

August 9, 2024
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 2024-003 Self-Certification Pursuant to CFTC Regulation 40.2(a)
Certification - Listing of XRP US Dollar Futures Contracts**

Dear Mr. Kirkpatrick:

Bitnomial Exchange, LLC (“Bitnomial” or “Exchange”), a designated contract market (“DCM”), hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it hereby submits for self-certification its initial listing of the XRP US Dollar Futures (“XUS”) contracts to be offered for trading on the Exchange for an intended trade date on or after August 13, 2024. XRP US Dollar Futures related rules 1501-1504 will be added to the Bitnomial Rulebook.

Contract Description

XRP is the native digital token of the XRP Ledger, used primarily as a form of payment for transactions and computational services on the XRP Ledger. The XUS contract is a physically settled, margined futures contract based on the price of 100,000 XRP. Attached Exchange Rule 1501 details the product specifications for XUS.

XRP Market Overview

The XRP Ledger is an open-source, permissionless, and decentralized, layer-1 blockchain platform that enables developers to create solutions that solve inefficiencies, including remittance and asset tokenization. Its native cryptocurrency is called XRP. XRP facilitates transactions on the network and protects the ledger from spam.

Figure 1: XRP Price History



Source: <https://coinmarketcap.com/currencies/xrp/>

Current XRP Circulation

As of August 5, 2024, there are approximately 60.86 billion XRP in circulation out of a max supply of 100 billion, with 39.1 billion XRP remain in escrow¹. The total supply of XRP can never exceed original 100 billion.²

Cash Market XRP Trading

XRP is a highly liquid, robustly traded digital asset. XRP currently has the eighth largest 24hr volume of all cryptocurrencies.³

Figure 3 is a historical, 4-year snapshot of month-by-month XRP-USD trading pair volume, as of August 5th, 2024.

Figure 3: XRP-USD Trading Pair Volume by Month

¹ <https://xrpscan.com/balances>

² <https://xrpl.org/about/xrp>

³ <https://coinmarketcap.com>

Month	2020	2021	2022	2023	2024
January	54,593,441,850	212,564,000,000	53,056,251,459	31,217,545,739	38,140,686,597
February	87,190,811,881	293,948,000,000	80,917,472,475	25,468,965,964	35,390,494,102
March	75,868,716,576	134,192,000,000	69,971,122,276	51,507,438,643	78,055,400,876
April	63,584,657,686	481,625,000,000	53,410,197,103	34,696,733,117	51,366,166,806
May	61,956,266,331	307,291,000,000	60,039,548,990	28,713,096,386	33,692,882,513
June	35,578,383,227	98,957,227,517	39,627,643,330	35,567,120,709	31,415,782,516
July	38,625,961,278	73,024,306,974	39,650,213,774	62,924,300,591	52,964,472,218
August	65,782,526,471	166,788,000,000	34,012,247,773	36,964,136,590	4,026,803,335
September	45,662,634,855	134,595,000,000	65,966,128,848	24,059,040,291	
October	63,889,935,459	116,605,000,000	51,181,808,836	30,841,443,181	
November	277,582,000,000	113,673,000,000	45,868,433,960	48,123,386,486	
December	357,939,000,000	88,361,223,524	21,716,710,638	42,932,459,638	

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On average, approximately 85,041,929,181 XRP trade as the XRP-USD pair on XRP cash markets per month.

Deliverable Supply Estimate

As stated above, there are approximately 60.86 billion XRP in circulation. The Exchange proposes a spot month position limit of 300,000,000 XRP or 3,000 XRP futures contract equivalents, representing 0.049% of total deliverable supply.

Core Principle Compliance

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

Core Principle 2 - Compliance with Rules:

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

⁴ <https://finance.yahoo.com/quote/XRP-USD/history/>

6, respectively.

Core Principle 3 - Contracts Not Readily Subject to Manipulation:

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

Core Principle 4 - Prevention of Market Disruption:

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

Core Principle 5 - Position Limits or Accountability:

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

Core Principle 7 - Availability of General Information:

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

Core Principle 8 - Daily Publication of Trading Information:

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

Core Principle 9 - Execution of Transactions:

Execution of all XUS contracts will take place on the Bitnomial electronic trading platform. Electronic execution provides competitive and transparent transactions. All XUS contracts will be cleared through a registered DCO subject to Commission rules and oversight.

Core Principle 10 - Trade Information:

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

Core Principle 11 - Financial Integrity of Transactions:

All XUS contracts will be cleared through a registered DCO subject to Commission rules and oversight.

Core Principle 12 - Protection of Markets and Market Participants:

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

Core Principle 13 - Disciplinary Procedures:

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

Core Principle 14 - Dispute Resolution:

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

Certification

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

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

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

Sincerely, /s/

James A. Walsh
Chief Regulatory Officer
Bitnomial Exchange, LLC

CHAPTER 15
XRP US DOLLAR FUTURES

Rule 1501 XRP US Dollar Futures

Product Name	XRP US Dollar Futures
Product Code	XUS
Contract Size	100,000 XRP
Price Quotation	US Dollars per XRP
Minimum Price Fluctuation	\$0.0001 per XRP (\$10 per contract)
Trading Hours	8:30 Open to 14:30 Close CPT, Monday through Friday
Trading Termination	9:30 CPT of the trading day two trading days prior to the last Friday of the expiry month
Reportable Position Level	5 contracts
Margin	US Dollars
Settlement	Deliverable ¹
Settlement Price	See Rule 1305
Listing	Up to twelve consecutive contract months
Deliver Rules	Bitnomial Rulebook Chapter 11

Rule 1502 XRP US Dollar Futures Price Bands and Price Limits

(a) **Price Bands.** Price Bands are 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.

(b) **Price Limits.** Price Limits are 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

¹ Bitnomial Settlement, LLC is authorized by the Exchange and not licensed, approved, or registered with the CFTC.

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 based on market conditions.

Products	Price Band Variation	Price Limit (the greater of)
XUS	\$0.001	50% or \$0.20
XUS-XUS	\$0.0005	50% or \$0.10

Rule 1503 XRP US Dollar Futures Position Limits

For purposes of aggregation, no market participant shall own or control any combination of futures and options contracts that exceeds three-hundred million (300,000,000) XRP US Dollar Futures-equivalent contracts net long or short in any single month, sixty-million (60,000,000) of such contracts net long or short beginning on the first trading day of the delivery month, or thirty-million (30,000,000) of such contracts net long or short beginning on the first day of the Delivery Period. In no case may a market participant own, or control more than one billion two hundred million (1,200,000,000) XRP US Dollar Futures-equivalent contracts net long or short for all contract months.

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.

Rule 1504 XRP US Dollar Futures Settlement Price Computation

(a) 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

(b) 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.

(c) **Futures Settlement Price Computation**

- (i) The settlement price of the Pricing Contract is the volume-weighted average price (VWAP) of all the trades during the Settlement Period.
- (ii) 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.
- (iii) 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.
- (iv) All settlement prices are rounded to the nearest tick.

(d) **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.

(e) **Futures Final Settlement.** During the Final Settlement Period the Front Month Contract final settlement price is determined using the non-Pricing Contract settlement price procedure.

(f) **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.