



August 5, 2016

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 Amends Minimum Initial Deposit Amount, Amends Language Regarding non-US Resident Bank Account Transactions, and Amends Fed Funds Settlement Procedures - Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, North American Derivatives Exchange, Inc. (“Nadex”) hereby submits to the Commission its intent to amend the minimum initial deposit amount an approved applicant must make to become a Nadex Trading Member from \$100 to \$250. Nadex is also amending language in its Rule 3.1 regarding the transfer of funds between the Nadex settlement account and a non-US resident’s foreign bank account, and is amending the settlement process for its Fed Funds Rate binary contracts. This submission would be effective on August 22, 2016, and the changes would be implemented for the open of business on August 29, 2016.

The minimum initial deposit amount in order to become a Nadex Member has remained at \$100 since the Exchange opened under new ownership in 2008. At this time, the Exchange was significantly smaller, binary options were not well-known, and the Exchange’s client base

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

20160805(2)

was for the most part inexperienced and interested in trading fewer contracts. Since that time the Exchange has grown significantly, and its Members have shown an interest in education to develop their understanding of the contracts offered and develop strategies to gain a more positive trading experience in the live environment. Given that the total value of a single binary contract is \$100, requiring an initial deposit of the same amount often provides the Member with the ability to enter only one or two trades. Increasing the minimum deposit amount to \$250 would enable the new Member to make additional trades which will offer a better understanding of the contracts, with a greater likelihood of a positive experience. Additionally, the slight increase to \$250 is still in line with the types of clients Nadex caters to, retail traders, and should not pose a significant barrier to membership. Furthermore, as there are no trade size or required number of transactions, and Nadex's withdrawal requirements will not change, the Member may choose to stop trading at any time and withdraw any remaining balance.

Additionally, Nadex is amending the language in its Rule 3.1(a)(i)(2) regarding the transfer of funds between the Nadex settlement account, and a non-US resident Member using an account at a foreign bank. Currently, the Rule states that a Trading Member using a foreign bank to fund the Member's Nadex account at the Nadex settlement bank will do so by way of a correspondent account. While wire transfer deposits/withdrawals between a non-US resident Member's Nadex account and foreign bank will normally transfer through a correspondent account, a deposit made from a foreign bank by use of a debit card may involve a third party card payment processor. Amending the language will account for the processing of payments by methods other than a wire transfer.

Finally, Nadex is clarifying its settlement procedures for its Federal Funds Rate Binary contracts to account for a possible scenario where the announced rate falls within the range between the top of the low strike and below the bottom of the high strike. In such situation, the contract will settle at the middle strike value.

Compliance with Core Principles Amendment of Minimum Initial Deposit and Amended Language Regarding Funds Transfers

Nadex has identified the following Designated Contract Market Core Principle and regulation as potentially being affected by these amendments: Core Principle 2 ("Compliance with Rules") implemented by Regulation 38.151 ("Access Requirements"); Core Principle 7 implemented by Regulation 38.401 ("General Requirements"). Specifically, section (b)(2) requires the DCM to provide impartial access to its markets and services including comparable fee structures for members. The amended minimum deposit amount would apply uniformly for all new approved applicants making an initial deposit. Subsection (3)(d) of Regulation 38.401 requires the DCM to make its Rulebook available to the public on its website and to ensure the Rulebook is accurate. The Rulebook contains the requirements to become an Exchange Member in Rule 3.1, and subsection (b) specifically identifies the minimum initial deposit amount one must make in order to become a Member. Additionally, this Rule describes the means by which

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

funds can be transferred from a non-US Member's foreign bank account to the Member's Nadex account. The purpose of the amendment to this language is to more accurately describe the process by which certain funds are transferred, such as by debit card. This Rule will be updated and the Rulebook will continue to be posted on the Nadex website. Accordingly, the changes discussed herein will not have a negative impact on Nadex's ability to comply with these Core Principles.

