



January 29, 2025

**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 Product: Melania (MELANIA) Touch Bracket Contract – Submission Pursuant to Commission Regulation 40.2(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and §40.2(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission” or “CFTC”) under the Act (the “Regulations”), North American Derivatives Exchange, Inc. d/b/a Crypto.com | Derivatives North America (“CDNA” or the “Exchange”) hereby certifies the terms and conditions for a cryptocurrency commodity product (the “MELANIA Crypto Contract”):

**MELANIA CRYPTOCURRENCY TOUCH BRACKET CONTRACTS**

The Exchange has certified multiple cryptocurrency contracts in the past, including Touch Bracket Contracts on:

- (i) Bitcoin (BTC) and Ether (ETH) on October 28, 2022;
- (ii) Litecoin (LTC) and Dogecoin (DOGE) on June 21, 2023
- (iii) Bitcoin Cash (BCH) on September 26, 2023;
- (iv) Shib Inu (SHIB) on October 31, 2023;
- (v) Avalanche (AVAX), Polkadot (DOT) and Chainlink (LINK) on November 16, 2023;
- (vi) Stellar (XLM) on January 1, 2024;
- (vii) Hedera Hashgraph (HBAR) on May 8, 2024;
- (viii) Cronos (CRO) on October 4, 2024; and
- (ix) Bonk (BONK), Dogelon Mars (ELON), Floki (FLOKI), and Pepe (PEPE) on October 7, 2024.

The Exchange has also certified multiple cryptocurrency Event Contracts, including those on:

- (i) BTC and ETH on April 10, 2023;
- (ii) BCH on October 27, 2023;

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- (iii) LTC on October 30, 2023;
- (iv) SHIB and DOGE on November 10, 2023;
- (v) AVAX , DOT and LINK on November 16, 2023;
- (vi) Stellar (XLM) on January 1, 2024; and
- (vii) HBAR on May 8, 2024.

The Exchange has offered Event Contracts and Call Spread Contracts on Bitcoin since 2014.<sup>1</sup> The combined trading volume of the BTC, ETH, LTC and BCH Touch Bracket Contracts exceeds 3 million contracts. Therefore, the Exchange continues to expand its cryptocurrency commodity derivatives product offerings to meet the public demand for these diverse and comprehensively regulated financial instruments.<sup>2</sup>

The new MELANIA Crypto Contract will be cash-settled and will operate in the same fashion as the Exchange's currently listed Touch Bracket Contracts, including the BTC, ETH, LTC, AVAX and DOGE Touch Bracket Contracts. Touch Bracket Contracts are not only quite popular in markets with high volatility, such as the cryptocurrency markets, but due to their unique structure, inherently minimize the possibility of contract manipulation.

A Touch Bracket Contract is a type of Variable Payout Contract and is similar to a Call Spread in that it contains a predetermined Ceiling and Floor price level. However, unlike a Call Spread Contract, if the underlying market, as reflected in the corresponding Index Value, for a Touch Bracket Contract equals or moves through (i.e., "touches") either the Ceiling or Floor level of a Touch Bracket at any time prior to the listed Expiration time, the Touch Bracket Contract will immediately expire. In the event the Underlying market does not touch the Ceiling or Floor prior to its listed Expiration time, the Touch Bracket will expire at the listed Expiration time, which will occur on the last trading day of the week. Accordingly, the Exchange categorizes its Touch Bracket Contracts as "weekly" Contracts.

The value of the MELANIA Crypto Contract is based upon the pricing characteristics of the underlying cryptocurrency commodity<sup>3</sup> and will be \$100 for each MELANIA Crypto Contract. The

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<sup>1</sup> Unless otherwise defined herein, capitalized terms shall have the same definition as set forth in Rule 1.1 of the Exchange Rulebook. Touch Bracket Variable Payout Contracts are also referred to as "Knock-out Touch Bracket Contracts" or "UpDown Touch Bracket Contracts" or "Knock-outs" or "UpDown Options".

