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March 28, 2014

Via E-Mail: submissions@cftc.gov

Ms. Melissa Jurgens
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 Rule Amendments: Nadex Clarifies Market Maker Permissible Order Types, Fee Schedule to Account for Market Maker Balance Adjustment Resulting from Executed non-Post-Only Orders and API Fees – Submission Pursuant to Commission Regulation §40.6(a)

Dear Ms. Jurgens:

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 amend the language in its Rules 4.4 (Market Maker Obligations) and 5.10 (Acceptable Orders) to clarify permissible order types for Market Makers, to amend its Fee Schedule to allow for debit adjustments to Market Maker accounts for fee adjustments and to clarify API fees for Nadex Trading Members.

Currently, duly appointed Market Makers generally submit quotations as “Post-Only orders”, which are not able to be executed opposite another Market Maker. Market Makers are, however, permitted to submit non-Post-Only orders (a traditional limit order) in lieu of Post-Only orders in the event that the Market Maker has built a position size equal to or greater than 90% of any applicable position limit in a particular Class or Contract until the Market Maker’s position in such Class or Contract has been reduced to 75% of the applicable position limit. Amendments set forth herein are intended to clarify that a Market Maker may also submit non-Post-Only orders in any market at any time, including markets in which that Market Maker is appointed, provided the Market Maker continues to meet its obligations to continuously quote a two-sided market under the Market Maker Agreement and the Rules. The ability to submit limit orders that are actionable opposite all market participants including other Market Makers provides a Market Maker with a greater ability to manage its risk exposure in those contracts in which it is making a market. Moreover, just like any other Trading Member, an appointed Market Maker may take advantage of trading opportunities outside of that Market Maker’s Designated Classes and/or defined hours. Accordingly, Nadex intends to amend the terms of Rules 4.4 and 5.10 to clarify a Market Maker’s the ability to submit non-Post-Only orders. In this regard, while executed Post-

Only orders are charged the applicable Market Maker trading and settlement fees of \$.50, executed non-Post-Only orders will be charged the rate applicable to any Direct Member who is trading via API Connection (currently, such activity incurs an uncapped \$1.50 trading and \$1.00 settlement fee).

Additionally, Nadex is amending its Fee Schedule to make clear Nadex's right to debit a Market Maker's account for additional fees incurred with respect to non-Post-Only orders. As previously noted, executed non-Post-Only orders will be charged in accordance with the Direct Member API rate. Any additional fees incurred by Market Makers at the higher Direct Member API rate will be assessed by Nadex on a monthly basis and may then be debited from the Market Maker's account.

Finally, Nadex is amending its Fee Schedule to clarify that any Member, including but not limited to Market Makers, who signs a Nadex FIX Connection Agreement in order to submit limit orders via API will be charged the API fee rate on any limit orders submitted by that Member regardless of whether such orders are submitted through the FIX connection, the Nadex platform, or via mobile device. This amendment does not change the fee schedule for Members who have signed FIX Connection Agreements, but is merely clarifying the fee schedule currently in place.

Market Maker Permissible Order Type

Nadex has identified the following Designated Contract Market ("DCM") Core Principles as potentially being impacted by the amendment to permissible Market Maker order types: Core Principle 10 Trade Information, Core Principle 11 Financial Integrity of Transactions, Core Principle 12 Protection of Markets and Market Participants.

