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Via E-Mail: [submissions@cftc.gov](mailto:submissions@cftc.gov)

Mr. David Stawick  
Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
3 Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington D.C. 20581

**RE: Self-Certification Rule Amendments: Nadex Amends its Fee Schedule –  
Submission Pursuant to Commission Regulation §40.6(a)**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and section §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act (the “Regulations”), North American Derivatives Exchange, Inc. (“Nadex”, the “Exchange”) hereby submits to the Commission its intent to amend its Fee Schedule for Direct Members.

Nadex is amending its Fee Schedule for Direct Members, to cap exchange fees for trades and settlements for those members on the Fee Schedule that had been in effect since August 18, 2011. The new fee schedule is set forth in Exhibit “B”. Nadex Rule 3.8(b) provides that Nadex Members may be charged fees in connection with the trading of Contracts in an amount to be reflected from time to time on Nadex’s website. Similarly, Nadex Rule 3.8(c) provides that Nadex Members may be charged fees in connection with the settlement of Contracts in an amount to be reflected from time to time on Nadex’s website. The fee amendments will not affect FCM Members. The fee amendments will put a cap on exchange trading and settlement fees for all Direct Members who joined the Exchange after August 18, 2011, i.e., the effective date of the prior amended Fee Schedule. In addition, existing Direct Members who previously opted to remain on the legacy fee schedule that was in place prior to August 18, 2011, will have the option to retain that legacy fee schedule, or may opt to be subject to the new fee schedule by notifying the Exchange. No additional Members fees are being imposed by this amendment, which is limited to trading and settlement fees.

Nadex has identified the following Designated Contract Market Core Principle as potentially being affected by this amendment: (2) Compliance with Rules. Specifically, with respect to the requirement to establish, monitor and enforce access requirement, Nadex believes that amending its Fee Schedule for those Direct Members who joined the Exchange

on or after August 18, 2011 to (a) maintain the existing trading fee for orders of 1 to 10 lots at \$0.90 per lot, (b) cap the trading fees for the execution of any orders in excess of 10 lots at \$9, (c) maintain the existing settlement fee for positions of 1 to 10 lots at \$0.90 per lot, and (d) cap the settlement fees for the positions in excess of 10 lots that settle in-the-money at \$9 is a reasonable fee structure and provides comparable fee structure for members receiving equal access to and services from the Exchange.

The amendments have been outlined in Exhibit A, and the Fee Schedule is attached hereto in Exhibit B. Fee Schedule amendments and additions have been underlined and deletions have been stricken out.

Pursuant to the 10-day filing period under Regulation 40.6(a)(3), Nadex intends to implement these new rules and amendments on trade date September 4, 2012.

No substantive opposing views were expressed to Nadex with respect to this amendment.

Nadex hereby certifies that the revisions contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder.

Nadex hereby certifies that a copy of these amendments was posted on its website at the time of this filing.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0171 or by email at [tim.mcdermott@nadex.com](mailto:tim.mcdermott@nadex.com).

Sincerely,



Timothy G. McDermott  
General Counsel and Chief Regulatory Officer

cc: [DMOSubmission@cftc.gov](mailto:DMOSubmission@cftc.gov)

Yossi Beinart - Nadex

**EXHIBIT A**

<b>Rule</b>	<b>Asset</b>	<b>Duration/ Close Time</b>	<b>Action</b>	<b>Effective Date</b>
N/A	Fee Schedule	N/A	Amend Fees for Direct Members	09/04/2012

## **EXHIBIT B**

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

# NADEX FEE SCHEDULE

## DIRECT TRADING MEMBERS

### Membership Fee:

Nadex does not charge a Membership fee to join the Exchange.

### Initial Deposit:

Direct Trading Members are required to make an initial deposit of at least \$100; no minimum balance is required thereafter.

### Transaction Fees:

Nadex charges no fee for orders placed, cancelled or amended.

Direct Trading Members REGISTERED ON OR AFTER AUGUST 18, 2011\* incur an Exchange trading fee per contract per side for each contract executed based on order size according to the following schedule:

- \$0.90 for each lot traded from 1 up to and including 10 lots,
- an additional ~~\$0.60~~ \$0.00 for each lot traded from 11 up to and including 20 lots,
- ~~an additional \$0.40 for each lot traded from 21 up to and including 50 lots, and~~
- an additional \$0.25 for each lot traded over 50 10 lots.

Direct Trading Members REGISTERED ON OR BEFORE AUGUST 17, 2011\* incur an Exchange trading fee of \$1.00 per contract per side for each trade executed on Nadex; on orders of 7 contracts or more, trading fees in connection with the execution of that order are capped at \$7.00.

