



March 29, 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: Rule Certification: Nadex Delists Bitcoin - Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, North American Derivatives Exchange, Inc. (“Nadex”) hereby submits to the Commission its intent to delist its Bitcoin Call Spread contracts. As §40.6(a) exempts the delisting of a product from the 10-day review period, Nadex will delist its Bitcoin contracts effective at the close of business on trade date Friday, March 29, 2019.

The last Monthly Bitcoin Mini and Weekly Bitcoin Call Spread contracts will close at their regular time of 3:00pm ET on March 29, 2019. After the final settlement of these contracts, no open positions or working orders will exist in the Nadex Bitcoin market.

Amendments to the Rulebook to remove Rule 12.24 (Mini Bitcoin Variable Payout Contracts) and Rule 12.25 (Bitcoin Variable Payout Contracts) have been outlined in Exhibit A. Specific amendments to the Rules are set forth in Exhibit B. Nadex is also amending its Fee Schedule to remove references to the Market Maker Monthly Bitcoin Mini Call Spread trading and settlement fees. Amendments to the Fees Schedule are set forth in Exhibit C. Finally, Nadex is amending its Market Maker Agreement to remove reference to the Bitcoin contract. Amendments to the Market Maker Agreement are set forth in Exhibit D. Any deletions to the Rules, Fee Schedule, or Market Maker Agreement are stricken out while the amendments and/or additions are underlined.

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

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No. 20190329(1)

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 Walsh
Legal Counsel

EXHIBIT A

Rule	Asset	Duration/Close Time	Action	Effective Date
12.24	Mini Bitcoin Variable Payout Contracts	All Monthly 3:00pm expiration contracts	Delist contracts	End of business on 03/29/2019
12.25	Bitcoin Variable Payout Contracts	All Weekly 3:00pm expiration contracts	Delist contracts	End of business on 03/29/2019

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EXHIBIT B

Amendment of Rules 12.24-12.25

(The following Rule amendments are underlined and deletions are stricken out)

RULES 1.1 – 12.15 [UNCHANGED]

RULE 12.16 – ~~12.23~~ 12.25 [RESERVED]

~~RULE 12.24 MINI BITCOIN VARIABLE PAYOUT CONTRACTS~~

(a) ~~SCOPE—These Rules shall apply to the Class of Contracts referred to as the Mini Bitcoin Variable Payout Contracts issued by Nadex.~~

(b) ~~UNDERLYING—The Underlying for this Class of Contracts is the value of the bitcoin digital currency as indicated by the Tera[®] Bitcoin Price Index, calculated by the Tera[®]†.~~

(c) ~~SOURCE AGENCY—The Source Agency is Tera.~~

(d) ~~TYPE—The Type of Contract is a Variable Payout Contract.~~

(e) ~~ISSUANCE—For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence on the first trade date of the month.~~

(f) ~~PAYOUT CRITERION—The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Mini Bitcoin Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;~~

(i) ~~MONTHLY MINI BITCOIN CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET—At the commencement of trading in a Monthly Mini Bitcoin Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one Monthly Mini Bitcoin Call Spread Contract, having a total contract range and contract value based on the value of the underlying Tera Bitcoin Price Index at the time the Monthly Mini Bitcoin Call Spread Contract is created, which conforms to the Payout Criteria listed below:~~

(1) ~~MONTHLY MINI BITCOIN CALL SPREAD CONTRACT—If the Tera Bitcoin Price Index is valued at \$5,000 or higher at five (5) minutes prior to the listing of the Contract, they Payout Criterion shall be as follows:~~

† Tera[®] and Tera[®] Bitcoin Price Index are service and trademarks of Tera Advanced Technologies, LLC.

~~_____ (aa) CEILING — The Ceiling shall be $X + X + \$100$.~~

~~_____ (bb) FLOOR — The Floor shall be \$100.~~

~~_____ (cc) DOLLAR MULTIPLIER — The Dollar Multiplier shall be .01.~~

~~(2) MONTHLY MINI BITCOIN CALL SPREAD CONTRACT — If the Tera Bitcoin Price Index is valued below \$5,000 at five (5) minutes prior to the listing of the Contract, the Payout Criterion shall be as follows:~~

~~_____ (aa) CEILING — The Ceiling shall be \$10,100.~~

~~_____ (bb) FLOOR — The Floor shall be \$100.~~

~~_____ (cc) DOLLAR MULTIPLIER — The Dollar Multiplier shall be .01.~~

~~(3) In each case, “X” equals the Tera Bitcoin Price Index price, as reported by the Source Agency prior to listing, rounded to the nearest 500.~~

~~(ii) Nadex may refrain from listing, or list additional Call Spread Contracts at its discretion based on the value of the underlying Tera Bitcoin Price Index or existing market conditions at the time of the contract listing or throughout the life of the contract and in accordance with the CEA and Commission Regulations.~~