Additionally, Nadex has identified the following Derivatives Clearing Organization Core Principle and regulation as potentially being impacted by these amendments: Core Principle C implemented by Regulation 39.12 ("Participant and Product Eligibility"); Core Principle L implemented by Regulation 39.21 ("Public Information"). Core Principle C requires the DCO establish appropriate admission and continuing participation requirements for clearing members of the derivatives clearing organization that are objective, publicly disclosed, and risk-based, and states that a DCO shall not set a minimum capital requirement of more than \$50 million. Amending the minimum balance amount from \$100 to \$250 will clearly not violate the Principle with respect to the minimum capital required for a person seeking to become a clearing member. The minimum initial amount will be publicly disclosed, and is appropriate in light of the retail nature of Nadex's Members, and the size of the contracts it offers. Core Principle L requires, among other things, that DCOs disclose sufficient information to enable market participants to identify and evaluate accurately the costs associated with using the services of the DCO, including the clearing and other fees that the DCO charges its members. As previously indicated, the Nadex Rulebook which sets forth the requirements for Membership, including the minimum initial deposit amount, will be updated to reflect the amended minimum and will continue to be posted on the Nadex website. The Nadex Fee Schedule also identifies the minimum initial deposit required to become a Trading Member, and that Schedule will be updated and continued to be posted on the Nadex website as well. Additionally, the updated language regarding the transfer of funds from a foreign bank account to Nadex's settlement account will be reflected in the Rulebook which is made available on the website. Accordingly, the changes discussed herein will not have a negative impact on Nadex's ability to comply with these Core Principles.

Compliance with Core Principles Amendment of Fed Funds Rate Settlement Procedures

Nadex has identified the following DCM Core Principles as potentially being impacted by the clarification in settlement procedures for its Federal Funds Rate binary contracts: Core Principle 7 implemented by Regulation 38.401 ("Availability of General Information"); Core Principle 8 implemented by Regulation 38.451 ("Daily Publication of Trading Information"). These Principles require the DCM to make available to the public accurate information regarding the contract terms and conditions, as well as daily information on contracts including settlement price. Nadex makes available on its website the Exchange Rulebook, as well as the Daily Bulletin which contains the preceding information. The Results page on the website also publishes the Expiration Value and Settlement Value for all Nadex contracts settled during that

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

week. The amended Contract specifications for the Federal Funds Rate Binary contracts will be set forth in the Rulebook and linked on the Nadex website. Daily settlement prices, volume, open interest, and opening and closing ranges for the Federal Funds Rate contracts will be included on the Daily Bulletin and posted on the Nadex website. Therefore, the amendment to the settlement procedures for the Federal Funds Rate Binary contracts will not negatively impact Nadex's ability to comply with these Core Principles.

Nadex has identified the following DCO Core Principles as potentially being impacted by the clarification in settlement procedures for its Federal Funds Rate binary contracts: Core Principle E implemented by Regulation 39.14 ("Settlement Procedures"); Core Principle L implemented by Regulation 39.21 ("Public Information"). Core Principle E, as implemented by Regulation 39.14, requires the DCO to effect a settled at least one each business day. Nadex sets forth its procedure for settling its Federal Funds Rate Binary contracts in Rule 12.76. Given the current language of the Rule, there is the possibility for confusion as to the proper expiration value of the contract in the event the announced rate fell in the range between the top of the low strike and below the bottom of the high strike. In order to clarify the settlement procedure in such an event, Nadex is amending its Rule 12.76 to specify that if the announced rate fell between the low and high strikes, the contract would settle at the middle strike. Core Principle L requires the DCO to make information concerning the terms and conditions of each contract publicly available. The terms of the Fed Funds contracts are set forth in the Nadex Rules which is made available on the Nadex website, and will continue to be available after the amendment discussed herein is made. As Nadex will continue to effect a settlement price for the Federal Funds Rate Binary contracts on the expiration date, and because the amendments to this Rule merely clarify the settlement process for this contract and will be made available to the Public in the Rulebook on the Nadex website, the amendments discussed herein will not negatively affect Nadex's ability to comply with this Core Principle.

