

	LUDLOW EXCHANGE, LLC DESIGNATED CONTRACT MARKET	Ticker NCAAMPLACH
NCAAM PLAYOFF ACHIEVEMENT Self-Certification of the NCAAM Achievement Contract Pursuant to CFTC Regulation 40.2(a) Includes: 1. Cover Letter (with Certifications) (Public) 2. Public Appendix A: Terms and Conditions of the Contract (Public) 3. Confidential Appendix B: Analysis of Compliance with Core Principles		

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: Self-Certification of the NCAAM Playoff Achievement Contract Pursuant to Section 5c(c) of the Commodity Exchange Act and CFTC Regulation 40.2(a)

Dear Sir or Madam:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “Act”), 7 U.S.C. § 7a-2(c), and Commission Regulation 40.2(a), 17 C.F.R. § 40.2(a), Ludlow Exchange, LLC (“Ludlow” or the “Exchange”), a registered designated contract market doing business as Novig, hereby notifies the Commission of its election to self-certify the NCAAM Playoff Achievement Contract (the “Contract”) for listing on the Exchange.

A concise description and analysis of the contract follows:

The Contract. This contract is an event contract on the official outcome of a future NCAA Division I men’s basketball (“NCAAM”) competitive result, such as which team wins a championship or tournament, whether a team qualifies for a #1 seed in the NCAA Division I Men’s Basketball Tournament, or whether a team qualifies for or advances within a playoff or postseason competition, including whether a team is selected to the field of the NCAA Division I Men’s Basketball Tournament. When entering the contract, a participant selects a specific <participant> and effectively predicts whether that participant will achieve <achievement>. If the selected participant achieves it according to the recognized governing body, the contract pays its fixed settlement value of one dollar; if not, it settles at zero. Each listing corresponds to a single recurring competition identified by the Exchange, and new contracts are generally issued for the next season, year, or edition that will have an official result.

Contract Mechanics. The Contract operates with a \$1.00 Settlement Value, a \$0.001 Minimum Tick, and a \$50,000-per-strike-per-Member Position Accountability Level. Contract iterations will be issued on a recurring basis, with each instance corresponding to the hedging and informational trading needs of the Exchange’s Members.

Core Principles Compliance. The Contract is not readily susceptible to manipulation: the Underlying is determined by objective and publicly verifiable criteria, and the underlying events are characterized by broad observability. A detailed analysis of the contract’s compliance with the Core Principles is provided in Confidential Appendix B.

Certifications. Pursuant to Section 5c of the Commodity Exchange Act and Commission Regulation 40.2(a), the Exchange hereby certifies that:



LUDLOW EXCHANGE, LLC.

New York, NY

- (i) the Contract complies with the Act and the Commission's regulations thereunder; and
- (ii) concurrently with the filing of this submission, the Exchange has posted on its public website at <https://www.ludlowexchange.com/filings> a notice of pending product certification and a copy of this submission (excluding any materials for which confidential treatment has been requested).

Confidential Treatment. Confidential treatment is requested for Confidential Appendix B pursuant to 17 C.F.R. §§ 40.8 and 145.9 and FOIA Exemption 4, 5 U.S.C. § 552(b)(4), as set forth more fully in the accompanying FOIA Confidential Treatment Request.

Enclosures. Enclosed with this letter are: (i) Public Appendix A: Terms and Conditions of the Contract; (ii) Confidential Appendix B: Analysis of Compliance with Core Principles; and (iii) FOIA Confidential Treatment Request.

Sincerely,

Calvin Smith
Head of Markets
Ludlow Exchange, LLC

PUBLIC APPENDIX A: TERMS AND CONDITIONS OF THE CONTRACT

NCAAM Playoff Achievement

PRODUCT NAME	NCAAM Playoff Achievement
RULEBOOK CODE	NCAAM-003
CONTRACT TYPE	Event Contract
ISSUANCE	Recurring (per scheduled event)
UNDERLYING CATEGORY	Sports: basketball

CONTRACT SPECIFICATIONS

For the Contract certified by this submission, the variables used in these terms and conditions take the following values:

Variable	Value
<participant>	Duke Blue Devils
<achievement>	To Win the 2027 NCAA Division I Men's Basketball Tournament

GENERAL TERMS

Scope: These rules shall apply to this Contract.

Type: The type of Contract is an Event Contract.

Issuance: These Rules apply solely to the Contract identified in the Contract-Specific Terms. The Contract is based on the outcome of a recurrent event; Contract iterations will be issued on a recurring basis, and future Contract iterations will generally correspond to the next time frame (e.g., season, year, or edition) that will have an official result of <achievement>.

Underlying: The Underlying for this Contract is the official result of <achievement>. Revisions to the Underlying made after the Expiration Time will not be accounted for in determining the Expiration Value.

Source Agency. The Source Agency for this Contract is the National Collegiate Athletic Association ("NCAA"), including any successor entity resulting from an official name change or reorganization of NCAA.¹

¹ This entity is not affiliated or associated with Ludlow Exchange, LLC. Neither this entity nor any of its affiliates sponsors, endorses, sells, promotes, approves, or is otherwise involved with this Contract or any other product offered by Ludlow Exchange. Any reference to this entity is solely for purposes of identifying the underlying event and the applicable settlement source.

The Expiration Value shall be determined exclusively from the following hierarchy, applied in order (i) the official box score or, for a qualification/advancement <achievement>, the official tournament bracket, as published by NCAA; (ii) ESPN; (iii) the Associated Press; (iv) Fox Sports. No other source may be used to determine the Expiration Value. Once the Expiration Value has been determined, subsequent revisions to official statistics or scoring decisions shall not reopen or alter the Expiration Value.

