



July 5, 2023

Via CFTC Portal Submissions

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

RE: Rule Certification: Nadex Amends Product Specifications for ETH UpDown Options and adds additional acceptable currency denominations for deposits and withdrawals to and from Nadex client accounts - Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, North American Derivatives Exchange, Inc. (“Nadex”) hereby submits to the Commission its intent to amend Rule 12.25 by adjusting the ETH UpDown Options contract range on a permanent basis due to changes in the volatility of underlying market upon which the ETH UpDown Contract is based. Additionally, Nadex will also be adjusting the dollar multiplier of the ETH UpDown Contract to better reflect market conditions. Nadex believes that adjustment to the ranges and dollar multiplier for this contract will prove to be more suitable given market conditions. Additionally, Nadex is also amending a footnote to Rule 3.1 in order to allow GBP and EUR as additional acceptable denominations for the purposes of depositing into and withdrawing from a Member’s Nadex account. All amendments indicated in this submission are for the purpose of creating more attractive and tradeable contracts for Nadex clients.

Analysis of Nadex Rule 3.1 Amendment Compliance With Core Principles

DCM Core Principles

Nadex has identified the following DCM Core Principles as potentially being impacted by the additional means of funding a Nadex account: Core Principle 2 (Compliance with Rules); Core Principle 7 (Availability of General Information); Core Principle 11 (Financial Integrity of Transaction).

Core Principle 2 requires a DCM to, among other things, establish, monitor, and enforce access requirements, which shall be impartial, transparent and applied in a non-discriminatory manner. Currently, in order to be eligible for Nadex Membership and gain access to the Nadex markets, an applicant must have an account in their name at either a US Financial Institution that will be used to directly fund their Nadex account, or an account at a Foreign Bank that will be used to fund the Nadex account through a Correspondent Account. The addition of allowing GBP and EUR as additional acceptable denominations for the purposes of depositing into and withdrawing from a Member's Nadex account will be available to all Members. Nadex anticipates that providing additional denominations for deposit and withdrawal will increase convenience during the onboarding process and promote greater access to its markets. Therefore, this addition will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principle 7 requires that the DCM ensure that its Rulebook is accurate, complete, current and readily accessible to the public, and all new or amended rules, both substantive and non-substantive, shall be reflected in the Rulebook on the date of implementation. Nadex makes its Rulebook publicly available on the Nadex website. On the effective date of this submission, the Rulebook will be updated and published noting the ability to deposit to and withdraw from a Member's Nadex account through additional currency denominations. Accordingly, these amendments will not negatively affect Nadex's ability to comply with this Core Principle.

Core Principle 11 requires the DCM to ensure the financial integrity of transactions entered into, on, or through the facilities of the DCM by, among other things, implementing minimum financial standards and protecting funds. All Nadex contracts are currently fully collateralized, and all orders are subject to a "cap-check" prior to acceptance by the Exchange to ensure sufficient funds exist in the Member's account to fully collateralize the transaction should the order be executed. The same cap-check will be applied regardless of whether a Member makes a deposit directly from a US Financial Institution account, from a Foreign Bank account through a Correspondent Account, or from a US Financial Institution or Foreign Bank account through an approved registered money services business. All funds are held in a segregated account at Nadex's settlement bank, identified as "Money Property – Cleared Swaps Proprietary Account", which is reviewed daily by the Finance and Compliance Departments. Accordingly, these amendments will not negatively affect Nadex's ability to comply with this Core Principle.

DCO Core Principles

Nadex has identified the following DCO Core Principles as potentially being impacted by the additional means of funding a Nadex account: Core Principle C (Participant and Product Eligibility); Core Principle F (Treatment of Funds); Core Principle L (Public Information).

Core Principle C requires a DCO to have appropriate admission and continuing participation requirements for clearing members that are objective, publicly disclosed, and risk-based. Moreover, the participation requirements shall permit fair and open access to the markets. As stated above, in order to gain access to the Nadex markets a Member must fund his/her/its Nadex account from an account in the Member's name at a US Financial Institution or Foreign Bank. The additional denominations available for deposits and withdrawals will be available to all Members. Therefore, this addition will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principle F requires a DCO to establish standards and procedures to protect and ensure the safety of funds belonging to its members. Nadex holds all Member funds in a bank account identified as "Member Property – Cleared Swaps Proprietary Account" and all funds are separate from Nadex's operating funds. The account balance is reviewed daily by the Finance and Compliance Departments. Accordingly, these amendments will not negatively affect Nadex's ability to comply with this Core Principle.