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

Nadex hereby certifies that the additions contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder. No substantive opposing views were expressed to Nadex with respect to any of these actions.

In accordance with the 10-day review period set forth in Commission Regulation 40.6(b), this submission will be effective August 22, 2016. The specific changes discussed herein will be implemented for the open of business on August 29, 2016.

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

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

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,

A handwritten signature in blue ink, appearing to read "Jaime Walsh", is positioned above the typed name.

Jaime Walsh
Legal Counsel

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

20160805(2)

EXHIBIT A

Rule	Asset	Duration/Close Time	Action	Effective Date
3.1	Trading Members – Applications, Classifications, and Privileges	N/A	Amend language regarding funds transfers; amend minimum deposit amount	8/22/16
12.76	Federal Funds Binary Contracts	All	Clarify settlement procedure	8/22/16

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

EXHIBIT B

Amendment of Rules 3.1, 12.76

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

RULES 1.1 – 2.10 [UNCHANGED]

RULE 3.1 TRADING MEMBERS - APPLICATIONS, CLASSIFICATIONS, AND PRIVILEGES

(a) To be eligible to become a Trading Member:

(i) An applicant who is an individual, must:

1) provide Nadex with any information or documentation Nadex deems necessary in order to verify the applicant's identity, perform a criminal background check, or otherwise review information provided on an Application for Membership or by a third party provider¹;

2) have an account or accounts in the Trading Member's name with a US Financial Institution that the Trading Member will use to fund its Nadex account at the Nadex settlement bank, and to receive funds from its Nadex account, or, if the Trading Member is a non-United States resident, have an account or accounts in the Trading Member's name with either a US Financial Institution or a Foreign Bank capable of transacting with Nadex's settlement bank either directly, through a Correspondent Account, or other acceptable intermediary that the Trading Member will use to fund its Nadex account at the Nadex settlement bank, ~~through a Correspondent Account~~, and to receive funds from its Nadex account via one of the acceptable methods as stated on the Nadex website²; and

3) certify that

¹ Required documentation may vary depending on the applicant's residential location. Specific residential locations from which Nadex may accept applications for Membership will be identified on the Nadex Membership application.

² All funds deposited into the Trading Member's Nadex account at the Nadex settlement bank shall be in U.S. dollars. All withdrawal payments from the Trading Member's Nadex account will also be made in U.S. dollars.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

(A) the applicant is old enough to enter into a legally enforceable contract and has reached the required age as stated on the Membership Agreement;

(B) the applicant has read and understands the Nadex Risk Disclosure Statement and Membership Agreement;

(C) the applicant agrees to be bound by these Rules; and

(D) the applicant will trade only for itself and will not trade as an intermediary for any other person or entity.

(ii) An applicant that is an entity must

(1) be organized in the United States;

(2) provide Nadex with a valid Taxpayer Identification Number;

(3) provide Nadex with a valid Legal entity Identifier as described in Commission Regulation §45.6;

(4) have an account or accounts in the Trading Member's name with a Financial Institution that the Trading Member will use to fund its Nadex account at the Nadex settlement bank, and to receive funds from its Nadex account, via one of the acceptable methods as stated on the Nadex website; and

(5) designate Authorized Trader(s) to trade its account and agree that such Authorized Trader(s) will trade only for it and will not trade for him/herself or as an intermediary for any other entity or person;

(6) designate at least one officer who is responsible for supervising all activities of its employees relating to transactions effected on Nadex or subject to Nadex Rules and provide any information Nadex may request regarding such officer(s);

(7) agree to be bound by these Rules; and

(8) certify that

(A) the applicant is validly organized, in good standing, in the United States;

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

(B) the applicant is authorized by its governing body and, if relevant, documents of organization, to trade commodities, swaps, futures and options contracts, and

(C) the applicant has read and understands the Nadex Risk Disclosure Statement and Membership Agreement.

