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September 26, 2014

Via CFTC Portal Submissions

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

RE: Self-Certification Rule Amendments: Nadex Amends its Market Maker Agreement and Fee Schedule – 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 Market Maker Agreement (“Agreement”) and Rule 4.4 Obligations of Market Makers. Nadex is also amending the fee schedule for its non-intermediated Market Maker Members and clarifying the language for its FCM Member fees.

According to the Agreement, the Market Maker is obligated to continuously quote binding bid and offer prices at or inside the maximum spread and at not less than the defined minimum size, with the exception of certain conditions including during a “Fast Market”. The Agreement currently defines Fast Market as the 15 minutes prior to expiration of any particular Contract, the 15 minutes prior to and after the announcement of any major economic indicator, and any unusual market condition or price volatility which is determined by Nadex to prevent the maintenance of an orderly market. Nadex is amending this portion of the Agreement to redefine a Fast Market as the two minutes prior to expiration of any particular Contract, and the five minutes prior to the scheduled announcement and five minutes following the announcement of any major economic indicator, as well as any unusual market condition or price volatility which is determined by Nadex to prevent the maintenance of an orderly market. Nadex is reducing the time frame for a Fast Market in order to increase liquidity during the period leading up to expiration of the Contract, and to prevent any unnecessary widening of the bid and offer spread beyond the defined limits. Nadex is also amending the Agreement to permit the Market Maker to refrain from

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quoting binding bid and offer prices during a Fast Market. A Market Maker that chooses to submit binding bid and offer prices during a Fast Market will be required to comply with the Defined Spread and Size set forth in Appendix to the Agreement. To maintain consistency, Nadex is amending Rule 4.4 (Obligations of Market Makers) to coincide with the amendments to the Agreement.

Additionally, Nadex is adding a provision to the Agreement to prohibit a Market Maker from withdrawing funds if the Nadex available cash balance would be less than \$500,000 as a result of the withdrawal, except upon termination of the Market Maker Agreement. In the event a Market Maker's cash balance falls to the Maintenance Amount of \$250,000, the Market Maker must immediately deposit sufficient funds to bring the available cash balance to \$500,000. Nadex is adding these provisions to prevent circumvention of the minimum deposit amount as required by the Agreement, and to decrease the potential for illusory quotes which are unable to be filled due to lack of collateralization.

Nadex is also adding sections to the Agreement pertaining to termination of the Agreement, amending of the Agreement, and waiver of compliance.

Nadex is amending the fee schedule for its non-intermediated Market Maker Members. Currently, Market Makers are charged trading fees of \$0.50 per contract per side for each trade executed, and a settlement fee of \$0.50 per contract per side for each contract that settles in-the-money. Nadex is reducing the settlement fee for its Market Makers to \$0.35 per contract per side for each contract that settles in-the-money, regardless of the product class. Nadex is also amending its trading fees for Market Makers to follow a tiered schedule based on lots traded, per trading day, in any non-currency market product. Market Makers will continue to be charged a \$0.50 trading fee per contract per side for the first 1,000 lots traded. Trading fees will then be reduced to \$0.45 per contract per side for lots 1,001 through 1,500, further reduced to \$0.40 for lots 1,501 through 2,000, and ultimately to \$0.35 for all lots 2,001 and greater. While the Market Maker will initially be charged the \$0.50 trading fee for all trades, Nadex will assess the Market Maker's activity on a monthly basis to determine whether the Market Maker is entitled to any discounted trading fees pursuant to the rate schedule, and if so, will credit a rebate to the Market Maker's account accordingly. Trading fees for trades executed in any currency market will remain at \$0.50 per contract per side.

Finally, Nadex is amending the text of its FCM Member fees set forth in the fee schedule to clarify the tier schedule for trading and settlement fees as \$0.35 for lots 1 through 30, \$0.30 for lots 31 through 50, and \$0.25 for lots 51 and above. Note that only the text language is being amended, and no actual FCM fees are being changed.

Market Maker Agreement and Rule 4.4 Amendments: DCM Core Principles

Nadex has identified the following Designated Contract Market ("DCM") Core Principles as potentially being impacted by these amendments: 4 (Prevention of Market Disruption), 7 (Availability of General Information), 11 (Financial Integrity of Transactions), 12 (Protection of Markets and Market Participants).

