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September 4, 2015

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: Self-Certification of Rule Amendments: Nadex Adds New Order Type – Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and section §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the "Commission") under the Act (the "Regulations"), North American Derivatives Exchange, Inc. ("Nadex", the "Exchange") hereby submits to the Commission its intent to add new order type Market Order With Protection ("MOP").

Nadex currently offers the following types of orders: Limit Good 'Til Cancel ("GTC"), Limit Fill or Kill ("FOK"), Limit Immediate or Cancel ("IOC"), Limit Post-Only (Reject), and Limit Post-Only (Adjust). While Market Makers may submit any of these order types, the only orders available to non-Market Maker Members and participants trading through a futures commission merchant are GTC, FOK, and IOC orders. The order types are all Limit Orders, as that term is defined in the Nadex Rules, and vary as to the duration the order stays on the market. A GTC order, or any remainder after a partial fill, will remain on the market until it is filled, cancelled or the contract expires. Unlike a GTC, an FOK order will be cancelled if the order cannot be immediately filled in its entirety. An IOC order may be filled either in its entirety or in part, with any remainder of the order cancelled. In order to afford traders greater flexibility in their trading strategies and the potential to minimize risk, Nadex is introducing its new MOP orders.

A MOP order is a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex, at the current displayed market price at the time the order is submitted, however, in the event that displayed market price is no longer available when the Exchange receives the order, the MOP order includes a "Tolerance Protection" level. A Tolerance Protection is a pre-determined number of points, expressed as a dollar value, away from the displayed market price that will be acceptable to fill a MOP order in whole or part. The purpose of the order is to cap the amount of risk the trader will accept when attempting to fill an order at the market price. The traders' available account balance will be cap-checked for the maximum Tolerance Protection level on any order before the order is accepted, and those funds will be removed from the trader's account and held in reserve until the order is filled or cancelled.

When a MOP order is submitted to the Exchange, if the order is able to be filled in its entirety at the displayed market price at the time the order is submitted, or a better price, the order is filled. If either the entire order, or any remainder of the order, is unable to be filled at the displayed market price, the Exchange attempts to fill the order taking into account the order's Tolerance Protection level. The Exchange will determine the spread between the displayed bid and offer (or between the floor and the offer or ceiling and bid in a one-sided market). In the case of binary contracts, the maximum allowable bid/offer spread in order to apply Tolerance Protection will initially be set by the Exchange at 10 points. If the bid/offer spread is equal to or less than 10 points, the MOP, or any remainder thereof, can be filled by an available bid or offer up to the maximum Tolerance Protection level from the original displayed market price. If the spread is greater than 10 points, the order cannot be filled and will be rejected. The following example demonstrates the function of the MOP order on a binary contract when a partial fill has occurred:

tick size	1
tick value	$1
price tolerance value	$10
($10.00/$1.00)* 1 = 10	

BID		OFFER	
Size	Price	Price	Size
10	16.00	17.00	10
5	14.00	19.00	5

A trader submits a MOP order to buy 20 contracts at the current displayed market price, with a Tolerance Protection level of $10.00. The order is submitted by the trader and received by the Exchange when the bid is $16.00 and the offer is $17.00. The MOP bid is able to be partially filled for 10 contracts at the display price of $17.00, leaving a remainder of 10 contracts unfilled. At that point the Exchange calculates the spread between the available bid and offer on the market. In this case the bid of $16.00 is subtracted from the resting offer of $19.00, resulting in a spread of 3. The maximum spread allowed for a MOP to be filled for a binary contract is 10 points, and hence, as the bid/offer spread of 3 is less than 10 points, any part of the remainder of the MOP order may be filled by an available offer if the price does not exceed the original display offer price plus the Tolerance Protection. As the MOP was submitted when the display offer was at $17.00, the Tolerance Protection level of $10.00 will be added to $17.00, and hence, any remainder of the MOP bid can be filled up to a price of $27.00. Accordingly, five of the remaining contracts on the MOP order can be filled by the resting $19.00 offer. As no other offers remain on the market, the final remaining MOP order for 5 contracts will be cancelled.

