June 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 2025-20 - Self-Certification Pursuant to CFTC Regulation 40.6 – Bitnomial Exchange, LLC and Bitnomial Clearinghouse, LLC Rulebook Update

Dear Mr. Kirkpatrick:

Bitnomial Exchange, LLC and Bitnomial Clearinghouse, LLC (collectively, "Bitnomial") hereby submit for self-certification to the Commodity Futures Trading Commission (the "Commission" or "CFTC"), under Commission regulation 40.6(a), the following updates to the Bitnomial Rulebook. These updates will become effective on July 8, 2025.

Bitnomial has determined to reorganize its Rulebook using a numeric numbering format. For example, Bitnomial Rule 202(a) will now be formatted at Rule 202.1. Bitnomial 204(a)(iii) will be formatted as Rule 204.1.3. This update changes the formatting of existing rules, no substantive changes were made to any Bitnomial rules. An updated Rulebook is included with this filing.

Core Principal Compliance

Bitnomial will continue to comply with all designated contract market ("DCM") and derivatives clearing organization ("DCO") Core Principles. Bitnomial has reviewed DCM and DCO Core Principles and determined that the formatting change will not have an adverse impact on Bitnomial's compliance with its obligation to adhere to Core Principles.

Certification

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), Bitnomial certifies that the Rulebook and product term updates comply with the Commodity Exchange Act, as amended and regulations thereunder. Bitnomial is not aware of any opposing views to the changes presented in this filing.

Bitnomial certifies that a copy of this submission has been concurrently posted on its website at https://bitnomial.com/exchange/regulatory.

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
Chief Compliance Officer
Bitnomial Clearinghouse, LLC

Bitnomial Exchange, LLC & Bitnomial Clearinghouse, LLC

Rulebook

Effective Date: July 08, 2025

By accessing, or entering any order into, the Exchange, and without any need for any further action, undertaking or agreement, each Participant, Authorized User, Customer and Clearing Member agrees: (1) to be bound by, and comply with, the Rules and Applicable Law, in each case to the extent applicable to it, him or her, and (2) to become subject to the jurisdiction of the Exchange and the Clearinghouse with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant, Authorized User, Customer or Clearing Member.

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Chapter 1: Definitions And Interpretations 5
Rule 101: Definitions . . . 5
Rule 102: Scope and Interpretation . . . 10
Chapter 2: Governance 11
Rule 201: Ownership . . . 11
Rule 202: Board . . . 11
Rule 203: Officers . . . 12
Rule 204: Qualifications of Directors; Eligibility/Fitness . . . 12
Rule 205: Standing Committees . . . 13
Rule 206: Confidentiality . . . 14
Rule 207: Conflicts of Interest . . . 14
Rule 208: Maintenance of Books and Records . . . 16
Rule 209: Information-Sharing Arrangements . . . 16
Rule 210: Regulatory Services Provider . . . 16
Rule 211: Use of Proprietary Data and Personal Information . . . 17
Rule 212: Reporting Requirements . . . 17
Chapter 3: Participation 18
Rule 301: Jurisdiction . . . 18
Rule 302: Participants . . . 18
Rule 303: Requirements for Participants . . . 18
Rule 304: Compliance with Minimum Financial Requirements, Financial Reporting Requirements, and Requirements Relating to Protection of Customer Funds . . . 19
Rule 305: Duties and Responsibilities of Participants . . . 20
Rule 306: Authorized Users . . . 21
Rule 307: Duties and Responsibilities of Authorized Users . . . 22
Rule 308: Clearing Members Accessing the Exchange . . . 22
Rule 309: Required Notices . . . 22
Rule 310: Account Administrators . . . 23
Rule 311: Access Requirements and Terms . . . 23
Rule 312: Dues and Fees . . . 23
Rule 313: Inspections by the Exchange . . . 23
Rule 314: Incentive Programs . . . 24
Chapter 4: Business Conduct And Trading Practices 25
Rule 401: Business Conduct . . . 25
Rule 402: General Trading Practices . . . 25
Rule 403: Pre-Arranged, Pre-Negotiated, and Noncompetitive Trades Prohibited . . . 27
Rule 404: Disciplinary Procedures; Termination of Connection . . . 28
Rule 405: Position Limits . . . 28
Rule 406: Position Accountability . . . 28
Rule 407: Reports of Large Positions . . . 29
Rule 408: Aggregation of Positions . . . 29
Rule 409: Reporting Levels, Position Accountability Levels and Position Limits . . . 29
Rule 410: Information Disclosure and Documentation . . . 29
Rule 411: Compliance . . . 29
Chapter 5: Market Operations 31
Rule 501: Market Hours and Operation . . . 31

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Rule 502: Contracts Offered . . . 32
Rule 503: User IDs . . . 33
Rule 504: Exchange Trading . . . 33
Rule 505: Block Trades . . . 35
Rule 506: Exchange for Related Position [Reserved] . . . 35
Rule 507: Position Transfers . . . 35
Rule 508: Trade Cancellations; Trade Reviews . . . 36
Rule 509: Settlement . . . 36
Rule 510: Recordkeeping; Audit Trail . . . 36
Rule 511: Customer Type Indicator Codes . . . 37
Rule 512: Information Regarding Orders . . . 37
Rule 513: Disaster Recovery; Business Continuity . . . 37
Rule 514: Exchange Messaging Policy . . . 38
Rule 515: Self-Match Prevention . . . 38
Rule 516: Contract Listing . . . 38
Rule 517: Futures and Options Settlement Price Computation . . . 38
Rule 518: Options Exercise . . . 39
Chapter 6: Discipline And Enforcement 40
Rule 601: Disciplinary and Enforcement Procedures – General . . . 40
Rule 602: Process Considerations . . . 40
Rule 603: Disciplinary Matters . . . 41
Rule 604: Summary Actions . . . 45
Rule 605: Appeal from Hearing Panel Decisions and Summary Actions . . . 48
Rule 606: Rights and Responsibilities After Suspension or Termination . . . 49
Rule 607: Notice to the Respondent, the CFTC, and the Public . . . 50
Chapter 7: Arbitration 51
Rule 701: In General . . . 51
Rule 702: Exceptions . . . 51
Rule 703: Penalties . . . 51
Chapter 8: Clearing 53
Rule 801: Clearing . . . 53
Rule 802: Participants . . . 53
Rule 803: Clearing Members . . . 53
Rule 804: Application for Clearing Membership . . . 54
Rule 805: Withdrawal of Clearing Membership . . . 54
Rule 806: Responsibilities of Clearing Members . . . 55
Rule 807: Clearing Member Financial Reporting Requirements . . . 56
Rule 808: Notices Required of Clearing Members . . . 57
Rule 809: Clearinghouse Authority . . . 58
Rule 810: Liquidity Events . . . 58
Rule 811: Acceptance for Clearing and Novation . . . 59
Rule 812: Liens Held by the Clearinghouse . . . 59
Rule 813: Settlement and Delivery . . . 59
Rule 814: Defaults . . . 61
Rule 815: Application of Funds . . . 62
Rule 816: Liquidation on Termination or Suspension of Clearing Member . . . 62

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Rule 817: Close-Outs . . . 62
Rule 818: Close-Out Netting . . . 63
Rule 819: Guaranty Fund . . . 65
Rule 820: Margins and Liquidations . . . 65
Rule 821: Transfers of Open Positions . . . 65
Rule 822: Amounts Payable to the Clearinghouse . . . 66
Rule 823: Clearing Fees . . . 66
Rule 824: Public Information . . . 66
Chapter 9: Reserved 67
Chapter 10: Miscellaneous 68
Rule 1001: Trading by Officials Prohibited; Misuse of Material, Non-Public Information . . . 68
Rule 1002: Market Data . . . 68
Rule 1003: Recording of Communications . . . 70
Rule 1004: Confidentiality . . . 70
Rule 1005: Force Majeure . . . 70
Rule 1006: Extension or Waiver of Rules . . . 70
Rule 1007: Effect of Amendment, Repeal or New Rule . . . 71
Rule 1008: Signatures . . . 71
Rule 1009: Governing Law; Legal Proceedings . . . 71
Rule 1010: Indemnification . . . 71
Rule 1011: Limitation of Liability; No Warranties . . . 71
Rule 1012: Affiliate Participants and Clearing Members . . . 73
Chapter 11: Digital Asset Delivery 74
Rule 1101: Digital Asset Delivery Definitions . . . 74
Rule 1102: Participant and Clearing Member Delivery Obligations . . . 74
Rule 1103: Delivery Procedures . . . 75
Rule 1104: Cost of Delivery . . . 75
Rule 1105: Delivery Infractions . . . 75
Rule 1106: Digital Asset Delivery Eligibility . . . 76
Rule 1107: Settlement Facility Reporting Requirements . . . 76

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Chapter 1: Definitions And Interpretations

Rule 101: Definitions

The following terms as used in the Rules have the meanings set forth in this Chapter, unless otherwise specifically provided elsewhere in the Rules or required by the context.

- **Account Administrator**: means an officer or employee of a Participant appointed pursuant to Rule 310.
- **Affiliate**: means a Person who directly or indirectly, controls, is controlled by, or is under common control with another Person.
- **Affiliate Participants and Clearing Members**: has a meaning set forth in Rule 1012.
- **API**: means Application Programming Interface, a programmatic software interface.
- **Applicable Law**: means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Rules.
- **Approved Financial Institution**: has the meaning set forth in Rule 803.2.7.
- **Audit Trail**: has the meaning set forth in Rule 510.
- **Authorized User**: means a natural person, authorized by the Exchange as an Authorized User in accordance with Rule 306, who is either employed by or is an agent of a Clearing Member or a Participant.
- **Bankruptcy Code**: means Title 11 of the U.S. Code.
- **Bankruptcy Event**: has the meaning set forth in Rule 818.
- **Block Trade**: means a privately negotiated transaction in a Contract that meets certain quantity thresholds and that is permitted to occur away from the Exchange and reported in accordance with Rule 505.
- **Board**: means the Board of Directors.
- **Board of Appeals**: means a panel comprised of a chair and two individuals appointed by the Board to consider appeals under Chapter 6.
- **Business Day**: means any day on which the Exchange and Clearinghouse are open for trading and clearing.
- **CEA**: means the Commodity Exchange Act, as amended from time to time.
- **CFTC**: means the U.S. Commodity Futures Trading Commission or any successor agency.
- **CFTC Rules**: means the rules, regulations and orders of the CFTC, as amended from time to time.
- **CPT**: means Central Prevailing Time.
- **Chairman**: means the Chairman of the Board.
- **Chief Executive Officer**: means the individual appointed by the Board to serve as the chief executive officer.
- **Chief Regulatory Officer**: means the individual appointed by the Board to serve as the chief regulatory officer.
- **Clearinghouse**: means Bitnomial Clearinghouse, LLC, a Delaware limited liability company registered by the CFTC as a derivatives clearing organization that is designated by the Exchange to provide clearing services with respect to any or all of the Contracts.

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- **Clearinghouse Official**: means any Officer or Employee of the Clearinghouse and any member of the Board, a committee established by the Board, a Hearing Panel or Board of Appeals.
- **Clearing Member**: means an entity meeting the requirements of, and approved for, clearing membership at the Clearinghouse that is authorized pursuant to the Rules to clear trades in any or all Contracts. Except for those Clearing Members that clear solely for their own proprietary accounts (each, an Individual Clearing Member), all other Clearing Members must be registered with the CFTC as FCMs (each, an FCM Clearing Member).
- **Clearing Member Agreement**: means an agreement between the Clearinghouse and a Clearing Member which must be signed in order for a Clearing Member to have access to the Clearinghouse for clearing services with respect to any or all of the Contracts.
- **Close-Out Value**: has the meaning set forth in Rule 818.
- **Collateral**: means such property as may be delivered by a Clearing Member to the Clearinghouse as collateral for the obligations of such Clearing Member to the Clearinghouse (including but not limited to Initial Margin and Variation Margin), and all proceeds of the foregoing and all proceeds of any of the foregoing, held in or for the accounts of a Clearing Member in connection with the financial obligations of such Clearing Member, however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due.
- **Compliance Department**: has the meaning set forth in Rule 602.
- **Contract**: means any contract, agreement, or transaction approved for trading on the Exchange and pursuant to the Rules.
- **Contract Specifications**: means the descriptions of the contractual items for each Contract as set forth in the document available on the Website.
- **Customer**: means any Person for whom a Participant carries an account (other than such Participant or any of its affiliates) or from whom a Participant solicits or accepts an order.
- **Customer Account**: means an account established by a Clearing Member with the Clearinghouse in which the Clearing Member maintains trades, positions and Margin solely for Customers of the Clearing Member.
- **Daily Settlement Price**: has the meaning set forth in Rule 509.
- **Director**: means an individual serving on the Board.
- **Disciplinary Action**: has the meaning set forth in Rule 601.
- **Disciplinary Committee**: means a function of the Compliance Department to fulfill various adjudicative responsibilities and duties described in Rule 602.
- **Emergency**: means the occurrences or circumstances which, in the opinion of the Board, require immediate action to be taken in accordance with Rule 501, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following: any circumstance that may materially affect the performance of a Contract, including failure of the Clearinghouse system; any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other contract market, clearinghouse, board of trade, or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on the Exchange or the settlement legality or enforceability of any Contract; any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract; any circumstance that may have a severe, adverse effect upon the functions and facilities of the Exchange, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all

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or a portion of the Trading Platform, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet; the bankruptcy or insolvency of any Clearing Member or the imposition of any injunction or other restraint by any government agency, clearinghouse, court or arbitrator upon a Clearing Member which may affect the ability of a Clearing Member to trade in or perform on a Contract; any circumstance in which it appears to the Board that a Clearing Member or any other Person: has failed to perform on a Contract; is insolvent; or is in a financial or operational condition or is conducting business such that the Clearing Member or Person cannot be permitted to continue in business without jeopardizing the safety of Participants, other Clearing Members, the Exchange or the Clearinghouse; or any other unusual, unforeseeable or adverse circumstance as determined by the Exchange

- **Exchange**: means Bitnomial Exchange, LLC, a Delaware limited liability company designated by the CFTC as a designated contract market.
- **Exchange Official**: means any Officer or employee of the Exchange and any member of the Board, a committee established by the Board, a Hearing Panel or Board of Appeals.
- **Exchange Transaction**: means a Contract executed through the Trade Matching Engine.
- **Expiry**: means the Contract date of expiration.
- **FDICIA**: has the meaning set forth in Rule 818.
- **Final Settlement Price**: means the price for each Contract supplied by the Exchange to the Clearinghouse as the final Settlement Price for the Expiry as specified in Rule 517.
- **FCM**: means a futures commission merchant as defined in the CEA and CFTC Rules and registered with the CFTC as such.
- **Governmental Authority**: means any domestic or foreign government (or political subdivision), governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any Self-Regulatory Organization).
- **Guaranty Fund**: means fund comprising the monies, securities and instruments capitalized by Clearinghouse, which fund shall be used as provided in Rule 815 to reimburse the Clearinghouse for losses sustained by the Clearinghouse as a result of the failure of any Clearing Member to discharge its financial obligations in accordance with the Rules.
- **House Account**: has the meaning set forth in CFTC Rule 39.2.
- **Initial Margin**: means the initial amount of Collateral that must be deposited with or paid to the Clearinghouse by Clearing Members in accordance with the Rules as a performance bond in respect of the Contracts held in any house account and customer accounts of such Clearing Members.
- **Investigation Team**: means a group within the Compliance Department, whose function is to fulfill the investigative and enforcement responsibilities described in Rule 602.
- **Insolvency**: means the occurrence of any of the following events with respect to a Person: the Person is determined to be insolvent by a Government Agency or Self-Regulatory Organization; if the Person is a member of the Securities Investor Protection Corporation, a court of competent jurisdiction finds that the Person meets any one of the conditions set forth in clauses (A), (B), (C) or (D) of Section 5(b)(1) of the Securities Investor Protection Act of 1970; in the event of the entry or the making of a decree or order by a court, Government Agency or other supervisory authority of competent jurisdiction: adjudging the Person as bankrupt or insolvent, approving as properly filed a petition seeking reorganization, arrangement, liquidation, dissolution, adjustment or composition of or in respect of the Person under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, appointing a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Person or for any substantial part of its property, ordering the winding up or liquidation of the Person's affairs or (iv) consenting to the institution by the Person

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of proceedings to be adjudicated as a bankrupt or insolvent; the filing by the Person of a petition, or any case or proceeding, seeking reorganization or relief under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, or the consent by the Person to the filing of any such petition, case or proceeding or to the appointment of a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Person or for any substantial part of its property, or the making by the Person of an assignment for the benefit of its creditors, or the admission by the Person in writing of its inability to pay its debts generally as they become due, or the taking of corporate or similar action by the Person in furtherance of the foregoing.

- **Last Trading Day**: is the last day a Contract may be traded and is defined in Rule 509.
- **Liquidity Event**: has the meaning given to it in Rule 809.
- **LLC Agreement**: means the Limited Liability Company Agreement of the Exchange and Clearinghouse as amended or restated from time to time.
- **Margin**: means Initial Margin and Variation Margin or either of them.
- **NFA**: means the National Futures Association.
- **Official**: means an Exchange Official and a Clearinghouse Official.
- **Officer**: has the meaning given to it in Rule 203.
- **Order**: means any order to buy or sell a Contract on or subject to the Rules of the Exchange.
- **Participant**: means an entity that has signed the Participant Agreement for purposes of entering into Transactions for its own account or accesses the Exchange on behalf of a Customer. In addition, a Clearing Member who does not enter into Transactions for its own account shall be deemed to be a Participant hereunder solely for the purpose of accessing the Exchange in order to liquidate Transactions and any resulting positions previously submitted to the Clearinghouse for the account of such Clearing Member on behalf of a Participant that is in default for failure to perform its obligations to the Exchange or such Clearing Member (to the extent applicable).
- **Participant Agreement**: means an agreement between the Exchange and a Participant which must be signed in order for a Participant to have access to the Exchange for the execution of trades involving commodity derivative products and related financial instruments.
- **Perpetual Futures**: means a futures contract with a quarter-century expiration that is perpetually priced, margined, and settled every eight (8) hours based on the implied spot price of the settlement price futures contract, as specified in the product specifications.
- **Person**: means an individual, sole proprietorship, partnership, limited liability company, association, firm, trust, corporation or other entity, as the context may require.
- **Position Transfer**: means a transaction in a Contract(s) that is executed by the Exchange or the Clearinghouse personnel for administrative purposes outlined in Rule 507.
- **Price Bands**: mean a per-product price range for aggressive orders based on the latest top-of-book price. The initial Price Bands are based on the previous day settlement price +/- the Price Band variation which is set by the Bitnomial Market Operations & Risk Team. The Price Band variation range is continuously re-calculated from top-of-book. Calendar spread Price Band variation shall be one-half the Price Band variation listed in the Contract Rules.
- **Price Limits**: mean a per product price range based on a percentage of the previous day settlement price. If a trade occurs at the Price Limit for a side, the matching engine triggers a timer. If the timer elapses and no trades occur inside of the Price Limit, the Price Limits are re-calculated and reset. The resultant Price Limits are outside the original Price Limits to allow for additional price movement. The Exchange Market Operations & Risk Team may adjust the daily Price Limits at its sole discretion

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based on market conditions. Price Limits for futures products shall be the greater of 50% or the price listed in the relevant Product Specifications. Price Limits for options products shall be the greater of 100% or the price listed in the relevant Product Specifications. Calendar spread Price Limits shall be on-half the Price Limit listed in the Contract Rules.

- **Public Director**: means a Director having the qualifications set out in Rule 202.
- **Regulatory Services Agreement**: means the agreement(s) between the Exchange or the Clearinghouse and the Regulatory Service Provider(s) whereby certain functions mandated under the CEA, such as market monitoring and trade practice surveillance, are delegated to the Regulatory Services Provider(s).
- **Regulatory Services Provider**: means NFA and such other organizations, if any, that provide regulatory services to the Exchange or the Clearinghouse, together with any such organization's employees and agents.
- **Requirements**: means the Rules; other requirements implemented by the Exchange or the Clearinghouse pursuant to the Rules; each term of a Contract; and the documentation and other contractual obligations between a Participant (including its Authorized Users) and the Exchange or a Clearing Member and the Clearinghouse.
- **Respondent**: means a Participant under investigation for alleged Rule violation(s) or against which charges have been filed.
- **Rule**: means any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, including these Rules, in each case as adopted from time to time by the Exchange or the Clearinghouse.
- **Self-Regulatory Organization**: has the meaning given to such term in CFTC Rule 1.3(ee) and includes a derivatives clearing organization that is registered as such with the CFTC.
- **Settlement Bank**: means a bank that maintains an account either for the Clearinghouse or for any of its Clearing Members, which is used for the purpose of any settlement activity described in 17 CFR § 39.14.
- **Settlement Price**: means the price for each Contract supplied by the Exchange to the Clearinghouse at the end of each trading day (Daily Settlement Price).
- **Surveillance Team**: means the group within the Compliance Department that is responsible for real-time and post-trade surveillance of the Exchange's trading systems, as described in Rule 602.
- **Trade Matching Engine**: means the set of algorithms through which orders are matched.
- **Trading Account**: means a trading account to be separately tracked and margined by a Participant's Clearing Member.
- **Trading Account ID**: means an Exchange assigned ID that represents a Trading Account for use by the Clearinghouse and its Clearing Members.
- **Trading Platform**: means the electronic trading facility operated by the Exchange to provide Participants with the ability to execute Exchange Transactions from the interaction of multiple bids and multiple offers within a predetermined, nondiscretionary automated trade matching and execution algorithm.
- **Transaction**: means an Exchange Transaction.
- **Trade Risk Limit**: has the meaning set forth in Rule 504 of these Rules.
- **Trading Hours**: means, for any Business Day, the hours specified on the trading calendar at the Website.
- **Variation Margin**: means on the Business Day a Contract has been accepted for clearing by the Clearinghouse, the difference between the price at which such Contract was bought or sold and the

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Settlement Price for such Contract; and thereafter, the difference, as applicable, between: the Settlement Price on a given Business Day and the preceding Settlement Price for such Contract, or the price at which such Contract was closed on the books of the Clearinghouse and the preceding Settlement Price for such Contract.

- **Website**: means bitnomial.com/exchange.

