



April 6, 2020

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: Weekly Notification of Rule Amendments: Nadex Amends Strike Interval Width for Binary Contracts and Corrects Typo - Submission Pursuant to Commission Reg. §40.6(d)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Section 40.6(d) 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 provides notice that due to increased volatility in the underlying markets upon which the Nadex contracts are based, Nadex made changes to the strike widths of various contracts during the week of March 30, 2020 as indicated in Attachment A.

Additionally, Nadex is correcting a typographical error in the foot note to the definition of “Touch Bracket Contract” in Rule 1.1. The footnote indicates Touch Bracket contracts may occasionally be referred to a “Knockouts”, which Nadex is correcting to “Knock-outs” as indicated in Attachment B.

Nadex hereby certifies that the additions and amendments 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 these additions. 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,

A handwritten signature in blue ink, appearing to read 'Jaime Walsh'.

Jaime M. Walsh
Legal Counsel

ATTACHMENT A

WEEK OF MARCH 30, 2020

Contract	Date of Change	Normal Strike Width	Adjusted Strike Width
Daily Gold Binary	March 30, 2020	1.5	6
2-Hour Intraday Gold Binary	March 30, 2020	1	3
Daily Silver Binary	March 30, 2020	0.05	0.2
2-Hour Intraday Silver Binary	March 30, 2020	0.03	0.06
Daily Crude Oil Binary	March 30, 2020	0.1	0.4
Weekly AUD/USD Binary	March 30, 2020	0.005	0.01
Daily AUD/USD Binary	March 30, 2020	0.002	0.004
5-Minute AUD/USD Binary (Narrow)	March 30, 2020	0.0002	0.0006
5-Minute AUD/USD Binary (Narrow)	March 30, 2020	0.0002	0.0004
5-Minute AUD/USD Binary (Wide)	March 30, 2020	0.0004	0.0008
Weekly EUR/USD Binary	March 30, 2020	0.005	0.01
Daily EUR/USD Binary	March 30, 2020	0.002	0.004
2-Hour EUR/USD Binary	March 30, 2020	0.0004	0.0008
5-Minute EUR/USD Binary (Narrow)	March 30, 2020	0.0002	0.0004
Weekly GBP/USD Binary	March 30, 2020	0.005	0.01
Daily GBP/USD Binary	March 30, 2020	0.002	0.006
2-Hour GBP/USD Binary	March 30, 2020	0.001	0.002
5-Minute GBP/USD Binary (Narrow)	March 30, 2020	0.0002	0.0008
5-Minute GBP/USD Binary (Wide)	March 30, 2020	0.0004	0.0008
Weekly USD/CAD Binary	March 30, 2020	0.005	0.01
Daily USD/CAD Binary	March 30, 2020	0.002	0.004
2-Hour USD/CAD Binary	March 30, 2020	0.001	0.002
5-Minute USD/CAD Binary	March 30, 2020	0.0005	0.001
Weekly USD/CHF Binary	March 30, 2020	0.005	0.01
Daily USD/CHF Binary	March 30, 2020	0.002	0.004
2-Hour USD/CHF Binary	March 30, 2020	0.0004	0.0008
Weekly USD/JPY Binary	March 30, 2020	0.5	1
Daily USD/JPY Binary	March 30, 2020	0.2	0.4
5-Minute USD/JPY Binary (Narrow)	March 30, 2020	0.02	0.06
5-Minute USD/JPY Binary (Narrow)	March 30, 2020	0.02	0.04
5-Minute USD/JPY Binary (Wide)	March 30, 2020	0.04	0.08
Weekly EUR/JPY Binary	March 30, 2020	0.5	1
Daily EUR/JPY Binary	March 30, 2020	0.2	0.4
2-Hour EUR/JPY Binary	March 30, 2020	0.1	0.2
Weekly GBP/JPY Binary	March 30, 2020	0.5	1
Daily GBP/JPY Binary	March 30, 2020	0.2	0.6
2-Hour GBP/JPY Binary	March 30, 2020	0.1	0.2
5-Minute GBP/JPY Binary	March 30, 2020	0.05	0.1
Weekly EUR/GBP Binary	March 30, 2020	0.005	0.01
Daily EUR/GBP Binary	March 30, 2020	0.002	0.004
2-Hour EUR/GBP Binary	March 30, 2020	0.001	0.002
Weekly AUD/JPY Binary	March 30, 2020	0.5	1
Daily AUD/JPY Binary	March 30, 2020	0.2	0.4
2-Hour AUD/JPY Binary	March 30, 2020	0.05	0.1
20-Minute Wall St 30 (Wide)	March 30, 2020	6	48

