



March 20, 2020

Via CFTC Portal Submissions

Mr. Christopher Kirkpatrick  
Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
3 Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington D.C. 20581

**RE: Self-Certification Rule Amendments: Nadex Amends Terms Uniform Across Contracts, Adds Language to Event Contracts, and Amends Contract Open Time for the Daily and Weekly US Indices Binary and Call Spread Contracts - 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 its intent to amend its Rule 12.1 Terms Uniform Across Contracts, add language to the Initial Jobless Claims and Nonfarm Payrolls Binary contracts, and amend the contract open time for the Daily and Weekly US Indices Binary and Call Spread Contracts.

Nadex Rule 12.1 Terms Uniform Across Contracts sets forth various terms that are uniform across all contracts. Currently, nearly all contract specifications Rules contain the description of “Issuance” as “For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.” As this term applies across contracts, Nadex is removing the description from the individual contract specifications and moving the description to Rule 12.1 and adding the caveat “Except as otherwise provided for in a particular contract’s specifications” to the description. Nadex is also adding language to Rule 12.72 Initial Jobless Claims Binary contracts and to Rule 12.73 Nonfarm Payrolls Binary contracts to indicate the contracts’ start and end dates, which was previously described in the “Issuance” subsection for these contracts.

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Additionally, in response to several member requests, Nadex plans to begin listing its Daily and Weekly Wall Street 30, US 500, US Tech 100, and US SmallCap 2000 Binary and Call Spread contracts at 6:00pm ET on Sunday evening (for Monday's trade date), rather than at 3:00am ET as they do now. The Daily and Weekly US Indices Binary and Call Spread contracts open for trading at 6:00pm ET Monday through Thursday and accordingly the change will make all listing times consistent. Nadex has dedicated Market Makers who provide liquidity to these markets and have agreed to provide liquidity beginning at 6:00pm ET on Sunday evening.

### **DCM Core Principle Compliance**

Nadex has identified the following Designated Contract Market ("DCM") Core Principles as potentially being impacted by the amendments to the listing time for the Daily and Weekly US Indices Binary and Call Spread contracts: Core Principle 2 (Compliance with Rules: Automated Trade Surveillance System, Real-time Market Monitoring); Core Principle 3 (Contracts Not Readily Subject to Manipulation); Core Principle 4 (Prevention of Market Disruption); and Core Principle 7 (Availability of General Information).

Core Principle 2 (Compliance with Rules: Automated Trade Surveillance System, Real-time Market Monitoring), implemented by regulations 38.156 and 38.157 require a DCM to maintain an automated trade surveillance system capable of detecting and investigating potential trade practice violations, and to conduct real-time market monitoring of all trading activity. Nadex uses the automated SMARTS<sup>®</sup> surveillance system to aid in the ongoing monitoring of all trading activity and has the capability of detecting potential trade practice violations based on the parameters set by the DCM. This surveillance system monitors activity in real-time and as with all contracts, day or night, the system will continue to monitor the US Indices contracts listed at 6:00pm ET on Sunday. Additionally, Nadex staff monitors trading activity, and has access to technical support from parent offices in the United Kingdom and Australia in addition to hot-line support by Nadex IT staff. Therefore, the listing the Daily and Weekly US Indices Binary and Call Spread contracts at 6:00pm ET on Sunday evening will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principles 3 (Contracts Not Readily Subject to Manipulation), implemented by regulation 38.200, and 4 (Prevention of Market Disruption General Requirements), implemented by regulations 38.250 and 38.251, require a DCM to list only contracts that are not readily susceptible to manipulation and to prevent market disruption. Nadex is already listing the Daily and Weekly US Indices Binary and Call Spread contracts at 3:00am ET on Monday's trade date and at 6:00pm ET all other trade dates and has already determined that these contracts are not readily susceptible to manipulation and are not likely to cause market disruption. Like all other contracts listed on the Exchange, Nadex has designated market makers who are obligated to provide liquidity in these contracts, limiting opportunities for the market to be manipulated during the additional 9 hours the contracts would be available for trading. Nadex also uses the SMARTS surveillance system to assist with market monitoring and has a staff dedicated to market surveillance. Therefore, Nadex's ability to comply with this Core Principle will not be negatively impacted.

Core Principles 7 (Availability of General Information), implemented by regulations 38.400 and 38.401, require a DCM to make available to the public accurate information regarding the contract terms and conditions and the DCM's Rulebook. The opening time for all contracts is available on the Nadex website and will be updated to reflect an open time of 6:00pm ET rather than 3:00am ET for the Daily and Weekly US Indices Binary and Call Spread contracts. Additionally, the Nadex Rulebook is currently posted on the "Rules" page of the Nadex website and will continue to be made available to the public after the description of "Issuance" is added to

Rule 12.1 Terms Uniform Across Contracts and the added language regarding the start and end dates of the Initial Jobless Claims Binary contracts and the Nonfarm Payrolls Binary contracts is implemented. Therefore, the amendments to the Rulebook will not negatively impact Nadex's ability to comply with this Core Principle.

### **DCO Core Principle Compliance**

Nadex has identified the following Derivatives Clearing Organization ("DCO") Core Principles as potentially being impacted by the amendments discussed herein: Core Principle L (Public Information).

Core Principle L (Public Information), implemented by regulation 39.21, requires a DCO to make available to the public the terms and conditions of each contract and the Rulebook. As stated previously the open time for all contracts listed on the Exchange is available on the Nadex website and will continue to be made available after the change to open the Daily and Weekly US Indices Binary and Call Spread contracts is changed to 6:00pm ET. Likewise, the Nadex Rulebook is currently posted on the "Rules" page of the Nadex website and will continue to be made available to the public after the description of "Issuance" is added to Rule 12.1 Terms Uniform Across Contracts and the added language regarding the start and end dates of the Initial Jobless Claims Binary contracts and the Nonfarm Payrolls Binary contracts is implemented. Therefore, the amendments discussed herein will not negatively impact Nadex's ability to comply with this Core Principle.

Pursuant to the 10-day filing period under Regulation 40.6(a)(3), Nadex intends to implement the amendments discussed herein on April 6, 2020.

Rule changes have been outlined in Exhibit A. The amendments to the Rulebook are set forth in Exhibit B. Any deletions to the Agreement have been stricken out while the amendments and/or additions are underlined.

No substantive opposing views were expressed to Nadex with respect to these amendments.

Nadex hereby certifies that the amendments and additions contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder.

Nadex hereby certifies that a copy of these amendments 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 [jaimewalsh@nadex.com](mailto:jaimewalsh@nadex.com).

Sincerely,



Jaime Walsh  
Legal Counsel

**EXHIBIT A**

<b>Rule</b>	<b>Asset</b>	<b>Duration/Close Time</b>	<b>Action</b>	<b>Effective Date</b>
12.1	Terms that are Uniform Across Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms that are Uniform Across Contracts”	4/6/2020
12.2	Copper Variable Payout Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms that are Uniform Across Contracts”	4/6/2020
12.2-12.12	Gold, Silver, Crude Oil, Natural Gas, Corn Variable Payout and Binary Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms that are Uniform Across Contracts”	4/6/2020
12.14	Soybeans Variable Payout Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms that are Uniform Across Contracts”	4/6/2020
12.26-12.45	Currency Exchange AUD/USD, EUR/USD, GBP/USD, USD/CAD, USD/CHF, USD/JPY, EUR/JPY, GBP/JPY, EUR/GBP, AUD/JPY Variable Payout and Binary Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms that are Uniform Across Contracts”	4/6/2020
12.48-12.51	FTSE 100, Germany 30 Variable Payout and Binary Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms	4/6/2020

			that are Uniform Across Contracts”	
12.54-12.55	Japan 225 Variable Payout and Binary Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms that are Uniform Across Contracts”	4/6/2020
12.57-12.65	China 50, US 500, US SmallCap 2000, US Tech 100, Wall Street 30 Variable Payout and Binary Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms that are Uniform Across Contracts”	4/6/2020
12.72-12.73	Initial Jobless Claims and Nonfarm Payrolls Binary Contracts	N/A	Move description of “Issuance” from individual contract specifications to “Terms that are Uniform Across Contracts”; add language regarding Start and End Dates	4/6/2020

## EXHIBIT B

Amendment of Rules 12.1-12.2, 12.4-12.12, 12.14, 12.26-12.45, 12.48-12.51, 12.54-12.55, 12.57-12.65,  
12.72-12.73

*(The following Rule amendments are underlined and deletions are stricken out)*

RULES 1.1 – 11.3 [UNCHANGED]

RULE 12.1 TERMS THAT ARE UNIFORM ACROSS CONTRACTS

There are certain terms that are uniform across Contracts.

- (a) The minimum unit of trading for each Contract is one Contract.
- (b) All Contract prices are quoted in U.S. dollars and cents per Contract.
- (c) The minimum quote increment for each Contract is \$.01 per Contract.
- (d) All Expiration Values will be posted on Nadex's website no later than the close of business of the Expiration Date of a Contract Series.
- (e) At the time Nadex sets the Payout Criterion for any Binary Contract, Nadex will review its then-existing Binary Contracts in the same Class having the same Expiration time. No new Binary Contract in that same Class and having the same Expiration time will be offered with the same Payout Criterion. Instead, in instances where a duplicate Payout Criterion would be generated under the applicable product rule, the Payout Criterion for that Contract will be adjusted by pre-determined levels which shall be published on the Nadex website.
- (f) All Nadex Binary Contracts and Variable Payout Contracts are deemed to be "swaps" as defined in 17 USC 1a(47).
- (g) ISSUANCE – Except as otherwise provided for in a particular contract's specifications, for each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.
- (g) **(h)Halted Markets** - In the event that any market irregularities are declared by the Chief Executive Officer of the Exchange, or to prevent or reduce the potential risk of price distortions or market disruptions, a market may be paused or halted for trading, and the Commission will be notified, if required, pursuant to Commission Regulations. An explanation will be posted on the Nadex Notices

section of the website within a reasonable amount of time but no later than 24 hours after the initiation of the halt.

(h) **(i) Discretion to Refrain from Listing Contracts** - Nadex may, in its discretion, temporarily refrain from the listing of any contract due to the unavailability of the underlying market upon which the Contract is based, or any other condition Nadex determines may be detrimental to the listing of the Contract.

(i) **(j) Limit Up/Limit Down** - In the event the corresponding underlying market upon which any Nadex contract is based is subject to a lock limit up or down, Nadex may halt trading in its related market, and/or refrain from listing contracts in that market, until trading resumes in the underlying market. Should Nadex halt and/or refrain from listing contracts pursuant to this section, notice of the halt, and any adjustments to the settlement process, will be posted on the Notices page as soon as practicable.

(j) **(k) Contract Modifications** - Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

(k) **(l) Volume Threshold Level** - The current Volume Threshold Level is 250<sup>1</sup> contracts or more per day.

(l) **(m) Adjustment of Acceptable Bid/Ask Spread for Currency Settlement** – Nadex may adjust the parameters of the acceptable bid/ask spread in any underlying foreign currency market when determining the midpoint price in connection with the collection of market data used in the calculation of the expiration value of a Nadex Foreign Currency Binary or Variable Payout contract, as Nadex deems necessary or appropriate based on the underlying market conditions in order to produce an accurate representation of the underlying market value for settlement purposes. Any adjustment to the acceptable spread will be indicated on the Nadex website on the Notices page.

(m) **(n) CONTRACT DURATION**

(i) **Daily Contracts** means a Series of Contracts that have an Expiration Date within 24 hours after they are issued.

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<sup>1</sup> The volume threshold level of 250 contracts or more per day was set pursuant to No-Action Letter No. 16-32, issued on April 8, 2016, which allows the level to be set at 250 through September 28, 2017. This relief was extended on September 25, 2017 in CFTC Staff Letter 17-45, and the 250 volume threshold level will continue until September 28, 2020.

(ii) **Intraday Contracts** means a Series of Contracts that expire on the same trade date as, and within nine hours or less, of issuance.

(iii) **Weekly Contracts** mean a Series of Contracts that have an Expiration Date that is no less than four calendar days and no greater than seven calendar days from the date on which the contracts are issued.

(iv) **Monthly Contracts** means a Series of Contracts that have a Payout Criterion based on the last reported level of the Underlying by the Source Agency. Monthly Contracts have an Expiration Date that is no less than twenty-one calendar days and no greater than thirty-five calendar days from the date on which the last reported level of the Underlying is released by the Source Agency.

(v) **Open Contracts** means a Series of Contracts whose Expiration Date is dependent on the Release Date of the underlying Source Agency, and does not follow a standardized set pattern.

## RULE 12.2 COPPER VARIABLE PAYOUT CONTRACTS

(a) **SCOPE** –These Rules shall apply to the Class of Contracts referred to as the Copper Variable Payout Contracts issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Contracts is the Copper price per pound (in U.S. cents), obtained from the specified Copper Futures Contracts (“CPFC”) trading in the COMEX Division on the New York Mercantile Exchange (“NYMEX”®)<sup>2</sup>. The CPFC prices that will be used to calculate the Underlying will be taken from the March, May, July, September, or December CPFC delivery months (each a “CPFC Delivery Month”). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the third to last business day of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Copper March 2014 futures have an Expiration Date of March 27, 2014. The last day on which the Copper March 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Copper contracts will be the third to last business day of the preceding month, February. Therefore, the End Date for using Comex Copper March 2014 futures will be February 26,

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<sup>2</sup> NYMEX® is a registered service mark of the New York Mercantile Exchange, Inc. COMEX® is a registered service mark of the Commodity Exchange, Inc. Nadex is not affiliated with the New York Mercantile Exchange, Inc. or the Commodity Exchange, Inc. and neither the New York Mercantile Exchange, the Commodity Exchange, Inc., nor their affiliates, sponsor or endorse Nadex or any of its products in any way.



2014 and the Start Date for the next delivery month, Comex Copper May 2014 futures, will be February 27, 2014.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Copper Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY COPPER CALL SPREAD VARIABLE PAYOUT CONTRACTS, 1:00 PM ET CLOSE - At the commencement of trading in a Daily Copper Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract which conforms to the Payout Criteria listed below:

(1) DAILY COPPER CALL SPREAD CONTRACT

(aa) CEILING– The Ceiling shall be  $X + .30$ .

(bb) FLOOR – The Floor shall be  $X - .30$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1000.

(2) In each case, “X” equals the last Copper price, as reported by the Source Agency, rounded to the nearest .10.

(ii) DAILY COPPER CALL SPREAD CONTRACTS, 1:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - .30$ .

(2) CONTRACT 2: The Ceiling shall be  $X + .15$ ; The Floor shall be  $X - .15$ .

(3) CONTRACT 3: The Ceiling shall be  $X + .30$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1000.

(5) In each case, “X” equals the last Copper price, as reported by the Source Agency, rounded to the nearest .10.

(iii) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Copper Call Spread Contracts shall be 0.001.

(h) POSITION LIMIT – The Position Limits for Copper Call Spread Contracts shall be 20,833 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Copper Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Copper released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all CPFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Copper Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of CPFC trade prices and the lowest twenty (20) percent of CPFC trade prices from the data set<sup>3</sup>, and using the remaining CPFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining CPFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) CPFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Copper Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) CPFC trade prices just prior to the close of trading of the Copper Call Spread Contract removing the highest five (5) CPFC trade prices and the lowest five (5) CPFC trade prices, and using the remaining fifteen (15) CPFC trade prices to calculate

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<sup>3</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

the Expiration Value. The calculation used is a simple average of all fifteen (15) CPFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.3 [RESERVED]

#### RULE 12.4 GOLD VARIABLE PAYOUT CONTRACTS

##### RULE 12.4.1 GOLD “CALL SPREAD” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Gold Variable Call Spread Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price, per troy ounce (in US dollars), of the Gold Futures Contracts (“GFC”) traded on the COMEX® Division of the New York Mercantile Exchange (“NYMEX”®)<sup>4</sup>. The GFC trade prices that will be used for the Underlying will be taken from the February, April, June, August, or December GFC delivery months (each a “GFC Delivery Month”). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the third to last business day of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Gold April 2014 futures have an Expiration Date of April 28, 2014. The last day on which the Gold April 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Gold contracts will be the third to last business day of the preceding month, March. Therefore, the End Date for using Comex Gold April 2014 futures will be March 27, 2014 and the Start Date for the next delivery month, Comex Gold June 2014 futures, will be March 28, 2014.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

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<sup>4</sup> *Supra*, at fn 4.

~~(e) ISSUANCE—For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Gold Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY GOLD CALL SPREAD VARIABLE PAYOUT CONTRACTS, 1:30 PM ET CLOSE - At the commencement of trading in a Daily Gold Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY GOLD CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 50.00$ .

(bb) FLOOR – The Floor shall be  $X - 50.00$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(2) In each case, “X” equals the last Gold price, as reported by the Source Agency, rounded to the nearest 50.

(ii) DAILY GOLD CALL SPREAD CONTRACTS, 1:30 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 25$ ; The Floor shall be  $X - 25$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 50$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(5) In each case, “X” equals the last Gold price, as reported by the Source Agency, rounded to the nearest 50.

(iii) INTRADAY GOLD CALL SPREAD CONTRACTS, 8AM ET to 1:30 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 40$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 20$ ; The Floor shall be  $X - 20$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 40$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(5) In each case, “X” equals the last Gold price, as reported by the Source Agency, rounded to the nearest 10.

(iv) INTRADAY 2-HOUR GOLD CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, and 1:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 15$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 7.5$ ; The Floor shall be  $X - 7.5$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 15$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(5) In each case, “X” equals the last Gold price, as reported by the Source Agency, rounded to the nearest 10.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Gold Call Spread Contracts shall be 0.10.

(h) POSITION LIMIT – The Position Limits for Gold Call Spread Contracts shall be 60,000 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Gold Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of Gold released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all GFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Gold Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of GFC trade prices and the lowest twenty (20) percent of GFC trade prices from the data set<sup>5</sup>, and using the remaining GFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining GFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) GFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Gold Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) GFC trade prices just prior to the close of trading of the Gold Call Spread Contract removing the highest five (5) GFC trade prices and the lowest five (5) GFC trade prices, and using the remaining fifteen (15) GFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) GFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### **RULE 12.4.2 GOLD “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Gold Touch Bracket Variable Payout Contracts issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Contracts is the price, per troy ounce (in US dollars), of the Gold Futures Contracts (“GFC”) traded on the COMEX® Division of the New York Mercantile Exchange (“NYMEX”®)<sup>6</sup>. The GFC trade prices that will be used for the Underlying will be taken from the February, April, June, August, or December GFC delivery months (each a “GFC Delivery Month”). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one

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<sup>5</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>6</sup> *Supra*, at fn 4.

calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the third to last business day of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Gold April 2014 futures have an Expiration Date of April 28, 2014. The last day on which the Gold April 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Gold contracts will be the third to last business day of the preceding month, March. Therefore, the End Date for using Comex Gold April 2014 futures will be March 27, 2014 and the Start Date for the next delivery month, Comex Gold June 2014 futures, will be March 28, 2014.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Gold Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY GOLD TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Close Time is the earlier of 1:30 PM ET on the last Trade Day of the contract listing, or when the Gold Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a “Touch Bracket”, that open at 6:00PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 40$ ; The Floor shall be  $X - 10$ .

(2) CONTRACT 1: The Ceiling shall be  $X + 30$ ; The Floor shall be  $X - 20$ .

(3) CONTRACT 1: The Ceiling shall be  $X + 20$ ; The Floor shall be  $X - 30$ .

(4) CONTRACT 1: The Ceiling shall be  $X + 10$ ; The Floor shall be  $X - 40$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(6) In each case, “X” equals the last Gold price, as reported by the Source Agency, rounded to the nearest 1.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 40$  (or 10) and a Floor of  $X - 10$  (or 40) where  $X$  equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) MINIMUM TICK – The Minimum Tick size for Gold Touch Bracket Variable Payout Contracts shall be 0.1.

(h) POSITION LIMIT – The Position Limit for Gold Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Gold Touch Bracket Contract Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) GOLD INDEX VALUE – The Source Agency shall calculate and produce a Gold Index Value once each second throughout the life of the Gold Variable Payout Contracts. That is, each second the Source Agency will calculate a Gold Index Value by taking all GFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Gold Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of GFC trade prices and the lowest twenty (20) percent of GFC trade prices from the data set<sup>7</sup>, and using the remaining GFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining GFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) GFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Gold Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) GFC trade prices just prior to the close of trading of the Gold Call Spread Contract removing the

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<sup>7</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.



highest five (5) GFC trade prices and the lowest five (5) GFC trade prices, and using the remaining fifteen (15) GFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) GFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) EXPIRATION VALUE – The Expiration Value is the Gold Index Value as released by the Source Agency at Expiration.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

## RULE 12.5 GOLD BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Gold Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price, per troy ounce (in US dollars), of Gold obtained from the Gold Futures Contracts (“GFC”) traded on the COMEX Division of the New York Mercantile Exchange (“NYMEX®”)<sup>8</sup>. The GFC trade prices that will be used for the Underlying will be taken from the February, April, June, August, or December GFC delivery months (each a “GFC Delivery Month”). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the third to last business day of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Gold April 2014 futures have an Expiration Date of April 28, 2014. The last day on which the Gold April 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Gold contracts will be the third to last business day of the preceding month, March. Therefore, the End Date for using Comex Gold April 2014 futures will be March 27, 2014 and the Start Date for the next delivery month, Comex Gold June 2014 futures, will be March 28, 2014.<sup>9</sup>

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<sup>8</sup> *Supra*, at fn 4.

<sup>9</sup> Weekly contracts listed on a Monday during a week containing an Underlying futures rollover date will be listed using the Underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the End Date for which Nadex will use the Comex Gold April 2014 Underlying futures to determine the settlement value is March 27, 2014. March 27, 2014 is a Thursday, however, and any Nadex weekly contracts listed for this roll week and expiring on Friday, March 28, 2014, will be listed using the Comex Gold June 2014 futures as its Underlying, as June is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Gold Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY GOLD BINARY CONTRACTS

- (1) EXPIRATION TIME – 1:30PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 10.0.
- (3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly Gold Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.5 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 10.0, and six (6) strike levels will be generated below Binary Contract W at an interval of 10.0 (e.g. W – 10.0; W; W + 10.0). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY GOLD BINARY CONTRACTS

- (1) EXPIRATION TIME – 1:30PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 1.5.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily Gold Binary Contract Series.

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date. Therefore, the Start Date for the Comex Gold June 2014 futures will be Monday, March 24, 2014 for any Nadex weekly contracts listed on this date.

- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 1.0 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract Y at an interval of 1.5, and ten (10) strike levels will be generated below Binary Contract Y at an interval of 1.5 (e.g.  $Y - 1.5$ ;  $Y$ ;  $Y + 1.5$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY GOLD BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 1.
- (3) NUMBER OF STRIKE LEVELS LISTED - Nine (9) strike levels will be listed for each Intraday Gold Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.1 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 1, and four (4) strike levels will be generated below Binary Contract Z at an interval of 1 (e.g.  $Z - 1$ ;  $Z$ ;  $Z + 1$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional Gold Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

- (g) MINIMUM TICK – The Minimum Tick size for Gold Binary Contracts shall be \$0.25.
- (h) POSITION LIMIT – The Position Limits for the \$100 Gold Binary Contracts shall be 2,500 Contracts.
- (i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date. No trading in the Gold Binary Contracts shall occur after its Last Trading Date.
- (j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Gold Expiration Value is to be released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money Gold Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Gold released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all GFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Gold Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of GFC trade prices and the lowest twenty (20) percent of GFC trade prices from the data set<sup>10</sup>, and using the remaining GFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining GFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) GFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Gold Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) GFC trade prices just prior to the close of trading of the Gold Binary Contract removing the highest five (5) GFC trade prices and the lowest five (5) GFC trade prices, and using the remaining fifteen (15) GFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) GFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series. If there are less than 250 GFC trade prices available during a single trading day prior to the issuance of a new Gold Contract Nadex may switch to the next available GFC Delivery Month that provides at least 250 GFC trade prices.

## RULE 12.6 SILVER VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Silver Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price, cents per troy ounce (in US Currency), of Silver obtained from the Silver Futures Contracts (“SFC”) traded on the

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<sup>10</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

COMEX Division of the New York Mercantile Exchange (“NYMEX”<sup>®11</sup>). The SFC trade prices that will be used to for the Underlying will be taken from the March, May, July, September, or December SFC delivery months (each a “SFC Delivery Month”). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the third to last business day of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Silver March 2014 futures have an Expiration Date of March 27, 2014. The last day on which the Silver March 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Silver contracts will be the third to last business day of the preceding month, February. Therefore, the End Date for using Comex Silver March 2014 futures will be February 26, 2014 and the Start Date for the next delivery month, Comex Silver May 2014 futures, will be February 27, 2014.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Silver Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY SILVER CALL SPREAD VARIABLE PAYOUT CONTRACTS, 1:25 PM ET CLOSE - At the commencement of trading in a Daily Call Spread Silver Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY SILVER CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 2.00$ .