<sup>2</sup> We use the terms "cryptocurrency" and "digital asset" interchangeably in this filing.

<sup>3</sup> Virtual currencies have been broadly identified by the Commission as "commodities" in various filings. See, e.g., *CFTC v. Changpeng Zhao, Binance Holdings Limited, Binance Holdings (IE) Limited, Binance (Services) Holdings Limited, and Samuel Lim* (filed Mar. 27, 2023) (N.D. Ill.) at ¶ 24 (stating "Certain digital assets, including BTC, ETH, DOGE, and at least two fiat-backed stablecoins, tether ('USDT') and the Binance USD ('BUSD'), as well as other virtual currencies as alleged herein, are 'commodities,' as defined under Section 1a(9) of the Act, 7 U.S.C. § 1a(9)"). See Also, *In re Tether Holdings Ltd., et al.*, CFTC Docket No. 22-04 (Oct. 15, 2021) (stating "Digital assets such as bitcoin, ether, litecoin, and tether tokens are commodities.") and *CFTC v HDR Global Trading Ltd., et al. (d/b/a BitMEX)*, 20-cv-8132, (filed October 01, 2020) (S.D.N.Y) at ¶ 23 (stating "Bitcoin, ether, Litecoin, and **other virtual currencies** [emph. added] are distinct from 'real' or 'fiat' currencies, which are the coin and paper money of the United States or another country that are designated as legal tender, circulate, and are customarily used and accepted as a medium of exchange in the country of issuance. Digital assets, such as bitcoin, ether, and litecoin are 'commodities' as defined under Section 1a(9) of the Act, 7 U.S.C.

Expiration Value of the MELANIA Crypto Contract will be the Index Value calculated by the Exchange at the time that the Index Value either equals or is greater than the Contract's Ceiling, is equal to or less than the Contract's Floor, or at the listed Expiration if the Contract is not knocked-out early. Because a Touch Bracket Contract will always expire concurrently with the Index Value that will be used to determine the settlement of the Contract, it is impossible for the final Expiration Value to be published prior to the expiration of the Contract. No trading in the listed Contract will occur following its expiration. Moreover, the Index Value is calculated using underlying market bid/ask midpoint prices leading up to the Contract's expiration. Therefore, no price action in the underlying markets following expiration of the Contract will impact the Contract's final settlement price. As with all other contracts currently traded on the Exchange, the MELANIA Crypto Contract will be fully collateralized.

The MELANIA Crypto Contract will be listed with four concurrent brackets of the same width, but each with its own offset to the Underlying market. This structure allows a participant who wants to express the opinion that they believe the market is going down by selling the same positive risk to reward composition as a trader who believes the market is going to go higher and therefore wants to buy. Additionally, each MELANIA Crypto Contract will have a tick size equivalent to 0.0025 per point, with a tick value of \$1.00, and a contract value of \$100. As a type of Variable Payout Contract, the MELANIA Crypto Contract will have a variable payout at settlement. The settlement payout, or Settlement Value, is dependent on the difference between the Opening Trade Value and the Closing Trade Value or Expiration Value.

The Exchange plans to list the MELANIA Crypto Contract based on the underlying MELANIA cryptocurrency commodity market and settle the MELANIA Crypto Contract using data from Lukka, Inc. (the Lukka Data Feed ("LDF")).

The Index Value for the MELANIA Crypto Contract will be determined by using the Exchange's standard index calculation method (the "the Exchange Calculation Method").<sup>4</sup> The Exchange will calculate and produce an Index Value for the underlying cryptocurrency once each second prior to and on the expiration of the MELANIA Crypto Contract. That is, each second the Exchange will calculate an Index Value for the underlying cryptocurrency by taking all bids/ask midpoint prices in the relevant markets, as reported in the LDF (as further described below), in the sixty (60) seconds leading up to the Calculation Time, provided at least twenty-five (25) bids/ask midpoint prices are captured during the sixty (60) second period, removing the highest twenty (20) percent

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§ 1a(9) (2018)" (emph. added). MELANIA operates as a digital asset or virtual currency because, among other reasons, (1) it is used as a transfer of value and (2) because it is used for payments. Indeed, the digital asset in this filing is captured under the authority of the CFTC, as well as the broad definition of commodity in Section 1a(9) of the Act. Moreover, MELANIA, in and of itself, has never been categorized as anything other than a commodity and no law or regulatory authority in the United States has indicated anything to the contrary.

