

# HedgeStreet. EXCHANGE

June 18, 2009

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

C.F.T.C.  
OFFICE OF THE SECRETARIAT  
2009 JUN 18 PM 5 08

**RE: Rule Certification: HedgeStreet<sup>®</sup> 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 (the Act”), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, HedgeStreet, Inc. (“HedgeStreet” or “Exchange”) hereby submits to the Commission its intent to (a) amend its current fee schedule and (b) announce a fee promotion.

### Amendment of Fee Schedule

These changes are expected to make the liquidity on the Exchange more readily accessible to Exchange members and cap the per-order fees that members incur in connection with larger orders. In addition, these changes are intended to assess fees on the parties that receive the benefit of high-speed connectivity in connection with being a liquidity provider. In this regard, HedgeStreet historically has not provided high-speed connectivity to Exchange members who are not Market Makers. In response to requests of certain members and prospective members, HedgeStreet has determined to make such high-speed connectivity available to non-market makers at an increased fee rate, while continuing to provide the traditional accessibility to those members who are satisfied with that traditional level of access available to HedgeStreet’s members who are not market makers. HedgeStreet reserves the right to limit any member’s high-speed access to the Exchange if, in the Exchange’s sole discretion, the level of traffic over that high-speed connection becomes detrimental to the operation of the Exchange’s systems or otherwise is deemed excessive.

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The revised fee structure is set forth in Exhibit A, which shows HedgeStreet's existing and proposed fees for regular members, market makers and high-speed access. The keys differences the current fee structure are:

- Regular member trading fees, which currently are \$1 per contract to buy or to sell with no limit, will be capped at \$7 per order. Settlement fees will not change.
- Market Maker per contract trading and settlement fees will not change with respect to market making activity. A market maker, however, may be entitled to volume-based discounts on trading and settlement fees under the new fee structure.
- A new fee structure will be added for members with high-speed access who do not act as market makers. Such access will incur a per contract rate that is higher than the market-maker's rate, because the market maker has obligations to bolster liquidity on the Exchange while the non-market maker can act as a market taker. Accordingly, this new fee structure will not provide members with high-speed access the fee breaks that a regular member or a market-maker receives (e.g., members with high-speed access will not be entitled to any cap on their fees based on order size like regular members or any volume based fee discounts that may be available to market makers.
- With respect to any entity that is assigned to act as a market maker in certain products but not others, the non-market maker fee structure will apply to transactions made with high-speed access in those non-assigned products.

## Fee Promotion

Effective on June 21, 2009, HedgeStreet is changing its name to North American Derivatives Exchange, Inc. ("Nadex"). Concurrently, HedgeStreet will be releasing an updated website and a significantly improved trading front-end and launching a number of new products. In connection with these developments, the Exchange is implementing a fee promotion for both new and existing members (although this promotion does not apply to market makers).

The promotion will allow existing members four weeks of trading without any Exchange trading or settlement fees. This period will commence on June 21 and continue through July 19, 2009. Thereafter, the new fee structure set forth in Exhibit A will apply.

New members who join the Exchange during the period between the release date of June 21, 2009 and September 30, 2009 will also receive a four-week trading and settlement fee waiver. Thus, from the date an account is opened during this period and for the ensuing four weeks, a new member will not be charged any trading or settlement fee by the Exchange. At the end of this four-week period, the new fee structure set forth in Exhibit A will apply.

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No member that is assigned a market as a market maker or that otherwise obtains high-speed access to the Exchange shall be eligible for these fee promotions.

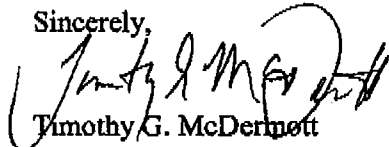
The effective date of the amendments will be June 21, 2009.

No substantive opposing views were expressed to HedgeStreet with respect to any of these actions.

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

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 [timcdermott@hedgestreet.com](mailto:timcdermott@hedgestreet.com).

Sincerely,



Timothy G. McDermott  
General Counsel and Chief Regulatory Officer

CC: [DMOSubmission@cftc.gov](mailto:DMOSubmission@cftc.gov)  
Jon Hultquist – CFTC (Acting Branch Chief, DMO, Chicago)  
Tom Leahy - CFTC  
Riva Adriance – CFTC  
Nancy Markowitz – CFTC

Yossi Beinart - HedgeStreet, Inc.

**EXHIBIT "A"**

**NADEX  
FEE SCHEDULE  
(Effective June 21, 2009)**

**REGULAR FEES**

<b>Regular Trading Fees</b>	<b>Current</b>	<b>Proposed</b>
Binaries and Spreads	\$1.00 per contract	\$1.00 per contract/ <u>Cap at \$7 per order</u>
Settlement fees do not apply to binary contracts with a settlement value of \$0.	Yes	Yes
Settlement fees do not apply to spread contracts with a final payout of less than \$1.	Yes	Yes
<b>Regular Settlement Fees</b>	<b>Current</b>	<b>Proposed</b>
Binaries and Spreads	\$1.00 per contract	\$1.00 per contract
<b>Other Fees</b>	<b>Current</b>	<b>Proposed</b>
Account Setup	Free	Free
Electronic Check Setup and Deposit	Free	Free
Withdrawal (ACH)	Free	Free
Wire Transfer Fee (in)	Free	Free
Wire Transfer Fee (out)	\$25	\$25
Returned Check	\$25	\$25
Insufficient Funds/Contracts Fee	\$10	\$10

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## MARKET MAKER and HIGH SPEED ACCESS FEES

<b>Market Maker Trading Fees*</b>	<b>Current</b>	<b>Proposed</b>
Binaries and Spreads	\$1.00 per contract	\$1.00 per contract
Settlement fees do not apply to binary contracts with a settlement value of \$0.	Yes	Yes
Settlement fees do not apply to spread contracts with a final payout of less than \$1.	Yes	Yes
<b>Market Maker Settlement Fees*</b>	<b>Current</b>	<b>Proposed</b>
Binaries and Spreads	\$1.00 per contract	\$1.00 per contract
<b>Market Maker Other Fees</b>	<b>Current</b>	<b>Proposed</b>
Account Setup	Free	Free
Electronic Check Setup and Deposit	Free	Free
Withdrawal (ACH)	Free	Free
Wire Transfer Fee (in)	Free	Free
Wire Transfer Fee (out)	\$25	\$25
Returned Check	\$25	\$25
Insufficient Funds/Contracts Fee	\$10	\$10
Connection Fee	variable	variable

\* Market Makers may be entitled to volume-based discounts on trading and settlement fees

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## MARKET MAKER and HIGH SPEED ACCESS FEES (Continued)

### High-Speed Access (non-Market Maker) Trading Fees

	Current	Proposed
Binaries and Spreads	n/a	<u>\$1.50 per contract</u>
Settlement fees do not apply to binary contracts with a settlement value of \$0.	n/a	Yes
Settlement fees do not apply to spread contracts with a final payout of less than \$1.	n/a	Yes

### High-Speed Access (non-Market Maker) Settlement Fees

	Current	Proposed
Binaries and Spreads	n/a	<u>\$1.50 per contract</u>

### High-Speed Access (non-Market Maker) Other Fees

	Current	Proposed
Account Setup	n/a	Free
Electronic Check Setup and Deposit	n/a	Free
Withdrawal (ACH)	n/a	Free
Wire Transfer Fee (in)	n/a	Free
Wire Transfer Fee (out)	n/a	\$25
Returned Check	n/a	\$25
Insufficient Funds/Contracts Fee	n/a	\$10
Connection Fee	n/a	<u>variable</u>