



June 1, 2023

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: Rule Certification: Nadex Amends the Settlement Window, Index Composition, and Settlement Methodology for its Bitcoin and Ether Cryptocurrency Touch Bracket Variable Payout Contracts and Bitcoin and Ether Cryptocurrency Event 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 adjust the settlement window for both its Bitcoin and Ether Cryptocurrency Touch Bracket Variable Payout Contracts and its Bitcoin and Ether Cryptocurrency Event Contracts from 10 seconds leading up to the calculation time to 60 seconds leading up to the calculation time as described in Nadex Rules 12.24, 12.25, 12.87 and 12.88, respectively. Additionally, Nadex is changing the prices used to calculate its settlement index value from trade prices to midpoint prices between the bid/ask spread. Also, Nadex will use data from the following underlying cryptocurrency exchanges to create the relative Indicative Indices and to calculate Contracts’ Expiration Value in order to settle the Contracts: Binance (US), Gemini, Bitstamp, LMAX Digital, and Bitflyer. Nadex is making these amendments to incorporate more pricing data into its Settlement Index, and to increase Nadex’s visibility into the contributing exchanges that make up the underlying market for these Contracts.

### **DCM Core Principles**

Nadex has identified the following Designated Contract Market (“DCM”) Core Principle as potentially being impacted by the amendments discussed herein: Core Principle 3 Contracts Not Readily Susceptible to Manipulation; Core Principle 4 Prevention of Market Disruption; Core Principle 7 Availability of General Information.

Core Principles 3 and 4 requires the DCM to list only contracts that are not readily susceptible to manipulation and to prevent market disruption. Nadex is lengthening its settlement window to further prevent manipulation by incorporating more pricing data in its index calculation. Further, Nadex is using midpoint prices between the bid/ask spread to calculate its settlement index value in order to create a more robust underlying data feed as well as maintain consistency with Nadex's legacy FX products, which are currently trading. Also, Nadex is updating the spot exchange contributors for its underlying price feed to exclude spot exchanges that are non-U.S. based and have no existing regulatory MOU in place with the CFTC in order to maintain the ability to obtain information from contributing exchanges to assist in Nadex's market surveillance. Accordingly, these amendments will not negatively affect Nadex's ability to comply with this Core Principle.

Core Principle 7 (Availability of General Information), implemented by Regulation 38.400, requires the DCM make available to the public accurate information concerning the terms and conditions of the contracts of the contract market. Nadex currently makes its Rulebook available to the public on its website and will continue to do so following the effective date of this submission. The Rulebook contains the contract specifications for all contracts, including the methodology used to calculate the settlement value, which will be updated as discussed herein and republished on the Nadex website. Accordingly, these amendments will not negatively affect Nadex's ability to comply with this Core Principle.

### **DCO Core Principles**

Nadex has not identified any Derivatives Clearing Organization ("DCO") Core Principles as potentially being impacted by the amendments discussed herein.

A complete index of the DCM and DCO Core Principles that indicates whether the Core Principle is applicable and addressed in the text of this submission is attached in Exhibit A. These Rule changes have been outlined in Exhibit B. The amendments to the Rulebook are set forth in Exhibit C. Any deletions are stricken out while the amendments and/or additions are underlined.

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(a)(3), these Rule changes will be effective as of June 19, 2023.

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,

Kevin J. Dan  
Chief Compliance Officer  
Chief Regulatory Officer

## EXHIBIT A

### Designated Contract Market (“DCM”) Core Principles

Core Principle Number	Core Principle Name	Addressed in or Not Applicable to Self-Certification
1	Designation as Contract Market	Not applicable (designation granted)
2	Compliance with Rules	N/A; not impacted by this submission
3	Contracts Not Readily Subject to Manipulation	Addressed
4	Prevention of Market Disruption	Addressed
5	Position Limitations or Accountability	N/A; not impacted by this submission
6	Emergency Authority	Not applicable (Nadex Rulebook, 2.4 Emergency Rules)
7	Availability of General Information	Addressed
8	Daily Publication of Trading Information	N/A; not impacted by this submission
9	Execution of Transactions	N/A; not impacted by this submission
10	Trade Information	N/A; not impacted by this submission
11	Financial Integrity of Transactions	N/A; not impacted by this submission, all trades are fully collateralized
12	Protection of Markets and Market Participants	N/A; not impacted by this submission
13	Disciplinary Procedures	Not applicable (Nadex Rulebook, Chapter 9 Rule Enforcement)