Void: The conditions under which a Contract on <achievement> may settle to Void are specified throughout this Contract. All Voids are subject to the Fair Value Settlement Rule.

Payout Criterion: The Contract will settle as an Outright Contract. If the first official final result of <achievement> is, or is achieved by, <participant>, the Member holding the YES side of the Contract will receive the Settlement Value; if it is not, the Member holding the NO side of the Contract will receive the Settlement Value.

If the Expiration Value cannot be determined, or as otherwise specified in this Contract, the Contract settles to Void.

VARIABLES

<participant>: Refers to a group, an entity, a team, individuals, or an individual participating in the competition or process that determines <achievement>, as identified by the Exchange in its reasonable discretion, including but not limited to official names, abbreviations, or other identifying characteristics. If <participant> undergoes a name change, relocation, rebranding, or similar change, the Exchange will determine in its sole discretion whether sufficient organizational continuity exists to treat the new entity as the same <participant>. If the Exchange makes such a determination, the Contract will continue to reference <participant> under its updated designation, and open Contracts will remain valid and unaffected.

<achievement> refers only to one or more of the following sports outcomes or distinctions, as expressly designated by the Exchange at the time of listing. Each designated <achievement> shall specify the applicable year, season, or edition of the relevant competition and any other information necessary to identify it uniquely, and its result must be determinable solely from the official records of the Source Agency:

- championship/tournament/competition winner (e.g., the 2027 NCAA Division I Men's Basketball Tournament Winner)
- qualification/advancement (e.g., qualification for the 2027 NCAA Division I Men's Basketball Tournament, advancement to the 2027 NCAA Division I Men's Basketball Final Four)
- placement in competition (e.g., team to earn a #1 seed for the 2027 NCAA Division I Men's Basketball Tournament)

No achievement other than those expressly identified above may serve as a Contract strike variable. Any additional achievement would require a separate amendment or certification before becoming eligible for listing.

Each <achievement> is resolved as an outright Contract. Where the result of <achievement> cannot be determined from an official source, the Contract is resolved under the Cancellation Rule or the applicable void provisions of this Contract.

ACHIEVEMENT-SPECIFIC TERMS AND RULES

Final-Event Timing Rule: The “final event” means the event or events necessary to determine the official result of <achievement>.

- **Postponed.** If the final event is postponed past its scheduled date (e.g., because of severe weather or other emergency), the Contract remains open for trading and settles after the sooner of (1) the result of <achievement> being reported or (2) two weeks following the originally scheduled date of the final event. If the final-event date is unknown, the Contract remains open for trading and settles after the sooner of (1) the result being reported or (2) two years following the estimated date of the final event, until a final date is known.
- **Suspended.** If the final event is suspended during play, the Contract remains open for trading and settles after the sooner of (1) the result of <achievement> being reported or (2) two months following the originally scheduled date of the final event.
- **Advanced.** If the final event is moved to be earlier than its originally scheduled date, the Contract remains open for trading and settles after the result is reported.

Tournament Qualification Rule: Where <achievement> is qualification for the NCAA Division I Men’s Basketball Tournament, <participant> achieves <achievement> if <participant> is included in the official tournament field as announced by the Source Agency, whether by automatic qualification or at-large selection, including any <participant> assigned to a preliminary-round (“First Four”) game. For such an <achievement>, the “final event” is the Source Agency’s official announcement of the full tournament field, and the official result of <achievement> is the field as so announced. Consistent with the Settlement Finality Rule, any withdrawal, removal, replacement, or disqualification of <participant> occurring after that announcement will not affect the Contract’s resolution.

Early Conclusion Rule: If the official result of <achievement> is reported even though the event or events necessary to determine it were truncated or ended early, the Contract settles based on that reported result.

Cancellation Rule: If the final event is cancelled outright before it concludes, or <achievement> is cancelled, will not have an official result, or will have an official result of nothing or no one, then the Contracts for eligible participants are resolved under the Fair Value Settlement Rule. If a Fair Value Price is not available, or if the Exchange determines in its sole discretion that the most recent Fair Value Price does not represent a fair settlement, the Outcome Review Committee will make a binding determination of fair allocation, using market data, historical trades, and external sources. For purposes of this Contract,

an "eligible participant" is a participant that has not been disqualified or eliminated. Determinations of the Outcome Review Committee are final and not subject to review.

Dead-Heat Rule: The Exchange does not apply dead-heat treatment unless the Market Title or Market Description expressly provides for it. If multiple participants are reported as the result of <achievement> (for example, co-champions), each such participant is treated as satisfying the Payout Criterion and resolves "Yes" in full at the full Settlement Value, without dead-heat reduction, and the corresponding "No" positions resolve at \$0.00. Where the Market Title or Market Description expressly provides for dead-heat treatment, each such participant instead resolves "Yes" at a Payout of $\$1.00 \div (\text{number of participants declared as the result of } <\text{achievement}>)$, rounded down to the nearest Minimum Tick, and "No" at \$1.00 minus the corresponding "Yes" Payout.

Withdrawal Rule: If <participant> forfeits, withdraws from consideration, or takes any other official action directly to be removed from being able to achieve <achievement>, such as withdrawing from the events that will determine its result, the Contract settles "No" for <participant>.

Disqualification Rule: If <participant> is disqualified from consideration for <achievement> before the Contract expires, even if the final event necessary to determine the result has concluded, the Contract for <participant> settles "No." If this causes another participant to be reported as the official result of <achievement>, the Contract resolves on the basis of which participant is reported as the official result.

