



May 16, 2019

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

Dear Mr. Kirkpatrick:

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 last amended its Fee Schedule for Direct Members (with the exception of the fees for the now-delisted Bitcoin contracts) in January 2017. Since that time, Nadex has continued to develop its marketing, educational, and sales efforts, and has made improvements to the trading platform, and increased its product offering. Due to these enhancements, as well as on-going maintenance and development, Nadex believes it is appropriate to amend the fees charged to Direct Members at this time, in order to carry on providing its Members a high-quality trading experience and exceptional service.

Currently, Direct Trading Members incur a \$1.00 fee per contract, per side, for each lot traded within a single order capped at \$50.00. Nadex is amending its Fee Schedule to remove the \$50.00 cap on trading fees. Settlement fees incurred by Direct Members upon the expiration of an in-the-money contract will remain unchanged. While the removal of the trading fee cap will apply to all Direct Members, only a small percentage of Nadex’s overall active Members will be impacted by this change.

Nadex is making this change to its Fee Schedule in accordance with Nadex Rule 3.8(b) which 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. The amendments to the Fee Schedule are limited to the removal of the cap on transaction fees for Direct Members, and settlement fees will not be affected, nor is Nadex proposing any new fees.

Pursuant to Nadex Rule 3.8(e), "If Nadex determines in the future to impose dues or additional fees, the Member will be provided notice of the change at the time the amended fees are filed with the Commission. The new fee structure will be implemented no earlier than on the first available trade date for which the change may be implemented according to the Commission's self-certification filing requirements as set forth in Commission Regulation §40.6(a)." Notice of the fee changes discussed herein will be posted on the Nadex website at the time of this submission.

DCM Core Principles

Nadex has identified the following Designated Contract Market ("DCM") Core Principles as potentially being affected by this amendment: Core Principle 2 (Compliance with Rules), Core Principle 7 (Availability of General Information).

Core Principle 2, implemented by Regulation 38.151, requires a DCM to provide its members with comparable fee structures. The amendments to the Fee Schedule discussed herein will apply uniformly to all Direct Trading Members. Core Principle 7, implemented by Regulation 38.401, requires a DCM to make available to the public the terms and conditions of the contracts of the contract market, the rules regulations and mechanisms for executing transactions on or through the facilities of the contract market, and the rules and specifications describing the operation of the contract market's electronic matching platform. All Members must pay the required fees in order to effect a transaction on the Exchange, and accordingly fees must be disclosed publicly. The Nadex Fee Schedule is currently available on the Nadex website, and will continue to be made available after the amendments discussed herein are implemented. Accordingly, the amendments discussed herein will not have a negative impact on Nadex's ability to comply with these Core Principles.

DCO Core Principles

Nadex has identified the following Derivatives Clearing Organization ("DCO") Core Principles as potentially being affected by this amendment: Core Principle L (Public Information).

Core Principle L, implemented by Regulation 39.21, requires a DCO to publicly disclose each clearing and other fee that the DCO charges its clearing members. As previously stated, the Nadex Fee Schedule is currently available on the Nadex website, and will continue to be made available after the amendments discussed herein are implemented. Accordingly, the amendments discussed herein will not have a negative impact on Nadex's ability to comply with this Core Principle.

The amended Fee Schedule is attached hereto in Exhibit A. 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 June 3, 2019.

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 events 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) 884-0927 or by email at jaime.walsh@nadex.com.

Sincerely,



Jaime M. Walsh
Legal Counsel

EXHIBIT A

North American Derivatives Exchange, Inc., 200 West Jackson Blvd., Suite 1400, Chicago, IL 60606

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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 \$250; no minimum balance is required thereafter.

Transaction Fees:

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

Direct Trading Members incur an ~~\$1.00~~ Exchange trading fee per contract per side for each lot trade executed, ~~based on order size according to the following schedule:~~

- ~~■ \$1.00 for each lot traded from 1 up to and including 50 lots;~~
- ~~■ An additional \$0.00 for each lot over 50 lots.~~

Settlement Fees:

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

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:

- \$1.00 for each lot settled 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).

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 10 lots;
- \$0.00 for each lot traded over 10.

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.

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.

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 quotes 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 in 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. If 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.

Additional Fees:

Market Makers will be assessed a Wide Spread Surcharge equal to 50% of the average per lot profit above \$2.00 (after standard transaction and settlement fees), in a given month. This Surcharge is applicable only to Binary contracts.

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.

NADEX FEE SCHEDULE CHART:

EFFECTIVE MARCH 30 June 1, 2019

TRADING FEES

Direct Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-50 All lots traded	\$1.00
Lots above 50	\$0.00

FCM Member Exchange Trading Fees

Lots Traded	Fees Per Side
All lots traded	\$0.35

Market Maker Member Exchange Trading Fees

Lots Traded	Fees Per Side
All lots traded	\$0.50

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

Market Maker Member Settlement Fees*

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$0.50

ADDITIONAL MARKET MAKER FEE

Average per Lot Profit per Month (Binaries only)	Wide Spread Surcharge
Over \$2.00	50% above \$2.00

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*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).