14	Dispute Resolution	Not applicable (Nadex Rulebook, 10.2 – 10.4 Arbitration)
15	Governance Fitness Standards	Not applicable (Nadex Rulebook, 2.2 Service Restrictions, 11.2 Service and Disciplinary History)
16	Conflicts of Interest	Not applicable (Nadex Rulebook, 2.6 Voting, 2.9 Trading Limitations, 11.1 Non-Public Information, 11.3 Voting)
17	Composition of Governing Boards of Contract Markets	Not applicable (internal review and appointment of directors)
18	Recordkeeping	N/A; not impacted by this submission
19	Antitrust Considerations	Not applicable
20	System Safeguards	Not applicable (internal controls and policies in place)
21	Financial Resources	Not applicable (capital requirements and quarterly reporting compliant)
22	Diversity of Boards of Directors	Not applicable (not public company, internal review and appointment of directors)
23	Securities and Exchange Commission	Not applicable

## Derivatives Clearing Organization (“DCO”) Core Principles

Core Principle Number	Core Principle Name	Addressed in or Not Applicable to Self-Certification
A	Compliance	Not applicable
B	Financial Resources	Not applicable (capital requirement and quarterly reporting compliant)
C	Participant and Product Eligibility	N/A; not impacted by this submission
D	Risk Management	N/A; not impacted by this submission
E	Settlement Procedures	N/A; not impacted by this submission
F	Treatment of Funds	Not applicable (Nadex Rulebook Chapter 8 Member Funds)
G	Default Rules and Procedures	N/A; not impacted by this submission
H	Rule Enforcement	Not applicable (Nadex Rulebook, Chapter 9 Rule Enforcement, 10.2 – 10.4 Arbitration)
I	System Safeguards	Not applicable (internal controls and policies in place)
J	Reporting	Not applicable (Nadex Rulebook Chapter 8 Member Funds)
K	Recordkeeping	N/A; not impacted by this submission
L	Public Information	Not applicable (Nadex Rulebook Chapter 8 Member Funds)

M	Information Sharing	N/A; not impacted by this submission
N	Antitrust Considerations	Not applicable
O	Governance Fitness Standards	Not applicable (Nadex Rulebook, 2.2 Service Restrictions, 11.2 Service and Disciplinary History, internal review and appointment of directors)
P	Conflicts of Interest	Not applicable (Nadex Rulebook, 2.6 Voting, 2.9 Trading Limitations, 11.1 Non-Public Information, 11.3 Voting)
Q	Composition of Governing Boards	Not applicable (internal review and appointment of directors)
R	Legal Risk	Not applicable (Nadex Rulebook Chapter 6)

**EXHIBIT B**

<b>Rule</b>	<b>Asset</b>	<b>Duration/Close Time</b>	<b>Action</b>	<b>Effective Date</b>
12.24	Bitcoin Cryptocurrency Touch Bracket Variable Payout Contracts	All Contracts	Amends the Settlement Window, Index Composition, and Settlement Methodology	6/19/2023
12.25	Ether Cryptocurrency Touch Bracket Variable Payout Contracts	All Contracts	Amends the Settlement Window, Index Composition, and Settlement Methodology	6/19/2023
12.87	Bitcoin Cryptocurrency Event Contracts	All Contracts	Amends the Settlement Window, Index Composition, and Settlement Methodology	6/19/2023
12.88	Ether Cryptocurrency Event Contracts	All Contracts	Amends the Settlement Window, Index Composition, and Settlement Methodology	6/19/2023