Core Principle L requires a DCO make publicly available its rules in a clear and comprehensive manner. Nadex makes its eligibility requirements and acceptable means of funding as set forth in Rule 3.1 of the Rulebook on its website, which will be updated with the additions discussed herein on the effective date. Accordingly, these amendments will not negatively affect Nadex's ability to comply with this Core Principle.

Analysis of Nadex Rule 12.25 Amendment Compliance With Core Principles

DCM Core Principles

Nadex has identified the following Designated Contract Market ("DCM") Core Principle as potentially being impacted by the amendments to Rule 12.25 discussed herein: Core Principle 7 Availability of General Information.

Core Principle 7 requires that the DCM ensure that its Rulebook is accurate, complete, current and readily accessible to the public, and all new or amended rules, both substantive and non-substantive, shall be reflected in the Rulebook on the date of implementation. Nadex makes its Rulebook publicly available on the Nadex website. On the effective date of this submission, the Rulebook will be updated to reflect the amendments to the contract specifications for all contracts that will undergo an adjustment as per this submission, where the strike width or strike range (in the case of UpDown contracts) and Dollar Multipliers for those contracts can be found. Accordingly, these amendments will not negatively affect Nadex's ability to comply with this Core Principle.

DCO Core Principles

Nadex has not identified any Derivatives Clearing Organization (“DCO”) Core Principles as potentially being impacted by the amendments to Rule 12.25 discussed herein.

A complete index of the DCM and DCO Core Principles that indicates whether the Core Principle is applicable and addressed in the text of this submission is attached in Exhibit A. These Rule changes have been outlined in Exhibit B. The amendments to the Rulebook are set forth in Exhibit C. Any deletions are stricken out while the amendments and/or additions are underlined.

Nadex hereby certifies that the additions contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder. No substantive opposing views were expressed to Nadex with respect to any of these actions.

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

In accordance with the 10-day review period set forth in Commission Regulation 40.6(a)(3), these Rule changes will be effective as of July 19, 2023.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0161 or by email at kevin.dan@nadex.com.

Sincerely,



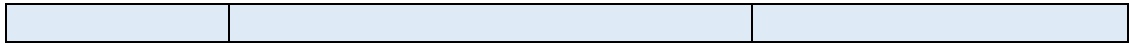
Kevin J. Dan
Chief Compliance Officer
Chief Regulatory Officer

EXHIBIT A

Designated Contract Market (“DCM”) Core Principles

Core Principle Number	Core Principle Name	Addressed in or Not Applicable to Self-Certification
1	Designation as Contract Market	Not applicable (designation granted)
2	Compliance with Rules	Addressed
3	Contracts Not Readily Subject to Manipulation	N/A; not impacted by this submission
4	Prevention of Market Disruption	N/A; not impacted by this submission
5	Position Limitations or Accountability	N/A; not impacted by this submission
6	Emergency Authority	Not applicable (Nadex Rulebook, 2.4 Emergency Rules)
7	Availability of General Information	Addressed
8	Daily Publication of Trading Information	N/A; not impacted by this submission
9	Execution of Transactions	N/A; not impacted by this submission
10	Trade Information	N/A; not impacted by this submission
11	Financial Integrity of Transactions	Addressed
12	Protection of Markets and Market Participants	N/A; not impacted by this submission

13	Disciplinary Procedures	Not applicable (Nadex Rulebook, Chapter 9 Rule Enforcement)
14	Dispute Resolution	Not applicable (Nadex Rulebook, 10.2 – 10.4 Arbitration)
15	Governance Fitness Standards	Not applicable (Nadex Rulebook, 2.2 Service Restrictions, 11.2 Service and Disciplinary History)
16	Conflicts of Interest	Not applicable (Nadex Rulebook, 2.6 Voting, 2.9 Trading Limitations, 11.1 Non-Public Information, 11.3 Voting)
17	Composition of Governing Boards of Contract Markets	Not applicable (internal review and appointment of directors)
18	Recordkeeping	N/A; not impacted by this submission
19	Antitrust Considerations	Not applicable
20	System Safeguards	Not applicable (internal controls and policies in place)
21	Financial Resources	Not applicable (capital requirements and quarterly reporting compliant)
22	Diversity of Boards of Directors	Not applicable (not public company, internal review and appointment of directors)
23	Securities and Exchange Commission	Not applicable