Core Principle 4 (Prevention of Market Disruption) requires a DCM to prohibit abusive or manipulative trading practices on its markets by members and market participants. Nadex is making the amendments discussed herein in order to increase liquidity leading up to expiration of the Contract. Additionally, requiring the Market Maker to abide by the Defined Spread up to two minutes prior to expiration of a particular contract (and five minutes prior to the scheduled announcement and five minutes following the announcement of a major economic event) will provide a more accurate reflection of market

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sentiment leading up to expiration of a Contract, or the announcement of a major economic event. Furthermore, adjusting the cash balance a Market Maker must maintain in its account at all times minimizes potential market disruption by preventing the possibility of a Market Maker not having sufficient capital to fully collateralize all quotes, which would result in a rejected trade when matched. Therefore, the amendments to the Agreement will not have a negative impact on Nadex's ability to comply with this Core Principle.

Core Principle 7 (Availability of General Information) requires the DCM to make its rulebook, and any changes to previously-disclosed information available to the public. The Nadex Rulebook, as well as its Market Maker Agreement, are currently posted on the Nadex website, and will continue to be made available to the public after the changes described herein are implemented. Therefore, the amendments to the Market Maker Agreement and Rulebook will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principle 11 (Financial Integrity of Transactions) requires the DCM provide for the financial integrity of its transactions by establishing and maintaining appropriate minimum financial standards for its members and non-intermediated market participants. The Maintenance Amount requirement is in place to ensure the Market Maker has sufficient capital to fully collateralize all Market Maker quotes if matched. Because the Exchange's transaction volume has increased significantly since these levels were set, in order to ensure the Market Maker is able to meet its continuing collateralization obligations Nadex is amending the Agreement to require any Market Maker whose available balance reaches the Maintenance Amount to replenish the available balance to \$500,000. The provision which would prevent a Market Maker from withdrawing funds from its available cash balance if the withdrawal would cause its account to fall below the initial deposit level is being implemented to prevent a Market Maker from circumventing the purpose of the minimum deposit amount by making an initial deposit of \$500,000 to comply with the requirement, only to immediately withdraw a portion of that deposit. As these provisions are being added for the purpose of ensuring the financial integrity of trades entered into by the Market Maker, they will not have a negative impact on Nadex's ability to comply with this Core Principle.

Core Principle 12 (Protection of Markets and Market Participants) requires the DCM establish and enforce Rules to protect markets and market participants from abusive practices and to promote fair and equitable trading. As previously discussed, Nadex is amending the Market Maker Agreement to require a Market Maker to continuously bid and offer up until two minutes prior to expiration of a particular contract (and five minutes prior to the scheduled announcement and five minutes following the announcement of a major economic event) in order to provide more liquidity in any given contract in the minutes leading up to expiration. This will provide market participants with better opportunities to exit positions prior to expiration, or take advantage of time decay leading up to expiration. Furthermore, changes to the Market Maker's balance requirements will better ensure that the Market Maker will not allow its balance to become so low and increase the potential risk that the Market Maker will not be able to fully collateralize all its quotes on the book if matched. These amendments are being made to the Market Maker Agreement for the purpose of protecting the market and its market participants, and therefore, will not have a negative effect on Nadex's ability to comply with this Core Principle.

Market Maker Agreement and Rule 4.4 Amendments: DCO Core Principles

Nadex has identified the following Derivatives Clearing Organization ("DCO") Core Principles as potentially being impacted by these amendments: C (Participant and Product Eligibility), and L (Public Information).

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Core Principle C, implemented by Commission Regulation 39.12, requires the DCO to establish appropriate admission and continuing participation requirements for clearing members of the derivatives clearing organization that are objective, publicly disclosed, and risk-based. Nadex believes the proposed amendments to its Market Maker continuing participation requirements are appropriate in order to maintain a fair and accurate market and to prevent possible undercapitalization of the Market Maker's cash balance. The amendments are objective and would apply to all Nadex Market Makers. The Market Maker Agreement is currently, and will continue to be, made public on the Nadex website. The amendments are risk-based and are being implemented for the purpose of increasing liquidity leading up to expiration, as well as to prevent the Market Maker from allowing its account balance to fall below the maintenance requirement upon order matching, or from circumventing the Exchange's requirements by immediately withdrawing funds from a Market Maker's initial deposit. Therefore the amendments to the Market Maker Agreement will not have a negative impact on Nadex's ability to comply with this Core Principle.