Rule 102: Scope and Interpretation

As used in any Rule, terms in the singular include the plural and vice versa and references to the masculine, feminine or neuter gender includes each other gender, unless the context expresses a clear contrary intention. As used in any Rule, time references are to Central Prevailing Time.

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Chapter 2: Governance

Rule 201: Ownership

The Exchange is a Delaware limited liability company. The management and operation of the Exchange is governed by the LLC Agreement. All of the equity interests of the Exchange are owned by Bitnomial, Inc.

The Clearinghouse is a Delaware limited liability company. The management and operation of the Clearinghouse is governed by the LLC Agreement. All of the equity interests of the Clearinghouse are owned by the Exchange.

Rule 202: Board

1. The Board shall manage the day to day business operations of the Exchange and the Clearinghouse. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day to day business operations of the Exchange and Clearinghouse.
2. The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the LLC Agreement.
3. At all times, at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) shall be appointed in accordance with the LLC Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.
4. Each Director is entitled to indemnification pursuant to the LLC Agreement with respect to matters relating to the Exchange and Clearinghouse.
5. To qualify as a Public Director, an individual must be found, by action of the Board, to have no material relationship with the Exchange or the Clearinghouse. The Board must make such finding upon the nomination or appointment of the Director and as often as necessary in light of all circumstances relevant to such Director, but in no case less than annually. A "material relationship" is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of the Exchange and the Clearinghouse to constitute a "material relationship." A Director shall be considered to have a "material relationship" with the Exchange and/or the Clearinghouse if any of the following circumstances exist or have existed within the past year:
    1. such Director is or was an Officer or an employee of the Exchange or the Clearinghouse, or an officer or an employee of an Affiliate of the Exchange or the Clearinghouse;
    2. such Director is or was a Participant, Clearing Member or material owner of the Exchange or the Clearinghouse;
    3. such Director is or was a director, an officer, or an employee of a Participant, Clearing Member or owner of the Exchange or the Clearinghouse;
    4. such Director is or was an officer of another entity, which entity has a compensation committee (or similar body) on which any Officer of the Exchange or the Clearinghouse serves;
    5. such Director, or an entity with which the Director is a partner, an officer, an employee, or a director, receives or has received more than $100,000 in combined annual payments for legal, accounting, or consulting services from the Exchange or the Clearinghouse or their Affiliates, any Participant, any Clearing Member or any Affiliate of such Participant or Clearing Member. Compensation for services as a Director of the Exchange or the Clearinghouse or as a director of an Affiliate thereof does not count toward the $100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a Director, so long as such compensation is in no way contingent, conditioned, or revocable; or,

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6. in the case of a Public Director that is a member of the Regulatory Oversight Committee or the Exchange Participant Committee, such Public Director accepts or has accepted, directly or indirectly, any consulting, advisory, or other compensatory fee from the Exchange or its Affiliate or any Participant or any Affiliate of such Participant, other than deferred compensation for service rendered prior to becoming a member of the Regulatory Oversight Committee or the Exchange Participant Committee, provided that such compensation is in no way contingent, conditioned, or revocable.
7. Any of the "material relationships" set forth above apply to the "immediate family" of such Director, i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the director or that of his or her immediate family.

6. The compensation of the Public Directors and other non-executive members of the Board shall not be linked to the business performance of the Exchange or the Clearinghouse.
7. The Board shall have procedures, as may be further set forth in policies that the Exchange or the Clearinghouse may adopt, to remove a member from the Board where the conduct of such member is likely to be prejudicial to the sound and prudent management of the Exchange or the Clearinghouse.
8. The Board shall establish arrangements to permit consideration of Participants in connection with the functioning of the Exchange or the Clearinghouse and with additions or amendments to the Rules and shall make a description of such arrangements available to the public and to the CFTC.

Rule 203: Officers

1. Subject to the oversight of the Board, the Exchange and the Clearinghouse shall appoint from time to time one or more individuals to serve as the Chief Executive Officer, Chief Regulatory Officer and may further appoint such other officers of the Exchange, the Clearinghouse, or any subsidiary of the Exchange or the Clearinghouse (each, an "**Officer**") as deemed necessary or appropriate, with such titles, duties, and authority as the Exchange and the Clearinghouse shall approve, to carry out the business of the Exchange, the Clearinghouse, or any subsidiary of the Exchange or the Clearinghouse, and upon such terms and conditions as the Board shall determine.
2. Any Officer may also be a director, officer, partner or employee of the Exchange, the Clearinghouse, or of any of its Affiliates.
3. The Officers shall have such powers and duties in the management of the Exchange or the Clearinghouse as the Board may prescribe from time to time, subject to the terms of the LLC Agreement.
4. Each Officer is entitled to indemnification pursuant to the LLC Agreement with respect to matters relating to the Exchange or the Clearinghouse.

Rule 204: Qualifications of Directors; Eligibility/Fitness

1. An individual may not serve as a Board member, or serve on a committee established by the Board, the Hearing Panel, or a Board of Appeals, or hold a 10% or more ownership interest in the Exchange or the Clearinghouse, if the individual:
    1. within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;
    2. within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;
    3. is currently suspended from trading on a Contract Market, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either: (1) a finding of a disciplinary offense by a final decision in

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any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization; or (2) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

4. is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;
5. is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC;
6. has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA; or
7. is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any Self-Regulatory Organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or
8. is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.
9. For purposes of this Rule 204.1, the terms "disciplinary offense," "final decision" and "settlement agreement" have the meaning given those terms in CFTC Rule 1.63(a).

2. Prior to nomination to the Board, each individual shall certify he/she is not disqualified pursuant to Rule 204.1. Upon appointment, each member of the Board shall provide to the Exchange or the Clearinghouse, where applicable, changes in registration information within 30 days and certification of compliance accordingly. In addition, each member will certify on at least an annual basis regarding their continued compliance with Rule 204.1. The Exchange and the Clearinghouse shall verify information supporting Board compliance with eligibility criteria.
3. In addition, to serve as a member of the Board, an individual must possess the ability to contribute to the effective oversight and management of the Exchange and the Clearinghouse, taking into account the needs of the Exchange and the Clearinghouse and such factors as the individual's experience, perspective, skills and knowledge of the industry in which the Exchange and the Clearinghouse operates. This shall include sufficient expertise, where applicable, in financial services, risk management, and clearing services.

Rule 205: Standing Committees

1. The Board shall have at least the four following standing committees: the Nominating Committee, the Exchange Participant Committee, the Regulatory Oversight Committee, and the Risk Committee, each with the roles and responsibilities set out below.
2. **Nominating Committee**. The Nominating Committee of the Board shall consist of at least 51% Public Directors. The Nominating Committee reports to the Board and shall be chaired by a Public Director. The Nominating Committee shall have authority and responsibility to (1) identify individuals qualified to serve on the Board, consistent with the criteria that the Board requires and any composition requirement that the Commission promulgates; and (2) administer a process for the nomination of individuals to the Board.
3. **Exchange Participant Committee**. The Exchange Participant Committee of the Board reports to the Board and shall consist of at least 35% Public Directors. The Exchange Participant Committee is responsible for (1) determining the standards and requirements for initial and continuing Participant eligibility, (2) reviewing appeals of staff denials of Participant applications, and (3) approving Rules that would result in different categories or classes of Participants receiving disparate access to the Exchange. The Exchange Participant Committee shall not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly situated categories or classes of Participants.
4. **Regulatory Oversight Committee**. The Regulatory Oversight Committee of the Board shall report to the Board and consist of 100% Public Directors. The Regulatory Oversight Committee shall oversee the Exchange's regulatory program on behalf of the Board with the authority to (1) monitor the

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regulatory program of the Exchange for sufficiency, effectiveness, and independence and (2) oversee all facets of the regulatory program, including:

1. trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants (including compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;
2. reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
3. supervising the Chief Regulatory Officer of the Exchange, who will report directly to the Regulatory Oversight Committee;
4. recommending changes that would ensure fair, vigorous, and effective regulation; and
5. reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

5. **Risk Committee**. The Risk Committee of the Board shall determine the standards and requirements for the Financial Risk Management and Information Security frameworks. The Risk Committee shall review any exceedances of thresholds on various reporting and review the plan to mitigate the risk. If a Clearing Member is placed on higher Margin or other increased requirements, the Risk Committee will process the appeals of the Clearinghouse. The Risk Committee shall not approve any provision of the Clearinghouse Rulebook that would result in different categories or classes of Risks receiving disparate access.
6. In addition to the standing committees, the Board shall have the power and authority to create and terminate, in accordance with the LLC Agreement, special committees of the Board and designate their composition, responsibilities and powers.

Rule 206: Confidentiality

1. No member of the Board or any committee established by the Board or by or pursuant to the Rules will use or disclose any material non-public information obtained in connection with such member's participation in the Board or such committee for any purpose other than the performance of his or her official duties as a member of the Board or such committee.
2. No Exchange Official or Clearinghouse Official will:
    1. trade in any commodity interest if such officer, employee or agent obtained material non-public information concerning such financial instrument in connection with such employee's, officer's or agent's employment or
    2. disclose to any other Person material non-public information obtained in connection with such employee's, officer's or agent's employment, if such employee, officer or agent could reasonably expect that such information might assist another Person in trading any commodity interest.

Rule 207: Conflicts of Interest

1. Named Party In Interest Conflict
    1. No member of the Board, the Hearing Panel, any Board of Appeals or any other disciplinary committee of the Exchange or the Clearinghouse will knowingly participate in such body's deliberations or voting in any matter involving a named party in interest where such member (1) is the named party in interest in the matter, (2) is an employer, employee or fellow employee of a named party in interest, (3) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to Contracts, or (4) has a family relationship with a named party in interest.

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2. Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting will disclose to the Chief Regulatory Officer whether such member has one of the relationships listed in paragraph 1 above with a named party in interest.

3. The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph 3. Such determination will be based upon a review of the following information: (1) information provided by such member pursuant to paragraph 2 above; and (2) any other source of information that is held by and reasonably available to the Exchange.

2. Financial Interest in a Significant Action Conflict

    1. No member of the Board, the Hearing Panel, any Board of Appeals or any other disciplinary committee of the Exchange or the Clearinghouse will participate in such body's deliberations and voting on any significant action if such member has a direct and substantial financial interest in the result of the vote, as determined pursuant to paragraph 3 below.

    2. Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting will disclose to the Chief Regulatory Officer any information that may be relevant to a determination of whether such member has a direct and substantial financial interest in the result of the vote.

    3. The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph 3. Such determination will be based upon a review of the following information: (1) the most recent large trader reports and clearing records available to the Exchange; (2) information provided by such member pursuant to paragraph 2 above; and (3) any other information reasonably available to the Exchange or the Clearinghouse, taking into consideration the exigency of the significant action being contemplated.

    4. Any member of the Board, the Hearing Panel, any Board of Appeals or any other disciplinary committee of the Exchange or the Clearinghouse who would otherwise be required to abstain from deliberations and voting pursuant to paragraph 1 above may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided, however, that before reaching any such determination, the deliberating body will fully consider the information specified in paragraph 2 above which is the basis for such member's substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body will consider: (1) whether such member's participation in the deliberations is necessary to achieve a quorum; and (2) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

3. The minutes of any meeting to which the conflicts determination procedures set forth in this Rule apply will reflect the following information:

    1. the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise participated in such meeting;

    2. the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;

    3. the information that was reviewed for each member of the relevant deliberating body; and

    4. any determination made in accordance with Rule 207.2.4 above.

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Rule 208: Maintenance of Books and Records

1. Each of the Exchange and the Clearinghouse shall keep, or cause to be kept, complete and accurate books and records of accounts of the Exchange and the Clearinghouse, including all books and records required to be maintained pursuant to the CEA, and the CFTC Rules, including CFTC Rule 38.707(a)(6).
2. The Exchange and the Clearinghouse shall retain all such books and records for at least five (5) years, and shall make such books and records readily accessible for inspection by the CFTC and the U.S. Department of Justice during the first two (2) years of such five-year period.

Rule 209: Information-Sharing Arrangements

1. The Exchange and the Clearinghouse may each enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments related to the Contracts trade or are cleared. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Exchange and the Clearinghouse may:
    1. provide market surveillance reports to other markets;
    2. share information and documents concerning current and former Participants or Clearing Members with other markets;
    3. share information and documents concerning ongoing and completed investigations with other markets; or
    4. require its current or former Participants or Clearing Members to provide information and documents to the Exchange or the Clearinghouse at the request of other markets with which the Exchange or the Clearinghouse has an information-sharing agreement or other arrangements or procedures.
2. The Exchange or the Clearinghouse may enter into any arrangement with any Person or body (including the CFTC, the NFA, any Self-Regulatory Organization, any exchange, market, or clearing organization, or foreign regulatory authority) if the Exchange or the Clearinghouse considers such arrangement to be in furtherance of the Exchange's the Clearinghouse's purpose or duties under the Rules or any law or regulation.
3. The Exchange the Clearinghouse may provide information to a duly authorized foreign Governmental Authority, as directed by the CFTC, in accordance with an information-sharing agreement executed with the CFTC.

Rule 210: Regulatory Services Provider

1. The Exchange or the Clearinghouse may, in its sole discretion, contract with a Regulatory Services Provider to provide certain regulatory services to the Exchange or the Clearinghouse pursuant to a Regulatory Services Agreement. In accordance with the relevant Regulatory Services Agreement, a Regulatory Services Provider may perform certain surveillance, investigative, and regulatory functions under the Rules and the Exchange or the Clearinghouse may provide information to such Regulatory Services Provider in connection with the performance by such Regulatory Services Provider of those functions.
2. Any of the powers or functions of the Exchange or the Clearinghouse under the Rules may be delegated to a Regulatory Services Provider pursuant to the relevant Regulatory Services Agreement in such manner and on such terms as the Exchange or the Clearinghouse and such Regulatory Services Provider may mutually agree; provided, however, that the Exchange and the Clearinghouse shall retain ultimate decision-making authority with respect to any powers or functions that are delegated to such Regulatory Services Provider.

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Rule 211: Use of Proprietary Data and Personal Information

1. The Exchange and the Clearinghouse may not use for business or marketing purposes any proprietary data or personal information collected or received, from or on behalf of any Person, for the purpose of fulfilling its regulatory obligations; provided, however, that the Exchange and the Clearinghouse may use such data or information for such purposes with the consent of the Person from whom such data or information is collected or received.
2. Notwithstanding the provisions of Rule 211.1, each Participant, Authorized User and Clearing Member agrees that the Exchange and the Clearinghouse may share such proprietary data and personal information with one or more registered entities (as such term is defined in CFTC Rules).
3. Access to the Exchange may not be conditioned upon the use of proprietary data or personal information for business or marketing purposes.

Rule 212: Reporting Requirements

1. In the event the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee or the Exchange Participant Committee, the Exchange or the Clearinghouse shall submit a written report to the CFTC detailing:
    1. the recommendation or action of the Regulatory Oversight Committee or the Participation Committee;
    2. the rationale for such recommendation or action;
    3. the rationale of the Board for rejecting such recommendation or superseding such action; and
    4. the course of action that the Board decided to take contrary to such recommendation or action.

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Chapter 3: Participation

Rule 301: Jurisdiction

1. Any Person initiating or executing a transaction on or subject to the Rules of the Exchange or the Clearinghouse directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and the Clearinghouse and agrees to be bound by and comply with the Rules of the Exchange and the Clearinghouse in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes. Any FCM, Introducing Broker, Associated Person, or foreign Person performing a similar role that charges a commission or fee in connection with transactions on or subject to the Rules of the Exchange or the Clearinghouse also expressly consent to the Exchange's and the Clearinghouse's jurisdiction.
2. Any Participant, Authorized User, Customer or Clearing Member whose right to access the Exchange or the Clearinghouse is revoked or terminated pursuant to these Rules will remain bound by the Rules and Applicable Law, in each case to the extent applicable, and subject to the jurisdiction of the Exchange and the Clearinghouse with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant, Authorized User or Clearing Member prior to such revocation or termination.

Rule 302: Participants

1. Each Participant will have the right to access the Exchange, including the right to place Orders for each of its proprietary accounts. The access rights of a Participant hereunder may not be transferred, assigned, sold or leased.
2. A Participant will not become a partner, shareholder or limited liability company member of the Exchange or the Clearinghouse and will not obtain any equity, ownership or other interest in the Exchange or Clearinghouse, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Exchange, the Clearinghouse, or otherwise.

Rule 303: Requirements for Participants

1. A Participant must be admitted to the Exchange and deliver an executed Participant Agreement. To be eligible for admission, the Participant must demonstrate to the Exchange that it:
    1. is of good reputation and business integrity;
    2. complies with the financial responsibility, recordkeeping and reporting requirements set out in Rule 304;
    3. is validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to trade Contracts;
    4. is not Insolvent;
    5. is not prohibited from using the services of the Exchange for any reason whatsoever;
    6. holds all registrations required under Applicable Law, if any, including any FCM, Supervisory Person and/or Associated Person registration, as applicable;
    7. is not subject to statutory disqualification under Section 8a(2) of the CEA;
    8. satisfies any other criteria that the Exchange may require from a Participant.
2. As part of the application procedure, the Exchange may request such information and documentation as it may reasonably require in order to determine whether the Exchange's eligibility requirements have been satisfied. Any Participant organized or located outside of the United States shall enter

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into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Rule 15.05, and shall provide the Exchange with a copy of the agreement.

3. The Exchange may deny, condition, suspend, or terminate Participant status of any entity that:
    1. is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain compliant as a Participant;
    2. is unable to satisfactorily demonstrate its capacity to adhere to all applicable Rules;
    3. would bring the Exchange into disrepute as determined by the Exchange in its sole discretion; or
    4. shows such other cause as the Exchange may reasonably determine.
4. If the Exchange decides to deny or condition an applicant's application, the Exchange shall promptly notify the applicant in writing to the address provided by the applicant on the Exchange application form.
5. If the Participant is not itself a Clearing Member, the Participant must also be party to an agreement with a Clearing Member in accordance with Rule 802.
6. A person approved as a Participant shall be subject to all of the Rules of the Exchange.
7. Each applicant and each Participant agrees (i) promptly to provide, or procure the provision of, such information and documents as the Exchange may reasonably request, and (ii) that the Exchange, without being prevented by any duty of confidentiality by any holder of information, may obtain such information and documents from any Clearing Member or from the Clearinghouse.
8. The Exchange shall grant access to independent software vendors that meet the requirements for Participants set out in this Rule 303.

Rule 304: Compliance with Minimum Financial Requirements, Financial Reporting Requirements, and Requirements Relating to Protection of Customer Funds

1. Participants and Clearing Members shall comply with Commission Regulations relating to minimum financial requirements, financial reporting requirements, and protection of customer funds, including Commission Regulations 38.605 and 1.52 and those Commission Regulations specified herein.
2. Any Participant or Clearing Member subject to Commission Regulation 1.10 - *Financial Reports of Futures Commission Merchants and Introducing Brokers*- that violates Commission Regulation 1.10 shall be deemed to have violated this Rule 304.1. A copy of any notice or written report that a Participant or Clearing Member is required to file with the Commission pursuant to Commission Regulation 1.10 must also be filed with the Exchange within the time periods proscribed for such filing or delivery in CFTC Regulation 1.10.
3. Any Participant or Clearing Member subject to Commission Regulation 1.11 – *Risk Management Program for Futures Commission Merchants*- that violates Commission Regulation 1.11 shall be deemed to have violated this Rule 304.2.
4. Any Participant or Clearing Member subject to Commission Regulation 1.12 - *Maintenance of Minimum Financial Requirements by Futures Commission Merchants and Introducing Brokers*- that violates Commission Regulation 1.12 shall be deemed to have violated this Rule 304.3. A copy of any notice or written report that a Participant or Clearing Member is required to file with the Commission pursuant to Commission Regulation 1.12 must also be filed with the Exchange within the time periods proscribed for such filing or delivery in CFTC Regulation 1.12.
5. Any Participant or Clearing Member subject to Commission Regulation 1.17- *Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers*- that violates Commission Regulation 1.17 shall be deemed to have violated this Rule 304.4.

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6. Any Participant or Clearing Member subject to Commission Regulation 1.18- *Records for and relating to Financial Reporting and Monthly Computation by Futures Commission Merchants and Introducing Brokers*- that violates Commission Regulation 1.18 shall be deemed to have violated this Rule 304.5.
7. Any Participant or Clearing Member subject to Commission Regulation 1.20 – *Futures Customer Funds to Be Segregated and Separately Accounted For*- that violates Commission Regulation 1.20 shall be deemed to have violated this Rule 304.6.
8. Any Participant or Clearing Member subject to Commission Regulation 1.21- *Care of Money and Equities Accruing to Customers*- that violates Commission Regulation 1.21 shall be deemed to have violated this Rule 304.7.
9. Any Participant or Clearing Member subject to Commission Regulation 1.22- *Use of Futures Customer Funds Restricted*- that violates Commission Regulation 1.22 shall be deemed to have violated this Rule 304.8.
10. Any Participant or Clearing Member subject to Commission Regulation 1.23- *Interest of Futures Commission Merchants in Segregated Futures Customer Funds; Additions and Withdrawals*- that violates Commission Regulation 1.23 shall be deemed to have violated this Rule 304.9.
11. Any Participant or Clearing Member subject to Commission Regulation 1.24- *Segregated Funds; Exclusions Therefrom*- that violates Commission Regulation 1.24 shall be deemed to have violated this Rule 304.10.
12. Any Participant or Clearing Member subject to Commission Regulation 1.25- *Investment of Customer Funds*- that violates Commission Regulation 1.25 shall be deemed to have violated this Rule 304.11.
13. Any Participant or Clearing Member subject to Commission Regulation 1.26- *Deposit of Instruments Purchased with Futures Customer Funds*- that violates Commission Regulation 1.26 shall be deemed to have violated this Rule 304.12.
14. Any Participant or Clearing Member subject to Commission Regulation 1.27- *Record of Investments*- that violates Commission Regulation 1.27 shall be deemed to have violated this Rule 304.13.
15. Any Participant or Clearing Member subject to Commission Regulation 1.28- *Appraisal of Instruments Purchased with Customer Funds*- that violates Commission Regulation 1.28 shall be deemed to have violated this Rule 304.14.
16. Any Participant or Clearing Member subject to Commission Regulation 1.29- *Gains and Losses Resulting from Investment of Customer Funds*- that violates Commission Regulation 1.29 shall be deemed to have violated this Rule 304.15.
17. Any Participant or Clearing Member subject to Commission Regulation 1.30- *Loans by Futures Commission Merchants; Treatment of Proceeds*- that violates Commission Regulation 1.30 shall be deemed to have violated this Rule 304.16.
18. Any Participant or Clearing Member subject to Commission Regulation 1.31- *Regulatory Records; Retention and Production*- that violates Commission Regulation 1.31 shall be deemed to have violated this Rule 304.17.
19. Any Participant or Clearing Member subject to Commission Regulation 1.32- *Reporting of Segregated Account Computation and Details Regarding the Holding of Futures Customer Funds*- that violates Commission Regulation 1.32 shall be deemed to have violated this Rule 304.18.