(b) In order to become a Trading Member, an applicant who is an individual must complete and submit the Nadex on-line membership application, provide Nadex with any other information Nadex may request, and fund its Nadex account by transferring to the appropriate segregated Cleared Swap Proprietary Account at Nadex's settlement bank an initial deposit of no less than ~~\$100~~ \$250 in funds from its account at a Financial Institution. An applicant who is an entity must complete an Account Certification, Membership Agreement, and W-9, which collectively shall constitute the membership application, provide Nadex with any other information Nadex may request, and fund its Nadex account by transferring to the appropriate segregated Cleared Swap Proprietary Account at Nadex's settlement bank an initial deposit of no less than ~~\$100~~ \$250 in funds from its account at a Financial Institution. All funds deposited by Trading Members shall constitute "Member Property" in accordance with CFTC Regulations.

(c) Submission of a membership application to Nadex constitutes the applicant's agreement to be bound by these Rules and other policies of Nadex.

(d) If an application is approved by Nadex and the Nadex settlement bank confirms to Nadex that the applicant has deposited with it the funds required in paragraph (b) of this Rule, the applicant will be a Trading Member of Nadex and will have the following privileges, which Nadex may revoke, amend, or expand in accordance with, or by amending, these Rules:

- (i) to maintain a Nadex account;
- (ii) to buy Contracts on the Market using the funds in its Nadex account;
- (iii) to sell Contracts on the Market using the funds in its Nadex account;
- (iv) to view "real-time" the same best bids to buy and offers to sell the Contracts traded on the Market as are available to all other Members;
- (v) to receive access to the Market via the FIX Gateway (Internet), provided the Trading Member executes a Nadex FIX Connection Agreement, agrees to pay any and all trading and other fees or charges incurred for such access and complies with any requirements or restrictions established by Nadex in connection with such access;
- (vi) to view the current trading volume and open interest for the Contracts traded on the Market; and

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

(vii) to view all non-secure parts of the Nadex website, including these Rules, and descriptions of Contracts traded on the Market as well as all secure parts of the Nadex website outlined above in Rule 3.1(d)(i) – (vi).

(e) Nadex may in its sole discretion approve, deny, or condition any Member application as Nadex deems necessary or appropriate.

(f) A Trading Member that is an individual, may not maintain and/or trade more than one Nadex account. The Authorized Trader(s) of a Trading Member that is an entity, may not maintain a separate Nadex account and/or trade any Nadex account other than that entity's account.

RULES 3.2 – 12.75 [UNCHANGED]

RULE 12.76 FEDERAL FUNDS BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Federal Funds Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Target Federal Funds Rate last reported by the Source Agency.

(c) SOURCE AGENCY – The Source Agency is the Federal Open Market Committee of the Federal Reserve (the “FOMC”).

(d) TYPE – The type of Contract is a Binary Contract.

(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no sooner than 10 business days prior to the first day of the next scheduled FOMC meeting.

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Federal Funds Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) OPEN FEDERAL FUNDS BINARY CONTRACTS

(1) At the commencement of trading in a Federal Funds Binary Contract, Nadex shall list all eligible Payout Criteria in a range of three (3) consecutive increments of .25% with the maximum value of the Payout Criteria not to exceed 10% and the minimum value of the Payout Criteria not to fall below zero (0). For example, Nadex may list the following range of Payout Criteria: 0.25%, 0.50%, and 0.75%. For the following release, Nadex may list the following range of Payout Criteria: 1.00%, 1.25%, and 1.50%. The payout criteria will be as follows:

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

(2) Binary Contract 1: One Contract will have a Payout Criterion less than or equal to X1.

(3) Binary Contract 2: One Contract will have a Payout Criterion of equal to X2.

(4) Binary Contract 3: One Contract will have a Payout Criterion of greater than or equal to X3.

(5) In each case above, "X1" equals the first Payout Criteria listed, "X2" equals the second Payout Criteria listed, and "X3" equals the third Payout Criteria listed. ~~In the first example above, X1 is 0.25%, X2 is 0.50%, and X3 is 0.75%.~~

(6) In the event the Target Federal Funds Rate released by the Source Agency falls within the range above X1, and below X3, the contract will settle at X2.