(bb) FLOOR – The Floor shall be  $X - 2.00$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

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<sup>8</sup> *Supra, at fn 4.*

(2) In each case, “X” equals the last Silver price, as reported by the Source Agency, rounded to the nearest .50.

(ii) DAILY SILVER CALL SPREAD CONTRACTS, 1:25 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 2.00$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 1.00$ ; The Floor shall be  $X - 1.00$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 2.00$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last Silver price, as reported by the Source Agency, rounded to the nearest .50.

(iii) INTRADAY SILVER CALL SPREAD CONTRACTS, 8AM ET to 1:25 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 1.50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + .075$ ; The Floor shall be  $X - .075$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 1.50$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last Silver price, as reported by the Source Agency, rounded to the nearest .25.

(iv) INTRADAY 2-HOUR SILVER CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, and 1:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - .50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + .25$ ; The Floor shall be  $X - .25$ .

(3) CONTRACT 3: The Ceiling shall be  $X + .50$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last Silver price, as reported by the Source Agency, rounded to the nearest .25.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Silver Call Spread Contracts shall be .01.

(h) POSITION LIMIT – The Position Limits for Silver Call Spread Contracts shall be 100,000 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Silver Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Silver released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all SFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Silver Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of SFC trade prices and the lowest twenty (20) percent of SFC trade prices from the data set<sup>12</sup>, and using the remaining SFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining SFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Silver Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) SFC trade prices just prior to the close of trading of the Silver Call Spread Contract removing the highest five (5) SFC trade prices and the lowest five (5)

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<sup>12</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

SFC trade prices, and using the remaining fifteen (15) SFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) SFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series. If there are less than 250 SFC trade prices available during a single trading day prior to the issuance of a new Silver Contract Nadex may switch to the next available SFC Delivery Month that provides at least 250 SFC trade prices.

## RULE 12.7 SILVER BINARY CONTRACTS

(a) SCOPE –These Rules shall apply to the Class of Contracts referred to as the Silver Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price, cents per troy ounce (in US Currency), of Silver obtained from the Silver Futures Contracts (“SFC”) traded on the COMEX Division of the New York Mercantile Exchange (“NYMEX”<sup>®13</sup>). The SFC trade prices that will be used to for the Underlying will be taken from the March, May, July, September, or December SFC delivery months (each a “SFC Delivery Month”). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the third to last business day of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Silver March 2014 futures have an Expiration Date of March 27, 2014. The last day on which the Silver March 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Silver contracts will be the third to last business day of the preceding month, February. Therefore, the End Date for using Comex Silver March 2014 futures will be February 26, 2014 and the Start Date for the next delivery month, Comex Silver May 2014 futures, will be February 27, 2014.<sup>14</sup>

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<sup>8</sup> *Supra*, at fn 4.

<sup>14</sup> Weekly contracts listed on a Monday during a week containing an Underlying futures rollover date will be listed using the Underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the End Date for which Nadex will use the Comex Silver March 2014 Underlying futures to determine the settlement value is February 26, 2014. February 26, 2014 is a Wednesday, however, and any Nadex weekly contracts listed for this roll week and expiring on Friday, February 28, 2014, will be listed using the Comex Silver May 2014 futures as its Underlying, as May is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the Comex Silver May 2014 futures will be Monday, February 24, 2014 for any Nadex weekly contracts listed on this date.



(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Silver Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY SILVER BINARY CONTRACTS

- (1) EXPIRATION TIME – 1:25PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.25.
- (3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly Silver Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.25 or 0.75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.25, and six (6) strike levels will be generated below Binary Contract W at an interval of 0.25 (e.g.  $W - 0.25$ ;  $W$ ;  $W + 0.25$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY SILVER BINARY CONTRACTS

- (1) EXPIRATION TIME – 1:25PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.05.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Daily Silver Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as

determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.1 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract Y at an interval of 0.05, and seven (7) strike levels will be generated below Binary Contract Y at an interval of 0.05 (e.g.  $Y - 0.05$ ;  $Y$ ;  $Y + 0.05$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY SILVER BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.03.
- (3) NUMBER OF STRIKE LEVELS LISTED - Nine (9) strike levels will be listed for each Intraday Silver Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.01 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 0.03, and four (4) strike levels will be generated below Binary Contract Z at an interval of 0.03 (e.g.  $Z - 0.03$ ;  $Z$ ;  $Z + 0.03$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional Silver Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

- (g) MINIMUM TICK – The Minimum Tick size for Silver Binary Contracts shall be \$0.25.
- (h) POSITION LIMIT – The Position Limits for Silver Binary Contracts shall be 2,000 Contracts.
- (i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.
- (j) SETTLEMENT DATE – The Settlement Date will be the same date as the Expiration Date.
- (k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Silver price is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money Silver Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of Silver released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all SFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Silver Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of SFC trade prices and the lowest twenty (20) percent of SFC trade prices from the data set<sup>15</sup>, and using the remaining SFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining SFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Silver Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) SFC trade prices just prior to the close of trading of the Silver Binary Contract removing the highest five (5) SFC trade prices and the lowest five (5) SFC trade prices, and using the remaining fifteen (15) SFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) SFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series. If there are less than 250 SFC trade prices available during a single trading day prior to the issuance of a new Silver Contract Nadex may switch to the next available SFC Delivery Month that provides at least 250 SFC trade prices.

## **RULE 12.8 CRUDE OIL VARIABLE PAYOUT CONTRACTS**

### **RULE 12.8.1 CRUDE OIL “CALL SPREAD” VARIABLE PAYOUT CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Crude Oil Call Spread Variable Payout Contracts issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Contracts is WTI Light, Sweet Crude Oil price per barrel (in US dollars), obtained from the WTI Light, Sweet Crude Oil Futures contracts (“CFC”) traded on the New York Mercantile Exchange (“NYMEX®”<sup>16</sup>). The CFC trade prices that will

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<sup>15</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>16</sup> *Supra*, at fn 4.

be used for the Underlying will be taken from all twelve CFC delivery months: January, February, March, April, May, June, July, August, September, October, November, or December (each a “CFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. If the Underlying futures contracts Expiration Date falls on a Monday, the End Date for that specific delivery month will be the Friday of the week preceding the week of the Underlying futures contracts Expiration Date, i.e. not the Friday that is one business day prior to the Monday Expiration Date. For example, the Nymex Crude Oil March 2012 futures have an Expiration Date of February 21, 2012. The last day on which the Crude Oil March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Crude Oil contracts will be the Friday of the preceding week. Therefore, the End Date for using Nymex Crude Oil March 2012 futures will be February 17, 2012 and the Start Date for the next delivery month, Nymex Crude Oil April 2012 futures, will be February 18, 2012. The Nymex Crude Oil November 2012 futures, however, have an Expiration Date of Monday, October 22, 2012. The last day on which the Crude Oil November 2012 futures prices will be as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Crude Oil contracts will be October 12, 2012, rather than October 19, 2012, and the Start Date for the next delivery month, Nymex Crude Oil December 2012 futures will be October 13, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Crude Oil Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY CRUDE OIL CALL SPREAD VARIABLE PAYOUT CONTRACTS, 2:30 PM ET CLOSE - At the commencement of trading in a Daily Crude Oil Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY CRUDE OIL CALL SPREAD CONTRACT

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(aa) CEILING – The Ceiling shall be  $X + 5$ .

(bb) FLOOR – The Floor shall be  $X - 5$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(2) In each case, “X” equals the last Crude Oil price, as reported by the Source Agency, rounded to the nearest 1.

(ii) DAILY CRUDE OIL CALL SPREAD CONTRACTS, 2:30 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 5$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 2.50$ ; The Floor shall be  $X - 2.50$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 5$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last Crude Oil price, as reported by the Source Agency, rounded to the nearest 1.

(iii) INTRADAY CRUDE OIL CALL SPREAD CONTRACTS, 8AM ET to 2:30 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 3$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 1.50$ ; The Floor shall be  $X - 1.50$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 3$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last Crude Oil price, as reported by the Source Agency, rounded to the nearest 0.50.

(iv) INTRADAY 2-HOUR CRUDE OIL CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM and 2:00PM ET CLOSE - Nadex shall list a set of five (5) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X - 0.75$ ; The Floor shall be  $X - 2.25$ .

(2) CONTRACT 2: The Ceiling shall be  $X$ ; The Floor shall be  $X - 1.50$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.75$ ; The Floor shall be  $X - 0.75$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 1.50$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Ceiling shall be  $X + 2.25$ ; The Floor shall be  $X + 0.75$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(7) In each case, “X” equals the last Crude Oil price, as reported by the Source Agency, rounded to the nearest 0.25.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Crude Oil Call Spread Contracts shall be 0.01.

(h) POSITION LIMIT – The Position Limits for Crude Oil Call Spread Contracts shall be 25,000 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Crude Oil Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Crude Oil released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all CFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Crude Oil Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of CFC trade prices and the lowest

twenty (20) percent of CFC trade prices in the data set<sup>17</sup>, and using the remaining CFC trade prices in the data set, to calculate the Expiration Value. The calculation used is a simple average of the remaining CFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) CFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Crude Oil Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) CFC trade prices just prior to the close of trading of the Crude Oil Call Spread Contract removing the highest five (5) CFC trade prices and the lowest five (5) CFC trade prices, and using the remaining fifteen (15) CFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) CFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.8.2 CRUDE OIL “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Crude Oil Touch Bracket Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is WTI Light, Sweet Crude Oil price per barrel (in US dollars), obtained from the WTI Light, Sweet Crude Oil Futures contracts (“CFC”) traded on the New York Mercantile Exchange (“NYMEX®”<sup>18</sup>). The CFC trade prices that will be used for the Underlying will be taken from all twelve CFC delivery months: January, February, March, April, May, June, July, August, September, October, November, or December (each a “CFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. If the Underlying futures contracts Expiration Date falls on a Monday, the End Date for that specific delivery month will be the Friday of the week preceding the week of the Underlying futures contracts Expiration Date, i.e. not the Friday that is one business day prior to the Monday Expiration Date. For example, the Nymex Crude Oil March 2012 futures have an Expiration Date of February 21, 2012. The last day on which the Crude Oil March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Crude Oil contracts will be the Friday of the preceding week. Therefore, the End Date for using Nymex Crude Oil

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<sup>17</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>18</sup> *Supra*, at fn 4.

March 2012 futures will be February 17, 2012 and the Start Date for the next delivery month, Nymex Crude Oil April 2012 futures, will be February 18, 2012. The Nymex Crude Oil November 2012 futures, however, have an Expiration Date of Monday, October 22, 2012. The last day on which the Crude Oil November 2012 futures prices will be as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Crude Oil contracts will be October 12, 2012, rather than October 19, 2012, and the Start Date for the next delivery month, Nymex Crude Oil December 2012 futures will be October 13, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Crude Oil Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY CRUDE OIL TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Close Time is the earlier of 2:30 PM ET on the last Trade Day of the contract listing, or when the Crude Oil Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a “Touch Bracket”, that open at 6:00PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 4$ ; The Floor shall be  $X - 1$ .

(2) CONTRACT 1: The Ceiling shall be  $X + 3$ ; The Floor shall be  $X - 2$ .

(3) CONTRACT 1: The Ceiling shall be  $X + 2$ ; The Floor shall be  $X - 3$ .

(4) CONTRACT 1: The Ceiling shall be  $X + 1$ ; The Floor shall be  $X - 4$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(6) In each case, “X” equals the last Crude Oil price, as reported by the Source Agency, rounded to the nearest 0.25.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 4$  (or 1) and a Floor of  $X - 1$  (or 4) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade



Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) **MINIMUM TICK** – The Minimum Tick size for Crude Oil Touch Bracket Variable Payout Contracts shall be 0.01.

(h) **POSITION LIMIT** – The Position Limit for Crude Oil Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) **LAST TRADING DATE** – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) **SETTLEMENT DATE** – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract shall be the date on which the Crude Oil Touch Bracket Contract Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **CRUDE OIL INDEX VALUE** – The Source Agency shall calculate and produce a Crude Oil Index Value once each second throughout the life of the Crude Oil Variable Payout contracts. That is, each second the Source Agency will calculate a Crude Oil Index Value by taking all CFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Crude Oil Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of CFC trade prices and the lowest twenty (20) percent of CFC trade prices in the data set<sup>19</sup>, and using the remaining CFC trade prices in the data set, to calculate the Expiration Value. The calculation used is a simple average of the remaining CFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) CFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Crude Oil Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) CFC trade prices just prior to the close of trading of the Crude Oil Call Spread Contract removing the highest five (5) CFC trade prices and the lowest five (5) CFC trade prices, and using the remaining fifteen (15) CFC trade prices to calculate the Expiration

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<sup>19</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

Value. The calculation used is a simple average of all fifteen (15) CFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) EXPIRATION VALUE – The Expiration Value is the Crude Oil Index Value as released by the Source Agency at Expiration.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.9 CRUDE OIL BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Crude Oil Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is WTI Light, Sweet Crude Oil price per barrel (in US dollars), obtained from the WTI Light, Sweet Crude Oil Futures contracts (“CFC”) traded on the New York Mercantile Exchange (“NYMEX®”<sup>20</sup>). The CFC trade prices that will be used for the Underlying will be taken from all twelve CFC delivery months: January, February, March, April, May, June, July, August, September, October, November, or December (each a “CFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. If the Underlying futures contracts Expiration Date falls on a Monday, the End Date for that specific delivery month will be the Friday of the week preceding the week of the Underlying futures contracts Expiration Date, i.e. not the Friday that is one business day prior to the Monday Expiration Date. For example, the Nymex Crude Oil March 2012 futures have an Expiration Date of February 21, 2012. The last day on which the Crude Oil March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Crude Oil contracts will be the Friday of the preceding week. Therefore, the End Date for using Nymex Crude Oil March 2012 futures will be February 17, 2012 and the Start Date for the next delivery month, Nymex Crude Oil April 2012 futures, will be February 18, 2012. The Nymex Crude Oil November 2012 futures, however, have an Expiration Date of Monday, October 22, 2012. The last day on which the Crude Oil November 2012 futures prices will be as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Crude Oil contracts will be October 12, 2012, rather than October 19, 2012, and the Start Date for the next delivery month, Nymex Crude Oil December 2012 futures will be October 13, 2012.

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<sup>20</sup> *Supra*, at fn 4.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Crude Oil Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY CRUDE OIL BINARY CONTRACTS

(1) EXPIRATION TIME – 2:30PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 1.00.

(3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly Crude Oil Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.25 or 0.75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 1.00, and six (6) strike levels will be generated below Binary Contract W at an interval of 1.00 (e.g.  $W - 1.00$ ;  $W$ ;  $W + 1.00$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY CRUDE OIL BINARY CONTRACTS

(1) EXPIRATION TIME – 2:30PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.10.

(3) NUMBER OF STRIKE LEVELS LISTED – Twenty-three (23) strike levels will be listed for each Daily Crude Oil Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as

determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.5 as reported by the Source Agency. Eleven (11) strike levels will be generated above Binary Contract Y at an interval of 0.10, and eleven (11) strike levels will be generated below Binary Contract Y at an interval of 0.10 (e.g.  $Y - 0.10$ ;  $Y$ ;  $Y + 0.10$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY CRUDE OIL BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.2.
- (3) NUMBER OF STRIKE LEVELS LISTED - Nine (9) strike levels will be listed for each Intraday Crude Oil Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.01 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 0.2, and four (4) strike levels will be generated below Binary Contract Z at an interval of 0.2 (e.g.  $Z - 0.2$ ;  $Z$ ;  $Z + 0.2$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional Crude Oil Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the Crude Oil Binary Contract shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for the \$100 Crude Oil Binary Contracts shall be 2,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) SETTLEMENT DATE – The Settlement Date will be the date on which the Crude Oil Binary Contract as reported by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Crude Oil price or level is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in the money Contract on the Settlement Date. The Settlement Value of an in the money Crude Oil Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of Crude Oil released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all CFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Crude Oil Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of CFC trade prices and the lowest twenty (20) percent of CFC trade prices in the data set<sup>21</sup>, and using the remaining CFC trade prices in the data set, to calculate the Expiration Value. The calculation used is a simple average of the remaining CFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) CFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Crude Oil Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) CFC trade prices just prior to the close of trading of the Crude Oil Binary Contract removing the highest five (5) CFC trade prices and the lowest five (5) CFC trade prices, and using the remaining fifteen (15) CFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) CFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

## **RULE 12.10 NATURAL GAS VARIABLE PAYOUT CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Natural Gas Variable Payout Contracts issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Contracts is the Natural Gas price per mmBtu (millions British thermal units, in US dollars), obtained from the Natural Gas Futures contracts (“NFC”) traded on the New York Mercantile Exchange (“NYMEX”®).<sup>22</sup> The NFC trade prices that will be used for the Underlying will be taken from all twelve NFC delivery months: January, February, March, April, May, June, July, August, September, October, November, or December (each an “NFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts

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<sup>21</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>22</sup> *Supra*, at fn 4.

(i.e. "End Date") is the Friday of the week preceding the Underlying futures contracts Expiration Date. If the Underlying futures contracts Expiration Date falls on a Monday, the End Date for that specific delivery month will be the Friday of the week preceding the week of the Underlying futures contracts Expiration Date, i.e. not the Friday that is one business day prior to the Monday Expiration Date. For example, the Nymex Natural Gas February 2012 futures have an Expiration Date of January 27, 2012. The last day on which the Natural Gas February 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Natural Gas contracts will be the Friday of the preceding week. Therefore, the End Date for using Nymex Natural Gas February 2012 futures will be January 20, 2012 and the Start Date for the next delivery month, Nymex Natural Gas March 2012 futures, will be January 21, 2012. The Nymex Natural Gas March 2012 futures, however, have an Expiration Date of Monday, February 27, 2012. The last day on which the Natural Gas March 2012 futures prices will be as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Natural Gas contracts will be February 17, 2012, rather than February 24, 2012, and the Start Date for the next delivery month, Nymex Natural Gas April 2012 futures will be February 18, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Natural Gas Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY NATURAL GAS CALL SPREAD VARIABLE PAYOUT CONTRACTS, 2:30 PM ET CLOSE - At the commencement of trading in a Daily Natural Gas Call Spread Variable Payout Contract, referred to as a 'Call Spread', Nadex shall list one (1) Call Spread Payout Contract, which conforms to the Payout Criteria listed below:

(1) DAILY NATURAL GAS CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 0.5$ .

(bb) FLOOR – The Floor shall be  $X - 0.5$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1000.

(2) In each case, “X” equals the last Natural Gas price, as reported by the Source Agency, rounded to the nearest 0.1.

(ii) DAILY NATURAL GAS CALL SPREAD CONTRACTS, 2:30 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.5$ .
- (2) CONTRACT 2: The Ceiling shall be  $X + 0.25$ ; The Floor shall be  $X - 0.25$ .
- (3) CONTRACT 3: The Ceiling shall be  $X + 0.5$ ; The Floor shall be X.
- (4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1000.

(5) In each case, “X” equals the last Natural Gas price, as reported by the Source Agency, rounded to the nearest 0.1.

(iii) INTRADAY NATURAL GAS CALL SPREAD CONTRACTS, 8AM ET to 2:30 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.4$ .
- (2) CONTRACT 2: The Ceiling shall be  $X + 0.2$ ; The Floor shall be  $X - 0.2$ .
- (3) CONTRACT 3: The Ceiling shall be  $X + 0.4$ ; The Floor shall be X.
- (4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1000.

(5) In each case, “X” equals the last Natural Gas price, as reported by the Source Agency, rounded to the nearest 0.1.

(iv) INTRADAY 2-HOUR NATURAL GAS CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM and 2:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.2$ .
- (2) CONTRACT 2: The Ceiling shall be  $X + 0.1$ ; The Floor shall be  $X - 0.1$ .
- (3) CONTRACT 3: The Ceiling shall be  $X + 0.2$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1000.

(5) In each case, “X” equals the last Natural Gas price, as reported by the Source Agency, rounded to the nearest 0.05.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Natural Gas Call Spread Contracts shall be 0.001.

(h) POSITION LIMIT – The Position Limits for Natural Gas Call Spread Contracts shall be 25,000 Contracts.

(i) LAST TRADING DATE – The Last Trading Date for this Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Natural Gas Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Natural Gas released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all NFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Natural Gas Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NFC trade prices and the lowest twenty (20) percent of NFC trade prices in the data set<sup>23</sup>, and using the remaining NFC trade prices in the data set, to calculate the Expiration Value. The calculation used is a simple average of all the remaining NFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) NFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Natural Gas Call Spread Contract,

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<sup>23</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.



the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) NFC trade prices just prior to the close of trading of the Natural Gas Call Spread Contract removing the highest five (5) NFC trade prices and the lowest five (5) NFC trade prices, and using the remaining fifteen (15) NFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) NFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

## RULE 12.11 NATURAL GAS BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Natural Gas Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Natural Gas price per mmBtu (millions British thermal units, in US dollars), obtained from the Physical Natural Gas Futures contracts (“NFC”) traded on the New York Mercantile Exchange (“NYMEX”<sup>24</sup>). The NFC trade prices that will be used for the Underlying will be taken from all twelve NFC delivery months: January, February, March, April, May, June, July, August, September, October, November, or December (each an “NFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. If the Underlying futures contracts Expiration Date falls on a Monday, the End Date for that specific delivery month will be the Friday of the week preceding the week of the Underlying futures contracts Expiration Date, i.e. not the Friday that is one business day prior to the Monday Expiration Date. For example, the Nymex Natural Gas February 2012 futures have an Expiration Date of January 27, 2012. The last day on which the Natural Gas February 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Natural Gas contracts will be the Friday of the preceding week. Therefore, the End Date for using Nymex Natural Gas February 2012 futures will be January 20, 2012 and the Start Date for the next delivery month, Nymex Natural Gas March 2012 futures, will be January 21, 2012. The Nymex Natural Gas March 2012 futures, however, have an Expiration Date of Monday, February 27, 2012. The last day on which the Natural Gas March 2012 futures prices will be as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Natural Gas contracts will be February 17, 2012, rather than February 24, 2012, and the Start Date for the next delivery month, Nymex Natural Gas April 2012 futures will be February 18, 2012.

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<sup>24</sup> *Supra*, at fn 4.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Natural Gas Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY NATURAL GAS BINARY CONTRACTS

(1) EXPIRATION TIME – 2:30PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.10.

(3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly Natural Gas Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.250 or 0.750 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.10, and six (6) strike levels will be generated below Binary Contract W at an interval of 0.10 (e.g.  $W - 0.10$ ;  $W$ ;  $W + 0.10$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY NATURAL GAS BINARY CONTRACTS

(1) EXPIRATION TIME – 2:30PM ET CLOSE

(1) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.02.

(2) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Daily Natural Gas Binary Contract Series.

(3) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as

determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.1 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract Y at an interval of 0.02, and seven (7) strike levels will be generated below Binary Contract Y at an interval of 0.02 (e.g.  $Y - 0.02$ ;  $Y$ ;  $Y + 0.02$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY NATURAL GAS BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.01.
- (3) NUMBER OF STRIKE LEVELS LISTED - Nine (9) strike levels will be listed for each Intraday Natural Gas Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.01 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 0.01, and four (4) strike levels will be generated below Binary Contract Z at an interval of 0.01 (e.g.  $Z - 0.01$ ;  $Z$ ;  $Z + 0.01$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional Natural Gas Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Natural Gas Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for Natural Gas Binary Contracts shall be 2,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) SETTLEMENT DATE – The Settlement Date will be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Natural Gas Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money Natural Gas Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of Natural Gas released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all NFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Natural Gas Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NFC trade prices and the lowest twenty (20) percent of NFC trade prices in the data set<sup>25</sup>, and using the remaining NFC trade prices in the data set, to calculate the Expiration Value. The calculation used is a simple average of all the remaining NFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) NFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Natural Gas Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) NFC trade prices just prior to the close of trading of the Natural Gas Binary Contract removing the highest five (5) NFC trade prices and the lowest five (5) NFC trade prices, and using the remaining fifteen (15) NFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) NFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

## **RULE 12.12 CORN VARIABLE PAYOUT CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Corn Variable Payout Contracts issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Contracts is the Corn price per bushel (in U.S. cents), as calculated by Nadex using a proprietary algorithm which takes a sampling of prices<sup>26</sup> obtained from the specified Corn Futures contracts (“CNFC”) currently trading on the Chicago Board of Trade (CBOT®)<sup>27</sup>. The CNFC prices that will be used to calculate the Underlying will be taken from

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<sup>25</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>26</sup> The term “Prices” does not include any settlement prices calculated or issued by CBOT. Nadex only uses the prices reported on the CBOT in order to formulate its own settlement price.

