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May 13, 2019

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: Notice of Emergency Action: Nadex Reverts Settlement Procedure - 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 this notice of emergency action.

On April 26, 2019 Nadex submitted a self-certification (submission number 1904-2617-5254-46) to the CFTC providing notice that it planned to amend its expiration value calculation procedures for all Crude Oil and Natural Gas Binary and Variable Payout contracts on trade date May 13, 2019. Under the new procedures, during periods of ‘highly active’ markets, meaning Nadex is able to collect 25 or more trade prices from the underlying market in the 10 seconds leading up to expiration of the Nadex contract, Nadex collects all trade prices occurring during the 10 second period prior to expiration, removing the highest and lowest 20% of trade prices, and averaging the remaining trade prices, rounding to one decimal point past the precision of the underlying market in order to determine the expiration value used to settle the contracts. Under ‘normal’ market conditions, the expiration calculation process would continue to collect the last 25 trade prices in the underlying market just prior to the expiration of the Nadex contract, remove the highest and lowest 5 trade prices, and average the remaining 15 trade prices, rounding to one decimal point past the precision of the underlying market, as had been used in the past.

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On May 13, 2019 it was discovered that the Crude Oil and Natural Gas contracts continued to apply the 'normal' market conditions expiration calculation process, whereas the 'highly active' calculation process should have been applied. Until a determination is made as to why the 'highly active' calculation was not applied, Nadex has decided to revert the expiration value calculation process to only apply the 'normal' market conditions process until further notice. Nadex will post a notice on its website when it plans to relaunch the application of the 'highly active' market conditions procedures to its Crude Oil and Natural Gas contracts.

No Member complaints were received during this period. Any Member who was negatively impacted by the use of the 'normal' market conditions expiration value calculation will receive a manual cash adjustment.

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

This emergency action is authorized by the Chief Executive Officer and the Chief Compliance Officer of Nadex per Nadex Rule 2.4.

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

Nadex hereby certifies that a copy of this amendment 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) 884-0927 or by email at jaime.walsh@nadex.com.

Sincerely,



Jaime Walsh
Legal Counsel

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