~~(g) MINIMUM TICK — The Minimum Tick size for the Mini Bitcoin Call Spread Contracts shall be \$5.00.~~

~~(h) POSITION LIMIT — The Position Limit for the Mini Bitcoin Call Spread Contracts shall be 250 contracts².~~

~~(i) LAST TRADING DATE — The Last Trading Date in a Series shall be the same date as the Expiration Date. The Last Trading Date shall be the last trade date of the month.~~

~~(j) SETTLEMENT DATE — The Settlement Date of the Contract shall be the same date as the Expiration Date.~~

~~(k) EXPIRATION DATE — The Expiration Date of the Contract shall be the date on which the Mini Bitcoin Expiration Value is released by the Source Agency.~~

~~(l) SETTLEMENT VALUE — The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.~~

~~²Market Makers shall not be subject to the 250 contract Position Limit. Market Makers will be relieved of their quoting obligations after reaching a position level of 2,500 contracts.~~

(m) ~~EXPIRATION VALUE~~—The Expiration Value is the price or value of the Tera Bitcoin Price Index released by the Source Agency on the Expiration Date, rounded to the nearest \$0.10.

(n) ~~CONTINGENCIES~~—If no Expiration Value is announced by the Source Agency on the Expiration Date, the Settlement Date will be delayed until the Expiration Value is released for that Series by the Source Agency.

~~RULE 12.25 BITCOIN VARIABLE PAYOUT CONTRACTS~~

(a) ~~SCOPE~~—These Rules shall apply to the Class of Contracts referred to as the Bitcoin Variable Payout Contracts issued by Nadex.

(b) ~~UNDERLYING~~—The Underlying for this Class of Contracts is the value of the bitcoin digital currency as indicated by the Tera[®] Bitcoin Price Index, calculated by the Tera^{®3} Exchange.

(c) ~~SOURCE AGENCY~~—The Source Agency is Tera.

(d) ~~TYPE~~—The Type of Contract is a Variable Payout Contract.

(e) ~~ISSUANCE~~—For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.

(f) ~~PAYOUT CRITERION~~—The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Bitcoin Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) ~~WEEKLY BITCOIN CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET~~—At the commencement of trading in a Weekly Bitcoin Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one Weekly Bitcoin Call Spread Contract, having a total contract range and contract value based on the value of the underlying Tera Bitcoin Price Index at the time the Weekly Bitcoin Call Spread Contract is created, which conforms to the Payout Criteria listed below:

(1) ~~WEEKLY BITCOIN CALL SPREAD CONTRACT~~—If the Tera Bitcoin Price Index is valued between \$3,000 and \$5,999.99 at five (5) minutes prior to the listing of the Contract, the Payout Criterion shall be as follows:

_____ (aa) ~~CEILING~~—The Ceiling shall be $X + 3,000$.

_____ (bb) ~~FLOOR~~—The Floor shall be $X - 3,000$.

³ Tera[®] and Tera[®] Bitcoin Price Index are service and trademarks of Tera Advanced Technologies, LLC.

~~—————(cc) DOLLAR MULTIPLIER—The Dollar Multiplier shall be .10.~~

~~(2) WEEKLY BITCOIN CALL SPREAD CONTRACT—If the Tera Bitcoin Price Index is valued between \$6,000 and \$8,999.99 at five (5) minutes prior to the listing of the Contract, the Payout Criterion shall be as follows:~~

~~—————(aa) CEILING—The Ceiling shall be $X + 4,000$.~~

~~—————(bb) FLOOR—The Floor shall be $X - 4,000$.~~

~~—————(cc) DOLLAR MULTIPLIER—The Dollar Multiplier shall be .10.~~

~~(3) WEEKLY BITCOIN CALL SPREAD CONTRACT—If the Tera Bitcoin Price Index is valued between \$9,000 and \$11,999.99 at five (5) minutes prior to the listing of the Contract, the Payout Criterion shall be as follows:~~

~~—————(aa) CEILING—The Ceiling shall be $X + 5,000$.~~

~~—————(bb) FLOOR—The Floor shall be $X - 5,000$.~~

~~—————(cc) DOLLAR MULTIPLIER—The Dollar Multiplier shall be .10.~~

~~(4) WEEKLY BITCOIN CALL SPREAD CONTRACT—If the Tera Bitcoin Price Index is valued between \$12,000 and \$19,999.99 at five (5) minutes prior to the listing of the Contract, the Payout Criterion shall be as follows:~~

~~—————(aa) CEILING—The Ceiling shall be $X + 7,500$.~~

~~—————(bb) FLOOR—The Floor shall be $X - 7,500$.~~

~~—————(cc) DOLLAR MULTIPLIER—The Dollar Multiplier shall be .10.~~

~~(5) WEEKLY BITCOIN CALL SPREAD CONTRACT—If the Tera Bitcoin Price Index is valued between \$20,000 and \$29,999.99 at five (5) minutes prior to the listing of the Contract, the Payout Criterion shall be as follows:~~