Core Principle L, implemented by Regulation 39.21, requires the DCO to make its rulebook available to the public. The Nadex Rulebook, as well as its Market Maker Agreement, are currently posted on the Nadex website, and will continue to be made available to the public after the changes described herein are implemented. Therefore, the amendments to the Market Maker Agreement and Rulebook will not negatively impact Nadex's ability to comply with this Core Principle.

Fee Schedule Amendments: DCM Core Principles

Nadex has identified the following Designated Contract Market ("DCM") Core Principle as potentially being impacted by these amendments: 7 (Availability of General Information).

Core Principle 7, effected by Regulation 38.401, requires the DCM to make available to the public changes to previously-disclosed information. The Nadex Fee Schedule has been and will continue to be made available to the public on its website after the changes discussed herein are made. Additionally, notice of these changes has been posted on the Nadex Notices page. Therefore, the amendments to the Fee Schedule will not negatively impact Nadex's ability to comply with this Core Principle.

Fee Schedule Amendments: DCO Core Principles

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

Core Principle L, implemented by Regulation 39.21, requires the DCO to provide to market participants sufficient information to enable the market participants to identify and evaluate accurately the risks and costs associated with using the services of the DCO, including fees that the DCO charges its members. The Nadex Fee Schedule is currently made publicly available on the Nadex website. The Fee Schedule will be updated with the amendments from this filing and continue to be available to the public on the website. Therefore, the amendments to the Fee Schedule will not negatively impact Nadex's ability to comply with this Core Principle.

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Pursuant to the 10-day filing period under Regulation 40.6(a)(3), Nadex intends to implement these amendments on trade date October 13, 2014.

Changes to the Market Maker Agreement have been set forth in Exhibit A. Rule amendments have been outlined in Exhibit B. The amendments to the Rulebook are set forth in Exhibit C. Amendments to the Fee Schedule are set forth in Exhibit D. Any deletions to the Agreement, Rulebook, and Fee Schedule 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) 884-0953 or by email at Donald.horwitz@nadex.com.

Sincerely,

A handwritten signature in black ink that reads "Donald L. Horwitz". The signature is written in a cursive, flowing style.

Donald L. Horwitz
General Counsel and Chief Regulatory Officer

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EXHIBIT A



MARKET MAKER AGREEMENT

This Market Maker Agreement ("Agreement") is entered into between North American Derivatives Exchange, Inc., a designated contract market and derivatives clearing organization incorporated in Delaware, with its principle place of business at 311 South Wacker Drive, Suite 2675, Chicago, Illinois 60606 ("Nadex"), and _____, a [corporation/limited liability company] incorporated under the laws of the State of _____, with its principle place of business at _____ ("Market Maker"), as of _____, 20 ____ (the "Effective Date"). Capitalized terms not expressly defined in this Agreement shall have the meaning ascribed to them in the Nadex Rules.

1 CONTROLLING PROVISIONS; CONDITION PRECEDENT

- (a) All of the terms and conditions contained in the Membership application process as well as the Nadex Rules shall regulate all exchange trading activities of a Market Maker unless otherwise provided for in this Agreement, in which case this Agreement shall be controlling.
- (b) For avoidance of doubt, Market Maker may not function as a Market Maker under this Agreement unless Market Maker is a Member of Nadex, and notwithstanding any other provision of this Agreement, Market Maker being a Member shall be a condition precedent to the effectiveness of this Agreement.

2 MARKET MAKER OBLIGATIONS

- (a) Beginning on the Effective Date, the Market Maker shall continuously quote binding bid and offer prices at or inside of the maximum spread ("Defined Spread") at not less than the defined minimum size ("Defined Size") in the listed Contracts of all Classes to which the Market Maker is assigned as set forth on Appendix A Table 1 ("Designated Classes"), as it may be amended from time to time by mutual agreement of the parties, at all times during which the Designated Classes are open for trading, except as otherwise provided in Section 3 of this Agreement.
- (b) The Market Maker acknowledges and agrees not to engage in any activity that would violate the Commodity Exchange Act, as amended (the "Act"), and the Commission's regulations adopted thereunder. The Market Maker also understands and agrees that this Agreement may be unilaterally modified or cancelled by Nadex for any reason if directed to do so by the Commodity Futures Trading Commission (the "Commission") in order to comply with the Act and the Commission's regulations adopted thereunder.
- (c) Market Maker shall not knowingly employ any Authorized Traders who are subject to statutory disqualification under Section 8a(3) of the Act.

