

May 26, 2026
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 2026-61 - CFTC Regulation 39.5(b) Submission: Acceptance of Event Contract Swaps for Clearing

Dear Mr. Kirkpatrick:

Bitnomial Clearinghouse, LLC (“Bitnomial” or the “Clearinghouse”) is a registered derivatives clearing organization (“DCO”) under the amended Commodity Exchange Act (the “Act”). Pursuant to Section 5c of the Act and Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 39.5(b), Bitnomial hereby submits this filing regarding the clearing of Event Contracts traded on Railbird Exchange LLC (“Railbird”).

Bitnomial clears binary contracts versus scalar contracts. On Railbird the contracts offered are standard “yes/no” contracts, versus scalar contracts which are tied to numerical values, such as stock market levels or gross domestic product. Railbird’s event contracts rely on publicly identifiable event outcomes, such as economic, governmental, or other statistical determinations, as specified in the applicable contract terms and conditions. Pricing and valuation are supported by publicly disseminated market prices, historical trading data, and transparent settlement methodologies. Because Event Contracts are fully collateralized and settle on discrete outcomes, credit exposure between counterparties is eliminated, and maximum exposure is capped by contract design.

Railbird contracts are binary, event-driven derivatives regulated by the CFTC that trade on a peer-to-peer, fully cash-collateralized basis. Contracts settle at \$1.00 if the event occurs (“Yes”) and \$0.00 if it does not (“No”), with prices ranging from 1¢ to 99¢, reflecting the market-implied probability. Trades are sent to Bitnomial, which ensures counterparty compliance and fully collateralized positions. Contracts settle based on an official, pre-defined Reference Source mentioned in the contract specifications (e.g., Bureau of Labor Statistics for inflation, a sports governing body for game results). Once the data source confirms the outcome, the contract settles, and funds are immediately credited/debited to accounts.

Bitnomial’s rule framework, operational systems, and risk management practices are designed to support the clearing of event contracts. All positions are supported by sufficient collateral to cover the maximum possible exposure, and settlement occurs in accordance with Bitnomial rules. This clearing model promotes simplicity, transparency, and effective risk management.

Clearing event contracts through Bitnomial does not introduce material systemic risk. The size of

the event contract market is limited relative to broader swaps markets, and the fully collateralized structure avoids leverage, unsecured credit exposure, and contagion risk. Customer funds and positions are held in segregation in accordance with Part 22 of the Commission's regulations, providing legal certainty and protection in the event of a clearing member or DCO insolvency.

CFTC Regulation 39.5(b) Submission Summary

39.5(b)(3)(i) Eligibility to Clear

Bitnomial is eligible to accept contracts for clearing. Bitnomial's derivatives clearing organization ("DCO") order authorizes it to clear futures, options, Fully Collateralized Swaps, all of which are submitted for clearing through Bitnomial. If the Commission were to determine that any category, type, or class of contracts cleared by Bitnomial are required to be cleared, Bitnomial will maintain compliance with the DCO Core Principles set forth in Section 5b(c)(2) of the Commodity Exchange Act while clearing such contracts. See Bitnomial Rulebook: Chapter 3 Participation; Chapter 8 Clearing

39.5(b)(3)(ii)(A) Outstanding Notional Exposure, Liquidity, and Pricing Data

Contracts cleared by Bitnomial are settled based on established pricing methodologies applied to publicly available market data and other recognized data sources. Daily trading information, including settlement prices, volume, open interest, and opening and closing ranges, is published on Railbird's website for Fully Collateralized Swaps. Trading liquidity varies by contract depending on the underlying asset, but sufficient price data are available to support reliable valuation and exposure measurement. See Bitnomial Rulebook: Chapter 8 Clearing

39.5(b)(3)(ii)(B) Rule Framework, Capacity, Operational Expertise/Resources, and Credit Support Infrastructure

Contracts are cleared pursuant to Bitnomial's established rulebook and related policies and procedures. Bitnomial has the operational capacity and expertise necessary to clear contracts on terms consistent with their material terms and trading conventions. For Fully Collateralized Swaps, Bitnomial always holds funds sufficient to cover the maximum possible loss that a party or counterparty could incur upon liquidation or expiration, ensuring that all open positions are supported by sufficient collateral. See Bitnomial Rulebook: Chapter 2 Governance; Chapter 8 Clearing