<sup>4</sup> All Touch Bracket Contracts listed and cleared by the Exchange make use of the Index Value to determine the Expiration Value of the contract. Specifically, these include the BTC, ETH, LTC, BCH, SHIB, AVAX, DOT, LINK, XLM, HBAR, CRO, BONK, ELON, FLOKI, PEPE, EUR/USD, GBP/USD, USD/CHF, USD/JPY, AUD/USD, USD/CAD, EUR/GBP, AUD/JPY, GBP/JPY, EUR/JPY, Wall Street 30, US 500, US Tech 100, US SmallCap 2000, Gold, Silver, Crude Oil, and Natural Gas Touch Bracket Contracts.

of bids/ask midpoint prices and the lowest twenty (20) percent of bids/ask midpoint prices from the data set<sup>5</sup>, and using the remaining bids/ask midpoint prices to calculate the relevant cryptocurrency Index Value for that second. The calculation used is a simple average of the remaining bids/ask midpoint prices 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) bids/ask midpoint prices exceeds the sixty (60) second period, the Index Value will be calculated by taking the last twenty-five (25) bids/ask midpoint prices just prior to the Calculation Time, removing the highest five (5) bids/ask midpoint prices and the lowest five (5) bids/ask midpoint prices, and using the remaining fifteen (15) bids/ask midpoint prices to calculate the Index Value. The calculation used is a simple average of all fifteen (15) bids/ask midpoint prices, rounded to one decimal point past the precision of the underlying market. The Exchange uses this calculation method as a means of preventing manipulation in the Underlying market to influence the Exchange Expiration Value. In particular, the Exchange Calculation Method prevents a single bid/ask midpoint in the underlying market from “knocking-out” a Touch Bracket by virtue of trading a price level design to touch the Floor or the Ceiling.

The LDF is maintained by Lukka, Inc., using the principles set forth in the IOSCO Principles for Financial Benchmarks (the “IOSCO Principles”). The LDF is disseminated to major market data vendors on a one-second frequency. Lukka, Inc. was founded in 2014 and is a global company headquartered in the U.S. that provides transactional data to traditional and cryptocurrency exchanges and trading desks, accounting firms, fund and financial auditors, fund administrators, miners, protocols, individuals, and other businesses interacting with cryptocurrencies.

The constituent exchange venues for LDF maintain fair and transparent market conditions to impede illegal, unfair or manipulative trading practices and comply with applicable law and regulation including, capital markets regulations, money transmission regulations, and client money custody requirements. Additionally, Lukka, Inc. ensures that constituent exchange venues deliver transparent and consistent trade data via an API with sufficient reliability, detail, and timeliness. The constituent exchange venues must agree to cooperate with inquiries and investigations of the administrator and execute data sharing agreements with the Exchange.

The Exchange can customize the data it receives from LDF, by selecting any number of the contributing venues. LDF will provide data to be used in the calculation of the Index Value for the MELANIA Crypto Contract (the “Underlying Trading Venue”), and ultimately the MELANIA Crypto Contract’s Expiration Value.

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<sup>5</sup> If 20% of the data set would result in a non-integer number of bid/ask midpoint prices, the number of bid/ask midpoint prices to be removed from the set will be rounded down. For example, if the number of bid/ask midpoint prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 bid/ask midpoint prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest bid/ask midpoint prices will be removed from the data set.

