



July 21, 2017

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 Amends Listing Hours for Japan 225 Binary Contracts - 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 amend its listing hours for the Japan 225 Binary contracts. Specifically, Nadex will not be listing its Intraday 2-Hour Japan 225 Binary contract which would expire at 10:00pm ET, and its Intraday 20-Minute Japan 225 Binary contracts which would expire at 9:40pm, 10:00pm, and 10:20pm ET. During the period when the United States recognizes daylight savings time, the delisted contract would shift an hour ahead, such that the 11:00pm ET expiration Intraday 2-Hour contract would not be listed, nor would the 10:40pm, 11:00pm or 11:20pm ET Intraday 20-Minute Binary contracts. Nadex plans to implement these changes for the open of business on trade date August 7, 2017.

Nadex is amending the listing hours for its Japan 225 Binary contracts to better align the listings with the most active trading times in the corresponding underlying market upon which these contracts are based, namely the SGX Nikkei 225 Index Futures. In order to determine an Expiration Value and settle its contracts, Nadex uses the following calculations:

- 1) Under normal trading conditions, Nadex collects the last 25 trade prices from the underlying market just prior to expiration of the Nadex contract. The five highest and lowest prices are then removed, with the remaining data set averaged and rounded to one decimal point past the precision of the underlying market.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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

20170721(1)

- 2) Under active market conditions, meaning where 25 or more trade prices are able to be collected from the corresponding underlying market in the 10 second period just prior to expiration of the Nadex contract, Nadex will collect ALL of the trade prices from that 10 second period in the underlying market, remove the highest and lowest 25% of those trade prices, and average the remaining data set rounding to one decimal point past the precision of the underlying market.

Nadex uses the calculations above in order to maximize the accuracy of the final Expiration Value as a proper reflection of the underlying market, and to minimize the potential for settlement manipulation. A review of the Japan 225 settlements over the past six months showed that the expirations occurring at the times Nadex now plans to delist had the highest number of instances where it took a much longer period of time to collect 25 prices from the underlying market in order to calculate the Expiration Value. Because Nadex has decided that the length of time needed to collect the underlying prices used in the calculation during these periods of low activity may not provide the most precise reflection of the market sentiment, Nadex has concluded it is in the best interest of the marketplace to delist the stated expirations. None of the contracts that will no longer be offered will have open interest, and therefore Members will not be affected. Nadex may relist these contract expirations in the future when it has determined activity levels in the underlying market have sufficiently increased.

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 12 Protection of Markets and Market Participants, Core Principle 7 Availability of General Information.

Core Principle 12 (Protection of Markets and Market Participants), implemented by Commission Regulation 38.651, require the DCM to promote fair and equitable trading on the contract market. In order to provide its market participants with an Expiration Value that reflects the underlying market value, Nadex is delisting certain trading expiration times during periods of decreased activity in the underlying. Accordingly, the amendments discussed herein will not negatively impact Nadex’s ability to comply with this Core Principle.

Core Principle 7 (Availability of General Information), implemented by Regulation 38.401, requires the DCM make available to the public its Rulebook and to ensure that the Rulebook is complete and accurate. Nadex currently makes its Rulebook available to the public on its website and will continue to do so after the amendments discussed herein are implemented. Accordingly, these amendments will not negatively affect Nadex’s ability to comply with this Core Principle.

DCO Core Principles

No Derivatives Clearing Organization Core Principles have been identified as potentially being affected by the amendments discussed herein.

These Rule changes have been outlined in Exhibit A. The amendments to the Rulebook are set forth in Exhibit B. Any deletions are stricken out while the amendments and/or additions are underlined.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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

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 amendments was posted on its website at the time of this filing.

In accordance with the 10-day review period set forth in Commission Regulation 40.6(b), Nadex plans to implement these Rule changes for the start of business on trade date August 7, 2017.

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 jaimewalsh@nadex.com.

Sincerely,



Jaime M. Walsh
Legal Counsel

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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

EXHIBIT A

Rule	Asset	Duration/Close Time	Action	Effective Date
12.55	Japan 225 Binary Contracts	Intraday 2-Hour 10:00pm ET Intraday 20-Minute 9:40pm, 10:00pm, and 10:20pm ET	Remove listings for specific expiration times.	8/7/2017

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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

EXHIBIT B

Amendment of Rules 12.55

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

RULES 1.1 – 12.54 [UNCHANGED]

RULE 12.55 JAPAN 225 BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Japan 225 Binary Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the SGX[®] Nikkei 225 Futures contracts (“NKFC”) traded on the Singapore Exchange (SGX)¹. The NKFC trade prices that will be used to calculate the Underlying will be taken from four (4) NKFC delivery months: March, June, September, or December (each a “NKFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Monday of the week of the Underlying futures contracts Expiration Date. For example, the SGX Nikkei 225 December 2014 futures have an Expiration Date of December 11, 2014. The last day on which the Nikkei 225 December 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Nikkei 225 contracts will be the Monday of the week of the SGX Nikkei 225 December 2014 futures contracts Expiration Date (i.e. December 11, 2014). Therefore, the End Date for using SGX Nikkei 225 December 2014 futures will be December 8,