20-Minute Wall St 30 (Narrow)	March 30, 2020	4	32
2-Hour Wall St 30 Binary	March 30, 2020	12	48
Daily Wall St 30 Binary	March 30, 2020	40	160
20-Minute US 500 (Wide)	March 30, 2020	0.75	6
20-Minute US 500 (Narrow)	March 30, 2020	0.5	4
2-Hour US 500 Binary	March 30, 2020	1.5	8
Daily US 500 Binary	March 30, 2020	6	24
20-Minute US Tech 100 (Wide)	March 30, 2020	2	16
20-Minute US Tech 100 (Narrow)	March 30, 2020	1	8
2-Hour US Tech 100 Binary	March 30, 2020	4	16
Daily US Tech 100 Binary	March 30, 2020	12	48
Weekly US Tech 100 Binary	March 30, 2020	24	48
20-Minute US SmallCap 2000 (Wide)	March 30, 2020	0.7	5.6
20-Minute US SmallCap 2000 (Narrow)	March 30, 2020	0.6	4.8
2-Hour US SmallCap 2000 Binary	March 30, 2020	1.4	5.6
Daily US SmallCap 2000 Binary	March 30, 2020	4	16
Daily FTSE 100 Binary	March 30, 2020	20	60
Daily Germany 30 Binary	March 30, 2020	20	60
Weekly Germany 30 Binary	March 30, 2020	50	100
Daily Japan 225 Binary	March 30, 2020	40	80
Weekly Japan 225 Binary	March 30, 2020	100	200
Daily China 50 Binary	March 30, 2020	20	40
Weekly China 50 Binary	March 30, 2020	100	200

ATTACHMENT B

Amendment of Rules 1.1

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

RULE 1.1 DEFINITIONS

When used in these Rules:

“Affiliate” means any corporate affiliate of Nadex.

“Authorized Trader” means an individual employed by a Member who is authorized by that Member to have direct access to Nadex, provided the Member maintains supervisory authority over such individual’s trading activities.

“Binary Contract” means the right to receive a fixed Settlement Value per contract, from Nadex on the Settlement Date dependent upon whether the market participant holds a long position or short position in a Binary Contract. If the market participant holds a long position in a Binary Contract, the participant has the right to receive a fixed Settlement Value from Nadex on the Settlement Date, if, and only if, the Binary Contract’s Payout Criteria encompasses the Expiration Value at Expiration. Conversely, if the market participant holds a short position in a Binary Contract, the participant has the right to receive a fixed Settlement Value if, and only if, the Binary Contract’s Payout Criteria does NOT encompass the Expiration Value at Expiration.

“Calculation Time” is the time the Expiration Value is calculated.

“Call Spread Contract” is a type of Variable Payout Contract, having a fixed Expiration Date, wherein the holder of a Long Call Spread Variable Payout Contract or a Short Call Spread Variable Payout Contract may have a right to receive a variable Settlement Value. Such Variable Payout Contracts may be classified as “Call Spread(s)” or “Narrow Call Spread(s)”.

“Ceiling” means the maximum rate, level, amount, measure or other value of the Underlying of a Variable Payout Contract that may be the Expiration Value or the Closing Trade Value. If the actual rate, level, amount, measure, or other value of the Underlying meets or exceeds the Ceiling at Expiration, the Ceiling will be the Expiration Value.

“Class” means all Contracts of the same Type with the same Underlying.

“Closing Trade Value” means the rate, level, amount, measure, or other value of a Binary, Call Spread, or Touch Bracket at which the Contract is closed in a Member’s or Customer’s account.

“Commodity Futures Trading Commission” or “Commission” means the Federal regulatory agency established by the Commodity Futures Trading act of 1974 to administer the Commodity Exchange Act.

“Contract” means a Call Spread or Touch Bracket Variable Payout Contract or a Binary Contract.

“Correspondent Account” means an account as that term is defined in 31 CFR 1010.605(c).

