



August 13, 2021

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 Implements \$0 Minimum Deposit Promotion – 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 implement a \$0 Minimum Deposit Promotion (the “Promotion”).

Nadex intends to implement an incentive Promotion aimed to attract new Members to the Exchange, ultimately increasing liquidity. Eligible participants must have an open account that is able to accept an initial deposit on or after the effective date of the Promotion, and make a successful initial deposit of any amount, including less than the standard minimum requirement of \$250, prior to the termination date of the Promotion. The full Terms and Conditions of the Promotion will be included in the Promotion’s promotional materials and will be made available on the Nadex website.

Nadex plans to run the Promotion from August 27, 2021 through October 27, 2021. All Promotion requirements must be met by October 27, 2021. Nadex reserves the right to terminate the Promotion earlier in its discretion. In the event Nadex decides to end the

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

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

No. 20200813(2)

Promotion early, Nadex will provide notice of the termination date on the Notices page of the Nadex website.

Core Principles

Nadex has identified the following Designated Contract Market (“DCM”) Core Principles as potentially being impacted by this amendment: Core Principle 9 (Execution of Transactions), and Core Principle 12 (Protection of Markets and Market Participants).

Core Principle 9, implemented by Commission Regulation 38.500, requires a DCM to provide a competitive, open, and efficient market. Nadex has designed the \$0 Minimum Deposit Promotion to attract new market participants to provide additional liquidity to the marketplace, thereby providing additional competition and an efficient market for trade execution. Accordingly, implementing the Promotion will not negatively impact Nadex’s ability to comply with this Core Principle.

Core Principle 12, implemented by Commission Regulations 38.650 and 38.651 require a DCM to protect markets and market participants from abusive practices, to promote fair and equitable trading, and to have an enforce rules that are designed to promote fair and equitable trading and protect the market and its participants from abusive practices including fraud or unfair actions. Nadex has designed the Terms and Conditions of the Promotion to discourage abuse of the Promotion and penalizes those found to have violated the intent and spirit of the Promotion or engaged in fraudulent activity in connection with the Promotion. In addition to suspension of deposit and trading privileges, participants found to have violated the Terms of the Promotion may be subject to Exchange disciplinary action. Nadex has well-staffed Account Opening, Payments, and Compliance and Regulatory Departments that diligently monitor for anomalies or potential fraudulent or misleading activity during the account opening and customer identification processes and funding and withdrawal processes. Furthermore, Nadex employs a 24-hour surveillance system to monitor for suspicious trading activity. All trading activity on the Exchange must be fully collateralized. Finally, Nadex does not allow Members to open multiple accounts. All online applications are submitted to Equifax in real time for verification of the personal identification information provided on an application. An account will not be opened if Equifax is unable to verify the information. Accordingly, the Promotion will not negatively impact Nadex’s ability to comply with this Core Principle.

Nadex has not identified any derivatives clearing organization Core Principles as potentially being impacted by the \$0 Minimum Deposit Promotion.

Terms and Conditions of the Promotion are attached in Exhibit A.

Pursuant to the 10-day filing period under Regulation 40.6(a)(3), Nadex intends to implement Initial Deposit Bonus Promotion on trade date August 27, 2021.

Nadex hereby certifies that the additions contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder. No substantive opposing views

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

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

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

TERMS AND CONDITIONS FOR NADEX \$0 MINIMUM DEPOSIT PROMOTION

The following Terms and Conditions (“Terms”) apply to the Nadex \$0 Minimum Deposit Promotion (the “Promotion”) which was self-certified with the Commodity Futures Trading Commission on August 13, 2021. The effective date of the Promotion is August 27, 2021 (“Effective Date”). By making an initial deposit of an amount less than the standard \$250 minimum deposit requirement, you are a participant in the Promotion, and agree to be bound by these Terms.