Elimination Rule: If <participant> is eliminated from contention for being the result of <achievement>, including by being eliminated from the event or events necessary to determine the official result, the Contract settles "No." A participant is eliminated from contention when it is reported so by the Source Agency.

Re-Entry Rule: If <participant> was eliminated from contention and the Contract for <participant> settled "No," but <participant> is later re-entered into contention (for example, because a participant originally in contention was disqualified), then a new Contract with the same <participant> may be created. The original Contract will remain resolved "No."

Settlement Finality Rule: The official result for settlement purposes is the result as reported by the Source Agency at Expiration. Any revision after Expiration will not be considered; if <participant> or any other participant is disqualified, removed, or the official result of <achievement> is reversed or changed in any way after the Contract expires, that will not affect the Contract's resolution.

SUSPENSION AND VOIDS

Extraordinary Circumstances Rule: In the event of an extraordinary circumstance that renders a team or player unable to compete in the event or events necessary to determine the result of <achievement>, or that otherwise materially affects the Underlying, including but not limited to the death, serious injury, or incapacitation of one or more players, coaches, or staff members, the Exchange reserves the right, in its sole discretion based upon the information reasonably available at the time, to either (a) settle to Void all affected Contracts, or (b) settle all affected Contracts at the fair value price prior to the circumstance

becoming publicly known, pursuant to the Fair Value Settlement Rule. Where the precise time of the circumstance cannot reasonably be determined, the Exchange may rely on an approximate time. All determinations under this Rule are final.

General Market Suspension Rule: The Exchange reserves the right to suspend trading on any Contract at any time pending clarification of an unusual or uncertain event that may affect the outcome or validity of <achievement>. A market suspension does not constitute a void or settlement of any Contract. The Exchange will resolve the suspension, by resuming trading or issuing a settlement determination, within 24 hours of the suspension. If the Exchange cannot resolve the uncertainty within that period, it will either extend the suspension for a stated further period, not to exceed the Expiration Date, or resolve affected Contracts under the applicable settlement provisions of this Contract, including the Fair Value Settlement Rule where those provisions would otherwise settle a Contract to Void. Any extension and its basis will be recorded contemporaneously. All determinations under this Rule are final.

Contingencies: Before Settlement, the Exchange may, at its sole discretion, initiate the Market Outcome Review Process pursuant to the Rulebook. If an Expiration Value cannot be determined on the Expiration Date, the Exchange has the right to determine payouts pursuant to the Rulebook or settle the Contract to Void.

FAIR VALUE SETTLEMENT RULE

Fair Value Settlement Rule: Where a Contract settles to Void, or where any other provision of this Contract provides for settlement at fair value, the Exchange will resolve all affected Contracts pursuant to this Rule.

- (a) **Reference Time.** The “Reference Time” is the earliest of: (i) the suspension, interruption, or termination of the event or events necessary to determine the result of <achievement>; (ii) any halt of trading in the Contract imposed by the Exchange in connection with the circumstance giving rise to settlement under this Rule; and (iii) the first public report of that circumstance. Where a Contract settles to Void by operation of a condition specified in this Contract rather than an event affecting <achievement>, including the cancellation of <achievement> under the Cancellation Rule, the Reference Time is the time at which satisfaction of that condition became certain, whether by official announcement, the recording of the relevant result or determination by the Source Agency, or the Exchange's determination, or any earlier halt of trading in the Contract imposed by the Exchange in connection with that condition. Where the Exchange reasonably determines that the circumstance was reflected in trading in the Contract before the earliest of these times, the Exchange may set an earlier Reference Time. Where the precise time of any event described in this paragraph cannot reasonably be determined, the Exchange may rely on an approximate time.
- (b) **Calculation Window.** The “Calculation Window” is the 30-minute period ending at the Reference Time or, where the Contract has been listed for trading for less than 30 minutes as of the Reference Time, the period from listing to the Reference Time.

- (c) **Fair Value Price.** The “Fair Value Price” is the time-weighted average, over the Calculation Window, of a composite price for the outcome referenced by the Contract, calculated from: (i) prices for the same outcome published by independent, widely disseminated commercial markets, converted to implied prices by removing the embedded margin from each source pursuant to a consistent, documented normalization methodology; and (ii) the midpoint of the best bid and best offer for the Contract on the Exchange. The composite will reflect no fewer than two independent sources under clause (i) where available, combined with the Exchange's own market data pursuant to a weighting methodology established by the Exchange and applied consistently across **Contracts**. The Fair Value Price will not be less than \$0.00 or greater than the Settlement Value, and will be rounded to the nearest Minimum Tick, with a value falling exactly between two ticks rounded to the tick closer to the composite price at the Reference Time.
- (d) **Data Integrity.** In determining the Fair Value Price, the Exchange may exclude from the composite (i) any Transaction or quotation on the Exchange that the Exchange reasonably determines resulted from anomalous, erroneous, non-bona-fide, or manipulative activity; (ii) any interval during which the market in the Contract on the Exchange was one-sided, or during which the width of the bid-offer spread or the displayed size rendered quotations unreliable; and (iii) any external source whose published prices are stale, materially divergent from the other sources without apparent basis, suspended, or otherwise unreliable during the Calculation Window.
- (e) **Fallbacks.** If one component of the composite is unavailable or unreliable during the Calculation Window, the Fair Value Price will be determined from the remaining component or components. If neither sufficient external source prices nor sufficient reliable two-sided activity on the Exchange is available during the Calculation Window, the Exchange will apply the following, in order, using the first source that yields a reliable Fair Value Price: (i) the most recent period of no less than 30 minutes within the 24 hours preceding the Reference Time in which the composite can be reliably calculated; (ii) contemporaneous prices of related Contracts listed on the Exchange that reference <achievement> or <participant>; and (iii) if no reliable Fair Value Price can be determined from the foregoing, the Outcome Review Committee will make a binding determination of fair allocation under the Cancellation Rule, or, where the Cancellation Rule does not apply, the affected Contracts will be resolved without a Fair Value Price, and Members will receive the return of funds that are at risk in the market.
- (f) **Settlement.** Where a price is determined, each affected Contract will settle with the Member holding the YES side receiving the Fair Value Price per Contract and the Member holding the NO side receiving the Settlement Value minus the Fair Value Price per Contract, in lieu of any other payout under this Contract.
- (g) **Determination, Notice, and Finality.** The Exchange will determine the Fair Value Price no later than the day after the Expiration Date, unless the Market Outcome Review Process has been initiated, in which case the timeline of that process governs. The Exchange will publish the Fair Value Price and a summary of the basis for its determination on its website, and will maintain a contemporaneous record of the data considered, any exclusions or fallbacks applied, and the resulting calculation. Any determination made by the Exchange under this Rule is final.