39.5(b)(3)(ii)(C) Mitigation of Systemic Risk

Full collateralization of all Fully Collateralized Swap positions eliminates unsecured credit exposure between counterparties and substantially mitigates systemic risk. Bitnomial's available financial and operational resources are sufficient to support the clearing of contracts without threatening the broader financial system. See Bitnomial Rulebook: Chapter 2 Governance; Chapter 8 Clearing

39.5(b)(3)(ii)(D) Competition; Fees and Charges

Clearing contracts through Bitnomial is not expected to impose an undue burden on competition. Clearing fees are posted publicly on Bitnomial's website and applied uniformly across Clearing Members. Access to clearing services is provided on a non-discriminatory basis, and no Participant or Clearing Member receives preferential treatment with respect to fees or access conditions. See Bitnomial Rulebook: Chapter 3 Participation; Chapter 8 Clearing

39.5(b)(3)(ii)(E) Legal Certainty and Insolvency

Customer positions, funds, and property are held in segregation in accordance with applicable Commission regulations, Part 22 (for cleared swaps customers), providing legal certainty with respect to the protection and treatment of customer property in the event of a Clearing Member or DCO insolvency. Close-out netting provisions and Bitnomial's default management procedures further support orderly settlement and resolution of positions. See Bitnomial Rulebook: Chapter 3 Participation; Chapter 8 Clearing

39.5(b)(3)(iii) Product Specifications

Contract specifications and standardized terms and conditions for each contract cleared by Bitnomial are publicly available on Railbird's website for Fully Collateralized Swaps and include the underlying asset, settlement methodology, trading restrictions if any, and contract lifecycle procedures. Contracts are electronically confirmable through Bitnomial's clearing systems and Participant connectivity. See Bitnomial Rulebook: Chapter 8 Clearing

39.5(b)(3)(iv) Participant Eligibility Standards

Eligibility standards for Participants and Clearing Members clearing Fully Collateralized Swaps contracts through Bitnomial do not differ by contract type. All Clearing Members must meet Bitnomial's general requirements, including financial standing, operational capability, and

applicable registration requirements. Any contract-specific eligibility restrictions are disclosed in the applicable contract terms and conditions. See Bitnomial Rulebook: Chapter 3 Participation; Chapter 8 Clearing

39.5(b)(3)(v) Pricing Sources, Models, and Procedures

Contracts clear based on settlement prices derived from established and publicly disclosed methodologies and other market data sources deemed acceptable by Railbird. The specific settlement methodology, data sources, and publication frequency are disclosed in each contract's specifications. Bitnomial obtains sufficient price data from public market prices and trading records to measure exposures in a timely and accurate manner. See Bitnomial Rulebook: Chapter 8 Clearing

39.5(b)(3)(vi) Risk Management Procedures

Fully Collateralized Swaps are not traded on margin and require full collateralization at all times prior to acceptance for clearing. Bitnomial measures and monitors exposures through its collateral framework and settlement procedures consistent with Part 39. Because maximum exposure for Fully Collateralized Swaps is capped by contract design and collateralization requirements, Bitnomial's risk management focuses on collateral sufficiency and settlement integrity. See Bitnomial Rulebook: Chapter 2 Governance; Chapter 8 Clearing

39.5(b)(3)(vii) Applicable Rules, Manuals, Policies, or Procedures

Contracts are cleared in accordance with Bitnomial's rulebook and applicable policies and procedures, as well as the contract-specific terms and conditions for each contract.

39.5(b)(3)(viii) Notice of Submission

Bitnomial has provided notice of this submission to Participants and Clearing Members through its standard notice process. Bitnomial is not aware of any opposing views to this submission. See Bitnomial Rulebook: Chapter 2 Governance; Chapter 10 Miscellaneous

39.5(b)(3)(ix) Additional Commission-Requested Information

No additional information was requested by the Commission in connection with this submission.



This submission describes Bitnomial's clearing of Event Contracts and addresses each of the factors set forth in Regulation 39.5(b), including eligibility to clear, liquidity and pricing data, operational capacity, risk management, legal certainty, and systemic risk considerations.

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

Bitnomial has discussed these changes with market participants and is not aware of any opposing views.

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

Sincerely, /s/

James A. Walsh
Chief Compliance Officer
Bitnomial Clearinghouse, LLC