



June 24, 2022

Via CFTC Portal Submissions

Mr. Christopher Kirkpatrick  
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: Rule Certification: Nadex Amends Market Maker Agreement – Submission Pursuant to Commission Regulation §40.2(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 make a number of updates and amendments to the Nadex Market Maker Agreement. Specific amendments will include:

- Clarifying Market Maker’s quoting obligations;
- Clarifying Suspension Events and reporting of Suspension Events to Nadex;
- Clarifying Modification Events;
- Clarifying termination of the Agreement;
- Noting that amendments to the main text and terms of the Market Maker Agreement will be made unilaterally by Nadex, but Market Maker’s Designated Classes will be by mutual agreement;
- Several “housekeeping” items to clean up the Agreement;
- Amending identified illiquid hours;
- Noting exceptions to Appendix A parameters.

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

## DCM Core Principles

Nadex has identified the following Designated Contract Market (“DCM”) Core Principles as potentially being impacted by the amendments discussed herein: Core Principle 2 (Compliance with Rules), Core Principle 7 (Availability of General Information).

Core Principle 2 (Compliance with Rules), implemented by Commission Regulation 38.151 (Access Requirements) requires the DCM provide impartial access to its markets to any of its members or market participants. In its proposed amendments to Part 38 of the Commission’s Regulations, Commission staff noted that “A DCM can satisfy the requirement that membership and participation criteria are impartial, transparent, and non-discriminatory by establishing clear and impartial guidelines and procedures for granting access to its facilities and publishing such guidelines and procedures on its website. Such requirements may establish different categories of market participants, but may not discriminate within a particular category.”<sup>1</sup> The categories of participants with the ability to access Nadex markets include Direct Trading Members, Market Maker Members, and FCM Members. The amendments to the Market Maker Agreement discussed herein are only applicable to those Members who have entered a Market Maker Agreement with Nadex. Accordingly, the amendments discussed herein will not negatively impact Nadex’s ability to comply with this Core Principle. Core Principle 7, implemented by Commission Regulations 38.400 and 38.401, requires the DCM to make its Rules, including material terms of its market maker program, available on its website. The Nadex Market Maker Agreement is available on the Nadex website, and will continue to be available on the website after the amendments described herein are made. As the amendments discussed herein are being made to provide additional information and transparency to the public, the changes will positively impact Nadex’s compliance with this Principle.

## DCO Core Principles

Nadex has not identified any DCO Core Principles that will be impacted by the amendments 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. The amendments to the Market Maker Agreement are attached in Exhibit B. Any deletions are stricken out while the amendments and/or additions are underlined.

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<sup>1</sup> 75 Fed. Reg. 80579 (Dec. 22, 2010).

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 a copy of these additions was posted on its website at the time of this filing. Pursuant to the 10-day filing period under Regulation 40.6(a)(3), this filing will be effective on July 11, 2022.

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](mailto:Jaime.walsh@nadex.com).

Sincerely,



Jaime Walsh  
Head of Legal

## 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	N/A; not impacted by this submission
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)

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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

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### 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	N/A; not impacted by this submission
D	Risk Management	N/A; not impacted by this submission
E	Settlement Procedures	N/A; not impacted by this submission
F	Treatment of Funds	Not applicable (Nadex Rulebook Chapter 8 Member Funds)
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	N/A; not impacted by this submission
K	Recordkeeping	Not applicable (Nadex maintains all required records for at least 5 years)
L	Public Information	N/A; not impacted by this submission

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M	Information Sharing	Not applicable (member of Joint Audit Committee, Joint Compliance Committee, Intermarket Surveillance Group, and signatory to the International Information Sharing Memorandum of Understanding and Agreement)
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)

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# **EXHIBIT B**

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

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# Market Maker Agreement

This Market Maker Agreement (“Agreement”) is entered into between North American Derivatives Exchange, Inc. (“Nadex”), a designated contract market and derivatives clearing organization incorporated in Delaware, with its principal place of business at 200 West Jackson Blvd., Suite 1400, Chicago, Illinois 60606, and \_\_\_\_\_, a [corporation/limited liability company] organized under the laws of the State of \_\_\_\_\_, with its principal place of business at \_\_\_\_\_, (“Market Maker”), (together, the “Parties”) as of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”). Capitalized terms not expressly defined in this Agreement shall have the meaning ascribed to them in the Nadex Rules.