Rule 305: Duties and Responsibilities of Participants

1. Each Participant shall, and shall cause its Authorized Users to:
    1. access the Exchange in a responsible manner and not for any improper purpose;
    2. access the Exchange only to conduct business that is subject to the Rules and the Requirements and in a manner consistent with the Rules and the Requirements;

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3. comply with the Rules and the Exchange Requirements and act in a manner consistent with the Rules and the Requirements;
4. comply with the rules of the Clearinghouse that accepts for clearing a Contract traded by the Participant on the Exchange, to the extent applicable to such Participant and such Contract;
5. observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or seeking to conduct any business connected with or concerning the Exchange;
6. not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Exchange or in connection with a Disciplinary Action;
7. cooperate promptly and fully with the Exchange in any investigation, inquiry, audit, examination or proceeding regarding compliance with the Rules or any Disciplinary Action or arbitration;
8. comply with any order issued by the Exchange;
9. employ practices to monitor and enforce compliance with risk limits;
10. keep all User IDs, account numbers and passwords related to the Exchange confidential;
11. keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records required to be maintained pursuant to the Applicable Law, for at least five (5) years, and make such books and records available for inspection by a representative of the Exchange, the CFTC or the U.S. Department of Justice; and
12. operate electronic trading systems and conduct activity on the Exchange in a manner that is reasonably intended to prevent, detect, and mitigate market disruptions or system anomalies associated with electronic trading.

2. In addition to the requirements of Rule 305.1, each Participant shall employ practices to monitor and enforce compliance with its internal risk limits and shall be responsible for all Orders and Transactions effected on the Exchange by or for the account of such Participant, its Authorized Users or by any Person using its or their User IDs.

Rule 306: Authorized Users

1. All Participants must have at least one Authorized User.
2. A Participant who is not a natural Person must designate one of its employees as an Authorized User.
3. By agreeing to become an Authorized User, an individual agrees to be bound by the duties and responsibilities of an Authorized User set out in Rule 307 and to be subject to, and comply with Applicable Law and the Rules.
4. To designate an Authorized User, a Participant must follow the procedures established by the Exchange. The Exchange may establish criteria that individuals must fulfill to become an Authorized User. Without limiting the generality of the foregoing, each Participant will ensure on an ongoing basis that (i) none of its Authorized Users is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and (ii) each of its Authorized Users is technically proficient and conducts its business in a fair and equitable manner.
5. The Exchange will promptly notify a Participant in writing of the approval of designated Authorized User(s) or if the Exchange declines to approve the nomination of an Authorized User.
6. The Exchange will maintain a list of all designated Authorized Users for each Participant.
7. The Exchange may, in its sole discretion and/or pursuant to CEA Section 8a(2), revoke or suspend the designation of an individual as an Authorized User and shall promptly notify the Participant and its Clearing Member of such action.

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8. To request the termination of the designation of an individual as an Authorized User, the Participant must follow the procedures established by the Exchange. The Exchange may, in its sole discretion, refuse to accept a request to terminate the registration of an Authorized User or may postpone the effective date of the termination of registration if the Exchange considers it necessary for the protection of the Participant or in the Exchange's best interest. Based on the information provided to, and other information gathered by, the Exchange regarding the request to terminate the registration of an Authorized User, the Exchange will determine whether to:
    1. accept the request to terminate such registration;
    2. postpone the effective date of termination of the registration; and/or
    3. impose any terms or conditions before or after the effective date of termination of the registration.

Rule 307: Duties and Responsibilities of Authorized Users

1. By agreeing to act as an Authorized User, such Person agrees to be bound by the duties and responsibilities of an Authorized User and to be subject to, and comply with, the Rules.
2. An Authorized User must:
    1. ensure that activity conducted under its User ID complies with Applicable Law and the Rules;
    2. have the authority, at the Exchange's request, to adjust or withdraw any Order submitted under such User ID;
    3. have and maintain during all necessary regulatory approvals and/or licenses to operate as an Authorized User;
    4. cooperate promptly and fully with the Exchange in any investigation, inquiry, audit, examination or proceeding regarding compliance with the Rules or any Disciplinary Action or arbitration proceeding;
    5. comply with any order issued by the Exchange; and
    6. agree to such other terms and conditions as may be established by the Exchange from time to time.

Rule 308: Clearing Members Accessing the Exchange

A Clearing Member may trade an account on behalf of a Participant hereunder solely for the purpose of liquidating Contracts and any resulting positions previously submitted to the Clearinghouse for the account of such Clearing Member on behalf of a Participant that has failed to perform its obligations to the Exchange or such Clearing Member (to the extent applicable).

Rule 309: Required Notices

1. Each Participant shall immediately notify the Exchange upon becoming aware of any of the following events:
    1. any material changes to the information provided to the Exchange by the Participant;
    2. any damage to, or failure or material inadequacy of, the systems, facilities or equipment of the Participant used to effect Transactions on the Exchange;
    3. any refusal of admission to, or withdrawal by the Participant of any application for membership in, any Self-Regulatory Organization;
    4. any denial or withdrawal of an application for registration or license by or from any Governmental Authority, and any revocation, suspension or conditioning of a registration or license granted by any Governmental Authority;

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5. the commencement of any judicial or administrative proceeding against the Participant by a Governmental Authority or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Governmental Authority;
6. the indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by, the Participant or any of its officers for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, security, futures contract, option or other financial instrument, or involving or arising from fraud or moral turpitude; and
7. the Insolvency of the Participant or any of its Affiliates.

2. Each Participant that is not a natural person shall notify the Exchange at least ten business days prior to any merger, sale or transfer of substantially all of its assets, acquisition, consolidation, combination, sale or other material change of ownership.
3. Nothing in this Rule 309 is intended to substitute for or limit any other reporting obligations that a Participant may have to the Exchange or any regulatory agency or Self-Regulatory Organization.

Rule 310: Account Administrators

1. Each Participant shall appoint at least one Account Administrator, who shall (1) be responsible for monitoring the Participant's participation on the Exchange, the compliance of the Participant with the Rules and communication with the Exchange, and (2) be entitled to access the Exchange for risk management, audit and other back-office purposes as specified by the Exchange from time to time.
2. A Participant shall promptly notify the Exchange of a change in the identity of any of its Account Administrators.

Rule 311: Access Requirements and Terms

1. Access to the Exchange will be Internet-based. Participant accounts will be issued User IDs, passwords, and digital certificates for secure access. The Participant is responsible for the security of these items, and any misuse is the responsibility of the Participant.
2. Certificates, User IDs, and passwords are for the Participant's use only and shall not be shared with other parties.
3. A Participant must notify the Exchange immediately upon any suspicion of theft of a password, User IDs or certificate, or any unauthorized access.

Rule 312: Dues and Fees

Exchange and Clearinghouse dues and fees are posted at the Website, which may be amended from time to time without advance notice to any person.

Rule 313: Inspections by the Exchange

1. The Exchange and the Regulatory Services Provider, if any, shall have the right, in connection with determining whether the Rules are being, will be, or have been complied with by the Participant, to:
    1. inspect systems, equipment and software operated by the Participant in connection with business that is or may be subject to the Rules, wherever located;
    2. access the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or equipment, during the regular business hours of the Exchange, without prior notice to the Participant; and/or
    3. copy and/or reproduce any data to which the Exchange has access under this rule.

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2. Each Participant shall provide the Regulatory Services Provider with the same access as it would be required to provide to the Exchange.
3. The Exchange may require a Participant to furnish such information concerning the Participant's business that is subject to the Rules of the Exchange as the Exchange deems necessary to enable the Exchange to perform its obligations under Applicable Law, including information relating to (i) Contracts executed on the Exchange and in related derivatives markets, including in the products underlying those Contracts, and (ii) information requested by a Governmental Authority relating to the Exchange's business as a designated contract market and/or the Exchange's compliance with Applicable Law that the Exchange believes is maintained by, or otherwise in the possession of, a Participant.

Rule 314: Incentive Programs

At its discretion, the Exchange may offer programs that provide incentives to Participants, Clearing Members, and Customers willing to increase market liquidity and promote robust markets. These programs may offer incentives, as determined by the Exchange.

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Chapter 4: Business Conduct And Trading Practices

Rule 401: Business Conduct

1. **Regulatory Compliance**. No Participant or any of its Authorized Users and no Clearing Member shall engage in conduct that is a violation of the CEA or CFTC Rules, the Rules of the Exchange or the rules of the Clearinghouse and will conduct its business in accordance with all applicable laws, regulations, tariffs and rules, and in good faith, with a commitment to honest dealing.

2. **Fraud**. No Participant or any of its Authorized Users and no Clearing Member shall engage or attempt to engage in any fraudulent act or engage or attempt to engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any Exchange or Clearinghouse activity.

3. **Good Faith.** No Participant or any of its Authorized Users shall knowingly enter, or cause to be entered, bids or offers into the system other than in good faith for the purpose of executing bona fide transactions.

4. **Transaction Integrity**. Participants and their Authorized Users shall honor the terms and conditions of the Participant Agreement and will transact in Contracts only for legitimate business purposes, such as managing business risk or that otherwise have economic substance.

5. **Antitrust**. No Participant or any of its Authorized Users and no Clearing Member shall collude with other market participants to affect the price or supply of any commodity or Contracts, or otherwise unlawfully restrain competition.

6. **Risk Management**. Participants and Clearing Members shall adopt, adhere to and enforce risk management and other policies and structures that are designed to ensure that trading activities are conducted in accordance with the Rules.

Rule 402: General Trading Practices

1. **Skills**. Each Participant and Authorized User is responsible for understanding all factors that influence the markets in Contracts in order to maintain a high level of competence in its trading.

2. **Rules**. The Exchange will provide updates and amendments to these Rules and notices or advisories regarding the application and interpretation of these Rules. It is the obligation of each Participant and its Authorized User to ensure these documents are read and understood. It shall be prohibited for a Participant and its Authorized Users to violate any Rule or any agreement made with the Exchange, or to engage in fraud, dishonorable or dishonest conduct, or conduct which is inconsistent with just and equitable principles of trade, even where a Rule does not specifically reference "Participant" or "Authorized User."

3. **Price Manipulation, Fictitious, Non-Competitive or Artificial Transactions**. No Participant or Authorized User shall (1) effect or induce (or attempt to effect or induce) the purchase or sale of any Contract for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such Contract, or for the purpose of unduly or improperly influencing the market price of such Contract or for the purpose of making a price which does not reflect the true state of the market in such Contract, (2) effect or induce (or attempt to effect or induce) any conduct proscribed by CEA section 9(a)(2) in any Contract. No Participant or Authorized User shall arrange and execute simultaneous offsetting buy and sell Orders in a Contract with the intent to artificially affect reported revenues, trading volumes or prices.

4. **Market Manipulation**. No Participant or Authorized User shall (1) attempt to manipulate or manipulate the market in any Contract or (2) engage in any conduct proscribed by CEA section 9(a)(2). No Participant or Authorized User shall directly or indirectly participate in or have any interest in the profit of a manipulative operation or knowingly manage or finance a manipulative operation. This includes any pool, syndicate, or joint account, whether in corporate form or otherwise, organized or used intentionally for the purposes of unfairly influencing the market price of any Contract.

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5. **Market Disruption**. Orders entered on the Exchange for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant or Authorized User who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.
6. **Disruptive Trading Practices**.
    1. No Participant or Authorized User shall knowingly enter, or cause to be entered, bids, or offers into the Trading Platform other than in good faith for the purpose of executing bona fide transactions.
    2. No Participant or Authorized User shall enter an Order or market message, or cause an Order or market message to be entered, with:
        1. The intent to cancel the Order before execution, or modify the Order to avoid execution;
        2. The intent to mislead other market participants;
        3. The intent to overload, delay, or disrupt the systems of the Exchange or other market participants;
        4. The intent to disrupt the orderly conduct of trading, or the fair execution of transactions; and/or
        5. Reckless disregard for the adverse impact of the Order or market message.
    3. No Participant or Authorized User shall knowingly enter any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or knowingly enter, or cause to be entered bids or offers other than in good faith for the purpose of executing bona fide transactions.
7. **Prohibition on the Use or Attempted use of Manipulative and Deceptive Devices**. No Participant, Authorized User or Clearing Member shall:
    1. use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;
    2. make, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading;
    3. engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any Person; or
    4. deliver or cause to be delivered, or attempt to deliver or cause to be delivered a false or misleading or inaccurate report concerning market information or conditions that affect or tend to affect the price of any commodity in interstate commerce, knowing, or acting in reckless disregard of the fact that such report is false, misleading or inaccurate. Notwithstanding the foregoing, no violation of this subsection shall exist where the Person mistakenly transmits, in good faith, false or misleading or inaccurate information to a price reporting service.
8. **Gratuities**. Except with the prior written approval of the Chief Regulatory Officer, no Participant, Authorized User or Clearing Member shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, to an Official in an amount that exceeds the maximum value permitted by the Exchange and the Clearinghouse gifts and entertainment policy.
9. **Rumors**. No Participant, Authorized User or Clearing Member shall knowingly circulate, in any manner, rumors of a character which might affect market conditions in any Contract; provided, however, that this shall not prohibit discussion of unsubstantiated information, so long as its source and unverified nature are disclosed.

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10. **False Reports**. No Participant, Authorized User or Clearing Member shall make any knowing misstatement of a material fact to the Exchange, the Clearinghouse, any Official, or any Board committee or panel.

11. **Wash Sales**. No Participant or Authorized User shall place or accept buy and sell Orders in the same Contract and expiration month, where known or reasonably should know that the purpose of the Orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders by Participants or Authorized Users that are entered with the intent to negate market risk or price competition shall be deemed to violate the prohibition on wash trades. Additionally, no Participant or Authorized User shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

12. **Financial Condition**. No trading will be conducted for the purpose of misrepresenting the financial condition of a Participant or Authorized User.

13. **Acts Detrimental to the Exchange or the Clearinghouse**. No Participant, Authorized User or Clearing Member shall engage in any act that is detrimental to the Exchange or the Clearinghouse.

14. **Misuse of the Exchange or the Clearinghouse**. No Participant, Authorized User or Clearing Member shall permit the unauthorized use of the Exchange or the Clearinghouse, to assist any Person in obtaining unauthorized access to the Exchange or the Clearinghouse, to trade on the Exchange without an agreement and an established account with a Clearing Member, to alter the equipment associated with the Exchange or the Clearinghouse (except with the Exchange or the Clearinghouse written consent), to interfere with the operation of the Exchange or the Clearinghouse, to intercept or interfere with information provided thereby, or in any way to use the Exchange or the Clearinghouse in a manner contrary to the Rules.

15. **Supervision**. A Participant shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of Authorized Users and supervised persons with the Rules and any applicable provisions of the CEA and CFTC Rules and such Participant may be held accountable for the actions of such Authorized Users or supervised persons.

16. **Disclosing Order Information**. No Participant or Authorized User shall disclose an Order to buy or sell, except to a designated Exchange Official or the CFTC or as necessary to efficiently execute the Order nor shall any Participant solicit or induce another Participant or Authorized User to disclose Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this rule.

Rule 403: Pre-Arranged, Pre-Negotiated, and Noncompetitive Trades Prohibited

1. No Person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any Transaction, except as provided in Rule 403.2.

2. Participants and Authorized Users may engage in pre-execution communications with regard to transactions executed or to be executed on the Exchange if one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the first party's Order, subject to the following restrictions:

    1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

    2. Parties to pre-execution communications shall not disclose to a non-party the details of such communications or enter an Order to take advantage of information conveyed during such communications except in accordance with this rule.

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3. The first party's Order must be entered into the Exchange first, and the second party's Order may not be entered into the Exchange until a period of fifteen (15) seconds has elapsed from the time entry of the first Order.

3. Each Participant and Clearing Member shall not engage in any conduct that has the intent or effect of creating a false or misleading appearance of market activity or market depth.

4. Each Participant and Clearing Member shall not engage in any conduct that has the intent or effect of manipulating the market or the price of any Contract.

5. Each Participant and Clearing Member shall not engage in any conduct that has the intent or effect of disrupting the market or the price of any Contract.

Rule 404: Disciplinary Procedures; Termination of Connection

1. All access denials, suspensions, expulsions, and other restrictions imposed upon a Participant or any of its Authorized Users or a Clearing Member by the Exchange or the Clearinghouse pursuant to a Disciplinary Action shall restrict with equal force and effect, access to, and use of, the Exchange or the Clearinghouse.

2. The Exchange, at its sole discretion, shall have the right to summarily terminate the connection of any Participant or the access of any Trading Account or User ID to the Exchange. Additionally, the Exchange, at its sole discretion, shall have the right to direct a Participant to immediately terminate access to the Exchange any of such Participant's Authorized Users.

Rule 405: Position Limits

1. The Exchange may adopt and require Participants to adhere to position limits for Contracts. If so adopted, the Exchange may, in its sole discretion, grant exemptions from position limits for bona fide hedging transactions and positions in accordance with CFTC Rules. A Person seeking an exemption from position limits must apply to the Compliance Department in the form and manner required by the Exchange.

2. The CFTC may also from time to time establish position limits for Contracts traded pursuant to these Rules. For any such Contract subject to a position limit set by the CFTC, the Exchange shall not set its position limit at a level higher than the CFTC's limit.

3. For purposes of aggregation, no market participant shall own or control any combination of futures and options contracts that exceeds the contract specification's net long or short in any single contract month. In determining whether any market participant has exceeded the position limits, all positions in accounts for which such market participant by power of attorney or otherwise directly or indirectly holds positions or controls trading will be included with the positions held by such market participant. Position limits will apply to positions held by two or more market participants acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single market participant.

4. The position limit levels for those Contracts with position limits are set forth in the product rules.

Rule 406: Position Accountability

A Person who holds or controls aggregate positions in a Contract in excess of the position accountability levels relating to that Contract set out in the product rules shall be subject to the following provisions:

1. Such Person shall provide, in a timely manner upon request by the Compliance Department, information regarding the nature of the position, trading strategy, and hedging information if applicable.

2. Such Person shall, if so ordered by the Compliance Department, acting in its discretion, liquidate or not increase further the positions which exceed such levels.

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3. Such positions must be initiated and liquidated in an orderly manner.
4. This Rule shall not limit the jurisdiction of the Exchange or the Clearinghouse to take action that it determines necessary or appropriate in respect of any positions on the Exchange or the Clearinghouse.

Rule 407: Reports of Large Positions

1. Upon request, Clearing Members must provide the Compliance Department with information, in a form and manner acceptable to the Compliance Department, identifying the owner, any controlling parties and any additional required information for each reportable account.
2. Each Clearing Member shall submit to the Exchange (i) a daily report of all positions that exceed the reportable position levels set forth in the product rules and (ii) a copy of the CFTC Form 102 filed by the Participant or Clearing Member with the CFTC for such Participant's or Clearing Member's Customers' reportable accounts. The Form 102 shall be submitted to the Exchange no later than the Business Day following the date on which the account becomes reportable.
3. Positions in Exchange products at or above the reportable level set forth in the product rules trigger reportable status. For a Participant in reportable status, all positions, regardless of size, in relevant Exchange products must be reported to the Exchange, in addition to any regulatory obligations a Participant may have separate and apart from these Rules.

Rule 408: Aggregation of Positions

For purposes of Rule 405, Rule 406 and Rule 407, positions in Contracts shall be aggregated in accordance with CFTC Rules.

Rule 409: Reporting Levels, Position Accountability Levels and Position Limits

The reporting levels, position accountability levels and position limits for Contracts are found in the product rules.

Rule 410: Information Disclosure and Documentation

Markets depend on trust in the accuracy of market information provided by Participants and Clearing Members and in the transparency of market behavior of all market participants.

Participants and Clearing Members will act in accordance with these practices for information disclosure and documentation with regard to its Exchange or Clearinghouse activity:

1. Provide information relating to Contracts to regulators in compliance with all applicable rules and requirements and continue to cooperate with regulators as reasonably necessary to assist in their understanding of the markets.
2. Ensure that any information disclosed to the Exchange or the Clearinghouse is accurate and consistent. No existing or prospective Participant or Clearing Member shall make any false statements or misrepresentations in any application, report or other communication to the Exchange or the Clearinghouse.

Rule 411: Compliance

Each Participant will have a compliance program commensurate with the size and scope of its trading activities on the Exchange and designed to ensure appropriate, timely and ongoing review of trading practices and compliance with the Rules.

Participants and Clearing Members will act in accordance with these practices for compliance and monitoring with regard to its Exchange and Clearinghouse activity:

1. Provide for proper training of personnel on the provisions of the Rules.

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2. Maintain internal policies and procedures to promote compliance with the Rules.
3. Promptly disclose to the Exchange the details of any violations of the Rules involving Participant's activities on the Exchange or provision of market information to the Exchange or any of its Affiliates.
4. Provide an environment that encourages employees within the Participant's or Clearing Member's organization to engage in safe and confidential discussions and to disclose to senior management any trading practices that might violate the Rules.
5. Require any consultant, contractor and/or subcontractor to disclose all financial affiliations and conflict of interests with Participants, Clearing Members, the Exchange, the Clearinghouse and its affiliates. Ensure that consultants, contractors or subcontractors do not cause any disclosure of information in violation of any Rule and that confidentiality agreements are in effect where appropriate.
6. Establish clear lines of accountability for the Participant's or Clearing Member's trading practices, including provisions relating to the responsibilities of corporate officers, with appropriate oversight by the Participant's or Clearing Member's board of directors or other senior corporate management committee.

