

December 19, 2024

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: Certification of Commercial Economic Event Contract (Fed Funds Rate Cut) - Submission Pursuant to Commission Regulation 40.2(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act” or “CEA”), and §40.2(a) of the Regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, the North American Derivatives Exchange, Inc. d/b/a Crypto.com | Derivatives North America (the “Exchange” or “CDNA”) hereby certifies a swap, which is an event contract based on a commercial economic event (the “Event Contract” or “Contract”). The Exchange intends to list the Event Contract for trading no later than December 23, 2024.

In connection with this certification, CDNA is submitting the following:

- (i) A concise explanation and analysis of the Event Contract;
- (ii) A certification that the Event Contract complies with the Act and Commission Regulations thereunder;
- (iii) A certification that CDNA has posted a copy of the product submission on its website;
- (iv) The intended listing date of the Event Contract;
- (v) The terms and conditions of the Event Contract, set forth in Exhibit A hereto; and
- (vi) A discussion of the Event Contract’s compliance with applicable provisions of the Act and Commission Regulations thereunder, set forth in Exhibit B hereto.

The Event Contract is a financial instrument designed to express a market view related to the potential decreases and timing of the rates set by the Federal Open Market Committee of the Federal Reserve Board (the “FOMC”). There are broad economic and commercial impacts

related to whether and when the FOMC determines to change the federal funds rate, with substantial micro- and macroeconomic repercussions. CDNA designed the Event Contract to meet the varied and diverse hedging and market needs of commercial firms and individuals impacted by or with an economic interest in the event outcome.

The Event Contract operates in a manner equivalent to economic event contracts that CDNA and other designated contract markets have certified for trading.¹ Price bands will apply so that the Contract may only be listed at increments of at least \$0.25 and at most \$99.75. The Contract has a notional value of \$100 and minimum price fluctuation of \$0.25 to align with other CDNA contracts.

As outlined in Exchange Rule 5.18, trading will be available at all times outside of any maintenance windows, which CDNA will announce in advance. At least one dedicated market maker that is committed to providing immediate liquidity will participate upon the Event Contract's launch. CDNA has further imposed position limits as described in more detail below. Members will be charged fees in accordance with Exchange Rule 3.9 in such amounts as may be revised from time to time and reflected on CDNA's website.

During the Event Contract trading hours, Members are able to adjust their positions and trade freely. After trading of the Event Contract has closed, CDNA will determine the Expiration Value and whether the Payment Criteria encompasses the Expiration Value (i.e., whether the market outcome is "Yes" or "No"). The market is then settled by CDNA, and either the long position holders or the short position holders are paid the Settlement Value. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Event Contract and "short position holders" refers to Members who purchased the "No" side of the Event Contract. If the Expiration Value is "Yes" (please see Exhibit A for the conditions upon which the Expiration Value is "Yes"), then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Expiration Value is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger an Expiration Value of "Yes" are included below in the section titled "Payment Criterion" in Exhibit A. The Expiration Date of the Contract is designed to account for multiple possible contingencies impacting the determination of the Expiration Value.

In accordance with §40.2(a)(2) of the Commission's Regulations and as set forth above, the Exchange intends to list the Event Contract for trading no later than December 23, 2024.

¹ See e.g., Rule Certification: Nadex Lists New Event Binary Contracts – Submission Pursuant to Commission Regulation §40.2(a), Nov. 26, 2021, available at: <https://www.cftc.gov/IndustryOversight/IndustryFilings/TradingOrganizationProducts/47219>.

The contract specifications as they will appear in the CDNA Rulebook are set forth in Exhibit A. A complete index of the Core Principles for designated contract markets, which addresses each applicable Core Principle, is set forth in Exhibit B.

The Exchange hereby certifies that the product complies with the Act, as amended, and the Commission Regulations adopted thereunder. No substantive opposing views were expressed to the Exchange with respect to any of these actions. The Exchange hereby certifies that a copy of this submission was concurrently posted on the CDNA website.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0161 or by email at Kevin.Dan@nadex.com.

Sincerely,

[/s/](#)

Kevin Dan
Chief Compliance Officer and Chief Regulatory Officer
The North American Derivatives Exchange, Inc. d/b/a Crypto.com | Derivatives North America

EXHIBIT A

*The Contract Specifications set forth below will appear in the Rulebook as Rule [13.19].
Capitalized terms not defined herein shall have the meaning set forth in the Rulebook.*

13.19 FED FUNDS RATE CUT EVENT CONTRACT

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Fed Funds Rate Cut Event Contract, a type of “Event Contract” issued by the Exchange.

(b) UNDERLYING – The Underlying for this Contract is the [count] of changes by the Federal Open Market Committee of the Federal Reserve that lower the upper limit of the Federal Funds Target Range between the issuance of this Event Contract and [date]. A “cut” is a decrease in the upper bound by at least 1 basis point and up to and including 25 basis points. A cut decreasing the upper bound of the target range greater than 25 basis points and less than or equal to 50 basis points is considered two cuts; a cut decreasing the upper bound of the target range more than 50 basis points and less than or equal to 75 basis points is considered three cuts; and so on.

(c) SOURCE AGENCY – The Source Agency is the Federal Open Market Committee of the Federal Reserve.

(d) TYPE – The Type of Contract is an Event Contract, which is a Swap.

(e) PAYMENT CRITERION – The Payment Criterion for the Contract encompasses the Expiration Values that are [count].

(i) [count]: CDNA may list iterations of the Contract with [count] levels that fall within an inclusive range between a maximum value of [20] and a minimum value of [0] at consecutive increments of [1]. CDNA may modify [count] levels in response to suggestions by Members. [count] levels may be above or below a given range to serve as the bottom and top of the Contract’s range.

(ii) [date]: refers to a calendar date specified by CDNA.

(f) MINIMUM TICK – The Minimum Tick size for the Event Contract shall be \$0.25.

(g) POSITION LIMIT – The Position Limit for the Event Contract shall be 2,500 Contracts, or as updated on the Exchange’s website or Trading System.

(h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for Market Makers shall be 250,000 Contracts, or as updated on the Exchange’s website or Trading System.

(i) LAST TRADING DATE – The Last Trading Date is the same as the Expiration Date, and the Last Trading Time is the same as the Expiration Time. No trading in the Event Contract shall occur after its Last Trading Date and Time.

(j) SETTLEMENT DATE AND TIME – The Settlement Date and Time will be the same as the Last Trading Date and Last Trading Time.

(k) EXPIRATION DATE – The Expiration Date of the Economic Contract will be one day after [date].

(l) EXPIRATION TIME – The Expiration Time of the Event Contract will be 10:00 AM ET.

(m) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in-the-money Event Contract on the Settlement Date. The Settlement Value of an in-the-money Event Contract is \$100.

(n) EXPIRATION VALUE – The Expiration Value is the value of the Underlying as documented by the Source Agency on the Expiration Date at the Expiration Time.

(o) CONTINGENCIES – If the Source Agency does not actually announce the outcome on or before the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying outcome is released.

(p) TRADING PROHIBITIONS – Certain individuals are prohibited from trading the Event Contract. Those persons include:

- Employees of the Federal Reserve.
- Governors of the Federal Reserve Board of Governors.
- Household members and immediate family members (siblings, children, and parents) of any of the above.

EXHIBIT B
COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT AND COMMISSION
REGULATIONS THEREUNDER

[REDACTED]