(ii) Nadex may list additional Federal Funds Rate Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK - The Minimum Tick size for Federal Funds Rate Binary Contracts shall be \$0.25.

(g) REPORTING LEVELS - The Special Account Level for Federal Funds Rate Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the Federal Funds Rate Binary Contracts shall be 50 Contracts.

(h) POSITION LIMIT – There are currently no Position Limits for the Federal Funds Rate Binary Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the business date prior to the first day of the scheduled FOMC meeting at the time the contract is listed. The Federal Funds Contracts will stop trading at the end of the trade day on the Last Trading Date. No trading in a Federal Funds Rate Binary Contract may occur after its Last Trading Date.

(j) SETTLEMENT DATE – The Settlement Date for each Series will be the last business day of the scheduled FOMC meeting and the Target Federal Funds Rate data release by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the FOMC meeting is scheduled to release the FOMC number (whether such number is actually released or not).

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value for Federal Funds Rate Binary Contracts is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the last announced level of the Target Federal Funds Rate by the Source Agency on the Expiration Date. If the level is announced as a range between X and Y %, Nadex will use the upper value of the range, Y%, as the expiration value. For example, if the Target Federal Funds Rate is announced as “0% to 0.25%”, the expiration value used by Nadex will be 0.25%. If the level announced would result in a settlement between the top of the low strike and below the bottom of the high strike, the expiration value used by Nadex will be equal to the middle strike value.

(n) CONTINGENCIES – If no level is actually announced by the Source Agency on the Expiration Date (because the FOMC meeting is unexpectedly delayed, postponed, or otherwise) the previously announced level (which is the last announced level on the Expiration Date) will be used. Expiration and settlement will not be delayed if the level scheduled to be announced is not actually announced.

RULES 12.77- 12.78 [UNCHANGED]

The remainder of this page has intentionally been left blank.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

20160805(2)

EXHIBIT C

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

20160805(2)

NADEX FEE SCHEDULE

DIRECT TRADING MEMBERS

Membership Fee:

- Nadex does not charge a Membership fee to join the Exchange.

Initial Deposit:

- Direct Trading Members are required to make an initial deposit of at least ~~\$100~~\$250; no minimum balance is required thereafter.

Transaction Fees:

Nadex charges no fee for orders placed, cancelled or amended.

Direct Trading Members REGISTERED ON OR AFTER AUGUST 18, 2011* incur an Exchange trading fee per contract per side for each contract executed based on order size according to the following schedule

- \$0.90 for each lot traded from 1 up to and including 10 lots;
- An additional \$0.00 for each lot over 10 lots.

Direct Trading Members REGISTERED ON OR BEFORE AUGUST 17, 2011* incur an Exchange trading fee of \$1.00 per contract per side for each trade executed on Nadex; on orders of 7 contracts or more, trading fees in connection with the execution of that order are capped at \$7.00.

Settlement Fees:

Nadex charges no fee for contracts that settle out-of-the-money.

Direct Trading Members REGISTERED ON OR AFTER AUGUST 18, 2011* incur an Exchange settlement fee per contract per side for each contract that settles in-the-money based on the position size at expiration according to the following schedule:

- \$0.90 for each lot settled in-the-money from 1 up to and including 10 lots,
- an additional \$0.00 for each lot settled in-the-money over 10 lots.

If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Direct Trading Members REGISTERED ON OR BEFORE AUGUST 17, 2011* incur an Exchange settlement fee of \$1.00 per contract per side for each contract that settles in-the-money (note that positions that settle with a payout of less than \$1.00 are not charged a settlement fee).

API Connection:

With the exception of approved Market Makers, Direct Trading Members connecting via API incur a FIX connection fee of \$500 for Market Data Only, and \$500 each for Order Entry and Market Data (\$1,000 total). This connection fee is due prior to connection to the User Acceptance Testing ("UAT") environment.