In the case of variable payout contracts, the maximum allowable spread between the displayed bid and offer (or between the floor and the offer or ceiling and bid in a one-sided market) in order to apply the Tolerance Protection level will initially be set by the Exchange at 4 points. If the bid/offer spread is equal to or less than 4 points, the MOP order or any remainder thereof, can be filled up to the maximum Tolerance Protection level from the original displayed market price. If the spread is greater than 4 points, the order cannot be filled and will be rejected. The following example demonstrates the function of the MOP order on a silver variable payout contract when a partial fill has occurred:

tick size	0.01
tick value	$1
price tolerance value	$3
	0.03
($3.00/$1.00)*.01 = 0.03	

BID		OFFER	
Size	Price	Price	Size
10	14.54	14.56	10
5	14.5	14.57	5

A trader submits a MOP order to buy 20 contracts at the current displayed market price, with a Tolerance Protection level of $3.00. The order is submitted by the trader and received by the Exchange when the bid is $14.54 and the offer is $14.56. The MOP bid is able to be partially filled for 10 contracts at the display price of $14.56, leaving a remainder of 10 contracts unfilled. At that point the Exchange calculates the spread between the available bid and offer on the market. In this case the bid of $14.54 is subtracted from the resting offer of $14.57, resulting in a spread of .03. Taking into account the tick size of 0.01, the bid/offer spread after the MOP was partially filled is 3 points. The maximum spread allowed for a MOP to be filled for a variable payout contract is 4 points, and hence, as the bid/offer spread of 3 is less than the maximum of 4 points, any part of the remainder of the MOP order may be filled by an available offer if the price does not exceed the original display offer price plus the Tolerance Protection. As the MOP was submitted when the display offer was at $14.56, the Tolerance Protection level of $0.03 (($3.00 Protection/$1.00 tick value)*0.01 tick size) will be added to $14.56, and hence, any remainder of the MOP bid can be filled up to a price of $14.59. Accordingly, five of the remaining contracts on the MOP order can be filled by the resting $14.57 offer. As no other offers remain on the market, the final remaining MOP order for 5 contracts will be cancelled.

Now take the scenario above for the silver variable payout spread, but rather than a resting offer of $14.57, assume the next resting offer after the first 10 contracts of the MOP order are filled is $14.59. In this case, in order to determine the maximum allowable bid/offer spread, the bid of $14.54 is subtracted from the resting offer of $14.59, resulting in a spread of .05. Taking into account the tick size of 0.01, the bid/offer spread after the MOP was partially filled is 5 points. The maximum spread allowed for a MOP to be filled for a variable payout contract is 4 points, and hence, as the bid/offer spread of 5 is greater than the maximum of 4 points, no remaining portion of the MOP order can be filled, and the remaining order will be cancelled.

This maximum allowable bid/offer spread on any binary or variable payout contract to which Tolerance Protection can be applied will be indicated on the Nadex website, and may be amended by the Exchange.

The Tolerance Protection level will be set at $10.00 for binary contracts, and $3.00 for variable payout contracts, and will not initially be adjustable. In the event Nadex changes the Tolerance Protection level(s), and/or provides the ability for the user to customize their Tolerance Protection, such changes will be indicated on the Nadex website.

Initially, the MOP orders will be available on the Nadex Pro platform and the iPhone® and Android™ mobile applications, although the ability to enter MOP orders on other Nadex platforms may be added in the future. Nadex Pro was launched in September 2014 and is an 'advanced' downloadable version of Nadex's browser-based trading platform. Nadex Pro and the mobile apps are available to all Nadex Members and are popular among traders familiar with Nadex's products or trading in general. As MOP orders are already commonplace in the industry, these traders will likely already be acquainted with the new order type.