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Chapter 5: Market Operations

Rule 501: Market Hours and Operation

1. **Market Hours**. The Exchange and the Clearinghouse will be open for trading on all business days excluding holidays specified on the Website. Market hours shall be 8:30 to 14:30 CPT, Monday through Friday.

2. **Procedures**. With respect to trading on or through the Exchange, the Exchange and the Clearinghouse may adopt, without limitation, procedures relating to Transactions in Contracts and trading on the Exchange, including procedures to:

    1. disseminate the prices of bids and offers and the prices of trades in Contracts;

    2. record and account for Contracts;

    3. perform market surveillance and regulation on matters affecting Contracts;

    4. establish limits on the number and/or size of Orders that may be submitted by a Participant or Authorized User to the Exchange;

    5. establish position limits on the number of Contracts that can be held by a Participant or customer on the Exchange;

    6. establish limits on the number of messages a Participant can send to the Exchange for a Contract in a given time frame;

    7. establish a limit on the maximum daily price fluctuations for any Contracts and provide for any related restriction or suspension of trading in such Contracts; and

    8. require a suspended or expelled Participant, or a Participant with restricted trading rights, to cause Contracts to be executed for such Participant's account to reduce or eliminate such Participant's open positions.

3. **Market Suspension and Emergencies**. The Exchange and the Clearinghouse reserve the right to adjust Trading Hours and suspend market activities for all or a subset of Contracts in the case of extenuating market circumstances which include, but are not limited to, any occurrence or circumstance which threatens or may threaten such matters as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contracts, and which is determined by the Exchange to require immediate action.

    During an Emergency, the Board may implement temporary emergency procedures and rules ("**Emergency Rules**"), subject to the applicable provisions of the CEA and CFTC Rules. Emergency Rules may require or authorize the Exchange, the Clearinghouse, the Board, any committee of the Board, the Chief Executive Officer or, in his or her absence, any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:

    1. suspending or curtailing trading or limiting trading to liquidation only (in whole or in part);

    2. extending or shortening the last trading date for Contracts;

    3. providing alternative settlement mechanisms;

    4. ordering the liquidation or transfer of Transactions, the fixing of a Settlement Price, or the reduction of positions;

    5. extending, limiting or changing the Trading Hours;

    6. temporarily modifying or suspending any provision of the Rules;

    7. requiring Participants to meet special Margin requirements;

    8. imposing or modifying trading limits, price limits and/or position limits; and/or

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9. any other action as directed by the CFTC.

Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the Chief Executive Officer, or another authorized Officer, determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer or such Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer or such Officer must convene a meeting as soon as practicable.

Whenever the Exchange, the Clearinghouse, the Board, any committee of the Board, the Chief Executive Officer or authorized Officer takes actions necessary or appropriate to respond to an Emergency a duly authorized representative of the Exchange or the Clearinghouse, where possible, will post an announcement in a notice to Participants and Clearing Members. When the Board, any committee of the Board, the Chief Executive Officer or other authorized Officer determines that the Emergency has been reduced sufficiently to allow the Exchange and the Clearinghouse to resume normal functioning, any such actions responding to an Emergency will be terminated.

The Exchange or the Clearinghouse, as applicable, will notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not practicable, the Exchange or the Clearinghouse, as applicable, will notify the CFTC at the earliest possible time after implementation, but in no event more than twenty-four hours after implementation.

Upon taking any action in response to an Emergency, the Exchange or the Clearinghouse, as applicable, will document the decision-making process related to such action. Such documentation will be kept for at least five (5) years following the date on which the Emergency ceases to exist or to affect the Exchange or the Clearinghouse, as applicable, and all such documentation will be provided to the CFTC upon request.

Rule 502: Contracts Offered

1. **Contracts/Expiries**. Contract Specifications are set forth on the Website. Contract Specifications are subject to revision or amendment from time to time. Revised Contract Specifications may be listed for trading by self-certification in accordance with CFTC Rule 40.2, sent electronically to the CFTC for receipt by the open of business on the business day preceding the contract's listing, which shall include:
    1. a description of the Contract and its rules related to its terms and conditions,
    2. the intended listing date,
    3. certification by the Exchange that the Contract to be listed complies with the CEA and the CFTC Rules thereunder,
    4. a concise explanation and analysis of the product and its compliance with applicable provisions of the CEA, including core principles, and the CFTC Rules thereunder, including supporting documentation, and
    5. certification that the Exchange posted a notice of pending product certification with the Commission on its Website with a copy of the submission, with confidential treatment requests as appropriate. The Exchange will permit trading only in Contracts that are not readily susceptible to manipulation.
2. To offer new products, the Exchange may request that the CFTC approve a new product prior to listing the product for trading. The submission to the CFTC shall be filed electronically in accordance with CFTC Rules 40.3 and include:
    1. a description of the product with the rules that set forth the Contract's terms and conditions,
    2. an explanation and analysis of the product and its compliance with applicable provisions of the CEA, including core principles, and the CFTC Rules thereunder, including documentation relied upon to establish the basis for compliance with the applicable law, or incorporate information contained in such documentation, with appropriate citations to data sources,

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3. description of any agreements or contracts entered into with other parties that enable the Exchange to carry out its responsibilities,
4. certification that the Exchange posted on its Website a notice of its request for CFTC approval of the new product with a copy of the submission,
5. a request for confidential treatment as permitted under CFTC Rule 40.8, if appropriate, and
6. the filing fee required in accordance with CFTC Rules. If requested by CFTC staff, the Exchange will provide evidence, information or data demonstrating that the Contract meets, initially or on a continuing basis, the requirements of the CEA, or other requirements for designation or registration under the CEA or the CFTC Rules thereunder. The Exchange shall submit the requested information by the open of business on the date that is two business days from the date of request by CFTC staff, or at the conclusion of such extended period agreed to by CFTC staff after timely receipt of a written request from the Exchange.

Rule 503: User IDs

1. Each Participant must request one or more Trading Account ID as needed to accommodate the nature and volume of the Participant's business.
2. Each Participant and its Authorized Users must have a unique, Exchange-assigned, registered User ID.
3. Each Order entered will track to a User ID that identifies the Authorized User that entered the Order.
4. No Person may use a User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorized use of a User ID. Each Participant and Authorized User shall ensure that no User ID is used by any Person not authorized by these Rules. Each Participant that is not an individual must have in place policies and procedures acceptable to the Exchange to ensure the proper use and protection of User IDs.
5. Each Participant shall ensure the accuracy of the registration information of its Authorized Users at all times.
6. Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs issued to it and its Authorized Users of the Exchange.
7. Each Participant shall notify the Exchange promptly upon becoming aware of:
    1. any unauthorized disclosure or use of any User ID assigned to it or any of its Authorized Users and of any other reason for deactivating a User ID; and
    2. any unauthorized access to the Exchange by any Authorized User or by any Person using a User ID assigned to such Participant or Authorized User.
8. Each Participant and its Authorized Users shall be bound by any actions taken through the use of a User ID assigned to such Participant or Authorized User (other than any such actions resulting from the fault or negligence of the Exchange), including the submission of Orders and/or execution of Transactions, whether or not such actions were taken or authorized by such Participant or Authorized User, as the case may be.
9. Each Participant must be able to identify all Orders submitted under an Authorized User's respective User ID at all times.

Rule 504: Exchange Trading

1. **Order Requirements**. To be valid, an Order must consist of the following information:
    1. *Contract*: The Order must be submitted for a Contract for which Orders may be placed.
    2. *Order ID:* Must be present for identification purposes.
    3. *Side:* Must be either buy or sell.

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4. *Quantity:* Number of Contracts to be traded. Must be a positive integer greater than zero and less than maximum Order Quantity as defined in Contract Specifications.
5. *Price:* As defined by Contract Specification.
6. *Time-In-Force:* Day or Immediate-or-Cancel ("**IOC**"). Day orders are cancelled at the end of the day's trading session. IOCs are Orders that are immediately executed against resting Orders. If the Order cannot be fully filled, the remaining Quantity is cancelled

2. **Order Types**. The following types of Orders are allowed on the Exchange.
    1. *Limit Order*. Allows the buyer to define the maximum purchase Price and the seller to define the minimum sale Price for a Contract. If any portion of the Order can be matched, it will be immediately executed. Buy Limit Orders will only be executed at or below the limit Price. Sell Limit Orders will only be executed at or above the limit Price. If a Limit Order is not immediately executed, it will remain in the book at the limit Price until the Order is either executed, cancelled, or expires at the end of the trading session.
3. **Submission**. Submission of an Order to the Trading Platform constitutes a representation by the submitting Participant that it is acting as principal in respect of such Order. Orders may be submitted to the Trading Platform via the API.

    The Exchange reserves the right to temporarily or permanently defer processing Orders that may interfere with the proper functioning of the Exchange. For previously submitted Orders, additional validation checks may be run to ensure that the Order contents are still valid and that the submitting Participant has not been suspended.

    The Exchange may not offer all Contracts and Expiries in a particular Contract.
4. **Order Modification**. Previously submitted Orders can be modified at any time prior to the Order being fully filled.
5. **Order Cancellation**.
    1. Orders can be cancelled at any time prior to being fully filled. Once an Order has been fully filled, an Order cannot be cancelled.
    2. Orders can be cancelled individually through the API.
6. **Order Submission Period**. The Exchange will accept Orders in the time period defined in the respective Contract Specification. The Exchange reserves the right to modify this schedule. All submissions, modifications or cancellations will receive acknowledgement after Exchange processing if they have been accepted.
7. **Trade Matching**. The Trade Matching Engine matches and fills Orders using a central limit order book ("CLOB") and a price-time priority algorithm. In the event of matching Orders with identical prices, Quantity is filled on a first-in-first-out (FIFO) basis.
8. **Clearing**. All matched trades generated by the Trade Matching Engine after the application of trade risk limits give rise to binding Exchange Transactions between the applicable Participants, which will be automatically submitted to the Clearinghouse for registration and novation, as described in Chapter 8 and 9 of these Rules. Further description of Clearinghouse procedures and rules can be found in the Clearinghouse rulebook. The Exchange reserves the right to cancel erroneous trades submitted to the Clearinghouse in accordance with Rule 508.
9. **Trading Information**. The Exchange shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market. Trading information will be published on the Exchange Website at the end of the day.

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Rule 505: Block Trades

1. The Exchange shall designate the Contracts in which Block Trades shall be permitted and determine the minimum block size for such transactions. Block sizes will be posted on the Website.
2. The following rules shall govern Block Trades:
    1. A Block Trade must be for a quantity that is at or more than the applicable minimum threshold. Orders may not be aggregated to achieve the minimum transaction size unless expressly permitted under Applicable Law.
    2. Each Participant entering into a Block Trade must be an Eligible Contract Participant, as defined by the CEA, and approved for Block Trading by the Exchange. Each Participant must have a separate and independent bona fide business purpose for entering a Block Trade.
    3. The price at which a Block Trade is executed must be fair and reasonable in light of:
        1. the size of the Block Trade,
        2. the prices and sizes of other transactions in the same contract at the relevant time,
        3. the prices and sizes of transactions in other relevant markets, including the underlying cash market and related futures markets, at the relevant time, and
        4. the circumstances of the markets or the Participants to the Block Trade.
    4. Block Trades shall not affect Orders on the Exchange's regular market.
    5. Parties to a Block Trade must ensure that each Block Trade is submitted without delay upon execution of the trade, in no event later than fifteen (15) minutes after execution via web platform. The submission must include the Contract(s), contract month(s), price, quantity of the Transaction, time of execution, the respective Clearing Member, as well as any other information that the Exchange may require. The Exchange shall promptly publish price and volume information separately from the reports of Exchange transactions.
    6. Participants involved in the execution of Block Trades must maintain electronic records of all such Block Trades, including an electronic timestamp reflecting the date and time each such Order was received as well as an electronic timestamp reflecting the date and time such Order occurred or was cancelled.
3. **Trade Entry**. Block Trades must be submitted via web platform, where both approved Participants must confirm the Block Trades, specifying the identical Expiry(s) to be traded, the quantity and price, and the buyer and seller.
4. **Modification and Cancelation**. Block Trades submitted during the Exchange's Trading Hours, and up to fifteen (15) minutes thereafter, are subject to immediate confirmation by the Exchange and may not be modified or cancelled. If erroneous information has been submitted as part of a Block Trade, the Exchange should be notified as soon as the error is detected. If appropriate, the Exchange will facilitate the modification of the trade on a discretionary basis; any trade modification the Exchange agrees to submit to the Clearinghouse will be done during normal Trading Hours.
5. **Risk Limit Validation and Clearing**. All Block Trades will be subject to the Exchange's risk controls. Upon verification, the Block Trade will be submitted to the Clearinghouse for novation. The Exchange will make available, via a web interface, confirmation that the Block Trade has been accepted.

Rule 506: Exchange for Related Position [Reserved]

Rule 507: Position Transfers

The Exchange may permit transfer trades to move positions between Trading Accounts for administrative purposes ("Position Transfers") where no change in ownership is involved. Participants and Clearing Members must obtain approval from the Exchange for a Position Transfer; such approval to be granted at the sole

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discretion of the Exchange. Position Transfers will not contribute to any reported volume, price, or trading range.

Rule 508: Trade Cancellations; Trade Reviews

1. **Trade Cancellation Authority**. The Exchange may adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Exchange or by system defects or malfunctions. Notwithstanding any other provision of this Rule 508.1, the Exchange may adjust trade prices or cancel any trade if the Exchange determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. Any decision of the Exchange with respect to an adjustment or cancellation subject to this Rule 508.1 shall be final.

2. **Review of Trades**. The Exchange may review a trade based on its analysis of market conditions or a request for review by a user of the Exchange. A request for review must be made within five minutes of the execution of the trade. The Exchange shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the Exchange will promptly issue an alert to all Participants on the Exchange indicating that the trade is under review. In the case of Contracts determined by the Exchange to be illiquid, the Exchange may initiate a review up to one hour after the execution of the trade, and has the authority, but not the obligation, to review trades reported more than one hour following execution if it determines that the trade price was significantly out of line with fair value. In the course of its review of any trade, the Exchange may, but is not obligated to, inform any of the parties to the trade of the identity and contact information of any other party to the trade.

Rule 509: Settlement

1. **Daily Settlement**. The Exchange will provide the Clearinghouse with Settlement Prices once per day. The Daily Settlement price shall be determined at the end of the Daily Settlement Period as defined in Rule 517.

2. **Final Settlement**. The Exchange will provide the Clearinghouse with the Final Settlement Prices at the end of the Final Settlement Period on the expiration day of the Contract. Final settlement times for futures shall be 10:00 CPT of the trading day on the last Friday of the expiry month. Trading in an option class shall terminate for final settlement at 14:30 CPT six business days prior to trading termination of the underlying futures contract. If this is not both a London and U.S. business day, trading terminates on the prior London or U.S. business day.

   The Exchange reserves the right to adjust Daily and Final Settlement Prices as it deems necessary based on current market conditions or otherwise.

Rule 510: Recordkeeping; Audit Trail

1. Each Clearing Member and Participant that accesses the Exchange electronically is responsible for maintaining or causing to be maintained a front-end audit trail for all electronic Orders, which shall include Order entry, modification, and cancellation (the "**Audit Trail**") entered into the Bitnomial System by the Participant for which the Clearing Member is identified in the order or quote submission as the Clearing Member for the execution of the order or quote, including all related modifications and cancellations.

2. Such Audit Trail shall include Orders submitted and the times of Order entry and of any Order modification or cancellation. Times that are so captured must not be capable of being modified by the Person entering the Order and must reflect all necessary data fields specified by the Exchange from time to time. For executed Orders, the Audit Trail must record the execution time of the trade along with all award information.

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3. Each Clearing Member and Participant shall maintain such Audit Trail information for a minimum of five (5) years and must have the ability to produce Audit Trail data in a standard format upon request of the Exchange. Notwithstanding anything to the contrary herein, each Participant is required to comply with the provisions of Commission Regulation §1.35 as applicable to that Participant.

Rule 511: Customer Type Indicator Codes

Each order submitted to the Exchange must include the correct Customer Type Indicator ("CTI") code. The CTI codes are as follows:

- CTI 1: Orders entered, or trades executed, by an individual for their own account, or for an account they control or have a financial interest in, that does not fall under the CTI 2 definition.
- CTI 2: Orders entered, or trades executed, for the proprietary account of a firm which is either a Participant registered with the Exchange, or a Clearing Member.
- CTI 3: Orders entered, or trades executed, for the personal account of an individual Participant.
- CTI 4: Orders entered, or trades executed, for customers which do not fall under CTI 1, CTI 2, or CTI 3 codes. These would include orders entered by, or on behalf of, clients which are not registered as Participants of the Exchange and are not Clearing Members.

Rule 512: Information Regarding Orders

1. The Exchange will make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to Participants and other Persons at such times and in such manner (whether through the Exchange, financial information services or otherwise) as it may consider necessary or advisable from time to time.
2. Each Participant or other Person receiving any such information referred to in Rule 512.1 above shall not redistribute such information other than to the extent and in the manner as may be expressly permitted by the Exchange in writing from time to time.

Rule 513: Disaster Recovery; Business Continuity

1. Each Participant and Clearing Member shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations. At a minimum, the following areas must be addressed in the Participant's or Clear Member's policies and procedures:
    1. each Participant and Clearing Member must have procedures in place to allow it to continue to operate during periods of stress or to transfer accounts to another fully operational Participant or Clearing Member with minimal disruption to the Exchange and the Clearinghouse.
    2. each Participant and Clearing Member must perform periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information and provide the Exchange or Clearinghouse with information regarding the foregoing upon request; and
    3. each Participant and Clearing Member must maintain and, at the request of the Exchange or the Clearinghouse, provide accurate and complete information for its key personnel. Each Participant and Clearing Member must inform the Exchange or Clearinghouse in a timely manner whenever a change to its key personnel is made.
2. The Exchange or the Clearinghouse may prescribe additional and/or alterative requirements for a Participant's or Clearing Member's compliance with this rule.

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Rule 514: Exchange Messaging Policy

The Exchange enforces a Messaging Policy that limits the number of messages a Participant can submit to the API as defined by the Contract Specifications.

Rule 515: Self-Match Prevention

The Exchange enforces Self-Match Prevention ("**SMP**") to protect against self-trading that violates the Exchange's Wash Trade prohibition set out in Rule 402.10. SMP prevents the matching of orders with the same Trading Account ID. The Exchange reserves the right to change behavior of SMP from time to time.

Rule 516: Contract Listing

1. The Exchange may list up to twelve consecutive contract months for all non-Perpetual Futures Contracts. Initial options contract listing shall include at least one strike at the previous settlement price of the underlying contract rounded down to the nearest minimum strike interval. Additional strikes may be listed at the discretion of the Exchange on any trading day.
2. The Exchange may list up to two quarter-century Perpetual Futures expiries per product, with the further dated contract listed no sooner than one year prior to the next-to-expire contract expiry.

Rule 517: Futures and Options Settlement Price Computation

1. **Settlement Times and Definitions**

- **Daily Settlement Period**: Five minutes prior to Trading Close
- **Final Settlement Period**: Five minutes prior to Trading Termination
- **Settlement Period**: Daily or Final Settlement Period
- **Roll Period**: Five trading days prior to contract expiration day
- **Front Month Contract After Roll Period**: Next contract to expire
- **Deferred Month Contracts**: All contracts yet to expire excluding the Front Month Contract
- **Pricing Contract**: Contract used for determining settlement prices

2. **Futures Pricing Contract Selection**. Unless during the Roll Period, the Front Month Contract is the Pricing Contract for determining settlement prices. During the Roll Period, the next-to-expire Deferred Month Contract is used as the Pricing Contract.
3. **Futures Settlement Price Computation**
    1. The settlement price of the Pricing Contract is the volume-weighted average price (VWAP) of all the trades during the Settlement Period.
    2. If no trades occur during the Settlement Period, the settlement price is the time-weighted average price (TWAP) of the bid-ask spread midpoint during the Settlement Period.
    3. If a bid-ask spread isn't available during the Settlement Period, earlier market data or a composite spot price is used from spot markets deemed acceptable by Bitnomial.
    4. All settlement prices are rounded to the nearest tick.
4. **Options Settlement Price Computation**
    1. The settlement price of the Pricing Contract is the volume-weighted average price (VWAP) of all the trades during the Settlement Period.
    2. If no trades occur during the Settlement Period, the settlement price is the time-weighted average price (TWAP) of the bid-ask spread midpoint during the Settlement Period.
    3. If a bid-ask spread isn't available during the Settlement Period, the settlement price is the output of the Black-Scholes model based on that day's settlement price and 30-day volatility of the underlying contract.

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4. All settlement prices are rounded to the nearest tick.

5. **Futures Non-Pricing Contract Settlement Prices**. The settlement prices for non-Pricing Contracts are inferred from the quoted spread market relationships to the Pricing Contract settlement price, directly or indirectly.

6. **Futures Final Settlement**. During the Final Settlement Period for physically settled Contracts, the Front Month Contract final settlement price is determined using the non-Pricing Contract settlement price procedure. See Contract specifications for cash settled products.

7. **Options Final Settlement**. During the Final Settlement Period the Front Month Option Contract will settle based on the underlying Futures Contract.

8. **Sole Discretion**. The Exchange has sole discretion to determine an alternative settlement price if the stated settlement procedure produces prices which are not representative of the fair value of the contract.

9. **Perpetual Futures Contract Daily Settlement Prices**. The Perpetual Futures contract settlement price is calculated using the settlement price futures contract implied spot price:

    1. 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 517.5.

    2. The implied rate is applied to the settlement price futures contract's pricing contract to imply a spot price in accordance with Rule 517.5.

    3. The settlement price is calculated in accordance with Rule 517.3.

Rule 518: Options Exercise

Following the termination of trading, any option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearinghouse. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

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Chapter 6: Discipline And Enforcement

Rule 601: Disciplinary and Enforcement Procedures – General

All Participants, their Authorized Users, Clearing Members and any Person for whose benefit a transaction has been initiated or executed, are subject to Exchange and Clearinghouse jurisdiction. Any Participant or any other person using any of its User IDs that are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Exchange or Clearinghouse or applicable law for which the Exchange or Clearinghouse maintains disciplinary jurisdiction is subject to this Chapter 6. No Official will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (collectively, "**Disciplinary Action**"), except to the extent provided under Exchange or Clearinghouse Rules with respect to a proceeding in which the director is a member of the relevant Board of Appeals. A Participant or Clearing Members shall be entitled to appear personally and may be represented by counsel during any Disciplinary Action pursuant to this Chapter 6.

