

May 28, 2021

**VIA COMMISSION PORTAL**

Christopher J. Kirkpatrick  
Secretary, Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: Commission Regulation 40.6(a) – Participant Agreement Rule Certification  
LedgerX LLC Submission No. 21-11**

Dear Mr. Kirkpatrick:

LedgerX LLC (“**LedgerX**”) hereby notifies the Commodity Futures Trading Commission (the “**Commission**”), pursuant to Section 5c(c) of the Commodity Exchange Act (the “**CEA**”) and Commission Regulation 40.6(a), that it is certifying the attached amendments to its Participant Agreement, which incorporate contractual acceptance of the LedgerX Rulebook. The attached amendments will become effective on June 14, 2021.

A concise explanation and analysis of the changes and amendments, and their compliance with applicable provisions of the CEA, including the Designated Contract Market (“**DCM**”), Swap Execution Facility (“**SEF**”) and Derivatives Clearing Organization (“**DCO**”) core principles (collectively, the “**Core Principles**”) and Commission Regulations is attached hereto as Appendix A and incorporated herein by this reference. The following is a summary of those changes and amendments to the Participant Agreement:

1. **Diction and Formatting Changes:** Various edits specified in Appendix A enhance the Participant Agreement’s internal consistency and readability, but do not implicate core principles.
2. **Clarifying Existing Provisions:** The updated Participant Agreement clearly highlights the following:
  - a. Fees and charges can be revised, consistent with **DCM Core Principle 7, SEF Core Principle 2, and DCO Core Principle L;**
  - b. Participants must provide LedgerX with information about themselves and their authorized representatives, consistent with **DCM Core Principle 2, SEF Core Principle 2, and DCO Core Principle H;**
  - c. Fees and charges owed by a Participant, including legal fees and costs, can be deducted from a Participant Account, consistent with **DCM Core Principle 14 and SEF Core Principle 2;**
  - d. The Participant Agreement will be construed in accordance with the laws of New York, consistent with **DCM Core Principle 14 and SEF Core Principle 2;**
  - e. The dispute resolution process is also binding on Authorized

- Representatives of a Participant, consistent with **DCM Core Principle 14** and **SEF Core Principle 2**; and
- f. Disputes will be settled through arbitration or courts located in New York, consistent with **DCM Core Principle 14** and **SEF Core Principle 2**.
3. **Refined Provisions to Account for DCM Trading:** The updated Participant Agreement clarifies that a Participant must be an eligible contract participant (“ECP”) to trade through the SEF, but imposes no such requirement on DCM participants, since that is not required. This is consistent with **SEF Core Principle 2, DCM Core Principle 7** and **DCO Core Principle C**.
  4. **Adding Redundant Provisions for Emphasis:** The updated Participant Agreement adds multiple provisions emphasizing that the Participant is bound by the Agreement and the LedgerX Rulebook. This is consistent with **DCM Core Principles 2 and 14, SEF Core Principle 2, and DCO Core Principle H**.
  5. **Adding Provisions Regarding Use of Services:** The revisions emphasize Participant’s agreement to be bound by the Participant Agreement, including future Amendments to the agreement by using the services, and includes representations that the Participant meets the eligibility requirements in LedgerX Rule 3.2. These provisions are consistent with **DCM Core Principle 2, SEF Core Principle 2, and DCO Core Principle H**.
  6. **Adding Provisions Regarding Financial Obligations:** These revisions address the Participant’s financial responsibility for transactions and digital currency transfers, agreement not to deposit funds fraudulently, acknowledgment that LedgerX will take action if the Participant’s account positions become insufficiently collateralized, and the Participant is responsible to pay for account deficiencies. These provisions are consistent with **DCM Core Principles 2, 6, 11, and 12, SEF Core Principles 2, 7, and 8, and DCO Core Principles D and H**.
  7. **Adding Provisions Regarding Changes to the Participant Agreement:** Future changes to the updated participant agreement are described, including a description of the notice process, how a Participant can opt out, the process for terminating the agreement, and the portions of the Participant Agreement that will survive termination. These are consistent with **DCM Core Principle 2, SEF Core Principle 2, and DCO Core Principle H**.
  8. **Adding Provisions Regarding Third-Party Exchange Participants:** the updated Participant Agreement emphasizes that clearing Participants trading at Third-Party exchanges are nonetheless bound by the Participant Agreement, the LedgerX Rulebook, and the dispute resolution procedures in the LedgerX Rulebook. These changes are consistent with **DCM Core Principles 2 and 14, SEF Core Principle 2, and DCO Core Principle H**.
  9. **Adding Provisions Regarding Disclaimers:** the updated Participant Agreement

incorporates LedgerX Rules regarding liability and warranties, disclaims financial information provided by third-party service providers, and expressly disclaims providing any investment advice or recommendations. These changes are consistent with **DCM Core Principle 1** and **SEF Core Principle 1**, which grant LedgerX reasonable discretion in establishing its rules.

**10. Adding Provisions Regarding Electronic Signatures:** The updated Participant Agreement expressly references the use of electronic signatures, which is consistent with applicable law, and enables LedgerX to establish, monitor and enforce compliance with its rules in accordance with **DCM Core Principle 2**, **SEF Core Principle 2**, and **DCO Core Principle H**.

**11. Miscellaneous Additions:** The updated Participant agreement also includes:

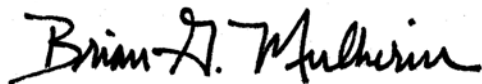
- a. A requirement that a Participant maintain any necessary regulatory approvals and licenses, consistent with **DCM Core Principle 2**, **SEF Core Principle 2**, and **DCO Core Principle H**;
- b. Acknowledgment of Participant’s awareness of the high risks associated with derivatives trading, consistent with **DCM Core Principle 2**, **SEF Core Principle 2**, and **DCO Core Principle H**;
- c. Disclaimer of liability if Participant’s internet service is unavailable, consistent with **DCM Core Principle 1** and **SEF Core Principle 1**; and
- d. Participant’s consent to electronic delivery of tax forms, consistent with **DCM Core Principle 1** and **SEF Core Principle 1**.

The changes and amendments to the Participant Agreement are reflected in a redlined copy designated as Appendix B. The final version of the revised Participant Agreement is attached at Appendix C.

LedgerX certifies that the changes and amendments comply with the CEA and Commission Regulations thereunder. LedgerX additionally certifies that it has concurrently posted a copy of this submission letter and the attachments hereto on LedgerX’s website at <https://ledgerx.com/>. LedgerX is not aware of any or substantive opposing views to the changes and amendments.

Please contact the undersigned at [gc@ledgerx.com](mailto:gc@ledgerx.com) if you have any questions or you would otherwise like to discuss this further.

Sincerely,



Brian G. Mulherin  
 General Counsel, LedgerX LLC