MOP orders will be stored in SMARTS®, Nadex's surveillance system which also stores all quotes submitted to the Exchange. The orders will include an indicator code in order to identify the type of order the trader submitted. The order indicator type will also appear in the database, and will assist Nadex Customer Service staff when answering questions a trader may have regarding a transaction.

DCM Core Principle Compliance: MOP Orders

Nadex has identified the following Designated Contract Market ("DCM") Core Principles as potentially being impacted by the addition of MOP Orders: Core Principle 2 (Compliance with Rules: Real-time Market Monitoring and Ability to Obtain Information); Core Principle 4 (Prevention of Market Disruption: General Requirements, Trade Reconstruction); Core Principle 7 (Availability of General Information); Core Principle 10 (Trade Information: Audit Trail Required).

Core Principle 2 (Compliance with Rules: Real-time Market Monitoring and Ability to Obtain Information), implemented by regulations 38.157 and 38.159, require the DCM to conduct real-time market monitoring of all trading activity on its electronic trading platform to identify disorderly trading and any market or system anomalies, and to have the ability to obtain any necessary information to perform any function required by the Commission's regulations including to carry out international information-sharing agreements. Nadex uses the automated SMARTS® surveillance system to aid in the ongoing monitoring of all trading activity, and has the capability of detecting potential trade practice violations based on the parameters set by the DCM. This surveillance system monitors activity real-time and as with all activity on the Nadex market, day or night, the system will continue to monitor trade activity when the new order types are implemented. Orders will be identifiable by type in the SMARTS® system. Additionally, SMARTS® stores all activity on the Exchange, including unexecuted orders, and will continue to do so for the new order type. Nadex retains this data in accordance with its record keeping obligations as required by Commission regulation, and therefore will have the ability to obtain any necessary information within that recordkeeping period. Therefore, the addition of the new MOP order type will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principle 4 (Prevention of Market Disruption: General Requirements, Trade Reconstruction), implemented by regulations 38.251 and 38.256, require the DCM to monitor and evaluate general market data in order to detect and prevent manipulative activity, demonstrate an effective program for conducting real-time monitoring of market conditions, and comprehensively and accurately reconstruct daily trading activity for the purposes of detecting trading abuses. As stated above, Nadex uses the automated SMARTS® surveillance system to aid in the ongoing monitoring of all trading activity, and has the capability of detecting potential trade practice violations based on the parameters set by the DCM. Additionally, because all Exchange activity is stored in the SMARTS® system, Nadex is able to use this tool to comprehensively and accurately reconstruct daily trading activity. Therefore, the addition of the new MOP order type will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principle 7 (Availability of General Information), implemented by regulation 38.401, requires the DCM to ensure its Rulebook is accurate and available on its website. Nadex currently makes its Rulebook available on its website and will continue to do so after the new order type is added. Therefore, Nadex's ability to comply with this Core Principle will not be negatively impacted by the addition of the new order type.

Core Principle 10 (Trade Information: Audit Trail Required), implemented by regulation 38.551, requires the DCM to capture and retain all audit trail data necessary to detect, investigate, and prevent customer and market abuses. Such data must be sufficient to reconstruct all transactions within a reasonable period of time and to provide evidence of any violations of the Exchange Rules and permit the DCM to track a customer order from the time of receipt through fill, allocation, or other disposition, and must include both order and trade data. All data, including the new order type, is captured and stored in the SMARTS® system in order to retain a complete audit trail. Orders will be identified by order type, and will enable the Exchange to track a trader's order from the time it is submitted through its execution. Therefore, Nadex's ability to comply with this Core Principle will not be negatively impacted by the addition of the new order type.

DCO Core Principle Compliance: MOP Orders

Nadex has identified the following Derivatives Clearing Organization ("DCO") Core Principle as potentially being impacted by the addition of MOP Orders: Core Principle L (Public Information).