## EXHIBIT C

Amendment of Rules 12.24, 12.25, 12.87 and 12.88

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

RULE 1.1 - 12.23 [UNCHANGED]

### RULE 12.24 BITCOIN CRYPTOCURRENCY “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Bitcoin Cryptocurrency (“Bitcoin”) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the spot bitcoin cryptocurrency as reported in the ICE<sup>®</sup> Cryptocurrency Data<sup>1</sup> aggregated by Blockstream<sup>®</sup> Corporation<sup>2</sup> and distributed by ICE Data<sup>®</sup> Connectivity and Feeds, Inc.<sup>3</sup>, herein referred to as “IDCF BIT”, quoted in US dollars.

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

(d) TYPE – The Type of Contract is a Variable Payout Contract.

(e) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Bitcoin Touch Brackets, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY BITCOIN TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Expiration is the earlier of (a) 4:15PM ET on the Last Trade Day of the contract listing, or (b) when the Bitcoin Index Value is equal to or

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<sup>1</sup> ICE<sup>®</sup> is a registered mark of IntercontinentalExchange, Inc. (“ICE”). Nadex is not affiliated with ICE or ICE Data Connectivity and Feeds, Inc., and the Bitcoin Cryptocurrency “Touch Bracket” Variable Payout Contracts are not sponsored, endorsed, sold or promoted by ICE or ICE Data Connectivity and Feeds, Inc. in any way.

<sup>2</sup> Blockstream<sup>®</sup> is a registered mark of Blockstream Corporation (“Blockstream”). Nadex is not affiliated with Blockstream and the Bitcoin Cryptocurrency “Touch Bracket” Variable Payout Contracts are not sponsored, endorsed, sold or promoted by Blockstream.

<sup>3</sup> ICE<sup>®</sup> is a registered mark of IntercontinentalExchange, Inc. (“ICE”) and ICE Data<sup>®</sup> is a registered mark of Intercontinental Exchange Holdings, Inc (“ICE Holdings”). Nadex is not affiliated with ICE, ICE Holdings, or ICE Data Connectivity and Feeds, Inc., and the Bitcoin Cryptocurrency “Touch Bracket” Variable Payout Contracts are not sponsored, endorsed, sold or promoted by ICE, Ice Holdings, or ICE Data Connectivity and Feeds, Inc. in any way.

greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, each referred to as a 'Touch Bracket', that open at 6:00PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 400$ ; The Floor shall be  $X - 100$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 300$ ; The Floor shall be  $X - 200$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 200$ ; The Floor shall be  $X - 300$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 100$ ; The Floor shall be  $X - 400$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(6) In each case, "X" equals the last IDCF BIT value, as reported by the Source Agency, rounded to the nearest 1.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 400$  (or 100) and a Floor of  $X - 100$  (or 400) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(f) MINIMUM TICK –The Minimum Tick size for the Bitcoin Touch Bracket Variable Payout Contracts shall be 1.

(g) POSITION LIMIT –The Position Limit for the Bitcoin Touch Bracket Variable Payout Contracts shall be 250 Contracts.

(h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for the Bitcoin Touch Bracket Variable Payout Contracts for contracted Market Makers shall be 250,000 Contracts per strike level.

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

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Bitcoin Touch Bracket Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) BITCOIN INDEX VALUE – The Source Agency shall calculate and produce a Bitcoin Index Value once each second throughout the life of the Bitcoin Touch Bracket Contracts. That is, each second the Source Agency will calculate a Bitcoin Index Value by taking by taking all IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread occurring in the ~~ten (10)~~ sixty (60) seconds leading up to the Calculation Time, provided at least twenty-five (25) trade prices are captured during the ~~ten (10)~~ sixty (60) second period, removing the highest twenty (20) percent of IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread and the lowest twenty (20) percent of IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread from the data set<sup>4</sup>, and using the remaining IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread to calculate the Bitcoin Index Value for that second. The calculation used is a simple average of the remaining IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread 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) IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread exceeds the ~~ten (10)~~ sixty (60) second period, the Bitcoin Index Value will be calculated by the Source Agency by taking the last twenty-five (25) IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread just prior to the Calculation Time, removing the highest five (5) IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread and the lowest five (5) IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread, and using the remaining fifteen (15) IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread to calculate the Bitcoin Index Value. The calculation used is a simple average of all fifteen (15) IDCf BIT ~~trade prices~~ midpoints between the bid/ask spread, rounded to one decimal point past the precision of the Underlying market.

