LUDLOW EXCHANGE, LLC.
New York, NY

July 14, 2026	**LUDLOW EXCHANGE, LLC** DESIGNATED CONTRACT MARKET	**Version 1.0**

LIQUIDITY PROVIDER PROGRAM

Rule Certification Filing

Includes:

1. Cover Letter (with Certifications)
2. Appendix A - Program Terms (Public)
3. Appendix B - Core-Principles Analysis (Confidential)

LUDLOW EXCHANGE, LLC.
New York, NY

July 14, 2026

SUBMITTED VIA CFTC PORTAL

Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Ludlow Exchange, LLC Rule Certification — Liquidity Provider Program (Self-Certification under CFTC Regulation 40.6)

Dear Sir or Madam:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act ("CEA") and CFTC Regulation 40.6, Ludlow Exchange, LLC ("Ludlow" or the "Exchange") hereby submits for self-certification the Liquidity Provider Program (the "Program"), a Member incentive program. The terms of the Program are set forth in Appendix A. A confidential core-principles analysis is set forth in Appendix B, for which Ludlow respectfully requests confidential treatment pursuant to CFTC Regulation 145.9 and the standards of CFTC Regulation 40.8.

Certifications

Pursuant to CFTC Regulation 40.6:

> **(i)** Ludlow certifies that the Program complies with the CEA and the CFTC's regulations promulgated thereunder.
>
> **(ii)** Ludlow certifies that, concurrent with the filing of this submission with the Commission, Ludlow has posted on its website a notice of pending certification and a copy of this submission, with Appendix B redacted, in compliance with CFTC Regulation 40.6(a)(2).
>
> **(iii)** Ludlow is not aware of any substantive opposing views with respect to the Program expressed by governing-board members, committee members, Members of the Exchange, or other market participants that were not incorporated into the proposal.

Consistent with CFTC Regulation 40.6(a)(3), Ludlow intends to implement the Program on a date not earlier than the tenth business day following the date of this filing, or such later date as Ludlow may determine. Consistent with Section II of the Program Terms, the effective period for the Program may be retroactive to the self-certification filing date so as not to disincentivize Eligible Member participation during the pendency of this filing.

Please contact me if you have any questions or require further information.

Sincerely,

/s/ Jeffrey Skinner

Jeffrey Skinner
Compliance Counsel
Ludlow Exchange, LLC
jeff@novig.co

Enclosures:

Appendix A: Liquidity Provider Program Terms
Appendix B: Confidential Core-Principles Analysis

Appendix A

Ludlow's Liquidity Provider Program ("Program")

Program Terms

I. Program Purpose

The purpose of the Program is to increase the depth, tightness, and persistence of resting liquidity on the Exchange's central limit order book, and thereby to enhance pricing efficiency. The Program compensates Eligible Members who provide passive liquidity by resting competitive bids on either side of an Eligible Market. The Program is anticipated to improve market quality, as measured by quoted width, the uptime of competitive quotes, and the depth of size at and near the top of the book, to the benefit of all Members.

II. Program Scope and Duration

The Program applies to Contracts and markets the Exchange designates from time to time by Notice on the Exchange website or in-app (each, an "Eligible Market"). The Exchange may include or exclude particular Contracts or markets at any time by Notice. For each multi-outcome market, each YES/NO strike is treated as a separate Eligible Market and is scored independently. Within each Eligible Market, the YES side and the NO side are scored separately, as further described below.

The effective period of the Program will be announced by Notice on the Exchange website and may be retroactive to the self-certification filing date so as not to disincentivize Eligible Members during the pendency of the filing. The Program will expire one year from its implementation date, unless extended by the Exchange.

III. Eligible Members

"Eligible Members" are all Members, except the following: (i) affiliates of the Exchange; and (ii) Members who have executed a Market Maker Agreement with the Exchange. All Eligible Members remain subject to the Rulebook in all respects.

IV. Market Schedule and Parameters

For each Eligible Market, the Exchange will publish via Notice the terms applicable to that market (the "Market Schedule"), comprising:

- the Program window, meaning the start and end date and time over which the Program operates in the Eligible Market;
- the Total Reward Pool, meaning the total U.S. dollar amount allocable to that Eligible Market over the Program window;
- the Pool Split, meaning the division of the Total Reward Pool between the YES and NO sides;
- the Eligible Hours during which Snapshots are taken;

- the Per-Side Risk Cap;
- the Minimum Order Risk;
- the Solo Activation Price;
- the Decay Half-Life;
- the Paired Activation Spread Threshold; and
- the Minimum Rest Time.

The Exchange will additionally publish via Notice the values, applicable program-wide, of the Sampling Cadence and the Epoch Length, and may, in its discretion, identify Epochs that fall within an underlying event's "in-play" period and assign such Epochs a higher weight (the "In-Play Weight") in pool allocation.

All values will be specified by the Exchange prior to implementation and subject to the Permitted Ranges of Variables set forth below. Changes to the values applicable to any Eligible Market shall be effective only on a prospective basis upon Exchange Notice.