### Settlement Fees:

Nadex charges no fee for contracts that settle out-of-the-money.

Direct Trading Members REGISTERED ON OR AFTER AUGUST 18, 2011\* incur an Exchange settlement fee per contract per side for each contract that settles in-the-money based on the position size at expiration according to the following schedule:

- \$0.90 for each lot settled in-the-money from 1 up to and including 10 lots,
- an additional ~~\$0.60~~ \$0.00 for each lot settled in-the-money from 11 up to and including 20 lots,
- ~~an additional \$0.40 for each lot settled in-the-money from 21 up to and including 50 lots, and~~
- an additional \$0.25 for each lot settled in-the-money over 50 10 lots.

If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout)

Direct Trading Members REGISTERED ON OR BEFORE AUGUST 17, 2011\* incur an Exchange settlement fee of \$1.00 per contract per side for each contract that settles in-the-money (note that positions that settle with a payout of less than \$1.00 are not charged a settlement fee).

### API Connection:

Direct Trading Members connecting via API incur a FIX connection fee of \$500. This connection fee is due prior to connection to the User Acceptance Testing ("UAT") environment.

If the API connection of a Direct Trading Member is terminated and that Direct Trading Member seeks to reconnect via API, the member will be required to pay a recertification fee of \$500 and recertify the connection.

The \$500 FIX connection fee (or recertification fee) is eligible to be rebated in the amount of Transaction Fees incurred by the Direct Trading Member connecting via API (after any volume-based rebates) from the date of connection (or reconnection) to the Nadex production environment through the first full calendar month following such connection (or reconnection). This rebate shall not exceed the amount of the relevant FIX connection fee (or recertification fee).

Automated Trading via API Connection:

Automated trading by Trading Members via API connection incurs a Exchange trading fee of \$1.50 per contract per side for each trade executed.

Settlements in connection with automated trading by Trading Members via API connection incur an Exchange settlement fee of \$1.00 per contract per side for each contract that settles in-the-money. If the per-contract payout is greater than \$0, but the total fee to be charged for the net position exceeds

the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Settlements in connection with automated trading by Trading Members via API connection incur no fee for contracts that settle out-of-the-money.

The placement, cancellation or amendment of orders in connection with automated trading by Trading Members via API connection incurs no fee.

Nadex provides a volume-based rebate of transaction fees to Direct Trading Members connecting via API based on the number of Bull Spread Contracts traded during any one-month period (first trading day of a calendar month through the last trading day of that month) according to the following schedule:

- 5,000 or fewer Bull Spread lots traded in a one-month period = no rebate for that month;
- 5,001 to 10,000 Bull Spread lots traded in a one-month period = 33% rebate on the Direct Trading Member's total fees (trade fees plus settlement fees) for Bull Spreads traded during that month;
- More than 10,000 Bull Spread lots traded in a one-month period = 50% rebate on the Direct Trading Member's total fees (trade fees plus settlement fees) for Bull Spreads traded during that month.

Nadex does not provide a volume-based rebate of transaction fees to Direct Trading Members connecting via API for Binary Contracts traded.

## FCM MEMBERS

### Membership Fee:

Nadex does not charge a FCM Membership fee to join the Exchange.

### Minimum Balance:

FCM Members are required to make an initial deposit of at least \$100,000 and to maintain a minimum balance of uncommitted funds of \$50,000.

### Transaction Fees:

Nadex charges no fee for orders placed, cancelled or amended.

FCM Members incur an Exchange trading fee per contract per side for each contract executed based on order size according to the following schedule:

- \$0.35 for each lot traded from 1 up to and including 30 lots
- an additional \$0.30 for each lot traded from 31 up to and including 50 lots, and
- an additional \$0.25 for each lot traded over 50 lots.

### Settlement Fees:

FCM Members incur an Exchange settlement fee per contract per side for each contract that settles in-the-money based on the position size at expiration according to the following schedule:

- \$0.35 for each lot settled in-the-money from 1 up to and including 30 lots
- an additional \$0.30 for each lot settled in-the-money from 31 up to and including 50 lots, and
- an additional \$0.25 for each lot settled in-the-money over 50 lots.

If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Nadex charges no fee for contracts that settle out-of-the-money.

\*Members who have registered on or before August 17, 2011 may opt for the new fee schedule by contacting the Exchange.

## MARKET MAKERS

### Membership Fee:

Nadex does not charge Market Makers a membership fee.

