



January 21, 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: Self-Certification Rule Amendments: Nadex Extends Initial Deposit Bonus Program – 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 extend its Initial Deposit Bonus Program (the “Program), which was originally submitted to the Commission on March 13, 2020 (submission number 2003-1312-1343-76), amended on April 7, 2020 (submission number 2004-0717-1359-93) and again on May 10, 2021 (submission number 2105-1017-3400-22), and twice extended, the first time through September 22, 2021 (submission number 2008-2813-1441-46), and the second through December 31, 2021 (submission number 2109-0320-0234-00). Nadex intends to reinstate the Program and run the Program through May 31, 2022.

The Program will continue to operate pursuant to the Terms and Conditions filed with the Commission on May 10, 2021. Eligible participants must deposit a minimum initial deposit of \$1,000 and execute at least 5 trades (of any size) in any market within 30 calendar days of the initial deposit date, after which the participant will receive a \$100 bonus. Nadex is extending this program through May 31, 2022 and all Program requirements must be met by that date.

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No. 20220121(2)

## Core Principles

Nadex has identified the following Designated Contract Market (“DCM”) Core Principles as potentially being impacted by this Program: 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 Initial Deposit Bonus Program 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 Program 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 Program to discourage abuse of the Program and penalizes those found to have violated the intent and spirit of the program or engaged in fraudulent activity in connection with the Program. In addition to forfeiture of the bonus, participants found to have violated the Terms of the Program 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. Finally, Nadex does not allow Members to open multiple accounts. The Nadex system prevents an application submission if the social security number and/or email address provided on the application matches a social security number or email address that already exists in the database, thus preventing an attempt to manipulate the Program by making multiple initial deposits. 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 Program 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 Initial Deposit Bonus Program.

The full Terms and Conditions of the Program are attached in Exhibit A. Additions have been underlined and deletions stricken-out.

Pursuant to the 10-day filing period under Regulation 40.6(a)(3), the Program will be reinstated on February 7, 2022.

No substantive opposing views were expressed to Nadex with respect to this program extension.

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Nadex hereby certifies that the terms of the program contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder.

Nadex hereby certifies that a copy of this submission 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](mailto:jaime.walsh@nadex.com).

Sincerely,



Jaime M. Walsh  
Legal Counsel

## EXHIBIT A

### **TERMS AND CONDITIONS FOR NADEX INITIAL DEPOSIT BONUS PROGRAM**

The following Terms and Conditions (“Terms”) apply to the Nadex Initial Deposit Bonus Program (the “Program”) which was self-certified with the Commodity Futures Trading Commission on March 13, 2020 and effective as of March 30, 2020 (“Effective Date”), amended April 7, 2020, and amended again on May 10, 2021. The Program ran through ~~was extended through~~ December 31, 2021, and was reinstated on February 7, 2022 by self-certification submitted to the CFTC on January 21, 2022 ~~September 3, 2021~~. By participating in the Program, the participant agrees to be bound by these Terms.

1. A participant will only be entitled to a Deposit Bonus (“Deposit Bonus”) if the eligibility requirements set forth herein are met.
2. **Program eligibility requirements.**
  - 2.1 Eligible participants must have an open account that is able to accept an initial deposit on or after the Effective Date of the Program. Members who funded their accounts prior to the effective date of the program, or who previously had a funded account which was subsequently terminated, are not eligible for the Program.
  - 2.2 Eligible participants in the Program must meet all Membership requirements as set forth in Rule 3.1 and the Membership Agreement, provide all supporting documentation requested by Nadex, and be approved for Membership before being enrolled in the Program.
  - 2.3 Make a successful initial deposit of at least \$1,000. The \$1,000 deposit must occur in a single transaction.
  - 2.4 Execute at least 5 trades (of any size) in any market from the participant’s account within **30 calendar days** of the initial deposit date.
3. **Bonus.**
  - 3.1 The Bonus will be \$100.
  - 3.2 Nadex endeavors to apply the Bonus to the participant’s account by the fifth business day of the month for participants who complete the eligibility requirements by the last day of the previous month.
4. **Termination of Program.**
  - 4.1 The Program is scheduled to terminate on ~~December 31, 2021~~ May 31, 2022. All Program requirements must be met by ~~December 31, 2021~~ May 31, 2022, and no participant will be entitled to a Bonus payment after this date. Nadex reserves the right to terminate the Program earlier in its discretion. In the event Nadex decides to end the Program early, Nadex will provide notice of the termination date 60 days in advance on the Notices page of the Nadex website.
5. **Ineligible and Disqualification.**
  - 5.1 A previous 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 Program.
  - 5.2 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 be disqualified from the Program. A participant who has received a Bonus based on an initial deposit which later fails to clear will be required to return the Bonus.
  - 5.3 A Member who is the subject of an open compliance investigation or review or who has a suspended account for any compliance or financial reason between the Member’s application date and the date in which all Program requirements must be met is not eligible for participation in the Program, unless and until the compliance investigation or review has been concluded either without disciplinary action or in the Member’s favor, or the compliance or financial suspension has been satisfactorily remedied or resolved at the sole discretion of the relevant Compliance or Treasury Department. Nadex is not responsible for any delay in the participant meeting the requirements of the Program as the result of a compliance investigation or review, or compliance or financial suspension.

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- 5.4 Any participant who is determined to have provided false or fraudulent information on the Membership application will be disqualified from the Program and required to return the Bonus.
- 5.5 Nadex may revoke or withdraw the Program from participants who abuse the spirit or intention of the Program in Nadex's sole discretion. Any participant(s) found to have abused the Program may be required to return the Bonus.
- 5.6 In the event a participant is required to return a Bonus under these Terms, Nadex may debit the Bonus from the participant's account. If the debit would result in a negative balance, the deficit may be submitted to Nadex's third-party collection agency in accordance with the Membership Agreement.

**6. Disclaimer.**

- 6.1 Nadex is in no way responsible or liable for a participant's inability to satisfy the eligibility requirements of the Program 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.
- 6.2 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 Program.

**7. Other Terms.**

- 7.1 For purposes of this Program, the first "calendar day" of the 30-day period in which the participant must execute 5 trades shall be the day the participant makes an initial deposit, regardless of the time of day the deposit is made.
- 7.2 All dollar values described herein are USD.
- 7.3 All withdrawal requirements must be met before a withdrawal can be made.
- 7.4 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.
- 7.5 Nadex may modify the Program, and/or amend these Terms at any time. In the event the Program or these Terms are amended Nadex will post notice of the changes on the Notices section of its website.
- 7.6 Nadex is the sole arbiter of the Program, these Terms and any other issues arising under this Program. Exceptions to these Terms are at the sole discretion of Nadex and shall be final.
- 7.7 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.
- 7.8 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.
- 7.9 These Terms shall be governed by and construed in accordance with the laws of the State of Illinois.