B BITNOMIAL

August 30, 2021
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 2021-005 - Self-Certification Pursuant to CFTC Regulation 40.6 –
Bitnomial Exchange, LLC Incentive Programs**

Dear Mr. Kirkpatrick:

Bitnomial Exchange, LLC ("Bitnomial" or the "Exchange") hereby submits for self-certification
to the Commodity Futures Trading Commission (the "Commission" or "CFTC"), under
Commission regulation 40.6(a), the following plans to implement the Initial Participant Provider
Program and the Settlement Participant Incentive Programs (collectively, the "Programs"). The
Programs will become effective on September 14, 2021.

The purpose of the Initial Participant Provider Program is to incentivize initial market liquidity.
The purpose of the Settlement Participant Incentive is to incentivize settlement and roll period
liquidity. Both Programs are designed to promote participation by providing incentives to
Participants, Clearing Members, and Customers willing to alleviate some of the costs associated
with Bitnomial products and to build liquidity in Bitnomial's markets.

1) Exhibit 1 sets forth the terms of the Programs. **[REDACTED]**

2) Exhibit 2 is Bitnomial's FOIA request letter for confidentiality.

Core Principal Compliance

Bitnomial has concluded that its compliance with DCM Core Principles is not adversely affected
by these changes. The Exchange will continue to comply with all DCM Core Principles. The
Exchange has reviewed the Core Principles as set forth under Section 5 of the Commodity
Exchange Act, as amended (the "Act"), and determined that the rule changes pertain to the
following Core Principles:

> **Core Principal 2- *Compliance with Rules***:
> The Programs have been established under Bitnomial Rule 314 which allows the Exchange
> to create programs that provides incentives to Participants willing to add liquidity to
> Bitnomial markets.
>
> **Core Principle 4 - *Prevention of Market Disruption***:

The Programs conform with Core Principle 4 and CFTC Regulation 38.251, which expressly provide that a DCM must adopt and implement rules governing market participants subject to its jurisdiction to prevent, detect, and mitigate market disruptions or system anomalies associated with electronic trading.

Core Principal 7 - *Availability of General Information*:
Notification of the existence of the Programs have been posted to https://bitnomial.com/regulation in compliance with this Core Principal. Interested Market Participants may contact the Exchange for additional information concerning the Programs.

Core Principal 9 – *Execution of Transactions*:
The products included in the Programs are listed for trading in competitive, open, and efficient markets.

Core Principal 12 - *Protection of Markets and Market Participants*:
The Programs will have no effect on the Exchange's duties to protect the its markets and Market Participants from abusive, disruptive, fraudulent, noncompetitive and unfair conduct and trade practices.

Core Principal 18 – *Recordkeeping*:
The Exchange is committed to its duties to maintain records pertaining to the Programs in a manner that satisfies the relevant criteria set forth in §1.31 of the Commission's Regulations.

Core Principle 21, *Financial Resources*:
The proposed Programs will not impact the Exchange's ability to discharge its financial, operational, or managerial responsibilities as a DCM.

Certification

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), Bitnomial certifies that the creation of the Programs comply with the Act and regulations thereunder. Bitnomial is not aware of any opposing views to the creation of the Programs.

Bitnomial certifies that a copy of this submission has been concurrently posted on the Exchange's website at https://bitnomial.com/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

Bitnomial Exchange, LLC
Bitcoin Futures
Initial Participant Incentive Program

Purpose

The Initial Participant Incentive Program (the "Program"), offered by Bitnomial Exchange, LLC (the "Exchange"), seeks to incentivize initial market liquidity.

Incentives

The Program provides the following rebate per contract traded while Exchange fees are being assessed on the contract:

- Rebate of 100% of the Exchange fee until the sooner of $25,000 in rebates or the end of Initial Trading Period.
- Rebate of 25% of the Exchange fee.

The Program rebate may be used in addition to other Exchange incentives with a total maximum rebate of 100% of the Exchange fee. Obligations and incentives are calculated and paid on a per-account, monthly basis for accounts disclosed under the Program to the Exchange.

Obligations

The Participant must quote two-sided markets via Exchange direct market access for every trading day of the first 30 trading days (the "Initial Trading Period") and during normal trading, subject to the following obligations:

Listing	Initial Trading Period	Normal Trading Period[1]	Min Quantity per Side	Max Bid-Ask Spread[2]
Front Month	75% of each day of trading period		3 BTC	8 bps
Front-Back Month Calendar Spread	-	75% of trading period	2 BTC	9 bps
Back Month	-		1 BTC	10 bps

Eligibility

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[1] Trading hours as defined by Rule 1201 for BUS; Rule 1202 for BUI.
[2] Percentage of price per BTC. For example, 9bps of $40,000 per BTC is $36.

Program Participants must satisfy and maintain the following conditions for Program Participant appointment:

1. Authorized as an Exchange Participant (see Rule 303)
2. Authorized for direct market access by September 1, 2021.

Applicants may apply by emailing help@bitnomial.com

Contracts
- Bitcoin US Dollar Futures (BUS)

Surveillance and Termination of Status

The Exchange surveils trading activity and Participants' performance and may, at its sole discretion, revoke Program Participant status if it concludes from its own review that a Program Participant did not, or no longer, meets the eligibility requirements or otherwise fails to meet the obligations of the Program.

Participants may be required to provide the Exchange with information acceptable to the Exchange demonstrating the Participants performance of the Program obligations.

Other Agreements

The Participant agrees to receive requests for quotes from time to time for contracts outside of the Program obligations where liquidity may be insufficient for customers to execute a large trade. The Participant is under no obligation to respond to the request for quote.