3 SUSPENSION AND MODIFICATION OF MARKET MAKER OBLIGATIONS

- (a) Market Maker shall not be required to act in accordance with Section 2(a) during the occurrence of any of the following events ("Suspension Events"):
- (i) The calculation of the Underlying which is the subject of any Designated Class that has been suspended;
 - (ii) If there is no direct ~~u~~Underlying market for a Designated Class or no related market or event upon which to base the prices for a Designated Class, then there is a suspension of the trading of such Designated Class;
 - (iii) There exists in the reasonable opinion of Nadex and/or Market Maker such a change, whether or not foreseeable, in national or international financial, political, or economic conditions as would in Nadex and/or Market Maker's view make it impossible to accurately price Contracts in the Designated Class;
 - (iv) Where an act of God, war, terrorism, fire, flood, civil disturbance, or act of any governmental authority beyond the control of the Market Maker occurs which prevents the Market Maker from entering bids and offers or prevents Nadex from maintaining an orderly market; or

(v) Where any interruption, defect, withdrawal or failure of power supply, trading systems, network, internet connections, computer systems, communications (whether owned or operated by Market Maker, Nadex or any third party) or other similar force majeure event prevents Market Maker from entering bids and offers or prevents Nadex and/or Market Maker from maintaining an orderly market;

(vi) The Market Maker has a position in any Designated Class or Contract that equals or exceeds 90% of the applicable position limit for such Designated Class or Contract.

(b) The parties will each inform the other by telephone and subsequently by email as soon as practicable after either of them becomes aware that they believe any of the foregoing Suspension Events has occurred, is ongoing, or ceases to exist.

(c) Market Maker shall not be required to act in accordance with Section 2(a) during a Fast Market and shall be permitted, at the discretion of the Market Maker, to refrain from quoting~~quote~~ binding bid and offer prices during this period. A Market Maker that chooses to submit binding bid and offer prices during a Fast market will be required to comply with the Defined Spread and Size as set forth in Appendix A. ~~at a wider spread than the Defined Spread.~~ A Fast Market is defined as:

(i) for any particular Contract, the ~~fifteen (15)~~two (2) minutes prior to expiry of that Contract;

(ii) the ~~fifteen (15)~~five (5) minutes prior to the scheduled announcement and the ~~fifteen (15)~~five (5) minutes after the announcement of any major economic indicator;

(iii) any unusual market condition or price volatility which is determined by Nadex, acting reasonably and in consultation with Market Maker, to prevent the maintenance of an orderly market.

(d) Market Maker also will be permitted to reduce its size below the Defined Size;~~and/or widen its bid and offer prices beyond the Defined Spread:~~

(i) in any Binary Contract within a Designated Class that is so deep in-the-money as to be valued at \$100 offer or so deep out-of-the-money as to be valued at zero bid, and

(ii) in any Variable Payout Contract within a Designated Class when the underlying for that Variable Payout Contract is outside the range of the Variable Payout Contract.

4 CONFIDENTIALITY

(a) Confidential Information means all information, whether written or oral, and in any form (including, without limitation, engineering documents, research and development, manuals, reports, designs, drawings, plans, flowcharts, software (in source or object code), program listings, data file printouts, processes, component part listings and prices, product information, new product plans, sales and marketing plans and/or programs, pricing information, customer lists and other customer information, financial information and employee files or other employee information) relating to the disclosing party's business or technology to receiving party.

(i) The term "Confidential Information" also shall be deemed to include: (a) all notes, analyses, compilations, studies, interpretations, or other documents prepared by recipient or its representatives that contain, reflect or are based upon in whole or in part, the information furnished by or on behalf of disclosing party to recipient pursuant hereto, and (b) Confidential Information disclosed prior to, as of or after the date of this Agreement.

(ii) Confidential Information does not include information: (a) lawfully received from third parties without confidentiality obligation to the disclosing party; (b) in the public domain other than through breach of the obligation of confidentiality imposed by this Agreement; (c) independently developed without use of the other party's Confidential Information; or (d) is lawfully known to the recipient without an obligation of confidentiality at the time recipient receives the same from the disclosing party, as evidenced by written records.

