

North American Derivatives Exchange Emergency Action

Per North American Derivatives Exchange Rule 2.4, the undersigned two members of the Management Team have authorized the adoption of a temporary emergency rule to address the emergency following emergency:

Indicate the type of emergency being addressed (as listed in Rule 2.4(c)) (check appropriate):

- (i) any activity that manipulates or attempts to manipulate the Market;
- (ii) any actual, attempted, or threatened corner, squeeze, or undue concentration of positions;
- (iii) any circumstance that may materially affect the performance of the Contracts traded on, Nadex;
- (iv) any action taken by the United States, any foreign government, any state or local governmental body, any other contract market or board of trade, or any other exchange, market, facility, or trade association (foreign or domestic) that may have a direct impact on trading on Nadex;
- (v) any circumstances that may have a severe, adverse impact upon the physical functions of Nadex including, for example, natural disasters such as fire or flood, terrorist acts such as bomb threats, physical plant breakdowns such as plumbing, heating, or air conditioning problems, system breakdowns such as power, telephony, cable, trading systems, or computer systems failures or interruptions to communications, the network, or the Internet;
- (vi) the imposition of any injunction or other restraint by any government agency, court, or arbitrator that may affect the ability of a Member to perform on Contracts;
- (vii) any circumstance in which it appears that a Nadex Member or any other person is in such operational condition, or is conducting business in such a manner, that such person cannot be permitted to continue in business without jeopardizing the safety of Nadex Members or Nadex itself; and
- (viii) any other unusual, unforeseeable, and adverse circumstance which, in the opinion of the governing board, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to Contracts traded on Nadex.

The reason for the emergency action is: On trade date October 7, 2016, as a result of the decline in the value of the GBP, the underlying foreign currency GBP/USD market upon which the Nadex GBP/USD contracts are based experienced greater than usual volatility.

The Nadex Rules for its foreign currency contracts state that the data set used in the expiration value is calculated is the last ten underlying midpoint prices between the bid/ask spread, ten pips wide or less, just prior to the close of the Nadex contract. Due to the underlying market volatility, the time it took to collect 10 bid/ask spreads ten pips wide or less for the 5-Minute Intraday GBP/USD Binary contracts with expirations occurring from 7:15pm ET through 7:35pm ET exceeded the exchange set cut-off time to gather the data set. Accordingly, in order to provide a more accurate settlement price, rather than collecting bid/ask spreads several minutes prior to expiration of the contract, Nadex widened the acceptable bid/ask spread used during the settlement calculation process for the affected contracts. For 5-Minute GBP/USD contracts that expired at 7:15pm and 7:20pm ET, the acceptable bid/ask spread used to determine the midpoint was

expanded to 50 pips. For those 5-Minute GBP/USD contracts that expired at 7:25pm, 7:30pm, and 7:35pm ET, the acceptable bid/ask spread used to determine the midpoint was expanded to 20 pips.

By:  _____

Title: Chief Operating Officer

By:  _____

Title: Chief Financial Officer

Date: October 7, 2016