The Exchange makes its selection of any venue based on several factors, including CoinGecko's Trust Score rating, the Underlying Trading Venue's daily spot volume ranking, AML and KYC policies implementation, regulatory requirements, and the venue's location in order to provide global coverage.<sup>6</sup> The Exchange will monitor CoinGecko's Trust Score ratings and may add to or remove venues from its data consumption based on these scores. CoinGecko's rating of the venues the Exchange has selected are located [here](#). The LDF includes a number of data points to aid in the monitoring of the relevant crypto markets such as price discovery, historic data and full-depth market by price and venue, and a 24-hour market overview. The Exchange will periodically review the Underlying Trading Venue it has selected to determine the venue's continued appropriateness for inclusion in the Index Value and may add or remove trading venues as appropriate.

The MELANIA Crypto Contract benefits the public interest both as a hedging tool and a trading instrument where market participants can take a market view on the price of the underlying commodity. Like all other Exchange contracts, the MELANIA Crypto Contract will be fully collateralized at the time the transaction is entered. Additionally, the Ceiling and Floor function as a guaranteed stop. Thus, the trader is aware of the maximum risk to enter the transaction and the risk is limited by virtue of the predetermined Ceiling and Floor prices. Moreover, unlike the underlying markets, the MELANIA Crypto Contract trades on a 1:1 ratio, thereby increasing the trader's potential gain as compared to investing the same dollar amount in the underlying asset itself. Additionally, the trader may choose to exit their position as the market moves toward the range limits to either take profits or minimize losses.

The cryptocurrency commodity markets are traded 24 hours per day, 7 days per week. The Exchange has selected the specific Underlying Trading Venue from which to obtain prices to include in the calculation of the Index Value that operate from different regions globally, in order to mitigate against the possibility of less activity in the underlying markets at any given time due to the time of day. The Exchange will have at least one dedicated Market Maker liquidity provider who will quote a two-sided market pursuant to the terms of its Market Maker Agreement and subject to the rules of the Exchange. Non-Market Maker Trading Members will have a Position Limit of 250 Contracts. In order to provide sufficient liquidity, Market Makers will be subject to Alternative Position Limits of one-thousand times the standard 250 lot limit, which will apply only on a per strike basis. Market Makers will also be relieved of their quoting obligations once they

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<sup>6</sup> CoinGecko has been in operation since 2014 and is a website and mobile app that provides live crypto prices, crypto education, and aggregates information regarding the performance of various cryptocurrencies for analysis purposes. CoinGecko launched its Trust Score rating in May 2019 in order to combat fake trading volume among cryptocurrency exchanges. In determining a rating, CoinGecko considers the crypto exchange's liquidity/web traffic quality, scale of operations, API technical coverage, cybersecurity, team presence (transparency into management team), and past negative incidents (such as regulatory issues, hack incidents, account disputes, etc.). Further explanation as to CoinGecko's Trust Score rating methodology can be found [here](#). CoinGecko indicates that it is constantly revising, improving and upgrading factors for consideration in its ratings determination, and plans to include trade history analysis, API quality analysis, hot and cold wallet analysis, social media analysis, exchange support turnover time, user reviews, and licensing and regulations analysis in the future.

have acquired a position of 500 Contracts but will be required to resume their obligations once their position has fallen below 500 Contracts.

Regular trading in the MELANIA Crypto Contract will begin at 11:00 pm ET on Friday evening, and end at 4:15 pm ET on Friday afternoon, unless knocked-out prior to the stated Expiration time.

### DCM CORE PRINCIPLES

The Exchange has identified the following Designated Contract Market (“DCM”) Core Principles as potentially being impacted by the addition of the MELANIA Crypto Contract.