Core Principle 10 (Trade Information) requires the DCM to capture and retain all necessary data to track an order from the time of receipt through fill, allocation, or other disposition and include order and trade data. When a Post-Only order is submitted to the Exchange, the order is identified as originally being submitted as a quote. A non-Post-Only order will not be identified as a quote, but will be submitted as a limit order. All orders are captured and retained in the database and log files in accordance with the requirements of Core Principle 18 (Recordkeeping). This is the current process for capturing and retaining Post-Only orders submitted by a Market Maker and for non-Post-Only orders (limit orders) submitted by non-Market Maker Members. The process remains the same when Market Makers submit non-Post-Only orders on a discretionary basis, and thus will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principle 11 (Financial Integrity of Transactions) requires the DCM to provide for the financial integrity of its transactions by establishing and maintaining appropriate minimum financial standards for its members and non-intermediated market participants. In exchange for its obligation to quote a two-sided market in order to provide liquidity for market participants, Market Makers are assessed discounted trading and settlement fees of \$.50 as compared with the \$1.50 trading and \$1.00 settlement fees charged to non-Market Maker Direct Members trading via API Connection. As the submission of non-Post-Only orders is not in furtherance of the intent and purpose of a Market Maker's obligations to quote a two-sided market, and in order to treat its Members fairly, Nadex believes charging Market Makers the same fees for non-Post-Only orders as Direct Members trading via API will maintain the financial integrity of these transactions.

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Core Principle 12 (Protection of Markets and Market Participants) requires the DCM to establish and enforce rules to protect the markets and market participants from abusive practices and to promote fair and equitable trading on the contract market. In order to promote fair trading on the Exchange, Nadex has required that market making quotes be submitted as Post-Only orders, which are not allowed to execute opposite another Market Maker's Post-Only orders, thereby preserving liquidity in the market for all market participants and avoiding excessive trading between market makers which could send misleading signals to the marketplace with respect to the amount and nature of the trading activity on the Exchange. In order to clarify that, as long as they continue to meet their obligations as Market Makers, designated Market Makers also may trade via traditional limit orders. Nadex believes that permitting the entry of non-Post-Only orders affords Market Makers greater flexibility in their risk management strategies, as well as affording them the same trading opportunities as other Exchange Members to markets and/or trading hours outside of their contractual obligations. Nadex believes the higher trading and settlement fees associated with non-Post-Only orders protects the market from abusive or unfair trading practices and places Market Makers in the same position as other Members with respect to the Market Maker's non-market making activity.

Nadex has not identified any Derivatives Clearing Organization ("DCO") Core Principle as potentially being impacted by the amendment to permissible Market Maker order types.

Amendments to Fee Schedule

Nadex has not identified any Designated Contract Market ("DCM") Core Principles as potentially being impacted by the amendments to the fee schedule.

Nadex has identified the following Derivatives Clearing Organization ("DCO") Core Principle as potentially being impacted by the amendments to the fee schedule: 39.21 Public Information. Core Principle 39.21 requires the DCO to provide to market participants sufficient information to enable the market participants to identify and evaluate accurately the risks and costs associated with using the services of the DCO, including fees that the DCO charges its members. The Nadex Fee Schedule is currently made publicly available on the Nadex website. The Fee Schedule will be updated with the amendments from this filing and continue to be available to the public on the website. Therefore, the amendments to the Fee Schedule will not negatively impact Nadex's ability to comply with this Core Principle.

Pursuant to the 10-day filing period under Regulation 40.6(a)(3), Nadex intends to implement these amendments on trade date April 14, 2014.

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

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

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

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Nadex hereby certifies that a copy of these amendments 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) 884-0171 or by email at tim.mcdermott@nadex.com.

Sincerely,



Timothy G. McDermott
General Counsel and Chief Regulatory Officer

cc: DMOSubmission@cftc.gov
Tom Leahy – CFTC
Nancy Markowitz – CFTC
Eileen Donovan - CFTC

John Austin – Nadex

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EXHIBIT A

Rule	Asset	Duration/ Close Time	Action	Effective Date
4.4	Market Maker Obligations	N/A	Amend language regarding non-Post-Only order entry. Delete superfluous language in subpart (c).	4/14/2014
5.10	Acceptable Orders	N/A	Amend language to clarify that Market Makers may enter non-Post-Only orders.	4/14/2014

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EXHIBIT B

Amendment of 4.4 and 5.10

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

RULE 1.1 – 4.3 [UNCHANGED]

