



October 7, 2016

Via CFTC Submissions Portal

Mr. Christopher J. 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 Widens the Acceptable Bid/Ask Spread Used in Settlement Calculation on October 7, 2016 - Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Kirkpatrick:

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 this notice of emergency action.

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 process Nadex uses to calculate the expiration value for its foreign currency contracts is as follows: The last ten midpoint prices in the corresponding underlying market, ten pips wide or less, just prior to the expiration of the Nadex contract are collected. The highest and lowest three midpoint prices are removed. The remaining four midpoints are averaged and rounded to one decimal point past the point of precision of the underlying market. 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

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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, as set forth in the accompanying Emergency Action Form. A total of sixty-seven contracts were held until expiration in the contracts that were settled with a widened bid/ask spread.

All settlements in the 5-Minute GBP/USD Binary contracts that occurred after 7:35pm ET on October 7, 2016 returned to the regular ten pip wide or less spread requirement.

Due to the urgency of action needed to settle the open positions with an accurate expiration value, emergency action approved by members of the Nadex Management Team was necessary.

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

Nadex Rule 2.4 authorizes emergency action with the approval of two members of the Management Team. The action described herein has been approved by the Chief Operating Officer and Chief Financial Officer, both of whom are members of the Management Team.

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