Core Principle L, implemented by regulation 39.21, requires the DCO to make its Rulebook readily available to the general public. Nadex currently makes its Rulebook available on its website and will continue to do so after the new order type is added. Therefore, Nadex's ability to comply with this Core Principle will not be negatively impacted.

In accordance with the 10-day review period set forth in Commission Regulation 40.6(b), Nadex plans to implement these Rule changes no earlier than September 23, 2015.

These Rule changes have been outlined in Exhibit A. The amendments to the Rulebook are set forth in Exhibit B. Any deletions are stricken out while the amendments and/or additions are underlined.

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

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

Nadex hereby certifies that a copy of these additions was posted on its website at the time of this filing.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0927 or by email at Jaime.walsh@nadex.com.

Sincerely,

Jaime Walsh
Legal Counsel

EXHIBIT A

Rule	Asset	Duration/Close Time	Action	Effective Date
1.1	Definitions	N/A	Add new order type Market Order With Protection and define Tolerance Protection	9/23/15
5.5	Order Entry	N/A	Clarify what must be included in an order	9/23/15

EXHIBIT B

Amendments of 1.1, 5.5

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

RULE 1.1 DEFINITIONS

When used in these Rules:

"Authorized Trader" means an individual employed by a Member who is authorized by that Member to have direct access to Nadex, provided the Member maintains supervisory authority over such individual's trading activities.

"Binary Contract" means the right to receive a fixed Settlement Value per contract, from Nadex on the Settlement Date dependent upon whether you are holding a long position or short position in a Binary Contract. If you are holding a long position in a Binary Contract, you have the right to receive a fixed Settlement Value from Nadex on the Settlement Date, if, and only if, the Binary Contract's Payout Criteria encompasses the Expiration Value at Expiration. Conversely, if you are holding a short position in a Binary Contract, you have the right to receive a fixed Settlement Value if, and only if, the Binary Contract's Payout Criteria does NOT encompass the Expiration Value at Expiration.

"Cap" means the maximum rate, level, amount, measure or other value of the Underlying of a Variable Payout Contract that may be the Expiration Value or the Closing Trade Value. If the actual rate, level, amount, measure, or other value of the Underlying meets or exceeds the Cap at Expiration, the Cap will be the Expiration Value.

"Class" means all Contracts of the same Type with the same Underlying.

"Closing Trade Value" means the rate, level, amount, measure, or other value of the Underlying of a Variable Payout Contract at which the Contract is closed in a Member's or Customer's account.

"Commodity Futures Trading Commission" or "Commission" means the Federal regulatory agency established by the Commodity Futures Trading act of 1974 to administer the Commodity Exchange Act.

"Contract" means a Variable Payout Contract or a Binary Contract.

"Correspondent Account" means an account as that term is defined in 31 CFR 1010.605(c).

"Customer" means a Commodity Customer, a Cleared Swap Customer, a FCM Member or a Trading member of Nadex, as the context requires. In this regard,

(i) "Commodity Customer" has the meaning set forth in Commission Regulation 1.3(k);

(ii) "Cleared Swap Customer" has the meaning set forth in Commission regulation 22.1;

(iii) "DCO Customer" has the same meaning as the definition "customer" set forth in Commission Regulation 190.01(l) and section 761(9) of the Bankruptcy Code and includes FCM Members and Trading Members of Nadex.

"Dollar Multiplier" means the monetary amount by which the rate, level, amount, measure, or other value of an Underlying of a Variable Payout Contract is multiplied to determine the Settlement Value.

"End Date" means the last day on which a delivery month will be used as the Underlying for Nadex contracts.

"Expiration" means the time on the Expiration Date established by these Rules at which a Contract expires and the Expiration Value of that Contract is determined.

"Expiration Date" means the date established by these Rules on which the Expiration Value of each Contract is determined.

"Expiration Value" means the rate, level, amount, measure, or other value of the Underlying at Expiration as calculated and/or published by the Source Agency.