“Customer” means a Commodity Customer, a Cleared Swap Customer, a FCM Member or a Trading member of Nadex, as the context requires. In this regard,

(i) “Commodity Customer” has the meaning set forth in Commission Regulation 1.3(k);

(ii) “Cleared Swap Customer” has the meaning set forth in Commission regulation 22.1;

(iii) “DCO Customer” has the same meaning as the definition “customer” set forth in Commission Regulation 190.01(l) and section 761(9) of the Bankruptcy Code and includes FCM Members and Trading Members of Nadex.

“Dollar Multiplier” means the monetary amount by which the rate, level, amount, measure, or other value of an Underlying of a Variable Payout Contract is multiplied to determine the Settlement Value.

“End Date” means the last day on which a delivery month will be used as the Underlying for Nadex contracts.

“Expiration” means the time on the Expiration Date established by these Rules at which a Contract expires and the Expiration Value of that Contract is determined.

“Expiration Date” means the date established by these Rules on which the Expiration Value of each Contract is determined.

“Expiration Value” means the rate, level, amount, measure, or other value of the Underlying at Expiration as calculated and/or published by the Source Agency.

“FCM Member” means any Member that is registered with the Commission as a Futures Commission Merchant and as a swap firm and is authorized by Nadex to intermediate orders of Commodity Customers or Cleared Swap Customers on the Market.

“Floor” means the minimum rate, level, amount, measure, or other value of the Underlying of a Variable Payout Contract that may be the Expiration Value or the Closing Trade Value. If the actual rate, level, amount, measure or other value of the Underlying meets or falls below the Floor on the Expiration Date, the Floor will be the Expiration Value.

“Foreign Bank” means a bank as that term is defined in 31 CFR 1010.100(u).

“Index Value”, also known as an “Indicative Index”, is a value calculated once per second throughout a Contract’s duration, which the Source Agency may release as an Expiration Value as provided for in the Contract specifications in Chapter 12, or to serve as an indication of the value of a Contract’s Underlying at a given point in time.

“Last Trading Day” means, for a particular Contract, the last date on which that Contract may be traded on the Market.

“Limit Order” means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex, at a specified price or better price if a better price is available. The

following are permissible Nadex Limit Order types, although certain order types may only be available on particular platforms or to particular Member types:

“Fill or Kill Order” or “FOK” is a Limit Order that will be cancelled if the Order cannot be immediately filled in its entirety.

“Immediate or Cancel Order” or “IOC” is a Limit Order that can be filled in whole or in part, with any remaining quantity cancelled.

“Good ‘Til Cancel Order” or “GTC” is a Limit Order which will remain on the market until it is filled, cancelled, or the contract expires. Any remainder of a partially filled GTC Order will stay on the market until it is filled, cancelled, or the contract expires.

“Long Variable Payout Contract” means (i) if the Expiration Value is greater than the Opening Trade Value, but does not exceed the Ceiling, the right to receive any collateral posted to establish the position plus any positive number resulting from subtracting the Opening Trade Value from the Expiration Value, and then multiplying that resulting number by the Dollar Multiplier; or (ii) if the Expiration Value is greater than the Opening Trade Value and exceeds the Ceiling, the right to receive any collateral posted to establish the position plus any positive number resulting from subtracting the Opening Trade Value from the Ceiling, and then multiplying that resulting number by the Dollar Multiplier; or (iii) if the Expiration Value is less than the Opening Trade Value, but does not exceed the Floor, the right to receive any collateral posted to establish the position minus any positive number resulting from subtracting the Expiration Value from the Opening Trade Value, and then multiplying that resulting number by the Dollar Multiplier; or (iv) if the Expiration Value is less than the Opening Trade Value and exceeds the Floor, the right to receive any collateral posted to establish the position minus any positive number resulting from subtracting the Floor from the Opening Trade Value, and then multiplying that resulting number by the Dollar Multiplier.

“Market Order” means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex, at the market price. The following are permissible Nadex Market Order types, although certain order types may only be available on particular platforms or to particular Member types:

“Market Order With Protection” or “MOP” is a Market Order that will attempt to fill, in whole or part, at the current displayed price or better, or within a pre-determined number of points (Tolerance Protection) worse than the specified display price. The remainder of any Market Order With Protection that cannot be immediately filled either at the current displayed price or better, or within the Tolerance Protection, will be cancelled.

“Market Maker” means a Member that is granted certain privileges in exchange for assuming certain responsibilities as set forth in Chapter 4 of these Rules for the purpose of creating liquidity for certain Classes of Contracts.

“Member” means a Person who is approved by Nadex to be a Trading Member or a FCM_Member and who is bound by these Rules as they may be amended from time to time.

