

**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 November 23, 2016 Nadex submitted a self-certification submission to the CFTC providing notice that it planned to amend its settlement procedures for all FX and non-FX contracts beginning on trade date December 19, 2016. The new procedure would utilize all trades in the last 10 seconds leading up to expiration of the Nadex contract (or the last 10 midpoint prices in the case of FX contracts) to calculate the expiration value provided at least 25 trades (or 10 midpoints) are collected within those 10 seconds. The highest and lowest 20% prices (or 30% for FX) are removed and the remainder averaged. While Nadex will proceed with this new expiration value calculation process for its FX products beginning on December 19, 2016, Nadex is delaying the new calculation process for all non-FX products as additional technological work is needed to ensure the process functions properly. At this time Nadex does not have the specific date on which this work will be completed, however, Nadex will post a notice on its notices page of the website in advance of the deployment to the non-FX products. Until that time, the settlement process for all non-FX products will remain unchanged.

By: Kate Knobl
Title: Chief Regulatory Officer
Date: December 16, 2016

and

By: Timothy McDermott
Title: CEO