

January 30, 2025

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 Contingent Derivatives Contract (Industry Event - Live Presentations - NAICS 711) - 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 contingent derivatives contract that is a tradeable financial instrument (*i.e.* a swap) based on an event in the live presentations industry (the “Event Contract” or “Contract”). The Exchange intends to list the Event Contract for trading no later than February 3, 2025.

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 contingent derivatives contract that is a tradeable financial instrument designed to express a market view related to the broad and varying economic and commercial impacts of the outcome of an event in the live presentations industry. Separate, discrete and identifiable live presentation industry events (each an “Industry Event”) not only have an outcome that determines a leader, an achievement, an accomplishment, a champion, a title holder or a winner of a particular live presentation industry event, but more importantly the outcome of a live presentation industry event has a substantial economic and commercial impact on businesses and individuals throughout America depending on many factors.¹ 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 Industry Event outcome. The Event Contract is traded in the centralized market of the Exchange where bids and offers are matched first by price and then time priority. There is no intervention in the trading process by the Exchange. Rather, the Event Contract trades in a competitive, open, and efficient market and mechanism for executing transactions. The trading provides a market for the price and information discovery process related to market sentiment on the outcome of the Industry Event.

The Event Contract operates in a manner equivalent to economic event contracts that CDNA and other designated contract markets have certified for trading.² 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 a 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 and as set forth in the Trading System, 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

¹ The U.S. The Bureau of Labor Statistics maintains data for over 100 industries and uses the North American Industry Classification System (NAICS) for supersectors, sectors, and industries to categorize the data. The Event Contract encompasses Industry Events in the industry categorized under NAICS 711 (Performing Arts, Spectator Sports, and Related Industries). See <https://www.bls.gov/iag/tgs/iag711.htm>.

² 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>.

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.

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 February 3, 2025.

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 13.29. Capitalized terms not defined herein shall have the meaning set forth in the Rulebook.

13.29 CONTINGENT DERIVATIVES CONTRACT - INDUSTRY EVENT - LIVE PRESENTATIONS - NAICS 711

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Contingent Derivatives Contract - Industry Event- Live Presentations - NAICS 711, a type of “Event Contract” listed by the Exchange.

(b) UNDERLYING – The Underlying for this Contract is a separate, discrete and identifiable industry event (the “Industry Event”) that determines a leader, champion, title holder or winner for that specific Industry Event that occurs on a specific Date.

(i) Industry Event: refers to any separate, discrete and identifiable live presentation industry event in Performing Arts, Spectator Sports, and Related Industries³ where the outcome identifies a leader, an achievement, an accomplishment, a champion, a title holder or a winner (the “Industry Event Holder”) from the eligible participants in the Industry Event (the “Industry Participants”).

(ii) Date: refers to the month, day and year in which the Industry Event takes place.

(c) SOURCE AGENCY – The Source Agency is the final result of the Industry Event 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 a contingent derivatives contract (i.e. an Event Contract), which is a Swap.

(e) PAYMENT CRITERION – The Payment Criterion for the Event Contract encompasses the Expiration Value where the Industry Event Holder is determined by the outcome of the Industry Event, as published by the Source Agency on the Expiration Date. Industry Event Holder 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.

³ The U.S. The Bureau of Labor Statistics maintains data for over 100 industries and uses the North American Industry Classification System (NAICS) for supersectors, sectors, and industries to categorize the data. The Event Contract encompasses Industry Events in the industry categorized under NAICS 711 (Performing Arts, Spectator Sports, and Related Industries). See <https://www.bls.gov/iag/tgs/iag711.htm>.

(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. 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 Last Trading 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 date on which the Industry Event is held. The Expiration Date will be adjusted if a potential Industry Event Holder is eliminated from being eligible to participate in the Industry Event.

(l) EXPIRATION TIME – The Expiration Time of the Event Contract will be the start time of the Industry Event. The Expiration Time will be adjusted if a potential Industry Event Holder is eliminated from being eligible to participate in the Industry Event.

(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 and Time, Expiration Date, and Expiration Time will be delayed until the Underlying outcome is released.

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

- Current and former Industry Participant players, coaches, agents and staff.
- Paid employees and management of the Industry Participants.
- Owners of the Industry Participants.
- Household members and immediate family members (siblings, children, and parents) of any of the above.

(q) TEMPORARY MARKET SUSPENSIONS – The Event Contract market will be temporarily suspended beginning approximately 60 seconds prior to the official start time of any event that is used to determine the Industry Event Holder or as set forth in the Trading System.

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

REDACTED