(b) Return of Confidential Information. Promptly upon the written request of the discloser, the recipient shall, and shall cause its representatives to, return to the discloser, or destroy all Confidential Information. If the recipient



destroys the Confidential Information, it shall certify that it has done so in writing and promptly deliver that certificate to discloser. Despite the provisions of this Section 4b), the recipient may retain one permanent file copy of the Confidential Information of the discloser and any derivative materials if required to do so under any state or federal law or regulation.

(c) Obligations of Confidentiality.

(i) Each party will: (a) use the other's Confidential Information solely to perform its obligations under this Agreement, and disclose the other's Confidential Information only to its agents, contractors, and employees legally bound, in writing, to keep Confidential Information confidential and only to the extent necessary for them to perform this Agreement; (b) in no event use less than ordinary care to protect the other's Confidential Information against unauthorized disclosure to any third party; and (c) notify the other of unauthorized use, disclosure, theft or other loss of Confidential Information of which it learns;

(ii) Confidential Information may be disclosed as required by law, provided that prior to any such disclosure, the recipient will; (a) assert the confidential nature of the Confidential Information to the court or agency; (b) provide sufficient notice to the disclosing party to permit it to contest the disclosure requirement; and (c) cooperate with the disclosing party, at the disclosing party's expense, in protecting against any such disclosure and/or obtaining a protective order narrowing the scope of the compelled disclosure and protecting its confidentiality.

(d) Survival. Despite any other provision of this Agreement, this entire Section 4 Confidentiality survives any termination of this Agreement.

5 FEES

(a) The Market Maker will pay a fee of \$ _____ in order to establish a dedicated line.

(b) The Market Maker shall pay transaction-based Exchange Fees to Nadex during the Term of the Agreement. These fees will be set by the fee committee and approved by the Nadex board. "Exchange Fees" are all fees relating to the execution and settlement of transactions on the exchange, including, but not limited to, trading and settlement fees.

6 MINIMUM DEPOSIT AND MAINTENANCE AMOUNT

(a) Market Maker shall be required to have an initial Minimum Deposit of \$500,000 and a Maintenance Amount of \$250,000:

(b) In this Section, "Minimum Deposit" means the amount the Market Maker must initially deposit in order to establish an account at Nadex and "Maintenance Amount" means the minimum amount that must be in the Market Maker's account at all times. In the event the Market Maker's available cash balance falls to the Maintenance Amount, the Market Maker must immediately deposit sufficient funds to bring the available cash balance to \$500,000.

(c) Market Maker cannot withdraw funds if its Nadex available cash balance would be less than \$500,000 except on termination of Agreement.

MARKET MAKER

Signed for and on behalf of Market Maker:

By: _____

Print Name: _____

Title: _____

Date: _____

7 ASSIGNMENT

Neither this Agreement, nor any of the rights or obligations under this Agreement, may be assigned or transferred by either party without the express prior written consent of the other party.

8 TERM OF AGREEMENT

The term of this Agreement shall be for a term of one year ("Initial Term"), as of the Effective Date. This agreement shall be automatically renewed annually after the Initial Term (collectively "Term") unless terminated pursuant to paragraph 9 of this Agreement. ~~prior written notice is presented to the non-terminating party by the terminating party 30 days prior to termination of an~~

9 TERMINATION

(a) This Agreement may be terminated immediately by Nadex in the event that Market Maker does not satisfy the terms of this Agreement, the product in which the Market Maker has contracted to make markets is delisted, the Market Maker makes a material statement which is untrue or made in bad faith, the Market Maker breaches a material provision of this Agreement or commits a major offense, or if Nadex is so ordered by the Commission.

(b) This Agreement may be terminated by either party for any reason provided the terminating party provides 30 days written notice to the non-terminating party.

(c) This Agreement will terminate if and when the Market Maker's Nadex Membership terminates.

10 AMENDMENTS

Unless otherwise stated in this Agreement, no provision of this Agreement may be amended or modified except by written agreement of both parties.

11 WAIVER OF COMPLIANCE

Any failure of a party to comply with any obligation herein may be expressly waived in writing by the other party to this agreement, but such waiver or failure to insist upon strict compliance with such obligation shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

~~9~~12 MANDATORY ARBITRATION

Any controversy or claim arising out of or in connection with this Agreement or the performance or breach hereof, or relating to designation as a market maker, including any claim against Nadex, the Nadex settlement bank, or any other Nadex Member or Market Maker, shall be settled by arbitration as set forth in the Nadex Rules.