“Membership Agreement” is the Nadex Membership Agreement as set forth on the Nadex website, to which all Nadex Members agree to comply.

“Midpoint” is the price included in the data set used in the calculation of the Expiration Value of a foreign currency contract. A Midpoint is calculated by adding the bid price and the ask price of the relevant

underlying spot currency market together and then dividing that number by two (2). For example, if the bid price is 1.3400 and the ask price is 1.3402, the two numbers are added together (totaling 2.6802) and then divided by two (2), equaling a Midpoint of 1.3401. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the data set used in the Expiration Value calculation.

“Modification Event” means an event as described in the Market Maker Agreement.

“Non Post-Only Order” is an Order that did not originate as a Post-Only Quote.

“Opening Trade Value” means the rate, level, amount, measure, or other value of a Binary, Call Spread, or Touch Bracket at which the Contract is opened in a Member’s or Customer’s account.

“Order” means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex in accordance with the requirements established by the Exchange.

“Payout Criterion” of a Contract means the Expiration Value or range of Expiration Values that will cause that Contract to pay a Settlement Value to the holder of a long position or the holder of a short position in such Contract. The holder of a long or short position in a Contract that receives a Settlement Value is considered to be “in-the-money” while the holder of either a long or short position in a Contract that does NOT receive a Settlement Value is considered to be “out-of-the-money”.

“Person” means an individual, sole proprietorship, corporation, limited liability company, partnership, trust, or any other entity.

“Post-Only Quote” is a quote submitted by a Market Maker, which has the potential to become a Limit Order if matched for trade execution, and which cannot be executed opposite another Post-Only Quote. Post-Only Quotes are either Post-Only (Price Adjustment) or Post-Only (Reject) Quotes.

“Post-Only (Price Adjustment) Quote” is a Post-Only Quote that will be cancelled by the Exchange in whole or in part to the extent that at the time it is submitted to the Exchange it would be immediately executable opposite another Post-Only Quote. If, some portion of such submitted Post-Only (Price Adjustment) Quote would be immediately executable opposite any resting Non-Post Only Order(s), that part of such submitted Post-Only (Price Adjustment) Quote will be matched opposite such resting Non-Post Only Order(s) by the Exchange. The remaining portion of the submitted Post-Only (Price Adjustment) Quote will be cancelled by the Exchange, leaving the opposite Post-Only Quote in the order book. Unlike a Post-Only (Reject) Quote, however, upon cancellation of the submitted Post-Only (Price Adjustment) Quote, the Exchange will automatically submit an amended quotation for the unfilled balance of the cancelled Post-Only (Price Adjustment) Quote at a price level that is adjusted (a) for Binary Contracts to four minimum tick increments, and (b) for Variable Payout Contracts to one minimum tick increment lower (for bids) or higher (for offers) than the price level of the existing opposite Post-Only Quote.

“Post-Only (Reject) Quote” is a Post-Only Quote that will be cancelled by the Exchange in whole or in part to the extent that, at the time it is submitted to the Exchange it would be immediately executable opposite another Post-Only Quote. If, however, some portion of such submitted Post-Only (Reject) Quote would be immediately executable opposite any resting Non-Post Only Order(s), that part of such submitted Post-Only (Reject) Quote will be matched

opposite such resting Non-Post Only Order(s) by the Exchange. The remaining portion of the submitted Post-Only (Reject) Quote will be cancelled by the Exchange, leaving the opposite Post-Only Quote in the order book.

“Privacy Policy” is the Nadex Privacy Policy as set forth on the Nadex website, to which all Members, FCM customers, and users of the Nadex website agree to comply.

“Regulatory Agency” means any government body, including the Commission and Securities and Exchange Commission, and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, and includes Nadex, any other clearing organization or contract market, any national securities exchange or clearing agency, the National Futures Association (“NFA”) and the Financial Industry Regulatory Authority (“FINRA”).

“Reportable Level(s)” means the aggregate contract level within a product Class at which the Exchange must report certain Member and trade information to the Commission pursuant to Commission Regulations.

“Risk Disclosure Statement” is the Nadex Risk Disclosure Statement as set forth on the Nadex website, to which all Nadex Members agree.

“Series” means all Contracts of the same Class having identical terms, including Payout Criterion and Expiration Date.

