



January 2, 2018

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 January 2, 2018 - 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.

At the open of business for trade date Tuesday, January 2, 2018, which occurred on Monday evening at 6:00pm ET, the underlying GBP/USD cash market was experiencing decreased market activity.

The process Nadex uses to calculate the expiration value for its foreign currency contracts during a slow market 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 decreased activity in the underlying GBP/USD cash market at the open of business on trade date January 2, 2018, the time it took to collect 10 bid/ask spreads ten pips wide or less for certain contracts exceeded the exchange set cut-off time to gather the data set. Rather than collect data for use in settlement that was occurred several

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

US Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

seconds prior to the expiration, and thus may not have produced the most accurate representation of the market, Nadex widened the acceptable bid/ask spread used during the settlement calculation process for its 5-Minute Intraday GBP/USD Binary contract. Five trades, 11 lots, were held until expiration in the contracts that were settled with a widened bid/ask spread.

Additionally, due to the decrease in activity and pursuant to Nadex Rule 12.31(f)(iv)(5), Nadex refrained from listing its 5-Minute Intraday GBP/USD Binary contracts beginning with the 6:20pm ET expiration and ending with the 6:35pm ET expiration time.

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.

This emergency action is authorized by the Chief Executive Officer and the Chief Operating 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