CONTRACT MECHANICS

Minimum Tick: The Minimum Tick size for the Contract shall be \$0.001.

Position Accountability Level: The Position Accountability Level for the Contract shall be \$50,000 per strike, per Member.

Last Trading Date: The Last Trading Date of the Contract will be the same as the Expiration Date. The Last Trading Time will be the same as the Expiration Time.

Expiration Time: The Expiration Time of the Contract shall be upon the official result of <achievement> being reported by the Source Agency, subject to the Expiration Date.

Expiration Date: The Expiration Date of the Contract shall be the outer resolution date designated by the Exchange at the time of listing, which shall be no earlier than thirty days following the originally scheduled date of the final event, or the latest date on which the Contract could resolve under the Final-Event Timing Rule, whichever is later. The Expiration Date operates as a hard backstop; no settlement or expiration event occurring after this date will affect the Contract.

Settlement Date: The Settlement Date of the Contract shall be no later than the day after the Expiration Time occurs, unless settlement is determined under the Fair Value Settlement Rule or the Market Outcome Review Process has been initiated, as provided in those provisions. Settlement occurs on the Settlement Date in accordance with the Rulebook.

Settlement Value: The Settlement Value for this Contract is \$1.00, unless the Contract settles to Void, in which case the Contract settles pursuant to the Fair Value Settlement Rule.

Expiration Value: The Expiration Value is the value of the Underlying as documented by the Source Agency on the Expiration Date at the Expiration Time.

CONFIDENTIAL APPENDIX B

Analysis of Compliance with Core Principles

NCAAM Playoff Achievement Contract

Confidential treatment is requested for this Appendix pursuant to CFTC Regulation 145.9, FOIA Exemption 4 (5 U.S.C. § 552(b)(4)), and the accompanying FOIA Confidential Treatment Request.

This Appendix sets forth the Exchange’s analysis of the NCAAM Playoff Achievement Contract’s compliance with the Core Principles for designated contract markets set forth in Section 5(d) of the Act and Part 38 of the Commission’s regulations. The analysis is informed by the guidance in Part 38 and its appendices. Core Principles not addressed below are, in the Exchange’s view, either not implicated by the Contract or addressed by the Exchange’s Rulebook and prior filings. Citations to numbered Rules refer to the Ludlow Exchange Rulebook; citations to Compliance Manual sections refer to Ludlow’s Compliance Manual; and citations to the Surveillance Manual refer to Ludlow’s Surveillance and Market Monitoring Manual.

Core Principle Compliance Map

CORE PRINCIPLE	SUBJECT	DISCUSSION
CP 3	Contracts Not Readily Susceptible to Manipulation	Discussed below
CP 4	Prevention of Market Disruption	Discussed below
CP 5	Position Limitations or Accountability	Discussed below
CP 7	Availability of General Information	Discussed below
CP 8	Daily Publication of Trading Information	Discussed below
CP 9	Execution of Transactions	Discussed below
Reg 40.11	Public Interest Considerations	Discussed below

Core Principle 3: Contracts Not Readily Susceptible to Manipulation

In the Exchange’s view, the Underlying for the Contract — the official result of **<achievement>**, as recorded by the Source Agency — is not readily susceptible to manipulation. The Exchange’s analysis follows the framework reflected in Appendix C to Part 38 and is set forth below.

Objective and Publicly Verifiable Resolution Criterion. The Payout Criterion resolves on an objective, publicly verifiable fact rather than on Exchange or Member discretion. The criterion is whether the first official final result of **<achievement>** is, or is achieved by, **<participant>**, as recorded by the Source

Agency. The **<achievement>** and **<participant>** are fixed at the time of listing and are not subject to Exchange or Member discretion. The Exchange does not retain discretion to select the Expiration Value.

Source Agency. Settlement is determined by reference to a defined Source Agency hierarchy specified in Appendix A. The Source Agency is the National Collegiate Athletic Association (“NCAA”), and the Expiration Value is determined exclusively from a stated order of priority: the official box score or, for a qualification/advancement **<achievement>**, the official tournament bracket, as published by the NCAA; ESPN; the Associated Press; and Fox Sports. In the Exchange’s view, this hierarchy draws the settlement value from a source that is reliable, publicly available, and timely, and provides redundancy: the result of **<achievement>** is independently reported by the NCAA or the applicable governing body and, in the ordinary case, by commercial data providers and broadcasters, permitting cross-verification. Where a circumstance materially impacts the reliability or transparency of the Source Agency or the Underlying, Rule 7.2 authorizes the Exchange to designate a replacement Source Agency that is objective and verifiable, subject to public notice.

