

**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 January 4, 2019, upon the open of the Exchange at 6:00pm ET on January 3, 2019, an additional Touch Bracket contract was listed in the USD/JPY market incorrectly which caused a total of five brackets to be listed. Four of the Touch Brackets had been open and listed on the Exchange as of the close of business on trade date January 3, 2019. None of these four Touch Brackets "knocked-out" during the 5:00pm ET hour when the Exchange is closed for daily routine maintenance. Accordingly, when the Exchange reopened, only these four Touch Brackets should have been available for trading. However, due to a system error, a fifth Touch Bracket (the USD/JPY 105.41-107.91(3PM) contract) was also listed for trade date January 4, 2019 at 6:00pm ET until it was knocked-out approximately 13 minutes later at 6:13:08pm ET. During the time the fifth Touch Bracket was listed, a one-lot trade occurred between Members. As the fifth Touch Bracket should not have been listed, a ledger adjustment was made to return the Members to their position had they not entered the transaction. No Member inquiries or complaints were received about this matter. The issue that caused the fifth Touch Bracket to list has been identified and is in the process of being corrected.

By: 
Title: CEO

By: 
Title: CFO

Date: January 4, 2019

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