## 1 CONTROLLING PROVISIONS; CONDITION PRECEDENT

(a) All of the terms and conditions contained in the Membership application process, as well as in the Nadex Rules, shall regulate all exchange trading activities of a Market Maker unless otherwise provided for in this Agreement, in which case this Agreement shall be controlling.

(b) For avoidance of doubt, Market Maker may not function as a Market Maker under this Agreement unless Market Maker is a Member of Nadex, and notwithstanding any other provision of this Agreement, Market Maker being a Member shall be a condition precedent to the effectiveness of this Agreement.

~~(c) Market Maker and Nadex shall agree to the specific Classes, as identified in Appendix A to this Agreement, for which Market Maker will be obligated to provide liquidity (“Designated Classes”).~~

## 2 MARKET MAKER OBLIGATIONS

(a) Beginning on the Effective Date, and except as otherwise provided for in the Agreement (including any Appendix thereto) or on the Nadex website, the Market Maker shall ~~continuously~~ quote binding bid and offer prices throughout the duration of the listed Contracts in Market Maker’s Designated Classes, which shall be, submitted as Post-Only Quotes as that term is defined in the Nadex Rules, at or inside of the defined maximum spread (“Defined Spread”) at and not less than the defined minimum size (“Defined Size”), ~~in the listed Contracts of all Classes to which the Market Maker is assigned as set forth in Appendix A (“Designated Classes”), as it may be amended from time to time by mutual agreement of the parties, at all times during which the Designated Classes are open for trading, except as otherwise provided in this Agreement.~~ Market Maker shall not submit Non Post-Only Orders as that term is defined by the Nadex Rules.

(b) The Market Maker acknowledges and agrees not to engage in any activity that would violate the Commodity Exchange Act, as amended (the “Act”), or the Commission’s regulations adopted thereunder, or Nadex Rules or terms of its Membership Agreement. The Market Maker also understands and agrees

that this Agreement may be unilaterally modified or cancelled by Nadex for any reason if directed to do so by the Commodity Futures Trading Commission (the “Commission”) in order to comply with the Act or the Commission’s regulations adopted thereunder.

(c) Market Maker shall not knowingly employ any Authorized Traders who are subject to statutory disqualification under Section 8a(3) of the Act.

(d) Market Maker shall notify Nadex within 24 hours of the addition or deletion of any Authorized Traders for their account at Nadex. All Authorized Traders may engage in Market Making activity on the exchange only via their assigned username.

(e) Market Maker is obligated to respond to any Nadex request for information regarding their Market Making activity on the exchange.

## 3 SUSPENSION OF MARKET MAKER OBLIGATIONS

(a) Market Maker shall not be required to act in accordance with Section 2(a) ~~continuous~~ quoting requirements and may suspend all quoting during the occurrence of any of the following events (“Suspension Event”):

- (i) ~~The calculation of the Derived Underlying Market Data corresponding to a which is the subject of any Designated Class that~~ has been suspended;
- (ii) ~~If~~ there is no direct Underlying market for a Designated Class or no related market or event upon which to base the prices for a Designated Class, ~~then there is a suspension of the trading of such Designated Class;~~
- (iii) ~~If~~ there exists in the reasonable opinion of Nadex ~~and/or~~ Market Maker such a change, whether or not foreseeable, in national or international financial, political, or economic conditions as would in Nadex ~~and/or~~ Market Maker’s view make it impossible to accurately price Contracts in the Designated Class;
- (iv) ~~An~~ act of God, war, terrorism, fire, flood, civil disturbance, or act of any governmental authority beyond the control of the Market Maker or Nadex occurs which prevents the Market Maker from entering Post-Only Quotes or prevents the Market Maker’s ability to fulfil its obligations as described herein; from maintaining an orderly market;
- (v) ~~Where~~ any interruption, defect, withdrawal or failure of power supply, trading systems, network, internet connections, computer systems, communications (whether owned or operated by Market Maker, Nadex or any third party) or other similar force majeure event prevents the Market Maker from entering Post-Only Quotes or prevents the Market Maker’s ability to fulfil its obligations as