If the API connection of a Direct Trading Member is terminated and that Direct Trading Member seeks to reconnect via API, the same connection fees apply.

The \$500 FIX connection fee for Order Entry is eligible to be rebated, provided the Direct Trading Member meets or exceeds the minimum volume expectation of 200 trades, in any one month period, within the first three months from the date of connection to the Nadex production environment. The \$500 FIX connection fee for Market Data is not eligible to be rebated, regardless of whether the connection is for Market Data Only or coupled with an Order Entry connection.

In addition to the initial connection fee, a Direct Trading Member who connects to the Exchange over the Internet via VPN will be charged a nonrefundable monthly fee of \$1,000. A Direct Trading Member who connects to the Exchange over the Internet via SSL will not incur a monthly fee.

Approved Market Makers will not be charged the FIX connection fee or monthly fee for connection to the Exchange by FIX gateway(s).

Automated Trading via API Connection:

Automated trading by Trading Members via API connection incurs a Exchange trading fee of \$1.50 per contract per side for each trade executed.

Settlements in connection with automated trading by Trading Members via API connection incur an Exchange settlement fee of \$1.00 per contract per side for each contract that settles in-the-money. If the per-contract payout is greater than \$0, but the total fee to be charged for the net position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout)**.

Settlements in connection with automated trading by Trading Members via API connection incur no fee for contracts that settle out-of-the-money.

The placement, cancellation or amendment of orders in connection with automated trading by Trading Members via API connection incurs no fee.

Nadex provides a volume-based rebate of transaction fees to Direct Trading Members connecting via API based on the number of Bull Spread Contracts traded during any one-month period (first trading day of a calendar month through the last trading day of that month) according to the following schedule:

- 5,000 or fewer Bull Spread lots traded in a one-month period = no rebate for that month;
- 5,001 to 10,000 Bull Spread lots traded in a one-month period = 33% rebate on the Direct Trading Member's total fees (trade fees plus settlement fees) for Bull Spreads traded during that month;
- More than 10,000 Bull Spread lots traded in a one-month period = 50% rebate on the Direct Trading Member's total fees (trade fees plus settlement fees) for Bull Spreads traded during that month.

Nadex does not provide a volume-based rebate of transaction fees to Direct Trading Members connecting via API for Binary Contracts traded.

FCM MEMBERS

Membership Fee:

- Nadex does not charge a FCM Membership fee to join the Exchange.

Minimum Balance:

- FCM Members are required to make an initial deposit of at least \$100,000 and to maintain a minimum balance of uncommitted funds of \$50,000.

Transaction Fees:

Nadex charges no fee for orders placed, cancelled or amended.

FCM Members incur an Exchange trading fee per contract per side for each contract executed based on order size according to the following schedule:

- \$0.35 for each lot traded from 1 up to and including 10 lots;
- \$0.00 for each lot traded over 10.

Settlement Fees:

FCM Members incur an Exchange settlement fee per contract per side for each contract that settles in-the-money based on the position size at expiration according to the following schedule:

- \$0.35 for each lot settled in-the-money.

If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Nadex charges no fee for contracts that settle out-of-the-money.

* Members who have registered on or before August 17, 2011 may opt for the new fee schedule by contacting the Exchange.

** API trading and settlement fees for direct Trading Members with API connections apply to all activity by that Member, regardless of whether a particular order is submitted via API Connection, platform, or mobile device.

MARKET MAKERS

Membership Fee:

- Nadex does not charge Market Makers a membership fee.

Minimum Balance:

- Market Makers are required to make an initial deposit of at least \$500,000 and to maintain a minimum balance of uncommitted funds of \$250,000 to collateralize the trades executed on Nadex.

Transaction Fees*:

Nadex charges no fee for Market Maker orders placed, cancelled or amended.

Nadex charges its non-intermediated Market Makers an Exchange trading fee of \$0.50 per contract per side for each trade executed on Nadex.