V. Eligibility and Scoring Methodology

During each Eligible Market's Program window, the Exchange will sample the order book only during the Eligible Hours that fall within the Program window, at intervals determined by the Sampling Cadence, taking one simultaneous Snapshot of the YES side and the NO side at a single moment drawn at random within each interval (each, a "Snapshot"). The moment is randomized so that participants cannot time order submissions or cancellations to a predictable sampling schedule. The YES side and the NO side are scored separately. For each Snapshot and each side, the Exchange will (i) identify Eligible Orders, (ii) compute each Member's Snapshot Score for that side, and (iii) credit those scores to the corresponding Epoch.

Determination of Eligible Orders. An order's status as an "Eligible Order" depends only on the order's own characteristics, not on whether the Member holding it is an Eligible Member. At each Snapshot, an order is an "Eligible Order" on a given side only if it satisfies all of the following at the time of the Snapshot:

- **Passive bid only.** The order is a passive bid with a time-in-force of GTC ("good-'til-canceled," meaning rests until filled or canceled) or GTT ("good-'til-time," meaning rests until a specific expiration, then auto-cancels). Marketable, immediate-or-cancel, and ask-side orders are never scored. For purposes of scoring, a YES ask is treated as a bid for NO.
- **Minimum Rest Time.** The order has rested for at least the Minimum Rest Time, which is defined as the minimum resting duration, set per Eligible Market, that an order must remain on the book to be scored. The Minimum Rest Time is measured from the order's original creation timestamp. A reduction in size does not reset this clock; any other modification, including a price change or size increase, resets the clock.

- **Minimum Order Risk.** The order's risk, computed as price multiplied by the remaining unfilled contracts, is at least equal to the Minimum Order Risk. Partial fills reduce the remaining size correspondingly, and only the remaining resting size is eligible.
- **Active side.** The order's side is active at the Snapshot. To determine activeness, the Exchange first identifies, on each side, the orders satisfying all other requirements of an Eligible Order (the "Qualifying Bids" on that side). A side is then active if either:

  the highest-priced Qualifying Bid on that side has a price above the Solo Activation Price (defined as the price level, set per Eligible Market, at or below which a side does not activate on its own); or

  the Paired Activation Spread is less than or equal to the Paired Activation Spread Threshold, in which case both sides are active. The "Paired Activation Spread" is one minus the highest-priced YES Qualifying Bid minus the highest-priced NO Qualifying Bid, and the Paired Activation Spread Threshold is the maximum such spread, set per Eligible Market, at which both sides are active.
- **Within the Per-Side Risk Cap.** The order falls within the Per-Side Risk Cap (defined as the maximum aggregate order risk per side, set per Eligible Market, that is eligible to be scored) when orders on the side are walked from best price first and, within each price level, in first-in-first-out queue priority. The order that straddles the Cap is counted partially, up to the remaining capacity; orders beyond the Cap are not eligible.

Scoring. Scoring is performed separately for each side. For each Snapshot and each side on which there is at least one Eligible Order, the Exchange will determine a reference price, equal to the highest price among Eligible Orders on that side, and assign each Eligible Order a raw score equal to two raised to the exponent, multiplied by the order's eligible size in contracts. The exponent is the negative of the price distance from the reference price (that is, the reference price minus the order's price), divided by the Decay Half-Life. The Decay Half-Life, set per Eligible Market, is the price distance from the reference price over which an order's raw score halves. That is, for an Eligible Order with price p and eligible size q on a side with reference price r and Decay Half-Life H:

Formula	Example
raw score = $q \cdot 2^{[-(r - p)/H]}$	For example, with a reference price r = \$0.40 and Decay Half-Life H = \$0.05, an order of 100 contracts priced at the reference (\$0.40) scores 100; an order of 100 contracts priced one half-life below (\$0.35) scores 50; and an order of 200 contracts priced two half-lives below (\$0.30) scores 50.

Raw scores are then normalized so that they sum to one on that side for that Snapshot. A Member's "Snapshot Score" for a given side and Snapshot is the sum of the normalized scores on the Eligible Orders attributable to that Member on that side. That is, for an Eligible Order i with raw score s_i, where the side holds Eligible Orders 1 through n for that Snapshot:

Formula	Example
normalized score$_i$ = s_i / (s_1 + s_2 + ... + s□)	Continuing the example above, the three orders have raw scores of 100, 50, and 50, which sum to 200. Their normalized scores are therefore 0.50, 0.25, and 0.25, which sum to one. If one Member holds the first order and a second Member holds the other two, their Snapshot Scores for that side are 0.50 and 0.50.

A side is scored for a Snapshot only if it has at least one Eligible Order at the time of the Snapshot. If a side has no Eligible Order, that side is not scored for that Snapshot, but the other side is scored as normal.