Extended Time Horizon and Cumulative Determination. The Underlying is determined over an extended competitive period — a season, tournament, or multi-round qualification process — rather than a single contest on a single day. In the Exchange’s view, this extended horizon is itself a meaningful manipulation-resistance feature: because the result of **<achievement>** reflects the cumulative outcome of numerous independently contested events across a full season or tournament, no single play, game, or participant is ordinarily capable of determining the Underlying. Conduct directed at any one contributing event would, in the ordinary case, have only a partial and attenuated effect on the season- or tournament-long result on which the Contract settles.

Scale and Public Observability. The events from which **<achievement>** is determined are conducted before live audiences, officiated by trained officials, and broadcast to national and regional audiences, with results and statistics recorded and published by the Source Agency and independently observed by spectators, officials, commercial data providers, and broadcasters. The Contract is one of a field of mutually exclusive **<participant>** strikes, and the Underlying is continuously observed and independently recorded by third parties over the relevant period, which the Exchange believes materially limits the practical scope for manipulation of the Underlying to go undetected.

Qualification and Advancement Outcomes. Certain **<achievement>**s (e.g., qualification for the NCAA Division I Men’s Basketball Tournament) are determined by the application of the NCAA’s published procedures, including automatic qualification through conference championships and at-large selection and seeding by the NCAA Division I Men’s Basketball Committee, rather than by the result of any single contest. In the Exchange’s view, such outcomes remain not readily susceptible to manipulation because they are determined by the identified governing body under its own published procedures, are publicly reported, and are resolved by reference to the Source Agency hierarchy in Appendix A; the trading prohibitions and surveillance program described below apply to any Member positioned to influence such a determination, including members of the NCAA Division I Men’s Basketball Committee and conference officials. The Exchange does not represent that it exercises any control over, or maintains integrity arrangements specific to, the procedures of any governing body. Although at-large selection and seeding reflect the judgment of the selection committee, that judgment is exercised by the governing body

under its published selection principles, the resulting tournament field is publicly announced, and the Exchange exercises no discretion over it.

Settlement Price Integrity. A further, and in the Exchange’s view significant, manipulation-resistance feature is the methodology by which the Contract is resolved where an outcome cannot be determined under the ordinary settlement provisions. Rather than authorizing a discretionary settlement price, the Fair Value Settlement Rule in Appendix A prescribes a defined, rules-based methodology: the settlement price is a time-weighted composite, over a fixed calculation window ending at a defined reference time, of (i) prices for the same outcome published by independent, widely disseminated commercial markets, normalized to remove embedded margin under a consistent methodology, and (ii) the midpoint of the best bid and offer for the Contract on the Exchange, subject to documented data-integrity exclusions.

The Exchange regards reliance on independent, widely disseminated commercial market prices as a meaningful integrity safeguard. Because the composite is drawn from multiple external venues that publish prices independently of the Exchange, a participant seeking to distort the fair-value settlement price could not do so by trading on the Exchange alone; the participant would instead have to move prices contemporaneously across multiple independent, publicly observable markets, a materially more difficult undertaking that is itself observable. The methodology further excludes anomalous, erroneous, or non-bona-fide activity and stale or divergent external sources, and applies defined fallbacks where a component is unavailable. In the Exchange’s view, this rules-based, externally-anchored approach reduces the scope for both manipulation and discretion in the circumstances in which a settlement price must be constructed — including a cancelled <achievement> resolved across a field of <participant> strikes.

The Expiration Value is fixed as of the Expiration Time and, under the Settlement Finality Rule, is not disturbed by corrections, protests, or subsequent revisions made after Expiration, further limiting the opportunity for post-hoc influence over settlement.

Trading Prohibitions Applicable to Insiders and Decision Makers. Rule 5.11 imposes trading prohibitions tailored to event contracts of this type. In the Exchange’s view, these prohibitions address the participant-level integrity risks most relevant to a sports event contract:

(i) Rule 5.11 prohibits any Member who is an “Insider,” defined as any Member with access to material nonpublic information that is the subject of an Underlying, from trading, directly or indirectly, in such Contracts. With respect to the Contract, this prohibition extends to players, coaches, managers, and other playing personnel of participating teams or individual <participant>s; conference, league, or governing-body employees with access to non-public information bearing on the result of <achievement>; and any other Member with access to material nonpublic information.

(ii) Rule 5.11 prohibits any Member who is an employee or affiliate of the Source Agency for any Contract from trading in such Contracts.

(iii) Rule 5.11 prohibits any Member who is a decision-maker, directly or indirectly and regardless of the scale of influence, on the outcome of the Underlying from trading in Contracts on that Underlying.

(iv) Rule 5.11 imposes general prohibitions against manipulation (referencing Sections 6(c) and 9(a)(2) of the CEA), manipulative or fraudulent trading practices, money passes, wash trading, front-running, spoofing, layering, and other abusive trading practices.

(v) Rule 2.12 prohibits Ludlow employees, consultants, and Board or committee members from using or disclosing material nonpublic information obtained in connection with their service to Ludlow, and from trading on the basis of such information, consistent with CFTC Regulation 1.59.

(vi) Rule 2.13 limits trading by Affiliates of Ludlow, requires operational independence between Ludlow and any Affiliate Member, and prohibits Affiliate access to Ludlow's material nonpublic information.

These prohibitions are enforced through Member onboarding (including the certifications required under Rule 3.1(c)(5)), the surveillance program described below, and the disciplinary process set forth in Chapter 9.

