

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 21<sup>st</sup> Street, N.W.  
Washington D.C. 20581

**RE: Certification of Commercial Economic Event Contract (Hometown Celebration) -  
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) Information on 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 broad and varying economic and commercial impacts of a city hosting a celebration of an Association Participant to celebrate the outcome of a Title Event for a given Association, as

these terms are defined below. A Hometown Celebration is a massive commercial, entertainment and economic event that has a substantial impact on businesses and individuals in that metropolitan area and throughout America depending on many factors. Further, the event is a culmination of a series of events throughout an Association Participant's season and the result of state and municipal planning and funding. 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 occurrence.

The Event Contract operates in a manner equivalent to economic event contracts that CDNA and other designated contract markets have certified for trading.<sup>1</sup> 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 regarding the timing of the determination of the Event.

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<sup>1</sup> 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>.

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.

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](mailto:Kevin.Dan@nadex.com).

Sincerely,

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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 [13.27].  
Capitalized terms not defined herein shall have the meaning set forth in the Rulebook.*

### 13.27 HOMETOWN CELEBRATION EVENT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Hometown Celebration Event, a type of “Event Contract” listed by the Exchange.

(b) UNDERLYING – The Underlying for this Contract is the Hometown that hosts a celebration, such as a parade (the “Hometown Celebration”), for the Association Participant that is the Title Holder for an Association in a given Calendar Year on a given [date] in recognition of the outcome of the Title Event, as published by the Source Agency on the Expiration Date.

- (i) Hometown: refers to a city or metropolitan area after which an Association Participant is named.
- (ii) [date]: refers to the date on which the Hometown hosts a celebration event recognizing the Title Holder of the Association.
- (iii) Association Participant: refers to any of the association participants in a given association (“Association”), such as the National Football League, the National Hockey League and the National Collegiate Athletic Association.
- (iv) Title Event refers to the event that determines which Association Participants holds the title for the Association for a given year, with such Association Participant being the “Title Holder”.

(c) SOURCE AGENCY – The Source Agency is the occurrence of announcing the Hometown Celebration as reported by AP News or as a back-up Source Agency, any U.S. national news provider as published on the Trading System.

(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 outcomeValue that the Source Agency reports that [city] is hosting a Hometown Celebration celebrating the Title Holder on [date]. [city] and Association Participant will have the value set forth on the Trading System.

(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 Event Contract will be the earlier of the [date] or three months following the conclusion of the Title Event. The Expiration Date will be adjusted if a [city] or Association Participant is no longer eligible to be the Title Holder.

(l) EXPIRATION TIME – The Expiration Time of the Event Contract will be the start time of the Hometown Celebration, as reported by the Source Agency, or 10:00 AM ET in the event no Hometown Celebration is announced.

(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 occurrence of a Hometown Celebration 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 occurrence is announced.

Note:

The Event Contract has not been endorsed by any Association or any Association Participant that is part of the NFL, the NHL or the NCAA. The use of the terms NFL, NHL, NCAA and any Association Participant names does not indicate an endorsement of this product.

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

**[REDACTED]**