# Market Maker Agreement

- ~~described herein; or from maintaining an orderly market;~~
- ~~(vi)~~ Market Maker has a position in any Designated Class or Contract that equals or exceeds 90% of the applicable position limit for such Designated Class or Contract; or
- ~~(vi)(vii)~~ ~~as otherwise specifically provided for in this Agreement, including any Appendix thereto.~~
- ~~(vii)~~ ~~Market Maker is holding a position in certain specified contracts that reaches or exceeds a level set forth in the applicable contract specifications in the Nadex Rules.~~
- (b)** The Parties will each inform the other by telephone and subsequently by email as soon as practicable after either of them becomes aware that they believe any of the foregoing Suspension Events is occurring or has occurred, or ceases to exist. With respect to any Suspension Event pursuant to Section 3(a)(v) that extends for more than 20 minutes in any Contract or Designated Class, Market Maker must also file a Market Maker Issue/Disruption Notification within 2448 hours of the suspension with details of the event, or, if the full details of the event remain unknown after 48 hours, the Market Maker must update Nadex as to the findings of its investigation within 48 hours and provide a final Issue/Disruption Notification as soon as practicable, but no later than 7 calendar days following the Suspension Event. Any investigation requiring more than 7 calendar days must be discussed with Nadex prior to the reporting deadline.
- #### 4 MODIFICATION OF MARKET MAKER OBLIGATIONS
- (a)** Market Maker shall not be required to act in accordance with Section 2(a) ~~continuous~~-quoting requirements and may modify quoting as specified below during the occurrence of any of the following events ("Modification Event"):
- (i)** **Expiry Period** – Market Maker may refrain from submitting Post-Only Quotes during these periods, as described below, for any particular Contract, just prior to expiry of that Contract ("Expiry Period"). A Market Maker that chooses to submit Post-Only Quotes during an Expiry Period will be required to comply with the Defined Spread and Defined Size requirements as set forth in Appendix A.
- The five (5) minute period just prior to expiry of any Event Contract;
  - the two (2) minute period just prior to expiry of any Intraday, Daily, or Weekly Contract, with the exception of the Intraday 5-Minute and 20-Minute, and Touch Bracket Contracts;
  - the one (1) minute period just prior to the expiry of any Intraday 5-Minute or Intraday 20-Minute Contract; and
- (ii)** **Economic Announcement or Unusual Market Period** – Market Maker may refrain from submitting Post-Only Quotes during any Economic Announcement or Unusual Market Period, as defined below. A Market Maker that chooses to submit Post-Only Quotes during an Economic Announcement or Unusual Market Period will be required to comply with the Defined Spread and Defined Size requirements as set forth in Appendix A.
- The five (5) minutes prior to the scheduled announcement and the five (5) minutes after the announcement of any major economic indicator; or
  - any unusual market condition or price volatility which is determined by Nadex, acting reasonably and in consultation with Market Maker, to prevent the maintenance of an orderly market.
- (iii)** **Two-Sided Markets** – Market Maker will not be required to price a two-sided market, and will be permitted to reduce its size below the Defined Size requirements (including to 0).
- In any Binary Contract within a Designated Class that is so deep in-the-money as to be valued at \$100 offer or so deep out-of-the-money as to be valued at zero (\$0) bid. Specifically, when the Market Maker's bid is within the maximum spread of the ceiling or the Market Maker's offer is within the maximum spread of the floor;
  - in any Call Spread Contract within a Designated Class when the underlying for that Call Spread Contract is outside the range of the Call Spread Contract;
  - in any Touch Bracket Contract when the Index Value is within 10 ticks of the Touch Bracket Contract's Cap or Floor; or
  - during the first 30 seconds and last 30 seconds of any Intraday 5-Minute Binary Contract; or
  - as otherwise specifically provided for in this Agreement, including any Appendix thereto.
  - ~~when the Market Maker is holding a particular position level in certain specified contracts that reaches or exceeds a level set forth in the applicable contract specifications in the Nadex Rules.~~
- (iv)** **Illiquid Markets** – Market Maker may refrain from submitting Post-Only Quotes during a period of illiquid underlying markets defined as, thinly traded markets in particular time periods as determined by Nadex from time to time and made public via