<sup>27</sup> CBOT® is a registered service mark of the Board of Trade of the City of Chicago. Nadex is not affiliated with the Board of Trade of the City of Chicago and neither the Board of Trade of the City of Chicago, nor its affiliates, sponsor or endorse Nadex or its products in any way.

the March, May, July, or December CNFC delivery months (each a “CNFC Delivery Month”). The Start and End Date for which Nadex will use a specific delivery month as the Underlying, will be set based on the Settlement date of the Underlying futures contract. The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the last day preceding the Start Date. The Start Date will be the 12<sup>th</sup> business day of the calendar month that precedes the Underlying futures contracts current lead month. For example, if the CBOT Corn May 2014 futures is the current lead month and used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Corn contracts, the CBOT Corn July 2014 futures will become the current lead month on April 16, 2014, the 12<sup>th</sup> business day of the month preceding the current lead month (May), and become the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Corn contracts. The last day on which the Corn May 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date is April 15, 2014, which is the last trading day preceding April 16, 2014, the Start Date of the July 2014 futures.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Corn Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY CORN CALL SPREAD VARIABLE PAYOUT CONTRACTS, 2:15 PM ET CLOSE - At the commencement of trading in a Daily Corn Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY CORN CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 20$ .

(bb) FLOOR – The Floor shall be  $X - 20$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(2) In each case, “X” equals the last Corn price, as reported by the Source Agency, rounded to the nearest 10.

(ii) DAILY CORN NARROW CALL SPREAD CONTRACTS, 2:15 PM ET CLOSE – At the commencement of trading in a Daily Corn Narrow Call Spread Contract, Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges referred to as ‘Narrow Call Spreads’, which conform to the Payout Criteria listed below:

(1) DAILY CORN NARROW CALL SPREAD CONTRACTS

(aa) CONTRACT 1: The Ceiling shall be X; The Floor shall be X – 20.

(bb) CONTRACT 2; The Ceiling shall be X + 10; The Floor shall be X – 10.

(cc) CONTRACT 3: The Ceiling shall be X + 20; The Floor shall be X.

(dd) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(2) In each case, “X” equals the last Corn price, as reported by the Source Agency rounded to the nearest 10.

(iii) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Corn Call Spread Contracts shall be 0.10.

(h) POSITION LIMIT – The Position Limits for Corn Call Spread Contracts shall be 62,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Corn Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Corn as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all CNFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Corn Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten

(10) second period, removing the highest twenty (20) percent of CNFC trade prices and the lowest twenty (20) percent of CNFC trade prices from the data set<sup>28</sup>, and using the remaining CNFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining CNFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) CNFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Corn Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) CNFC trade prices just prior to the close of trading of the Corn Call Spread Contract removing the highest five (5) CNFC trade prices and the lowest five (5) CNFC trade prices, and using the remaining fifteen (15) CNFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) CNFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.13 [RESERVED]

#### RULE 12.14 SOYBEANS VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Soybeans Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Soybean price per bushel (in U.S. cents), herein after referred to as “Soybean” or “Soybeans”, as calculated by Nadex using a proprietary algorithm which takes a sampling of prices<sup>29</sup> obtained from the specified Soybean Futures contracts (“SBFC”) currently trading on the Chicago Board of Trade (CBOT®)<sup>30</sup>. The SBFC prices that will be used to calculate the Underlying will be taken from the January, March, May, July, or November SBFC delivery months (each a “SBFC Delivery Month”). The Start and End Date for which Nadex will use a specific delivery month as the Underlying, will be set based on the Settlement date of the Underlying futures contract. The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery

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<sup>28</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>29</sup> The term “Prices” does not include any settlement prices calculated or issued by CBOT. Nadex only uses the prices reported on the CBOT in order to formulate its own Expiration Value.

<sup>30</sup> CBOT® is a registered service mark of the Board of Trade of the City of Chicago. Nadex is not affiliated with the Board of Trade of the City of Chicago and neither the Board of Trade of the City of Chicago, nor its affiliates, sponsor or endorse Nadex or its products in any way.

month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the last day preceding the Start Date. The Start Date will be the 12<sup>th</sup> business day of the calendar month that precedes the Underlying futures contracts current lead month. For example, if the CBOT Soybeans May 2014 futures is the current lead month and used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Soybeans contracts, the CBOT Soybeans July 2014 futures will become the current lead month on April 16, 2014, the 12<sup>th</sup> business day of the month preceding the current lead month (May), and become the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Soybeans contracts. The last day on which the Soybeans May 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date is April 15, 2014, which is the last trading day preceding April 16, 2014, the Start Date of the July 2014 futures.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~—(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Soybeans Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY SOYBEANS CALL SPREAD VARIABLE PAYOUT CONTRACTS, 2:15 PM ET CLOSE - At the commencement of trading in a Daily Soybeans Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY SOYBEANS CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 40$ .

(bb) FLOOR – The Floor shall be  $X - 40$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(2) In each case, “X” equals the last Soybeans price, as reported by the Source Agency, rounded to the nearest 10.

(ii) DAILY SOYBEANS NARROW CALL SPREAD CONTRACTS, 2:15 PM ET CLOSE – At the commencement of trading in a Daily Soybeans Narrow Call Spread Contract,



Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges referred to as ‘Narrow Call Spreads’, which conform to the Payout Criteria listed below:

(1) DAILY SOYBEANS NARROW CALL SPREAD CONTRACTS

- (aa) CONTRACT 1: The Ceiling shall be X; The Floor shall be X - 40.
- (bb) CONTRACT 2; The Ceiling shall be X + 20; The Floor shall be X – 20.
- (cc) CONTRACT 3: The Ceiling shall be X + 40; The Floor shall be X.
- (dd) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(2) In each case, “X” equals the last Soybeans price, as reported by the Source Agency rounded to the nearest 10.

(iii) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Soybeans Call Spread Contracts shall be 0.10.

(h) POSITION LIMIT – The Position Limits for Soybeans Call Spread Contracts shall be 31,250 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Soybeans Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Soybeans as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all SBFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Soybeans Call Spread Contract, provided at least twenty-five (25) trade prices are

captured during the ten (10) second period, removing the highest twenty (20) percent of SBFC trade prices and the lowest twenty (20) percent of SBFC trade prices from the data set<sup>31</sup>, and using the remaining SBFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining SBFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SBFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Soybeans Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) SBFC trade prices just prior to the close of trading of the Soybeans Call Spread Contract removing the highest five (5) SBFC trade prices and the lowest five (5) SBFC trade prices, and using the remaining fifteen (15) SBFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) SBFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.15 – 12.25 [RESERVED]

#### RULE 12.26 CURRENCY EXCHANGE AUD/USD VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange AUD/USD (“AUD/USD”) Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Australian dollar/US dollar, herein referred to as “AUD/USD” as quoted in US dollars per Australian dollar obtained from the spot AUD/USD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

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<sup>31</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the AUD/USD Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY AUD/USD CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE - At the commencement of trading in a Daily AUD/USD Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to one of the Payout Criteria listed below:

(1) DAILY AUD/USD CALL SPREAD CONTRACT:

(aa) CEILING – The Ceiling shall be  $X + 0.0250$ .

(bb) FLOOR – The Floor shall be  $X - 0.0250$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(2) In each case, “X” equals the last AUD/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(ii) DAILY AUD/USD CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 0.0250$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0125$ ; The Floor shall be  $X - 0.0125$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0250$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last AUD/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iii) INTRADAY AUD/USD CALL SPREAD CONTRACTS, 6:00PM to 11:00PM, 11:00PM to 7:00AM, and 7:00AM to 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 0.0200$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0100$ ; The Floor shall be  $X - 0.0100$

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0200$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last AUD/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iv) INTRADAY 2-HOUR AUD/USD CALL SPREAD CONTRACTS, 8:00PM, 9:00PM, 10:00PM, 11:00PM, 12:00AM, 1:00AM, 2:00AM, 3:00AM, 4:00AM, 5:00AM, 6:00AM, 7:00AM, 8:00AM, 9:00AM, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, and 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X- 0.0100.

(2) CONTRACT 2: The Ceiling shall be X + 0.0050; The Floor shall be X – 0.0050

(3) CONTRACT 3: The Ceiling shall be X + 0.0100; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last AUD/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for AUD/USD Call Spread Contracts shall be 0.0001.

(h) POSITION LIMIT – There are currently no Position Limits for AUD/USD Call Spread Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the AUD/USD Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of AUD/USD released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the AUD/USD Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>32</sup>, using the remaining AUD/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining AUD/USD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the AUD/USD Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) AUD/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) AUD/USD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.27 CURRENCY EXCHANGE AUD/USD BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange AUD/USD (“AUD/USD”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Australian dollar/US dollar herein referred to as “AUD/USD” as quoted in U.S. dollars per Australian dollar obtained from the spot AUD/USD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

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<sup>32</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the AUD/USD Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY AUD/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0050.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly AUD/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0025 or 0.0075 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.0050, and seven (7) strike levels will be generated below Binary Contract W at an interval of 0.0050 (e.g.  $W - 0.0050$ ;  $W$ ;  $W + 0.0050$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY AUD/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0020.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily AUD/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0020 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract X at an interval of 0.0020, and ten (10) strike levels will be generated below Binary Contract X at an interval

of 0.0020 (e.g.  $X - 0.0020$ ;  $X$ ;  $X + 0.0020$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY 2-HOUR AUD/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 8 PM, 9 PM, 10 PM, 11 PM, 12 AM, 1 AM, 2 AM, 3 AM, 4 AM, 5 AM, 6 AM, 7 AM, 8 AM, 9 AM, 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM, 4 PM, 5 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0004.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nineteen (19) strike levels will be listed for each Intraday 2-Hour AUD/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0000, 0.0002, 0.0004, 0.0006, or 0.0008 as reported by the Source Agency. Nine (9) strike levels will be generated above Binary Contract Y at an interval of 0.0004, and nine (9) strike levels will be generated below Binary Contract Y at an interval of 0.0004 (e.g.  $Y - 0.0004$ ;  $Y$ ;  $Y + 0.0004$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY 5-MINUTE AUD/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 5-Minute Binary Contracts will expire every 5 minutes beginning Sunday at 6:05pm ET and ending Friday at 4:00pm ET.
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0002 for expirations occurring between 6:05pm ET and 8:05am ET and between 12:10pm ET and 5:00pm ET; the interval width shall be 0.0004 for expirations occurring between 8:10am ET and 12:05pm ET.
- (3) NUMBER OF STRIKE LEVELS LISTED – Five (5) strike levels will be listed for each Intraday 5-Minute AUD/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance

of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0001, 0.0003, 0.0005, 0.0007, or 0.0009, as reported by the Source Agency. For expirations occurring between 6:05pm ET and 8:05am ET and between 12:10pm ET and 5:00pm ET, two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0002, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0002 (e.g.  $Z - 0.0002$ ;  $Z$ ;  $Z + 0.0002$ ). The Contract will have a Payout Criterion of greater than the strike level value. For expirations occurring between 8:10am ET and 12:05pm ET, two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0004, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0004 (e.g.  $Z - 0.0004$ ;  $Z$ ;  $Z + 0.0004$ ). The Contract will have a Payout Criterion of greater than the strike level value.

- (5) Nadex may, in its discretion, temporarily refrain from the listing of any 5-Minute Binary Contract due to the unavailability of the underlying market upon which the Contract is based, or any other condition Nadex determines may be detrimental to the listing of the Contract.

(v) Nadex may list additional AUD/USD Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for AUD/USD Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – There are currently no Position Limits for AUD/USD Binary Contract.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same as the Expiration Date. No trading in the AUD/USD Binary Contracts shall occur after its Last Trading Date.

(j) SETTLEMENT DATE – The Settlement Date will be the date on which the AUD/USD number as reported by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the AUD/USD number is scheduled to be released.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on the Settlement Date. The Settlement Value of an in the money AUD/USD Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of AUD/USD released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency



by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the AUD/USD Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>33</sup>, using the remaining AUD/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining AUD/USD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the AUD/USD Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) AUD/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) AUD/USD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

## RULE 12.28 CURRENCY EXCHANGE EUR/USD VARIABLE PAYOUT CONTRACTS

### RULE 12.28.1 CURRENCY EXCHANGE EUR/USD “CALL SPREAD” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange EUR/USD (“EUR/USD”) Call Spread Variable Payout Contracts, referred to as a “Call Spread”, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Euro/US dollar, herein referred to as “EUR/USD” as quoted in US dollars per Euro obtained from the spot EUR/USD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

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<sup>33</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

~~(e) ISSUANCE—For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the EUR/USD Call Spreads, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY EUR/USD CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE - At the commencement of trading in a Daily EUR/USD Call Spread, Nadex shall list one (1) Call Spread Contract, which conforms to one of the Payout Criteria listed below:

(1) DAILY EUR/USD CALL SPREAD CONTRACT:

(aa) CEILING – The Ceiling shall be  $X + 0.0250$ .

(bb) FLOOR – The Floor shall be  $X - 0.0250$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(2) In each case, “X” equals the last EUR/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(ii) DAILY EUR/USD CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.0250$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0125$ ; The Floor shall be  $X - 0.0125$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0250$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last EUR/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iii) INTRADAY EUR/USD CALL SPREAD CONTRACTS, 6:00PM to 11:00PM, 11:00PM to 7:00AM, and 7:00AM to 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.0250$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0125$ ; The Floor shall be  $X - 0.0125$

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0250$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last EUR/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iv) INTRADAY 2-HOUR EUR/USD CALL SPREAD CONTRACTS, 8:00PM, 9:00PM, 10:00PM, 11:00PM, 12:00AM, 1:00AM, 2:00AM, 3:00AM, 4:00AM, 5:00AM, 6:00AM, 7:00AM, 8:00AM, 9:00AM, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, and 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 0.0100$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0050$ ; The Floor shall be  $X - 0.0050$

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0100$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last EUR/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for EUR/USD Call Spread Variable Payout Contracts shall be 0.0001.

(h) POSITION LIMIT – There are currently no Position Limits for EUR/USD Call Spread Variable Payout Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the EUR/USD Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of EUR/USD Index Value released by the Source Agency at Expiration on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the EUR/USD Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>34</sup>, using the remaining EUR/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining EUR/USD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the EUR/USD Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) EUR/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) EUR/USD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### **RULE 12.28.2 CURRENCY EXCHANGE EUR/USD “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange EUR/USD (“EUR/USD”) Touch Bracket Variable Payout Contracts, referred to as a “Touch Bracket”, issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Contracts is the Euro/US dollar, herein referred to as “EUR/USD” as quoted in US dollars per Euro obtained from the spot EUR/USD foreign currency market.

(c) **SOURCE AGENCY** – The Source Agency is Nadex.

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<sup>34</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the EUR/USD Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY EUR/USD TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Expiration is the earlier of (a) 3:00PM ET on the Last Trade Day of the contract listing, or (b) when the EUR/USD Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, each referred to as a ‘Touch Bracket’, that open at 6:00PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 0.0200$ ; The Floor shall be  $X - 0.0050$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0150$ ; The Floor shall be  $X - 0.0100$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0100$ ; The Floor shall be  $X - 0.0150$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 0.0050$ ; The Floor shall be  $X - 0.0200$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(6) In each case, “X” equals the last EUR/USD price, as reported by the Source Agency, rounded to the nearest 0.0001.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 0.0200$  (or  $0.0050$ ) and a Floor of  $X - 0.0050$  (or  $0.0200$ ) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) MINIMUM TICK –The Minimum Tick size for the EUR/USD Touch Bracket Variable Payout Contracts shall be 0.0001.

(h) POSITION LIMIT –The Position Limit for EUR/USD Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) **SETTLEMENT DATE** – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract shall be the date on which the EUR/USD Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **EUR/USD INDEX VALUE** – The Source Agency shall calculate and produce a EUR/USD Index Value once each second throughout the life of the EUR/USD Variable Payout contracts. That is, each second the Source Agency will calculate a EUR/USD Index Value by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the Calculation Time, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>35</sup>, using the remaining EUR/USD Midpoints to calculate the EUR/USD Index Value for that second. The calculation used is a simple average of the remaining EUR/USD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the EUR/USD Index Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the Calculation Time and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) EUR/USD Midpoints to calculate the EUR/USD Index Value. The calculation used is a simple average of all four (4) EUR/USD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) **EXPIRATION VALUE** – The Expiration Value is the EUR/USD Index Value released by the Source Agency at Expiration on the Expiration Date.

(o) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

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<sup>35</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

## RULE 12.29 CURRENCY EXCHANGE EUR/USD BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange EUR/USD (“EUR/USD”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Euro/US dollar herein referred to as “EUR/USD” as quoted in U.S. dollars per Euro obtained from the spot EUR/USD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the EUR/USD Binary Contract, the Payout Criteria for the Contracts will be set as follows:

### (i) WEEKLY EUR/USD BINARY CONTRACTS

(1) EXPIRATION TIME – 3 PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0050.

(3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly EUR/USD Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0025 or 0.0075 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.0050, and seven (7) strike levels will be generated below Binary Contract W at an interval of 0.0050 (e.g.  $W - 0.0050$ ;  $W$ ;  $W + 0.0050$ ). The Contract will have a Payout Criterion of greater than the strike level value.

### (ii) DAILY EUR/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0020.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily EUR/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0020 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract X at an interval of 0.0020, and ten (10) strike levels will be generated below Binary Contract X at an interval of 0.0020 (e.g.  $X - 0.0020$ ;  $X$ ;  $X + 0.0020$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY 2-HOUR EUR/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 8 PM, 9 PM, 10 PM, 11 PM, 12 AM, 1 AM, 2 AM, 3 AM, 4 AM, 5 AM, 6 AM, 7 AM, 8 AM, 9 AM, 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM, 4 PM, 5 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0004.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nineteen (19) strike levels will be listed for each Intraday 2-Hour EUR/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0000, 0.0002, 0.0004, 0.0006, or 0.0008 as reported by the Source Agency. Nine (9) strike levels will be generated above Binary Contract Y at an interval of 0.0004, and nine (9) strike levels will be generated below Binary Contract Y at an interval of 0.0004 (e.g.  $Y - 0.0004$ ;  $Y$ ;  $Y + 0.0004$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY 5-MINUTE EUR/USD BINARY CONTRACTS



- (1) EXPIRATION TIME – 5-Minute Binary Contracts will expire every 5 minutes beginning Sunday at 6:05pm ET and ending Friday at 4:00pm ET.
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0002 for expirations occurring between 6:05pm ET and 8:05am ET and between 12:10pm ET and 5:00pm ET; the interval width shall be 0.0004 for expirations occurring between 8:10am ET and 12:05pm ET.
- (3) NUMBER OF STRIKE LEVELS LISTED – Five (5) strike levels will be listed for each Intraday 5-Minute EUR/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0001, 0.0003, 0.0005, 0.0007, or 0.0009 as reported by the Source Agency. For expirations occurring between 6:05pm ET and 8:05am ET and between 12:10pm ET and 5:00pm ET, two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0002, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0002 (e.g.  $Z - 0.0002$ ;  $Z$ ;  $Z + 0.0002$ ). The Contract will have a Payout Criterion of greater than the strike level value. For expirations occurring between 8:10am ET and 12:05pm ET, two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0004, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0004 (e.g.  $Z - 0.0004$ ;  $Z$ ;  $Z + 0.0004$ ). The Contract will have a Payout Criterion of greater than the strike level value.
- (5) Nadex may, in its discretion, temporarily refrain from the listing of any 5-Minute Binary Contract due to the unavailability of the underlying market upon which the Contract is based, or any other condition Nadex determines may be detrimental to the listing of the Contract.

(v) Nadex may list additional EUR/USD Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

- (g) MINIMUM TICK – The Minimum Tick size for EUR/USD Binary Contracts shall be \$0.25.
- (h) POSITION LIMIT – There are currently no Position Limits for EUR/USD Binary Contract.
- (i) LAST TRADING DATE – The Last Trading Date in a Series is the same as the Expiration Date. No trading in the EUR/USD Binary Contracts shall occur after its Last Trading Date.

(j) SETTLEMENT DATE – The Settlement Date will be the date on which the EUR/USD number as reported by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the EUR/USD number is scheduled to be released.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on the Settlement Date. The Settlement Value of an in the money EUR/USD Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of EUR/USD released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the EUR/USD Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>36</sup>, using the remaining EUR/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining EUR/USD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the EUR/USD Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) EUR/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) EUR/USD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

## RULE 12.30 CURRENCY EXCHANGE GBP/USD VARIABLE PAYOUT CONTRACTS

### RULE 12.30.1 CURRENCY EXCHANGE GBP/USD “CALL SPREAD” VARIABLE PAYOUT CONTRACTS

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<sup>36</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange GBP/USD (“GBP/USD”) Call Spread Variable Payout Contracts, referred to as a ‘Call Spread’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the British Pound/ US dollar, herein referred to as “GBP/USD” as quoted in US dollars per British Pound obtained from the spot GBP/USD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the GBP/USD Call Spreads, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY GBP/USD CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE SPREAD - At the commencement of trading in a Daily USD/USD Call Spread, Nadex shall list one (1) Call Spread Contract, which conforms to one of the Payout Criteria listed below:

(1) DAILY GBP/USD CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 0.0250$ .

(bb) FLOOR – The Floor shall be  $X - 0.0250$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(2) In each case, “X” equals the last GBP/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(ii) DAILY GBP/USD CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.0250$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0125$ ; The Floor shall be  $X - 0.0125$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0250$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last GBP/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iii) INTRADAY GBP/USD CALL SPREAD CONTRACTS, 6:00PM to 11:00PM, 11:00PM to 7:00AM, and 7:00AM to 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X- 0.0300.

(2) CONTRACT 2: The Ceiling shall be X + 0.0150; The Floor shall be X – 0.0150

(3) CONTRACT 3: The Ceiling shall be X + 0.0300; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last GBP/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iv) INTRADAY 2-HOUR GBP/USD CALL SPREAD CONTRACTS, 8:00PM, 9:00PM, 10:00PM, 11:00PM, 12:00AM, 1:00AM, 2:00AM, 3:00AM, 4:00AM, 5:00AM, 6:00AM, 7:00AM, 8:00AM, 9:00AM, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, and 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X- 0.0150.

(2) CONTRACT 2: The Ceiling shall be X + 0.0075; The Floor shall be X – 0.0075.

(3) CONTRACT 3: The Ceiling shall be X + 0.0150; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last GBP/USD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for GBP/USD Call Spread Variable Payout Contracts shall be 0.0001.

(h) POSITION LIMIT – There are currently no Position Limits for GBP/USD Call Spread Variable Payout Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series shall be the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the GBP/USD Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of GBP/USD Index Value released by the Source Agency at Expiration on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the GBP/USD Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>37</sup>, using the remaining GBP/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining GBP/USD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the GBP/USD Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) GBP/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) GBP/USD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

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<sup>37</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

RULE 12.30.2 CURRENCY EXCHANGE GBP/USD “TOUCH BRACKET” VARIABLE  
PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange GBP/USD (“GBP/USD”) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the British Pound/ US dollar, herein referred to as “GBP/USD” as quoted in US dollars per British Pound obtained from the spot GBP/USD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the GBP/USD Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY GBP/USD TOUCH BRACKET Variable Payout CONTRACTS, Expiration is the earlier of 3:00PM ET on the Last Trade Day of the contract listing, or when the GBP/USD Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, that open at 6:00PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 0.0200$ ; The Floor shall be  $X - 0.0050$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0150$ ; The Floor shall be  $X - 0.0100$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0100$ ; The Floor shall be  $X - 0.0150$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 0.0050$ ; The Floor shall be  $X - 0.0200$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(6) In each case, “X” equals the last GBP/USD price, as reported by the Source Agency, rounded to the nearest 0.0001.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 0.0200$  (or  $0.0050$ ) and a Floor of  $X - 0.0050$  (or  $0.0200$ ) where  $X$  equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) MINIMUM TICK – The Minimum Tick size for GBP/USD Touch Bracket Variable Payout Contracts shall be 0.0001.

(h) POSITION LIMIT – The Position Limit for GBP/USD Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the GBP/USD Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) GBP/USD INDEX VALUE – The Source Agency shall calculate and produce a GBP/USD Index Value once each second throughout the life of the GBP/USD Variable Payout contracts. That is, each second the Source Agency will calculate a GBP/USD Index Value by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the Calculation Time, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>38</sup>, using the remaining GBP/USD Midpoints to calculate the GBP/USD Index Value for that second. The calculation used is a simple average of the remaining GBP/USD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the GBP/USD Index Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the Calculation Time and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) GBP/USD Midpoints to calculate the

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<sup>38</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

GBP/USD Index Value. The calculation used is a simple average of all four (4) GBP/USD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) EXPIRATION VALUE – The Expiration Value is the GBP/USD Index Value released by the Source Agency at Expiration on the Expiration Date.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.31 CURRENCY EXCHANGE GBP/USD BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange GBP/USD (“GBP/USD”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the British Pound/US dollar herein referred to as “GBP/USD” as quoted in US dollars per British Pound obtained from the spot GBP/USD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the GBP/USD Binary Contract, the Payout Criteria for the Contracts will be set as follows:

##### (i) WEEKLY GBP/USD BINARY CONTRACTS

(1) EXPIRATION TIME – 3 PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0050.

