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OFFICE OF THE
SECRETARIAT

July 27, 2011

Via E-Mail: submissions@cftc.gov

Mr. David Stawick
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 its Fee Schedule to Provide Certain Rebates for Members Connecting to the Exchange via API - 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 regarding its Members trading on the Exchange via API Connection (“API Member”).

Nadex amends its Fee Schedule to provide a rebate to API Members based on the total number of Bull Spread contracts traded during a one-month period. “One month” shall consist of the first trading day of a calendar month through and including the last trading day of that month. Rebates will constitute a percentage of the total fees (exchange trading fees plus settlement fees) incurred by the API Member during that same one-month period. No rebates will be provided for Binary Contracts traded. The amended Fee Schedule is attached in Exhibit A, where specific rebate percentages per lots traded have been set forth.

Nadex has recently amended its Fee Schedule to offer a tiered fee rate for its Direct and FCM Trading Members to provide a volume based trading incentive. While the exchange and settlement fees charged to an API Member at the time of each trade will not change, Nadex is amending its Fee Schedule to offer API Members a monthly volume-based rebate that will lower the effective rate paid by API Members who trade more than 5,000 lots per month of Bull Spreads.

This amendment will have no affect on the general public. This amendment will benefit API Members by providing a rebate on total fees based on the API Member's monthly Bull Spread trading activity. This amendment will likely benefit all Trading Members insofar as API Members may place more Bull Spread orders, thereby creating market depth and greater liquidity in these contracts.

No additional dues or fees will be imposed on any Nadex Member as a result of this self-certification. Rather, API Members may receive a rebate on based on monthly volume of Bull Spread contracts traded. As such, it is not necessary for Nadex to provide the 30-days' notice required by Nadex Rule 3.8(e) when imposing dues or additional fees on its Members. Therefore, pursuant to the 10-day review period, Nadex intends to implement these amendments for the start of business on trading day August 11, 2011 (10 business days after filing).

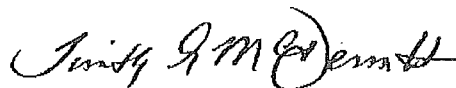
No substantive opposing views were expressed to Nadex with respect to these amendments and deletions.

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 are being 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.

Sincerely,



Timothy G. McDermott
General Counsel and Chief Regulatory Officer

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

Yossi Beinart - Nadex

Nadex Fee Schedule
Registered On or Before August 17, 2011

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:
 - Direct Trading Members 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.
 - Direct Trading Members 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).
 - Nadex charges no fee for contracts that settle out-of-the-money.
 - Nadex charges no fee for orders placed, cancelled or amended.
- API Connection:
 - Direct Trading Members connecting via API incur an Exchange trading fee of \$1.50 per contract per side for each trade executed on Nadex.
 - Direct Trading Members connecting via API 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).
 - Nadex charges Direct Trading Members connecting via API no fee for contracts that settle out-of-the-money.
 - Nadex charges Direct Trading Members connecting via API no fee for orders placed, cancelled or amended.
 - Nadex provides a rebate 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 rebate 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 FCM Members an Exchange trading fee of \$0.35 per contract per side for each trade executed on Nadex.
 - Nadex charges its FCM Members an Exchange settlement fee of \$0.35 per contract per side for each contract that settles in-the-money (note that positions that settle with a payout of less than \$0.35 are not charged a settlement fee).
 - Nadex charges no fee for contracts that settle out-of-the-money.
 - Nadex charges no fee for orders placed, cancelled or amended

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 its non-intermediated Market Makers an Exchange trading fee of \$0.50 per contract per side for each trade executed on Nadex.
 - 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 positions that settle with a payout of less than \$0.50 are not charged a settlement fee).
 - Nadex charges no fee for contracts that settle out-of-the-money.
 - Nadex charges no fee for orders placed, cancelled or amended.

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.

July 18, 2011 August 11, 2011

Nadex Fee Schedule
Registered On or After August 18, 2011*

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:
 - Direct Trading Members 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 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 lots.
 - Direct Trading 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:
 - \$0.90 for each lot settled in-the-money from 1 up to and including 10 lots,
 - an additional \$0.60 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 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.
 - Nadex charges no fee for orders placed, cancelled or amended.
- Automated Trading via API Connection:
 - Automated trading by Trading Members via API connection incurs an 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 rebate 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 rebate 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:
 - 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.
 - Nadex charges its FCM Members an Exchange settlement fee of \$0.35 per contract per side for each contract that settles in-the-money (positions that settle with a payout of less than \$0.35 are not charged a settlement fee).
 - 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,
 - 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).

- o Nadex charges no fee for contracts that settle out-of-the-money.
- o Nadex charges no fee for orders placed, cancelled or amended.

Market Makers

- o **Membership Fee:**
 - o Nadex does not charge Market Makers a membership fee.
- o **Minimum Balance:**
 - o 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.
- o **Transaction Fees:**
 - o Nadex charges its non-intermediated Market Makers an Exchange trading fee of \$0.50 per contract per side for each trade executed on Nadex.
 - o 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. 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).
 - o Nadex charges no fee for contracts that settle out-of-the-money.
 - o Nadex charges no fee for orders placed, cancelled or amended.

System Providers

- o Nadex is interested in discussing relationships with systems providers.

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

August 18, 2011

*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	\$7.00 capped

FCM Member Exchange Trading Fees

Lots Traded	Fees Per Side
All lots traded	\$0.35

Direct Trading Member Connecting via API Trading Fees

<u>Lots Traded</u>	<u>Fees Per Side</u>
<u>All lots traded</u>	<u>\$1.50</u>

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*

<u>Lots Settled in-the-money</u>	<u>Fees Per Side</u>
All lots settled in-the-money	\$1.00

REBATES

Direct Trading Member Connecting via API Rebates**

<u>Bull Spread Lots Traded per Calendar Month (first trading day of the month through last trading day of the month)</u>	<u>Rebate on total fees (trading fees plus settlement fees) for that month</u>
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 are not charged a settlement fee.

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

**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	\$0.25

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

<u>Lots Traded</u>	<u>Fees Per Side</u>
<u>All lots traded</u>	<u>\$1.50</u>

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	\$0.25

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*

<u>Lots Settled in-the-money</u>	<u>Fees Per Side</u>
<u>All lots settled in-the-money</u>	<u>\$1.00</u>

REBATES

Direct Trading Member Connecting via API Rebates***

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

*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.