# Market Maker Agreement

posting on its website. A Market Maker that chooses to submit Post-Only Quotes during an Illiquid Market period will be required to comply with the Defined Spread and Defined Size requirements as set forth in Appendix A.

(b) Nadex may amend the definitions of Modification Events and its applicable Rules unilaterally by providing 10 days' written notice to the Market Maker. To the extent reasonably possible and practicable, Nadex will consult with the Market Maker and other relevant Market Makers prior to amending its Modification Events Rules.

## 5 CONFIDENTIALITY

(a) **Confidential Information** means all information, whether written or oral, and in any form (including, without limitation, engineering documents, research and development, manuals, reports, designs, drawings, plans, flowcharts, software (in source or object code), program listings, data file printouts, processes, component part listings and prices, product information, new product plans, sales and marketing plans and/or programs, pricing information, customer lists and other customer information, financial information and employee files or other employee information) relating to the disclosing party's business or technology to receiving party.

- (i) The term "Confidential Information" also shall be deemed to include:
- a. all notes, analyses, compilations, studies, interpretations, or other documents prepared by recipient or its representatives that contain, reflect or are based upon in whole or in part, the information furnished by or on behalf of disclosing party to recipient pursuant hereto; and
  - b. Confidential Information disclosed prior to, as of, or after the date of this Agreement.
- (ii) Confidential Information does not include information:
- a. lawfully received from third parties without confidentiality obligation to the disclosing party;
  - b. in the public domain other than through breach of the obligation of confidentiality imposed by this Agreement;
  - c. independently developed without use of the other party's Confidential Information; or
  - d. is lawfully known to the recipient without an obligation of confidentiality the time recipient receives the same from the disclosing party, as evidenced by written records.

(b) **Return of Confidential Information.** Promptly upon the written request of the discloser, the recipient shall, and shall cause its representatives to, return to the discloser, or destroy

all Confidential Information. If the recipient destroys the Confidential Information, it shall certify that it has done so in writing and promptly deliver that certificate to discloser. Despite the provisions of this Section 5(b), the recipient may retain one permanent file copy of the Confidential Information of the discloser and any derivative materials if required to do so under any state or federal law or regulation.

### (c) Obligations of Confidentiality.

- (i) Each party will
- a. use the other's Confidential Information solely to perform its obligations under this Agreement, and disclose the other's Confidential Information only to its agents, contractors, and employees legally bound, in writing, to keep Confidential Information confidential and only to the extent necessary for them to perform this Agreement;
  - b. in no event use less than ordinary care to protect the other's Confidential Information against unauthorized disclosure to any third party; and
  - c. notify the other of unauthorized use, disclosure, theft or other loss of Confidential Information of which it learns.
- (ii) Confidential Information may be disclosed as required by law, provided that prior to any such disclosure, the recipient will
- a. assert the confidential nature of the Confidential Information to the court or agency;
  - b. provide sufficient notice to the disclosing party to permit it to contest the disclosure requirement; and
  - c. cooperate with the disclosing party, at the disclosing party's expense, in protecting against any such disclosure and/or obtaining a protective order narrowing the scope of the compelled disclosure and protecting its confidentiality.

(d) **Survival.** Despite any other provision of this Agreement, this entire Section 5 Confidentiality survives any termination of this Agreement.