(3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly GBP/USD Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying



market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0025 or 0.0075 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.0050, and seven (7) strike levels will be generated below Binary Contract W at an interval of 0.0050 (e.g.  $W - 0.0050$ ;  $W$ ;  $W + 0.0050$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY GBP/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0020.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily GBP/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0020 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract X at an interval of 0.0020, and ten (10) strike levels will be generated below Binary Contract X at an interval of 0.0020 (e.g.  $X - 0.0020$ ;  $X$ ;  $X + 0.0020$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY 2-HOUR GBP/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 8 PM, 9 PM, 10 PM, 11 PM, 12 AM, 1 AM, 2 AM, 3 AM, 4 AM, 5 AM, 6 AM, 7 AM, 8 AM, 9 AM, 10 AM, 11 AM, 12 PM, 1 PM , 2 PM, 3 PM, 4 PM, 5 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0010.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday 2-Hour GBP/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that

Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0000, 0.0002, 0.0004, 0.0006, or 0.0008 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Y at an interval of 0.0010, and four (4) strike levels will be generated below Binary Contract Y at an interval of 0.0010 (e.g.  $Y - 0.0010$ ;  $Y$ ;  $Y + 0.0010$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY 5-MINUTE GBP/USD BINARY CONTRACTS

- (1) EXPIRATION TIME – 5-Minute Binary Contracts will expire every 5 Minutes beginning Sunday at 6:05pm ET and ending Friday at 4:00pm ET.
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0002 for expirations occurring between 6:05pm ET and 8:05am ET and between 12:10pm ET and 5:00pm ET; the interval width shall be 0.0004 for expirations occurring between 8:10am ET and 12:05pm ET.
- (3) NUMBER OF STRIKE LEVELS LISTED – Five (5) strike levels will be listed for each Intraday 5-Minute GBP/USD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0001, 0.0003, 0.0005, 0.0007, or 0.0009 as reported by the Source Agency. For expirations occurring between 6:05pm ET and 8:05am ET and between 12:10pm ET and 5:00pm ET, two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0002, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0002 (e.g.  $Z - 0.0002$ ;  $Z$ ;  $Z + 0.0002$ ). The Contract will have a Payout Criterion of greater than the strike level value. For expirations occurring between 8:10am ET and 12:05pm ET, two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0004, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0004 (e.g.  $Z - 0.0004$ ;  $Z$ ;  $Z + 0.0004$ ). The Contract will have a Payout Criterion of greater than the strike level value.
- (5) Nadex may, in its discretion, temporarily refrain from the listing of any 5-Minute Binary Contract due to the unavailability of the underlying market upon which the Contract is based, or any other condition Nadex determines may be detrimental to the listing of the Contract.

(v) Nadex may list additional GBP/USD Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for GBP/USD Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – There are currently no Position Limits for GBP/USD Binary Contract.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date. No trading in the GBP/USD Binary Contracts shall occur after its Last Trading Date.

(j) SETTLEMENT DATE – The Settlement Date will be the date the GBP/USD number is scheduled to be released.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the GBP/USD number is scheduled to be released.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on the Settlement Date. The Settlement Value of an in the money GBP/USD Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of GBP/USD released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the GBP/USD Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>39</sup>, using the remaining GBP/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining GBP/USD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the GBP/USD Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) GBP/USD Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) GBP/USD Midpoints, rounded to one decimal point past the precision of the underlying market.

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<sup>39</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.32 CURRENCY EXCHANGE USD/CAD VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/CAD (“USD/CAD”) Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the US the US Dollar/ Canadian Dollar, herein referred to as “USD/CAD” as quoted in US dollars per Canadian Dollar obtained from the spot USD/CAD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the USD/CAD Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY USD/CAD CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE SPREAD - At the commencement of trading in a Daily USD/CAD Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

##### (1) DAILY USD/CAD CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 0.0250$ .

(bb) FLOOR – The Floor shall be  $X - 0.0250$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(2) In each case, “X” equals the last USD/CAD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(ii) DAILY USD/CAD CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.0250$ .
- (2) CONTRACT 2: The Ceiling shall be  $X + 0.0125$ ; The Floor shall be  $X - 0.0125$ .
- (3) CONTRACT 3: The Ceiling shall be  $X + 0.0250$ ; The Floor shall be X.
- (4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last USD/CAD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iii) INTRADAY USD/CAD CALL SPREAD CONTRACTS, 6:00PM to 11:00PM, 11:00PM to 7:00AM, 7:00AM to 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.0200$ .
- (2) CONTRACT 2: The Ceiling shall be  $X + 0.0100$ ; The Floor shall be  $X - 0.0100$
- (3) CONTRACT 3: The Ceiling shall be  $X + 0.0200$ ; The Floor shall be X.
- (4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last USD/CAD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iv) INTRADAY 2-HOUR USD/CAD CALL SPREAD CONTRACTS, 8:00PM, 9:00PM, 10:00PM, 11:00PM, 12:00AM, 1:00AM, 2:00AM, 3:00AM, 4:00AM, 5:00AM, 6:00AM, 7:00AM, 8:00AM, 9:00AM, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, and 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.0100$ .
- (2) CONTRACT 2: The Ceiling shall be  $X + 0.0050$ ; The Floor shall be  $X - 0.0050$
- (3) CONTRACT 3: The Ceiling shall be  $X + 0.0100$ ; The Floor shall be X.
- (4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last USD/CAD price, as reported by the Source Agency, rounded to the nearest 0.0010.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) **MINIMUM TICK** – The Minimum Tick size for USD/CAD Call Spread Contracts shall be 0.0001.

(h) **POSITION LIMIT** – There are currently no Position Limits for USD/CAD Call Spread Contracts.

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) **SETTLEMENT DATE** – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract shall be the date on which the USD/CAD Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of USD/CAD released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the USD/CAD Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>40</sup>, using the remaining USD/CAD Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining USD/CAD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the USD/CAD Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) USD/CAD Midpoints to calculate the

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<sup>40</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

Expiration Value. The calculation used is a simple average of all four (4) USD/CAD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.33 CURRENCY EXCHANGE USD/CAD BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/CAD (“USD/CAD”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the US Dollar/ Canadian Dollar herein referred to as “USD/CAD” as quoted in Canadian Dollars per US dollars obtained from the spot USD/CAD foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the USD/CAD Binary Contract, the Payout Criteria for the Contracts will be set as follows:

##### (i) WEEKLY USD/CAD BINARY CONTRACTS

(1) EXPIRATION TIME – 3 PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0050.

(3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly USD/CAD Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0025 or 0.0075 as reported by the Source Agency. Six (6)

strike levels will be generated above Binary Contract W at an interval of 0.0050, and seven (7) strike levels will be generated below Binary Contract W at an interval of 0.0050 (e.g.  $W - 0.0050$ ; W;  $W + 0.0050$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY USD/CAD BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET  
CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0020.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily USD/CAD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.000, 0.0020, 0.0040, 0.0060, or 0.0080 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract X at an interval of 0.0020, and ten (10) strike levels will be generated below Binary Contract X at an interval of 0.0020 (e.g.  $X - 0.0020$ ; X;  $X + 0.0020$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY USD/CAD BINARY CONTRACTS

- (1) EXPIRATION TIME – 10 AM, 11 AM, 12 PM, 1PM, 2 PM, 3 PM ET  
CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0010.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday USD/CAD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest



value ending in either 0.0002, 0.0004, 0.0007, or 0.0009 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Y at an interval of 0.0010, and four (4) strike levels will be generated below Binary Contract Y at an interval of 0.0010 (e.g.  $Y - 0.0010$ ;  $Y$ ;  $Y + 0.0010$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY 5-MINUTE USD/CAD BINARY CONTRACTS

- (1) EXPIRATION TIME – 5-Minute Binary Contracts will expire every 5 minutes beginning Sunday at 6:05pm ET and ending Friday at 4:00pm ET.
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0005.
- (3) NUMBER OF STRIKE LEVELS LISTED – Five (5) strike levels will be listed for each Intraday 5-Minute USD/CAD Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0001, 0.0006, 0.0003, or 0.0008 as reported by the Source Agency. Two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0005, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0005 (e.g.  $Z - 0.0005$ ;  $Z$ ;  $Z + 0.0005$ ). The Contract will have a Payout Criterion of greater than the strike level value.
- (5) Nadex may, in its discretion, temporarily refrain from the listing of any 5-Minute Binary Contract due to the unavailability of the underlying market upon which the Contract is based, or any other condition Nadex determines may be detrimental to the listing of the Contract.

(v) Nadex may list additional USD/CAD Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations

- (g) MINIMUM TICK – The Minimum Tick size for the USD/CAD Binary Contracts shall be \$0.25.
- (h) POSITION LIMIT – There are currently no Position Limits for USD/CAD Binary Contract.

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) **SETTLEMENT DATE** – The Settlement Date will be the date on which the USD/CAD Settlement Price is released by the Source Agency.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the USD/CAD Settlement Price is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in the money Contract on the Settlement Date. The Settlement Value for an in the money USD/CAD Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of USD/CAD released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the USD/CAD Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>41</sup>, using the remaining USD/CAD Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining USD/CAD Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the USD/CAD Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) USD/CAD Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) USD/CAD Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

## **RULE 12.34 CURRENCY EXCHANGE USD/CHF VARIABLE PAYOUT CONTRACTS**

### **RULE 12.34.1 CURRENCY EXCHANGE USD/CHF “CALL SPREAD” VARIABLE PAYOUT CONTRACTS**

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<sup>41</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/CHF (“USD/CHF”) Call Spread Variable Payout Contracts, referred to as a ‘Call Spread’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the US dollar/ Swiss Franc, herein referred to as “USD/CHF” as quoted in the Swiss Franc per US dollars obtained from the spot USD/CHF foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the USD/CHF Call Spreads, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY USD/CHF CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE - At the commencement of trading in a Daily USD/CHF Call Spread, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY USD/CHF CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 0.0250$ .

(bb) FLOOR – The Floor shall be  $X - 0.0250$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(2) In each case, “X” equals the last USD/CHF price, as reported by the Source Agency, rounded to the nearest 0.0010.

(ii) DAILY USD/CHF CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.0250$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0125$ ; The Floor shall be  $X - 0.0125$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0250$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(1) In each case, “X” equals the last USD/CHF price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iii) INTRADAY USD/CHF CALL SPREAD CONTRACTS, 6:00PM to 11:00PM, 11:00PM to 7:00AM, 7:00AM to 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X- 0.0200.

(2) CONTRACT 2: The Ceiling shall be X + 0.0100; The Floor shall be X – 0.0100

(3) CONTRACT 3: The Ceiling shall be X + 0.0200; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last USD/CHF price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iv) INTRADAY 2-HOUR USD/CHF CALL SPREAD CONTRACTS, 8:00PM, 9:00PM, 10:00PM, 11:00PM, 12:00AM, 1:00AM, 2:00AM, 3:00AM, 4:00AM, 5:00AM, 6:00AM, 7:00AM, 8:00AM, 9:00AM, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, and 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X- 0.0100.

(2) CONTRACT 2: The Ceiling shall be X + 0.0050; The Floor shall be X – 0.0050

(3) CONTRACT 3: The Ceiling shall be X + 0.0100; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last USD/CHF price, as reported by the Source Agency, rounded to the nearest 0.0010.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for USD/CHF Call Spread Variable Payout Contracts shall be 0.0001.

(h) POSITION LIMIT – There are currently no Position Limits for USD/CHF Call Spread Variable Payout Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the USD/CHF Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of USD/CHF Index Value released by the Source Agency at Expiration on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the USD/CHF Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>42</sup>, using the remaining USD/CHF Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining USD/CHF Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the USD/CHF Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) USD/CHF Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) USD/CHF Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

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<sup>42</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

RULE 12.34.2 CURRENCY EXCHANGE USD/CHF “TOUCH BRACKET” VARIABLE  
PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/CHF (“USD/CHF”) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the US dollar/ Swiss Franc, herein referred to as “USD/CHF” as quoted in the Swiss Franc per US dollars obtained from the spot USD/CHF foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the USD/CHF Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY USD/CHF TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Close Time is the earlier of 3:00PM ET on the last Trade Day of the contract listing, or when the USD/CHF Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, that open at 6:00PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 0.0200$ ; The Floor shall be  $X - 0.0050$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0150$ ; The Floor shall be  $X - 0.0100$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0100$ ; The Floor shall be  $X - 0.0150$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 0.0050$ ; The Floor shall be  $X - 0.0200$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(6) In each case, “X” equals the last USD/CHF price, as reported by the Source Agency, rounded to the nearest 0.0001.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 0.0200$  (or  $0.0050$ ) and a Floor of  $X - 0.0050$  (or  $0.0200$ ) where  $X$  equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) MINIMUM TICK –The Minimum Tick size for the USD/CHF Touch Bracket Variable Payout Contracts shall be 0.0001.

(h) POSITION LIMIT – The Position Limit for USD/CHF Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the USD/CHF Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) USD/CHF INDEX VALUE – The Source Agency shall calculate and produce a USD/CHF Index Value once each second throughout the life of the USD/CHF Variable Payout contracts. That is, each second the Source Agency will calculate a USD/CHF Index Value by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the Calculation Time, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>43</sup>, using the remaining USD/CHF Midpoints to calculate the USD/CHF Index Value for that second. The calculation used is a simple average of the remaining USD/CHF Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the USD/CHF Index Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the Calculation Time and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) USD/CHF Midpoints to calculate the

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<sup>43</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

USD/CHF Index Value. The calculation used is a simple average of all four (4) USD/CHF Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) EXPIRATION VALUE – The Expiration Value is the USD/CHF Index Value released by the Source Agency at Expiration on the Expiration Date.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.35 CURRENCY EXCHANGE USD/CHF BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/CHF (“USD/CHF”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the US dollar/ Swiss Franc herein referred to as “USD/CHF” as quoted in the Swiss Franc per US dollar obtained from the spot USD/CHF foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the USD/CHF Binary Contract, the Payout Criteria for the Contracts will be set as follows:

##### (i) WEEKLY USD/CHF BINARY CONTRACTS

(1) EXPIRATION TIME – 3 PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0050.

(3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly USD/CHF Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying



market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0025 or 0.0075 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract X at an interval of 0.0050, and seven (7) strike levels will be generated below Binary Contract X at an interval of 0.0050 (e.g.  $X - 0.0050$ ;  $X$ ;  $X + 0.0050$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY USD/CHF BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0020.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily USD/CHF Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0020 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract Y at an interval of 0.0020, and ten (10) strike levels will be generated below Binary Contract Y at an interval of 0.0020 (e.g.  $Y - 0.0020$ ;  $Y$ ;  $Y + 0.0020$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY USD/CHF BINARY CONTRACTS

- (1) EXPIRATION TIME – 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0004.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Intraday USD/CHF Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying

market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0001 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 0.0004, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 0.0004 (e.g.  $Z - 0.0004$ ;  $Z$ ;  $Z + 0.0004$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) Nadex may list additional USD/CHF Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK - The Minimum Tick size for USD/CHF Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – There are currently no Position Limits for USD/CHF Binary Contract.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date. No trading in the USD/CHF Binary Contracts shall occur after its Last Trading Date.

(j) SETTLEMENT DATE – The Settlement Date will be the date the USD/CHF number is released by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the USD/CHF number is scheduled to be released.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money USD/CHF Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of USD/CHF released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the USD/CHF Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>44</sup>, using the remaining USD/CHF Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining USD/CHF Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less)

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<sup>44</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the USD/CHF Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) USD/CHF Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) USD/CHF Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

## RULE 12.36 CURRENCY EXCHANGE USD/JPY VARIABLE PAYOUT CONTRACTS

### RULE 12.36.1 CURRENCY EXCHANGE USD/JPY “CALL SPREAD” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/JPY (“USD/JPY”) Call Spread Variable Payout Contracts, referred to as a ‘Call Spread’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the US dollar/ Japanese Yen, herein referred to as “USD/JPY” as quoted in the Japanese Yen per US dollars obtained from the spot USD/JPY foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the USD/JPY Call Spreads, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY USD/JPY CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE - At the commencement of trading in a Daily USD/JPY Call Spread, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

#### (1) DAILY USD/JPY CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 2.50$ .

(bb) FLOOR – The Floor shall be  $X - 2.50$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(2) In each case, “X” equals the last USD/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(ii) DAILY USD/JPY CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 2.50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 1.25$ ; The Floor shall be  $X - 1.25$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 2.50$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last USD/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(iii) INTRADAY USD/JPY CALL SPREAD CONTRACTS, 6:00PM to 11:00PM, 11:00PM to 7:00AM, and 7:00AM to 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 1.50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.75$ ; The Floor shall be  $X - 0.75$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 1.50$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last USD/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(iv) INTRADAY 2-HOUR USD/JPY CALL SPREAD CONTRACTS, 8:00PM, 9:00PM, 10:00PM, 11:00PM, 12:00AM, 1:00AM, 2:00AM, 3:00AM, 4:00AM, 5:00AM, 6:00AM, 7:00AM, 8:00AM, 9:00AM, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, and 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 1.00$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.50$ ; The Floor shall be  $X - 0.50$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 1.00$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last USD/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for USD/JPY Call Spread Variable Payout Contracts shall be 0.01.

(h) POSITION LIMIT – There are currently no Position Limits for USD/JPY Call Spread Variable Payout Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the USD/JPY Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value shall be the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of USD/JPY Index Value released by the Source Agency at Expiration on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the USD/JPY Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>45</sup>, using the remaining USD/JPY Midpoints to calculate the Expiration Value. The calculation used

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<sup>45</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

is a simple average of the remaining USD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the USD/JPY Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) USD/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) USD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.36.2 CURRENCY EXCHANGE USD/JPY “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/JPY (“USD/JPY”) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the US dollar/ Japanese Yen, herein referred to as “USD/JPY” as quoted in the Japanese Yen per US dollars obtained from the spot USD/JPY foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the USD/JPY Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY USD/JPY TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Close Time is the earlier of 3:00PM ET on the last Trade Day of the contract listing, or when the USD/JPY Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, that open at 6:00PM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 2.00$ ; The Floor shall be  $X - 0.50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 1.50$ ; The Floor shall be  $X - 1.00$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 1.00$ ; The Floor shall be  $X - 1.50$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 0.50$ ; The Floor shall be  $X - 2.00$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(6) In each case, “X” equals the last USD/JPY price, as reported by the Source Agency, rounded to the nearest 0.01.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 2.00$  (or 0.50) and a Floor of  $X - 0.50$  (or 2.00) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) MINIMUM TICK – The Minimum Tick size for USD/JPY Touch Bracket Variable Payout Contracts shall be 0.01.

(h) POSITION LIMIT – The Position Limit for USD/JPY Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the USD/JPY Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value shall be the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) USD/JPY INDEX VALUE – The Source Agency shall calculate and produce a USD/JPY Index Value once each second throughout the life of the USD/JPY Variable Payout contracts. That is, each second the Source Agency will calculate a USD/JPY Index Value by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the Calculation

Time, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>46</sup>, using the remaining USD/JPY Midpoints to calculate the USD/JPY Index Value for that second. The calculation used is a simple average of the remaining USD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the USD/JPY Index Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the Calculation Time and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) USD/JPY Midpoints to calculate the USD/JPY Index Value. The calculation used is a simple average of all four (4) USD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) EXPIRATION VALUE – The Expiration Value is the USD/JPY Index Value released by the Source Agency at Expiration on the Expiration Date.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.37 CURRENCY EXCHANGE USD/JPY BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/JPY (“USD/JPY”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the US dollar/ Japanese Yen, herein referred to as “USD/JPY” as quoted in the Japanese Yen per US dollar obtained from the spot USD/JPY foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

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<sup>46</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.



(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the USD/JPY Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY USD/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.50.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly USD/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.25 or 0.75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.50, and seven (7) strike levels will be generated below Binary Contract W at an interval of 0.50 (e.g.  $W - 0.50$ ;  $W$ ;  $W + 0.50$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY USD/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.20.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily USD/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.20 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract X at an interval of 0.20, and ten (10) strike levels will be generated below Binary Contract X at an interval of 0.20

(e.g.  $X - 0.20$ ;  $X$ ;  $X + 0.20$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY 2-HOUR USD/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 8 PM, 9 PM, 10 PM, 11 PM, 12 AM, 1 AM, 2 AM, 3 AM, 4 AM, 5 AM, 6 AM, 7 AM, 8 AM, 9 AM, 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM, 4 PM, 5 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.04.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nineteen (19) strike levels will be listed for each Intraday 2-Hour USD/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.00, 0.02, 0.04, 0.06, or 0.08 as reported by the Source Agency. Nine (9) strike levels will be generated above Binary Contract Y at an interval of 0.04, and nine (9) strike levels will be generated below Binary Contract Y at an interval of 0.04 (e.g.  $Y - 0.04$ ;  $Y$ ;  $Y + 0.04$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY 5-MINUTE USD/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 5-Minute Binary Contracts will expire every 5 minutes beginning Sunday at 6:05pm ET and ending Friday at 4:00pm ET.
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.02 for expirations occurring between 6:05pm ET and 8:05am ET and between 12:10pm ET and 5:00pm ET; the interval width shall be 0.04 for expirations occurring between 8:10am ET and 12:05pm ET.
- (3) NUMBER OF STRIKE LEVELS LISTED – Five (5) strike levels will be listed for each Intraday 5-Minute USD/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest

value ending in either 0.01, 0.03, 0.05, 0.07, or 0.09 as reported by the Source Agency. For expirations occurring between 6:05pm ET and 8:05am ET and between 12:10pm ET and 5:00pm ET, two (2) strike levels will be generated above Binary Contract Z at an interval of 0.02, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.02 (e.g.  $Z - 0.02$ ;  $Z$ ;  $Z + 0.02$ ). The Contract will have a Payout Criterion of greater than the strike level value. For expirations occurring between 8:10am ET and 12:05pm ET, two (2) strike levels will be generated above Binary Contract Z at an interval of 0.04, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.04 (e.g.  $Z - 0.04$ ;  $Z$ ;  $Z + 0.04$ ). The Contract will have a Payout Criterion of greater than the strike level value.

- (5) Nadex may, in its discretion, temporarily refrain from the listing of any 5-Minute Binary Contract due to the unavailability of the underlying market upon which the Contract is based, or any other condition Nadex determines may be detrimental to the listing of the Contract.

(v) Nadex may list additional USD/JPY Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for USD/JPY Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – There are currently no Position Limits for USD/JPY Binary Contract.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date. No trading in the USD/JPY Binary Contracts shall occur after its Last Trading Date.

(j) SETTLEMENT DATE – The Settlement Date will be the date the USD/JPY number is released by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the USD/JPY number is scheduled to be released.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money USD/JPY Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of USD/JPY released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the USD/JPY Binary Contract, provided at least ten (10)

Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>47</sup>, using the remaining USD/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining USD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the USD/JPY Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) USD/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) USD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.38 CURRENCY EXCHANGE EUR/JPY VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange EUR/JPY (“EUR/JPY”) Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Euro/Japanese Yen, herein referred to as “EUR/JPY” as quoted in the Japanese Yen per Euro obtained from the spot EUR/JPY foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the EUR/JPY Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

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<sup>47</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

(i) DAILY EUR/JPY CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE - At the commencement of trading in a Daily EUR/JPY Call Spread Variable Payout Contract, referred to as a 'Call Spread', Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY EUR/JPY CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 2.50$ .

(bb) FLOOR – The Floor shall be  $X - 2.50$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(2) In each case, "X" equals the last EUR/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(ii) DAILY EUR/JPY CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 2.50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 1.25$ ; The Floor shall be  $X - 1.25$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 2.50$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, "X" equals the last EUR/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(iii) INTRADAY EUR/JPY CALL SPREAD CONTRACTS, 6:00PM to 11:00PM, 11:00PM to 7:00AM, and 7:00AM to 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 2.00$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 1.00$ ; The Floor shall be  $X - 1.00$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 2.00$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last EUR/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(iv) INTRADAY 2-HOUR EUR/JPY CALL SPREAD CONTRACTS, 8:00PM, 9:00PM, 10:00PM, 11:00PM, 12:00AM, 1:00AM, 2:00AM, 3:00AM, 4:00AM, 5:00AM, 6:00AM, 7:00AM, 8:00AM, 9:00AM, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, and 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X- 1.00.

(7) CONTRACT 2: The Ceiling shall be X + 0.50; The Floor shall be X – 0.50.

(8) CONTRACT 3: The Ceiling shall be X + 1.00; The Floor shall be X.