(n) EXPIRATION VALUE – The Expiration Value is the Bitcoin Index Value released by the Source Agency at Expiration on the Expiration Date.

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<sup>4</sup> If 20% of the data set would result in a non-integer number of ~~trade prices~~ midpoints between the bid/ask spread, the number of ~~trade prices~~ midpoints between the bid/ask spread to be removed from the set will be rounded down. For example, if the number of ~~trade prices~~ midpoints between the bid/ask spread 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~~ midpoints between the bid/ask spread. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest ~~trade prices~~ midpoints between the bid/ask spread will be removed from the data set.

(o) CONTINGENCIES – If no level is actually announced on 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 number is released for that Series.

#### RULE 12.25 ETHER CRYPTOCURRENCY “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Ether Cryptocurrency (“Ether”) Touch Bracket Variable Payout Contracts, referred to as a “Touch Bracket”, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the spot Ether cryptocurrency reported in the ICE<sup>®</sup> Cryptocurrency Data<sup>5</sup>, aggregated by Blockstream<sup>®</sup> Corporation<sup>6</sup> and distributed by ICE Data<sup>®</sup> Connectivity and Feeds, Inc.<sup>7</sup>, herein referred to as “IDCF ETH”, quoted in US dollars.

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

(d) TYPE – The Type of Contract is a Variable Payout Contract.

(e) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Ether Touch Brackets, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY ETHER TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Expiration is the earlier of (a) 4:15PM ET on the Last Trade Day of the Contract listing, or (b) when the Ether Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, each referred to as a ‘Touch Bracket’, that open at 6:00PM ET on the first

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<sup>5</sup> ICE<sup>®</sup> is a registered mark of IntercontinentalExchange, Inc. (“ICE”). Nadex is not affiliated with ICE or ICE Data Connectivity and Feeds, Inc., and the Ether Cryptocurrency “Touch Bracket” Variable Payout Contracts are not sponsored, endorsed, sold or promoted by ICE or ICE Data Connectivity and Feeds, Inc. in any way.

<sup>6</sup> Blockstream<sup>®</sup> is a registered mark of Blockstream Corporation (“Blockstream”). Nadex is not affiliated with Blockstream and the Ether Cryptocurrency “Touch Bracket” Variable Payout Contracts are not sponsored, endorsed, sold or promoted by Blockstream.

<sup>7</sup> ICE<sup>®</sup> is a registered mark of IntercontinentalExchange, Inc. (“ICE”) and ICE Data<sup>®</sup> is a registered mark of Intercontinental Exchange Holdings, Inc (“ICE Holdings”). Nadex is not affiliated with ICE, ICE Holdings, or ICE Data Connectivity and Feeds, Inc., and the Ether Cryptocurrency “Touch Bracket” Variable Payout Contracts are not sponsored, endorsed, sold or promoted by ICE, ICE Holdings, or ICE Data Connectivity and Feeds, Inc. in any way.

Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 200$ ; The Floor shall be  $X - 50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 150$ ; The Floor shall be  $X - 100$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 100$ ; The Floor shall be  $X - 150$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 50$ ; The Floor shall be  $X - 200$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(6) In each case, “X” equals the last IDCF ETH value, as reported by the Source Agency, rounded to the nearest 1.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 200$  (or 50) and a Floor of  $X - 50$  (or 200) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(f) MINIMUM TICK –The Minimum Tick size for the Ether Touch Bracket Variable Payout Contracts shall be 1.

