

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) X 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: 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 Nadex Rules for its foreign currency contracts state that the data set used in the expiration value calculation of its derivative contracts (during a 'slow' period) consists of the last ten underlying midpoint prices between the bid/ask spread, ten pips wide or less, just prior to the close of the Nadex contract. Due to the decreased activity, the time it took to collect 10 bid/ask spreads ten pips wide or less for the first 5-Minute Intraday Binary contract listed exceeded the exchange set cut-off time to gather the data set. Accordingly, in order to provide a more accurate settlement price, Nadex widened the acceptable bid/ask spread used during the settlement calculation process for the 5-Minute Intraday GBP/USD Binary contract that expired at 6:05pm ET to 20 pips wide or less between the bid and 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.

By: _____

Title: Chief Executive Officer

By: _____

Title: Chief Operating Officer

Date: January 2, 2018