(9) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last EUR/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for EUR/JPY Call Spread Contracts shall be 0.01.

(h) POSITION LIMIT – There are currently no Position Limits for EUR/JPY Call Spread Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the EUR/JPY Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value shall be the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of EUR/JPY released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the EUR/JPY Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>48</sup>, using the remaining EUR/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining EUR/JPY Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the EUR/JPY Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) EUR/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) EUR/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.39 CURRENCY EXCHANGE EUR/JPY BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange EUR/JPY (“EUR/JPY”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Euro/ Japanese Yen, herein referred to as “EUR/JPY” as quoted in the Japanese Yen per Euro obtained from the spot EUR/JPY foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

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<sup>48</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the EUR/JPY Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY EUR/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.50.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly EUR/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.25 or 0.75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.50, and seven (7) strike levels will be generated below Binary Contract W at an interval of 0.50 (e.g.  $W - 0.50$ ;  $W$ ;  $W + 0.50$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY EUR/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.20.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily EUR/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in value ending in either 0.00, 0.20, 0.40, 0.60, or 0.80 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract X at an interval of 0.20, and ten (10) strike levels will be generated below Binary



Contract X at an interval of 0.20 (e.g.  $X - 0.20$ ;  $X$ ;  $X + 0.20$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY EUR/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 8 PM, 9 PM, 10 PM, 11 PM, 12 AM, 1 AM, 2 AM, 3 AM, 4 AM, 5 AM, 6 AM, 7 AM, 8 AM, 9 AM, 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM, 4 PM, 5 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.10.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday EUR/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.02, 0.04, 0.07, or 0.09 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Y at an interval of 0.10, and four (4) strike levels will be generated below Binary Contract Y at an interval of 0.10 (e.g.  $Y - 0.10$ ;  $Y$ ;  $Y + 0.10$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY 5-MINUTE EUR/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 5-Minute Binary Contracts will expire every 5 minutes beginning Sunday at 6:05pm ET and ending Friday at 4:00pm ET.
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.05.
- (3) NUMBER OF STRIKE LEVELS LISTED – Five (5) strike levels will be listed for each Intraday 5-Minute EUR/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.01, 0.06, 0.03, or 0.08 as reported by the Source Agency. Two (2) strike levels will be generated above Binary Contract Z at an interval of

0.05, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.05 (e.g.  $Z - 0.05$ ;  $Z$ ;  $Z + 0.05$ ). The Contract will have a Payout Criterion of greater than the strike level value.

- (5) Nadex may, in its discretion, temporarily refrain from the listing of any 5-Minute Binary Contract due to the unavailability of the underlying market upon which the Contract is based, or any other condition Nadex determines may be detrimental to the listing of the Contract.

(v) Nadex may list additional EUR/JPY Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) **MINIMUM TICK** – The Minimum Tick size for EUR/JPY Binary Contracts shall be \$0.25.

(h) **POSITION LIMIT** – There are currently no Position Limits for EUR/JPY Binary Contract.

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Expiration Date. No trading in the EUR/JPY Binary Contracts shall occur after its Last Trading Date.

(j) **SETTLEMENT DATE** – The Settlement Date will be the date the EUR/JPY number is released by the Source Agency.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the EUR/JPY number is scheduled to be released.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money EUR/JPY Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of EUR/JPY released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the EUR/JPY Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>49</sup>, using the remaining EUR/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining EUR/JPY Midpoints, rounded to one decimal point past the precision of the

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<sup>49</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the EUR/JPY Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) EUR/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) EUR/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.40 CURRENCY EXCHANGE GBP/JPY VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange GBP/JPY (“GBP/JPY”) Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the British Pound/ Japanese Yen, herein referred to as “GBP/JPY” as quoted in the Japanese Yen per British Pounds obtained from the spot GBP/JPY foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the GBP/JPY Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY GBP/JPY CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE - At the commencement of trading in a Daily GBP/JPY Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

##### (1) DAILY GBP/JPY CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 2.50$ .

(bb) FLOOR – The Floor shall be  $X - 2.50$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(2) In each case, “X” equals the last GBP/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(ii) DAILY GBP/JPY CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X – 2.50.

(2) CONTRACT 2: The Ceiling shall be X + 1.25; The Floor shall be X – 1.25.

(3) CONTRACT 3: The Ceiling shall be X + 2.50; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last GBP/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(iii) INTRADAY GBP/JPY CALL SPREAD CONTRACTS, 6:00PM to 11:00PM, 11:00PM to 7:00AM, and 7:00AM to 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X- 2.50.

(2) CONTRACT 2: The Ceiling shall be X + 1.25; The Floor shall be X – 1.25.

(3) CONTRACT 3: The Ceiling shall be X + 2.50; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last GBP/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(iv) INTRADAY 2-HOUR GBP/JPY CALL SPREAD CONTRACTS, 8:00PM, 9:00PM, 10:00PM, 11:00PM, 12:00AM, 1:00AM, 2:00AM, 3:00AM, 4:00AM, 5:00AM, 6:00AM, 7:00AM, 8:00AM, 9:00AM, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, and 3:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X- 1.00.

(2) CONTRACT 2: The Ceiling shall be X + 0.50; The Floor shall be X – 0.50.

(3) CONTRACT 3: The Ceiling shall be  $X + 1.00$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last GBP/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for GBP/JPY Call Spread Contracts shall be 0.01.

(h) POSITION LIMIT – There are currently no Position Limits for GBP/JPY Call Spread Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the GBP/JPY Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value shall be the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of GBP/JPY released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the GBP/JPY Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>50</sup>, using the remaining GBP/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining GBP/JPY Midpoints, rounded to one decimal point past the precision of the underlying

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<sup>50</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the GBP/JPY Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) GBP/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) GBP/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.41 CURRENCY EXCHANGE GBP/JPY BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange GBP/JPY (“GBP/JPY”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the British Pound/ Japanese Yen, herein referred to as “GBP/JPY” as quoted in the Japanese Yen per British Pounds obtained from the spot GBP/JPY foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the GBP/JPY Binary Contract, the Payout Criteria for the Contracts will be set as follows:

##### (i) WEEKLY GBP/JPY BINARY CONTRACTS

(1) EXPIRATION TIME – 3 PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.50.

(3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly GBP/JPY Binary Contract Series.

- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.25 or 0.75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.50, and seven (7) strike levels will be generated below Binary Contract W at an interval of 0.50 (e.g.  $W - 0.50$ ;  $W$ ;  $W + 0.50$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) **DAILY GBP/JPY BINARY CONTRACTS**

- (1) **EXPIRATION TIME** – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET  
CLOSE
- (2) **STRIKE INTERVAL WIDTH** – The interval width between each strike level shall be 0.20.
- (3) **NUMBER OF STRIKE LEVELS LISTED** – Twenty-one (21) strike levels will be listed for each Daily GBP/JPY Binary Contract Series.
- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.0, 0.20, 0.40, 0.60, or 0.80 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract X at an interval of 0.20, and ten (10) strike levels will be generated below Binary Contract X at an interval of 0.20 (e.g.  $X - 0.20$ ;  $X$ ;  $X + 0.20$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) **INTRADAY GBP/JPY BINARY CONTRACTS**

- (1) **EXPIRATION TIME** – 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM ET  
CLOSE
- (2) **STRIKE INTERVAL WIDTH** – The interval width between each strike level shall be 0.10.
- (3) **NUMBER OF STRIKE LEVELS LISTED** – Nine (9) strike levels will be listed for each Intraday GBP/JPY Binary Contract Series.

- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.02, 0.04, 0.07, or 0.09 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Y at an interval of 0.10, and four (4) strike levels will be generated below Binary Contract Y at an interval of 0.10 (e.g.  $Y - 0.10$ ;  $Y$ ;  $Y + 0.10$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) **INTRADAY 5-MINUTE GBP/JPY BINARY CONTRACTS**

- (1) **EXPIRATION TIME** – 5-Minute Binary Contracts will expire every 5 minutes beginning Sunday at 6:05pm ET and ending Friday at 4:00pm ET.
- (2) **STRIKE INTERVAL WIDTH** – The interval width between each strike level shall be 0.05.
- (3) **NUMBER OF STRIKE LEVELS LISTED** – Five (5) strike levels will be listed for each Intraday 5-Minute GBP/JPY Binary Contract Series.
- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0.01, 0.06, 0.03, or 0.08 as reported by the Source Agency. Two (2) strike levels will be generated above Binary Contract Z at an interval of 0.05, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.05 (e.g.  $Z - 0.05$ ;  $Z$ ;  $Z + 0.05$ ). The Contract will have a Payout Criterion of greater than the strike level value.
- (5) Nadex may, in its discretion, temporarily refrain from the listing of any 5-Minute Binary Contract due to the unavailability of the underlying market upon which the Contract is based, or any other condition Nadex determines may be detrimental to the listing of the Contract.

(v) Nadex may list additional GBP/JPY Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

- (g) **MINIMUM TICK** – The Minimum Tick size for GBP/JPY Binary Contracts shall be \$0.25.



- (h) POSITION LIMIT – There are currently no Position Limits for GBP/JPY Binary Contract.
- (i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date. No trading in the GBP/JPY Binary Contracts shall occur after its Last Trading Date.
- (j) SETTLEMENT DATE – The Settlement Date will be the date the GBP/JPY number is released by the Source Agency.
- (k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the GBP/JPY number is scheduled to be released.
- (l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money GBP/JPY Binary Contract is \$100.
- (m) EXPIRATION VALUE – The Expiration Value is the price or value of GBP/JPY released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the GBP/JPY Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>51</sup>, using the remaining GBP/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining GBP/JPY Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the GBP/JPY Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) GBP/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) GBP/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.
- (n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

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<sup>51</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

## RULE 12.42 CURRENCY EXCHANGE EUR/GBP VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange EUR/GBP (“EUR/GBP”) Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Euro/British Pound, herein referred to as “EUR/GBP” as quoted in the British Pounds per Euro obtained from the spot EUR/GBP foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the EUR/GBP Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY EUR/GBP CALL SPREAD VARIABLE CONTRACTS, 3:00 PM ET CLOSE - At the commencement of trading in a Daily EUR/GBP Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

### (1) DAILY EUR/GBP CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 0.0250$ .

(bb) FLOOR – The Floor shall be  $X - 0.0250$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(2) In each case, “X” equals the last EUR/GBP price, as reported by the Source Agency, rounded to the nearest 0.0010.

(ii) DAILY EUR/GBP CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 0.0250$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 0.0125$ ; The Floor shall be  $X - 0.0125$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 0.0250$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10,000.

(5) In each case, “X” equals the last EUR/GBP price, as reported by the Source Agency, rounded to the nearest 0.0010.

(iii) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for EUR/GBP Call Spread Contracts shall be 0.0001.

(h) POSITION LIMIT – There are currently no Position Limits for EUR/GBP Call Spread Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the EUR/GBP Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value shall be the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of EUR/GBP released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the EUR/GBP Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>52</sup>, using the remaining

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<sup>52</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

EUR/GBP Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining EUR/GBP Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the EUR/GBP Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) EUR/GBP Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) EUR/GBP Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.43 CURRENCY EXCHANGE EUR/GBP BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange EUR/GBP (“EUR/GBP”) Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Euro/British Pound herein referred to as “EUR/GBP” as quoted in British Pounds per Euro obtained from the spot EUR/GBP foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the EUR/GBP Binary Contract, the Payout Criteria for the Contracts will be set as follows:

##### (i) WEEKLY EUR/GBP BINARY CONTRACTS

(1) EXPIRATION TIME – 3 PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.0050.

(3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will

be listed for each Weekly EUR/GBP Binary Contract Series.

- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract "X" is valued 'at-the-money' in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0025 or 0.0075 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract X at an interval of 0.0050, and seven (7) strike levels will be generated below Binary Contract X at an interval of 0.0050 (e.g.  $X - 0.0050$ ;  $X$ ;  $X + 0.0050$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) **DAILY EUR/GBP BINARY CONTRACTS**

- (1) **EXPIRATION TIME** – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET  
CLOSE
- (2) **STRIKE INTERVAL WIDTH** – The interval width between each strike level shall be 0.0020.
- (3) **NUMBER OF STRIKE LEVELS LISTED** – Twenty-one (21) strike levels will be listed for each Daily EUR/GBP Binary Contract Series.
- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract "Y" is valued 'at-the-money' in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0020 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract Y at an interval of 0.0020, and ten (10) strike levels will be generated below Binary Contract Y at an interval of 0.0020 (e.g.  $Y - 0.0020$ ;  $Y$ ;  $Y + 0.0020$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) **INTRADAY EUR/GBP BINARY CONTRACTS**

- (1) **EXPIRATION TIME** – 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM ET  
CLOSE
- (2) **STRIKE INTERVAL WIDTH** – The interval width between each strike level shall be 0.0010.
- (3) **NUMBER OF STRIKE LEVELS LISTED** – Nine (9) strike levels

will be listed for each Intraday EUR/GBP Binary Contract Series.

- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.0001 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 0.0010, and four (4) strike levels will be generated below Binary Contract Z at an interval of 0.0010 (e.g.  $Z - 0.0010$ ;  $Z$ ;  $Z + 0.0010$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional EUR/GBP Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) **MINIMUM TICK** – The Minimum Tick size for EUR/GBP Binary Contracts shall be \$0.25.

(h) **POSITION LIMIT** – There are currently no Position Limits for EUR/GBP Binary Contract.

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same as the Expiration Date. No trading in the EUR/GBP Binary Contracts shall occur after its Last Trading Date.

(j) **SETTLEMENT DATE** – The Settlement Date will be the date on which the EUR/GBP number as reported by the Source Agency.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the EUR/GBP number is scheduled to be released.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in the money Contract on the Settlement Date. The Settlement Value of an in the money EUR/GBP Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of EUR/GBP released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the EUR/GBP Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>53</sup>, using the remaining

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<sup>53</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of

EUR/GBP Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining EUR/GBP Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the EUR/GBP Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) EUR/GBP Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) EUR/GBP Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.44 CURRENCY EXCHANGE AUD/JPY VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange AUD/JPY (“AUD/JPY”) Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Australian Dollar/Japanese Yen, herein referred to as “AUD/JPY” as quoted in the Japanese Yen per Australian Dollar obtained from the spot AUD/JPY foreign currency market.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the AUD/JPY Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY AUD/JPY CALL SPREAD VARIABLE PAYOUT CONTRACTS, 3:00 PM ET CLOSE - At the commencement of trading in a Daily AUD/JPY Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

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trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

(1) DAILY AUD/JPY CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 2.50$ .

(bb) FLOOR – The Floor shall be  $X - 2.50$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(2) In each case, “X” equals the last AUD/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(ii) DAILY AUD/JPY CALL SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 2.50$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 1.25$ ; The Floor shall be  $X - 1.25$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 2.50$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(5) In each case, “X” equals the last AUD/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(iii) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for AUD/JPY Call Spread Contracts shall be 0.01.

(h) POSITION LIMIT – There are currently no Position Limits for AUD/JPY Call Spread Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the AUD/JPY Expiration Value is released by the Source Agency.



(l) **SETTLEMENT VALUE** – The Settlement Value shall be the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of AUD/JPY released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the AUD/JPY Call Spread Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>54</sup>, using the remaining AUD/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining AUD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the AUD/JPY Call Spread Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) AUD/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) AUD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### **RULE 12.45 CURRENCY EXCHANGE AUD/JPY BINARY CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange AUD/JPY (“AUD/JPY”) Binary Contract issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Contracts is the Australian dollar/ Japanese Yen, herein referred to as “AUD/JPY” as quoted in the Japanese Yen per Australian dollar obtained from the spot AUD/JPY foreign currency market.

(c) **SOURCE AGENCY** – The Source Agency is Nadex.

(d) **TYPE** – The type of Contract is a Binary Contract.

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<sup>54</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

~~(e) ISSUANCE—For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the AUD/JPY Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY AUD/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.50.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fourteen (14) strike levels will be listed for each Weekly AUD/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.25 or 0.75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract X at an interval of 0.50, and seven (7) strike levels will be generated below Binary Contract X at an interval of 0.50 (e.g.  $X - 0.50$ ;  $X$ ;  $X + 0.50$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY AUD/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.20.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily AUD/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance

of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.20 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract Y at an interval of 0.20, and ten (10) strike levels will be generated below Binary Contract Y at an interval of 0.20 (e.g.  $Y - 0.20$ ;  $Y$ ;  $Y + 0.20$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY AUD/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.05.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday AUD/JPY Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 0.01 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 0.05, and four (4) strike levels will be generated below Binary Contract Z at an interval of 0.05 (e.g.  $Z - 0.05$ ;  $Z$ ;  $Z + 0.05$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional AUD/JPY Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

- (g) MINIMUM TICK – The Minimum Tick size for AUD/JPY Binary Contracts shall be \$0.25.
- (h) POSITION LIMIT – There are currently no Position Limits for AUD/JPY Binary Contract.
- (i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date. No trading in the AUD/JPY Binary Contracts shall occur after its Last Trading Date.
- (j) SETTLEMENT DATE – The Settlement Date will be the date the AUD/JPY number is released by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the AUD/JPY number is scheduled to be released.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money AUD/JPY Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of AUD/JPY released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all Midpoints between the bid/ask spread (ten pips wide or less) occurring in the ten (10) seconds leading up to the close of trading of the AUD/JPY Binary Contract, provided at least ten (10) Midpoints are captured during the ten (10) second period, removing the highest thirty (30) percent of Midpoints and the lowest thirty (30) percent of Midpoints from the data set<sup>55</sup>, using the remaining AUD/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of the remaining AUD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least ten (10) Midpoints (ten pips wide or less) exceeds the ten (10) second time period, the Expiration Value is calculated by the Source Agency by taking the last ten (10) Midpoints between the bid/ask spread (ten pips wide or less) just prior to the close of trading of the AUD/JPY Binary Contract and removing the highest three (3) Midpoints and the lowest three (3) Midpoints, using the remaining four (4) AUD/JPY Midpoints to calculate the Expiration Value. The calculation used is a simple average of all four (4) AUD/JPY Midpoints, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

RULE 12.46 – 12.47 [RESERVED]

#### RULE 12.48 FTSE 100<sup>®</sup> FUTURE VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the FTSE 100 Future Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price (in British Pounds) of the FTSE 100 Futures contracts (“FFC”) traded on the Liffe<sup>®</sup> exchange (Liffe).<sup>56</sup> The FFC trade

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<sup>55</sup> If 30% of the data set would result in a non-integer number of Midpoints, the number of Midpoints to be removed from the set will be rounded down. For example, if the number of Midpoints collected during the last 10 seconds prior to the close of trading was 14, 30% of the data set would be 4.2 Midpoints. As 4.2 is a non-integer number, the value will be rounded down, and the 4 highest and 4 lowest Midpoints will be removed from the data set.

<sup>56</sup> FTSE<sup>®</sup> and FTSE 100<sup>®</sup> are trademarks of the London Stock Exchange plc (“LSE”) and the Financial Times Limited (“FT”) and is used by FTSE International Limited (“FTSE”) under license. The prices relating to any index are not in any

prices that will be used for the Underlying will be taken from four (4) FFC delivery months: March, June, September, or December (each a “FFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Monday of the week of the Underlying futures contracts Expiration Date. For example, the Liffe FTSE 100 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the FTSE100 March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant FTSE 100 contracts will be the Monday of the week of the Liffe FTSE 100 March 2012 futures contracts Expiration Date (i.e. March 16, 2012). Therefore, the End Date for using Liffe FTSE 100 March 2012 futures will be March 12, 2012 and the Start Date for the next delivery month, Liffe FTSE 100 June 2012 futures, will be March 13, 2012<sup>57</sup>.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the FTSE 100 Future Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

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way sponsored, endorsed or promoted by FTSE or by the LSE or by FT and neither FTSE nor LSE nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of such prices and/or the figure at which any index stands at any particular time on any particular day or otherwise. Neither FTSE nor LSE nor FT shall be liable (whether in negligence or otherwise) to any person for any error in any index and neither FTSE nor LSE nor FT shall be under any obligation to advise any person of any error therein. The FTSE Future Variable Payout Contracts are not sponsored, endorsed, sold or promoted by FTSE, LSE or FT. FTSE, LSE and FT do not accept any liability in connection with the trading of these products.

Liffe® is a registered mark of LIFFE Administration and Management Corporation (“Liffe”). The FTSE Future Variable Payout Contracts are not sponsored, endorsed, sold or promoted by Liffe.

<sup>57</sup> Weekly contracts listed on a Monday during a week containing an Underlying futures rollover date will be listed using the Underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the End Date for the Liffe FTSE 100® March 2012 Underlying futures is March 12, 2012. March 12, 2012 is a Monday, however, and any Nadex weekly contracts listed on this date and expiring on Friday, March 16, 2012, will be listed using the Liffe FTSE 100® June 2012 futures as its Underlying, as June is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the Liffe FTSE 100® June 2012 futures will be Monday, March 12, 2012 for any Nadex weekly contracts listed on this date.

(i) DAILY FTSE 100<sup>®</sup> FUTURE CALL SPREAD VARIABLE PAYOUT CONTRACTS, 4:00 PM ET CLOSE - At the commencement of trading in a Daily FTSE 100 Future Call Spread Variable Payout Contract, referred to as a 'Call Spread', Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY FTSE 100<sup>®</sup> FUTURE CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 200$ .

(bb) FLOOR – The Floor shall be  $X - 200$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(2) In each case, "X" equals the last FTSE 100 Future price, as reported by the Source Agency, rounded to the nearest 100.

(ii) DAILY FTSE 100<sup>®</sup> FUTURE CALL SPREAD CONTRACTS, 4:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 200$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 100$ ; The Floor shall be  $X - 100$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 200$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(5) In each case, "X" equals the last FTSE 100 Future price, as reported by the Source Agency, rounded to the nearest 100.

(iii) INTRADAY FTSE 100<sup>®</sup> FUTURE CALL SPREAD CONTRACTS, 8AM ET to 4:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 150$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 75$ ; The Floor shall be  $X - 75$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 150$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(5) In each case, "X" equals the last FTSE 100 Future price, as reported by the Source Agency, rounded to the nearest 25.

(iv) INTRADAY 2-HOUR FTSE 100<sup>®</sup> FUTURE CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM, and 4:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X – 50.

(2) CONTRACT 2: The Ceiling shall be X + 25; The Floor shall be X – 25.

(3) CONTRACT 3: The Ceiling shall be X + 50; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(5) In each case, "X" equals the last FTSE 100 Future price, as reported by the Source Agency, rounded to the nearest 25.

(6) The Intraday 2-Hour FTSE<sup>®</sup> 100 Futures Variable Payout Spread Contracts, 10:00AM, 11:00AM, 12:00PM, 1:00PM and 4:00PM ET Close, will not be listed on the three business days immediately following the End Date of the Underlying.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for FTSE 100 Future Call Spread Contracts shall be 1.

(h) POSITION LIMIT – The Position Limits for FTSE 100 Future Call Spread Contracts shall be 62,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the FTSE 100 Future Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of FTSE 100 Future released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all FFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the FTSE 100 Future Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of FFC trade prices and the lowest twenty (20) percent of FFC trade prices from the data set<sup>58</sup>, and using the remaining FFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining FFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) FFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the FTSE 100 Future Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) FFC trade prices just prior to the close of trading of the FTSE 100 Future Call Spread Contract removing the highest five (5) FFC trade prices and the lowest five (5) FFC trade prices, and using the remaining fifteen (15) FFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) FFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### **RULE 12.49 FTSE 100<sup>®</sup> FUTURE BINARY CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the FTSE 100 Future Binary Contract issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Binary Contracts is the price (in British Pounds) of the FTSE 100 Futures contracts (“FFC”) traded on the Liffe<sup>®</sup> exchange (Liffe).<sup>59</sup> The FFC

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<sup>58</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

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trade prices that will be used for the Underlying will be taken from four (4) FFC delivery months: March, June, September, or December (each a “FFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Monday of the week of the Underlying futures contracts Expiration Date. For example, the Liffe FTSE 100 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the FTSE100 March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant FTSE 100 contracts will be the Monday of the week of the Liffe FTSE 100 March 2012 futures contracts Expiration Date (i.e. March 16, 2012). Therefore, the End Date for using Liffe FTSE 100 March 2012 futures will be March 12, 2012 and the Start Date for the next delivery month, Liffe FTSE 100 June 2012 futures, will be March 13, 2012<sup>60</sup>.

(c) SOURCE AGENCY – The Source Agency is the Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the FTSE 100 Future Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY FTSE 100 FUTURE BINARY CONTRACTS

(1) EXPIRATION TIME – 4:00 PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 50.