Rule 602: Process Considerations

1. **Compliance Department**. The Compliance Department is appointed and authorized by the Chief Executive Officer of the Exchange to provide market surveillance, investigation and enforcement of trading activities on the Exchange to ensure compliance with Exchange and Clearinghouse Rules and applicable laws. The Compliance Department has three primary functions:
    1. The Surveillance Team is responsible for real-time and post-trade surveillance of the Exchange's trading systems. Members of the Surveillance Team respond to real-time alerts to ensure the integrity of the markets. The Surveillance Team identifies actions or omissions that may indicate a possible basis for finding that a violation of Exchange or Clearinghouse Rules has occurred or will occur.
    2. Investigations and enforcement are conducted by the Investigation Team. The Investigation Team is comprised of Exchange employees and/or persons hired on a contract basis, except for Exchange Participants, Clearing Members or other Persons whose interests conflict with enforcement duties. The Investigation Team may not operate under the direction or control of any person(s) with trading privileges. The Investigation Team is authorized, among other things, to:
        1. initiate and conduct investigations;
        2. prepare investigative reports and make recommendations concerning initiating disciplinary proceedings, including any charges to be issued;
        3. participate in settlement discussions with respondents and recommend settlement sanctions to the Disciplinary Committee; and
        4. prosecute alleged violations within the Exchange's or Clearinghouse's disciplinary jurisdiction.
    3. The Disciplinary Committee is appointed by the Board at the recommendation of the Chief Regulatory Officer and shall be comprised of not less than three individuals from among Participants, Clearing Members and other Persons with knowledge and experience in the financial markets, who are not involved in the conduct giving rise to the alleged Rule violations.
2. **Third-Party Enforcement**. The Exchange or Clearinghouse may delegate any of its rights and responsibilities herein to a Regulatory Services Provider.
3. **Expense Liability**. At the discretion of the Exchange, any Participant or Clearing Member found in violation of the Rules may be required to pay to the Exchange any and all expenses incurred as a result of the investigation of the violation and prosecution of the Participant or Clearing Member. This assessment is in addition to any monetary fines imposed for the Rule violation(s).

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Rule 603: Disciplinary Matters

1. **Investigations**. The Investigation Team will investigate any matter within the Exchange or Clearinghouse's jurisdiction of which it becomes aware. The Investigation Team will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange or Clearinghouse that, in the judgment of the Surveillance Team, indicates a possible basis for a finding that a violation has occurred or will occur. The Investigation Team shall determine the nature and scope of its investigations in its sole discretion and will operate independently of the commercial interests of the Exchange or Clearinghouse. Absent mitigating circumstances, the Investigation Team must complete its investigation within twelve (12) months after the date the investigation is opened. Permissible mitigating circumstances include the complexity of the investigation, the number of firms or individuals involved in as potential respondents, the number of potential violations to be investigate and the volume of documentation and data that must be analyzed.

   Upon request by a member of the Investigation Team, a Participant, Authorized User, Clearing Member, and Customer:

   1. is obligated to appear and testify and respond in writing to interrogatories within the specified time period in connection with:
      1. the Rules;
      2. any inquiry or investigation; or
      3. any preparation by and presentation during a Disciplinary Action;
   2. is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the specified time period in connection with:
      1. the Rules;
      2. any inquiry or investigation; or
      3. any preparation by and presentation during a Disciplinary Action;
   3. may not impede or delay any Disciplinary Action.

2. **Reports of Investigations**. The Investigation Team will submit a written report of each investigation to the Disciplinary Committee and maintain a log of all investigations and their disposition. The written report of the investigation (the "**Investigation Report**") will include the reasons for initiating the investigation, all relevant facts and evidence gathered, analysis and conclusions, the Participant's or Clearing Member's disciplinary history at the Exchange or Clearinghouse, and will consist of one of the following recommendations:

   1. closing the investigation without further action;
   2. settlement;
   3. summary action;
   4. the preparation and service of a notice of charges for instituting a disciplinary proceeding; or
   5. resolving the investigation through an informal disposition, including the issuance of a warning letter. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter and no more than one warning letter for the same potential violation may be issued to the same Participant or Clearing Member during a rolling 12-month period.

3. **Review of Reports of Investigations**. The Disciplinary Committee will determine whether a reasonable basis exists to believe that a violation within the Exchange or Clearinghouse's jurisdiction has occurred or is about to occur. The Disciplinary Committee will determine for each Respondent whether to authorize:

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1. the informal disposition of the investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted; or
2. the closing of the investigation without any action because no reasonable basis exists to believe that a violation within the Exchange or Clearinghouse's jurisdiction has occurred or is about to occur; or,
3. the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange or Clearinghouse's jurisdiction has occurred or is about to occur.

4. **Opportunity to Respond**. At the discretionary authority of the Disciplinary Committee, the Compliance Department may notify the Respondent(s) that formal disciplinary charges are recommended and allow the Respondent to submit, within the specified time period, an offer of settlement or a written statement explaining why disciplinary proceedings should not be instituted or why one or more of the charges should not be brought.
5. **Service of Notice of Charges**. Once the Disciplinary Committee authorizes disciplinary proceedings, the Compliance Department will prepare and serve a notice of charges that will provide as follows:
    1. state the acts, practices or conduct that the Respondent is alleged to have engaged in;
    2. state the Exchange or Clearinghouse Rule or provision of applicable law alleged to have been violated or about to be violated;
    3. state the proposed sanctions;
    4. advise the Respondent of its right to a hearing;
    5. advise the Respondent that he or she has the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process;
    6. state the period of time within which the Respondent can request a hearing on the notice of charges, which will not be less than fourteen (14) days after service of the notice of charges;
    7. advise the Respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and
    8. advise the Respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

    The service of notice upon the Respondent shall be deemed complete via email to the contact as it appears on the books and records of the Exchange or Clearinghouse or in the Participant Agreement or Clearing Member Agreement.
6. **Answer to Service of Notice of Charges**. If the Respondent decides to answer a notice of charges, the Respondent must file answers within fourteen (14) days after being served with such notice, or within such other time period as stated in such notice of charges. The Respondent must answer the notice of charges in writing as follows:
    1. specify the allegations that the Respondent denies or admits;
    2. specify the allegations that the Respondent does not have sufficient information to either deny or admit;
    3. specify any specific facts that contradict the notice of charges;
    4. specify any affirmative defenses to the notice of charges; and
    5. sign and serve the answer on the Chief Regulatory Officer.

    Failure by the Respondent to timely serve an answer to the notice of charges will be deemed to be an admission to the allegations in such notice. Any allegation in a notice of charges that the Respondent fails to expressly deny will be deemed admitted. A general denial by the Respondent, without more, will not satisfy the requirements herein.

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7. **Settlement Offers**. At any time after a notice of charges has been issued, a Respondent may at any time submit to the Compliance Department a written offer of settlement related to anticipated or instituted disciplinary proceedings. The Disciplinary Committee may, in its discretion, permit the Respondent to settle disciplinary proceedings without admitting or denying the rule violations if the Respondent consents to the entry of findings and sanctions imposed. If an offer of settlement is accepted, the Disciplinary Committee shall issue a written decision specifying the rule violations it has reason to believe were committed and any penalties imposed. All offers of settlement that have been accepted by the Disciplinary Committee may not be appealed.

   If the offer of settlement is not accepted by the Disciplinary Committee, or fails to become final, or is withdrawn by the Respondent, the matter will proceed as if the offer had not been made such that the Respondent shall not be deemed to have made any admissions by reason of the settlement offer and shall not be otherwise prejudiced by having submitted the settlement offer.

8. **Hearing Panel**.

   1. Participants and Clearing Members may request a formal hearing on charges denied in the Respondent's answer to the notice of charges per Rule 603.6. The Hearing Panel, appointed by the Board at the recommendation of the Chief Regulatory Officer, shall be comprised of not less than three individuals from among Participants and Clearing Members (consisting of one Public Director, one representative of the brokerage community and one representative of the trading community), and/or other individuals with knowledge and experience in the financial markets, who are not involved in the conduct giving rise to the alleged Rule violations. The individuals on the Hearing Panel will serve until the related proceedings are completed. The chair of the Hearing Panel will be an individual qualified to be a Public Director.

   2. The Respondent will be notified of the appointment of the Hearing Panel and must respond within 10 days by serving notice to the Chief Regulatory Officer if the Respondent seeks to disqualify any individual names to the Hearing Panel for reasonable grounds including that such individual has a financial interest in the matter. Legal counsel, other than the Chief Regulatory Officer, will decide the merits of any request for disqualification within his or her sole discretion. Such decision will be final and not subject to appeal.

   3. Prior to the commencement of the hearing, the Respondent will be given the opportunity to review all books, records, documents, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange or Clearinghouse to be used by the Compliance Department to support the allegations and proposed sanctions in the notice of charges, except for information protected by attorney-client privilege. The Compliance Department may redact, edit or code information that could adversely affect the competitive position of the person providing the information or if such information might compromise other investigations being conducted by the Compliance Department. However, the Compliance Department may not redact, edit or code information that would impair the Respondent's ability to defend against allegations or proposed sanctions in the notice of charges.

   4. The following rules shall apply in each case presented before the Hearing Panel:

      1. The Compliance Department shall prosecute the case.

      2. Formal rules of evidence do not apply.

      3. The Respondent shall be entitled to appear personally at the hearing and have the choice of being represented by legal counsel or another representative. The Respondent's representation is limited to two individuals.

      4. The Respondent has the power to cross-examine witnesses and present documentary evidence.

      5. The burden of proof is on the Compliance Department.

      6. A majority vote of the Hearing Panel is needed to find a violation of the Rules.

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5. No Person shall serve on the Hearing Panel unless that Person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may be obtained while serving as a member of the Hearing Panel, except for disclosures when reporting to the Board, the Compliance Department, upon request by the Commission or other Governmental Authority, or when compelled to testify in a judicial or administrative proceeding. Furthermore, no Person shall serve on the Hearing Panel if such Person has already been involved in the Disciplinary Action for any reason. The hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of the hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.
6. The chair of the Hearing Panel shall conduct the hearing as he or she may deem appropriate. The chair of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. Legal counsel, other than the Chief Regulatory Officer, will provide guidance to the chair of the Hearing Panel on the conduct of the hearing. At the hearing, the Hearing Panel or the Compliance Department and each Respondent may:
    1. present evidence and facts determined relevant and admissible by the chair of the Hearing Panel;
    2. call and examine witnesses; and
    3. cross-examine witnesses called by other parties.
7. If the Respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the Respondent's answer, the chair of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a Respondent fails to file an answer but appears at the hearing, the Respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the notice of charges, or otherwise) unless the Hearing Panel determines that the Respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the Respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the Respondent to promptly file a written answer.
8. Reasonable notice, confirmed in writing, specifying the date, time, and place of the hearing will be given to persons entitled or required to appear before the Hearing Panel. The Hearing Panel may impose sanctions on any person that impedes or delays the progress of the hearing. Interlocutory appeals of rulings by the Hearing Panel or the chair of the Hearing Panel are not permitted.
9. If the Respondent is found to have violated one or more Rules, the written decision shall state the disciplinary action to be taken by the Exchange as well as the effective date thereof. The Hearing Panel may in such a case:
    1. issue a warning letter;
    2. issue a cease and desist order;
    3. suspend the Participant's or Clearing Member's rights to engage in Exchange Transactions;
    4. expel the Participant or Clearing Member from the Exchange or Clearinghouse; and/or
    5. impose any other sanction deemed appropriate under the circumstances.

All decisions will be subject to CFTC Rules 38.708(a)-(f).

10. The Respondent may appeal the Hearing Panel decision within fourteen (14) days of receiving the order by filing a written notice of appeal pursuant to Rule 604. The order of the Hearing Panel's

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decision will become final upon expiration of fourteen (14) days after the order is served on the Respondent.

9. **Settlement**. At any time prior to the issuance of the written decision of the Hearing Panel, the Respondent may submit an offer of settlement to the Compliance Department for review. The Disciplinary Committee will determine whether to accept or reject the offer and forward the basis for its recommendation to the Hearing Panel for final determination. If the Hearing Panel agrees, the Chief Regulatory Officer will conditionally accept the settlement offer, which will become final upon the expiration of fourteen (14) days after the order of the Hearing Panel consistent with the terms of the settlement offer is served on the Respondent. The offer of settlement must detail the rule violations, including the basis for the Hearing Panel's conclusions and any sanction to be imposed, which must include full customer restitution where customer harm is demonstrated. If applicable, the decision must also include a statement that the Respondent has accepted the sanctions imposed without either admitting or denying the rule violations. The acceptance of a settlement offer and the related final order by the Hearing Panel constitutes a waiver of the Respondent's right to notice, opportunity for a hearing and review, and appeal under Exchange or Clearinghouse Rules. If the settlement offer is not accepted, fails to become final, or is withdrawn by the Respondent, the matter will proceed as if the offer had not been made and the offer and all documents related to it will not become part of the record.

10. **Sanctions**. After notice and opportunity for hearing in accordance with Exchange or Clearinghouse Rules, the Exchange will impose sanctions if any Participant, Authorized User, Clearing Member, or Person using any of the Participant's or Clearing Member's User IDs, or Customer is found to have violated or to have attempted to violate a Rule of the Exchange or Clearinghouse or provision of applicable law for which the Exchange or Clearinghouse possess disciplinary jurisdiction. All sanctions must take into account the Respondent's disciplinary history. In the event of demonstrated customer harm, any sanction must also include full customer restitution. The Exchange may impose one or more of the following sanctions or remedies:

    1. censure;
    2. limitation or restriction on trading privileges, access to the Exchange or Clearinghouse and other activities, functions or operations;
    3. suspension of trading privileges and access the Exchange or Clearinghouse;
    4. fine;
    5. restitution;
    6. disgorgement;
    7. termination of trading privileges and access the Exchange or Clearinghouse; or
    8. any other sanction or remedy deemed to be appropriate.

    The Exchange may impose a fine of up to $1,000,000 for each violation of Exchange or Clearinghouse Rules or a provision of applicable law. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate. Participants and Clearing Members will be responsible for paying any fine or other amount imposed on, but not paid by, any of its traders, supervisors, or Customers.

Rule 604: Summary Actions

1. **Summary Suspensions**: At any time, the Chief Regulatory Officer, in consultation with the Regulatory Oversight Committee of the Board, may summarily suspend, revoke, limit, or condition a Participant's or Clearing Member's privileges on the Exchange or Clearinghouse. The Chief Regulatory Officer must reasonably believe that the business, conduct or activities of the Participant or Clearing

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Member in question is not in the best interest of the Exchange, the Clearinghouse, or the marketplace, based on relevant circumstances including (but not limited to) any of the following reasons:

1. failure to satisfy applicable requirements under the CEA and/or the rules of the CFTC;
2. failure to pay fees or fines or arbitration awards; and/or
3. there is a reasonable basis for believing the best interest of the public, the Exchange, or the Clearinghouse is at risk and immediate action is necessary.

2. **Notice of Suspension**: Any Participant or Clearing Member that is suspended by the Chief Executive Officer as a result of a summary action is to be notified at the earliest possible opportunity as appropriate considering the best interest of the marketplace. Such notice shall state:
   1. the exact action taken,
   2. the reasons for the action, and
   3. the time and date the action has or is to become effective as well as the duration of the action.

   The Respondent may file a notice of appeal filed pursuant to Rule 604 seeking reinstatement within fourteen (14) days after the notice of action is served on the Respondent. Otherwise, the summary action becomes final fourteen (14) days after the notice of action is served on the Respondent. The Respondent shall have the right to be represented by legal counsel in all proceedings subsequent to summary action taken pursuant to Rule 604.
3. **Summary Imposition of Fines**: The Compliance Department may summarily impose a fine, no less than $1,000 and no more than $15,000 for each violation, against any Participant or Clearing Member for:
   1. failure to cooperate with the Compliance Department as required by Exchange or Clearinghouse Rules;
   2. failure to make timely and accurate submissions to the Exchange of notices, reports or other information required by Exchange or Clearinghouse Rules;
   3. failure to keep any books and records required by Exchange or Clearinghouse Rules.
4. **Notice of Fines**: The Compliance Department will give notice of any fine imposed that will specify:
   1. the violation of the Exchange or Clearinghouse Rule for which the fine is being imposed;
   2. the date of the violation for which the fine is being imposed; and
   3. the amount of the fine.

   Within 14 days of the service of the notice of the fine imposed, the Participant or Clearing Member may either pay the fine or file a notice of appeal pursuant to Rule 605.1. Unless timely notice of appeal is filed, the fine will become final upon expiration of 14 days after the notice of fine is served on the Participant or Clearing Member. The Respondent shall have the right to be represented by legal counsel in all proceedings subsequent to summary action taken pursuant to Rule 604.
5. **Summary Fine Schedule**: The following is a list of the rule violations subject to, and the applicable fines that may be imposed by the Exchange pursuant, this Rule 604:
   1. **Failure to Comply with Minimum Financial Requirements, Financial Reporting Requirements, and Requirements Relating to Protection of Customer Funds (Rule 304.1- Rule 304.18)**

      Number of Cumulative Violations in Any Twelve (12) Month Rolling Period

      - First Offense……Letter of Caution
      - Second Offense……$7,500

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- Third Offense……$15,000
- Subsequent Offenses……Referral to Disciplinary Committee

2. **Failure to Comply with Notice Provisions for Position Accountability. (Rule 406.1)**

   Number of Cumulative Violations in Any Twelve (12) Month Rolling Period

   - First Offense……Letter of Caution
   - Second Offense……$7,500
   - Third Offense……$15,000
   - Subsequent Offenses……Referral to Disciplinary Committee

3. **Failure to Comply with Reporting Requirements for Ownership and Control Reports and Reportable Positions. (Rule 407.1-Rule 407.3)**

   Number of Cumulative Violations in Any Twelve (12) Month Rolling Period

   - First Offense……Letter of Caution
   - Second Offense……$7,500
   - Third Offense……$15,000
   - Subsequent Offenses……Referral to Disciplinary Committee

4. **Failure to Enter Valid Orders. (Rule 504.1)**

   Number of Cumulative Violations in Any Twelve (12) Month Rolling Period

   - First Offense……Letter of Caution
   - Second Offense……$2,500
   - Third Offense……$10,000
   - Subsequent Offenses……Referral to Disciplinary Committee

5. **Failure to Comply with Block Trade Requirements. (Rule 505.2-Rule 505.4)**

   Number of Cumulative Violations in Any Twelve (12) Month Rolling Period

   - First Offense……Letter of Caution
   - Second Offense……$2,500
   - Subsequent Offenses……$10,000

6. **Failure to Maintain Audit Trail Information. (Rule 510.1-Rule 510.3)**

   Number of Cumulative Violations in Any Twelve (12) Month Rolling Period

   - First Offense……Letter of Caution
   - Second Offense……$2,500
   - Third Offense……$10,000
   - Subsequent Offenses……Referral to Disciplinary Committee

7. **Failure to Submit Correct Customer Type Indicator codes. (Rule 511)**

   Number of Cumulative Violations in Any Twelve (12) Month Rolling Period

   - First Offense……Letter of Caution
   - Second Offense……$2,500

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- Third Offense……$10,000
- Subsequent Offenses……Referral to Disciplinary Committee

8. **Failure to Cooperate with the Compliance Department; Failure to Provide Records Within Designated Time Frame. (Rule 603.1)**

   Number of Business Days Beyond Due Date of Request

   - Up Until 15 Business Days……$1,000
   - Subsequent Offenses……Referral to Disciplinary Committee

9. **Failure to Properly Deliver. (Rule 1105.1; Rule 1105.2)**

   Number of Cumulative Violations in Any Twelve (12) Month Rolling Period

   - First Offense……$5,000
   - Subsequent Offenses…… Referral to Disciplinary Committee

Rule 605: Appeal from Hearing Panel Decisions and Summary Actions

1. **Appeal Procedures**: A Respondent found by the Hearing Panel to have violated an Exchange or Clearinghouse Rule or applicable law or who is subject to any summary action imposed pursuant to Rule 604 may appeal the decision within fourteen (14) days of receiving the order of the Hearing Panel decision or notice of summary action by filing a notice of appeal with the Chief Regulatory Officer. Except for summary suspensions imposed pursuant to Rule 604.1 and Rule 604.2, Hearing Panel decisions and summary imposition of fines shall be suspended while the appeal is pending.

   The notice of appeal must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. The Respondent may give notice of appeal on the grounds that:

   1. the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with Exchange or Clearinghouse Rules;
   2. the order or decision exceeded the authority or jurisdiction of the Hearing Panel, the Disciplinary Committee, the Exchange, or the Clearinghouse;
   3. the order or decision failed to observe required procedures;
   4. the order or decision was unsupported by the facts or evidence; or
   5. the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

   The Chief Regulatory Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the 14th day after filing a notice of appeal, the appellant must file with the Chief Regulatory Officer and serve on the Compliance Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 14th day after the date on which the appellant serves supporting brief, the appellee must file and serve its brief in opposition with the Compliance Department.

   Within 30 days after the last submission filed, the Board will appoint a Board of Appeals at the recommendation of the Chief Regulatory Officer, which shall be composed of not less than three individuals from among Participants and Clearing Members (consisting of one Public Director, one representative of the brokerage community and one representative of the trading community), and/or other Person with knowledge and experience in the financial markets, who did not participate in any prior stage of the disciplinary proceeding. No member may serve on the Board of Appeals if such person or any person or firm with whom such person is affiliated has a financial, personal, or other direct interest in the matter. The individuals on the Board of Appeals will serve until the related proceedings are completed. The chair of the Board of Appeals will be an individual qualified to be a Public Director.

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2. **Review by the Board of Appeals**: The Board of Appeals will hold a hearing to allow parties to present oral arguments. Except for good cause shown, the review by the Board of Appeals shall only consider the record before the Disciplinary Committee, the written exceptions filed by the parties, and the oral and written arguments of the parties.

   Upon completing its review, the Board of Appeals may affirm, modify or reverse the Hearing Panel decision or summary action under appeal. Modifications by the Board of Appeals may include increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by Exchange or Clearinghouse Rules, remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings, or ordering a new hearing.