~~10~~13 CHOICE OF LAW

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND ALL DISPUTES HEREUNDER SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF ILLINOIS AS APPLIED TO CONTRACTS MADE AND TO BE PERFORMED IN ILLINOIS, WITHOUT APPLYING CONFLICT OF LAW RULES.

BY SIGNING THIS AGREEMENT, MARKET MAKER ACCEPTS FULL RESPONSIBILITY FOR HAVING KNOWLEDGE OF AND ADHERING TO ALL RULES AND REGULATIONS GOVERNING NADEX.

NORTH AMERICAN DERIVATIVES EXCHANGE, INC

Signed for and on behalf of Nadex:

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT B

Rule	Asset	Duration/ Close Time	Action	Effective Date
4.4	Market Maker Obligations	N/A	Amend Obligations of Market Makers to align with amended Market Maker Agreement.	10/13/2014

EXHIBIT C

Amendment of Rule 4.4

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

RULES 1.1 – 4.3 [UNCHANGED]

RULE 1.1 ~~RULE 4.4~~ OBLIGATIONS OF MARKET MAKERS

(a) General – Transactions of Market Makers should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers shall not make bids or offers or enter into transactions that are inconsistent with such a course of dealings. Ordinarily, Market Makers shall be obligated to do the following:

- (i) trade for the proprietary account of the Market Maker only;
- (ii) maintain at least the minimum capital on deposit with Nadex in accordance with the terms of the applicable Market Maker Agreement;
- (iii) comply with all other terms of the applicable Market Maker Agreement; and
- (iv) maintain two-sided displayed quotes of a minimum designated quantity (“Size”) within a predefined spread (“Bid/Ask Spread”) for a Series of Contracts for a certain period of time throughout the trading day in accordance with the terms of the applicable Market Maker Agreement.

(1) In ordinary market conditions, quotes must be made within a maximum Bid/Ask Spread.

(2) In fast market conditions, Market Makers will be permitted to ~~reduce their size or widen their Bid/Ask Spreads~~ refrain from quoting binding bid and offer prices, in accordance with the Market Maker Agreement.

(3) Market Makers ~~also~~ will be permitted to reduce their size ~~or widen their Bid/Ask Spreads~~:

(A) in any Binary Contract within a Designated Class that is so deep in-the-money as to be valued at \$100 offer or so deep out-of-the-money as to be valued at zero bid and

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(B) in any Variable Payout Contract within a Designated Class when the underlying for that Variable Payout Contract is outside the range of the Variable Payout Contract.

(b) A Market Maker has a continuous obligation to engage, to a reasonable degree under the existing circumstances, in dealings for the account of the Market Maker when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity or a temporary disparity between the supply of and demand for quotations in a Series of a Designated Class to which the Market Maker is appointed. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market;

(i) To post bid and ask quotations in all Designated Classes to which the Market Maker is appointed that, absent changed market conditions, will be honored by the Market Maker.

(ii) To update quotations in response to changed market conditions in all Designated Classes to which the Market Maker is appointed.

(iii) All such Market Maker quotations shall be submitted as "Post-Only orders". In the event a Market Maker has built a position size equal to or greater than 90% of any applicable position limit in a particular Class or Contract, then that Market Maker may submit non-Post-Only orders (that is, traditional limit orders) in lieu of its quoting obligation for such Class or Contract until the Market Maker's position in such Class or Contract has been reduced to 75% of the applicable position limit, at which point the Market Maker's obligation to submit Post-Only orders will resume.

(iv) A Market Maker may submit non-Post-Only orders in markets to which the Market Maker has not been appointed and, provided the Market Maker continues to meet its obligations to continuously quote a two-sided market under the Market Maker Agreement and these Rules, in Designated Classes to which the Market Maker is appointed.

(c) Like other Members of Nadex, a Market Maker may not place an order to buy or sell a Contract in a Class unless it has the excess funds in its Nadex account necessary to fulfill its obligations under that order.

(d) Alternative Position Limits for Certain Binary Contracts

(i) Approved market makers who are engaged in bona fide market-making activity shall be exempt from the position limits for those Binary Contracts defined in

(1) Rules 12.55 (Japan 225), 12.65 (Wall Street 30), 12.63 (US Tech 100), 12.59 (US 500) and 12.61 (US SmallCap 2000) of these Rules. Instead, such market makers shall be subject to Alternative Position Limits of twice the limit identified for such Binary Contract in Chapter 12. In addition, such Alternative Position Limits shall apply not to the entire class of Binary Contracts, but to each Binary Contract in that Class (i.e., per strike).