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<sup>60</sup> Weekly contracts listed on a Monday during a week containing an Underlying futures rollover date will be listed using the Underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the End Date for the Liffe FTSE 100<sup>®</sup> March 2012 Underlying futures is March 12, 2012. March 12, 2012 is a Monday, however, and any Nadex weekly contracts listed on this date and expiring on Friday, March 16, 2012, will be listed using the Liffe FTSE 100<sup>®</sup> June 2012 futures as its Underlying, as June is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the Liffe FTSE 100 June 2012 futures will be Monday, March 12, 2012 for any Nadex weekly contracts listed on this date.

- (3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly FTSE 100 Future Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract "X" is valued 'at-the-money' in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 25 or 75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract X at an interval of 50, and six (6) strike levels will be generated below Binary Contract X at an interval of 50 (e.g.  $X - 50$ ;  $X$ ;  $X + 50$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY FTSE 100 FUTURE BINARY CONTRACTS

- (1) EXPIRATION TIME – 4:00 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 20.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily FTSE 100 Future Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract "Y" is valued 'at-the-money' in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 20 as reported by the Source Agency. Ten (10) strike levels will be generated above Binary Contract Y at an interval of 20, and ten (10) strike levels will be generated below Binary Contract Y at an interval of 20 (e.g.  $Y - 20$ ;  $Y$ ;  $Y + 20$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY FTSE 100 FUTURE BINARY CONTRACTS

- (1) EXPIRATION TIME – 5 AM, 6 AM, 7 AM, 8 AM, 9AM, 10 AM, 11 AM, 12 PM, 1 PM ET CLOSE
- (2) EXCEPTIONS – No Intraday FTSE 100 Future Binary Contract will be listed on the three business days immediately following the End Date of the Underlying.

- (3) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 15.
- (4) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday FTSE 100 Future Binary Contract Series.
- (5) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 1 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 15, and four (4) strike levels will be generated below Binary Contract Z at an interval of 15 (e.g.  $Z - 15$ ;  $Z$ ;  $Z + 15$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional FTSE 100 Future Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the FTSE 100 Future Binary Contract shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for the FTSE 100 Future Binary Contracts shall be 2,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) SETTLEMENT DATE – The Settlement Date in a Series is the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date for which the relevant FFC daily settlement price is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money FTSE 100 Future Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of FTSE 100 Future released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all FFC trade prices occurring in the ten (10) seconds leading up to the close

of trading of the FTSE 100 Future Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of FFC trade prices and the lowest twenty (20) percent of FFC trade prices from the data set<sup>61</sup>, and using the remaining FFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining FFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) FFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the FTSE 100 Future Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) FFC trade prices just prior to the close of trading of the FTSE 100 Future Binary Contract removing the highest five (5) FFC trade prices and the lowest five (5) FFC trade prices, and using the remaining fifteen (15) FFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) FFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no daily settlement price of the relevant FFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

#### RULE 12.50 GERMANY 30 VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Germany 30 Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price (in Euro Currency) of the DAX<sup>®</sup> Futures contracts (“DFC”) traded on the Eurex<sup>®</sup> exchange (Eurex).<sup>62</sup> The DFC trade prices that will be used for the Underlying will be taken from four (4) DFC delivery months: March, June, September, or December (each a “DFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Monday of the week of the Underlying futures contracts Expiration Date. For example, the Eurex DAX March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the DAX March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant DAX contracts will be the Monday of the week of the Eurex DAX March 2012 futures contracts Expiration Date (i.e. March 16, 2012). Therefore, the End Date for using Eurex DAX March

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<sup>61</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>62</sup> Eurex<sup>®</sup> and DAX<sup>®</sup> are registered marks of Deutsche Börse AG. Nadex is not affiliated with the Eurex or Deutsche Börse AG, and neither Eurex nor its affiliates sponsor or endorse Nadex or its products in any way. In particular, the Nadex Germany 30 Variable Payout Contracts are not sponsored, endorsed, sold or promoted by Eurex or Deutsche Börse AG.

2012 futures will be March 12, 2012 and the Start Date for the next delivery month, Eurex DAX June 2012 futures, will be March 13, 2012<sup>63</sup>.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Germany 30 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY GERMANY 30 CALL SPREAD VARIABLE PAYOUT CONTRACTS, 4:00 PM ET CLOSE - At the commencement of trading in a Daily Germany 30 Call Spread Variable Payout Contract, referred to as a ‘Call Spread’, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY GERMANY 30 CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 200$ .

(bb) FLOOR – The Floor shall be  $X - 200$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(2) In each case, “X” equals the last DFC trade price, as reported by the Source Agency, rounded to the nearest 100.

(ii) DAILY GERMANY 30 CALL SPREAD CONTRACTS, 4:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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<sup>63</sup> Weekly contracts listed on a Monday during a week containing an Underlying futures rollover date will be listed using the Underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the End Date for the Eurex DAX March 2012 Underlying futures is March 12, 2012. March 12, 2012 is a Monday, however, and any Nadex weekly contracts listed on this date and expiring on Friday, March 16, 2012, will be listed using the Eurex DAX June 2012 futures as its Underlying, as June is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the Eurex DAX June 2012 futures will be Monday, March 12, 2012 for any Nadex weekly contracts listed on this date.

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X – 200.
- (2) CONTRACT 2: The Ceiling shall be X + 100; The Floor shall be X – 100.
- (3) CONTRACT 3: The Ceiling shall be X + 200; The Floor shall be X.
- (4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(5) In each case, “X” equals the last DFC price, as reported by the Source Agency, rounded to the nearest 100.

(iii) INTRADAY GERMANY 30 CALL SPREAD CONTRACTS, 8AM ET to 4:00 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X – 150.
- (2) CONTRACT 2: The Ceiling shall be X + 75; The Floor shall be X – 75.
- (3) CONTRACT 3: The Ceiling shall be X + 150; The Floor shall be X.
- (4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(5) In each case, “X” equals the last DFC price, as reported by the Source Agency, rounded to the nearest 25.

(iv) INTRADAY 2-HOUR GERMANY 30 CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM and 4:00PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X – 50.
- (2) CONTRACT 2: The Ceiling shall be X + 25; The Floor shall be X – 25.
- (3) CONTRACT 3: The Ceiling shall be X + 50; The Floor shall be X.
- (4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(5) In each case, “X” equals the last DFC price, as reported by the Source Agency, rounded to the nearest 25.

(6) The Intraday 2-Hour Germany 30 Call Spread Contracts, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM and 4:00PM ET Close, will not be listed on the three business days immediately following the End Date of the Underlying.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Germany 30 Call Spread Contracts shall be 1.

(h) POSITION LIMIT – The Position Limits for Germany 30 Call Spread Contracts shall be 62,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Germany 30 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Germany 30 released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all DFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Germany 30 Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of DFC trade prices and the lowest twenty (20) percent of DFC trade prices from the data set<sup>64</sup>, and using the remaining DFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining DFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) DFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Germany 30 Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) DFC trade prices just prior to the close of trading of the Germany 30 Call Spread Contract removing the highest

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<sup>64</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

five (5) DFC trade prices and the lowest five (5) DFC trade prices, and using the remaining fifteen (15) DFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) DFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### RULE 12.51 GERMANY 30 BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Germany 30 Binary Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Binary Contracts is the price (in Euro Currency) of the DAX<sup>®</sup> Futures contracts (“DFC”) traded on the Eurex<sup>®</sup> exchange (Eurex).<sup>65</sup> The DFC trade prices that will be used for the Underlying will be taken from four (4) DFC delivery months: March, June, September, or December (each a “DFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Monday of the week of the Underlying futures contracts Expiration Date. For example, the Eurex DAX March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the DAX March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant DAX contracts will be the Monday of the week of the Eurex DAX March 2012 futures contracts Expiration Date (i.e. March 16, 2012). Therefore, the End Date for using Eurex DAX March 2012 futures will be March 12, 2012 and the Start Date for the next delivery month, Eurex DAX June 2012 futures, will be March 13, 2012<sup>66</sup>.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the~~

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<sup>65</sup> Eurex<sup>®</sup> and DAX<sup>®</sup> are registered marks of Deutsche Börse AG. Nadex is not affiliated with the Eurex or Deutsche Börse AG, and neither Eurex nor its affiliates sponsor or endorse Nadex or its products in any way. In particular, the Nadex Germany 30 Binary Option Contracts are not sponsored, endorsed, sold or promoted by Eurex or Deutsche Börse AG.

<sup>66</sup> Weekly contracts listed on a Monday during a week containing an Underlying futures rollover date will be listed using the Underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the End Date for the Eurex DAX March 2012 Underlying futures is March 12, 2012. March 12, 2012 is a Monday, however, and any Nadex weekly contracts listed on this date and expiring on Friday, March 16, 2012, will be listed using the Eurex DAX June 2012 futures as its Underlying, as June is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the Eurex DAX June 2012 futures will be Monday, March 12, 2012 for any Nadex weekly contracts listed on this date.



~~Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Germany 30 Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY GERMANY 30 BINARY CONTRACTS

- (1) EXPIRATION TIME – 4:00 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 50.
- (3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly Germany 30 Future Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 25 or 75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract X at an interval of 50, and six (6) strike levels will be generated below Binary Contract X at an interval of 50 (e.g.  $X - 50$ ;  $X$ ;  $X + 50$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY GERMANY 30 BINARY CONTRACTS

- (1) EXPIRATION TIME – 4:00 PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 20.
- (3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels will be listed for each Daily Germany 30 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 20 as reported by the Source Agency. Ten (10) strike levels

will be generated above Binary Contract Y at an interval of 20, and ten (10) strike levels will be generated below Binary Contract Y at an interval of 20 (e.g.  $Y - 20$ ;  $Y$ ;  $Y + 20$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY GERMANY 30 BINARY CONTRACTS

- (1) EXPIRATION TIME – 5 AM, 6 AM, 7 AM, 8 AM, 9AM, 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM ET CLOSE
- (2) EXCEPTIONS – No Intraday Germany 30 Binary Contract will be listed on the three business days immediately following the End Date of the Underlying.
- (3) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 20.
- (4) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday Germany Binary Contract Series.
- (5) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 1 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 20, and four (4) strike levels will be generated below Binary Contract Z at an interval of 20 (e.g.  $Z - 20$ ;  $Z$ ;  $Z + 20$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional Germany 30 Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the Germany 30 Binary Contract shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for the Germany 30 Binary Contracts shall be 2,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date for which the relevant DFC daily settlement price is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money Germany 30 Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the price or value of Germany 30 released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all DFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Germany 30 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of DFC trade prices and the lowest twenty (20) percent of DFC trade prices from the data set<sup>67</sup>, and using the remaining DFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining DFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) DFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Germany 30 Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) DFC trade prices just prior to the close of trading of the Germany 30 Binary Contract removing the highest five (5) DFC trade prices and the lowest five (5) DFC trade prices, and using the remaining fifteen (15) DFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) DFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no daily settlement price of the relevant DFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

RULE 12.52 - 12.53 [RESERVED]

RULE 12.54 JAPAN 225 VARIABLE PAYOUT CONTRACTS

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Japan 225 Variable Payout Contracts issued by Nadex.

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<sup>67</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the SGX<sup>®</sup> Nikkei 225 Index Futures contracts (“NKFC”) traded on the Singapore Exchange (SGX)<sup>68</sup>. The NKFC trade prices that will be used to calculate the Underlying will be taken from four (4) NKFC delivery months: March, June, September, or December (each a “NKFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Monday of the week of the Underlying futures contracts Expiration Date. For example, the SGX Nikkei 225 December 2014 futures have an Expiration Date of December 11, 2014. The last day on which the Nikkei 225 December 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Nikkei 225 contracts will be the Monday of the week of the SGX Nikkei 225 December 2014 futures contracts Expiration Date (i.e. December 11, 2014). Therefore, the End Date for using SGX Nikkei 225 December 2014 futures will be December 8, 2014 and the Start Date for the next delivery month, SGX Nikkei 225 March 2015 futures, will be December 9, 2014.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Japan 225 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

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<sup>68</sup> SGX<sup>®</sup> is a registered service mark of the Singapore Exchange Limited (“SGX”). Nikkei is a registered mark of Nikkei, Inc. All rights in the Trademarks and Futures Trading Data of SGX vest in Singapore Exchange Limited (“SGX”). The Japan 225 Variable Payout Contract is not sponsored, endorsed, sold or promoted by SGX. SGX makes no representation or warranty, express or implied to the investors in the Japan 225 Variable Payout Contract or any member of the public in any manner whatsoever regarding the advisability of investing in any financial product generally or in particularly the Japan 225 Variable Payout Contract. The relationship of SGX towards Nadex is in respect of licensing the use of the SGX Nikkei 225 Index Futures Trading Data. SGX has no obligation to take the needs of the investors of the Japan 225 Variable Payout Contract into consideration in determining, composing or calculating the SGX Nikkei 225 Index Futures Trading Data. SGX is neither responsible for nor has participated in the structure of the Japan 225 Variable Payout Contract. SGX has no obligation or liability in connection with the administration, marketing or trading of the Japan 225 Variable Payout Contract. You are strongly advised to independently verify the accuracy, timeliness and reliability of the Japan 225 Variable Payout Contract and to consult with your investment advisor before investing. Nadex is not affiliated with Nikkei, Inc. and neither Nikkei, Inc., nor its affiliates, sponsor or endorse Nadex or its products in any way. In particular, the Nadex Japan 225 Contracts are not sponsored, endorsed, sold or promoted by Nikkei, Inc.

(i) DAILY JAPAN 225 CALL SPREAD VARIABLE PAYOUT CONTRACTS, 1:25 AM ET<sup>69</sup> CLOSE SPREAD - At the commencement of trading in a Daily Japan 225 Call Spread Variable Payout Contract, referred to as a 'Call Spread', Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY JAPAN 225 CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 400$ .

(bb) FLOOR – The Floor shall be  $X - 400$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(2) In each case, "X" equals the last NKFC price, as reported by the Source Agency, rounded to the nearest 100.

(ii) DAILY JAPAN 225 NARROW CALL SPREAD CONTRACTS, 1:25 AM ET<sup>70</sup> CLOSE – At the commencement of trading in a Daily Japan 225 Narrow Call Spread Variable Payout Contract, Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges which conform to the Payout Criteria listed below:

(1) DAILY JAPAN 225 NARROW CALL SPREAD CONTRACT

(aa) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 400$ .

(bb) CONTRACT 2; The Ceiling shall be  $X + 200$ ; The Floor shall be  $X - 200$ .

(cc) CONTRACT 3: The Ceiling shall be  $X + 400$ ; The Floor shall be X.

(dd) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(2) In each case, "X" equals the last NKFC price, as reported by the Source Agency rounded to the nearest 100.

(iii) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

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<sup>69</sup> During the period when the US observes daylight savings time, all Variable payout Japan 225 contracts will open and close 1 hour later than their regular defined times.

<sup>70</sup> During the period when the US observes daylight savings time, all Variable payout Japan 225 contracts will open and close 1 hour later than their regular defined times.

- (g) **MINIMUM TICK** – The Minimum Tick size for Japan 225 Call Spread Contracts shall be 1.
- (h) **POSITION LIMIT** – The Position Limits for Japan 225 Call Spread Contracts shall be 31,250 Contracts.
- (i) **LAST TRADING DATE** – The Last Trading Date of the Contract is the same date as the Settlement Date.
- (j) **SETTLEMENT DATE** – The Settlement Date of the Contract shall be the same date as the Expiration Date.
- (k) **EXPIRATION DATE** – The Expiration Date of the Contract shall be the date on which the Japan 225 Expiration Value is released by the Source Agency.
- (l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.
- (m) **EXPIRATION VALUE** – The Expiration Value is the price or value of Japan 225 calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all NKFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Japan 225 Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NKFC trade prices and the lowest twenty (20) percent of NKFC trade prices from the data set<sup>71</sup>, and using the remaining NKFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining NKFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) NKFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Japan 225 Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) NKFC trade prices just prior to the close of trading of the Japan 225 Call Spread Contract removing the highest five (5) NKFC trade prices and the lowest five (5) NKFC trade prices, and using the remaining fifteen (15) NKFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) NKFC trade prices, rounded to one decimal point past the precision of the underlying market.

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<sup>71</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.55 JAPAN 225 BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Japan 225 Binary Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the SGX<sup>®</sup> Nikkei 225 Futures contracts (“NKFC”) traded on the Singapore Exchange (SGX)<sup>72</sup>. The NKFC trade prices that will be used to calculate the Underlying will be taken from four (4) NKFC delivery months: March, June, September, or December (each a “NKFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Monday of the week of the Underlying futures contracts Expiration Date. For example, the SGX Nikkei 225 December 2014 futures have an Expiration Date of December 11, 2014. The last day on which the Nikkei 225 December 2014 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant Nikkei 225 contracts will be the Monday of the week of the SGX Nikkei 225 December 2014 futures contracts Expiration Date (i.e. December 11, 2014). Therefore, the End Date for using SGX Nikkei 225 December 2014 futures will be December 8, 2014 and the Start Date for the next delivery month, SGX Nikkei 225 March 2015 futures, will be December 9, 2014<sup>73</sup>.

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<sup>72</sup> SGX<sup>®</sup> is a registered service mark of the Singapore Exchange Limited (“SGX”). Nikkei is a registered mark of Nikkei, Inc. All rights in the Trademarks and Futures Trading Data of SGX vest in Singapore Exchange Limited (“SGX”). The Japan 225 Binary Contract is not sponsored, endorsed, sold or promoted by SGX. SGX makes no representation or warranty, express or implied to the investors in the Japan 225 Binary Contract or any member of the public in any manner whatsoever regarding the advisability of investing in any financial product generally or in particularly the Japan 225 Binary Contract. The relationship of SGX towards Nadex is in respect of licensing the use of the SGX Nikkei 225 Index Futures Trading Data. SGX has no obligation to take the needs of the investors of the Japan 225 Binary Contract into consideration in determining, composing or calculating the SGX Nikkei 225 Index Futures Trading Data. SGX is neither responsible for nor has participated in the structure of the Japan 225 Binary Contract. SGX has no obligation or liability in connection with the administration, marketing or trading of the Japan 225 Binary Contract. You are strongly advised to independently verify the accuracy, timeliness and reliability of the Japan 225 Binary Contract and to consult with your investment advisor before investing. Nadex is not affiliated with Nikkei, Inc. and neither Nikkei, Inc., nor its affiliates, sponsor or endorse Nadex or its products in any way. In particular, the Nadex Japan 225 Contracts are not sponsored, endorsed, sold or promoted by Nikkei, Inc.

<sup>73</sup> Weekly contracts listed on a Monday during a week containing an Underlying futures rollover date will be listed using the Underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the End Date for the SGX Nikkei 225 December 2014 Underlying futures is December 11, 2014. December 11, 2014 is a Thursday, however, and any Nadex weekly contracts listed during this week and expiring on Friday, December 12,

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~——(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Japan 225 Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY JAPAN 225 BINARY CONTRACTS

(1) EXPIRATION TIME – 1:25 AM ET CLOSE<sup>74</sup>

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 100.

(3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly Japan 225 Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 25 or 75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 100, and six (6) strike levels will be generated below Binary Contract W at an interval of 100 (e.g. W – 100; W; W + 100). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY JAPAN 225 BINARY CONTRACTS

(1) EXPIRATION TIME – 1:25 AM ET CLOSE<sup>75</sup>

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2014, will be listed using the SGX Nikkei March 2015 futures as its Underlying, as March is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the SGX Nikkei March 2015 futures will be Monday, December 8, 2014 for any Nadex weekly contracts listed on this date.

<sup>74</sup> During the period when the US observes daylight savings time, Weekly Japan 225 Binary Contracts will open and close 1 hour later than their regular defined times.

<sup>75</sup> During the period when the US observes daylight savings time, Daily Japan 225 Binary Contracts will open and close 1 hour later than their regular defined times.



- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 40.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Daily Japan 225 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 10 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract X at an interval of 40, and seven (7) strike levels will be generated below Binary Contract X at an interval of 40 (e.g. X – 40; X; X + 40). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) Nadex may list additional Japan 225 Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the Japan 225 Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for the Japan 225 Binary Contracts shall be 2,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) SETTLEMENT DATE – The Settlement Date in a Series is the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Japan 225 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money Japan 225 Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of Japan 225 calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all NKFC trade prices occurring in the ten (10) seconds leading up to the close

of trading of the Japan 225 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NKFC trade prices and the lowest twenty (20) percent of NKFC trade prices from the data set<sup>76</sup>, and using the remaining NKFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining NKFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) NKFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Japan 225 Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) NKFC trade prices just prior to the close of trading of the Japan 225 Binary Contract removing the highest five (5) NKFC trade prices and the lowest five (5) NKFC trade prices, and using the remaining fifteen (15) NKFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) NKFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no daily settlement price of the relevant NKFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

#### RULE 12.56 [RESERVED]

#### RULE 12.57 CHINA 50 BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the China 50 Binary Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the SGX<sup>®</sup> FTSE<sup>®</sup> Xinhua<sup>®</sup> China A50 Index Futures<sup>77</sup> contracts (“CHFC”) traded on the Singapore Exchange (SGX). The CHFC prices that will be used to calculate the Underlying will be taken from twelve (12) CHFC futures months: January, February, March, April, May, June, July, August, September, October, November, December (each a “CHFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the

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<sup>76</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>77</sup> SGX<sup>®</sup> is a registered service mark of the Singapore Exchange Limited (“SGX”). All rights in the Trademarks and Futures Trading Data of SGX vest in Singapore Exchange Limited (“SGX”). The Nadex China 50 Binary Contract is not sponsored, endorsed, sold or promoted by SGX. SGX makes no representation or warranty, express or implied to the investors in the China 50 Binary Contract or any member of the public in any manner whatsoever regarding the advisability of investing in any financial product generally or in particularly the China 50 Binary Contract. The relationship of SGX towards Nadex is in respect of licensing the use of the SGX FTSE Xinhua China A50 Index Futures Trading Data. SGX has no obligation to take the needs of the investors of the China 50 Binary Contract into consideration in determining, composing or calculating the SGX FTSE Xinhua China A50 Index Futures Trading Data. SGX is neither responsible for nor has participated in the structure of the China 50 Binary Contract. SGX has no obligation or liability in connection with the administration, marketing or trading of the China 50 Binary Contract. FTSE<sup>®</sup> is a trade mark jointly owned by the London Stock Exchange plc and the Financial Times Limited. Xinhua<sup>®</sup> is a registered mark of Xinhua Financial Limited.

previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the third business day prior to the last trading day of the Underlying futures contracts Expiration Date. For example, the SGX FTSE Xinhua China A50 Index March 2015 Futures has an Expiration Date of March 30, 2015. The last day on which the China A50 Index March 2015 Futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant China 50 Contracts will be the third business day prior to the China A50 Index Futures’ Expiration Date (i.e. March 30, 2015). Therefore, the End Date for using the China A50 Index March 2015 Futures will be March 25, 2015, and the Start Date for the next delivery month, China A50 Index April 2015 Futures, will be March 26, 2015.<sup>78</sup>

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~——(e) ISSUANCE——For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the China 50 Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY CHINA 50 BINARY CONTRACTS

(1) EXPIRATION TIME – 2:55AM ET CLOSE<sup>79</sup>

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 100.

(3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for the Weekly China 50 Binary Contract Series.

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<sup>78</sup> Weekly contracts listed on a Monday during a week containing an underlying futures rollover date will be listed using the underlying futures month scheduled to be used to determine the settlement value on the day the contract expires. For example, the last trading date for the SGX FTSE Xinhua China A50 Index Futures March 2015 contract is March 30, 2015. The last trading date the Nadex China 50 Binary Contract would be based on the underlying April 2015 contract month would be March 25, 2015, and the underlying futures month would roll to April 2015 for trade date March 26, 2015. March 26, 2015 is a Thursday, however, and any Nadex weekly contracts listed on this date and expiring on Friday, March 27, 2015, will be listed using the SGX FTSE Xinhua China A50 Index April 2015 Futures as its Underlying, as May is the futures month scheduled to be used to determine the Settlement Value of the Nadex weekly contract on its expiration date. Therefore, the first trading date for the Start Date for the SGX FTSE Xinhua China A50 Index Futures April 2015 futures contract will be Monday, March 23, 2015 for any Nadex weekly contracts listed on this date.

<sup>79</sup> During the period when the US observes daylight savings time, Weekly China 50 Binary Contracts will open and close 1 hour later than their regular defined times.

- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 25 or 75 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of one-hundred (100), and six (6) strike levels will be generated below Binary Contract W at an interval of 100 (e.g.  $W - 100$ ;  $W$ ;  $W + 100$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) **DAILY CHINA 50 BINARY CONTRACTS**

- (1) **EXPIRATION TIME** – 2:55AM ET CLOSE<sup>80</sup>
- (2) **STRIKE INTERVAL WIDTH** – The interval width between each strike level shall be 20.
- (3) **NUMBER OF STRIKE LEVELS LISTED** - Fifteen (15) strike levels will be listed for the Daily China 50 Binary Contract Series.
- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in 10 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract X at an interval of 20, and seven (7) strike levels will be generated below Binary Contract X at an interval of 20 (e.g.  $X - 20$ ;  $X$ ;  $X + 20$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) Nadex may list additional China 50 Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) **MINIMUM TICK** – The Minimum Tick size for the China 50 Binary Contracts shall be \$0.25.

