

July 9th, 2026

Via CFTC Portal Submissions

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

**Re: ProphetX LLC – Certification Pursuant to CFTC Regulation 40.2(a) — NBA
Basketball Player Statistic Contracts**

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act (the “Act” or “CEA”) and Commission Regulation 40.2(a), ProphetX LLC (“ProphetX” or the “Exchange”), a registered designated contract market (“DCM”), hereby notifies the Commission that it is certifying a family of binary event contracts referencing the individual statistical performance of designated players in National Basketball Association (“NBA”) events (the “Contracts”). The Contracts will be listed no earlier than one business day following the Commission’s receipt of this submission, and no later than December 31, 2026. This submission includes the following:

- A concise explanation and analysis of the Contracts;
- The Exchange’s certification of compliance with the Act and Commission regulations;
- Appendix A – Contract Terms and Conditions;
- Appendix B – Trading Prohibitions; and
- Confidential Appendices C and D, submitted under FOIA confidential treatment pursuant to 17 C.F.R. § 145, containing the Core Principle compliance analysis and the full Appendix C to Part 38 demonstration.

Pursuant to Commission Regulation 40.2, ProphetX certifies that the Contracts comply with the Act and the Commission’s regulations thereunder and that this submission, excluding portions subject to confidential treatment, has been concurrently posted on the Exchange’s website.

/s/ Gabe Wong
Gabe Wong
Chief Regulatory Officer
ProphetX LLC

Concise Description of the Contracts and Analysis of Compliance with the Commodity Exchange Act, Core Principles, and Commission Regulations

I. Introduction

The Contracts are binary event contracts relating to the individual statistical performance of designated players in National Basketball Association events.¹ Each Contract settles in cash with a notional value of \$1.00. A Contract resolves “Yes” if: the designated players records over the stated statistic in the referenced event. The full contract terms and conditions are set out in Appendix A.

Pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.2(a), ProphetX certifies that the listing of the Contracts complies with the Act and the Commission’s regulations thereunder. A Core Principle compliance analysis is included in Confidential Appendix C. A demonstration of compliance with Appendix C to Part 38 of the Commission’s regulations, including the occurrence integrity assessment, settlement methodology verification, conclusion statement, and supporting documentation, is included in Confidential Appendix D.

II. General Contract Terms

Each Contract has a \$1.00 notional value and a \$0.01 minimum price fluctuation. Contracts may only be listed at prices between \$0.01 and \$0.99. The payout structure is binary: the “Yes” side of an in-the-money Contract receives \$1.00 at settlement; the “No” side receives nothing. All Contracts are fully collateralized: no Market Participant may hold a position that creates an exposure in excess of funds on deposit in its Exchange account, consistent with Rule 4.13 of the Rulebook. Trading is available outside of announced maintenance windows. Fees are assessed in accordance with Rule 3.6 of the Rulebook.

Settlement is determined from the official result of the referenced event as published by the Settlement Reference Source. Markets are settled after the close of trading once that result is available, with “Yes” position holders and “No” position holders paid in accordance with the applicable Payout Criterion.

¹ The Contracts have not been endorsed by the National Basketball Association, the Office of the Commissioner of the National Basketball Association, or any NBA club. The use of the name “National Basketball Association” is solely for the purpose of identifying the underlying event.

APPENDIX A – CONTRACT TERMS AND CONDITIONS**1. NBA Basketball Player Statistic Contracts**

Official Name	“Will <Player> record over <N> statistic in <Event>?”
Underlying	<Player> refers to a player named on the official roster of one of the two clubs competing in a specified NBA regular-season or postseason event. <Event> identifies the specific event by date, the two competing clubs, and relevant distinguishing information. <Event> refers to a given sporting event, or specified period within a sporting event. The specified period must be at minimum one (1) quarter in duration. <N> refers to the stated statistical threshold listed on the platform. The referenced statistic has the meaning assigned under NBA's Official Rules as determined by the official scorer. The Exchange may list iterations with statistical thresholds other than the standard line.
Settlement Reference Source	The Settlement Reference Source consists of authoritative, publicly available sources that publish official event results. The primary source for the applicable event is the National Basketball Association (“NBA”) through NBA.com, or the official website of the applicable competition. Secondary sources include ESPN and The Associated Press. If the primary source has not published an official result within a reasonable time following the conclusion of the Event, the Exchange may consult one or more secondary sources. If no Settlement Reference Source has published an official result and a settlement disruption exists, the Exchange may exercise its authority under Exchange Rule 5.2. All Settlement Reference Sources are publicly available, widely disseminated, and independent of the Exchange and its Market Participants. The Exchange may update the designated Settlement Reference Sources by posting notice on its website or trading platform. Any instructions regarding access to a Settlement Reference Source are non-binding and provided solely for convenience.
Settlement Criteria	Resolves to “Yes” if the applicable settlement criteria set forth below has been satisfied and no applicable contingency has been triggered according to the applicable settlement criteria listed below: Unless otherwise specified in the applicable Contract Specifications, all Basketball event contracts listed on ProphetX shall be settled in

accordance with the rules set forth in this Chapter. Defined terms used herein have the meanings ascribed to them in the ProphetX Rulebook. References to 'orders' include resting and filled orders as applicable; references to 'settlement' refer to final contract disposition following outcome determination.