Exchange Surveillance: Real-Time, T+1, and Third-Party. Rule 9.1 establishes the Exchange's market and trade-practice surveillance framework, conducted through three complementary layers as described in Section 2.2 of the Compliance Manual:

(i) **Real-time monitoring by Ludlow's Market Control Team (MCT).** The MCT conducts continuous, real-time monitoring of trading activity, using proprietary in-house alerts integrated into the Exchange's technology stack. Alerts include detection of layering, spoofing, momentum ignition, pre-arranged trading between affiliated or non-affiliated parties, front-running, price ramping, price spikes, quote stuffing, wash trading (solo and in collusion), fat-finger errors, insider-trading patterns, market-abuse patterns, position-concentration alerts, volume anomalies, and crossing alerts. Alert sensitivities are specified for each Contract by MCT staff and are subject to review by the CCO. The MCT is staffed continuously across the Platform's 24-hour, 7-day operating window. *See* Compliance Manual §§ 1.3, 2.2.6, 2.4.1 and Surveillance Manual.

(ii) **T+1 trade practice surveillance by NFA.** Pursuant to Rule 9.1 and the Regulatory Services Agreement, the National Futures Association acts as the Exchange's Regulatory Services Provider, performing T+1 trade practice surveillance, identifying potential rule violations, conducting investigations under Rule 9.2, and making disciplinary recommendations. Ludlow retains exclusive authority over trade cancellations, issuance of disciplinary charges, and denial of access for disciplinary reasons in accordance with CFTC Regulation 38.154(c). *See* Compliance Manual § 2.2.5 and Surveillance Manual .

(iii) **Specialized third-party surveillance by IC360.** IC360, a specialized third-party surveillance provider, conducts independent monitoring of individual trading activity for possible abusive patterns. IC360's capabilities are calibrated to the integrity risks distinctive to event contracts and provide an additional layer of surveillance focused on participant-level patterns. *See* Compliance Manual §§ 2.2.6, 2.4.1 and Surveillance Manual.

Together, these three layers, real-time MCT monitoring, NFA T+1 surveillance, and IC360 third-party surveillance, form a comprehensive surveillance suite designed to detect, investigate, and (in cooperation with the regulatory service provider and the Compliance Department) sanction conduct prohibited under the Rules.

Coordination and Information Sharing. Rule 2.15 authorizes the Exchange to enter into information-sharing arrangements with any person or body, including regulatory agencies, as the Exchange considers in furtherance of its purpose or duties under the Rules or Applicable Law. The Exchange may enter into such arrangements with relevant governing or integrity bodies where it determines that doing so would support the integrity of its markets. The Exchange does not represent that any league-specific or sport-specific information-sharing arrangement is currently in place.

Conclusion. For each of the reasons set forth above, the Contract is not readily susceptible to manipulation within the meaning of Core Principle 3.

Core Principle 4: Prevention of Market Disruption

The Exchange has the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the cash-settlement process for the Contract through the rules, processes, and controls set forth below.

Real-Time Monitoring and Surveillance. As described in detail under Core Principle 3, the MCT conducts continuous real-time monitoring of trading on the Platform, supported by NFA T+1 surveillance and IC360 third-party monitoring, with alerts and concerns escalated to the Chief Compliance Officer. The Exchange will promptly notify Commission staff of any significant market disruption on the electronic trading platform and provide timely information on causes and remediation. *See* Compliance Manual § 2.4 and Surveillance Manual.

Pre-Trade Risk Controls. Section 2.4.2 of the Compliance Manual describes exchange-level pre-trade risk controls applied to every electronic order, including:

- (i) Full Collateralization Check.** Each order is subject to an automated pre-trade verification that sufficient collateral is available to support the maximum potential loss associated with the order. *See also* Rule 5.2(c).
- (ii) Bounded Price Validation.** Orders must be priced within the permitted range, including the structural \$0.00–\$1.00 boundary applicable to event contracts. Orders outside the range are rejected.
- (iii) Global Self-Trade Prevention.** The Exchange enforces global self-match prevention to prevent any account from executing against itself.
- (iv) Message Rate and Capacity Controls.** Orders are subject to message throttles and related protections designed to mitigate excessive messaging and preserve system integrity. *See also* Rule 5.3(b).
- (v) Contract State Validation.** Orders are rejected if submitted to a Contract that is suspended, expired, resolving, or otherwise not in a tradable state.

(vi) Single-Account Enforcement. The Exchange enforces a one-account-per-Member structure pursuant to Rule 3.1(h).

(vii) Real-Time Intervention Controls. The Exchange maintains the ability to (a) pause a single trader's order entry, (b) pause trading in a single market, or (c) pause trading across all markets, where risk thresholds are breached or where necessary to protect market integrity.

Market Outcome Review Process. Rule 7.1 establishes the Market Outcome Review Process, under which the Exchange may, before settlement and at its sole discretion, refer a Contract to the Outcome Review Committee for determination of the final Market Outcome. The Outcome Review Committee must determine the final Market Outcome within twenty-four (24) hours after initiation of the process, taking into account any circumstance that may have a material impact on the reliability or transparency of the Underlying. Upon initiation, the Exchange will post on its website that the Market Outcome is under review. The Contract incorporates this process by reference through the Contingencies provision in Appendix A.

Contract-Specific Disruption Controls. Appendix A incorporates operational rules that mitigate the risk of disorderly settlement, including the Final-Event Timing Rule (which establishes the postponement, suspension, and advancement windows within which the final event necessary to determine the result of **<achievement>** must resolve for Contracts to remain valid), the Early Conclusion Rule, the Cancellation Rule, the Dead-Heat Rule, the Withdrawal, Disqualification, Elimination, and Re-Entry Rules, the Settlement Finality Rule, the Extraordinary Circumstances Rule, the General Market Suspension Rule, and the Fair Value Settlement Rule. As described under Core Principle 3, the Fair Value Settlement Rule prescribes a rules-based settlement methodology anchored to independent, widely disseminated commercial market prices and the Exchange's own order-book data, rather than a discretionary determination, and the Exchange regards this as a strengthening of the settlement process against distortion.