#### Core Principle 2 Compliance with Rules

Core Principle 2 requires the DCM to have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market. The Exchange has a dedicated Compliance/Regulatory staff that monitors the markets, investigates potential rule violations, and imposes sanctions against individuals who have been determined to have violated the Rules. The Exchange has an automated trade surveillance system, Scila, which is capable of detecting potential trade practice violations, and also conducts real-time market monitoring of all trading activity in all Contracts, at all hours the Exchange is open. The Exchange is able to set the parameters by which the system detects potential issues. Chapter 9 of the Exchange Rulebook sets forth the Exchange’s authority to investigate and sanction Members for activity that violates the Exchange Rules. Exchange Rule 2.10 grants the Exchange jurisdiction over any Person initiating or executing a transaction on or subject to the Rules of the Exchange, either directly or through an intermediary, and any Person for whose benefit such transaction has been initiated or executed. The Exchange’s jurisdiction continues notwithstanding the termination of the Person’s Exchange Membership. Exchange Rule 3.3 requires all Trading Members and Authorized Traders to comply with the Exchange Rules and to cooperate with the Exchange promptly and fully in any investigation, call for information, inquiry, audit, examination or proceeding. Such cooperation may involve a request for the Member’s or Authorized Trader’s activity in the relevant underlying market. Accordingly, the listing of the MELANIA Crypto Contract will not negatively impact the Exchange’s ability to comply with this Core Principle.

In addition, the Exchange is a member of the Intermarket Surveillance Group (“ISG”). The ISG is an international group of exchanges, market centers, and market regulators that perform market surveillance in their respective jurisdictions. The ISG provides a framework for the sharing of information and the coordination of regulatory efforts among exchanges trading securities and related products to address potential intermarket manipulations and trading abuses. The ISG was developed specifically to detect, prevent, and, when necessary, support enforcement proceedings related to potential fraud and manipulation across members' markets. To that end, each member of the ISG has agreed to the exchange of information, upon request from another ISG member, relating to transactions in any Financial Instruments, that relate to possible fraud

and manipulation. Therefore, for this limited purpose, each ISG member “shall provide any information or documents...” requested by another ISG member. ISG membership also requires each and every ISG member, including other CFTC-regulated entities, provide any requested documents that they could obtain for their own reviews for fraud or manipulation, including any documentation from spot cryptocurrency markets obtainable by other ISG members in the ordinary course of business. Thus, the Exchange’s ISG membership gives it access to a broad swath of data from underlying spot cryptocurrency markets through other ISG members who have the direct ability to request such data from spot markets for the limited purpose of detecting and preventing fraud and manipulation. The Exchange has also obtained information sharing agreements with certain spot cryptocurrency markets.

The Exchange certifies that its surveillance program together with its participation in a key industry group for information sharing and regulatory coordination addresses the requirements of Core Principle 2.

#### Core Principle 3 Contracts Not Readily Susceptible to Manipulation and Core Principle 4 Prevention of Market Disruption

Core Principles 3 and 4 require the DCM to list only contracts that are not readily susceptible to manipulation and to prevent market disruption. The Exchange has selected the underlying cryptocurrency commodity markets upon which to base its MELANIA Crypto Contract in large part due to their active markets in terms of volume and liquidity, and their popularity among consumers, institutional investors, and other financial professionals. Moreover, the Exchange Calculation Method significantly reduces the potential for manipulation of the Index Value by removing a percentage of the upper and lower bid/ask midpoint prices from the data set of LDF leading up to Expiration, with the remaining prices averaged. The LDF consists of numerous data points from numerous trading venues, which can be customized by the Exchange. Accordingly, an individual trading the MELANIA Crypto Contract would not have knowledge of the specific trading venues from which the final set of LDF data will be used to calculate the Expiration Value, further preventing the potential for manipulation of the MELANIA Crypto Contract’s settlement by trading in the underlying markets.

The MELANIA Crypto Contract will have a position limit of 250 lots for non-Market Maker Members, which in combination with the composition of the LDF and the Exchange Calculation Method would make a manipulation attempt essentially cost-prohibitive.