A. Overtime. All contracts shall be settled on the result including overtime, unless otherwise stated in the applicable Contract Specifications (e.g., first half or first quarter contracts).

B. Governing Authority. All contracts are offered in accordance with ProphetX's Rulebook and Terms and Conditions. Unless specifically stated or implied in the applicable Contract Specifications, settlement of contracts shall be based on the official classifications, definitions, and tiebreaking rules established by the National Basketball Association ("NBA") through NBA.com, the National Collegiate Athletic Association ("NCAA") through NCAA.com, or the official website of the applicable competition.

C. Scheduling. Dates and start times displayed on the Exchange are provided for informational purposes only and are not guaranteed. Official schedules are as published by the applicable governing body.

D. Tied Results. If, after the completion of overtime, the result remains tied, all orders on the outright event moneyline contract shall be void and collateral shall be returned to the applicable accounts.

1. **Period-Specific Contracts.** For contracts based on specific quarters or halves, the entire designated period of play must be completed unless the contract outcome has been unequivocally determined prior to that point. Second half contracts include overtime if played.

E. Moneyline Contracts. A Moneyline contract is an event contract in which the outcome is determined by which team wins the referenced event. If the referenced team wins the event, the contract resolves to Yes for that team. Example: a Contract on Basketball Team A to win resolves as Yes if Basketball Team A wins the indicated event.

F. Spread Contracts. A Spread contract is an event contract in which the outcome is determined by whether the chosen team's margin of victory or defeat satisfies the listed Strike once the Spread is applied. In circumstances where the result, after application of the Spread, exactly equals the Strike, all contracts shall be void and

collateral shall be returned to the applicable accounts. Example: a contract on Basketball Team A at -3.0 shall be void if Basketball Team A wins by exactly three (3) points (e.g., 80–77, 100–97).

G. Total Points Contracts. A Total Points contract is an event contract in which the outcome is determined by whether the combined final score of the referenced event is over the listed Strike. Contracts shall resolve to Yes if the total exceeds the Strike, to No if the total falls below the Strike, and void if the total exactly equals the Strike. Overtime counts for all full-event total, team total, and Proposition points contracts. Example: a Contract on Over 100 Points shall resolve to Yes if 101 or more points are scored, to No if 99 or fewer points are scored, and void if exactly 100 points are scored.

H. Futures Contracts. A Futures contract is an event contract in which the outcome is determined by whether a specified participant wins or places within a specified position in the final classification of the listed event or competition. Contracts shall be settled based on official results provided by the applicable governing body.

1. **Individual Season Award Futures.** This category includes, but is not limited to, NBA MVP, NBA Rookie of the Year, NBA Rookie Offensive Player of the Year, NBA Rookie Defensive Player of the Year, NBA Offensive Player of the Year, NBA Defensive Player of the Year, NBA Coach of the Year, and all other individual season awards as determined by the relevant voting body directly associated with the league. Settlement for all Individual Award Futures shall be based on the official determination by the relevant league authority.
2. **Special Futures.** Special Futures include, but are not limited to, Series Markets, Playoff Series Markets, Most Regular Season Wins, Make/Miss Playoffs, Player Awards, NCAA Champion, NCAA Final Four, and Draft markets. All Special Futures shall be settled using the official results as published by the applicable governing body (e.g., NBA.com, NCAA.com, or the official competition website).
3. **Make/Miss Playoffs.** Orders shall be settled based on the teams that qualify for the final playoff bracket, after the conclusion of any play-in events or tiebreakers. If the number of teams that qualify for the postseason changes during the course of the season, all orders on this market shall be void and collateral shall be returned to the applicable accounts.

4. **Most Regular Season Wins/Losses.** All NBA teams must complete eighty (80) scheduled regular season events for orders to be settled. If a team does not complete the required number of events, all orders on that team's regular season win or loss markets shall be void and collateral shall be returned to the applicable accounts. In the event two or more teams tie, dead-heat rules apply, unless Ties Included is specified in the market name.
5. **Draft Markets.** All Draft Futures shall be settled using the official Draft results as published by the applicable governing body (e.g., NBA.com, NCAA.com, or the official competition website).