Derivatives Clearing Organization (“DCO”) Core Principles

Core Principle Number	Core Principle Name	Addressed in or Not Applicable to Self-Certification
A	Compliance	Not applicable
B	Financial Resources	Not applicable (capital requirement and quarterly reporting compliant)
C	Participant and Product Eligibility	Addressed
D	Risk Management	N/A; not impacted by this submission
E	Settlement Procedures	N/A; not impacted by this submission
F	Treatment of Funds	Addressed
G	Default Rules and Procedures	N/A; not impacted by this submission
H	Rule Enforcement	Not applicable (Nadex Rulebook, Chapter 9 Rule Enforcement, 10.2 – 10.4 Arbitration)
I	System Safeguards	Not applicable (internal controls and policies in place)
J	Reporting	Not applicable (Nadex Rulebook Chapter 8 Member Funds)
K	Recordkeeping	N/A; not impacted by this submission
L	Public Information	Addressed

M	Information Sharing	N/A; not impacted by this submission
N	Antitrust Considerations	Not applicable
O	Governance Fitness Standards	Not applicable (Nadex Rulebook, 2.2 Service Restrictions, 11.2 Service and Disciplinary History, internal review and appointment of directors)
P	Conflicts of Interest	Not applicable (Nadex Rulebook, 2.6 Voting, 2.9 Trading Limitations, 11.1 Non-Public Information, 11.3 Voting)
Q	Composition of Governing Boards	Not applicable (internal review and appointment of directors)
R	Legal Risk	Not applicable (Nadex Rulebook Chapter 6)

EXHIBIT B

Rule	Asset	Duration/Close Time	Action	Effective Date
3.1	Trading Members – Applications, Classifications, and Privileges	N/A	Amends footnote 3 which outlines acceptable currency denominations for deposits to and withdrawals from Nadex Member accounts.	7/19/2023
12.25	Ether Cryptocurrency Touch Bracket Variable Payout Contracts	All Contracts	Amends the Strike Width and Dollar Multiplier in the product specification	7/19/2023

EXHIBIT C

Amendment of Rules 3.1 and 12.25

(The following Rule amendments are underlined and deletions are stricken out)

RULE 1.1 - 2.10 [UNCHANGED]

RULE 3.1 TRADING MEMBERS - APPLICATIONS, CLASSIFICATIONS, AND PRIVILEGES

(a) To be eligible to become a Trading Member:

(i) An applicant who is an individual, must:

1) provide Nadex with any information or documentation Nadex deems necessary in order to verify the applicant's identity, perform a criminal background check, or otherwise review information provided on an Application for Membership or by a third party provider¹;

2) (A) have an account(s) in the Trading Member's name with a US Financial Institution that the Trading Member will use to fund its Nadex account at the Nadex settlement bank, and to receive funds from its Nadex account, or,

(B) have a verified account(s) at a Financial Institution or Foreign Bank (or other similarly authorized institution that has been vetted by Nadex and received pre-approved written authorization from Nadex that it is an acceptable means of deposit) held in the Trading Member's name that the Trading Member will authorize per transaction to deposit funds to the Trading Member's Nadex account at the Nadex settlement bank by means of a registered money services business.; or

(C) have an account(s) as described in subsections (A) or (B) or an account(s) in the Trading Member's

¹ Required documentation may vary depending on the applicant's residential location. Specific residential locations from which Nadex may accept applications for Membership will be identified on the Nadex Membership application.

name with a Foreign Bank capable of transacting with Nadex's settlement bank either directly, through a Correspondent Account, or other acceptable intermediary that the Trading Member will use to fund its Nadex account at the Nadex settlement bank, and to receive funds from its Nadex account via one of the acceptable methods as stated on the Nadex website²; and

3) certify that

(A) the applicant is old enough to enter into a legally enforceable contract and has reached the required age as stated on the Membership Agreement;

(B) the applicant has read, understands and agrees to comply with the Nadex Rules, Risk Disclosure Statement, Terms of Use, Privacy Policy, and Membership Agreement;

(C) the applicant agrees to be bound by these Rules; and

(D) the applicant will trade only for itself and will not trade as an intermediary for any other person or entity.

(ii) An applicant that is an Entity must

(1) be organized in the United States;

(2) provide Nadex with a valid Taxpayer Identification Number;

(3) provide Nadex with a valid legal entity identifier as described in Commission Regulation §45.6;

² All funds deposited into the Trading Member's Nadex account at the Nadex settlement bank shall be in **any of the following currency denominations:** U.S. dollars, **British Pounds or Euro Currency**. All withdrawal payments from the Trading Member's Nadex account will also be made in **any of the following currency denominations:** U.S. dollars, **British Pounds or Euro Currency**.