The Exchange Calculation Method (described above) is calculated on a second-by-second basis and works in conjunction with the previous components to further mitigate any risk of potential manipulation of the underlying market for a positive result in the Underlying market. The Exchange Calculation Method for the cryptocurrency commodity is constructed to use bid/ask midpoint prices on the constituent exchanges. Using the Exchange Calculation Method, all bid/ask midpoint prices occurring in the underlying market as reported in the LDF within a 60-

second window are considered during the valuation process. The highest 20% and lowest 20% of bid/ask midpoint prices are removed from the data set, and the remaining data set is averaged, resulting in the Index Value and likewise, Expiration Value. In the event 25 bid/ask midpoint prices are not available within any particular 60 second window, the window may be extended until 25 prices are collected (again outliers are removed and the remaining data set averaged). Under the Exchange Calculation Method, even if a participant was able to absorb all liquidity across multiple exchanges to create off-market bid/ask midpoint prices, those prices would undoubtedly fall into the high/low 20% of the calculation and be discarded, thereby negating any nefarious activity in which a participant may have engaged.

The Exchange has dedicated staff to survey the market and uses the Scila surveillance system to assist with market monitoring at all times the Melania Crypto Contract will be listed. Additionally, the Exchange will monitor the LDF feed for anomalies and disproportionate moves in the prices making up the Expiration Value. The Exchange will be able to obtain information from the LDF to assist in the Exchange's market surveillance, such as, any relevant MELANIA trade price, bid and ask prices, activity date and time, venue at which any relevant bid/ask occurred, size, volume, daily high and low, and a number of other data points. Lukka, Inc. has agreed that upon the Exchange's request arising as the result of a regulatory investigation or related market data inquiry, it will share with the Exchange additional information to the extent that it is reasonably practicable, and does not violate applicable laws, regulations and/or any of Lukka, Inc.'s contractual obligations.

The Exchange trading system has a cap-check feature that ensures a trader has sufficient funds in their account to fully collateralize their Order if executed before the Order is accepted by the Exchange. The Exchange also has the ability to block new Orders and/or cancel working Orders if necessary to prevent market disruption.

Therefore, the Exchange has determined that the MELANIA Crypto Contract will not be readily susceptible to manipulation and the protections the Exchange has in place will minimize disruption in the MELANIA Crypto Contract market.

#### Core Principle 5 Position Limits

Core Principle 5 requires the DCM set position limits or position accountability to reduce the potential threat of market manipulation or congestion. The Exchange has set the initial position limit for Trading Members at 250 Contracts, thereby reducing the motivation for an individual to manipulate the underlying market in order to affect the Exchange settlement, explained in detail above. Market Makers will not be subject to the 250 Contract position limit in order to provide sufficient liquidity to the market. Market Makers will instead be subject to an Alternative Position Limit of 1,000 times the 250 lot limit (thus, 250,000) for non-Market Maker Trading Members. Additionally, such Alternative Position Limits shall apply not to the entire Class of Touch Bracket Contracts, but to each Touch Bracket Contract in that Class (i.e., per strike). A Market Maker



taking advantage of the Alternative Position Limits must, within 1 business day following a request by the Exchange's Compliance Department, provide the Exchange Compliance Department with a trade register detailing all trading activity in any account owned or controlled by the Market Maker in the relevant underlying market during the 15 minutes immediately before and after any Expiration time identified by the Exchange's Compliance Department in the request.

#### Core Principle 7 Availability of General Information and Core Principle 8 Daily Publication of Information

Core Principles 7 and 8 require the DCM to make available to the public accurate information regarding the contract terms and conditions, as well as daily information on contracts such as expiration value, settlement payout, volume, open interest, and opening and closing ranges. The Exchange makes available on its website the Exchange Rulebook, which will include the contract specifications for the MELANIA Crypto Contract. In addition to the Rulebook, contract specifications will be detailed on the Exchange website itself. The Exchange publishes its Daily Bulletin which contains the preceding contract and transaction information on the website's "Market Data" page. Also published on the Market Data page are Time and Sales, which are updated every 15 minutes, and Results which reports the Expiration Value and Settlement Value for all the Exchange Contracts settled throughout the day. Therefore, the listing of the MELANIA Crypto Contract will not negatively impact the Exchange's ability to comply with these Core Principles.

