

December 19, 2024

Via CFTC Portal Submissions

Mr. Christopher Kirkpatrick  
Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
3 Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington D.C. 20581

**RE: Certification of Commercial Economic Event Contract (Time Person of the Year) - Submission Pursuant to Commission Regulation 40.2(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act” or “CEA”), and §40.2(a) of the Regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, the North American Derivatives Exchange, Inc. d/b/a Crypto.com | Derivatives North America (the “Exchange” or “CDNA”) hereby certifies a swap, which is an event contract based on a commercial economic event (the “Event Contract” or “Contract”). The Exchange intends to list the Event Contract for trading no later than December 23, 2024.

In connection with this certification, CDNA is submitting the following:

- (i) A concise explanation and analysis of the Event Contract;
- (ii) A certification that the Event Contract complies with the Act and Commission Regulations thereunder;
- (iii) A certification that CDNA has posted a copy of the product submission on its website;
- (iv) The intended listing date of the Event Contract;
- (v) The terms and conditions of the Event Contract, set forth in Exhibit A hereto; and
- (vi) 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 financial instrument designed to express a market view related to the broad and varying economic and commercial impacts related to *Time Magazine’s* “Person of the Year” for a given year. This designation, which has been awarded every year since 1928, is given

to a person that has influenced the events of a given year, and has substantial economic and commercial repercussions. CDNA designed the Event Contract to meet the varied and diverse hedging and market needs of commercial firms and individuals impacted by or with an economic interest in the event outcome.

The Event Contract operates in a manner equivalent to economic event contracts that CDNA and other designated contract markets have certified for trading.<sup>1</sup> Price bands will apply so that the Contract may only be listed at increments of at least \$0.25 and at most \$99.75. The Contract has a notional value of \$100 and minimum price fluctuation of \$0.25 to align with other CDNA contracts.

As outlined in Exchange Rule 5.18, trading will be available at all times outside of any maintenance windows, which CDNA will announce in advance. At least one dedicated market maker that is committed to providing immediate liquidity will participate upon the Event Contract's launch. CDNA has further imposed position limits as described in more detail below. Members will be charged fees in accordance with Exchange Rule 3.9 in such amounts as may be revised from time to time and reflected on CDNA's website.

During the Event Contract trading hours, Members are able to adjust their positions and trade freely. After trading of the Event Contract has closed, CDNA will determine the Expiration Value and whether the Payment Criteria encompasses the Expiration Value (i.e., whether the market outcome is "Yes" or "No"). The market is then settled by CDNA, and either the long position holders or the short position holders are paid the Settlement Value. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Event Contract and "short position holders" refers to Members who purchased the "No" side of the Event Contract. If the Expiration Value is "Yes" (please see Exhibit A for the conditions upon which the Expiration Value is "Yes"), then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Expiration Value is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger an Expiration Value of "Yes" are included below in the section titled "Payment Criterion" in Exhibit A. The Expiration Date of the Contract is designed to account for multiple possible contingencies impacting the determination of the Expiration Value.

In accordance with §40.2(a)(2) of the Commission's Regulations and as set forth above, the Exchange intends to list the Event Contract for trading no later than December 23, 2024.

---

<sup>1</sup> See e.g., Rule Certification: Nadex Lists New Event Binary Contracts – Submission Pursuant to Commission Regulation §40.2(a), Nov. 26, 2021, available at: <https://www.cTimec.gov/IndustryOversight/IndustryFilings/TradingOrganizationProducts/47219>.

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 [13.18].  
Capitalized terms not defined herein shall have the meaning set forth in the Rulebook.*

### 13.18 TIME PERSON OF THE YEAR EVENT CONTRACT

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

(b) UNDERLYING – The Underlying for this Contract is the [person] named *Time’s* Person of the Year for [year].

(c) SOURCE AGENCY – The Source Agency is *Time*.

(d) TYPE – The Type of Contract is an Event Contract, which is a Swap.

(e) PAYMENT CRITERION – The Payment Criterion for the Contract encompasses the Expiration Values that [person] is *Time’s* Person of the Year for [year].

- (i) [person]: refers to a particular candidate for *Time’s* Person of the Year. [person] can take values other than that of a human person, such as a group, idea, or object, including multiple people at once.
  - a. If there is no *Time* Person of the Year (and instead many variations thereof, e.g., “Entertainer of the Year” or “Hero of the Year”), then those variations are not encompassed by the Payment Criterion.
  - b. If multiple people win, all named persons that are listed are encompassed within the Payment Criterion.
  - c. [person] must be explicitly named as Person of the Year or pictured on the/a relevant cover if they are associated with the group or idea. The cover picture is relevant only in the event a natural human is named as [person]. For example:
    - i. In 2018, “The Guardians” were named *Time’s* Person of the Year and were highlighted on four different covers. Any of the named Guardians, Jamal Khashoggi, Maria Ressa, Wa Lone, or the staff of *The Capital*, would have resolved to “Yes.”
    - ii. If a brand or specific product (e.g., Tesla) is named *Time’s* Person of the Year, then strikes of “electric cars” or “autonomous vehicles” would resolve to No, since they are not synonymous, despite being conceptually linked to the brand or specific product. Additionally, since “electric cars” and “autonomous vehicles” are not persons, their picture on the cover is not relevant.

- d. If *Time* uses language that does not specifically refer to a person or organization when naming its Person of the Year, CDNA will resolve markets to the most simple meaning available.
- (ii) [year]: refers to a calendar year specified by CDNA. CDNA may list iterations of the Contract corresponding to variations of [year].
- (f) MINIMUM TICK – The Minimum Tick size for the Event Contract shall be \$0.25.
- (g) POSITION LIMIT – The Position Limit for the Event Contract shall be 2,500 Contracts, or as updated on the Exchange’s website or Trading System.
- (h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for Market Makers shall be 250,000 Contracts, or as updated on the Exchange’s website or Trading System.
- (i) LAST TRADING DATE – The Last Trading Date will be the earlier of the first 10:00 AM ET following the release of the Person of the Year for [year] (whereupon the Last Trading Time will be 11:59 PM ET) or one year after [year] has ended (whereupon the Last Trading Time will be 11:59 PM ET). No trading in the Event Contract shall occur after its Last Trading Date and Time.
- (j) SETTLEMENT DATE AND TIME – The Settlement Date and Time will be no later than the day after the Expiration Date.
- (k) EXPIRATION DATE – The Expiration Date of the Economic Contract will be three months after the last day of [year]. If *Time* announces the Underlying prior to that, the Expiration Date will be moved to one day after the announcement.
- (l) EXPIRATION TIME – The Expiration Time of the Event Contract will be 10:00 AM ET.
- (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 will be delayed until the Underlying outcome is released.
- (p) TRADING PROHIBITIONS – Certain individuals are prohibited from trading the Event Contract. Those persons include:

- Owners, officers, employees, and contractors of *Time*
- Household members and immediate family members (siblings, children, and parents) of the above.

Note:

The Event Contract has not been endorsed by Time Magazine, and the use of the term “Time Person of the Year” does not indicate an endorsement of this product or any involvement by the sponsors of or any individuals under consideration for the award.

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

**[REDACTED]**