(4) have an account or accounts in the Entity Trading Member's name with a Financial Institution that the Entity Trading Member will use to fund its Nadex account at the Nadex settlement bank, and to receive funds from its Nadex account, via one of the acceptable methods as stated on the Nadex website; and

(5) designate Authorized Trader(s) to trade its account and agree that such Authorized Trader(s) will trade only for it and will not trade for him/herself or as an intermediary for any other entity or person;

(6) designate at least one officer who is responsible for supervising all activities of its employees relating to transactions effected on Nadex or subject to Nadex Rules and provide any information Nadex may request regarding such officer(s);

(7) agree to be bound by these Rules; and

(8) certify that

(A) the applicant is validly organized, in good standing, in the United States;

(B) the applicant is authorized by its governing body and, if relevant, documents of organization, to trade commodities, swaps, futures and options contracts, and

(C) the applicant has read, understands and agrees to comply with the Nadex Rules, Risk Disclosure Statement, Terms of Use, Privacy Policy, and Membership Agreement.

(b) In order to become a Trading Member, an applicant who is an individual must complete and submit the Nadex on-line membership application, provide Nadex with any other information Nadex may request, and fund its Nadex account by making a deposit of funds belonging to the individual applicant from the individual applicant's account at a US Financial Institution, or as otherwise provided for in subsection (a)(i)(2) of this Rule, to the appropriate segregated Cleared

Swap Proprietary Account at Nadex's settlement bank. An applicant who is an Entity must complete an Account Certification, Membership Agreement, and W-9, which collectively shall constitute the membership application, provide Nadex with any other information Nadex may request, and fund its Nadex account by making a deposit of funds belonging to the entity applicant from the entity applicant's account at a Financial Institution to the appropriate segregated Cleared Swap Proprietary Account at Nadex's settlement bank. All funds deposited by Trading Members shall constitute "Member Property" in accordance with CFTC Regulations.

- (c) Submission of a membership application to Nadex constitutes the applicant's agreement to be bound by these Rules and other policies of Nadex.
- (d) If an application is approved by Nadex and the Nadex settlement bank confirms to Nadex that the applicant has made a successful initial deposit in accordance with paragraph (b) of this Rule, the applicant will be a Trading Member of Nadex and will have the following privileges, which Nadex may revoke, amend, or expand in accordance with, or by amending, these Rules:
 - (i) to maintain a Nadex account;
 - (ii) to buy Contracts on the Market using the funds in its Nadex account;
 - (iii) to sell Contracts on the Market using the funds in its Nadex account;
 - (iv) to view "real-time" the same best bids to buy and offers to sell the Contracts traded on the Market as are available to all other Members;
 - (v) to view the current trading volume and open interest for the Contracts traded on the Market; and
 - (vi) to view all non-secure parts of the Nadex website, including these Rules, and descriptions of Contracts traded on the Market as well as all secure parts of the Nadex website outlined above in Rule 3.1(d)(i) – (vi).
- (e) Nadex may in its sole discretion approve, deny, or condition any Member application as Nadex deems necessary or appropriate.

- (f) A Trading Member that is an individual, may not maintain and/or trade more than one Nadex account. No Authorized Trader(s), nor any officer, director, member, manager, owner, or indirect owner, of an Entity Trading Member may maintain a separate Nadex account and/or trade any Nadex account other than that Entity's account.

RULE 3.2 - 12.24 [UNCHANGED]

RULE 12. 25 ETHER CRYPTOCURRENCY "TOUCH BRACKET" VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Ether Cryptocurrency ("Ether") Touch Bracket Variable Payout Contracts, referred to as a "Touch Bracket", issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the spot Ether cryptocurrency reported in the ICE[®] Cryptocurrency Data³, aggregated by Blockstream[®] Corporation⁴ and distributed by ICE Data[®] Connectivity and Feeds, Inc.⁵, herein referred to as "IDCF ETH", quoted in US dollars.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

(e) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Ether Touch Brackets, the Payout Criteria for the Contracts will be set as follows:

³ ICE[®] is a registered mark of IntercontinentalExchange, Inc. ("ICE"). Nadex is not affiliated with ICE or ICE Data Connectivity and Feeds, Inc., and the Ether Cryptocurrency "Touch Bracket" Variable Payout Contracts are not sponsored, endorsed, sold or promoted by ICE or ICE Data Connectivity and Feeds, Inc. in any way.