I. Statistics Contracts (Props). Player Statistics contracts and other statistics-based contracts shall be settled according to the official event reports as published after the conclusion of the event by the applicable organizing association. If the official organizing association issues any statistical correction within forty-eight (48) hours of the event's conclusion, affected contracts shall be resettled as necessary.

1. **Single-Event Player and Team Statistics Contracts.**
Contracts referencing individual player or team statistics in a single event, or comparing statistics of two individual players during a single event, require all referenced players to be active for that event. If a listed player does not participate, all contracts on that player for the relevant event shall be void and collateral shall be returned to the applicable accounts. Example: Total Points by Player A; which of Player A or Player B will record the most rebounds.
2. **Season Player and Team Statistics Contracts.** All season-long contracts, regardless of whether outcomes arise during a particular period, tournament, regular season, or Playoffs, shall remain valid irrespective of player trades, team movements, name changes, season length changes, or playoff format changes occurring at any point during the season.
3. **Regular Season and Playoff Series Player Statistics Contracts.** For a contract on a player for most points, rebounds, steals, assists, or similar cumulative series statistics, the series must come to a natural conclusion for the contract to be valid. Overtime counts for settlement purposes. A listed player must participate in at least one (1) event in the series for orders to remain active. If a listed player does not

	take the court during at least one (1) event in the series, all contracts on that player shall be void and collateral shall be returned to the applicable accounts. In the event two or more players tie on the settled statistic, dead-heat rules apply, unless Ties Included is specified in the contract details. 4. Double-Double and Triple-Double Contracts. A 'Double-Double' is achieved when a player records ten (10) or more in at least two (2) of the following statistical categories in a single event, including any overtime: Points Scored, Rebounds, Assists, Steals, and Blocked Shots. A 'Triple-Double' is achieved when a player records ten (10) or more in at least three (3) of the aforementioned statistical categories in a single event, including any overtime. J. Absence of Official Statistics or Results. In the absence of a statistic or result required for the settlement of a specific contract from the official sources listed, another reputable source may be used to support contract settlement. ProphetX reserves the right to resettle contracts should additional official information become available. In the event ProphetX cannot reasonably determine the outcome of a contract, all orders on that contract shall be void and collateral shall be returned to the applicable accounts.
Minimum Tick	\$0.01 per Contract.
Notional Value	\$1.00 per Contract.
Settlement Value	\$1.00 per in-the-money Contract.
Position Accountability Level	25,000 Contracts per Market Participant per strike.
Last Trading Date/Time	Trading closes when <Event> is officially concluded and its result is reflected by the Settlement Reference Source. No new position may be opened after this time.
Expiration Date and Time	The date and time at which the outcome of the Contract becomes determinable based on information published by the Settlement Reference Source with respect to <Event>. If it is postponed, suspended, or rescheduled, the Expiration Date and Time will be adjusted accordingly.

Settlement Date	No later than one business day following the Expiration Date, unless the Market Outcome is under review pursuant to applicable Exchange Rules.
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Common Provisions: Contracts are issued on a recurring basis corresponding to NBA regular-season and postseason scheduling. The Exchange may list multiple iterations of each sub-class for the same event. All Contracts are fully collateralized, cash-settled, and constitute Swaps under the CEA. Settlement determinations are final and irrevocable once effected, subject to Rule 5.2 of the Rulebook. The final Settlement Value and supporting settlement information for each Contract will be publicly posted on the Exchange's website following settlement.

APPENDIX B – TRADING PROHIBITIONS

In addition to the general prohibition on trading while in possession of material non-public information set forth in Exchange Rule 4.12, the following persons are prohibited from trading any NBA Basketball Player Statistic Contract:

- Current and former players, managers, coaches, referees, scouts, trainers, and other locker room or on-court personnel of any NBA club;
- Current and former employees, officers, directors, and contractors of any NBA club, National Basketball Association, the Office of the Commissioner of the National Basketball Association, the National Basketball Players Association, or any other governing body or affiliated organization with authority over NBA events;
- Principals, beneficial owners, and investors holding a material ownership interest in any NBA club;
- Any person in possession of material non-public information relating to the outcome of a specific Event, or to the performance, availability, or usage of any referenced player in a specific Event, including information regarding lineup decisions, planned playing time or rest, player usage or minutes-management plans, injury or health status, disciplinary actions, or other non-public competitive matters, until such information has been publicly disseminated; and
- Immediate family members and household members of any person described above, including spouses, domestic partners, parents, children, and siblings.

The Exchange may impose additional trading restrictions or prohibitions where necessary to protect market integrity and deter the misuse of material non-public information.