#### Core Principle 9 Execution of Transactions

Core Principle 9 requires the DCM to provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process. The Exchange has one dedicated Market Maker that has committed to pricing a two-sided market. Market participants are able to view the orderbook up to five layers deep (depending on the market activity at any particular time) on the platform. The Exchange displays the Time and Sales of all Contracts traded on the Exchange on the Exchange website which is updated every 15 minutes. Therefore, the addition of the MELANIA Crypto Contract will not negatively impact the Exchange's ability to comply with this Core Principle.

#### Core Principle 10 Trade Information

Core Principle 10 requires the DCM to maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information to assist in the prevention of customer and market abuses and to evidence any violations of the Exchange Rules. The Exchange maintains an electronic audit trail as required by the Commission Regulations which enables the Exchange to review all activity on the Exchange.

### Core Principle 11 Financial Integrity of Transactions

Core Principle 11 requires the DCM to establish and enforce rules and procedures for ensuring the financial integrity of transactions entered on the contract market. As with all Contracts offered on the Exchange, the MELANIA Crypto Contract will be fully collateralized and Members entering a transaction will have knowledge of their maximum risk prior to executing a transaction. All transactions will be cleared by the Exchange's derivatives clearing organization.

### Core Principle 12 Protection of Markets and Market Participants

Core Principle 12 requires a DCM to protect markets and market participants from abusive practices committed by any party and to promote fair and equitable trading on the contract market. Chapter 5 of the Exchange Rulebook establishes Rules to protect the market and market participants from abusive, disruptive, fraudulent, noncompetitive, and unfair conduct and trade practices. The Rules apply to all market participants and transactions on the Exchange, and participants will need to comply with the Rules when trading the new MELANIA Crypto Contract.

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In accordance with §40.2(a)(2) of the Commission's Regulations, the Exchange intends to list the MELANIA Crypto Contract for trading on or after the trade date February 3, 2025.

A complete index of the DCM Core Principles that indicates whether the Core Principle is applicable and addressed in the text of this submission is attached in Exhibit A. The contract specifications as they will appear in the Rulebook are set forth in Exhibit B.

The Exchange 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 the Exchange with respect to any of these actions. The Exchange hereby certifies that a copy of these additions was posted on its 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/

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## EXHIBIT A

### DCM Core Principles

Core Principle Number	Core Principle Name	Addressed in or Not Applicable to Certification
1	Designation as Contract Market	Not applicable (designation granted)
2	Compliance with Rules	Addressed
3	Contracts Not Readily Subject to Manipulation	Addressed
4	Prevention of Market Disruption	Addressed
5	Position Limitations or Accountability	Addressed
6	Emergency Authority	Not applicable (the Exchange Rulebook, 2.4 Emergency Rules)
7	Availability of General Information	Addressed
8	Daily Publication of Trading Information	Addressed
9	Execution of Transactions	Addressed
10	Trade Information	Addressed

11	Financial Integrity of Transactions	Addressed
12	Protection of Markets and Market Participants	Addressed
13	Disciplinary Procedures	Not applicable (the Exchange Rulebook, Chapter 9 Rule Enforcement)
14	Dispute Resolution	Not applicable (the Exchange Rulebook, 10.2 – 10.4 Arbitration)
15	Governance Fitness Standards	Not applicable (the Exchange Rulebook, 2.2 Service Restrictions, 11.2 Service and Disciplinary History)
16	Conflicts of Interest	Not applicable (the Exchange 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	General rules apply
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

## EXHIBIT B

*The Contract Specifications set forth below will appear in the Rulebook as 13.31*