Settlement Fees*:

Nadex charges its non-intermediated Market Makers an Exchange settlement fee of \$0.50 per contract per side for each contract that settles in-the-money. If the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Nadex charges no fee for contracts that settle out-of-the-money.

SYSTEM PROVIDERS

Nadex is interested in discussing partnership opportunities with systems providers.

Anyone interested in becoming a Nadex FCM Member or market maker or pursuing a partnership as a systems provider should contact us.

* Rates apply to Post-Only orders. Non-Post-Only orders submitted by Market Maker will be charged trading and settlement fees at the Direct Member API rate set forth herein, regardless of whether the orders are submitted via API Connection, platform, or mobile device. Any necessary balance adjustment as the result of executed non-Post-Only orders shall be made on a monthly basis. Any amount owed by Market Maker as the result of the balance adjustment due to executed non-Post-Only orders may be debited from the Market Maker's cash account at Nadex.

NADEX FEE SCHEDULE CHART 1:
DIRECT MEMBERS AND FCM MEMBERS
REGISTERED ON OR BEFORE AUGUST 17, 2011

TRADING FEES

Direct Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-7	\$1.00
Lots 7 and above	\$ 0.00 (i.e., \$7.00 capped)

FCM Member Exchange Trading Fees

Lots Traded	Fees Per Side
All lots traded	\$0.35

Direct Trading Member Connecting via API Trading Fees*

Lots Traded	Fees Per Side
All lots traded	\$1.50

SETTLEMENT FEES

Direct Member Settlement Fees**

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

FCM Member Settlement Fees**

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$0.35

Direct Trading Member Connecting via API Settlement Fees**

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

REBATES

Direct Trading Member Connecting via API Rebates***

Bull Spread Lots Traded per Calendar Month (first trading day of the month through last trading day of the month)	Rebate on total fees (trading fees plus settlement fees) for that month
Less than 5,000 Bull Spreads lots traded	0%
5,001 < Bull Spread Lots traded < 10,000	33%
More than 10,000 Bull Spread lots traded	50%

* API trading and settlement fees for direct Trading Members with API connections apply to all activity by that Member, regardless of whether a particular order is submitted via API Connection, platform, or mobile device.

** Note that positions that settle with a payout of less than \$1.00 for Direct Trading Members, and less than \$0.35 for FCM Members, are not charged a settlement fee.

*** There are no rebates to Direct Trading Members connecting via API for Binary Contracts traded.

NADEX FEE SCHEDULE CHART 2:
DIRECT MEMBERS AND FCM MEMBERS
REGISTERED ON OR AFTER AUGUST 18, 2011*

TRADING FEES

Direct Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-10	\$0.90
Lots 11 and above	\$ 0.00 (i.e., \$9.00 capped)

FCM Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-10	\$0.35
Lots 11 and above	\$0.00 (i.e., \$3.50 capped)

Direct Trading Member Connecting via API Trading Fees**

Lots Traded	Fees Per Side
All lots traded	\$1.50

SETTLEMENT FEES

Direct Member Settlement Fees***

Lots Settled in-the-money	Fees Per Side
Lots 1-10	\$0.90
Lots 11 and above	\$ 0.00 (i.e., \$9.00 capped)

FCM Member Settlement Fees***

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$0.35

Direct Trading Member Connecting via API Settlement Fees***

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

REBATES

Direct Trading Member Connecting via API Rebates****

Bull Spread Lots Traded per Calendar Month (first trading day of the month through last trading day of the month)	Rebate on total fees (trading fees plus settlement fees) for that month
Less than 5,000 Bull Spreads lots traded	0%
5,001 < Bull Spread Lots traded < 10,000	33%
More than 10,000 Bull Spread lots traded	50%

* Members who have registered on or before August 17, 2011 may opt for the new fee schedule by contacting the Exchange.

** API trading and settlement fees for direct Trading Members with API connections apply to all activity by that Member, regardless of whether a particular order is submitted via API Connection, platform, or mobile device.

*** If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

**** There are no rebates to Direct Trading Members connecting via API for Binary Contracts traded.