   As promptly as reasonably possible following its review, the Board of Appeals will issue a written decision based on the weight of the evidence before the Board of Appeals. The decision of the Board of Appeals will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Exchange or Clearinghouse Rule and provision of applicable law that the Respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost. The order by the Board of Appeals will be the final action of the Exchange and will not be subject to further appeal within the Exchange.

Rule 606: Rights and Responsibilities After Suspension or Termination

1. When the Participant's or Clearing Member's right to access the Exchange or Clearinghouse, or the association of an Authorized User with a Participant, is suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a Participant or Clearing Member; enter orders into the Exchange; clear trades through the Clearinghouse, and receive Participant rates for fees, costs, and charges) will apply during the period of the suspension, except for the right of the Participant, Authorized User or Clearing Member in question to assert claims against others as provided in the Rules. Any such suspension will not affect the rights of creditors under the Rules or relieve the Participant, Authorized User or Clearing Member in question of its, his, or her obligations under the Rules to perform any Transactions entered into before the suspension, or for any Exchange or Clearinghouse fees, costs, or charges incurred during the suspension. The Exchange may discipline a suspended Participant or Authorized User or Clearing Member under this Chapter 6 for any violation of Applicable Law committed by the Participant or Clearing Member before, during, or after the suspension.
2. When the Participant's or Clearing Member's right to access the Exchange or Clearinghouse, or the association of an Authorized User with a Participant, is terminated, all of its rights will terminate, except for the right of the Participant or Authorized User or Clearing Member in question to assert claims against others, as provided in the Rules. Any such termination will not affect the rights of creditors under the Rules. A terminated Participant, Authorized User or Clearing Member may only seek to reinstate its right to access the Exchange or Clearinghouse by filing an application in accordance with Chapter 3 of the Rules. The Exchange and Clearinghouse will not consider the application of a terminated Participant, Authorized User or Clearing Member if such Participant or Authorized User continues to fail to appear at Disciplinary Actions without good cause, or continues to impede the progress of Disciplinary Actions.
3. A suspended or terminated Participant, Authorized User or Clearing Member remains subject to the Rules and the jurisdiction of the Exchange and Clearinghouse for acts and omissions prior to the suspension of termination, and must cooperate in any inquiry, investigation, Disciplinary Actions, appeal of Disciplinary Actions, summary suspension, or other summary action as if the suspended or terminated Participant, Authorized User or Clearing Member still had the right to access the Exchange or Clearinghouse, or was still associated with a Participant or Clearing Member, as the case may be.

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Rule 607: Notice to the Respondent, the CFTC, and the Public

The Exchange will provide written notice of Disciplinary Actions to the parties and the CFTC consistent with CFTC Rules. Whenever the Exchange suspends, expels, fines, or otherwise disciplines, or denies any Person access to the Exchange or Clearinghouse, the Exchange will make the public disclosures required by CFTC Rules.

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Chapter 7: Arbitration

Rule 701: In General

1. Participants, Clearing Members, and Customers shall arbitrate through NFA in accordance with NFA's Code of Arbitration and NFA's member arbitration rules. 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 that are based upon facts and circumstances that occurred at a time when the parties were Participants, Clearing Members, or Customers.

2. To initiate arbitration, a Person shall notify the NFA, either in writing or orally. The NFA shall maintain a record of the receipt of such notice and shall promptly provide such Person with a copy of the member arbitration rules and an Arbitration Claim form. The intent to arbitrate must be received by NFA within two years from the date when the party filing the Arbitration Claim form knew or should have known of the act or transaction that is the subject of the controversy.

3. The party filing a claim shall pay a hearing fee based on the amount claimed in accordance with NFA's member arbitration rules. The arbitrator(s), in their discretion, may assess the entire fee against any party or divide the fee among any or all parties. Hearing fees shall be paid to NFA in advance of the hearing sessions to which they apply.

4. The arbitration will be conducted in Chicago, Illinois, by an arbitrator operating in accordance with the provisions of NFA's member arbitration rules in effect at the time of filing of the claim for arbitration. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including the issuance of an injunction.

5. Except as necessary in court proceedings to enforce this arbitration provision or an award rendered hereunder, or to obtain interim relief, neither a Party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of the Parties. For the purposes of this section, the NFA is not considered a Party.

6. Controversies or claims solely related to the Clearinghouse between Clearing Members and the Clearinghouse arising out of or relating to the Rules, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The place of arbitration shall be Chicago, Illinois. Claims against the Clearinghouse must be pursued pursuant to the rules of the Clearinghouse. In the event of a conflict between the American Arbitration Association Commercial Arbitration Rules, the terms of the Rulebook shall control.

Rule 702: Exceptions

This Chapter 7 does not apply to disputes between Participants, Clearing Members or Customers in which: 1. such Participants, Clearing Members or Customers are required by the rules of a Self-Regulatory Organization to submit to the dispute resolution procedures of that Self-Regulatory Organization; or 2. such Participants, Clearing Members or Customers have, by valid and binding agreement, committed to negotiate or litigate in a forum other than the NFA or the American Arbitration Association.

Rule 703: Penalties

1. Any failure on the part of a Participant or Clearing Member to arbitrate a dispute subject to this Chapter 7, or the commencement by any such person of a suit in any court prior to arbitrating a case subject to this Chapter 7, violates the Rules and shall subject such Participant or Clearing Member to Disciplinary Action pursuant to Chapter 6.

2. The Exchange or Clearinghouse may, as applicable, summarily suspend, pursuant to Rule 604, a Participant or Clearing Member that fails to timely satisfy an arbitration award rendered in any

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arbitration pursuant to this Chapter 7. If a case settles before an award has been issued, the Exchange will enforce the agreed upon settlement.

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Chapter 8: Clearing

Rule 801: Clearing

1. All Contracts shall be cleared through the Clearinghouse in accordance with the Rules. The clearing services provided by the Clearinghouse with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including rights and obligations in respect of clearing and settlement, Margin payments and performance at maturity), will be governed by the Rules.
2. Immediately upon execution of an Exchange Transaction as provided in Rule 504.8, such Transaction shall be discharged and novated in accordance with the Rules. Open positions in any Contract may only be offset by opposite Transactions in the same Contract that are executed on the Exchange.
3. The Clearinghouse shall have the right to reject Contracts that arise from Transactions and to suspend clearing of such Transactions without notice, in accordance with the rules of the Clearinghouse.
4. A Clearing Member may transfer a Contract to another Clearing Member only upon notice to the Exchange and in accordance with the Rules.

Rule 802: Participants

1. Each Participant must assist its Clearing Member, if any, and the Clearinghouse, in the clearing of its Transactions in Contracts. Without limiting the generality of the foregoing, each Participant must provide its Clearing Member, if any, with a telephone number so that such Participant may be reached at any time during the day in the event that there is a discrepancy in the clearing of a Transaction. If the Participant is not present at the time specified above, such Participant's Clearing Member, if any, will be authorized to resolve any discrepancy in the manner it deems appropriate, but such resolution will not be relevant to the determination of the liability of any party to the trade.

Rule 803: Clearing Members

1. The Clearinghouse shall have one category of Clearing Membership: Clearing Members that are FCMs. The Clearinghouse may approve a firm to be a Clearing Member and the Clearinghouse may revoke Clearing Member approval at any time.
2. Clearing Membership may be approved and maintained only when the terms and conditions set forth below have been met and continue to be met as determined by the Clearinghouse:
    1. The Clearing Member is a corporation, limited liability company, partnership or other entity in good standing in its jurisdiction of formation;
    2. The Clearing Member is qualified to conduct business in the State of Illinois or have an agency agreement in place with an entity qualified in the State of Illinois that provides an agent for service of process and other communications from the Clearinghouse in connection with the business of the Clearing Member;
    3. The Clearing Member is in compliance with the Clearing Member Agreement.
    4. The Clearing Member is in compliance with the Rules;
    5. The Clearing Member is in good financial standing and meets the minimum financial requirements established by the Clearinghouse;
    6. The Clearing Member has the personnel and systems to effectively conduct its business with the Clearinghouse;
    7. The Clearing Member has established satisfactory relationships with, and designated to the Clearinghouse, a bank or trust company designated by the Board of the Clearinghouse for confirmation and payment of all Initial Margin, variation margin and other settlements with the Clearinghouse (an "Approved Financial Institution");

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8. The Clearing Member has adequate operational capabilities, including the ability to process expected peak volumes and values within required time frames, fulfill Collateral payment and delivery obligations imposed by the Clearinghouse and participate in Default management activities; and
9. The Clearing Member is registered as a FCM with the CFTC, is a member of NFA, and meets all applicable requirements under the CEA and the CFTC's rules, including, but not limited to, risk management procedures, requirements relating to minimum net capital, financial reporting, and recordkeeping, as determined by the Clearinghouse.

3. The Clearing Member shall immediately notify the Clearinghouse if any of the foregoing requirements are not true and accurate.
4. The Board of the Clearinghouse may grant exemptions to the requirements for membership in Rule 803 if the Clearinghouse determines that an exemption would not jeopardize the financial integrity of the Clearinghouse.

Rule 804: Application for Clearing Membership

1. Any Person desiring to become a Clearing Member shall execute a Clearing Member Agreement and submit an application in such form as shall be prescribed by the Clearinghouse, which shall include a certification that the applicant has received, reviewed and agrees to abide by the Rules and perform the duties and responsibilities of a Clearing Member.
2. Only Persons found to meet the qualifications set forth in Rule 803 will be permitted to be Clearing Members. For the purpose of determining whether any applicant or Clearing Member is so qualified, the Clearinghouse may examine the books and records of any applicant or Clearing Member and may take such other steps as it may deem necessary to assess the qualifications of an applicant or Clearing Member. An applicant for Clearing Member status shall be conclusively deemed to have agreed to have no recourse against the Clearinghouse in the event that its application to become a Clearing Member is rejected.
3. An applicant that fails to be approved for membership shall be informed by the Clearinghouse and shall have five (5) Business Days thereafter to file an appeal to the Board of the Clearinghouse seeking further consideration. The Board of the Clearinghouse may approve the applicant by a majority vote if it determines that the decision to deny the application was in error.

Rule 805: Withdrawal of Clearing Membership

1. A Clearing Member may request to begin the withdrawal process as a Clearing Member upon written notice in a form and manner specified by the Clearinghouse. The Clearinghouse will process the formal withdrawal request within 30 days of receipt of the withdrawal form. Within or prior to the 30-day period, the Clearing Member will remain subject to all obligations of a Clearing Member under the Rules.
2. A Clearing Member that has provided the Clearinghouse with notice that it seeks to withdraw its status is subject to the following requirements, obligations and provisions:
    1. the Clearing Member must use all reasonable efforts to close-out all of house and customer open positions;
    2. after notifying the Clearinghouse, the Clearing Member shall only be entitled to submit transactions for clearing which can be demonstrated to have the overall effect of reducing open positions in any Contract or risks to the Clearinghouse, whether by hedging, novating, transferring, terminating, liquidating or otherwise closing out such positions;
    3. the Clearinghouse may call for additional initial Margin until such time as all of such Clearing Member's open positions have been terminated, and such Clearing Member shall provide such additional initial Margin to the Clearinghouse as is requested in a timely manner;

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4. the withdrawing Clearing Member may be obligated to participate in Default auctions; and
5. if there is a Default, the withdrawing Clearing Member in question shall remain liable for any unapplied assessments.

3. Any withdrawal notice issued by a Clearing Member shall be irrevocable by the Clearing Member and membership may only be reinstated pursuant to a new application for membership following the close-out of all house and customer open positions.

Rule 806: Responsibilities of Clearing Members

Each Clearing Member shall, and where applicable, shall cause all of its employees and agents to:

1. ensure that all funds deposited with the Clearinghouse on behalf of customers of a Clearing Member shall be held in an account identifiable as "customer segregated" in accordance with the CEA and CFTC Rule 1.20, as amended.
2. ensure that the investment all funds deposited with the Clearinghouse on behalf of customers of a Clearing Member comply with the investment standards of the CEA and CFTC Rule 1.25, as amended, including, but not limited to, concentration limits and permitted investments;
3. comply with and act in a manner consistent with the Rules and any rules of or agreement with a settlement facility, as applicable;
4. ensure that all clearing activity conducted by the Clearing Member is performed in a manner that is consistent with the Rules;
5. ensure that only the Clearinghouse's facilities are used to conduct clearing business pursuant to the Rules or which is required to be conducted pursuant to the Rules;
6. ensure that the Clearinghouse's facilities are used in a responsible manner and are not used for any improper or wrongful purpose;
7. meet all financial requirements required under the Rules;
8. guarantee and assume complete responsibility for all Contracts submitted by it or which it has authorized another Person to submit for clearing in its name;
9. observe high standards of integrity, market conduct, commercial honor, fair dealing and just and equitable principles of trade in the conduct of its clearing business with the Clearinghouse in the conduct of its business as a Clearing Member or any aspect of any business connected with or concerning the Clearinghouse;
10. immediately inform the Clearinghouse of any changes to the account information provided by the Clearing Member;
11. keep User IDs and passwords confidential;
12. promptly review and, as necessary, respond to all communications issued by the Clearinghouse;
13. keep, or cause to be kept, complete and accurate books and records as required to be maintained pursuant to the CEA and CFTC Rules for the time and in the manner specified by CFTC Rules; and make such books and records available for inspection by a representative of the Clearinghouse, the CFTC and other Governmental Authority of competent jurisdiction;
14. not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Clearinghouse or in connection with a disciplinary action;
15. be responsible, even after it has withdrawn as a Clearing Member, for any violations of Rules committed by it while it was a Clearing Member;
16. cooperate with the Clearinghouse and any Governmental Authority in any inquiry, investigation, audit, examination or proceeding;

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17. adopt, adhere to and enforce risk management and other policies and procedures that are designed to address the risks that the Clearing Member poses to the Clearinghouse and promptly provide, upon request by the Clearinghouse or the CFTC, information related to the risk management policies, procedures and practices of the Clearing Member;

18. coordinate with the Clearinghouse to develop and test business continuity and disaster recovery plans that enable effective resumption of daily processing, clearing and settlement following a disruption; and

19. develop and implement a written compliance program approved in writing by senior management of such Clearing Member that is reasonably designed to achieve and monitor the Clearing Member's compliance with all applicable requirements of the Bank Secrecy Act (31 U.S.C. § 5311 et seq.), the International Emergency Economic Powers Act (50 U.S.C. § 1701 et seq.) ("IEEPA"), the Trading with the Enemy Act (50 U.S.C. App. § 1 et seq.) ("TWEA"), and the Executive Orders and Rules issued pursuant thereto, including the Rules issued by the U.S. Department of the Treasury and, as applicable, the CFTC. The compliance program shall, at a minimum:

    1. establish and implement policies, procedures and controls reasonably designed to assure compliance with all applicable provisions of the Bank Secrecy Act, IEEPA, TWEA, and all applicable Executive Orders and Rules issued pursuant thereto;
    2. provide for independent testing for compliance to be conducted by Clearing Member personnel or by a qualified outside party;
    3. designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program;
    4. and provide ongoing training for appropriate personnel.

Rule 807: Clearing Member Financial Reporting Requirements

1. Each Clearing Member shall file with the Clearinghouse:

    1. A financial statement in the form prescribed by the Clearinghouse within sixty (60) days after the end of such Clearing Member's fiscal year, together with a summary description in reasonable detail of the risk management, policies, procedures and systems that were maintained by such Clearing Member during such fiscal year and a financial statement in the form prescribed by the Clearinghouse within seventeen (17) days after the end of each month; and

    2. A copy of each financial statement, financial report, or notice pursuant to CFTC Rule 1.12, which it files with any Governmental Authority or Self-Regulatory Organization of which it is a member or participant at the same time it files such statement, report, or notice with any such Governmental Authority or Self-Regulatory Organization, and if such statement, report, or notice is other than a routine periodic statement, report, or notice required under the bylaws, rules or Rules of such entity, such copy shall be accompanied by a written statement, pursuant to CFTC Rule 1.12, setting forth (to the extent known) the reasons why such Clearing Member is filing such statement, report, or notice.

2. The financial statements required by this Rule shall be submitted on Form 1-FR-FCM or FOCUS Report Part II, provided that if the Clearing Member is not required to submit Form 1-FR-FCM or a FOCUS Report it must provide financial information in the form and manner prescribed by the Clearinghouse. The financial statement for the fiscal year of a Clearing Member shall be certified by an independent public accountant, and the monthly financial statements shall be certified by the president, the chief financial officer or a general partner of the Clearing Member.

3. Each Clearing Member shall file with the Clearinghouse such financial or other information, in addition to that which is explicitly required by this Rule, as may be requested by the Clearinghouse from time to time.

4. In the event that a Clearing Member: (1) fails to meet any obligation to deposit or pay any Margin or option premium when and as required by any clearing organization of which it is a member; (2)

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fails to be in compliance with any applicable financial requirements of any Governmental Authority or Self-Regulatory Organization; or (3) becomes the subject of a bankruptcy petition, receivership proceeding or the equivalent, such Clearing Member shall immediately so advise the Clearinghouse both telephonically and in writing.

Rule 808: Notices Required of Clearing Members

1. A Clearing Member shall provide immediate notice to the Clearinghouse, orally and in writing, if the Clearing Member:
    1. gives notice to the CFTC pursuant to CFTC Rule 1.12 or to the Securities and Exchange Commission pursuant to Securities Exchange Act Rule 17a-11;
    2. changes its public accountants;
    3. fails to comply with additional accounting, reporting, financial and/or operational requirements prescribed by the Clearinghouse or Settlement Facility;
    4. an Initial Margin or Variation Margin call in any account exceeds the Clearing Member's excess adjusted net capital;
    5. is subject to any financial or business development that could materially affect the ability of the Clearing Member to comply with its obligations as a Clearing Member;
    6. any material damage to, or failure or inadequacy of, the systems, facilities or equipment of the Clearing Member to effect transactions pursuant to the Rules or to timely perform the Clearing Member's financial obligations under or in connection with Contracts;
    7. any failure by such Clearing Member, or any guarantor or commonly owned or controlled Clearing Member to perform on any of its material contracts, obligations or agreements;
    8. any determination that it, or any guarantor, will be unable to perform on any of its material contracts, guarantees, obligations or agreements;
    9. the Insolvency of such Clearing Member or of any guarantor thereof;
    10. the institution of any proceeding by or against the Clearing Member, any affiliate of the Clearing Member, or any Person with a beneficial ownership of greater than 5% in the Clearing Member, under any provision of the bankruptcy laws of the United States, or under the Securities Investor Protection Act of 1970, any other statute or equitable power of a court of like nature or purpose, in which such Clearing Member or Person is designated as bankrupt, debtor or equivalent, or if a receiver, trustee or similar official is appointed for the Clearing Member, such Person, or its or their property;
    11. the receipt by such Clearing Member, or the filing by such Clearing Member with a Self-Regulatory Organization, of a notice of material inadequacy; or
    12. the receipt by such Clearing Member from its independent auditors of an audit opinion that is qualified.
2. A Clearing Member must provide prompt written notice (but in no event, later than five (5) business days) to the Clearinghouse of:
    1. any change in its name, business address, telephone or facsimile number, electronic mail address, or any number or access code for any electronic communication device used by it to communicate with the Clearinghouse;
    2. any refusal of admission to, withdrawal of any application for membership in, any suspension, expulsion, bar, material fine, censure, denial of membership, registration or license, withdrawal of any application for registration, cease and desist order, temporary or permanent injunction, denial of trading privileges, or any other material sanction or discipline through an adverse determination,

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voluntary settlement or otherwise, by any Governmental Authority, Self-Regulatory Organization, Settlement Facility, or other business or professional association;

3. the imposition of any restriction or limitation on the business conducted by the Clearing Member on or with any Self-Regulatory Organization other than restrictions or limitations imposed generally on all members of or participants in such Self-Regulatory Organization);
4. any proposed change in the organizational or ownership structure or management of a Clearing Member, including any merger, combination or consolidation between the Clearing Member and another Person;
5. the assumption or guaranty by the Clearing Member of all or substantially all of the liabilities of another Person in connection with a direct or indirect acquisition of all or substantially all of that Person's assets; or
6. the sale of more than 20% of the Clearing Member's business or assets to another Person.

Rule 809: Clearinghouse Authority

1. The Clearinghouse shall have authority, in its sole discretion, to take such action against any Clearing Member, including but not limited to terminating the Clearing Member Agreement and requiring the withdrawal of a Clearing Member, imposing enhanced capital requirements, imposing enhanced Margin requirements, prohibiting an increase or requiring a reduction in positions, and liquidating or transferring positions when, in the sole discretion of the Clearinghouse, such action is appropriate or necessary to manage one or more risks posed to the Clearinghouse by a Clearing Member.
2. If at any time the Clearinghouse, in its sole discretion, determines that there is a question as to a Clearing Member's good standing or financial condition, the Clearinghouse may suspend or take any other action to protect the best interests of the marketplace, other Clearing Members, the Exchange, and/or the Clearinghouse.
3. In the event the Clearinghouse is unable to obtain sufficient funds and liquidity to promptly meet same day settlement and payment through such means, the Clearinghouse may declare the occurrence of a liquidity event (each, a "Liquidity Event").

Rule 810: Liquidity Events

In the event the Clearinghouse requires liquidity to enable it to promptly meet all of its payment obligations to Clearing Members, the Clearinghouse will first attempt to obtain liquidity through the sale of any pledged securities, followed by the application of any uncommitted funding arrangements, and then through the use of its committed lines of credit, if any. In the event the Clearinghouse is unable to obtain sufficient funds and liquidity to promptly effect settlement and payment through such means, the Clearinghouse may declare the occurrence of a Liquidity Event. In such an event, the Clearinghouse shall have the authority in its sole discretion to take the following actions, in the order listed, to secure same day liquidity:

1. The Clearinghouse may substitute the cash deposited by one or more Clearing Members as Initial Margin with United States Treasury bills, Treasury notes and Treasury bonds ("Treasury Securities") held as Collateral by the Clearinghouse. The amount of cash substituted shall be equivalent to the market value of such Treasury Securities (determined by the Clearinghouse as of the latest mark, using a recognized third-party source, after the application of haircuts). Any Treasury Securities transferred pursuant to this paragraph (b) shall be applied as an Initial Margin deposit on behalf of any such Clearing Member whose cash was substituted and will be allocated pro rata among Clearing Members with cash deposits. For any substitution of Treasury Securities for cash as Initial Margin, the Clearinghouse will replace the cash within twenty-nine (29) Business Days of the date of the substitution.
2. The Clearinghouse may satisfy Variation Margin obligations to any Clearing Member that is a primary dealer (or that has an Affiliate that is a primary dealer) with Treasury Securities held as Collateral

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by the Clearinghouse at market value (determined by the Clearinghouse as of the latest mark, using a recognized third-party source, after the application of haircuts). To the extent that the Clearinghouse pays its Variation Margin obligations in Treasury Securities, if the receiving Clearing Member notifies the Clearinghouse the same day of the settlement that it will return the securities to the Clearinghouse on the next Business Day, then the Clearinghouse will pay on the next Business Day cash equal to the original value of the Clearinghouse's Variation Margin obligation.