## 6 FEES

(a) The Market Maker will pay a fee of \$ \_\_\_\_\_ in order to establish a dedicated line.

(b) The Market Maker shall pay to Nadex transaction-based Exchange Fees as determined and published by Nadex from time to time during the Term of the Agreement. "Exchange Fees" comprise all fees relating to the execution and settlement of transactions on the exchange, including, but not limited to,



# Market Maker Agreement

trading and settlement fees. Further, Market Makers are subject to additional fees as noted in the Nadex Fee Schedule.

## 7 MINIMUM DEPOSIT AND MAINTENANCE AMOUNT

(a) Market Maker is required to have an initial Minimum Deposit of \$500,000 and a Maintenance Amount of \$250,000:

(b) In this Section, "Minimum Deposit" means the amount the Market Maker must initially deposit in order to establish an account at Nadex and "Maintenance Amount" means the minimum amount that must be in the Market Maker's account at all times. In the event the Market Maker's available cash balance falls to the Maintenance Amount, the Market Maker must immediately deposit sufficient funds to bring the available cash balance to \$500,000.

(c) Market Maker cannot withdraw funds from its Nadex account if, after such withdrawal, its Nadex available cash balance would be less than \$500,000, except on termination of Agreement.

## 8 ASSIGNMENT

Neither this Agreement, nor any of the rights or obligations under this Agreement, may be assigned or transferred by either party without the express prior written consent of the other party.

## 9 TERM OF AGREEMENT

The term of this Agreement shall be for a term of one year ("Initial Term"), as of the Effective Date. This Agreement shall be automatically renewed annually after the Initial Term (collectively "Term") unless terminated pursuant to Section 10 of this Agreement.

## 10 TERMINATION

(a) This Agreement may be terminated immediately by Nadex in the event that (i) all products in the Market Maker's Designated Classes have been the product in which the Market Maker has contracted to make markets is delisted, (ii) the Market Maker makes a material statement which is untrue or made in bad faith, (iii) Nadex is so ordered by the Commission, (iv) the Market Maker does not satisfy the terms of the Agreement, or (v) the Market Maker breaches a material provision of this Agreement or commits a major offense. ~~Notwithstanding anything to the contrary herein, the sole and exclusive remedy of Nadex for any breach of Market Maker's obligations hereunder shall be to terminate this Agreement.~~

(b) This Agreement may be terminated by either party for any reason provided the terminating party provides 30 days written notice to the non-terminating party.

(c) This Agreement will terminate if and when the Market Maker's Nadex Membership terminates.

## 11 AMENDMENTS

~~Unless otherwise stated in this Agreement, no provision of this Agreement may be amended or modified except by written agreement of both parties. This Agreement, and any Appendix thereto, may be amended from time to time by Nadex with at least 10 business days' notice to the Market Maker. Market Maker's Designated Classes may be amended from time to time by agreement of the Parties.~~

## 12 WAIVER OF COMPLIANCE

Any failure of a party to comply with any obligation herein may be expressly waived in writing by the other party to this Agreement, but such waiver or failure to insist upon strict compliance with such obligation shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

## 13 MANDATORY ARBITRATION

Any controversy or claim arising out of or in connection with this Agreement or the performance or breach hereof, or relating to designation as a Market Maker, including any claim against Nadex, the Nadex settlement bank, or any other Nadex Member or Market Maker, shall be settled by arbitration as set forth in the Nadex Rules.

## 14 CHOICE OF LAW

**THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND ALL DISPUTES HEREUNDER SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF ILLINOIS AS APPLIED TO CONTRACTS MADE AND TO BE PERFORMED IN ILLINOIS, WITHOUT APPLYING CONFLICT OF LAW RULES.**

**By signing this Agreement, Market Maker accepts full responsibility for having knowledge of and adhering to all rules and regulations governing Nadex.**

## NORTH AMERICAN DERIVATIVES EXCHANGE, INC.

Signed for and on behalf of Nadex:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_



# Market Maker Agreement

Date: \_\_\_\_\_

**MARKET MAKER**

Signed for and on behalf of Market Maker:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DESIGNATED CLASSES** – THIS APPENDIX A ACCOMPANIES THE NADEX MARKET MAKER AGREEMENT.