¹ SGX[®] is a registered service mark of the Singapore Exchange Limited (“SGX”). Nikkei is a registered mark of Nikkei, Inc. All rights in the Trademarks and Futures Trading Data of SGX vest in Singapore Exchange Limited (“SGX”). The Japan 225 Binary Contract is not sponsored, endorsed, sold or promoted by SGX. SGX makes no representation or warranty, express or implied to the investors in the Japan 225 Binary Contract or any member of the public in any manner whatsoever regarding the advisability of investing in any financial product generally or in particularly the Japan 225 Binary Contract. The relationship of SGX towards Nadex is in respect of licensing the use of the SGX Nikkei 225 Index Futures Trading Data. SGX has no obligation to take the needs of the investors of the Japan 225 Binary Contract into consideration in determining, composing or calculating the SGX Nikkei 225 Index Futures Trading Data. SGX is neither responsible for nor has participated in the structure of the Japan 225 Binary Contract. SGX has no obligation or liability in connection with the administration, marketing or trading of the Japan 225 Binary Contract. You are strongly advised to independently verify the accuracy, timeliness and reliability of the Japan 225 Binary Contract and to consult with your investment advisor before investing. Nadex is not affiliated with Nikkei, Inc. and neither Nikkei, Inc., nor its affiliates, sponsor or endorse Nadex or its products in any way. In particular, the Nadex Japan 225 Contracts are not sponsored, endorsed, sold or promoted by Nikkei, Inc.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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

2014 and the Start Date for the next delivery month, SGX Nikkei 225 March 2015 futures, will be December 9, 2014².

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary 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 Binary Contracts are initially issued. For the Japan 225 Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY JAPAN 225 BINARY CONTRACTS

(1) EXPIRATION TIME – 1:25 AM ET CLOSE³

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 100.

(3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly Japan 225 Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 25 or 75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 100, and six (6) strike levels will be generated below Binary Contract W at an interval of 100 (e.g. W – 100; W; W + 100). The Contract will have a Payout Criterion of greater than the strike level value.

² Weekly contracts listed on a Monday during a week containing an Underlying futures rollover date will be listed using the Underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the End Date for the SGX Nikkei 225 December 2014 Underlying futures is December 11, 2014. December 11, 2014 is a Thursday, however, and any Nadex weekly contracts listed during this week and expiring on Friday, December 12, 2014, will be listed using the SGX Nikkei March 2015 futures as its Underlying, as March is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the SGX Nikkei March 2015 futures will be Monday, December 8, 2014 for any Nadex weekly contracts listed on this date.

³ During the period when the US observes daylight savings time, Weekly Japan 225 Binary Contracts will open and close 1 hour later than their regular defined times.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

(ii) DAILY JAPAN 225 BINARY CONTRACTS

- (1) EXPIRATION TIME – 1:25 AM ET CLOSE⁴
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 40.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Daily Japan 225 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 10 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract X at an interval of 40, and seven (7) strike levels will be generated below Binary Contract X at an interval of 40 (e.g. X – 40; X; X + 40). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY 2-HOUR JAPAN 225 BINARY CONTRACTS

- (1) EXPIRATION TIME – 9 PM, ~~10 PM~~, 11 PM, 12 AM, 1 AM ET CLOSE⁵
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 40.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday Japan 225 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 10 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Y at an interval of 40, and four (4) strike levels will be generated below Binary Contract Y at an interval of 40 (e.g. Y – 40; Y; Y + 40). The Contract will have a Payout Criterion of greater than the strike level value.

⁴ During the period when the US observes daylight savings time, Daily Japan 225 Binary Contracts will open and close 1 hour later than their regular defined times.

⁵ During the period when the US observes daylight savings time, Intraday 2-Hour Japan 225 Binary Contracts will open and close 1 hour later than their regular defined times. During the period when the US observes daylight savings time, no Intraday 2-Hour Binary contract will be listed for an 11pm ET expiration time.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

- (5) The Intraday Japan 225 Binary Contracts will not be listed on the three business days immediately following the End Date of the Underlying.

(iv) INTRADAY 20-MINUTE JAPAN 225 ~~20-MINUTE~~ BINARY CONTRACTS

- (1) EXPIRATION TIME – 7:20PM, 7:40PM, 8:00PM, 8:20PM, 8:40PM, 9:00PM, 9:20PM, ~~9:40PM, 10:00PM, 10:20PM, 10:40PM~~, 11:00PM, 11:20PM, 11:40, 12:00AM, 12:20AM, 12:40AM, 1:00AM, 1:20AM ET CLOSE⁶
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 20.
- (3) NUMBER OF STRIKE LEVELS LISTED - Nine (9) strike levels will be listed for each Intraday Japan 225 20-Minute Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 1. Four (4) strike levels will be generated above Binary Contract Z at an interval of 20, and four (4) strike levels will be generated below Binary Contract Z at an interval of 20 (e.g. Z -20; Z; Z + 20). The Contract will have a Payout Criterion of greater than the strike level value.
- (5) The Intraday Japan 225 20-Minute Binary Contracts will not be listed on the three business days immediately following the End Date of the Underlying.

(ii) Nadex may list additional Japan 225 Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the Japan 225 Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for the Japan 225 Binary Contracts shall be 2,500 Contracts.

⁶ During the period when the US observes daylight savings time, Intraday 20-Minute Japan 225 Binary Contracts will open and close 1 hour later than their regular defined times. During the period when the US observes daylight savings time, no Intraday 20-Minute Binary contracts will be listed for a 10:40pm, 11:00pm, or 11:20pm ET expiration time.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the Japan 225 Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money Japan 225 Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of Japan 225 calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all NKFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Japan 225 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NKFC trade prices and the lowest twenty (20) percent of NKFC trade prices from the data set⁷, and using the remaining NKFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining NKFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) NKFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Japan 225 Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) NKFC trade prices just prior to the close of trading of the Japan 225 Binary Contract removing the highest five (5) NKFC trade prices and the lowest five (5) NKFC trade prices, and using the remaining fifteen (15) NKFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) NKFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no daily settlement price of the relevant NKFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

RULE 12.56 – 12.78 [UNCHANGED]

⁷ If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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

20170721(1)

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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

20170721(1)