3. In lieu of satisfying a payment owed from any auction, sale, or transfer of an Insolvent, Defaulted, or suspended Clearing Member's house account or customer account in cash to an auction winner, purchaser, or transferee, the Clearinghouse may satisfy such payment owed by transferring Treasury Securities at market value (determined by the Clearinghouse as of the latest mark, using a recognized third-party source, after the application of haircuts), equal to the amount of such obligation.

Rule 811: Acceptance for Clearing and Novation

1. The Clearinghouse will coordinate with the Exchange and Clearing Members to accept or reject Contracts for clearing as quickly after execution as technologically practicable. The Clearinghouse will accept Contracts for clearing when such Contracts have been received by the Clearing System if the parties to such Contracts have clearing arrangements in place and have satisfied any applicable risk limits imposed by the Clearing Member, the Exchange or the Clearinghouse. Subject to the foregoing, the Clearinghouse shall accept for clearing any Contract that has been executed pursuant to the Rules and submitted by the Exchange to the Clearinghouse for clearance, and shall not accept for clearing any Exchange Contract submitted to it by any Person other than the Exchange. All Contracts accepted for clearing by the Clearinghouse shall be subject to these Rules.

2. The Clearinghouse, by accepting a Contract offered to it for clearing, shall assume, in the place of each Clearing Member that is a party to such Exchange Contract, all liabilities and obligations imposed by such Exchange Contract to the Clearing Member that is the other party thereto and shall succeed to and become vested with all rights and benefits accruing therefrom. Such assumption by the Clearinghouse shall terminate all liabilities and obligations of the Clearing Member whose Contract is so accepted to the other Clearing Member which was a party to such Contract.

3. The Clearinghouse shall be entitled to rely conclusively on the accuracy and authenticity of any information regarding any Contract submitted to the Clearinghouse by the Exchange on behalf of a Clearing Member, whether or not the Clearing Member in fact authorized the submission of such Contract for clearing.

4. Where, as the result of novation under this Rule, a Clearing Member has bought and sold Contracts for the same account with the same expiry or a put or call option with the same strike price and expiry, such purchase and sale will be offset by the Clearinghouse. Such a Clearing Member shall be required to pay the loss or entitled to collect the profit, as the case may be, upon such offsetting transactions, and shall have no further rights or be under any further obligation with respect thereto. For purposes of this Rule, the first Contract made shall be deemed the first Contract offset.

Rule 812: Liens Held by the Clearinghouse

The Clearinghouse shall have a first lien and perfected security interest in, and right of setoff against, all Initial Margin, Variation Margin, Collateral and other property (including Contracts), and all proceeds of any of the foregoing, held in or for the accounts of a Clearing Member in connection with the financial obligations of such Clearing Member, however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due.

Rule 813: Settlement and Delivery

1. All Settlement Prices will be determined solely by the Exchange.

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2. In the absence of a clerical error, payments of funds or transfer of funds to and from the Clearinghouse, including, but not limited to, intraday and end of day Margin payments, delivery payments, and security deposits, are final and unconditional when effected and cannot be reversed.
3. Delivery failures are subject to the Exchange specific delivery rules for the respective Contract and are assigned by the Clearinghouse in a manner to minimize the number of Participants impacted and assigns failures by newest to oldest positions.
4. Clearing Members must use Approved Financial Institutions and Settlement Facilities approved for use by the Clearinghouse.
5. Clearing Members must pay Margin calls by the deadline set by the Clearinghouse. An extension of time for such payments may be granted in writing by the President of the Clearinghouse.
6. In the event a Clearing Member fails to perform its delivery obligations to the Clearinghouse, for the avoidance of doubt, Clearing Members will not, under any circumstances, be required to own, hold, or control the underlying asset under these Rules unless the Clearing Member holds positions requiring delivery in its own proprietary account, but Clearing Members are responsible for ensuring their customers, as Participants, are able to satisfy or satisfy their obligations regarding delivery and acceptance thereof under the applicable Rules.
7. In a Clearing Member default that involves a delivery failure, the Clearinghouse will ensure the financial performance to the Clearing Member whose actions or omissions did not cause or contribute to the delivery failure (the "Affected Clearing Member"). The Clearinghouse powers will include, but are not limited to, the right to sell or liquidate the underlying asset subject to delivery and to distribute the proceeds as appropriate and access the funds and collateral available in a default in accordance with Rule 817. For purposes of this Rule, "financial performance" means payment of commercially reasonable costs of the Affected Clearing Member related to replacing the failed delivery but does not include physical performance or legal fees. For the avoidance of doubt, payment of reasonable costs will be based on the price of the underlying asset when delivery should have been made, and the Clearinghouse is not obligated to make or accept delivery of the actual Digital Asset. Neither the Exchange nor the Clearinghouse will have any responsibility or liability to any Person for the use of, or any failure, error, action or omission of, the Settlement Facility.
8. An Affected Clearing Member seeking financial performance must provide prompt notice to the Clearinghouse of the delivery failure and a good faith estimate of any financial performance being sought within one (1) hour of the delivery deadline for the product. This deadline may be extended by the Exchange for extenuating circumstances in its sole discretion. An Affected Clearing Member seeking financial performance must provide the Clearinghouse with a detailed statement with supporting documentation of the amount sought, as well as any other documentation requested by the Clearinghouse.
9. Settlement Timelines:

   Final Physical Settlement Timeline

Day	Time	Event
T-3	9:00 a.m.	Settlement Facility opens to delivering market participants.
T	10:00 a.m.	Trading terminates and final settlement prices are reported by the Exchange to the Clearinghouse. Clearing Members are responsible for ensuring all market participants making delivery deliver underlying assets through the Settlement Facility. All remaining open positions serve as a binding Delivery Notice to the Clearinghouse.

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Day	Time	Event
	12:00 p.m.	Clearinghouse finalizes delivery assignments, releases delivery payments by instruction to the Settlement Bank, and releases underlying assets by instruction to the Settlement Facility. Delivery is complete and margins are released.
	1:00 p.m.	The Settlement Facility and Settlement Bank process pays and collects.

Daily Settlement Timeline

Day	Time	Event
T	3:15 p.m.	The Exchange reports daily settlement prices and the Clearinghouse snapshots positions to calculate margin requirements.
	6:00 p.m.	The Clearinghouse submits initial and variation margin amounts to Clearing Members and the Settlement Bank system.
T+1	9:30 a.m.	The Settlement Bank processes pays and collects.

Intraday Settlement Timeline

Intraday Settlements are performed on an as-needed basis and may not occur every trading day.

Day	Time	Event
T	11:30 a.m.	The Exchange reports daily settlement prices and the Clearinghouse snapshots positions to calculate margin requirements.
	12:00 p.m.	The Clearinghouse submits initial and variation margin amounts to Clearing Members and the Settlement Bank system.
	1:00 p.m.	The Settlement Bank processes pays and collects.

Rule 814: Defaults

If any of the following events occurs with respect to a Clearing Member (each, a "Default"), the Clearing Member shall be in Default if the Clearing Member:

1. fails to fulfill any financial or other obligation to the Clearinghouse or the Exchange;
2. fails to pay when due any amount owing to the Clearinghouse or the Exchange;
3. fails to maintain its registration as a FCM;
4. fails to be a member of NFA;
5. is suspended from membership of, or participation in, any exchange, clearinghouse or Self-Regulatory Organization, or is suspended from dealings in Contracts by any Government Authority or Self-Regulatory Organization, or by act of any judicial authority;
6. makes a materially false misrepresentation, statement, or omission to the Clearinghouse or the Exchange;
7. files for bankruptcy or is deemed to be bankrupt under U.S. federal or state bankruptcy laws, or any comparable non-U.S. laws;

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8. is Insolvent; or
9. becomes the subject of receivership proceedings, then such Clearing Member, in addition to any other remedy available to the Clearinghouse at law or equity, shall:
    1. be liable to the Clearinghouse as set forth in Rule 819; and
    2. be automatically and without further action suspended by the Clearinghouse as a Clearing Member, except that such suspension may be temporarily postponed by the President if the President determines that such suspension would not be in the best interests of the Clearinghouse.

Rule 815: Application of Funds

In the event of a Clearing Member Default, all such Clearing Member's segregated customer accounts shall be auctioned according to Clearinghouse procedures. The financial amounts, if any, resulting from such auction shall be applied as follows to reduce or any eliminate any financial shortfall:

1. Defaulting Clearing Member. First, the financial amounts generated from the auction shall be applied to cover the shortfall. The Clearinghouse may make immediate demand upon any guarantor of the defaulting Clearing Member.
2. Clearinghouse. Second, the Clearinghouse Guaranty Fund contribution shall be applied to cover any remaining shortfall.
3. Non-Defaulting Clearing Members. Third, each non-Defaulting Clearing Member's guaranty fund contribution, if any, shall be assessed up to a maximum of $1,000,000 of the remaining shortfall and Guaranty Fund replenishment based on each Clearing Member's pro rata share of Margin requirements in relation to the Clearinghouse's aggregate Margin requirements. A Clearing Member that does not satisfy any such assessment shall be in Default.
4. Contract Extinguishment. Fourth, the Clearinghouse may partially or fully extinguish of Contracts.

Rule 816: Liquidation on Termination or Suspension of Clearing Member

If a Clearing Member is in Default, has been suspended by the Clearinghouse, or ceases to be a Clearing Member, then such Person shall be prohibited from establishing new positions and all open Contracts carried by the Clearinghouse for such Person shall be closed-out as expeditiously as practicable such that:

1. Open Contracts are transferred by the Clearing Member and accepted by one or more other Clearing Members, with the prior consent of the Clearinghouse, or transferred by the Clearinghouse to one or more other Clearing Members pursuant to an auction of the Contracts or other procedure instituted by the Clearinghouse;
2. Contracts subject to outstanding delivery obligations are Physically Settled or transferred by the Clearinghouse to one or more other Clearing Members pursuant to an auction of the Contracts or other procedure instituted by the Clearinghouse;
3. The President, or in the absence of the President, any Director, may determine that, in his or her opinion, liquidation be deferred for the protection of the financial integrity of the Clearinghouse; or
4. Open Contracts are liquidated in the manner set forth in Rule 817 to the extent that paragraphs 1, 2, or 3 do not apply.

Rule 817: Close-Outs

The open Contracts of a Clearing Member that are required to be liquidated shall be liquidated in such manner as the Clearinghouse, in its sole discretion, may direct. Without limiting the generality of the foregoing:

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1. Any such liquidation may be effected by executing block trades with one or more Clearing Members or Participants or by directly entering orders into the Exchange's trading platform for the purchase or sale of Contracts. The President may designate and authorize an individual, and may engage a third party, to be responsible for implementing such liquidation.
2. Notwithstanding any other provision herein, any such liquidation may be effected without placing orders for execution, by making appropriate book entries on the records of the Clearinghouse (including, without limitation, by pairing and canceling offsetting long and short positions in the Contracts carried by the Clearing Member) at a price equal to the Settlement Price on the day such liquidation is ordered or at such other price as the Board of the Clearinghouse may establish; provided, however, if an order for relief has been entered with respect to such Person and its property is thereby subject to the control of a bankruptcy court, the Clearinghouse will not effect any such liquidation by book entry except as may be permitted by CFTC Rules.
3. All liquidations made pursuant to this Rule shall be for the account and risk of the Person which ceases to be a Clearing Member or which is suspended as a Clearing Member. The Clearing Member shall be liable to the Clearinghouse for any commissions or other expenses incurred in liquidating such Contracts.

Rule 818: Close-Out Netting

If at any time the Clearinghouse (i) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition presented against it, such proceeding or petition results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for the Exchange's or Clearinghouse's winding-up or liquidation, or (ii) approves resolutions authorizing any proceeding or petition described in clause (i) above (collectively, a "Bankruptcy Event"), all open positions in the Clearinghouse shall be closed promptly.

If at any time the Clearinghouse fails to comply with an undisputed obligation to pay money or deliver property to a Clearing Member that is due and owing in connection with a transaction cleared by the or Clearinghouse, for a period of five (5) Business Days from the date that the or Clearinghouse receives notice from the Clearing Member of the past due obligation, the Clearing Member's open proprietary and customer positions at the Clearinghouse shall, at the election of that Clearing Member, be closed promptly.

If at any time the Board of the Clearinghouse determines, by virtue of the number of withdrawing Clearing Members or otherwise, that a winding up (offset) of all outstanding positions at the Clearinghouse is prudent, then all open positions at the Clearinghouse shall be closed promptly.

At such time as a Clearing Member's positions are closed:

1. The obligations of the Clearinghouse to a Clearing Member in respect of such Clearing Member's House Account, all Collateral and positions therein and deposits to the Guaranty Fund shall be netted, in accordance with the Bankruptcy Code, the CEA and CFTC Rules against the obligations of that Clearing Member in respect of its House Account, all Collateral and positions therein, its obligations as guarantor of the performance of its Customers and its then-matured obligations, if any, to the Guaranty Fund, to the Clearinghouse. For the avoidance of doubt, all of the property in a Clearing Member's House Account on deposit with the Clearinghouse shall be deemed to be subject to a single master netting agreement with the result that any excess which is on deposit with the Clearinghouse shall be applied to reduce any deficiency or obligation of the Clearing Member; and
2. All obligations of the Clearinghouse to a Clearing Member in respect of such Clearing Member's Customer Account and all positions and Collateral therein shall be separately netted against the positions, accounts and Collateral of such Clearing Member's customers in accordance with the requirements of the Bankruptcy Code, the CEA and CFTC Rules.

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All positions that are open immediately before being closed in accordance with this Rule shall be valued in accordance with the following procedures:

1. As promptly as reasonably practicable, but in any event within 30 days of:
    1. the Bankruptcy Event,
    2. if a Clearing Member elects to have its open positions closed as described above, the date of the election, or
    3. the determination by the Board of Clearinghouse to wind-up all outstanding positions as described above, the Clearinghouse shall fix a U.S. dollar amount (the "Close-out Value") to be paid to or received from the Clearinghouse by each Clearing Member, after taking into account all applicable netting and offsetting pursuant to the provisions of this Rule.
2. The Clearinghouse shall value open positions subject to close-out by using the market prices at the moment that the positions were closed-out, assuming the markets were operating normally at such moment. If the markets were not operating normally at such moment, the Clearinghouse shall exercise its discretion, acting in good faith and in a commercially reasonable manner, in adopting methods of valuation to produce reasonably accurate substitutes for the values that would have been obtained from the market if it had been operating normally at the moment that the positions were closed-out.
3. In determining a Close-out Value, Clearinghouse may consider any information that it deems relevant, including but not limited to:
    1. prices for underlying interests in recent transactions, as reported by the market or markets for such interests,
    2. quotations from leading dealers in the underlying interest, setting forth the price (which may be a dealing price or an indicative price) that the quoting dealer would charge or pay for a specified quantity of the underlying interest,
    3. relevant historical and current market data for the relevant market, provided by reputable outside sources or generated internally, and
    4. values derived from theoretical pricing models using available prices for the underlying interest or a related interest and other relevant data.
4. Amounts stated in a currency other than U.S. dollars shall be converted to U.S. dollars at the current rate of exchange, as determined by the Clearinghouse.
5. If a Clearing Member has a negative Close-out Value, it shall promptly pay that amount to the Clearinghouse.

The Clearinghouse intends that certain provisions of this Rule be interpreted in relation to certain terms (identified by quotation marks) that are defined in the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), as amended, as follows:

1. The Clearinghouse is a "clearing organization."
2. An obligation of a Clearing Member to make a payment to the Clearinghouse, or of the Clearinghouse to make a payment to a Clearing Member, subject to a netting agreement, is a "covered clearing obligation" and a "covered contractual payment obligation."
3. An entitlement of a Clearing Member to receive a payment from the Clearinghouse, or of the Clearinghouse to receive a payment from a Clearing Member, subject to a netting contract, is a "covered contractual payment entitlement."
4. The Clearinghouse is a "member," and each Clearing Member is a "member."
5. The amount by which the covered contractual payment entitlements of a Clearing Member or the Clearinghouse exceed the covered contractual payment obligations of such Clearing Member or the Clearinghouse after netting under a netting contract is its "net entitlement."
6. The amount by which the covered contractual payment obligations of a Clearing Member or the Clearinghouse exceed the covered contractual payment entitlements of such Clearing Member or the

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Clearinghouse after netting under a netting contract is its "net obligation."

7. The Rules of the Clearinghouse, including this Rule, are a "netting contract."

Rule 819: Guaranty Fund

1. The Clearinghouse shall establish and maintain a Guaranty Fund.
2. The Clearinghouse is solely responsible for the capitalization of the Guaranty Fund.
3. Clearing Members are not required to make a contribution to the Guaranty Fund.

Rule 820: Margins and Liquidations

1. The Clearinghouse shall establish minimum Margin requirements and Clearing Members shall collect Margins for Customer Accounts at or in addition to such minimum Margins in accordance with CFTC Rule 39.13(g)(8)(ii).
2. The Clearinghouse may change Margin requirements at any time superseding previous Margin requirements and post in accordance with CFTC Rule 39.13(g)(8).
3. The Clearinghouse shall accept US Dollars as Margin in a manner acceptable to the Clearinghouse and Approved Financial Institutions, such as wire transfer.
4. The Clearinghouse, at its sole discretion, may make a Margin call at any time for any Participant based on the Participant's open interest.
5. The Clearinghouse may direct a Participant or Clearing Member to liquidate positions or transfer positions to another Clearing Member if the Clearing Member fails to deposit Margin as required by the Clearinghouse. If transfer or liquidation instructions are not satisfied within one (1) hour, the Clearinghouse will originate orders to take such action directly.
6. Liquidation costs incurred with actions taken in accordance with the Rules will be included in the failed Participants losses and any financial obligations owed by a Clearing Member to the Clearinghouse after such liquidations or transfers may be assessed to that Clearing Member's financial resources available under Rule 907.

Rule 821: Transfers of Open Positions

Any transfer of a Contract shall be subject to the following:

1. Trades and positions in Contracts may be transferred on the books of one Clearing Member or between Clearing Members provided that:
    1. The transfer constitutes a change from one account to another where the underlying ownership in the accounts remains the same;
    2. The transfer was made to correct an error in the clearing of a trade and is completed within two business days from the trade date;
    3. The transfer is in connection with, or is the result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities; or
    4. if, in the judgment of the Clearinghouse, the situation so requires and such interest is necessary to maintain market stability.
2. Any transfer permitted by the Clearinghouse shall be recorded and carried on the books of the receiving Clearing Member at the original prices and trade dates.

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Rule 822: Amounts Payable to the Clearinghouse

In the event of a Clearing Member Default, and upon completion of the liquidation and/or transfer of the positions of a Clearing Member (whether in Default or not) pursuant to the Rules, the Clearinghouse shall be entitled on demand to recover from such Clearing Member all amounts due to the Clearinghouse for all losses, liabilities, damages, costs and expenses (including without limitation legal fees and disbursements) incurred by the Clearinghouse in connection with such Default, liquidation and/or transfer, and such Clearing Member's Collateral, together with any other assets held by, pledged to or otherwise available to the Clearinghouse, including any guarantee, shall be applied by the Clearinghouse to discharge the obligations of such Clearing Member to the Clearinghouse (including any amounts, and costs and expenses associated with the liquidation, transfer or management of Contracts held in or for the accounts of such Clearing Member, and any fees, assessments or fines imposed by the Clearinghouse on such Clearing Member). The foregoing is in addition to any other remedy available to the Clearinghouse at law or equity.

Rule 823: Clearing Fees

The Clearinghouse shall have the right to instruct each Approved Financial Institution to debit the house or proprietary account maintained by each Clearing Member, and/or any other account designated by such Clearing Member for purposes of this Rule, for any payment of fees, charges or other amounts (other than fines or penalties) due to the Clearinghouse or due to the Exchange (if and to the extent the Clearinghouse shall be acting as a collection agent for the Exchange).

Rule 824: Public Information

The Clearinghouse shall make public the terms and conditions of each Contract, all fees charged by the Clearinghouse, the Margin-setting methodology used by the Clearinghouse, the size and composition of the Guaranty Fund, and Settlement Prices, volume and open interest for each Contract. The Clearinghouse will also make its Rulebook, list of Clearing Members and daily trading information available on the Clearinghouse Website. The Clearinghouse will provide public notice of a Default on the Clearinghouse Website.

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Chapter 9: Reserved

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Chapter 10: Miscellaneous

Rule 1001: Trading by Officials Prohibited; Misuse of Material, Non-Public Information

1. Terms used in this Rule 901 and not otherwise defined in the Rules shall have the meanings set forth in CFTC Rules 1.3 and 1.59.
2. No Official may trade, directly or indirectly:
    1. any Contract traded on or subject to the Rules or any related financial instrument, or
    2. any Contract or financial instrument where such Official has access to material nonpublic information concerning such Contract or financial instrument.
3. The Chief Regulatory Officer (or, in the case of the Chief Regulatory Officer, the Board) may grant exemptions from the provisions of paragraph (a) to Officials on a case-by-case basis under circumstances which are not contrary to the purposes of this rule and CFTC Regulation 1.59. Such circumstances may include, but are not necessarily limited to:
    1. participation in pooled investment vehicles where such Official has no direct or indirect control over Transactions effected by or for the account of the pool;
    2. service by such Official as an executor or administrator of an estate;
    3. service by such Official in any other fiduciary capacity, such as an officer of a charitable organization, in which such Official receives no pecuniary benefit from the trading of Contracts or other financial instruments;
    4. trading in Contracts or financial instruments executed on or subject to the rules of a swap execution facility, a designated contract market or a national securities exchange under circumstances in which such Official's access to material non-public information in respect of such financial instruments is sufficiently minimal or attenuated so as to be insignificant; and
    5. such other circumstances as the Chief Regulatory Officer (or, in the case of the Chief Regulatory Officer, the Board) may determine.
4. For the avoidance of doubt, participation by an Official in a retirement plan sponsored by the Exchange shall not be deemed to constitute trading directly or indirectly in a Contract or financial instrument, notwithstanding such plan's trading of Contracts or financial instruments.
5. Any Official that has received an exemption under Rule 901.3 must:
    1. furnish to the Exchange (or, in the case of the Chief Regulatory Officer, to the Board) account statements and other documents relevant to the trading activities that are so exempted; and
    2. inform the Chief Regulatory Officer (or, in the case of the Chief Regulatory Officer, the Board) within one business day of any material change of information that may affect such Official's qualification for such exemption.
6. Officials, agents and independent contractors of the Exchange are prohibited from disclosing material non-public information obtained as a result of their employment, agency relationship or engagement with the Exchange where the Official, agent or independent contractor expected or should have reasonably expected that the information disclosed may assist a Person in trading any Contract, any Contract traded on another designated contract market or other market, or any related underlying commodity or security.

