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Via E-Mail: submissions@cftc.gov

Ms. Melissa Jurgens
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: Self-Certification Rule Amendments: Nadex Institutes Market Maker Incentive Program – Submission Pursuant to Commission Regulation §40.6(a)

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and section §40.6(a) 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 submits to the Commission its intent to institute a Market Maker Incentive Program aimed at increasing the number of active market makers on the Exchange.

Currently, Nadex has only one designated market maker, Market Risk Management, Inc. (“MRM”), which makes markets in all products listed on the Exchange. MRM is an affiliate of Nadex. In an effort to attract additional market makers to the Exchange, Nadex is instituting a Market Maker Incentive Program. Specifically, the Program seeks to enlist up to two additional designated market makers in each of its markets. Nadex believes that two to three designated market makers active in each of its markets will provide a significantly improved level of liquidity in those markets – both in terms of the depth of the market as well as the tightness of the bid-ask spread offered to market takers – while not excessively limiting any single market maker’s incentives to make markets. Moreover, Nadex desires to encourage the participation of non-affiliated market makers in its markets.

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Currently, Market Makers are charged an exchange trading fee of \$0.50 per lot (compared to a direct member's fee of \$0.90 per lot) and a similar settlement fee of \$0.50 per lot on positions held to expiration that settle in the money; there is no cap applicable to the current market maker fees. Nadex is proposing the following incentive program for new market makers:

Any new Market Maker who satisfies all the requirements to become a market maker on Nadex and who begins making markets within three months after the commencement of the Market Maker Incentive Program (i.e., the effective date of this submission) shall be entitled to the following benefits:

- o For the first three months after a new Market Maker's commencement of market making activities on the Exchange, that Market Maker's exchange trading fees and settlement fees will be waived.
- o After the initial three month fee waiver, the new Market Maker will be responsible for all exchange trading and settlement fees, except as follows. For an additional three months, the new Market Maker's exchange trading fees and settlement fees for the following products will be waived:
 - Wall Street 30
 - US 500
 - US Tech 100
 - US Small Cap 2000
 - Gold
 - Silver
 - Copper
 - Crude Oil
 - Natural Gas
 - Corn
 - Soybeans

After this additional three month fee waiver, the new Market Maker will be responsible for all exchange trading and settlement fees on all Nadex products.

Nadex has identified the following Designated Contract Market ("DCM") Core Principles as potentially being impacted by the Market Maker Incentive Program: Core Principle 4 Prevention of Market Disruption; Core Principle 9 Execution of Transactions; and Core Principle 12 Protection of Markets and Market Participants.

Core Principle 4 requires the DCM monitor market data in order to detect and prevent manipulative activity. The Exchange operates systems that currently monitor such activity and those systems have the capacity to monitor the additional activity of new market makers under the Program. With respect to Core Principle 9 Execution of Transactions, a DCM is required to provide a competitive, open, and efficient market and to protect the price discovery process in the centralized market. Nadex has previously put in place rules in the event that multiple market makers are active in the same market to prevent market makers' quotes from resulting in excessive trading between market makers that takes liquidity out of the market (see Nadex Rule 5.10(b)); instead, through the "Post-Only (reject)" and "Post-Only (price adjustment)" order

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types, Nadex expects the presence of multiple market makers to make tighter, deeper markets available to market participants generally. Finally, Core Principle 12 requires that a DCM establish and enforce rules to protect markets and market participants from abusive practices and to promote fair and equitable trading. Adding a limited number of additional market makers will improve the quality of markets while still enabling the Exchange to sufficiently monitor the activity of market makers.

Therefore, the provisions of the Market Maker Incentive Program described in this submission will not negatively impact Nadex's obligations to comply with the Core Principles described above.

Pursuant to the 10-day filing period under Regulation 40.6(a)(3), Nadex intends to implement these amendments on trade date January 29, 2014.

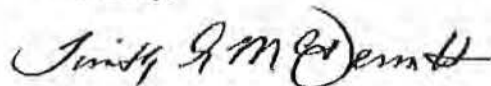
No substantive opposing views were expressed to Nadex with respect to this amendment.

Nadex hereby certifies that the revisions contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder.

Nadex hereby certifies that a copy of these amendments 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) 884-0171 or by email at tim.mcdermott@nadex.com.

Sincerely,



Timothy G. McDermott
General Counsel and Chief Regulatory Officer

cc: DMOSubmission@cftc.gov
Tom Leahy – CFTC
Nancy Markowitz – CFTC
Eileen Donovan - CFTC

John Austin – Nadex

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EXHIBIT A

Market Maker Incentive Program

Purpose

The purpose of this Program is to incentivize participants to increase liquidity in the products offered on Nadex. A more liquid contract on the central limit order book benefits all participants in the marketplace.

Eligible Participants

Nadex may designate up to two (2) participants in the Program. Participants must be Nadex members. When selecting potential participants, Nadex may take into account potential participants' historical trading activity, technological capabilities and the capacity to meet the quoting obligations of the Program. Notwithstanding the foregoing, Nadex may add or subtract from the aforementioned factors as it deems necessary.

Program Duration

Start date for commencement of market making under the Program is January 29, 2014. End date for commencement of market making under the Program is April 28, 2014.

Hours

Designated hours during the Exchange Trading Day as set forth in the applicable Market Maker's Agreement.

Obligations

Minimum Quoting Obligations. Participants must quote continuous two-sided markets in designated contract months of the Products at maximum bid/offer spreads and minimum quote sizes as set forth in the applicable Market Maker's Agreement.

Incentives

Upon satisfying all Program obligations as determined by the Exchange, each Program participant shall be eligible for predetermined incentives.

Monitoring and Termination of Status

The Exchange shall monitor trading activity and participants' performance and shall retain the right to revoke Program participant status if it concludes from review that a Program participant has failed to meet its obligations or no longer meets the eligibility requirements of the Program.

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