



## *Paul L. Chou, CEO of LedgerX LLC*

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*Mr. Paul L. Chou, CEO of LedgerX, is a capital markets executive skilled in finance, trading and the digital currency Bitcoin.*

As chief executive officer of LedgerX, Mr. Chou is pioneering the design and operation of a federally regulated Bitcoin derivatives exchange and clearing house. LedgerX's registration, which has been filed with the CFTC, is currently under review and is open for public comment. If approved, Mr. Chou will lead the first federally regulated Bitcoin derivatives exchange and clearing house for institutional participants.

To meet regulatory requirements, mitigate operational risks and establish audit guidelines for digital currencies, Mr. Chou is working with legal, tax, audit, surveillance and technology companies. Simultaneously, to build a Bitcoin derivatives market, Mr. Chou must bring together corporations seeking to hedge their Bitcoin exposure and financial institutions searching for trading and investing opportunities in Bitcoin. More than 80,000 entities accept Bitcoin, including brand names such as Dell, Expedia and PayPal.

With his extensive knowledge of exchange market microstructure, order book pricing dynamics and trading operations, Mr. Chou is well-suited to lead this effort. At Goldman Sachs, he was responsible for developing, trading and risk managing algorithmic equity trading strategies for U.S. and Japanese markets. While at Goldman, he developed a set of cross-asset strategies and devised a method to unify and optimize the trade flow across hundreds of trading algorithms. Prior to Goldman, Mr. Chou delivered trading and spread-risk tracking tools on projects for Citadel Investment Group and Morgan Stanley.

As an entrepreneur, Mr. Chou has a track record of building first-class teams, entering new markets and raising capital. In 2011, Mr. Chou's software venture, OPEZ, received funding by the prestigious Y Combinator program, a startup accelerator fund which has sponsored Dropbox, Reddit and Airbnb. Earlier in his career, Mr. Chou founded MX9, a software and technology consulting firm that delivered projects for companies such as Merck & Co.

Mr. Chou earned a B.S. in Computer Science, and, simultaneously, a B.S. in Mathematics, from the Massachusetts Institute of Technology. At MIT's Laboratory for Financial Engineering he developed models of market participant behavior and devised a new valuation method to capture the implied optionality of businesses.

Mr. Chou, 31, was born in Queens, N.Y., raised in Bridgewater, N.J., and currently resides in Manhattan, N.Y.



## *LedgerX Background*

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### **LedgerX**

Founded in December 2013, LedgerX is an institutional trading and clearing platform that is awaiting CFTC approval to trade and clear options on Bitcoin. On September 29, 2014, LedgerX applied for registration with the CFTC as a swap execution facility (SEF) and as a derivatives clearing organization (DCO). If approved by the CFTC, LedgerX would be the first regulated Bitcoin options platform and clearing house to list and clear fully-collateralized, physically-settled Bitcoin options for the institutional market. To date, LedgerX has raised approximately \$5 million from firms including Google Ventures and LightSpeed Ventures. Industry icons Jim Newsome, former Chairman of the CFTC and former CEO of NYMEX, and Tom Lewis, former CEO of Ameritrade and former CEO of Green Exchange, currently sit on the LedgerX board of directors.

### **Timeline**

- In early October, the CFTC's Global Markets Advisory Committee discussed the agency's jurisdiction over derivatives contracts that reference digital currencies. [http://www.cftc.gov/PressRoom/Events/opaevent\\_gmac100914](http://www.cftc.gov/PressRoom/Events/opaevent_gmac100914)
- LedgerX Confirms Its Application with the CFTC  
<https://globenewswire.com/news-release/2014/10/29/677570/10105014/en/LedgerX-Aims-to-Become-the-First-U-S-Bitcoin-Options-Exchange-and-Clearing-House.html>
- On December 15<sup>th</sup>, the CFTC requested comments on the LedgerX submission by January 30<sup>th</sup> 2015. [CFTC Requests Public Comment on Related Applications Submitted by LedgerX, LLC](#)
- After the close of the comment period, LedgerX will work with the CFTC to complete the evaluation phase, with the goal of gaining approval thereafter.

### **Bitcoin Community Reaction: Comment extracted from Wall Street Journal Article**

*"It's something that I am anxious to see out there," said Bryan Crohn, chief financial officer at BitPay Inc., speaking generally about the possibility of a regulated bitcoin derivatives exchange and not about LedgerX in particular. "If the price is going down, I have nothing to minimize my downside risk," Mr. Crohn said. All BitPay can do right now is hold bitcoin and wait for the price to increase, he said. "Once we have those options, those derivatives available, we would be hiring immediately an experienced trader to do just that," Mr. Crohn said.*