Rule 1002: Market Data

1. Each Participant and Clearing Member, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, hereby acknowledges and agrees that the Exchange owns and shall retain all right, title and interest in and to the Exchange and the Clearinghouse

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owns and shall retain all right, title and interest in and to the Clearinghouse, all components thereof, including without limitation all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation all registered or unregistered, as applicable:

1. copyright,
2. trade mark,
3. service mark,
4. trade secret,
5. trade name,
6. data or database rights,
7. design rights,
8. moral rights,
9. inventions, whether or not capable or protection by patent or registration,
10. rights in commercial information or technical information, including know-how, research and development data and manufacturing methods,
11. patent, and
12. other intellectual property and ownership rights, including applications for the grant of any of the same, in or to the Exchange or the Clearinghouse and all other related proprietary rights of the Exchange, the Clearinghouse, and/or any of their Affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind transmitted by means of any of the foregoing, including, without limitation, the market data, the "**Proprietary Information**"). Each Participant and Clearing Member, on behalf of itself and each of its Affiliates, Registered Users and other Persons affiliated with any of the foregoing, further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of the Exchange or the Clearinghouse. Each Participant and Clearing Member acknowledges and agrees that it shall not and shall not permit its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing to, reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of the Exchange or the Clearinghouse or the Proprietary Information. Each Participant and Clearing Member, further agrees to and to cause each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing to, keep the Proprietary Information confidential and not to transfer, rent, lease, loan, sell or distribute, directly or indirectly, all or any portion of the Exchange or the Clearinghouse or any Proprietary Information.

2. Notwithstanding any other provision of this Rule 902, each Participant retains such rights as it may enjoy under applicable law with respect to market data solely in the form such market data was submitted to the Exchange by such Participant and its Authorized Users.

3. Subject to the provisions of paragraph (1), all Participants, Authorized Users and other Persons affiliated with either of the foregoing hereby acknowledge and agree that the Exchange is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in market data, and all derivative works based thereon, and further agree not to distribute, create derivative works based on, or otherwise use or commercially exploit market data and any such derivative works, provided that Participants, Registered Users and such other Persons may use market data for their own internal business purposes. Without limiting the generality of the foregoing, Participants, Authorized Users and other Persons affiliated with any of the foregoing may not distribute, sell or retransmit market data Exchange to any third party.

4. Each Participant hereby grants the Exchange a non-exclusive, perpetual, freely transferable, world-wide and royalty-free license to use, distribute, sub-license, disclose and sell market data, in any manner, media and jurisdiction, for the benefit of the Exchange and/or its Affiliates; provided that, except as may otherwise be required by law or permitted by Rule 208 or in any written agreement between the Exchange and such Participant, the Exchange shall not disclose market data other than on an

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aggregated basis that does not directly or indirectly identify individual Participants.

Rule 1003: Recording of Communications

The Exchange, Clearinghouse and Regulatory Services Provider may record conversations and retain copies of electronic communications between Exchange, Clearinghouse and/or Regulatory Services Provider personnel, on the one hand, and Participants and their Authorized Users, employees, and/or agents and Clearing Members and their employees and/or agents, on the other hand. Any such recordings may be retained by the Exchange, Clearinghouse or the Regulatory Services Provider in such manner and for such periods of time as required by Applicable Law.

Rule 1004: Confidentiality

Except as provided in this Rule 1004, all information provided by a Participant or Clearing Member to the Exchange or the Clearinghouse shall be held in confidence and shall not be made known to any other Person except as follows:

1. with the consent of the Participant or Clearing Member, as applicable, providing such information;
2. to a Governmental Authority, if the Exchange or the Clearinghouse is requested or legally required to do so by such government agency;
3. pursuant to legal process;
4. to a Clearinghouse of which such a Clearing Member is a member or in connection with the clearing of a Contract;
5. subject to appropriate confidentiality requirements, to any Person providing services to the Exchange or the Clearinghouse, including but not limited to the Regulatory Services Provider;
6. to the Board, any committee, Exchange or Clearinghouse Employee, attorneys and auditors, and to agents and independent contractors that have been engaged by the Exchange or the Clearinghouse who require such information in connection with the discharge of their duties to the Exchange or the Clearinghouse; and
7. as otherwise permitted under the Rules.

Rule 1005: Force Majeure

Notwithstanding any other provision of the Rules, the Exchange and Clearinghouse shall not be obligated to perform its obligations under the rules or any agreement with a Participant or Clearing Member, or to compensate any Person for losses occasioned by any delay or failure of performance, to the extent a delay or failure of performance is the result of circumstances that the Exchange or the Clearinghouse determines, in each of its sole discretion, may have an adverse effect upon the functions and facilities of the Exchange or the Clearinghouse, including, but not limited to, acts of God, fire or other natural disasters, inclement weather, embargos, bomb threats, pressure waves, disruption of electricity, pandemics, lockdowns, government-mandated work restrictions, communication outages or delays, acts or threats of terrorism, riots, commotions, strikes, war, invasions, hostilities (whether declared or not), and contaminations.

Rule 1006: Extension or Waiver of Rules

The Exchange or the Clearinghouse may, in each of its sole discretion, waive, or extend the time period for performing, any act or acts designated by the rules, but only to the extent such waiver or extension is not inconsistent with Applicable Law.

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Rule 1007: Effect of Amendment, Repeal or New Rule

1. Any amendment, repeal, or adoption of a new Rule shall not affect any action taken or right accrued under the Rule prior to such amendment, repeal, or adoption.
2. The Exchange or Clearinghouse shall provide notice of any amendment, repeal, or adoption of a new Rule to all Participants and Clearing Members.

Rule 1008: Signatures

1. Any document required to be signed under the Rules may be signed electronically, provided that the electronic signature is in a form acceptable to the Exchange or Clearinghouse.
2. The Exchange or Clearinghouse may require that certain documents be signed in a specific manner or format.

Rule 1009: Governing Law; Legal Proceedings

1. The rules, and the rights and obligations of the Exchange, Clearinghouse, Participants, and Clearing Members under the Rules shall be governed by, and construed in accordance with, the laws of the State of Illinois applicable to contracts executed and performed wholly within the State of Illinois without regard to any provisions of Illinois law that would apply the substantive law of a different jurisdiction.
2. Any action, suit or proceeding against the Exchange or the Clearinghouse, and any of their Officials, Officers, Directors, limited liability company members, employees, agents, or any member of any committee must be brought within one (1) year from the time that a cause of action has accrued. Any such action, suit or proceeding shall be brought in the State or Federal courts located within the City of Chicago, Illinois. Each Participant and Clearing Member expressly consents, for itself and its Authorized Users, to the jurisdiction of any such court, waives any objection to venue therein, and waives any right it may have to a trial by jury.
3. In the event that a Participant or Clearing Member or an Affiliate thereof fails to prevail in a lawsuit or other legal proceeding instituted by such Participant, Clearing Member or such Affiliate against (1) the Exchange or the Clearinghouse, or (2) any Affiliate of the Exchange or the Clearinghouse or any of their respective Officials, officers, directors, equity holders, employees, agents, or any member of any committee, such Participant, Clearing Member or Affiliate shall pay to the Exchange or the Clearinghouse, as applicable, all reasonable costs and expenses, including attorneys' fees, incurred by the Exchange or the Clearinghouse in the defense of such proceeding. This paragraph (2) shall not apply to Exchange or Clearinghouse disciplinary actions, appeals thereof, or an instance in which the Board has granted a waiver of the provisions hereof.

Rule 1010: Indemnification

1. Each Participant and Clearing Member agrees to indemnify and hold harmless the Exchange, Clearinghouse, and their respective officers, directors, employees, and agents from and against any and all claims, liabilities, losses, damages, costs, and expenses arising out of or relating to the Participant's or Clearing Member's use of the Exchange or Clearinghouse.
2. The obligation to indemnify shall survive the termination of the Participant's or Clearing Member's relationship with the Exchange or Clearinghouse.

Rule 1011: Limitation of Liability; No Warranties

1. Participant's and Clearing Member's use of the Services, the System, Exchange and Clearinghouse property and any other information and materials provided by the Exchange or the Clearinghouse, is at the Participant's and Clearing Member's own risk, and the Services, the Exchange and Clearinghouse property and any other information and materials provided by the Exchange or the Clearinghouse hereunder are provided on an "as is" and "as available" basis, without warranties or representations

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of any kind, express or implied, by statute, common law or otherwise including all implied warranties of merchantability, fitness for a particular purpose and non-infringement and any warranties arising from a course of dealing, usage or trade practice. The Exchange and the Clearinghouse do not guarantee that (1) Exchange and Clearinghouse property or Services will operate in an error free, secure or uninterrupted manner, or (2) any information or materials provided by the Exchange, the Clearinghouse or accessible through Exchange or Clearinghouse property will be accurate, complete, reliable, or timely, or (3) the Exchange and Clearinghouse property or any aspects of the Services will be free from viruses or other harmful components. Neither Exchange nor its Affiliates shall have any liability for the creditworthiness of any Participant or for the acts or any aspect of the Services or System. Participants and Clearing Members are solely responsible for the security and integrity of their technology. Participants and Clearing Members acknowledge that their access to the System and the Services is internet-based and that the Exchange and the Clearinghouse have no control over the internet or Participant's and Clearing Member's connections thereto. Participants and Clearing Members further acknowledge that the internet, computer networks, and communications links and devices necessary to enable Participants and Clearing Members to access and use the System and the Services are inherently insecure and vulnerable to attempts at unauthorized entry and that no form of protection can ensure Participant's and Clearing Member's data, hardware, or software or the System or other Exchange or Clearinghouse property will be fully secure. Furthermore, neither the Exchange nor the Clearinghouse shall be obligated to monitor or verify any information displayed through the System.

2. Excluding any liability for such party's fraud or willful misconduct, and excluding any indemnification obligations under a Participant Agreement or a Clearing Member Agreement (as applicable), each party agrees that in no event shall either party be liable for any indirect, special, punitive, exemplary or consequential damages, including damages for loss of profits, loss of revenue, loss or corruption of data, trading losses or business interruption and the like, arising in any manner whatsoever out of or in connection with this agreement or any use (whether or not authorized) or inability to use Exchange or Clearinghouse property or any other information or materials provided to a Participant or Clearing Member by the Exchange or Clearinghouse or accessible through the Systems or Services, including the accuracy, completeness, reliability, timeliness, quality, security, performance, or pricing of the Systems or Services or any failures, malfunctions, interruptions, degradations or delays associated therewith, regardless of whether such damages arise in tort, contract, or otherwise, and even if it has been advised of the possibility of such damages.

3. Notwithstanding the foregoing, if a court or other tribunal of competent jurisdiction should find the Exchange, the Clearinghouse or any of their Affiliates liable for any loss, damage or expenses, the aggregate liability of the Exchange, the Clearinghouse and their Affiliates, regardless of the form of action, shall in no event exceed the greater of:

    1. $100,000 and
    2. the total commissions, fees, or other amounts (excluding any applicable taxes and duties) paid to the Exchange and Clearinghouse by the applicable Participant or Clearing Member during the six months preceding the date on which the events giving rise to such liability arose.

4. Any claim for redress or damages hereunder shall be filed in a court of competent jurisdiction or filed for arbitration in accordance with Rule 701 within one (1) year of the date on which such claim allegedly arose. Failure to institute litigation or arbitration within such time period shall be deemed to be a waiver of such claim and the claim shall be of no further force or effect. The allocations of liability in this Rule 1011 represent the agreed and bargained for understanding of the parties, and each party acknowledges that the other party's rights and obligations hereunder reflect such allocations. The parties agree that they will not allege that this remedy fails its essential purpose.

5. Participant further agrees that the provisions of the Rules of the Clearinghouse limiting the liability of the Clearinghouse to its members shall apply to Participant as fully as if Participant were a member of the Clearinghouse mutatis mutandis. The Clearinghouse shall not be liable for any obligations of a non-clearing member, obligations of a Clearing Member to a nonmember, obligations of a Clearing

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Member to another member of the Clearinghouse who is acting for him as broker, or obligations to a Customer by a Clearing Member; nor shall the Clearinghouse become liable to make deliveries to or accept deliveries from a Customer of its Clearing Members.

6. Neither the Exchange nor the Clearinghouse will have any responsibility or liability to any Person for the use of, or any failure, error, action or omission of, the Settlement Facility.

Rule 1012: Affiliate Participants and Clearing Members

1. Participants or Clearing Members are permitted to be Affiliates of the Exchange or Clearinghouse. The Exchange, the Clearinghouse, and Affiliate Participants and Clearing Members, are required to publicly disclose the affiliation.
2. The Affiliate Participant or Clearing Member shall not receive preferential treatment from the Exchange or Clearinghouse, nor shall it have an inherent advantage over any other Participant or Clearing Member.
3. The Affiliate Participant or Clearing Member shall not have access to the Exchange or Clearinghouse's material non-public information, and the Exchange and Clearinghouse shall ensure the Affiliate Participant's or Clearing Member's access to information is limited to information available to all Participants or Clearing Members, respectively. Affiliate Clearing Member customers shall not have access to the Exchange or Clearinghouse material non-public information, and the Exchange and Clearinghouse shall ensure the Affiliate Clearing Member's access to information is limited to information available to all Clearing Members.
4. The Affiliate Participant or Clearing Member shall be subject to the same access criteria and must abide by the same Rules as all other Participants or Clearing Members, respectively.

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Chapter 11: Digital Asset Delivery

Rule 1101: Digital Asset Delivery Definitions

- **Blockchain**: A distributed ledger that records transactions between parties in a verifiable and permanent way.
- **Delivering Participant**: The Participant that is required to deliver the underlying commodity through the Settlement Facility.
- **Digital Asset**: Bitcoin, and any other "digital currency" which is a "commodity" under the Commodity Exchange Act, as amended. For this purpose, "digital currency" means any type of digital unit that is used as a medium of exchange or a form of digitally stored value (including digital units of exchange that (1) have a centralized repository or administrator, (2) are decentralized and have no centralized repository or administrator, and/or (3) may be created or obtained by computing or manufacturing effort).
- **Digital Asset Delivery Address**: A unique identifier that serves as a virtual location where a Digital Asset can be sent.
- **Receiving Participant**: The Participant that is required to take delivery of the underlying commodity through the Settlement Facility.
- **Settlement Facility**: The Digital Asset delivery facility, Bitnomial Settlement, LLC, or any successor organization authorized by the Exchange. **Bitnomial Settlement, LLC is authorized by the Exchange and not licensed, approved, or registered with the CFTC.**
- **Transfer**: Transmission of a Digital Asset between the Settlement Facility and a Delivering or Receiving Participant. Delivery shall be fully effected and transferred if reflected by a consensus of nodes on the Digital Asset Blockchain and after being confirmed as such by the Settlement Facility.

Rule 1102: Participant and Clearing Member Delivery Obligations

1. A Participant and its respective Clearing Member carrying a position that is required to make or take delivery hereby guarantees and assumes full and unconditional responsibility for the performance of all delivery requirements set forth in the Rules.

2. Participants are required to register accounts for the purpose of making or taking delivery with the Settlement Facility and Clearinghouse before the start of the delivery period. A Participant may effect delivery only through the Settlement Facility.

3. In the event of a default or failure of a Clearing Member during the delivery period or process, the Clearinghouse shall not be obligated to make or take delivery of Digital Assets.

4. Any Participant intending to make or take delivery of a Digital Asset pursuant to a Futures Contract shall maintain a valid Digital Asset Delivery Address on record with the Settlement Facility to deliver and/or receive and to hold the respective Digital Asset.

5. Any Participant intending to make delivery of a Digital Asset agrees to transfer control of that asset to the Settlement Facility in anticipation of delivery in accordance with Exchange Rules.

6. Each Delivery Participant represents and warrants, to the best of its knowledge, to each Receiving Participant, the Exchange, the Clearinghouse, and the Settlement Facility that the Digital Asset subject to delivery is free and clear of all adverse claims, security interests, liens and encumbrances of any kind whatsoever. Each Participant acknowledges and agrees that the Exchange, the Clearinghouse, and the Settlement Facility provide no representation or warranty as to good or marketable title to any Digital Asset subject to delivery. Each Receiving Participant hereby waives any right to bring a claim, whether in law or equity, against the Exchange, the Clearinghouse, and the Settlement Facility with respect to any defect in, or lack or failure of, good or marketable title of any Digital Asset delivered to Receiving Participant.

7. The rights and obligations of Clearing Members for contracts cleared by the Clearinghouse, including but not limited to rights and obligations regarding clearing and settlement, variation payments and performance at expiration, shall be as set forth in the By-Laws and Rules of the Clearinghouse.

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8. Clearing Members will not, under any circumstances, be required to own, hold, or control Digital Assets under Exchange Rules, but Clearing Members must ensure, through position monitoring and communication with their customers, as Participants, that such customers are able to satisfy their obligations regarding delivery and acceptance thereof under the applicable Clearinghouse and Exchange Rules.
9. Clearing Members must confirm that Delivering Participants deliver the appropriate amount of Digital Asset to the Settlement Facility during the Delivery Period.
10. All Participants and their respective Clearing Members with obligations to make or take delivery are subject to the Clearinghouse Rulebook.

Rule 1103: Delivery Procedures

1. **Notice.** Upon final settlement, all open positions serve as a binding delivery notice to the Clearinghouse. The Delivery Notice is not transferable.
2. **Final Settlement Price.** The final settlement price shall be the sole basis for delivery.
3. **Final Delivery.** Final delivery will be made in the manner specified by the Exchange.
    1. Upon instruction by the Clearinghouse to the Exchange, the delivery of Digital Assets pursuant to Futures Contracts shall be effected by the Settlement Facility by transferring the relevant amount of the Digital Asset from the Digital Asset Delivery Address of the Delivering Participant to the Digital Asset Delivery Address of the Receiving Participant on the Digital Asset's Blockchain. Delivery shall be fully effected and transferred if reflected by a consensus of nodes on the Digital Asset's Blockchain and after being confirmed as such by the Settlement Facility (a "Transfer").
    2. Upon a Transfer of Digital Assets from the Digital Asset Delivery Address of the Delivering Participant to the Digital Asset Delivery Address of the Receiving Participant on the Digital Asset's Blockchain, each Participant hereby agrees that all title, ownership and control of such Digital Asset, and all risk of loss associated with the misappropriation or loss of such Digital Asset, shall reside solely with the Receiving Participant.
    3. Neither the Exchange nor the Clearinghouse will have any responsibility or liability to any Person for the use of, or any failure, error, action or omission of, the Settlement Facility.

Rule 1104: Cost of Delivery

1. All transaction fees required to make delivery of Digital Assets through the Settlement Facility must be paid by the Participant that is seeking to make delivery in addition to the full delivery amount.
2. All transaction fees required to take delivery of Digital Assets through the Settlement Facility must be paid by the Participant seeking to take delivery.
3. The Settlement Facility is authorized to deduct the transaction fees from the delivery amount in the case of a Participant taking delivery.

Rule 1105: Delivery Infractions

1. The failure of the Delivering Participant to deliver sufficient Digital Assets to the Digital Asset Delivery Address in a timely manner shall constitute a delivery failure by the Participant and subject them to disciplinary action. Clearing Members are financially liable for delivery failures of their accounts, including customer accounts, and must pay financial performance upon delivery failure. "Financial performance" means payment of commercially reasonable costs in US Dollars related to replacing the failed delivery but does not include physical performance or legal fees. Payment of reasonable costs will be determined at the sole discretion of the Exchange based on the final settlement price of the contracts that should have been delivered.

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2. If a Participant is required to pay funds pursuant to Rule 1103, but fails to deposit such funds in order to make timely payment on the date required, the Exchange may, in its sole discretion, impose a fine upon the Participant pursuant to the schedule of fines listed in Chapter 6 and any other compensation due to the late or inaccurate delivery.

Rule 1106: Digital Asset Delivery Eligibility

1. To qualify a Digital Asset as eligible for delivery, the Digital Asset sent through the Settlement Facility must be accepted as valid by the Digital Asset Blockchain consensus protocol and must be at a block depth acceptable to the Settlement Facility.

2. New Digital Assets that are created as a result of a fork in the Digital Asset protocol during the term of a futures or options contract are not eligible for contract delivery. New Digital Assets created as a result of a fork in the Digital Asset protocol while the Settlement Facility is in the process of delivery will not be delivered to the Participant taking delivery of the forked Digital Asset. The Settlement Facility will return the new Digital Assets created, less any transaction fees, to the Participant making delivery at a later date determined by the Exchange. In the case of a fork where it is not clear which is the new Digital Asset chain, the Exchange has sole discretion to determine which chain will be delivered and which will be returned.

Rule 1107: Settlement Facility Reporting Requirements

In connection with, and as a condition to, performing the functions assigned to it herein with respect to Digital Asset delivery, the Settlement Facility will maintain all books and records relating to Transfers of Digital Assets. Such records must be available for inspection by the Exchange and the CFTC and must be maintained in a form acceptable to the Exchange for a period of not less than 5 years from the date of the relevant transaction. Further, the Settlement Facility shall maintain a set of operational procedures to which the Exchange shall access and shall keep the Commission informed of any material changes to such procedures.

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