~~—————(aa) CEILING—The Ceiling shall be $X + 10,000$.~~

~~—————(bb) FLOOR—The Floor shall be $X - 10,000$.~~

~~—————(cc) DOLLAR MULTIPLIER—The Dollar Multiplier shall be .10.~~

~~(6) In each case, “X” equals the Tera Bitcoin Price Index price, as reported by the Source Agency prior to listing, rounded to the nearest 100.~~

~~(ii) —Nadex may widen or narrow the spread range of the Bitcoin Call Spread Contracts, refrain from listing, or list additional Call Spread Contracts with different ranges of Payout Criteria at its discretion based on the value of the underlying Tera Bitcoin Price~~

~~Index or existing market conditions at the time of the contract listing or throughout the life of the contract and in accordance with the CEA and Commission Regulations. In the event the Tera Bitcoin Price Index is valued below \$3,000, Nadex may adjust the contract parameters such that the Floor shall not be below \$0.00.~~

~~(g) MINIMUM TICK—The Minimum Tick size for the Bitcoin Call Spread Contracts shall be \$.50.~~

~~(h) POSITION LIMIT—The Position Limit for the Bitcoin Call Spread Contracts shall be 50 contracts⁴.~~

~~(i) LAST TRADING DATE—The Last Trading Date in a Series shall be the same date as the Expiration Date.~~

~~(j) SETTLEMENT DATE—The Settlement Date of the Contract shall be the same date as the Expiration Date.~~

~~(k) EXPIRATION DATE—The Expiration Date of the Contract shall be the date on which the Bitcoin Expiration Value is released by the Source Agency.~~

~~(l) SETTLEMENT VALUE—The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.~~

~~(m) EXPIRATION VALUE—The Expiration Value is the price or value of the Tera Bitcoin Price Index released by the Source Agency on the Expiration Date, rounded to the nearest \$0.10.~~

~~(n) CONTINGENCIES—If no Expiration Value is announced by the Source Agency on the Expiration Date, the Settlement Date will be delayed until the Expiration Value is released for that Series by the Source Agency.~~

RULES 12.26 – 12.78 [UNCHANGED]

End of Rulebook.

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⁴~~Market Makers shall not be subject to the 50 contract Position Limit. Market Makers will be relieved of their quoting obligations after reaching a position level of 500 contracts.~~

EXHIBIT C

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

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 Exchange trading fee per contract per side for each 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 \$0.20 per contract per side for each Monthly Bitcoin Mini Spread trade executed on Nadex. For all other products, 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 \$0.20 per contract per side for each Monthly Bitcoin Mini Spread contract that settles in-the-money. For all other products, 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 JANUARY 3, 2017 MARCH 30, 2019

TRADING FEES

Direct Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-50	\$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 in Monthly Bitcoin Mini-Spread contracts	\$0.20
All lots traded (non-Monthly Bitcoin Mini-Spread contracts)	\$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 for Monthly Bitcoin Mini Spread contracts	\$0.20
All lots settled in-the-money (non-Monthly Bitcoin Mini Spread contracts)	\$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).

EXHIBIT D

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”), 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.

2 MARKET MAKER OBLIGATIONS

(a) Beginning on the Effective Date, the Market Maker shall continuously quote binding bid and offer prices, 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 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 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 Underlying 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) 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 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 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
- (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.

Market Maker Agreement

(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 24 hours of the suspension with details of the event.

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.
 - a. The five (5) minute period just prior to expiry of any Event Contract; ~~or Bitcoin Contract;~~
 - b. 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;
 - c. the one (1) minute period just prior to the expiry of any Intraday 5-Minute or Intraday 20-Minute Contract; and
 - d. the thirty (30) second period just prior to the expiry of any Weekly Touch Bracket Contract.
- (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.
 - a. The five (5) minutes prior to the scheduled announcement and the five (5) minutes after the announcement of any major economic indicator; or
 - b. 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).
 - a. 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;
 - b. 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;
 - c. in any Touch Bracket Contract when the Index Value is within 10 ticks of the Touch Bracket Contract's Cap or Floor;
 - d. during the first 30 seconds and last 30 seconds of any Intraday 5-Minute Binary Contract; or
 - e. 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 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

Market Maker Agreement

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, 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.



Market Maker 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 the product in which the Market Maker has contracted to make markets is delisted, the Market Maker makes a material statement which is untrue or made in bad faith, Nadex is so ordered by the Commission, the Market Maker does not satisfy the terms of the Agreement, or 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.

MARKET MAKER

Signed for and on behalf of Market Maker:

By: _____

Print Name: _____

Title: _____

Date: _____

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.

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: _____

Date: _____