(g) POSITION LIMIT –The Position Limit for the Ether Touch Bracket Variable Payout Contracts shall be 250 Contracts.

(h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for the Ether Touch Bracket Variable Payout Contracts for contracted Market Makers shall be 250,000 Contracts per strike level.

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

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Ether Touch Bracket Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) ETHER INDEX VALUE – The Source Agency shall calculate and produce a Ether Index Value once each second throughout the life of the Ether Touch Bracket Contracts. That is, each second the Source Agency will calculate a Ether Index Value by taking by taking all IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ occurring in the ten (10) seconds leading up to the Calculation Time, provided at least twenty-five (25) ~~trade prices midpoints between the bid/ask spread~~ are captured during the ~~ten (10)~~ sixty (60) second period, removing the highest twenty (20) percent of IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ and the lowest twenty (20) percent of IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ from the data set<sup>8</sup>, and using the remaining IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ to calculate the Ether Index Value for that second. The calculation used is a simple average of the remaining IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ 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) IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ exceeds the ~~ten (10)~~ sixty (60) second period, the Ether Index Value will be calculated by the Source Agency by taking the last twenty-five (25) IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ just prior to the Calculation Time, removing the highest five (5) IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ and the lowest five (5) IDCf ETH ~~trade prices midpoints between the bid/ask spread~~, and using the remaining fifteen (15) IDCf ETH ~~trade prices midpoints between the bid/ask spread~~ to calculate the Ether Index Value. The calculation used is a simple average of all fifteen (15) IDCf ETH ~~trade prices midpoints between the bid/ask spread~~, rounded to one decimal point past the precision of the Underlying market.

(n) EXPIRATION VALUE – The Expiration Value is the Ether Index Value released by the Source Agency at Expiration on the Expiration Date.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source

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<sup>8</sup> If 20% of the data set would result in a non-integer number of ~~trade prices midpoints between the bid/ask spread~~, the number of ~~trade prices midpoints between the bid/ask spread~~ to be removed from the set will be rounded down. For example, if the number of ~~trade prices midpoints between the bid/ask spread~~ 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 midpoints between the bid/ask spread~~. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest ~~trade prices midpoints between the bid/ask spread~~ will be removed from the data set.

Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULES 12.26 – 12.86 [UNCHANGED]

#### RULE 12.87 BITCOIN CRYPTOCURRENCY EVENT CONTRACT

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Bitcoin Cryptocurrency (“Bitcoin” or “BTC”) Event Contracts, referred to as an ‘Event Contract’, issued by the Exchange.

(b) UNDERLYING – The Underlying for this Class of Contracts is the spot bitcoin cryptocurrency as reported in the ICE<sup>®</sup> Cryptocurrency Data<sup>9</sup> aggregated by Blockstream<sup>®</sup> Corporation<sup>10</sup> and distributed by ICE Data<sup>®</sup> Connectivity and Feeds, Inc., herein referred to as “IDCF BIT”, quoted in US dollars.

(c) SOURCE AGENCY – The Source Agency is the Exchange.

(d) TYPE – The Type of Contract is an Event Contract.

(e) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by the Exchange at the time the Event Contracts are initially issued. For the Bitcoin Event Contracts, the Payout Criteria for the Contracts will be set as follows:

##### (i) DAILY BITCOIN EVENT CONTRACTS

(1) EXPIRATION TIME – 5 PM Monday thru Thursday; 4 PM Friday.

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 200.

(3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Daily Bitcoin Event Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Event Contract “X” is valued ‘at-the-money’ in relation to the

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<sup>9</sup> ICE<sup>®</sup> is a registered mark of IntercontinentalExchange, Inc. (“ICE”) and ICE Data<sup>®</sup> is a registered mark of Intercontinental Exchange Holdings, Inc (“ICE Holdings”). The Exchange is not affiliated with ICE or ICE Data Connectivity and Feeds, Inc., and the Bitcoin Cryptocurrency Event Contracts are not sponsored, endorsed, sold or promoted by ICE or ICE Data Connectivity and Feeds, Inc. in any way.