(h) **POSITION LIMIT** – The Position Limit for the China 50 Binary Contracts shall be 2,500 Contracts.

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Expiration Date.

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<sup>80</sup> During the period when the US observes daylight savings time, Daily China 50 Binary Contracts will open and close 1 hour later than their regular defined times.

(j) SETTLEMENT DATE – The Settlement Date in a Series is the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the China 50 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money China 50 Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of China 50 released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all CHFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the China 50 Variable Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of CHFC trade prices and the lowest twenty (20) percent of CHFC trade prices from the data set<sup>81</sup>, and using the remaining CHFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining CHFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) CHFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the China 50 Variable Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) CHFC trade prices just prior to the close of trading of the China 50 Variable Contract removing the highest five (5) CHFC trade prices and the lowest five (5) CHFC trade prices, and using the remaining fifteen (15) CHFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) CHFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no daily settlement price of the relevant CHFC is announced by the Source Agency, the Settlement Date will be delayed until such settlement price for that Series is released and publicly available.

## RULE 12.58 US 500 VARIABLE PAYOUT CONTRACTS

### RULE 12.58.1 US 500 “CALL SPREAD” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US 500 Call Spread Variable Payout Contracts, referred to as a ‘Call Spread’, issued by Nadex.

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<sup>81</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini S&P 500® Futures contracts (“SPFC”) traded on the Chicago Mercantile Exchange® (CME®)<sup>82</sup>. The SPFC trade prices that will be used for the Underlying will be taken from four (4) SPFC delivery months: March, June, September, or December (each a “SPFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME e-mini S&P 500 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini S&P 500 March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant e-mini S&P 500 contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini S&P 500 March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, CME e-mini S&P 500 June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the US 500 Call Spreads, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY US 500 CALL SPREAD VARIABLE PAYOUT CONTRACTS, 4:15 PM ET CLOSE - At the commencement of trading in a Daily US 500 Call Spread, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY US 500 CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 40$ .

(bb) FLOOR – The Floor shall be  $X - 40$ .

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(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(2) In each case, “X” equals the last SPFC price, as reported by the Source Agency, rounded to the nearest 10.

(ii) DAILY US 500 CALL SPREAD CONTRACTS, 4:15 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be X – 40.

(2) CONTRACT 2: The Ceiling shall be X + 20; The Floor shall be X – 20.

(3) CONTRACT 3: The Ceiling shall be X + 40; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(5) In each case, “X” equals the last SPFC price, as reported by the Source Agency, rounded to the nearest 10.

(iii) INTRADAY US 500 CALL SPREAD CONTRACTS, 8AM ET to 4:15 PM ET CLOSE - Nadex shall list a set of five (5) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X – 15; The Floor shall be X – 45.

(2) CONTRACT 2: The Ceiling shall be X; The Floor shall be X – 30.

(3) CONTRACT 3: The Ceiling shall be X + 15; The Floor shall be X – 15.

(4) CONTRACT 4: The Ceiling shall be X + 30; The Floor shall be X.

(5) CONTRACT 5: The Ceiling shall be X + 45; The Floor shall be X + 15.

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(7) In each case, “X” equals the last SPFC price, as reported by the Source Agency, rounded to the nearest 5.

(iv) INTRADAY 2-HOUR US 500 CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM and 4:00PM ET CLOSE - Nadex shall list a set of five (5) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X - 5$ ; The Floor shall be  $X - 15$ .

(2) CONTRACT 2: The Ceiling shall be  $X$ ; The Floor shall be  $X - 10$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 5$ ; The Floor shall be  $X - 5$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 10$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Ceiling shall be  $X + 15$ ; The Floor shall be  $X + 5$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(7) In each case, “X” equals the last SPFC price, as reported by the Source Agency, rounded to the nearest 5.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for US 500 Call Spread Variable Payout Contracts shall be 0.1.

(h) POSITION LIMIT – The Position Limits for US 500 Call Spread Variable Payout Contracts shall be 31,250 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the US 500 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE - The Expiration Value is the US 500 Index Value as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all SPFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US 500 Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of SPFC trade prices and the lowest



twenty (20) percent of SPFC trade prices from the data set<sup>83</sup>, and using the remaining SPFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining SPFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SPFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US 500 Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) SPFC trade prices just prior to the close of trading of the US 500 Call Spread Contract removing the highest five (5) SPFC trade prices and the lowest five (5) SPFC trade prices, and using the remaining fifteen (15) SPFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) SPFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.58.2 US 500 “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US 500 Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini S&P 500® Futures contracts (“SPFC”) traded on the Chicago Mercantile Exchange® (CME®)<sup>84</sup>. The SPFC trade prices that will be used for the Underlying will be taken from four (4) SPFC delivery months: March, June, September, or December (each a “SPFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME e-mini S&P 500 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini S&P 500 March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant e-mini S&P 500 contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini S&P 500 March 2012 futures will be

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<sup>83</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

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March 9, 2012 and the Start Date for the next delivery month, CME e-mini S&P 500 June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the US 500 Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY US 500 TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Close Time is the earlier of 4:15PM ET on the last Trade Day of the contract listing, or when the US 500 Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, that open at 3:00AM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 40$ ; The Floor shall be  $X - 10$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 30$ ; The Floor shall be  $X - 20$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 20$ ; The Floor shall be  $X - 30$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 10$ ; The Floor shall be  $X - 40$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(6) In each case, “X” equals the last US 500 price, as reported by the Source Agency, rounded to the nearest 1.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 40$  (or 10) and a Floor of  $X - 10$  (or 40) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) MINIMUM TICK – The Minimum Tick size for US 500 Touch Bracket Variable Payout Contracts shall be 0.1.

(h) POSITION LIMIT – The Position Limit for US 500 Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the US 500 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) US 500 INDEX VALUE – The Source Agency shall calculate and produce a US 500 Index Value once each second throughout the life of the US 500 Variable Payout contracts. That is, each second the Source Agency will calculate a US 500 Index Value by taking by taking all SPFC trade prices occurring in the ten (10) seconds leading up to the Calculation Time, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of SPFC trade prices and the lowest twenty (20) percent of SPFC trade prices from the data set<sup>85</sup>, and using the remaining SPFC trade prices to calculate the US 500 Index Value for that second. The calculation used is a simple average of the remaining SPFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SPFC trade prices exceeds the ten (10) second period, the US 500 Index Value will be calculated by the Source Agency by taking the last twenty-five (25) SPFC trade prices just prior to the Calculation Time, removing the highest five (5) SPFC trade prices and the lowest five (5) SPFC trade prices, and using the remaining fifteen (15) SPFC trade prices to calculate the US 500 Index Value. The calculation used is a simple average of all fifteen (15) SPFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) EXPIRATION VALUE - The Expiration Value is the US 500 Index Value released by the Source Agency at Expiration on the Expiration Date.

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<sup>85</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

## RULE 12.59 US 500 BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US 500 Binary Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Binary Contracts is the price of the E-mini S&P 500® Futures contracts (“SPFC”) traded on the Chicago Mercantile Exchange® (CME®)<sup>86</sup>. The SPFC trade prices that will be used to calculate the Underlying will be taken from four (4) SPFC delivery months: March, June, September, or December (each a “SPFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME e-mini S&P 500 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini S&P 500 March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant e-mini S&P 500 contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini S&P 500 March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, CME e-mini S&P 500 June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the US 500 Binary Contract, the Payout Criteria for the Contracts will be set as follows:

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(i) WEEKLY US 500 BINARY CONTRACTS

- (1) EXPIRATION TIME – 4:15PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 24.
- (3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for the Weekly US 500 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in .50. Six (6) strike levels will be generated above Binary Contract W at an interval of 24, and six (6) strike levels will be generated below Binary Contract W at an interval of 24 (e.g.  $W - 24$ ;  $W$ ;  $W + 24$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) DAILY US 500 BINARY CONTRACTS

- (1) EXPIRATION TIME – 4:15PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 6.
- (3) NUMBER OF STRIKE LEVELS LISTED - Twenty-one (21) strike levels will be listed for the Daily US 500 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest one (1). Ten (10) strike levels will be generated above Binary Contract X at an interval of 6, and ten (10) strike levels will be generated below Binary Contract X at an interval of 6 (e.g.  $X - 6$ ;  $X$ ;  $X + 6$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY US 500 2-HOUR BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM, 4:00PM ET CLOSE

- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 1.5.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday US 500 2-Hour Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in .10. Seven (7) strike levels will be generated above Binary Contract Y at an interval of 1.5, and seven (7) strike levels will be generated below Binary Contract Y at an interval of 1.5 (e.g.  $Y - 1.5$ ;  $Y$ ;  $Y + 1.5$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY US 500 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 10:20AM, 10:40AM, 11:00AM, 11:20AM, 2:40PM, 3:00PM, 3:20PM, 3:40PM 4:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.75.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Intraday US 500 20-Minute Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in .05. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 0.75, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 0.75 (e.g.  $Z - 0.75$ ;  $Z$ ;  $Z + 0.75$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(v) INTRADAY US 500 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 11:40AM, 12:00PM, 12:20PM, 12:40PM, 1:00PM, 1:20PM, 1:40PM, 2:00PM, 2:20PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.5.

- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday US 500 20-Minute Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in .05. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 0.5, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 0.5 (e.g.  $Z - 0.5$ ;  $Z$ ;  $Z + 0.5$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(vi) Nadex may list additional US 500 Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the US 500 Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for the US 500 Binary Contracts shall be 2,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) SETTLEMENT DATE – The Settlement Date in a Series is the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the 500 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money US 500 Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the price or value of US 500 as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all SPFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US 500 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of SPFC trade prices and the lowest twenty (20) percent of SPFC trade prices from the data set<sup>87</sup>, and using the remaining SPFC

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<sup>87</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the

trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining SPFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SPFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US 500 Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) SPFC trade prices just prior to the close of trading of the US 500 Binary Contract removing the highest five (5) SPFC trade prices and the lowest five (5) SPFC trade prices, and using the remaining fifteen (15) SPFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) SPFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no daily settlement price of the relevant SPFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

## RULE 12.60 US SMALLCAP 2000 VARIABLE PAYOUT CONTRACTS

### RULE 12.60.1 US SMALLCAP 2000 “CALL SPREAD” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US SmallCap 2000 Call Spread Variable Payout Contracts, referred to as a ‘Call Spread’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini Russell 2000<sup>88</sup> Index Futures contracts (“RUFC”) traded on the Chicago Mercantile Exchange (CME)<sup>89</sup>. The RUFC trade prices that will be used for the Underlying will be taken from four (4) RUFC delivery months: March, June, September, or December (each a “RUFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME E-mini Russell 2000 Index September 2017 Futures has an Expiration Date of September 15, 2017. The last day on which the CME E-mini Russell 2000 Index September 2017 Futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant CME E-mini Russell 2000 Index Futures contracts will be the Friday of the preceding week. Therefore, the End Date for using CME E-mini Russell 2000 Index September 2017 Futures will be

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close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

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September 8, 2017 and the Start Date for the next delivery month, CME E-mini Russell 2000 Index December 2017 Futures, will be September 9, 2017.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the US SmallCap 2000 Call Spread Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY US SMALLCAP 2000 CALL SPREAD VARIABLE PAYOUT CONTRACTS, 4:15 PM ET CLOSE - At the commencement of trading in a Daily US SmallCap 2000 Call Spread, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY US SMALLCAP 2000 CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 30$ .

(bb) FLOOR – The Floor shall be  $X - 30$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(2) In each case, “X” equals the last RUFC price, as reported by the Source Agency, rounded to the nearest 5.

(ii) DAILY US SMALLCAP 2000 CALL SPREAD CONTRACTS, 4:15 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 30$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 15$ ; The Floor shall be  $X - 15$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 30$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(5) In each case, “X” equals the last RUFC price, as reported by the Source Agency, rounded to the nearest 5.

(iii) INTRADAY US SMALLCAP 2000 CALL SPREAD CONTRACTS, 8AM ET to 4:15 PM ET CLOSE - Nadex shall list a set of five (5) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X - 10$ ; The Floor shall be  $X - 30$ .

(2) CONTRACT 2: The Ceiling shall be  $X$ ; The Floor shall be  $X - 20$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 10$ ; The Floor shall be  $X - 10$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 20$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Ceiling shall be  $X + 30$ ; The Floor shall be  $X + 10$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(7) In each case, “X” equals the last RUFC price, as reported by the Source Agency, rounded to the nearest 5.

(iv) INTRADAY 2-HOUR US SMALLCAP 2000 CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM and 4:00PM ET CLOSE - Nadex shall list a set of five (5) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X - 3.5$ ; The Floor shall be  $X - 10.5$ .

(2) CONTRACT 2: The Ceiling shall be  $X$ ; The Floor shall be  $X - 7$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 3.5$ ; The Floor shall be  $X - 3.5$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 7$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Ceiling shall be  $X + 10.5$ ; The Floor shall be  $X + 3.5$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(7) In each case, “X” equals the last RUFC price, as reported by the Source Agency, rounded to the nearest 1.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) **MINIMUM TICK** – The Minimum Tick size for US SmallCap 2000 Call Spread Variable Payout Contracts shall be 0.1.

(h) **POSITION LIMIT** – The Position Limits for US SmallCap 2000 Call Spread Variable Payout Contracts shall be 50,000 Contracts.

(i) **LAST TRADING DATE** – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) **SETTLEMENT DATE** – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract shall be the date on which the US SmallCap 2000 Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **EXPIRATION VALUE** – The Expiration Value is the US SmallCap 2000 Index Value as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all RUFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US SmallCap 2000 Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of RUFC trade prices and the lowest twenty (20) percent of RUFC trade prices from the data set<sup>90</sup>, and using the remaining RUFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining RUFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SPFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US SmallCap 2000 Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) RUFC trade prices just prior to the close of trading of the US SmallCap 2000 Call Spread Contract removing the highest five (5) RUFC trade prices and the lowest five (5) RUFC trade prices, and using the remaining fifteen (15) RUFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) RUFC trade prices, rounded to one decimal point past the precision of the underlying market.

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<sup>90</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(n) CONTINGENCIES – If no daily settlement price of the relevant RUFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

#### RULE 12.60.2 US SMALLCAP 2000 “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US SmallCap 2000 Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini Russell 2000<sup>91</sup> Index Futures contracts (“RUFC”) traded on the Chicago Mercantile Exchange (CME<sup>®</sup>)<sup>92</sup>. The RUFC trade prices that will be used for the Underlying will be taken from four (4) RUFC delivery months: March, June, September, or December (each a “RUFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME E-mini Russell 2000 Index September 2017 Futures has an Expiration Date of September 15, 2017. The last day on which the CME E-mini Russell 2000 Index September 2017 Futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant CME E-mini Russell 2000 Index Futures contracts will be the Friday of the preceding week. Therefore, the End Date for using CME E-mini Russell 2000 Index September 2017 Futures will be September 8, 2017 and the Start Date for the next delivery month, CME E-mini Russell 2000 Index December 2017 Futures, will be September 9, 2017.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the US SmallCap 2000 Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

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(i) WEEKLY US SMALLCAP 2000 TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Close Time is the earlier of 4:15PM ET on the last Trade Day of the contract listing, or when the US SmallCap 2000 Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a 'Touch Bracket', that open at 3:00AM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 40$ ; The Floor shall be  $X - 10$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 30$ ; The Floor shall be  $X - 20$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 20$ ; The Floor shall be  $X - 30$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 10$ ; The Floor shall be  $X - 40$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 10.

(6) In each case, "X" equals the last US SmallCap 2000 price, as reported by the Source Agency, rounded to the nearest 1.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 40$  (or 10) and a Floor of  $X - 10$  (or 40) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) MINIMUM TICK – The Minimum Tick size for US SmallCap 2000 Touch Bracket Variable Payout Contracts shall be 0.1.

(h) POSITION LIMIT – The Position Limit for US SmallCap 2000 Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the US SmallCap 2000 Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **US SMALLCAP 2000 INDEX VALUE** – The Source Agency shall calculate and produce a US SmallCap 2000 Index Value once each second throughout the life of the US SmallCap 2000 Variable Payout contracts. That is, each second the Source Agency will calculate a US SmallCap 2000 Index Value by taking by taking all RUFC trade prices occurring in the ten (10) seconds leading up to the Calculation Time, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of RUFC trade prices and the lowest twenty (20) percent of RUFC trade prices from the data set<sup>93</sup>, and using the remaining RUFC trade prices to calculate the US SmallCap 2000 Index Value for that second. The calculation used is a simple average of the remaining RUFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) RUFC trade prices exceeds the ten (10) second period, the US SmallCap 2000 Index Value will be calculated by the Source Agency by taking the last twenty-five (25) RUFC trade prices just prior to the Calculation Time, removing the highest five (5) RUFC trade prices and the lowest five (5) RUFC trade prices, and using the remaining fifteen (15) RUFC trade prices to calculate the US SmallCap 2000 Index Value. The calculation used is a simple average of all fifteen (15) RUFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) **EXPIRATION VALUE** – The Expiration Value is the US SmallCap 2000 Index Value as released by the Source Agency at Expiration

(o) **CONTINGENCIES** – If no daily settlement price of the relevant RUFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

#### **RULE 12.61 US SMALLCAP 2000 BINARY CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the US SmallCap 2000 Binary Contracts issued by Nadex.

(b) **UNDERLYING** – The Underlying for this Class of Contracts is the price of the E-mini Russell 2000<sup>®94</sup> Index Futures contracts (“RUFC”) traded on the Chicago Mercantile Exchange

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<sup>93</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

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(CME®)<sup>95</sup>. The RUFC trade prices that will be used for the Underlying will be taken from four (4) RUFC delivery months: March, June, September, or December (each a “RUFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME E-mini Russell 2000 Index September 2017 Futures has an Expiration Date of September 15, 2017. The last day on which the CME E-mini Russell 2000 Index September 2017 Futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant CME E-mini Russell 2000 Index Futures contracts will be the Friday of the preceding week. Therefore, the End Date for using CME E-mini Russell 2000 Index September 2017 Futures will be September 8, 2017 and the Start Date for the next delivery month, CME E-mini Russell 2000 Index December 2017 Futures, will be September 9, 2017.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the US SmallCap 2000 Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY US SMALLCAP 2000 BINARY CONTRACTS

- (1) EXPIRATION TIME – 4:15PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 12.
- (3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for the Weekly US SmallCap 2000 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these

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Contracts, and shall be measured in U.S. cents rounded to the nearest one (1). Six (6) strike levels will be generated above Binary Contract W at an interval of 12, and six (6) strike levels will be generated below Binary Contract W at an interval of 12 (e.g.  $W - 12$ ;  $W$ ;  $W + 12$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY US SMALLCAP 2000 BINARY CONTRACTS

- (1) EXPIRATION TIME – 4:15PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 4.
- (3) NUMBER OF STRIKE LEVELS LISTED - Twenty-one (21) strike levels will be listed for the Daily US SmallCap 2000 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest one (1). Ten (10) strike levels will be generated above Binary Contract X at an interval of 4, and ten (10) strike levels will be generated below Binary Contract X at an interval of 4 (e.g.  $X - 4$ ;  $X$ ;  $X + 4$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY US SMALLCAP 2000 2-HOUR BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM, 4:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 1.4.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday US SmallCap 2000 2-Hour Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in .10. Seven (7) strike levels will be generated above Binary Contract Y at an interval of 1.4, and seven (7) strike levels will be generated below Binary Contract Y at an



interval of 1.4 (e.g.  $Y - 1.4$ ;  $Y$ ;  $Y + 1.4$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY US SMALLCAP 2000 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 10:20AM, 10:40AM, 11:00AM, 11:20AM, 2:40PM, 3:00PM, 3:20PM, 3:40PM 4:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.7.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Intraday US SmallCap 2000 20-Minute Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in .10. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 0.7, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 0.7 (e.g.  $Z - 0.7$ ;  $Z$ ;  $Z + 0.7$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(v) INTRADAY US SMALLCAP 2000 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 11:40AM, 12:00PM, 12:20PM, 12:40PM, 1:00PM, 1:20PM, 1:40PM, 2:00PM, 2:20PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.6.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday US SmallCap 2000 20-Minute Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in .10. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 0.6, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 0.6 (e.g.  $Z - 0.6$ ;  $Z$ ;  $Z + 0.6$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(vi) Nadex may list additional US SmallCap 2000 Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the US SmallCap 2000 Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for the US SmallCap 2000 Binary Contracts shall be 2,500 Contracts.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) SETTLEMENT DATE – The Settlement Date in a Series is the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the 500 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money US SmallCap 2000 Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the level of US SmallCap 2000 as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all RUFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US SmallCap 2000 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of RUFC trade prices and the lowest twenty (20) percent of RUFC trade prices from the data set<sup>96</sup>, and using the remaining RUFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining RUFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SPFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US SmallCap 2000 Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) RUFC trade prices just prior to the close of trading of the US SmallCap 2000 Binary Contract removing the highest five (5) RUFC trade prices and the lowest five (5) RUFC trade prices, and using the remaining fifteen (15) RUFC trade prices to calculate the Expiration Value. The

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<sup>96</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

calculation used is a simple average of all fifteen (15) RUFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no daily settlement price of the relevant RUFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

## RULE 12.62 US TECH100 VARIABLE PAYOUT CONTRACTS

### RULE 12.62.1 US TECH 100 “CALL SPREAD” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US Tech 100 Call Spread Variable Payout Contracts, referred to as a ‘Call Spread’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini NASDAQ 100® Futures contracts (“NQFC”) traded on the Chicago Mercantile Exchange (CME®)<sup>97</sup>. The NQFC trade prices that will be used to calculate the Underlying will be taken from four (4) NQFC delivery months: March, June, September, or December (each a “NQFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME e-mini NASDAQ 100 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini NASDAQ 100 March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant e-mini NASDAQ 100 contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini NASDAQ 100 March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, CME e-mini NASDAQ 100 June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

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(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the US Tech 100 Call Spreads, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY US TECH 100 CALL SPREAD VARIABLE PAYOUT CONTRACTS, 4:15 PM ET CLOSE - At the commencement of trading in a Daily Spread US Tech 100 Call Spread, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY US TECH 100 CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 100$

(bb) FLOOR – The Floor shall be  $X - 100$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 4.

(1) In each case, “X” equals the last NQFC price, as reported by the Source Agency, rounded to the nearest 10.

(ii) DAILY US TECH 100 CALL SPREAD CONTRACTS, 4:15 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 100$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 50$ ; The Floor shall be  $X - 50$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 100$ ; The Floor shall be  $X$ .

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 4.

(5) In each case, “X” equals the last NQFC price, as reported by the Source Agency, rounded to the nearest 10.

(iii) INTRADAY US TECH 100 CALL SPREAD CONTRACTS, 8AM ET to 4:15 PM ET CLOSE - Nadex shall list a set of five (5) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X - 45$ ; The Floor shall be  $X - 135$ .

(2) CONTRACT 2: The Ceiling shall be  $X$ ; The Floor shall be  $X - 90$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 45$ ; The Floor shall be  $X - 45$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 90$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Ceiling shall be  $X + 135$ ; The Floor shall be  $X + 45$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 4.

(7) In each case, “X” equals the last NQFC price, as reported by the Source Agency, rounded to the nearest 10.

(iv) INTRADAY 2-HOUR US TECH 100 CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM and 4:00PM ET CLOSE - Nadex shall list a set of five (5) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X - 25$ ; The Floor shall be  $X - 75$ .

(2) CONTRACT 2: The Ceiling shall be  $X$ ; The Floor shall be  $X - 50$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 25$ ; The Floor shall be  $X - 25$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 50$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Ceiling shall be  $X + 75$ ; The Floor shall be  $X + 25$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 4.

(7) In each case, “X” equals the last NQFC price, as reported by the Source Agency, rounded to the nearest 5.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for US Tech 100 Call Spread Variable Payout Contracts shall be 0.25.