Market Maker/Member Name: \_\_\_\_\_

Market Maker/Member Username: \_\_\_\_\_

The following is a list of the Designated Classes for which the above named Member has requested to be assigned as a Market Maker and the Defined Spread and Defined Size applicable to the Designated Classes in accordance with Chapter 4 of the Nadex Rulebook and this Market Maker Agreement.<sup>1-2</sup>

Designated Classes Binary Contracts	Section 4(a)(i) – Expiry Period	Section 4(a)(iv) – Illiquid Markets <sup>3</sup>	Maximum Defined Spread <sup>4</sup>	Minimum Defined Size <sup>5</sup>	Execution and Settlement Fees	Position Limits (per Strike)
Currencies <sup>6</sup> : Intraday 2-Hour, Daily, and Weekly <ul style="list-style-type: none"> <li>▪ EUR/USD Binary</li> <li>▪ GBP/USD Binary</li> <li>▪ USD/JPY Binary</li> <li>▪ USD/CHF Binary</li> <li>▪ USD/CAD Binary</li> <li>▪ EUR/JPY Binary</li> <li>▪ GBP/JPY Binary</li> <li>▪ AUD/USD Binary</li> <li>▪ EUR/GBP Binary</li> <li>▪ AUD/JPY Binary</li> <li>▪ USD/MXN Binary</li> </ul>					\$0.70	<u>5,000</u>
Currencies <sup>7</sup> : Intraday 5-Minute <ul style="list-style-type: none"> <li>▪ EUR/USD Binary</li> <li>▪ GBP/USD Binary</li> </ul>					\$0.70	<u>5,000</u>

<sup>1</sup> Market Maker shall make a good faith best effort to price equivalent markets in the Nadex Demo/Practice environment, but will not be held to the maximum Defined Spread and minimum Defined Size requirements set forth in this Appendix.

<sup>2</sup> Market Maker will not be deemed to have violated the maximum defined spread obligation in any Foreign Currency product if the maximum bid/ask spread was exceeded for a duration of less than 15 seconds, or if in the reasonable opinion of Nadex the maximum bid/ask spread was exceeded as the result of underlying market illiquidity, underlying market volatility, or if the maximum bid/ask spread was exceeded during a period in which market quote spreads were wider than ten pips in the relevant underlying currency market.

<sup>3</sup> Nadex has identified the following products and time periods as Illiquid Markets: All Intraday 5-Minute Foreign Currency Binary contracts available for trading between the hours of 6:00PM EST and 3:00AM EST and between the hours of 2:00 PM EST and 5:00 PM EST.

<sup>4</sup> Market Maker will not be deemed to have violated the maximum defined spread obligation in the event the maximum bid/ask spread is exceeded as the result of the adjustment of a Post-Only (Price Adjustment) quote by the Exchange.

<sup>5</sup> A quote that has been executed partially or in full shall be replenished to the Defined Size as soon as reasonably practical, as determined by Nadex.

<sup>6</sup> For any Currency Binary Contract, Market Maker may widen the maximum spread to 25% during the last 15 minutes prior to the expiration of that Contract, or as otherwise defined in the Market Maker Agreement. Market Maker is not required to submit quotes during Suspension or certain Modification Events, however, if the Market Maker chooses to submit quotes during this time period, the Market Maker must comply with the obligations as defined in the Market Maker Agreement and this Appendix.

<sup>7</sup> If a Market Maker holds a position of 100 contracts (50 contracts during Illiquid Market hours), net long or short, in any 5-minute Binary Currency contract, Market Maker will not be required to adhere to the maximum Defined Spread, two-sided market quotes or minimum Defined Size obligations.