Term

The Program and each Program Participant appointment under the Program will expire on April 20, 2022. The Exchange may determine to extend the term of the Program and appointments under the Program, allow the Program and appointments under the Program to expire, terminate the Program and all appointments under the Program at any time or amend or replace the Program with a different Program at any time.

Exhibit 1

Bitnomial Exchange, LLC
Bitcoin Futures
Settlement Participant Incentive Program

Purpose

The Settlement Participant Incentive Program (the "Program"), offered by Bitnomial Exchange, LLC (the "Exchange"), seeks to incentivize settlement and roll period liquidity.

Incentives

The Program provides the following rebate per contract traded while Exchange fees are being assessed on the contract:

- Rebate of 25% of the Exchange fee

The Program rebate may be used in addition to other Exchange incentives with a total maximum rebate of 100% of the Exchange fee. Obligations and incentives are calculated and paid on a per-account, monthly basis for accounts disclosed under the Program to the Exchange.

Obligations

The Participant must quote two-sided markets, subject to the following obligations:

Listing	Daily Settlement Period[1]	Roll Periods[2]	Min Quantity per Side	Max Bid-Ask Spread[3]
Pricing Contract[4]	95% of the hour prior to and including the daily Settlement Period	95% of the five (5) days prior to and including the Role Period	2 BTC	9 bps
Front-Back Month Calendar Spread			2 BTC	10 bps

Eligibility

Program Participants must satisfy and maintain the following conditions for Program Participant appointment:

1. Authorized as an Exchange Participant (see Rule 303)
2. Authorized for physical delivery (see Rule 1102)

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[1] Daily and Final Settlement Periods as defined by Rule 1206.
[2] Roll Period periods as defined by Rule 1206.
[3] Percentage of price per BTC. For example, 9bps of $40,000 per BTC is $36.
[4] Pricing contract as defined by Rule 1206.

Applicants may apply by emailing help@bitnomial.com

Contracts
- Bitcoin US Dollar Futures (BUS)
- Deci Bitcoin US Dollar Futures (BUI)

Surveillance and Termination of Status

The Exchange surveils trading activity and Participants' performance and may, at its sole discretion, revoke Program Participant status if it concludes from its own review that a Program Participant did not, or no longer, meets the eligibility requirements or otherwise fails to meet the obligations of the Program.

Participants may be required to provide the Exchange with information acceptable to the Exchange demonstrating the Participants performance of the Program obligations.

Other Agreements

The Participant agrees to receive requests for quotes from time to time for contracts outside of the Program obligations where liquidity may be insufficient for customers to execute a large trade. The Participant is under no obligation to respond to the request for quote.

Term

The Program and each Program Participant appointment under the Program will expire on April 20, 2022. The Exchange may determine to extend the term of the Program and appointments under the Program, allow the Program and appointments under the Program to expire, terminate the Program and all appointments under the Program at any time or amend or replace the Program with a different Program at any time.

Exhibit 2

August 30, 2021

VIA ELECTRONIC SUBMISSION

Assistant Secretary of the Commission
for FOI, Privacy and Sunshine Acts Compliance
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Re: **FOIA Confidential Treatment Request - Bitnomial Exchange, LLC Incentive Programs**

Dear Sir/Madam:

On behalf of Bitnomial, Inc. (the "Company), we have submitted documents, dated August 30, 2021 (the "Confidential Submission"), to the Commodity Futures Trading Commission ("Commission") as part of Bitnomial Exchange, LLC's BUS and BUI Incentive Programs.

We hereby petition the Commission, pursuant to Commission Regulations 145.5 and 145.9, to accept and retain in confidence the aforementioned documents until further notice as against any requestor who files with the Commission a request to inspect such documents pursuant to the Freedom of Information Act.

Confidential treatment is requested, among other things, on the grounds that the Confidential Submission contains data and information which would separately disclose business transactions and trade secrets that may not be disclosed to third parties, as provided in Section 8(a) of the Commodity Exchange Act and Commission Regulation 145.5(c)(1). Confidential treatment also is requested on the grounds that the Confidential Submission is exempt from disclosure under paragraph (b)(4) of the Freedom of Information Act ("FOIA") and Commission Regulations 145.5(d) and 145.9(d)(1)(ii), because it contains commercial and financial information that is confidential and would be of material assistance to competitors. Further, confidential treatment is requested on the grounds that the Confidential Submission includes personal information of the Company and other persons, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

We understand that if the Commission receives a FOIA request for the Confidential Submission, we will be notified of such request in accordance with the Commission's regulations and be asked to submit, within ten business days, a detailed written justification for confidential treatment of the Confidential Submission. In such event, we request that Commission staff telephone or email the undersigned rather than rely solely upon U.S. mail for such notice.

If the Commission or its staff transmits any of the Confidential Submission to another

federal agency, we request that you forward a copy of this letter to any such agency with the Confidential Submission and further request that you advise any such agency of the request that the material be accorded confidential treatment.

The requests set forth in the preceding paragraphs also apply to any memoranda, notes, transcripts or other writings of any sort whatsoever that are made by, or at the request of, any employee of the Commission (or any other federal agency) and which (1) incorporate, include or relate to any aspect of the Confidential Submission; or (2) refer to any conference, meeting, or telephone conversation regarding the Company relating to the Confidential Submission. Please direct any questions regarding this request for confidential treatment, as well as any notices pursuant to Commission Regulation 145.9(e), to the attention of the undersigned at james.walsh@bitnomial.com.

Very truly yours,
/s/
James Walsh
Chief Regulatory Officer
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