Integrity of the Fair-Value Settlement Mechanism. The Exchange regards the design of the Fair Value Settlement Rule as a specific safeguard against disorderly or distorted settlement in the circumstances where a Contract does not resolve on an official result — including the cancellation of **<achievement>** and an extraordinary circumstance. Rather than a discretionary settlement price, the Rule prescribes a time-weighted composite, over a fixed calculation window ending at a defined reference time, that is anchored to prices for the same outcome published by independent, widely disseminated commercial markets, normalized to remove embedded margin, together with the midpoint of the Exchange's own best bid and offer. In the Exchange's view, drawing the settlement price from multiple external sources that publish independently of the Exchange materially reduces the potential for any single participant to distort settlement: a participant could not move the composite by trading on the Exchange alone, but would instead have to move prices contemporaneously across multiple independent, publicly observable markets — a materially more difficult undertaking that is itself observable. The Rule further excludes anomalous, non-bona-fide, stale, or divergent inputs, applies defined fallbacks where a component is unavailable, and, for a cancelled outright field, routes any residual determination to the Outcome Review Committee under the Cancellation Rule. The Exchange publishes the resulting price and the basis for its determination and maintains a contemporaneous record.

Contract Modifications and Emergency Authority. Where circumstances materially impact the reliability or transparency of the Source Agency or the Underlying, including unavailability or significant modification of the Source Agency, delayed data, or rescheduling or cancellation of the underlying event, Rule 7.2 authorizes the Exchange to designate a new Source Agency, adjust contract specifications, or adjust the Expiration Date and timing, subject to public notice and the requirement that any replacement Source Agency be objective and verifiable. Rule 2.10 provides broad emergency authority to adopt emergency rules where circumstances threaten the fair and orderly trading in, or the settlement or integrity of, any Contract.

Core Principle 5: Position Limitations or Accountability

Position Accountability Framework. Rule 5.12 establishes the framework under which the Exchange imposes Position Accountability Levels specified in each Contract's terms. Members exceeding a level must provide the Compliance Department with the information it deems necessary regarding the position, and must refrain from increasing, or reduce, position size if instructed. Where a Member fails to comply, the Exchange may liquidate the position below the level, and violations may result in disciplinary action under Chapter 9. The Exchange separately retains authority to impose Position Limits under Rule 5.13.

Position Accountability Level for the Contract. The Contract specifies a Position Accountability Level of \$50,000 per strike, per Member. This level is calibrated against the following considerations:

- (i) **Contract-Level Maximum Exposure.** The Contract is a binary contract with a \$1.00 maximum Settlement Value. A \$50,000-per-strike-per-Member level corresponds to a maximum exposure equivalent to 50,000 contracts per strike per Member.
- (ii) **Expected Market Liquidity.** The Exchange expects each Contract instance to attract liquidity from a diverse base of Members. The \$50,000 level is calibrated to be commensurate with expected liquidity at the Contract level, such that no single Member's position is expected to approach the Position Accountability Level under normal trading conditions.
- (iii) **Extended, Publicly Observable Nature of the Underlying.** As set forth in the Core Principle 3 analysis above, the Underlying is determined over an extended competitive period from events that are publicly observable, officiated, and independently recorded by third parties, and each Contract carries a fixed maximum exposure of \$1.00. In the Exchange's view, large positions in the Contract do not create or signal manipulation risk in the manner that large positions can in narrower, less observable underlyings, such as physically settled commodity contracts with limited deliverable supply, because the result of **<achievement>** reflects the cumulative outcome of numerous independently contested events that no position holder can determine. Where an **<achievement>** is determined by the application of published selection, seeding, and qualification procedures, the Exchange relies on the trading prohibitions and surveillance program described under Core Principle 3, together with the accountability mechanism described here, to address the risk of concentrated positions.

(iv) **Accountability vs. Hard Limit.** The Exchange has elected an accountability threshold rather than a hard position limit because the Underlying is not subject to the supply-side manipulation concerns that motivate hard limits for physical-commodity contracts, because legitimate hedging needs may vary across Members, and because the Exchange’s surveillance program enables case-by-case evaluation of large positions that a hard limit would foreclose.

The Contract is not subject to federal speculative position limits under CFTC Regulation 150.2, and the Contract does not involve deliverable-supply considerations. See Compliance Manual § 2.5.

Core Principle 7: Availability of General Information

Rule 2.16 requires that accurate, complete, and current copies of the Rules and Contract Specifications be published on the Ludlow website. With respect to the Contract, the Exchange makes publicly available: (i) the Contract’s terms and conditions, including the values of the variables and the designated Source Agency for each instance; (ii) the Rulebook, including all rules incorporated by reference; (iii) the published fee schedule; (iv) historical pricing, volume, and settlement data; and (v) any amendments to the Contract, in accordance with Rule 2.16(c). This information is published on the Exchange’s public website and is accessible through the Exchange’s API, as described in Section 2.7 of the Compliance Manual. The Exchange concurrently posts each rule certification and Contract submission on its public website pursuant to Rule 2.16(f).