<ul style="list-style-type: none"> <li>▪ USD/JPY Binary</li> <li>▪ AUD/USD Binary</li> <li>▪ USD/CAD Binary</li> <li>▪ GBP/JPY Binary</li> <li>▪ EUR/JPY Binary</li> </ul>						
<p>Commodities: Intraday 2-Hour, Daily, and Weekly</p> <ul style="list-style-type: none"> <li>▪ Gold Binary</li> <li>▪ Silver Binary</li> <li>▪ Crude Oil Binary</li> <li>▪ Natural Gas Binary</li> </ul>					\$0.70	<u>Gold,</u> <u>Crude Oil,</u> <u>Natural</u> <u>Gas: 5,000</u>  <u>Silver:</u> <u>4,000</u>
<p>Indices: Intraday 2-Hour, Daily, and Weekly</p> <ul style="list-style-type: none"> <li>▪ US 500 Binary</li> <li>▪ US SmallCap 2000 Binary</li> <li>▪ US Tech 100 Binary</li> <li>▪ Wall Street 30 Binary</li> <li>▪ FTSE 100 Binary</li> <li>▪ Germany <u>340</u> Binary</li> <li>▪ Japan 225 Binary (No Intraday)</li> <li>▪ China 50 Binary (No Intraday)</li> </ul>					\$0.70	<u>5,000</u>
<p>Indices: Intraday 20-Minute</p> <ul style="list-style-type: none"> <li>▪ US 500 Binary</li> <li>▪ US SmallCap 2000 Binary</li> <li>▪ US Tech 100 Binary</li> <li>▪ Wall Street 30 Binary</li> </ul>					\$0.70	<u>5,000</u>
<p><u>Events: Binary Contracts</u></p> <ul style="list-style-type: none"> <li>▪ <u>Unemployment Rate</u></li> <li>▪ <u>GDP</u></li> <li>▪ <u>Weekly Jobless Claims</u></li> <li>▪ <u>Nonfarm Payroll</u></li> <li>▪ <u>Corn Yields</u></li> <li>▪ <u>Soybean Yields</u></li> <li>▪ <u>Crude Oil Inventories</u></li> <li>▪ <u>Natural Gas Net Change</u></li> <li>▪ <u>CPI — All Items Less Food &amp; Energy</u></li> <li>▪ <u>CPI — Food at Home</u></li> <li>▪ <u>CPI — Food Away from Home</u></li> <li>▪ <u>CPI</u></li> <li>▪ <u>Fed Balance Sheet Total Assets</u></li> <li>▪ <u>New Home Sales</u></li> <li>▪ <u>Retail Sales Change</u></li> </ul>					\$0.70	

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Designated Classes Call Spread Contracts	Section 4(a)(i) – Expiry Period	Section 4(a)(iv) – Illiquid Markets	Maximum Defined Spread <sup>8</sup>	Minimum Defined Size	Execution and Settlement Fees	<u>Position Limits (per Strike)</u>
Daily Wide and Daily Narrow, 8 or 8.25-Hour, and Intraday 2-Hour <ul style="list-style-type: none"> <li>▪ Germany <u>340</u> Call Spread</li> <li>▪ FTSE 100 Call Spread</li> <li>▪ Silver Call Spread (Daily Wide and Daily Narrow, 5.5-Hour, and Intraday 2-Hour)</li> </ul>					\$0.70	<u>500</u>
Daily Wide and Daily Narrow, 8 or 8.25-Hour, and Intraday 2-Hour <ul style="list-style-type: none"> <li>▪ Wall Street 30 Call Spread</li> <li>▪ US 500 Call Spread</li> <li>▪ US SmallCap 2000 Call Spread</li> </ul>					\$0.70	<u>500</u>
<ul style="list-style-type: none"> <li>▪ US Tech 100 Call Spread</li> </ul>					\$0.70	<u>500</u>
<ul style="list-style-type: none"> <li>▪ Gold Call Spread</li> </ul>					\$0.70	<u>500</u>

<sup>8</sup> Market Maker will not be deemed to have violated the maximum Defined Spread obligation in the event the maximum bid/ask spread is exceeded as the result of the adjustment of a Post-Only (Price Adjustment) quote by the Exchange.



