

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Request by
North American Derivatives Exchange, Inc.
to Amend its Order of Designation

AMENDED ORDER OF DESIGNATION AS A CONTRACT MARKET

North American Derivatives Exchange, Inc. (“Nadex”), formerly known as HedgeStreet, Inc., has submitted, pursuant to Section 5 of the Commodity Exchange Act (“Act”), 7 U.S.C. § 7, a request, (“Nadex Request”), that the Commodity Futures Trading Commission (“Commission”) further amend the Order, initially issued on February 18, 2004 and amended December 5, 2005, designating Nadex as a contract market (“Designation Order”), to enable Nadex to provide intermediation on its market.

Nadex’s Request seeks Commission approval to provide a single market where both non-intermediated members (customers of Nadex) and intermediated customers of registered Futures Commission Merchants (“FCMs”), will be able to trade fully collateralized contracts cleared by Nadex’s Derivatives Clearing Organization. Nadex requests that the Commission’s Designation Order be amended to permit registered FCMs who are qualified and accepted as Nadex FCM members to carry customer accounts and intermediate orders to buy and sell Nadex contracts in accordance with Nadex’s rules.

The Commission has considered Nadex’s Request. Based on its review of this matter, the Commission FINDS that Nadex’s Request for an amendment to its Designation Order provides a

showing that it complies with the provisions set forth in the Act, and the Commission's regulations thereunder applicable to it, for designation as a contract market, and Nadex provides sufficient assurance that it will continue to comply with the requirements of the Act and the Commission's regulations.

THEREFORE,

IT IS ORDERED, under Sections 5 and 6(a) of the Act, 7 U.S.C. §§7 and 8(a), that Nadex's Request for an amendment to its Designation Order be granted as described below.

IT IS FURTHER ORDERED, that this amended Order of Designation is subject to Nadex's compliance with all sections of the Act and regulations thereunder applicable to it as a designated contract market.

IT IS FINALLY ORDERED, that the Order of Designation is further amended to read as follows:

1. In place of filing clearing member reports under Commission Rule 16.00 and until further order of the Commission, Nadex shall file large trader reports and forms under Part 17 of the Commission's regulations with respect to its clearing members;
2. Nadex will comply with commitments it made to the Commission by letter dated February 9, 2004 ("February 2004 commitments") as follows:

Nadex and any official, agent, or other person acting on behalf of Nadex within the scope of his or her employment or office shall not, in or in connection with the offer or sale of Nadex products:

- (a) cheat or defraud or attempt to cheat or defraud any person;
- (b) willfully make or cause to be made to any person any false report or statement or caused to be entered for any person any false record; or

(c) willfully deceive or attempt to deceive any person by any means whatsoever.

The Commission continues to rely upon the February 2004 commitments from Nadex in light of the fact that even after intermediation is allowed on Nadex, Nadex will continue to have members who interact directly with the trading facility on a non-intermediated basis. More traditional markets have been intermediated markets in which the intermediaries conduct most customer solicitations. With respect to such non-intermediated members, any solicitation that occurs will be by Nadex. In these circumstances, these commitments are appropriate to ensure that Nadex customers receive a similar level of protection against fraudulent conduct, including fraudulent solicitation, as customers of more traditional exchanges.

3. Registered FCMs who are qualified and accepted as Nadex FCM Members may carry customer accounts and intermediate orders to buy and sell Nadex contracts in accordance with Nadex's rules, provided that such contracts are collateralized for 100 percent (100%) of the maximum possible loss each participant may incur with collateral held by Nadex's Derivatives Clearing Organization prior to Nadex accepting such contracts for clearing.

4. In order to ensure that Nadex maintains sufficient liquid assets to continue to meet its obligations to comply with the Designation Criteria and Core Principles, Nadex shall not list for trading any contract that has an expiration date beyond the date at which Nadex's cash and cash equivalents are estimated to be depleted, pursuant to an analysis acceptable to the Commission.

5. In accordance with Nadex's representations dated February 24, 2010,

(a) Any FCM affiliated with Nadex (“Nadex Affiliate” or “Affiliate”) will have electronic access only to that information maintained by Nadex that is similarly available to all market participants;

(b) Nadex is and will remain located in a physically separate office from any Affiliate and any Affiliate’s employees will have restricted access to Nadex’s office space;

(c) Upon admission of any Affiliate of Nadex as an FCM Member, pursuant to this Order, Nadex will provide to the CFTC’s Division of Market Oversight monthly reports of all exceptions generated by its surveillance systems that relate to potentially suspicious trading involving any Nadex Affiliate. The exception reports should identify possible instances of violative conduct, and the monthly report to the CFTC’s Division of Market Oversight will reflect the exceptions that were triggered, the affiliate involved and how those exceptions were addressed by Nadex. This monthly report to the CFTC’s Division of Market Oversight would be in addition to the report of any actual investigation instituted by Nadex’s Compliance Department in which a Nadex Affiliate is a subject as set forth in Nadex Rule 9.2(c); and

(d) Nadex will require annual re-certification from its Affiliate of the comprehensive organizational and administration controls the Affiliate has implemented to manage potential conflicts of interests so as to be reasonably confident that risks of damage to Nadex’s clients as a result of any conflict will be prevented. Nadex also will require that its Affiliate give Nadex notice of any material changes in its conflicts policies as represented to Nadex.

This order is based upon the representations made to the Commission by Nadex in the Nadex Request and supporting materials and such representations are incorporated herein. In the event of any material changes to or omissions in the facts and 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.

Issued in Washington D.C., this 30th day of March, 2010.

By the Commission

A handwritten signature in blue ink, appearing to read "David A. Stawick". The signature is written in a cursive style with a horizontal line underneath it.

David Stawick
Secretary