(2) Rules 12.3 (Copper), 12.5 (Gold), 12.7 (Silver), 12.9 (Crude Oil), 12.11 (Natural Gas), 12.49 (FTSE 100) and 12.51 (Germany 30) of these Rules. Instead, such market makers shall be subject to Alternative Position Limits of the limit identified for such Binary Contract in Chapter 12, which limit shall apply not to the entire class of Binary Contracts, but to each Binary Contract in that Class (i.e., per strike).

(ii) A market maker taking advantage of this exemption and an Alternative Position Limit must, within 1 business day following a request by Nadex's Compliance Department, provide the Nadex Compliance Department with a trade register detailing all futures trading activity in any account owned or controlled by the market maker in the futures contract underlying a Binary Contract during the 15 minutes immediately before and after any expiration time identified by Nadex's Compliance Department in the request.

RULES 5.1 – 12.78 [UNCHANGED]

[End Rulebook]

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EXHIBIT D

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Direct Trading Members

Membership Fee:

- Nadex does not charge a Membership fee to join the Exchange.

Initial Deposit:

- Direct Trading Members are required to make an initial deposit of at least \$100; no minimum balance is required thereafter.

Transaction Fees:

Nadex charges no fee for orders placed, cancelled or amended.

Direct Trading Members REGISTERED ON OR AFTER AUGUST 18, 2011* incur an Exchange trading fee per contract per side for each contract executed based on order size according to the following schedule

- \$0.90 for each lot traded from 1 up to and including 10 lots;
- An additional \$0.00 for each lot over 10 lots.

Direct Trading Members REGISTERED ON OR BEFORE AUGUST 17, 2011* incur an Exchange trading fee of \$1.00 per contract per side for each trade executed on Nadex; on orders of 7 contracts or more, trading fees in connection with the execution of that order are capped at \$7.00.

Settlement Fees:

Nadex charges no fee for contracts that settle out-of-the-money.

Direct Trading Members REGISTERED ON OR AFTER AUGUST 18, 2011* incur an Exchange settlement fee per contract per side for each contract that settles in-the-money based on the position size at expiration according to the following schedule:

- \$0.90 for each lot settled in-the-money from 1 up to and including 10 lots,
- an additional \$0.00 for each lot settled in-the-money over 10 lots.

If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Direct Trading Members REGISTERED ON OR BEFORE AUGUST 17, 2011* incur an Exchange settlement fee of \$1.00 per contract per side for each contract that settles in-the-money (note that positions that settle with a payout of less than \$1.00 are not charged a settlement fee).

API Connection:

With the exception of those connecting to the Exchange via API Connection pursuant to a Market Maker Agreement, Direct Trading Members connecting via API incur a FIX connection fee of \$500 for Market Data Only, and \$500 each for Order Entry and Market Data (\$1,000 total). This connection fee is due prior to connection to the User Acceptance Testing ("UAT") environment.

If the API connection of a Direct Trading Member is terminated and that Direct Trading Member seeks to reconnect via API, the same connection fees apply.

The \$500 FIX connection fee for Order Entry is eligible to be rebated, provided the Direct Trading Member meets or exceeds the minimum volume expectation of 200 trades, in any one month period, within the first three months from the date of connection to the Nadex production environment. The \$500 FIX connection fee for Market Data is not eligible to be rebated, regardless of whether the connection is for Market Data Only or coupled with an Order Entry connection.

Automated Trading via API Connection:

Automated trading by Trading Members via API connection incurs a Exchange trading fee of \$1.50 per contract per side for each trade executed.

Settlements in connection with automated trading by Trading Members via API connection incur an Exchange settlement fee of \$1.00 per contract per side for each contract that settles in-the-money. If the per-contract payout is greater than \$0, but the total fee to be charged for the net position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout)**.

Settlements in connection with automated trading by Trading Members via API connection incur no fee for contracts that settle out-of-the-money.

The placement, cancellation or amendment of orders in connection with automated trading by Trading Members via API connection incurs no fee.