RULE 4.4 OBLIGATIONS OF MARKET MAKERS

(a) General – Transactions of Market Makers should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers shall not make bids or offers or enter into transactions that are inconsistent with such a course of dealings. Ordinarily, Market Makers shall be obligated to do the following:

- (i) trade for the proprietary account of the Market Maker only;
- (ii) maintain at least the minimum capital on deposit with Nadex in accordance with the terms of the applicable Market Maker Agreement;
- (iii) comply with all other terms of the applicable Market Maker Agreement; and
- (iv) maintain two-sided displayed quotes of a minimum designated quantity (“Size”) within a predefined spread (“Bid/Ask Spread”) for a Series of Contracts for a certain period of time throughout the trading day in accordance with the terms of the applicable Market Maker Agreement.

(1) In ordinary market conditions, quotes must be made within a maximum Bid/Ask Spread.

(2) In fast market conditions, Market Makers will be permitted to reduce their size or widen their Bid/Ask Spreads.

(3) Market Makers also will be permitted to reduce their size or widen their Bid/Ask Spreads:

(A) in any Binary Contract within a Designated Class that is so deep in-the-money as to be valued at \$100 offer or so deep out-of-the-money as to be valued at zero bid and

(B) in any Variable Payout Contract within a Designated Class when the underlying for that Variable Payout Contract is outside the range of the Variable Payout Contract.

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(b) A Market Maker has a continuous obligation to engage, to a reasonable degree under the existing circumstances, in dealings for the account of the Market Maker when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity or a temporary disparity between the supply of and demand for quotations in a Series of a Designated Class to which the Market Maker is appointed. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market;

(i) To post bid and ask quotations in all Designated Classes to which the Market Maker is appointed that, absent changed market conditions, will be honored by the Market Maker.

(ii) To update quotations in response to changed market conditions in all Designated Classes to which the Market Maker is appointed.

(iii) All such Market Maker quotations shall be submitted as "Post-Only orders". In the event a Market Maker has built a position size equal to or greater than 90% of any applicable position limit in a particular Class or Contract, then that Market Maker may submit non-Post-Only orders (that is, traditional limit orders) in lieu of its quoting obligation for such Class or Contract until the Market Maker's position in such Class or Contract has been reduced to 75% of the applicable position limit, at which point the Market Maker's obligation to submit Post-Only orders will resume.

(iv) A Market Maker may submit non-Post-Only orders in markets to which the Market Maker has not been appointed and, provided the Market Maker continues to meet its obligations to continuously quote a two-sided market under the Market Maker Agreement and these Rules, in Designated Classes to which the Market Maker is appointed.

(c) Like other Members of Nadex, a Market Maker may not place an order to buy or sell a Contract in a ~~Designated Class for which it has not been appointed a Market Maker~~ unless it has the excess funds in its Nadex account necessary to fulfill its obligations under that order.

(d) Alternative Position Limits for Certain Binary Contracts

(i) Approved market makers who are engaged in bona fide market-making activity shall be exempt from the position limits for those Binary Contracts defined in

(1) Rules 12.55 (Japan 225), 12.65 (Wall Street 30), 12.63 (US Tech 100), 12.59 (US 500) and 12.61 (US SmallCap 2000) of these Rules. Instead, such market makers shall be subject to Alternative Position Limits

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of twice the limit identified for such Binary Contract in Chapter 12. In addition, such Alternative Position Limits shall apply not to the entire class of Binary Contracts, but to each Binary Contract in that Class (i.e., per strike).

(2) Rules 12.3 (Copper), 12.5 (Gold), 12.7 (Silver), 12.9 (Crude Oil), 12.11 (Natural Gas), 12.49 (FTSE 100) and 12.51 (Germany 30) of these Rules. Instead, such market makers shall be subject to Alternative Position Limits of the limit identified for such Binary Contract in Chapter 12, which limit shall apply not to the entire class of Binary Contracts, but to each Binary Contract in that Class (i.e., per strike).