⁴ Blockstream[®] is a registered mark of Blockstream Corporation ("Blockstream"). Nadex is not affiliated with Blockstream and the Ether Cryptocurrency "Touch Bracket" Variable Payout Contracts are not sponsored, endorsed, sold or promoted by Blockstream.

⁵ ICE[®] is a registered mark of IntercontinentalExchange, Inc. ("ICE") and ICE Data[®] is a registered mark of Intercontinental Exchange Holdings, Inc ("ICE Holdings"). Nadex is not affiliated with ICE, ICE Holdings, or ICE Data Connectivity and Feeds, Inc., and the Ether Cryptocurrency "Touch Bracket" Variable Payout Contracts are not sponsored, endorsed, sold or promoted by ICE, ICE Holdings, or ICE Data Connectivity and Feeds, Inc. in any way.

(i) WEEKLY ETHER TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Expiration is the earlier of (a) 4:15PM ET on the Last Trade Day of the Contract listing, or (b) when the Ether Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, each referred to as a 'Touch Bracket', that open at 6:00PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be $X + 200$ ~~80~~; The Floor shall be $X - 50$ ~~20~~.

(2) CONTRACT 2: The Ceiling shall be $X + 150$ ~~60~~; The Floor shall be $X - 100$ ~~40~~.

(3) CONTRACT 3: The Ceiling shall be $X + 100$ ~~40~~; The Floor shall be $X - 150$ ~~60~~.

(4) CONTRACT 4: The Ceiling shall be $X + 50$ ~~20~~; The Floor shall be $X - 200$ ~~80~~.

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~1~~ 2.50 .

(6) In each case, "X" equals the last IDCF ETH value, as reported by the Source Agency, rounded to the nearest 1.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of $X + 200$ ~~80~~ (or 50 ~~20~~) and a Floor of $X - 50$ ~~20~~ (or 200 ~~80~~) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(f) MINIMUM TICK –The Minimum Tick size for the Ether Touch Bracket Variable Payout Contracts shall be 1.

(g) POSITION LIMIT –The Position Limit for the Ether Touch Bracket Variable Payout Contracts shall be 250 Contracts.

(h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for the Ether Touch Bracket Variable Payout Contracts for contracted Market Makers shall be 250,000 Contracts per strike level.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Ether Touch Bracket Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) ETHER INDEX VALUE – The Source Agency shall calculate and produce a Ether Index Value once each second throughout the life of the Ether Touch Bracket Contracts. That is, each second the Source Agency will calculate a Ether Index Value by taking by taking all IDCF ETH midpoints between the bid/ask spread occurring in the ten (10) seconds leading up to the Calculation Time, provided at least twenty-five (25) midpoints between the bid/ask spread are captured during the sixty (60) second period, removing the highest twenty (20) percent of IDCF ETH midpoints between the bid/ask spread and the lowest twenty (20) percent of IDCF ETH midpoints between the bid/ask spread from the data set⁶, and using the remaining IDCF ETH midpoints between the bid/ask spread to calculate the Ether Index Value for that second. The calculation used is a simple average of the remaining IDCF ETH midpoints between the bid/ask spread in the data set, rounded to one decimal point past the precision of the Underlying market. In the event the time it takes to collect at least twenty-five (25) IDCF ETH midpoints between the bid/ask spread exceeds the sixty (60) second period, the Ether Index Value will be calculated by the Source Agency by taking the last twenty-five (25) IDCF ETH midpoints between the bid/ask spread just prior to the Calculation Time, removing the highest five (5) IDCF ETH midpoints between the bid/ask spread and the lowest five (5) IDCF ETH midpoints between the bid/ask spread, and using the remaining fifteen (15) IDCF ETH midpoints between the bid/ask spread to calculate the Ether Index Value. The calculation used is a simple average of all fifteen (15) IDCF ETH midpoints between the bid/ask spread, rounded to one decimal point past the precision of the Underlying market.

⁶ If 20% of the data set would result in a non-integer number of midpoints between the bid/ask spread, the number of midpoints between the bid/ask spread to be removed from the set will be rounded down. For example, if the number of midpoints between the bid/ask spread collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 midpoints between the bid/ask spread. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest midpoints between the bid/ask spread will be removed from the data set.

(n) EXPIRATION VALUE – The Expiration Value is the Ether Index Value released by the Source Agency at Expiration on the Expiration Date.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

RULES 12.26 – 12.92 [UNCHANGED]

End of Rulebook.