<sup>10</sup> Blockstream<sup>®</sup> is a registered mark of Blockstream Corporation (“Blockstream”). The Exchange is not affiliated with Blockstream and the Bitcoin Cryptocurrency Event Contracts are not sponsored, endorsed, sold or promoted by Blockstream.

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 0.25 as reported by the Source Agency. Four (4) strike levels will be generated above Event Contract X at an interval of 200, and Four (4) strike levels will be generated below Event Contract X at an interval of 200 (e.g.  $X - 200$ ;  $X$ ;  $X + 200$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) INTRADAY 2-HOUR BITCOIN EVENT CONTRACTS

(1) EXPIRATION TIME – 8 PM, 9 PM, 10 PM, 11 PM, 12 AM, 1 AM, 2 AM, 3 AM, 4 AM, 5 AM, 6 AM, 7 AM, 8 AM, 9 AM, 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM, 5 PM ET CLOSE

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

(3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday 2-Hour Bitcoin Event Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Event 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 either 0.00, 0.0025, 0.0050, 0.0075 as reported by the Source Agency. Four (4) strike levels will be generated above Event Contract Y at an interval of 100, and four (4) strike levels will be generated below Event Contract Y at an interval of 100 (e.g.  $Y - 100$ ;  $Y$ ;  $Y + 100$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) Nadex may list additional Bitcoin Event Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

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

(g) POSITION LIMIT – The Position Limits for Bitcoin Event Contracts shall be 2,500 Contracts per Class.



(h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for the Bitcoin Event Contracts for contracted Market Makers shall be 5,000 Contracts per strike level.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same as the Expiration Date. No trading in the Bitcoin Event Contracts shall occur after its Last Trading Date.

(j) SETTLEMENT DATE – The Settlement Date will be the date on which the Bitcoin price as reported by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Bitcoin price is released.

(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 Bitcoin Event Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the Bitcoin Index Value calculated and produced by the Source Agency on the Expiration Date. The Source Agency shall calculate and produce a Bitcoin Index Value once each second throughout the life of the Bitcoin Event Contracts. That is, each second the Source Agency will calculate a Bitcoin Index Value by taking by taking all IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread occurring in the ~~ten (10)~~ sixty (60) seconds leading up to the Calculation Time, provided at least twenty-five (25) ~~trade prices~~ Midpoints between the bid/ask spread are captured during the ~~ten (10)~~ sixty (60) second period, removing the highest twenty (20) percent of IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread and the lowest twenty (20) percent of IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread from the data set, and using the remaining IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread to calculate the Bitcoin Index Value for that second. The calculation used is a simple average of the remaining IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread 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) IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread exceeds the ~~ten (10)~~ sixty (60) second period, the Bitcoin Index Value will be calculated by the Source Agency by taking the last twenty-five (25) IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread just prior to the Calculation Time, removing the highest five (5) IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread and the lowest five (5) IDCf BIT ~~trade prices~~ Midpoints between the bid/ask spread, and using the remaining fifteen (15) IDCf BIT trade prices to calculate the Bitcoin Index Value. The calculation used is a simple average of all fifteen (15) IDCf BIT ~~trade prices~~

Midpoints between the bid/ask spread, rounded to one decimal point past the precision of the Underlying market.

(n) CONTINGENCIES – If no level is actually announced on 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 number is released for that Series.

## RULE 12.88 ETHER CRYPTOCURRENCY EVENT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Ether Cryptocurrency (“Ether” or “ETH”) Event Contracts, referred to as an ‘Event Contract’, issued by the Exchange.

(b) UNDERLYING – The Underlying for this Class of Contracts is the spot Ether cryptocurrency as reported in the ICE<sup>®</sup> Cryptocurrency Data aggregated by Blockstream<sup>®</sup> Corporation and distributed by ICE Data<sup>®</sup> Connectivity and Feeds, Inc., herein referred to as “IDCF ETH”, quoted in US dollars.

