spot price:

- (i) An implied rate is calculated from the settlement prices of the nearest two contract months in the Settlement Price Futures Contract listing series in

accordance with Rule 517(e).

- (ii) The implied rate is applied to the Settlement Price Futures Contract's Pricing Contract to imply a spot price in accordance with Rule 517(e).
- (iii) The settlement price is calculated in accordance with Rule 517(c).

Perpetual Futures Contract Funding Rate

The Clearinghouse adjusts the Perpetual Futures Contract Variation Margin by the Funding Rate which is calculated every eight (8) hours. The eight hour Funding Intervals are:

1. 7pm CT - 3am CT
2. 3am CT - 11am CT
3. 11am CT - 7pm CT

Exhibit 2

Funding Rate Calculation

$$\text{FR} = \text{Average Premium Index (P)} + \text{clamp}(\text{IR} - \text{Average Premium Index (P)}, 0.05\%, -0.05\%)$$

where:

$$\text{FR} = \text{Funding Rate}$$

$$\text{IR} = \text{Interest Rate}$$

$$\text{Premium Index} = \frac{\max(0, \text{IBP} - \text{Price Index}) - \max(0, \text{Price Index} - \text{IAP})}{\text{Price Index}}$$

$$\text{IBP} = \text{Impact Bid Price} = \frac{\sum_i (bq_i \times p_i)}{\sum_i bq_i}$$

$$\text{IAP} = \text{Impact Ask Price} = \frac{\sum_i (aq_i \times p_i)}{\sum_i aq_i}$$

$$\text{Average Premium Index (P)} = \frac{1}{1920} \sum_{i=1}^{1920} \text{Premium Index}_i$$

$$\text{where } 1920 = \frac{8 \text{ hours} \times 3600 \text{ seconds/hour}}{15 \text{ seconds}} \text{ samples}$$

Settlement Price Calculation

$$\text{Settlement Price} = \text{Median}(\text{Price}_1, \text{Price}_2, \text{Contract Price})$$

where:

$$\text{Price}_1 = \text{Implied Spot Price}$$

$$\text{Price}_2 = \text{Implied Spot Price} + \text{Moving Average 2.5-Minute Basis}$$

$$\text{Moving Average 2.5-Minute Basis} = \frac{\sum_{i=1}^{10} i \left[\frac{\text{Bid}_i + \text{Ask}_i}{2} - \text{Implied Spot Price}_i \right]}{10}$$

Contract Price = 2.5 Minute Settlement Price Calculation per Rule 517(c)