(h) POSITION LIMIT – The Position Limits for US Tech 100 Call Spread Variable Payout Contracts shall be 125,000 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the US Tech 100 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the US Tech 100 Index Value as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all NQFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US Tech 100 Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NQFC trade prices and the lowest twenty (20) percent of NQFC trade prices from the data set<sup>98</sup>, and using the remaining NQFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining NQFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SPFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US Tech 100 Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) NQFC trade prices just prior to the close of trading of the US Tech 100 Call Spread Contract removing the highest five (5) NQFC trade prices and the lowest five (5) NQFC trade prices, and using the remaining fifteen (15) NQFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) NQFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.62.2 US TECH 100 “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS

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<sup>98</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US Tech 100 Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini NASDAQ 100® Futures contracts (“NQFC”) traded on the Chicago Mercantile Exchange (CME®)<sup>99</sup>. The NQFC trade prices that will be used to calculate the Underlying will be taken from four (4) NQFC delivery months: March, June, September, or December (each a “NQFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME e-mini NASDAQ 100 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini NASDAQ 100 March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant e-mini NASDAQ 100 contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini NASDAQ 100 March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, CME e-mini NASDAQ 100 June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the US Tech 100 Touch Bracket Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY US TECH 100 TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Close Time is the earlier of 4:15PM ET on the last Trade Day of the contract listing, or when the US Tech 100 Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, that open at 3:00AM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

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(1) CONTRACT 1: The Ceiling shall be  $X + 120$ ; The Floor shall be  $X - 30$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 90$ ; The Floor shall be  $X - 60$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 60$ ; The Floor shall be  $X - 90$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 30$ ; The Floor shall be  $X - 120$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 4.

(6) In each case, “X” equals the last US Tech 100 price, as reported by the Source Agency, rounded to the nearest 1.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 120$  (or 30) and a Floor of  $X - 30$  (or 120) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) MINIMUM TICK – The Minimum Tick size for the US Tech 100 Touch Bracket Variable Payout Contracts shall be 0.25.

(h) POSITION LIMIT – The Position Limit for US Tech 100 Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the US Tech 100 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) US TECH 100 INDEX VALUE – The Source Agency shall calculate and produce a US Tech 100 Index Value once each second throughout the life of the US Tech 100 Variable Payout contracts. That is, each second the Source Agency will calculate a US Tech 100 Index Value by taking by taking all NQFC trade prices occurring in the ten (10) seconds leading up to the Calculation Time,



provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NQFC trade prices and the lowest twenty (20) percent of NQFC trade prices from the data set<sup>100</sup>, and using the remaining NQFC trade prices to calculate the US Tech 100 Index Value for that second. The calculation used is a simple average of the remaining NQFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) NQFC trade prices exceeds the ten (10) second period, the US Tech 100 Index Value will be calculated by the Source Agency by taking the last twenty-five (25) NQFC trade prices just prior to the Calculation Time, removing the highest five (5) NQFC trade prices and the lowest five (5) NQFC trade prices, and using the remaining fifteen (15) NQFC trade prices to calculate the US Tech 100 Index Value. The calculation used is a simple average of all fifteen (15) NQFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) EXPIRATION VALUE – The Expiration Value is the US Tech 100 Index Value as released by the Source Agency at Expiration.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.63 US TECH 100 BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US Tech 100 Binary Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Binary Contracts is the price of the E-mini NASDAQ 100® Futures contracts (“NQFC”) traded on the Chicago Mercantile Exchange® (CME®)<sup>101</sup>. The NQFC trade prices that will be used to calculate the Underlying will be taken from four (4) NQFC delivery months: March, June, September, or December (each a “NQFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the

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<sup>100</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

<sup>101</sup> CME® is a registered mark of the Chicago Mercantile Exchange. NASDAQ-100 are registered marks of the Nasdaq Stock Market, Inc. Nadex is not affiliated with the Chicago Mercantile Exchange or Nasdaq Stock Market and neither the Chicago Mercantile Exchange, the Nasdaq Market, nor its affiliates, sponsor or endorse Nadex or its products in any way. In particular, the Nadex US Tech 100 Contracts are not sponsored, endorsed, sold or promoted by CME or the Nasdaq Stock Market.

CME e-mini NASDAQ 100 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini NASDAQ 100 March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant e-mini NASDAQ 100 contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini NASDAQ 100 March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, CME e-mini NASDAQ 100 June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the US Tech 100 Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY US TECH 100 BINARY CONTRACTS

(1) EXPIRATION TIME – 4:15PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 24.

(3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for the Weekly US Tech 100 Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest one (1). Six (6) strike levels will be generated above Binary Contract W at an interval of 24, and six (6) strike levels will be generated below Binary Contract W at an interval of 24 (e.g.  $W - 24$ ;  $W$ ;  $W + 24$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY US TECH 100 BINARY CONTRACTS

(1) EXPIRATION TIME – 4:15PM ET CLOSE

- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 12.
- (3) NUMBER OF STRIKE LEVELS LISTED - Twenty-one (21) strike levels will be listed for the Daily US Tech 100 Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest one (1). Ten (10) strike levels will be generated above Binary Contract X at an interval of 12, and ten (10) strike levels will be generated below Binary Contract X at an interval of 12 (e.g.  $X - 12$ ;  $X$ ;  $X + 12$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY US TECH 100 2-HOUR BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM, 4:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 4.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday US Tech 100 2-Hour Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Y” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest one (1). Seven (7) strike levels will be generated above Binary Contract Y at an interval of 4, and seven (7) strike levels will be generated below Binary Contract Y at an interval of 4 (e.g.  $Y - 4$ ;  $Y$ ;  $Y + 4$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY US TECH 100 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 10:20AM, 10:40AM, 11:00AM, 11:20AM, 2:40PM, 3:00PM, 3:20PM, 3:40PM 4:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 2.

- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Intraday US Tech 100 20-Minute Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest 0.5. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 2, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 2 (e.g. Z - 2; Z; Z + 2). The Contract will have a Payout Criterion of greater than the strike level value.

(v) INTRADAY US TECH 100 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 11:40AM, 12:00PM, 12:20PM, 12:40PM, 1:00PM, 1:20PM, 1:40PM, 2:00PM, 2:20PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 1.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Intraday US Tech 100 20-Minute Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest 0.5. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 1, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 1 (e.g. Z - 1; Z; Z + 1). The Contract will have a Payout Criterion of greater than the strike level value.

(vi) Nadex may list additional US Tech 100 Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the US Tech 100 Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – The Position Limits for the US Tech 100 Binary Contracts shall be 2,500 Contracts.

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the US Tech 100 Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money US Tech 100 Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the level of US Tech 100 as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all NQFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US Tech 100 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NQFC trade prices and the lowest twenty (20) percent of NQFC trade prices from the data set<sup>102</sup>, and using the remaining NQFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining NQFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SPFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US Tech 100 Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) NQFC trade prices just prior to the close of trading of the US Tech 100 Binary Contract removing the highest five (5) NQFC trade prices and the lowest five (5) NQFC trade prices, and using the remaining fifteen (15) NQFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) NQFC trade prices, rounded to one decimal point past the precision of the underlying market.

(n) **CONTINGENCIES** – If no daily settlement price of the relevant NQFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

## **RULE 12.64 WALL STREET 30 VARIABLE PAYOUT CONTRACTS**

### **RULE 12.64.1 WALL STREET 30 “CALL SPREAD” VARIABLE PAYOUT CONTRACTS**

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<sup>102</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Wall Street 30 Call Spread Variable Payout Contracts, referred to as a ‘Call Spread’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini Dow® Futures contracts (“DJFC”) traded on the Chicago Board of Trade (CBOT®)<sup>103</sup>. The DJFC trade prices that will be used to calculate the Underlying will be taken from four (4) DJFC delivery months: March, June, September, or December (each a “DJFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME e-mini Dow March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini Dow March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant e-mini Dow contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini Dow March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, CME e-mini Dow June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Wall Street 30 Call Spreads, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY WALL STREET 30 CALL SPREAD VARIABLE PAYOUT CONTRACTS, 4:15 PM ET CLOSE - At the commencement of trading in a Daily Wall Street 30 Call Spread, Nadex shall list one (1) Call Spread Contract, which conforms to the Payout Criteria listed below:

(1) DAILY WALL STREET 30 CALL SPREAD CONTRACT

(aa) CEILING – The Ceiling shall be  $X + 400$ .

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(bb) FLOOR – The Floor shall be  $X - 400$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(2) In each case, “X” equals the last DJFC price, as reported by the Source Agency, rounded to the nearest 100.

(ii) DAILY WALL STREET 30 CALL SPREAD CONTRACTS, 4:15 PM ET CLOSE - Nadex shall list a set of three (3) Call Spread Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be X; The Floor shall be  $X - 400$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 200$ ; The Floor shall be  $X - 200$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 400$ ; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(5) In each case, “X” equals the last DJFC price, as reported by the Source Agency, rounded to the nearest 100.

(iii) INTRADAY WALL STREET 30 CALL SPREAD CONTRACTS, 8AM ET to 4:15 PM ET CLOSE - Nadex shall list a set of five (5) Call Spread Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X - 150$ ; The Floor shall be  $X - 450$ .

(2) CONTRACT 2: The Ceiling shall be X; The Floor shall be  $X - 300$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 150$ ; The Floor shall be  $X - 150$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 300$ ; The Floor shall be X.

(5) CONTRACT 5: The Ceiling shall be  $X + 450$ ; The Floor shall be  $X + 150$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(7) In each case, “X” equals the last DJFC price, as reported by the Source Agency, rounded to the nearest 50.

(iv) INTRADAY 2-HOUR WALL STREET 30 CALL SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM and 4:00PM ET CLOSE -

Nadex shall list a set of five (5) Call Spread Contracts that open 2 hours prior to the stated closing time(s) above with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Ceiling shall be  $X - 50$ ; The Floor shall be  $X - 150$ .

(2) CONTRACT 1: The Ceiling shall be  $X$ ; The Floor shall be  $X - 100$ .

(3) CONTRACT 2: The Ceiling shall be  $X + 50$ ; The Floor shall be  $X - 50$ .

(4) CONTRACT 3: The Ceiling shall be  $X + 100$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Ceiling shall be  $X + 150$ ; The Floor shall be  $X + 50$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(7) In each case, “X” equals the last DJFC price, as reported by the Source Agency, rounded to the nearest 5.

(v) Nadex may list additional Call Spread Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for Wall Street 30 Call Spread Variable Payout Contracts shall be 1.

(h) POSITION LIMIT – The Position Limits for Wall Street 30 Call Spread Variable Payout Contracts shall be 31,250 Contracts.

(i) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Wall Street 30 Expiration Value is released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) EXPIRATION VALUE – The Expiration Value is the Wall Street 30 Index Value as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all DJFC trade prices occurring in the ten (10) seconds leading up to the close



of trading of the Wall Street 30 Call Spread Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of DJFC trade prices and the lowest twenty (20) percent of DJFC trade prices from the data set<sup>104</sup>, and using the remaining DJFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining DJFC trade prices in the data set, rounded to the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) DJFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Wall Street 30 Call Spread Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) DJFC trade prices just prior to the close of trading of the Wall Street 30 Call Spread Contract removing the highest five (5) DJFC trade prices and the lowest five (5) DJFC trade prices, and using the remaining fifteen (15) DJFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) DJFC trade prices, rounded to the precision of the underlying market.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.64.2 WALL STREET 30 “TOUCH BRACKET” VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Wall Street 30 Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini Dow® Futures contracts (“DJFC”) traded on the Chicago Board of Trade (CBOT®)<sup>105</sup>. The DJFC trade prices that will be used to calculate the Underlying will be taken from four (4) DJFC delivery months: March, June, September, or December (each a “DJFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME e-mini Dow March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini Dow March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value

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<sup>104</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

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on the Expiration Date for the relevant e-mini Dow contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini Dow March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, CME e-mini Dow June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Variable Payout Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Variable Payout Contracts are initially issued. For the Wall Street 30 Touch Bracket Contracts the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY WALL STREET 30 TOUCH BRACKET VARIABLE PAYOUT CONTRACTS, Close Time is the earlier of 4:15PM ET on the last Trade Day of the contract listing, or when the Wall Street 30 Index Value is equal to or greater than the Ceiling, or equal to or less than the Floor. Nadex shall list a set of four (4) Touch Bracket Variable Payout Contracts, referred to as a ‘Touch Bracket’, that open at 3:00AM ET on the first Trade Day of the week, with overlapping ranges, which conform to the Payout Criteria listed below.

(1) CONTRACT 1: The Ceiling shall be  $X + 400$ ; The Floor shall be  $X - 100$ .

(2) CONTRACT 2: The Ceiling shall be  $X + 300$ ; The Floor shall be  $X - 200$ .

(3) CONTRACT 3: The Ceiling shall be  $X + 200$ ; The Floor shall be  $X - 300$ .

(4) CONTRACT 4: The Ceiling shall be  $X + 100$ ; The Floor shall be  $X - 400$ .

(5) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(6) In each case, “X” equals the last Wall Street 30 price, as reported by the Source Agency, rounded to the nearest 10.

(ii) Upon the early Expiration of a Touch Bracket, Nadex may list a new Touch Bracket with a Ceiling of  $X + 400$  (or 100) and a Floor of  $X - 100$  (or 400) where X equals the Ceiling (or Floor) of the Touch Bracket that expired early. The newly listed Touch Bracket will have the same Last Trade Day as originally established for the expired Touch Bracket and the same Dollar Multiplier as the expired Touch Bracket.

(g) **MINIMUM TICK** – The Minimum Tick size for Wall Street 30 Touch Bracket Variable Payout Contracts shall be 1.

(h) **POSITION LIMIT** – The Position Limit for Wall Street 30 Touch Bracket Variable Payout Contracts shall be 100 Contracts.

(i) **LAST TRADING DATE** – The Last Trading Date of the Contract is the same date as the Settlement Date.

(j) **SETTLEMENT DATE** – The Settlement Date of the Contract shall be the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract shall be the date on which the Wall Street 30 Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of either a Short or Long Variable Payout Contract on Settlement Date. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

(m) **WALL STREET 30 INDEX VALUE** – The Source Agency shall calculate and produce a Wall Street 30 Index Value once each second throughout the life of the Wall Street 30 Variable Payout contracts. That is, each second the Source Agency will calculate a Wall Street 30 Index Value by taking by taking all DJFC trade prices occurring in the ten (10) seconds leading up to the Calculation Time, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of DJFC trade prices and the lowest twenty (20) percent of DJFC trade prices from the data set<sup>106</sup>, and using the remaining DJFC trade prices to calculate the Wall Street 30 Index Value for that second. The calculation used is a simple average of the remaining DJFC trade prices in the data set, rounded to the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) DJFC trade prices exceeds the ten (10) second period, the Wall Street 30 Index Value will be calculated by the Source Agency by taking the last twenty-five (25) DJFC trade prices just prior to the Calculation Time, removing the highest five (5) DJFC trade prices and the lowest five (5) DJFC trade prices, and using the remaining fifteen (15) DJFC trade prices to calculate the Wall Street 30 Index Value. The calculation used is a simple average of all fifteen (15) DJFC trade prices, rounded to the precision of the underlying market.

(n) **EXPIRATION VALUE** – The Expiration Value is the Wall Street 30 Index Value as released by the Source Agency at Expiration.

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<sup>106</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source agency, the Settlement Date will be delayed until the Underlying number is released for the Series.

#### RULE 12.65 WALL STREET 30 BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Wall Street 30 Binary Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the E-mini Dow® Futures contracts (“DJFC”) traded on the Chicago Board of Trade (CBOT®)<sup>107</sup>. The DJFC trade prices that will be used to calculate the Underlying will be taken from four (4) DJFC delivery months: March, June, September, or December (each a “DJFC Delivery Month”). The date on which a new delivery month will be used as the Underlying for Nadex contracts (i.e. “Start Date”) is one calendar day after the End Date for the previous delivery month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e. “End Date”) is the Friday of the week preceding the Underlying futures contracts Expiration Date. For example, the CME e-mini Dow March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini Dow March 2012 futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant e-mini Dow contracts will be the Friday of the preceding week. Therefore, the End Date for using CME e-mini Dow March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, CME e-mini Dow June 2012 futures, will be March 10, 2012.

(c) SOURCE AGENCY – The Source Agency is Nadex.

(d) TYPE – The Type of Contract is a Binary Contract.

~~—(e) ISSUANCE— For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence no later than two (2) business days following the Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Wall Street 30 Binary Contract, the Payout Criteria for the Contracts will be set as follows:

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(i) WEEKLY WALL STREET 30 BINARY CONTRACTS

(1) EXPIRATION TIME – 4:15PM ET CLOSE

(1) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 200.

(2) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for the Weekly Wall Street 30 Binary Contract Series.

(3) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “W” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest one (1). Six (6) strike levels will be generated above Binary Contract W at an interval of 200, and six (6) strike levels will be generated below Binary Contract W at an interval of 200 (e.g.  $W - 200$ ;  $W$ ;  $W + 200$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY WALL STREET 30 BINARY CONTRACTS

(1) EXPIRATION TIME – 4:15PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 40.

(3) NUMBER OF STRIKE LEVELS LISTED - Twenty-one (21) strike levels will be listed for the Daily Wall Street 30 Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest one (1). Ten (10) strike levels will be generated above Binary Contract X at an interval of 40, and ten (10) strike levels will be generated below Binary Contract X at an interval of 40 (e.g.  $X - 40$ ;  $X$ ;  $X + 40$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY WALL STREET 30 2-HOUR BINARY CONTRACTS

(1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM, 4:00PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 12.

- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday Wall Street 30 2-Hour Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract "Y" is valued 'at-the-money' in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest one value ending in 1, 3, 5, 7, or 9 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract Y at an interval of 12, and seven (7) strike levels will be generated below Binary Contract Y at an interval of 12 (e.g.  $Y - 12$ ;  $Y$ ;  $Y + 12$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) INTRADAY WALL STREET 30 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 10:20AM, 10:40AM, 11:00AM, 11:20AM, 2:40PM, 3:00PM, 3:20PM, 3:40PM 4:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 6.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday Wall Street 30 20-Minute Binary Contract Series.
- (4) STRIKE LEVELS GENERATED - Strike levels will be generated such that Binary Contract "Z" is valued 'at-the-money' in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0, 2, 4, 6, or 8. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 6, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 6 (e.g.  $Z - 6$ ;  $Z$ ;  $Z + 6$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(v) INTRADAY WALL STREET 30 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 11:40AM, 12:00PM, 12:20PM, 12:40PM, 1:00PM, 1:20PM, 1:40PM, 2:00PM, 2:20PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 4.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday Wall Street 30 20-Minute Binary Contract Series.

- (4) **STRIKE LEVELS GENERATED** - Strike levels will be generated such that Binary Contract “Z” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance of these Contracts, and shall be measured in U.S. cents rounded to the nearest value ending in either 0, 2, 4, 6, or 8. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 4, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 4 (e.g.  $Z - 4$ ;  $Z$ ;  $Z + 4$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(vi) Nadex may list additional Wall Street 30 Binary Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) **MINIMUM TICK** – The Minimum Tick size for the Wall Street 30 Binary Contracts shall be \$0.25.

(h) **POSITION LIMIT** – The Position Limits for the Wall Street 30 Binary Contracts shall be 2,500 Contracts.

(i) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Expiration Date.

(j) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(k) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the Wall Street 30 Expiration Value is released by the Source Agency.

(l) **SETTLEMENT VALUE** – The Settlement Value is the amount paid to the holder of the in-the-money Contract on the Settlement Date. The Settlement Value of an in-the-money Wall Street 30 Binary Contract is \$100.

(m) **EXPIRATION VALUE** – The Expiration Value is the level of Wall Street 30 as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all DJFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Wall Street 30 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of DJFC trade prices and the lowest twenty (20) percent of DJFC trade prices from the data set<sup>108</sup>, and using the

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<sup>108</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

remaining DJFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining DJFC trade prices in the data set, rounded to the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) DJFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Wall Street 30 Binary Contract, the Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) DJFC trade prices just prior to the close of trading of the Wall Street 30 Binary Contract removing the highest five (5) DJFC trade prices and the lowest five (5) DJFC trade prices, and using the remaining fifteen (15) DJFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) DJFC trade prices, rounded to the precision of the underlying market.

(n) CONTINGENCIES – If no daily settlement price of the relevant DJFC is announced by the Source Agency, the Settlement Date will be delayed until such daily settlement price for that Series is released and publicly available.

RULES 12.66 – 12.71 [RESERVED]

#### RULE 12.72 INITIAL JOBLESS CLAIMS BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Initial Jobless Claims Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the number of claims submitted for unemployment insurance benefits (seasonally adjusted and hereinafter referred to as “Initial Jobless Claims” or “Initial Claims”) last reported by the U.S. Department of Labor, Employment and Training Administration (“ETA”) Division. The State Date for the Initial Jobless Claims Binary Contracts will be at least two business days prior to the next Expiration Date. The End Date will be the Last Trading Date.

(c) SOURCE AGENCY – The Source Agency is the U.S. Department of Labor.

(d) TYPE – The Type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence at least two business days prior to the next Expiration Date.~~

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Initial Jobless Claims Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY INITIAL JOBLESS CLAIMS BINARY CONTRACTS



(1) At the commencement of trading in a Jobless Claims Binary Contract, Nadex shall list all eligible Payout Criteria in a range of five (5) consecutive increments between 2,000 and 30,000, as determined by Nadex, with the maximum value of the Payout Criteria not to exceed 1,000,000 and the minimum value of the Payout Criteria not to fall below zero (0), and the contract payout criteria of greater than or equal to ( $\geq$ ). For example, Nadex may list the following range of Payout Criteria (using a 10,000 increment): 607,000, 617,000, 627,000, 637,000, and 647,000. The following week, Nadex may list the following range of Payout Criteria (using a 5,000 increment): 610,000, 615,000, 620,000, 625,000, and 630,000.

(2) In each case above, "X" equals the first Payout Criteria listed. In the first example above, this is 607,000; in the second example above, this is 610,000.

(ii) Nadex may list additional Initial Jobless Claims Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the Initial Jobless Claims Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – There are currently no Position Limits for the Initial Jobless Claims Binary Contract.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same day as the Expiration Date. The Initial Claims Contracts will stop trading on the Last Trading Date at 8:25 AM ET.

(j) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date that the Initial Jobless Claims number is released by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Initial Jobless Claims number is scheduled to be released by the Source Agency.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money Initial Jobless Claims Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the Initial Jobless Claims number released by the Source Agency on the Expiration Date. The Expiration Value is released by the Source Agency at 8:30 AM ET on the Expiration Date.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

## RULE 12.73 NONFARM PAYROLLS BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Nonfarm Payrolls Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the seasonally adjusted monthly change in the Nonfarm Payrolls release last reported by the Source Agency. The State Date for the Nonfarm Payrolls Binary Contracts will be at least three business days prior to the next Expiration Date. The End Date will be the Last Trading Date.

(c) SOURCE AGENCY – The Source Agency is the United States Department of Labor, Bureau of Labor Statistics.

(d) TYPE – The Type of Contract is a Binary Contract.

~~(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, Nadex will issue various Contracts, each of a different Series. A new issuance of Contracts will commence at least three business days prior to the next Expiration Date.~~

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by Nadex at the time the Binary Contracts are initially issued. For the Nonfarm Payrolls Binary Contract, the Payout Criteria for the Contracts will be set as follows:

### (i) MONTHLY NONFARM PAYROLLS BINARY CONTRACTS

(1) At the commencement of trading in a Nonfarm Payrolls Binary Contract, Nadex shall list all eligible Payout Criteria in a range of five (5) consecutive increments between 15,000 and 150,000, as determined by Nadex, with the maximum value of the Payout Criteria not to exceed 1,000,000 and the minimum value of the Payout Criteria not to fall below -1,000,000, and the contract payout criteria of greater than or equal to ( $\geq$ ). For example, Nadex may list the following range of Payout Criteria (using the 75,000 increment): -748,000, -673,000, -598,000, -523,000, and -448,000. For the next issuance, Nadex may list the following range of Payout Criteria (using a 50,000 increment): 200,000, 250,000, 300,000, 350,000, and 400,000.

(2) In each case above, “X” equals the first Payout Criteria listed. In the first example above, this is -748,000; in the second example above, this is 200,000.

(ii) Nadex may list additional Nonfarm Payrolls Binary Contract with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK – The Minimum Tick size for the Nonfarm Payrolls Binary Contracts shall be \$0.25.

(h) POSITION LIMIT – There are currently no Position Limits for the \$100 Nonfarm Payrolls Binary Contract.

(i) LAST TRADING DATE – The Last Trading Date in a Series is the same day as the Expiration Date. The Nonfarm Payrolls Contracts will stop trading on the Last Trading Date at 8:25 AM ET.

(j) SETTLEMENT DATE – The Settlement Date will be the date the Nonfarm Payrolls number is released by the Source Agency.

(k) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Nonfarm Payrolls number is scheduled to be released.

(l) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money Nonfarm Payrolls Binary Contract is \$100.

(m) EXPIRATION VALUE – The Expiration Value is the level of the Nonfarm Payrolls release number on the Expiration Date. The Expiration Value is released by the Source Agency at 8:30 AM ET on the Expiration Date.

(n) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

*[End Rulebook]*