"FCM Member" means any Member that is registered with the Commission as a Futures Commission Merchant and as a swap firm and is authorized by Nadex to intermediate orders of Commodity Customers or Cleared Swap Customers on the Market.

"Financial Institution" means a financial institution as that term is defined in 31 CFR 1010.100(t) that is required to comply with the regulations issued by the United States Department of Treasury under the Bank Secrecy Act including, but not limited to, the anti-money laundering program and customer identification program rules.

"Floor" means the minimum rate, level, amount, measure, or other value of the Underlying of a Variable Payout Contract that may be the Expiration Value or the Closing Trade Value. If the actual rate, level, amount, measure or other value of the Underlying meets or falls below the Floor on the Expiration Date, the Floor will be the Expiration Value.

"Foreign Bank" means a bank as that term is defined in 31 CFR 1010.100(u).

"Last Trading Day" means, for a particular Contract, the last date on which that Contract may be traded on the Market.

"Limit Order" means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex, at a specified price or better price if a better price is available. The following are permissible Nadex Limit Order types, although certain order types may only be available on particular platforms or to particular Member types:

> **"Fill or Kill Order" or "FOK"** is a Limit Order that will be cancelled if the Order cannot be immediately filled in its entirety.
>
> **"Immediate or Cancel Order" or "IOC"** is a Limit Order that can be filled in whole or in part, with any remaining quantity cancelled.
>
> **"Good 'Til Cancel Order" or "GTC"** is a Limit Order which will remain on the market until it is filled, cancelled, or the contract expires. Any remainder of a partially filled GTC Order will stay on the market until it is filled, cancelled, or the contract expires.
>
> **"Post-Only (Price Adjustment) Order"** is a Limit Order that will be cancelled by the Exchange in whole or in part to the extent that, at the time it is submitted to the Exchange, it would be immediately executable opposite another Post-Only Order; the Exchange will automatically submit an amended quotation for the unfilled balance of the cancelled Post-Only (Price Adjustment) Order at a price level that is adjusted (a) for Binary Contracts to four minimum tick increments, and (b) for Variable Payout Contracts to one minimum tick increment lower (for bids) or higher (for offers) than the price level of the existing opposite Post-Only Order.
>
> **"Post-Only (Reject) Order"** is a Limit Order that will be cancelled by the Exchange in whole or in part to the extent that, at the time it is submitted to the Exchange, it would be immediately executable opposite another Post-Only Order.

"Long Variable Payout Contract" means (i) the right to receive at the time the Contract is closed or on the Settlement Date any positive number resulting from subtracting the Opening Trade Value from (A) the Closing Trade Value, if the Variable Payout Contract was closed by an offsetting transaction before Expiration, or (B) the Expiration Value, if the Variable Payout Contract was held to Expiration, and then multiplying the resulting figure by the Dollar Multiplier and (ii) the obligation to pay at the time the contract is closed or on the Settlement Date any positive number resulting from subtracting from the Opening Trade Value (A) the Closing Trade Value, if the Variable Payout Contract was closed by an offsetting transaction before Expiration, or (B) the Expiration Value, if the Variable Payout Contract was held to Expiration, and then multiplying the resulting figure by the Dollar Multiplier.

"Market Order" means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex, at the market price. The following are permissible Nadex Market Order types, although certain order types may only be available on particular platforms or to particular Member types:

> **"Market Order With Protection" or "MOP"** is a Market Order that will attempt to fill, in whole or part, at the current displayed price or better, or within a pre-determined number of points (Tolerance Protection) worse than the specified display price. The remainder of any Market Order With Protection that cannot be immediately filled either at the current displayed price or better, or within the Tolerance Protection, will be cancelled.

"Market Maker" means a Member that is granted certain privileges in exchange for assuming certain responsibilities as set forth in Chapter 4 of these Rules for the purpose of creating liquidity for certain Classes of Contracts.