(c) SOURCE AGENCY – The Source Agency is the Exchange.

(d) TYPE – The Type of Contract is an Event Contract.

(e) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by the Exchange at the time the Event Contracts are initially issued. For the Ether Event Contracts, the Payout Criteria for the Contracts will be set as follows:

### (i) DAILY ETHER EVENT CONTRACTS

(1) EXPIRATION TIME – 5 PM Monday thru Thursday; 4 PM Friday.

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 30.

(3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Daily Ether Event Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Event 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 0.25 as reported by the Source Agency. Four (4) strike levels will be generated above Event Contract X at an interval of 30, and four (4) strike levels will be generated below Event Contract X at an interval of 30 (e.g.  $X - 30$ ;  $X$ ;  $X + 30$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) INTRADAY 2-HOUR ETHER EVENT CONTRACTS

(1) EXPIRATION TIME – 8 PM, 9 PM, 10 PM, 11 PM, 12 AM, 1 AM, 2 AM, 3 AM, 4 AM, 5 AM, 6 AM, 7 AM, 8 AM, 9 AM, 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM, 5 PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 15.

(3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday 2-Hour Ether Event Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Event 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 either 0.00, 0.0025, 0.0050, 0.0075 as reported by the Source Agency. Four (4) strike levels will be generated above Event Contract Y at an interval of 15, and four (4) strike levels will be generated below Event Contract Y at an interval of 15 (e.g.  $Y - 15$ ;  $Y$ ;  $Y + 15$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) Nadex may list additional Ether Event Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

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

(g) POSITION LIMIT – The Position Limits for Ether Event Contracts shall be 2,500 Contracts per Class.

(h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for the Ether Event Contracts for contracted Market Makers shall be 5,000 Contracts per strike level.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same as the Expiration Date. No trading in the Ether Event Contracts shall occur after its Last Trading Date.

(j) SETTLEMENT DATE – The Settlement Date will be the date on which the Ether price as reported by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Ether price is released.

(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 Ether Event Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the Ether Index Value calculated and produced by the Source Agency on the Expiration Date. The Source Agency shall calculate and produce a Ether Index Value once each second throughout the life of the Ether Event Contracts. That is, each second the Source Agency will calculate a Ether Index Value by taking by taking all IDCF ETH ~~trade prices~~ Midpoints between the bid/ask spread occurring in the ~~ten (10)~~ sixty (60) seconds leading up to the Calculation Time, provided at least twenty-five (25) ~~trade prices~~ Midpoints between the bid/ask spread are captured during the ~~ten (10)~~ sixty (60) second period, removing the highest twenty (20) percent of IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread and the lowest twenty (20) percent of IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread from the data set, and using the remaining IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread to calculate the Ether Index Value for that second. The calculation used is a simple average of the remaining IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread 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) IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread exceeds the ~~ten (10)~~ sixty (60) second period, the Ether Index Value will be calculated by the Source Agency by taking the last twenty-five (25) IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread just prior to the Calculation Time, removing the highest five (5) IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread and the lowest five (5) IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread, and using the remaining fifteen (15) IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread to calculate the Ether Index Value. The calculation used is a simple average of all fifteen (15) IDCF BIT ~~trade prices~~ Midpoints between the bid/ask spread, rounded to one decimal point past the precision of the Underlying market.

(n) CONTINGENCIES – If no level is actually announced on 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 number is released for that Series.

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<sup>108</sup> If 20% of the data set would result in a non-integer number of trade prices Midpoints between the bid/ask spread the number of trade prices Midpoints between the bid/ask spread to be removed from the set will be rounded down. For example, if the number of trade prices Midpoints between the bid/ask spread collected during the last 1060 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices Midpoints between the bid/ask spread. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices Midpoints between the bid/ask spread will be removed from the data set.

*End of Rulebook.*