Core Principle 8: Daily Publication of Trading Information

Rule 2.16(b) requires the Exchange to make public, on a daily basis, information on settlement prices, volume, open interest, and opening and closing ranges. The Exchange publishes the data required under Part 16 of the Commission’s regulations — settlement prices, trading volume, open interest, and opening and closing ranges — on its public website on a timely basis. Publication is supervised by the Chief Operating Officer, and records are retained in accordance with Rule 2.17 and CFTC Regulation 1.31. See Compliance Manual § 2.8.

Core Principle 9: Execution of Transactions

The Exchange operates a fully electronic central limit order book (“CLOB”) that provides a competitive, open, and efficient mechanism for executing transactions, as set forth in Chapter 5 of the Rulebook.

(i) **CLOB Execution with Price-Time Priority.** Rules 5.2 and 5.6 require that orders be matched by price-time priority; a better-priced order has priority, and among orders at the same price the earlier-entered order is matched first.

(ii) **Anonymous, Fair-Access Order Book.** Rule 5.4 requires fully anonymous trading and prohibits disclosure of another person’s order. Rule 3.1(a) requires impartial, transparent, fair, and non-discriminatory access.

(iii) No Intermediated Trading. Rule 3.1(c)(5)(C) requires each applicant to certify it will trade only for itself, and Rule 3.1(h) permits only one account per Member. Intermediated trading is not permitted on the Exchange.

(iv) Pre-Trade Risk Controls. As described under Core Principle 4, the Exchange enforces self-match prevention and additional pre-trade controls at the system level.

(v) Market Visibility. Rule 5.9 requires the Exchange to allow Members to view at all times the current best bid and offer, open interest, trade volume, and the depth of the Order Book up to the fifth level of prices.

(vi) Audit Trail and Trade Reporting. Rule 5.3(d) requires an electronic record of all orders and transactions to the nearest thousandth of a second. Records are retained for at least five years under Rule 2.17 and CFTC Regulation 1.31, and data required under Part 16 is reported under Rule 2.18.

Economic Purpose: Risk Mitigation and Price Basing

In the Exchange's view, the Contract serves risk-mitigation and price-basing functions consistent with the purposes that designated contract markets are intended to facilitate.

Risk Mitigation. Certain commercial actors may have economic exposures contingent on the season-long, tournament, or championship outcomes that this Contract references, and a corresponding interest in hedging them, including: (i) media companies, broadcasters, and content providers whose audience and advertising revenue are correlated with the competitive success and postseason participation of particular teams; (ii) sponsors, endorsement counterparties, and licensees whose obligations or revenue include components tied to a team's or participant's championship, qualification, or season-long performance; (iii) hospitality, tourism, and event operators whose revenue is affected by deep postseason runs or the hosting of championship events; and (iv) other Members with commercial exposure to season-long competitive or postseason outcomes. The Exchange does not represent that the hedging demand for any particular Contract is substantial; the Contract provides a transparent, centrally cleared, regulated venue for such hedging as exists.

Price Basing. The Contract aggregates dispersed information about team and participant performance, roster composition and player availability, coaching and personnel decisions, competitive form, and schedule strength into a single observable price reflecting aggregate Member assessment of the likelihood of <achievement>. The resulting consensus price provides an informational input for (i) derivative or insurance markets exposed to related underlyings, (ii) commercial pricing decisions by Members of the classes described above, and (iii) public-interest assessment by sports journalists, statisticians, and analysts.

Public Interest Considerations (Reg 40.11)

Commission Regulation 40.11 prohibits the listing of contracts that involve, relate to, or reference an enumerated category of subject matter (terrorism, assassination, war, gaming, or activity unlawful under State or Federal law) or that are otherwise contrary to the public interest. The Contract does not involve any prohibited category and is consistent with the public interest, as set forth below.

Not Gaming. The Contract's Underlying is determined by athletic competition conducted under published rules and adjudicated by trained officials over a season, tournament, or postseason competition, and recorded by the Source Agency. The result of <achievement> is a function of athletic skill, training, strategy, and cumulative competitive performance across numerous contests, rather than of random selection or chance. The Commission has previously approved event contracts of analogous structure on the basis that contracts referencing athletic competitions are not “gaming” within the meaning of Reg 40.11(c).

Not Other Enumerated Categories. The Contract does not involve terrorism, assassination, war, or any activity unlawful under State or Federal law. Sports event contracts of the type described in this submission are permitted under the Commodity Exchange Act and the Commission’s regulations.

Affirmatively in the Public Interest. The Contract is affirmatively in the public interest for the following reasons:

(i) Hedging Utility. The Contract provides regulated risk-mitigation utility for commercial Members exposed to season-long, championship, and postseason outcomes, as set forth in the Economic Purpose discussion above.

(ii) Price Discovery. The Contract contributes to transparent price discovery for event-driven exposures that are otherwise difficult to price.

(iii) Market Integrity Protections. The Contract is subject to comprehensive Exchange surveillance under Rule 9.1 and Sections 2.2.5, 2.2.7 of the Compliance Manual, manipulation and trading prohibitions under Rules 2.12, 2.13, and 5.11, Position Accountability under Rule 5.12, and contract-specific operational controls under Appendix A, all of which contribute to market integrity.

(iv) Information Quality. By providing a transparent, regulated venue for trading on NCAAM season-long, championship, and postseason outcomes, the Contract contributes to information quality in adjacent markets by providing a benchmark price reflecting aggregate informed-participant assessment.

(v) Consumer Protection. As a registered designated contract market, the Exchange provides substantially greater consumer protections than alternative venues for event-based trading, including KYC requirements under Rule 3.1(c)(2), (4), counterparty risk mitigation through the Clearinghouse, comprehensive surveillance, dispute resolution under Chapters 10 and 11, and disciplinary procedures under Chapter 9.