“Settlement Date” means the date on which money is paid to the account of a Member who has the right to receive money pursuant to a Variable Payout Contract or Binary Contract held until Expiration, and on which money is paid from the account of a Member who is obligated to pay money pursuant to a Variable Payout Contract held until Expiration. Unless otherwise specified in these Rules, the Settlement Date is the same day as the Expiration Date.

“Settlement Value” means the amount which the holder of a Contract may receive for a Contract held until Expiration. The Settlement Value of a Binary Contract is \$100. The Settlement Value of a Variable Payout Contract is determined as described in the definitions of Long and Short Variable Payout Contracts.

“Short Variable Payout Contract” means (i) if the Expiration Value is less than the Opening Trade Value, but does not exceed the Floor, the right to receive any collateral posted to establish the position plus any positive number resulting from subtracting the Expiration Value from the Opening Trade Value, and then multiplying that resulting number by the Dollar Multiplier; or (ii) if the Expiration Value is less than the Opening Trade Value and exceeds the Floor, the right to receive any collateral posted to establish the position plus any positive number resulting from subtracting the Floor from the Opening Trade Value, and then multiplying that resulting number by the Dollar Multiplier; or (iii) if the Expiration Value is greater than the Opening Trade Value, but does not exceed the Ceiling, the right to receive any collateral posted to establish the position minus any positive number resulting from subtracting the Opening Trade Value from the Expiration Value, and then multiplying that resulting number by the Dollar Multiplier; or (iv) if the Expiration Value is greater than the Opening Trade Value and exceeds the Ceiling, the right to receive any collateral posted to establish the position minus any positive number resulting from subtracting the Opening Trade Value from the Ceiling, and then multiplying that resulting number by the Dollar Multiplier.

“Source Agency” means the agency that publishes the Underlying economic indicator and/or Expiration Value for any Contract.

“Speculative Position Limits,” or “Position Limit” means the maximum position, net long and net short combined, in one Series or a combination of various Series of a particular Class that may be held or controlled by one Member as prescribed by Nadex and/or the Commission.

“Start Date” means the date on which a new delivery month will be used as the Underlying for Nadex contracts.

“Suspension Event” means an event as described in the Market Maker Agreement.

“Terms of Use” are the Nadex Terms of Use as set forth on the Nadex website, to which all Nadex Members, FCM customers, and users of the Nadex website agree to comply.

“Tolerance Protection” means the defined number of points, expressed in terms of a dollar amount, away from the displayed market price that will be acceptable to fill a Market Order With Protection in whole or part, if the displayed market price or a better price is no longer available when the Exchange receives the Order.

“Touch Bracket Contract”¹ is a type of Variable Payout Contract, having a conditional Expiration Date on the Last Trade Date established at the time of listing, but which Touch Bracket will expire prior to that stated Expiration in the event that, during the life of the Contract, the Index Value either (i) equals or is less than the Floor or (ii) equals or is greater than the Ceiling of the Touch Bracket.

“Trade Day” means the regular trading session on any given calendar date and the evening session, if any, on the immediately preceding calendar date, as specified in Rule 5.11.

“Trading Member” means a Person who has been approved by Nadex to trade directly and not through a FCM Member on the Market, and does not include any FCM Member.

“Type” means the classification of a Contract as a Variable Payout Contract or a Binary Contract.

“Underlying” means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence the Expiration Value of which determines whether (and, in the case of a Variable Payout Contract, to what extent) a Contract is in-the-money.

“US Financial Institution” means a financial institution as that term is defined in 31 CFR 1010.100(t), subsections (1), (2), and (8), that is required to comply with the regulations issued by the United States Department of Treasury under the Bank Secrecy Act including, but not limited to, the anti-money laundering program and customer identification program rules.

“Variable Payout Contract” means a category of contracts wherein the holder of a Long Variable Payout Contract or a Short Variable Payout Contract may have a right to a variable Settlement Value. Variable Payout Contracts include Call Spread Contracts and Touch Bracket Contracts.

“Volume Threshold Level” means the volume based Reportable Level as established by Commission Regulation 15.04.

¹ Nadex may also refer to its Touch Bracket Contracts as “Knock-out Touch Bracket Contracts” or “Knock-outs” from time to time.

“Wide Spread Surcharge” means an additional exchange fee imposed on a duly appointed Market Maker’s average per lot profit above a specified level, in a given month. Specific details pertaining to the Wide Spread Surcharge are set forth in the fee schedule on the Nadex website.

“12PM” or **“12:00 PM”** means 12:00 Noon