"Member" means a Person who is approved by Nadex to be a Trading Member or a FCM Member and who is bound by these Rules as they may be amended from time to time.

"Opening Trade Value" means the rate, level, amount, measure, or other value of the Underlying of a Variable Payout Contract at which the Contract is opened in a Member's account.

"Order" means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex in accordance with the requirements established by the Exchange.

"**Payout Criterion**" of a Contract means the Expiration Value or range of Expiration Values that will cause that Contract to pay a Settlement Value to the holder of a long position or the holder of a short position in such Contract. The holder of a long or short position in a Contract that receives a Settlement Value is considered to be "in-the-money" while the holder of either a long or short position in a Contract that does NOT receive a Settlement Value is considered to be "out-of-the-money".

"Person" means an individual, sole proprietorship, corporation, limited liability company, partnership, trust, or any other entity.

"Regulatory Agency" means any government body, including the Commission and Securities and Exchange Commission, and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, and includes Nadex, any other clearing organization or contract market, any national securities exchange or clearing agency, the National Futures Association ("NFA") and the Financial Industry Regulatory Authority ("FINRA").

"Series" means all Contracts of the same Class having identical terms, including Payout Criterion and Expiration Date.

"Settlement Date" means the date on which money is paid to the account of a Member who has the right to receive money pursuant to a Variable Payout Contract or Binary Contract held until Expiration, and on which money is paid from the account of a Member who is obligated to pay money pursuant to a Variable Payout Contract held until Expiration. Unless otherwise specified in these Rules, the Settlement Date is the same day as the Expiration Date.

"Settlement Value" means the amount paid to the holders of in-the-money Contracts. The minimum Settlement Value of a Binary Contract is $100. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

"Short Variable Payout Contract" means (i) the right to receive at the time the Contract is closed or on the Settlement Date any positive number resulting from subtracting from the Opening Trade Value (A) the Closing Trade Value, if the Variable Payout Contract was closed by an offsetting transaction before Expiration, or (B) the Expiration Value, if the Variable Payout Contract was held to Expiration, and then multiplying the resulting figure by the Dollar Multiplier and (ii) the obligation to pay at the time the Contract is closed or on the Settlement Date any positive number resulting from subtracting the Opening Trade Value from (A) the Closing Trade Value, if the Variable Payout Contract was closed by an offsetting transaction before Expiration, or (B) the Expiration Value, if the Variable Payout Contract was held to Expiration, then multiplying the resulting figure by the Dollar Multiplier.

"Source Agency" means the agency that publishes the Underlying economic indicator and/or Expiration Value for any Contract.

"**Speculative Position Limits," or "Position Limit"** means the maximum position, either net long or net short, in one Series or a combination of various Series of a particular Class that may be held or controlled by one Member as prescribed by Nadex and/or the Commission.

"Start Date" means the date on which a new delivery month will be used as the Underlying for Nadex contracts.

<u>**"Tolerance Protection"** means the defined number of points, expressed in terms of a dollar amount, away from the displayed market price that will be acceptable to fill a Market Order With Protection in whole or part, if the displayed market price or a better price is no longer available when the Exchange receives the Order.</u>

"**Trade Day**" means the regular trading session on any given calendar date and the evening session, if any, on the immediately preceding calendar date, as specified in Rule 5.11.

"Trading Member" means a Person who has been approved by Nadex to trade directly and not through a FCM Member on the Market, and does not include any FCM Member.

“Type” means the classification of a Contract as a Variable Payout Contract or a Binary Contract.

“Underlying” means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence the Expiration Value of which determines whether (and, in the case of a Variable Payout Contract, to what extent) a Contract is in-the-money.

“Variable Payout Contract” means a Long Variable Payout Contract and/or a Short Variable Payout Contract (such Variable Payout Contracts are also referred to as “Spread(s)” or “Narrow Spread(s)”).