(Daily Wide and Daily Narrow, 5.5-Hour, and Intraday 2-Hour)						
<ul style="list-style-type: none"> <li>Crude Oil Call Spread (Daily Wide and Daily Narrow 6.5-Hour, and Intraday 2-Hour)</li> </ul>						
<ul style="list-style-type: none"> <li>Natural Gas Call Spread (Daily Wide and Daily Narrow, 6.5-Hour, and Intraday 2-Hour)</li> <li>Japan 225 (Daily Wide and Daily Narrow)</li> </ul>					\$0.70	<u>500</u>
Weekly, Daily, 8-Hour, 5-Hour, and Intraday 2-Hour <ul style="list-style-type: none"> <li>AUD/USD Call Spread</li> <li>EUR/JPY Call Spread</li> <li>EUR/USD Call Spread</li> <li>GBP/JPY Call Spread</li> <li>GBP/USD Call Spread</li> <li>USD/JPY Call Spread</li> <li>USD/CHF Call Spread</li> <li>USD/CAD Call Spread</li> <li>EUR/GBP Call Spread (Weekly and Daily Only)</li> <li>AUD/JPY Call Spread (Weekly and Daily Only)</li> </ul>					\$0.70	<u>500</u>

Designated Classes Touch Bracket Contracts <sup>9</sup>	Section 4(a)(i) – Expiry Period	Section 4(a)(iv) – Illiquid Markets	Maximum Defined Spread <sup>10</sup>	Minimum Defined Size <sup>11</sup>	Execution and Settlement Fees	Position Limits (per Strike)
<ul style="list-style-type: none"> <li>EUR/USD Touch Bracket</li> <li>GBP/USD Touch Bracket</li> <li>USD/CHF Touch Bracket</li> <li>USD/JPY Touch Bracket</li> <li>AUD/USD Touch Bracket</li> <li>EUR/JPY Touch Bracket</li> <li>GBP/JPY Touch Bracket</li> <li>USD/CAD Touch Bracket</li> </ul>					\$0.50	<u>100,000</u>

<sup>9</sup> If Market Maker holds a position of 1,000 contracts, net long or short, in any Touch Bracket Contract, Market Maker will not be required to adhere to the maximum Defined Spread, two-sided market quotes, or minimum Defined Size obligations.

<sup>10</sup> Market Maker will not be deemed to have violated the maximum defined spread obligation in the event the maximum bid/ask spread is exceeded as the result of the adjustment of a Post-Only (Price Adjustment) quote by the Exchange. Market Maker is relieved of quoting obligations if the Index Value is within 10 ticks of the Touch Bracket Contract Cap or Floor.

<sup>11</sup> Market Maker is relieved of quoting obligations if the Index Value is within 10 ticks of the Touch Bracket Contract Cap or Floor.

<ul style="list-style-type: none"> <li>▪ EUR/GBP Touch Bracket</li> <li>▪ AUD/JPY Touch Bracket</li> </ul>						
<ul style="list-style-type: none"> <li>▪ US 500 Touch Bracket</li> <li>▪ US SmallCap 2000 Touch Bracket</li> <li>▪ US Tech 100 Touch Bracket</li> <li>▪ Wall Street 30 Touch Bracket</li> <li>▪ Gold Touch Bracket</li> <li>▪ Silver Touch Bracket</li> <li>▪ Crude Oil Touch Bracket</li> <li>▪ Natural Gas Touch Bracket</li> </ul>					\$0.50	<u>100,000</u>

Exemptions	Product	Exemption Duration
Market Maker is exemption from quoting in the following products:		

**MARKET MAKER**

*Signed for and on behalf of Market Maker:*

\_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**NORTH AMERICAN DERIVATIVES EXCHANGE, INC.**

*Signed for and on behalf of Nadex:*

\_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_