VI. Allocation and Payment Methodology

For each Eligible Market, the Total Reward Pool is divided across the days spanned by the Program window in proportion to the duration of the Program window falling within each day, then divided between the YES side and the NO side in accordance with the Pool Split, and then divided across the Epochs within each day in accordance with the Epoch Length (and, if applied, the In-Play Weight). An "Epoch" is a successive interval of length equal to the Epoch Length within the Eligible Hours. The Exchange will specify, by Notice for each Eligible Market, how Epochs are aligned within the Eligible Hours, including the treatment of any non-contiguous Eligible Hours and of any period shorter than a full Epoch Length. Each resulting slice is allocated to a single side of a single Epoch (each, an "Epoch-side slice").

Allocation is performed separately for each side. Within each Epoch, on each side, a Member's allocation is equal to the sum of that Member's Snapshot Scores for that side across all Snapshots in the Epoch, divided by the sum of all Members' Snapshot Scores for that side across all Snapshots in the Epoch, multiplied by the Epoch-side slice. That is, for a Member with summed Snapshot Scores m on a side where all Members' summed Snapshot Scores total M, and an Epoch-side slice P:

Formula	Example
allocation = (m / M) · P	For example, suppose an Epoch-side slice is P = $1,000 and, across all Snapshots in that Epoch on that side, the summed Snapshot Scores are 12 for Member A, 9 for Member B, 6 for Member C, and 3 for all other Members combined, so that M = 30. Member A's allocation is (12 / 30) · $1,000 = $400; Member B's is (9 / 30) · $1,000 = $300; and Member C's is (6 / 30) · $1,000 = $200.

The Snapshot Scores of all Members, including any Member that is not an Eligible Member, are included in the denominator M. An allocation attributable to a Member that is not an Eligible Member is calculated in the same manner but is not paid and is not rolled forward; only Eligible Members receive payment. If a side has no Snapshot Scores within an Epoch, that Epoch-side slice is not paid and is not rolled forward.

An Eligible Member's total payment under the Program for a Payment Period is the sum of that Eligible Member's Epoch-side allocations across all Eligible Markets, Epochs, days, and sides over that Payment Period. The "Payment Period" is the interval over which the Exchange aggregates allocations for payment, as specified by Notice. Payments are made as cash credited to the Eligible Member's Exchange account and are withdrawable in accordance with the Rulebook and the Member Agreement. An Eligible Member's total allocation for a Payment Period is rounded down to the nearest cent; amounts below one cent are not paid and are not rolled forward.

Payment determinations are made by the Exchange in accordance with the methodology set forth in this Appendix. The Exchange retains discretion to correct errors, resolve ambiguities, and address edge cases consistent with the purpose of the Program.

VII. Permitted Ranges of Variables

To preserve the integrity, fairness, and non-discriminatory operation of the Program, all values specified by Notice shall fall within the following bounds:

- **Total Reward Pool:** no less than $10 and no greater than $50,000 per Eligible Market per Program window.
- **Program window:** no shorter than 1 hour and no longer than 30 days.
- **Pool Split:** any division of the Total Reward Pool between the YES side and the NO side, from 0% to 100% on either side, provided the two shares sum to 100%.
- **Eligible Hours:** any contiguous or non-contiguous subset of the Eligible Market's open trading hours, expressed in Eastern Time.
- **Per-Side Risk Cap:** no less than $50 and no greater than $50,000 per side.
- **Minimum Order Risk:** no less than $5 per order.
- **Solo Activation Price:** no less than $0.50 and no greater than $0.99.
- **Decay Half-Life:** no less than $0.001 and no greater than $0.20.
- **Paired Activation Spread Threshold:** no less than $0.01 and no greater than $0.25.
- **Minimum Rest Time:** no less than 0.1 second and no greater than 60 seconds.
- **Sampling Cadence:** no more frequent than once per second and no less frequent than once per 5 minutes.
- **Epoch Length:** no shorter than 1 minute and no longer than 24 hours.
- **In-Play Weight (if applied):** no less than 1.0 and no greater than 10.0; baseline Epochs are weighted at 1.0.
- **Per-Member Payment Cap:** the Total Reward Pool for the applicable Eligible Market.

VIII. Timing of Notice

The Exchange will give public Notice of all values applicable to each Eligible Market — including the Program window, Total Reward Pool, Pool Split, Eligible Hours, Per-Side Risk Cap, Minimum Order Risk, Solo Activation Price, Decay Half-Life, Paired Activation Spread Threshold, Minimum Rest Time, and any program-wide value identified above — on the Exchange website, in the Exchange's app, or both, prior to the start of the relevant Program window. Once values are set for a Program window, any change to them shall apply prospectively only upon Exchange Notice, and no change shall apply retroactively to any Snapshot already taken or any Epoch already commenced. This does not limit the Program's initial effective period, which may be retroactive to the self-certification filing date as provided above.

IX. Monitoring and Termination of Status

The Chief Regulatory Officer may revoke an Eligible Member's eligibility, disqualify orders or activity that the Chief Regulatory Officer determines to be inconsistent with the purpose of the Program or the Rulebook, and modify, suspend, or terminate the Program at any time. Where the Chief Regulatory Officer determines that an Eligible Member's participation is abusive or otherwise inconsistent with the purpose of the Program, any unpaid amounts otherwise attributable to that Eligible Member shall be forfeited to the Exchange. The Exchange may end the Program at any time.