### 13.31 MELANIA (MELANIA) CRYPTOCURRENCY "TOUCH BRACKET" VARIABLE PAYOUT CONTRACTS

- (a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the MELANIA (MELANIA) Cryptocurrency "Touch Bracket" Variable Payout Contracts, referred to as a "Touch Bracket", issued by the Exchange.
- (b) UNDERLYING – The Underlying for this Class of Contracts is the spot MELANIA cryptocurrency commodity bid/ask midpoint prices as reported in the Lukka Inc. (the Lukka Data Feed ("LDF"), herein referred to as "U-MELANIA", quoted in US dollars.
- (c) SOURCE AGENCY – The Source Agency is the Exchange.
- (d) TYPE – The Type of Contract is a Variable Payout Contract.
- (e) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by the Exchange at the time the Variable Payout Contracts are initially issued. For the MELANIA Touch Brackets, the Payout Criteria for the Contracts as forth below or as updated on the Exchange's Trading System:

- (i) WEEKLY MELANIA 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 MELANIA Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. The Exchange shall list a set of four (4) Touch Bracket Variable Payout Contracts, each referred to as a 'Touch Bracket', that open at 11:00 PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

CONTRACT 1: The Ceiling shall be  $X + 0.4$ ; The Floor shall be  $X - 0.1$ .

CONTRACT 2: The Ceiling shall be  $X + 0.3$ ; The Floor shall be  $X - 0.2$ .

CONTRACT 3: The Ceiling shall be  $X + 0.2$ ; The Floor shall be  $X - 0.3$ .

CONTRACT 4: The Ceiling shall be  $X + 0.1$ ; The Floor shall be  $X - 0.4$ .

DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

In each case, “X” equals the last U-MELANIA value, as reported by the Source Agency, rounded to the nearest 1.

- (ii) Upon the early Expiration of a Touch Bracket, the Exchange may list a new Touch Bracket with a Ceiling of  $X + 0.4$  (or 0.1)) and a Floor of  $X - 0.1$  (or 0.4) 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 MELANIA Touch Bracket Variable Payout Contracts shall be 0.0025 and the Tick Value shall be \$1.00.
- (g) POSITION LIMIT – The Position Limit for the MELANIA Touch Bracket Variable Payout Contracts shall be 250 Contracts, or as updated on the Exchange’s website or Trading System.
- (h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for the MELANIA Touch Bracket Variable Payout Contracts for contracted Market Makers shall be 250,000 Contracts per strike level, or as updated on the Exchange’s website or Trading System.
- (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 MELANIA 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) MELANIA INDEX VALUE – The Source Agency shall calculate and produce an MELANIA Index Value once each second throughout the life of the MELANIA



Touch Bracket Contracts. That is, each second the Source Agency will calculate a MELANIA Index Value by taking by taking all U-MELANIA bid/ask midpoint prices occurring in the sixty (60) seconds leading up to the Calculation Time, provided at least twenty-five (25) bid/ask midpoint prices are captured during the sixty (60) second period, removing the highest twenty (20) percent of U-MELANIA bid/ask midpoint prices and the lowest twenty (20) percent of U-MELANIA bid/ask midpoint prices from the data set<sup>7</sup>, and using the remaining U-MELANIA bid/ask midpoint prices to calculate the MELANIA Index Value for that second. The calculation used is a simple average of the remaining U-MELANIA bid/ask midpoint prices 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) U-MELANIA bid/ask midpoint prices exceeds the sixty (60) second period, the MELANIA Index Value will be calculated by the Source Agency by taking the last twenty-five (25) U-MELANIA bid/ask midpoint prices just prior to the Calculation Time, removing the highest five (5) U-MELANIA bid/ask midpoint prices and the lowest five (5) U-MELANIA bid/ask midpoint prices, and using the remaining fifteen (15) U-MELANIA bid/ask midpoint prices to calculate the MELANIA Index Value. The calculation used is a simple average of all fifteen (15) U-MELANIA bid/ask midpoint prices, rounded to one decimal point past the precision of the Underlying market.

- (n) EXPIRATION VALUE – The Expiration Value is the MELANIA 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 Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

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<sup>7</sup> If 20% of the data set would result in a non-integer number of bid/ask midpoint prices, the number of bid/ask midpoint prices to be removed from the set will be rounded down. For example, if the number of bid/ask midpoint prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 bid/ask midpoint prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest bid/ask midpoint prices will be removed from the data set.