1. Participation.

- 1.1 Eligible participants must have an open account that is able to accept an initial deposit on or after the Effective Date of the Promotion, except as otherwise provided for in these Terms.
- 1.2 Members who funded their accounts prior to the Effective date of the Promotion are not eligible for participation in the Promotion.
- 1.3 Former Members who reactivate a terminated account and make an initial deposit in their reactivated account on or after the Effective Date may participate in the Promotion and make a deposit of less than \$250.
- 1.4 Eligible participants in the Promotion must meet all Membership requirements as set forth in Rule 3.1 and the Membership Agreement, with the exception of the requirement to make an initial deposit of \$250.
- 1.5 Eligible participants must provide all supporting documentation, information, and/or responses requested by Nadex, and make an initial deposit by the Termination Date in order to participate in the Promotion.
- 1.6 Make a successful initial deposit.
- 1.7 **BY PARTICIPATING IN THIS PROMOTION YOU ARE BECOMING A NADEX MEMBER UPON INITIAL DEPOSIT MADE TO THE EXCHANGE, AND AGREE TO COMPLY WITH ALL APPLICABLE RULES AND REGULATIONS.**

2. Other Promotions or Programs.

- 2.1 Eligibility requirements for participation in any other promotion or program offered by Nadex must be met for participation in that promotion or program as stated in the corresponding Terms and Conditions, including any minimum deposit requirement, with the exception of the Nadex Refer-a-Friend Program which will not require a minimum deposit until after the Promotion Termination Date.

3. Termination of Promotion.

- 3.1 The Promotion is scheduled to terminate on October 27, 2021.
- 3.2 All Promotion requirements as stated herein must be met by October 27, 2021 in order to participate in this Promotion.
- 3.3 Nadex reserves the right to terminate the Promotion earlier in its discretion. In the event Nadex decides to end the Promotion early, Nadex will provide notice of the termination date on the Notices page of the Nadex website.

4. Ineligible and Disqualification.

- 4.1 A former Individual Member, Entity Member, or Authorized Trader, whose relationship with Nadex was terminated due to a financial, compliance, regulatory, or legal reason may not participate in the Promotion.
- 4.2 An initial deposit which does not clear and/or is returned by Nadex’s bank for any reason will not be considered successful and the participant will not be considered a Nadex Member.
- 4.3 The deposit and trading privileges of any participant who is determined to have provided false or fraudulent information on the Membership application may be suspended, and the participant may not be able to

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

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

participate in the Promotion unless and until reinstatement of said privileges is approved by Nadex prior to the Termination Date.

4.4 Nadex may revoke or withdraw the Promotion from participants who abuse the spirit or intention of the Promotion in Nadex's sole discretion. The deposit and trading privileges of any participant(s) found to have abused the Promotion may be suspended, and the participant may not be able to participate in the Promotion unless and until reinstatement of said privileges is approved by Nadex prior to the Termination Date.

5. Disclaimer.

5.1 Nadex is in no way responsible or liable for a participant's inability to satisfy the eligibility requirements of the Promotion or ability to trade as the result of any technical malfunction of the Internet, the Nadex System, or the participant's own computing system. Participants accept full risk associated with trading over the Internet, mobile applications, and downloadable software.

5.2 Nadex is in no way responsible or liable for any losses incurred by a participant as a result of any trading activity in relation to this Promotion.

6. Other Terms.

6.1 All dollar values described herein are USD.

6.2 All withdrawal requirements must be met before a withdrawal can be made.

6.3 In the event a violation these Terms may constitute a violation of the Nadex Rules or Membership Agreement, the participant may be subject to a formal investigation and disciplinary action pursuant to the Nadex Rules.

6.4 Nadex may modify the Promotion, and/or amend these Terms at any time. In the event the Promotion or these Terms are amended Nadex will post notice of the changes on the Notices section of its website.

6.5 Nadex is the sole arbiter of the Promotion, these Terms and any other issues arising under this Promotion. Exceptions to these Terms are at the sole discretion of Nadex and shall be final.

6.6 Any dispute or situation not covered by these Terms, will be resolved by Nadex in a manner it deems to be fairest to all concerned and that decision shall be final and binding on all parties.

6.7 If at any time all or any part of any provision of these Terms are or become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, such provision(s) shall not affect or impair the legality, validity or enforceability in that jurisdiction of the remainder of that provision or all other provisions of these Terms or the legality, validity or enforceability under the law of any other jurisdiction of that provision or all other provisions of these Terms.

6.8 These Terms shall be governed by and construed in accordance with the laws of the State of Illinois.