“**12PM**” or “**12:00 PM**” means 12:00 Noon

RULES 1.2 – 5.4 [UNCHANGED]

RULE 5.5 ORDER ENTRY

(a) Trading Member Orders

(i)A Trading Member will enter orders to trade Contracts by electronic transmission over the Internet. A Trading Member may elect to enter into a FIX Connection agreement with Nadex, which will provide for specific FIX Connection fees, and if approved by Nadex, may submit orders over a FIX Connection in accordance with Nadex’s applicable policies and procedures. A Trading Member that is not acting as a market maker who elects to submit 40 orders via FIX Connection is limited to the submission of no more than one order per five seconds.

(ii) A Trading Member will enter an order to trade one or more Contracts by indicating to Nadex in the manner required by Nadex: (1) order direction (i.e., buy or sell); (2) order type (e.g., ~~limit order~~<u>Limit Order or Market Order</u>); (3) <u>duration of the order (e.g., Fill or Kill, Immediate or Cancel, Good ‘Til Cancel); (4)</u> the Series of Contract; ~~(4)~~<u>(5)</u> the limit price at which the Trading Member wants to buy or sell the Contract<u>, in the case of Limit Orders</u>; ~~and (5)~~ <u>(6)</u> the number of Contracts the Trading Member want to buy or sell<u>, and (7) the Tolerance Protection in the case of Market Orders With Protection</u>.

(iii) In order to enter an order to trade one or more Contracts, a Trading Member will be required to submit the order to Nadex. Once the order is accepted by Nadex, Nadex will assign to the order an order confirmation number. This confirmation number will appear next to the associated order on the Trading Member’s Order Ticket and Order History account pages. The Trading Member will be responsible for any and all order entries confirmed for its account and accepted by Nadex.

(b) FCM Customer Orders

(i)A FCM Customer may not submit orders directly to the Exchange and all such order must be submitted by that Customer's FCM Member.

(ii)FCM Members may submit FCM Customer Orders by electronic transmission over a FIX Connection, in accordance with Nadex's applicable policies and procedures.

(iii)FCM Members will submit a FCM Customer Order to trade one or more Contracts by indicating to Nadex in the manner required by Nadex: (1) order direction (i.e., buy or sell); (2) order type (e.g., ~~limit order~~Limit Order or Market Order); (3) duration of the order (e.g., Fill or Kill, Immediate or Cancel, Good 'Til Cancel); (4) the Series of Contract; ~~(4)~~(5) the limit price at which the FCM Customer wants to buy or sell the Contract, in the case of Limit Orders; ~~(5)~~ (6) the number of Contracts the FCM Customer wants to buy or sell; ~~(6)~~(7) the Tolerance Protection in the case of Market Orders With Protection; ~~(7)~~(8) the FCM Customer Position Account identifier; and ~~(7)~~(8) the user identifier for the person who directed the submission of the order to the Exchange.

(iv)Upon receipt of a FCM Customer Order to trade one or more Contracts, a FCM Member will be required to ensure that the FCM Customer has on deposit with the FCM Member enough funds to cover the FCM Customer's maximum loss under the Contract(s) it is attempting to enter into before the order is submitted to Nadex. When the order has been submitted to and accepted by Nadex, Nadex will assign to the order an order confirmation number. This confirmation number will appear next to the associated order on the FCM Member's Order and Order History account pages. The FCM Member will be responsible for any and all order entries confirmed for its FCM Customer Position Accounts and its settlement accounts and accepted by Nadex.

(c) Nadex's trading system will keep an electronic record of all orders to trade Contracts, and all executed Contract trades. The records kept by Nadex will include all of the terms identified in 41 paragraphs (a)(ii) – (iii) and (b)(iii) – (iv) of this Rule as well as the date and time that the transaction was completed to the nearest tenth of a second, for all executed Contract trades and to the nearest second for all orders to trade Contracts.

RULES 5.6 – 12.78 [UNCHANGED]

End of Rulebook.

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