

**UNITED STATES OF AMERICA**

**Before the**

**COMMODITY FUTURES TRADING COMMISSION**

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**In the Matter of the Application of the North  
American Derivatives Exchange for Registration  
as a Derivatives Clearing Organization**

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**AMENDED ORDER OF REGISTRATION**

On February 18, 2004, the Commodity Futures Trading Commission (the "Commission") issued an order ("Order") pursuant to Section 5b of the Commodity Exchange Act (the "Act"), 7 U.S.C. § 7a-1, granting North American Derivatives Exchange ("Nadex"), then known as HedgeStreet, Inc. ("HedgeStreet"), registration as a derivatives clearing organization ("DCO") for the clearing of fully paid-up, cash-settled, binary options listed for trading on its affiliated designated contract market ("DCM"). Thereafter, the Order was amended twice: on December 1, 2004, to allow then HedgeStreet to clear fully collateralized futures contracts in addition to fully paid-up, cash-settled binary options on various indices, rates, risks, measures, instruments, differentials, indicators, values, contingencies, occurrences, or extents of occurrences listed for trading on its DCM; and on March 30, 2010, to permit Nadex to clear contracts resulting from customer orders intermediated by futures commission merchants ("FCMs").

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted. The Dodd-Frank Act, among other things, amended Section 5b of the Act, which sets forth core principles that govern the activities of registered DCOs ("Core

Principles”). Subsequently, the Commission adopted amendments to Part 39 of its regulations, 17 C.F.R. Part 39, to implement the Core Principles. By letter dated May 1, 2013, Nadex requested interpretive guidance and exemptive relief from certain of the Part 39 regulations (“Request”). In reviewing the Request, the Commission identified conditions in the Order that were superseded by, or inconsistent with, the Part 39 regulations.

In light of the foregoing, **IT IS ORDERED**, pursuant to Section 5b of the Act, 7 U.S.C. § 7a-1, that the Order is superseded and Nadex is granted registration as a DCO, subject to the terms and conditions specified herein:

(1) Contracts Traded on Nadex. Nadex shall limit its activity as a registered DCO to clearing contracts executed on its DCM.

(2) Cleared Products. Nadex is permitted to clear, in its capacity as a DCO, fully collateralized, cash-settled, futures, options on futures, and swaps.

(3) Full Collateralization. A contract cleared by Nadex will be considered “fully-collateralized” if Nadex holds, at all times, funds sufficient to cover the maximum possible loss that may be sustained upon liquidation of the contract.

(4) Treatment of Funds. Funds held in the Cleared Swap Proprietary Accounts shall be considered Member Property, as such term is defined in the Bankruptcy Code. Nadex shall at all times maintain funds of its Members separate and distinct from its own funds.

(5) Compliance with the Act and Commission Regulations. Nadex shall comply, and shall demonstrate compliance as requested by the Commission, with applicable provisions of the Act, including the Core Principles, and Commission regulations, as may be amended or adopted

from time to time. Nadex shall fulfill each of the representations it has made to the Commission relating to compliance with the Core Principles and Commission regulations.

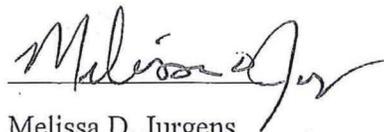
(6) Self-Regulatory Function. Nadex shall ensure the performance of all self-regulatory functions required of it as a registered DCO under the Act and Commission regulations, including, without limitation: monitoring and enforcing Member compliance with Nadex admission and continuing eligibility standards; and enforcing Member compliance with the terms of all Nadex rules, regulations, and procedures.

(7) New Regulations. Should the Commission promulgate a regulation addressing or otherwise affecting any aspect of this Order, then such regulation will apply and supersede the applicable terms in this Order.

(8) Reservation of Rights. This Order is based upon the representations made and supporting material provided to the Commission by Nadex. In the event of any changes to or omissions in the material facts or circumstances pursuant to which this Order is issued, or for any reason in its own discretion, the Commission may condition, modify, suspend, terminate, or otherwise restrict the terms of this Order, as appropriate and as permitted by law, on its own motion.

Issued in Washington, D.C. on this 16<sup>th</sup> day of January, 2014.

By the Commission,



Melissa D. Jurgens  
Secretary of the Commission