### Minimum Balance:

Market Makers are required to make an initial deposit of at least \$500,000 and to maintain a minimum balance of uncommitted funds of \$250,000 to collateralize the trades executed on Nadex.

### Transaction Fees:

Nadex charges no fee for Market Maker orders placed, cancelled or amended.

Nadex charges its non-intermediated Market Makers an Exchange trading fee of \$0.50 per contract per side for each trade executed on Nadex.

### Settlement Fees:

Nadex charges its non-intermediated Market Makers an Exchange settlement fee of \$0.50 per contract per side for each contract that settles in-the-money. Note that for Market Makers registered on or before August 17, 2011\* positions that settle with a payout of less than \$0.50 are not charged a settlement fee and that for Market Makers registered on or after August 18, 2011\*, if the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Nadex charges no fee for contracts that settle out-of-the-money.

## SYSTEM PROVIDERS

Nadex is interested in discussing partnership opportunities with systems providers.

Anyone interested in becoming a Nadex FCM Member or market maker or pursuing a partnership as a systems provider should contact us.

\*Members who have registered on or before August 17, 2011 may opt for the new fee schedule by contacting the Exchange.

NADEX FEE SCHEDULE CHART 1: DIRECT MEMBERS AND FCM MEMBERS REGISTERED ON OR BEFORE AUGUST 17, 2011

TRADING FEES

Direct Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-7	\$1.00
Lots 7 and above	<u>\$0.00 (i.e., \$7.00 capped)</u>

FCM Member Exchange Trading Fees

Lots Traded	Fees Per Side
All lots traded	\$0.35

Direct Trading Member Connecting via API Trading Fees

Lots Traded	Fees Per Side
All lots traded	\$1.50

SETTLEMENT FEES

Direct Member Settlement Fees\*

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

FCM Member Settlement Fees\*

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$0.35

Direct Trading Member Connecting via API Settlement Fees\*

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

REBATES

Direct Trading Member Connecting via API Rebates\*\*

Bull Spread Lots Traded per Calendar Month (first trading day of the month through last trading day of the month)	Rebate on total fees (trading fees plus settlement fees) for that month
Less than 5,000 Bull Spreads lots traded	0%
5,001 < Bull Spread Lots traded < 10,000	33%
More than 10,000 Bull Spread lots traded	50%

\* Note that positions that settle with a payout of less than \$1.00 for Direct Trading Members, and less than \$0.35 for FCM Members, are not charged a settlement fee.

\*\*There are no rebates to Direct Trading Members connecting via API for Binary Contracts traded.

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NADEX FEE SCHEDULE CHART 2: DIRECT MEMBERS AND FCM MEMBERS REGISTERED ON OR AFTER AUGUST 18, 2011\*

TRADING FEES

Direct Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-10	\$0.90
Lots 11-20 (i.e. the next 10 contracts)	\$0.60
Lots 21-50 (i.e. the next 30 contracts)	\$0.40
Lots 51 and above	<u>\$0.2500 (i.e., \$9.00 capped)</u>

FCM Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-30	\$0.35
Lots 31-50 (i.e. the next 20 contracts)	\$0.30
Lots 51 and above	\$0.25

Direct Trading Member Connecting via API Trading Fees

Lots Traded	Fees Per Side
All lots traded	\$1.50

SETTLEMENT FEES

Direct Member Settlement Fees\*\*

Lots Settled in-the-money	Fees Per Side
Lots 1-10	\$0.90
Lots 11-20 (i.e. the next 10 contracts)	\$0.60
Lots 21-50 (i.e. the next 30 contracts)	\$0.40
Lots 51 and above	<u>\$0.2500 (i.e., \$9.00 capped)</u>

FCM Member Settlement Fees\*\*

Lots Settled in-the-money	Fees Per Side
Lots 1-30	\$0.35
Lots 31-50 (i.e. the next 20 contracts)	\$0.30
Lots 51 and above	\$0.25

Direct Trading Member Connecting via API Settlement Fees\*\*

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

REBATES

Direct Trading Member Connecting via API Rebates\*\*\*

Bull Spread Lots Traded per Calendar Month (first trading day of the month through last trading day of the month)	Rebate on total fees (trading fees plus settlement fees) for that month
Less than 5,000 Bull Spreads lots traded	0%
5,001 < Bull Spread Lots traded < 10,000	33%
More than 10,000 Bull Spread lots traded	50%

\*Members who have registered on or before August 17, 2011 may opt for the new fee schedule by contacting the Exchange.

\*\* If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

\*\*\*There are no rebates to Direct Trading Members connecting via API for Binary Contracts traded.

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