(ii) A market maker taking advantage of this exemption and an Alternative Position Limit must, within 1 business day following a request by Nadex's Compliance Department, provide the Nadex Compliance Department with a trade register detailing all futures trading activity in any account owned or controlled by the market maker in the futures contract underlying a Binary Contract during the 15 minutes immediately before and after any expiration time identified by Nadex's Compliance Department in the request.

RULE 5.1 – 5.9 [UNCHANGED]

RULE 5.10 ACCEPTABLE ORDERS

(a) A Member who is not a Market Maker may enter only limit orders to trade Contracts on the Market. For the purpose of this Rule, a "limit order" is an order to buy or sell the number of Contracts specified at the price specified, or a better price if a better price is available.

(b) Duly appointed Market Makers who are making markets pursuant to such appointment shall submit market maker quotations as Post-Only orders. "Post-Only orders" are orders that provide liquidity to a market in that they can be matched opposite any limit order submitted by a Member, but cannot be matched opposite another Post-Only Order submitted by another Market Maker. A Post-Only order, like a limit order, is an order to buy or sell the number of Contracts specified at the price specified, or a better price if a better price is available. However, unlike a limit order, Post-Only Orders will not be matched opposite another Post-Only order. Post-Only orders can be submitted in one of two forms: Post-Only (reject) and Post-Only (price adjustment).

(i) A "Post-Only (reject) order" is an 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. If, however, some portion of such submitted Post-Only (reject) order would be immediately executable opposite any resting limit order(s), that part of such submitted Post-Only (reject) order will be matched opposite such resting limit order(s) by the Exchange. The remaining portion of

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the submitted Post-Only (reject) order will be cancelled by the Exchange, leaving the opposite Post-Only order in the order book.

(ii) A Post-Only (price adjustment) order is an 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. If, however, some portion of such submitted Post-Only (price adjustment) order would be immediately executable opposite any resting limit order(s), that part of such submitted Post-Only (price adjustment) order will be matched opposite such resting limit order(s) by the Exchange. The remaining portion of the submitted Post-Only (price adjustment) order will be cancelled by the Exchange, leaving the opposite Post-Only order in the order book. Unlike a Post-Only (reject) order, however, upon cancellation of the submitted Post-Only (price adjustment) 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.

(c) In addition to the quotations described in subparagraph (b) above, duly appointed Market Makers may submit limit orders. Such orders will be charged trading and settlement fees at the applicable Direct Trading Member API rates as set forth in the fee schedule.

RULE 5.11 – 12.78 [UNCHANGED]

End of Rulebook.

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EXHIBIT C

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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; 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 those connecting to the Exchange via API Connection pursuant to a Market Maker Agreement, Direct Trading Members connecting via API incur a FIX connection fee of \$500. 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 member will be required to pay a recertification fee of \$500 and recertify the connection.

The \$500 FIX connection fee (or recertification fee) for Order Entry is eligible to be rebated, provided the Direct Trading Member meets or exceeds the minimum volume expectation of 200 contracts, from the date of connection (or reconnection) to the Nadex production environment through the first full calendar month following such connection (or reconnection). The \$500 FIX connection fee (or recertification fee) for Market Data Only is not eligible to be rebated.

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 30 lots
- an additional \$0.30 for each lot traded from 31 up to and including 50 lots, and
- an additional \$0.25 for each lot traded over 50 lots.

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 from 1 up to and including 30 lots
- an additional \$0.30 for each lot settled in-the-money from 31 up to and including 50 lots, and
- an additional \$0.25 for each lot settled in-the-money over 50 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).

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.* Note that for Market Makers registered on or before August 17, 2011* positions that settle with a payout of less than \$0.50 are not charged a settlement fee and that for Market Makers registered on or after August 18, 2011*, 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.

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.

*Rate applies 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. 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 1-30	\$0.35
Lots 31-50 (i.e. the next 20 contracts)	\$0.30
Lots 51 and above	\$0.25

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
Lots 1-30	\$0.35
Lots 31-50 (i.e. the next 20 contracts)	\$0.30
Lots 51 and above	\$0.25

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.