Nadex provides a volume-based rebate of transaction fees to Direct Trading Members connecting via API based on the number of Bull Spread Contracts traded during any one-month period (first trading day of a calendar month through the last trading day of that month) according to the following schedule:

- 5,000 or fewer Bull Spread lots traded in a one-month period = no rebate for that month;
- 5,001 to 10,000 Bull Spread lots traded in a one-month period = 33% rebate on the Direct Trading Member's total fees (trade fees plus settlement fees) for Bull Spreads traded during that month;
- More than 10,000 Bull Spread lots traded in a one-month period = 50% rebate on the Direct Trading Member's total fees (trade fees plus settlement fees) for Bull Spreads traded during that month.

Nadex does not provide a volume-based rebate of transaction fees to Direct Trading Members connecting via API for Binary Contracts traded.

FCM Members

Membership Fee:

- Nadex does not charge a FCM Membership fee to join the Exchange.

Minimum Balance:

- FCM Members are required to make an initial deposit of at least \$100,000 and to maintain a minimum balance of uncommitted funds of \$50,000.

Transaction Fees:

Nadex charges no fee for orders placed, cancelled or amended.

FCM Members incur an Exchange trading fee per contract per side for each contract executed based on order size according to the following schedule:

- \$0.35 for each lot traded from 1 up to and including 30 lots
- an additional \$0.30 for each lot traded from 31 up to and including 50 lots, and
- an additional \$0.25 for each lot traded over 50 lots.

Settlement Fees:

FCM Members incur an Exchange settlement fee per contract per side for each contract that settles in-the-money based on the position size at expiration according to the following schedule:

- \$0.35 for each lot settled in-the-money from 1 up to and including 30 lots
- an additional \$0.30 for each lot settled in-the-money from 31 up to and including 50 lots, and
- an additional \$0.25 for each lot settled in-the-money over 50 lots.

If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Nadex charges no fee for contracts that settle out-of-the-money.

* Members who have registered on or before August 17, 2011 may opt for the new fee schedule by contacting the Exchange.

** API trading and settlement fees for direct Trading Members with API connections apply to all activity by that Member, regardless of whether a particular order is submitted via API Connection, platform, or mobile device.

Market Makers

Membership Fee:

- Nadex does not charge Market Makers a membership fee.

Minimum Balance:

- Market Makers are required to make an initial deposit of at least \$500,000 and to maintain a minimum balance of uncommitted funds of \$250,000 to collateralize the trades executed on Nadex.

Transaction Fees*:

Nadex charges no fee for Market Maker orders placed, cancelled or amended.

Nadex charges its non-intermediated Market Makers an Exchange trading fee of \$0.50 per contract per side for each trade executed on Nadex in any currency market. Nadex charges its non-intermediated Market Makers an Exchange trading fee, per contract per side, in any non-currency market according to the following rate schedule**:

<u>Lots Traded</u>	<u>Fees Per Side</u>
<u>Lots 1-1,000</u>	<u>\$0.50</u>
<u>Lots 1,001-1,500</u>	<u>\$0.45</u>
<u>Lots 1,501-2,000</u>	<u>\$0.40</u>
<u>Lots 2,001+</u>	<u>\$0.35</u>

Settlement Fees*:

Nadex charges its non-intermediated Market Makers an Exchange settlement fee of \$0.500.35 per contract per side for each contract that settles in-the-money*. Note that for Market Makers registered on or before August 17, 2011* positions that settle with a payout of less than \$0.50 are not charged a settlement fee and that for Market Makers registered on or after August 18, 2011*, if the per-contract settlement payout is greater than \$0, but If the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

Nadex charges no fee for contracts that settle out-of-the-money.

System Providers

Nadex is interested in discussing partnership opportunities with systems providers.

Anyone interested in becoming a Nadex FCM Member or market maker or pursuing a partnership as a systems provider should contact us.

* Rates applies to Post-Only orders. Non-Post-Only orders submitted by Market Maker will be charged trading and settlement fees at the Direct Member API rate set forth herein, regardless of whether the orders are submitted via API Connection, platform, or mobile device. Any necessary balance adjustment as the result of executed non-Post-Only orders shall be made on a monthly basis. Any amount owed by Market Maker as the result of the balance adjustment due to executed non-Post-Only orders may be debited from the Market Maker's cash account at Nadex.

** Market Makers will initially be charged \$0.50 for all contracts traded. Any necessary balance adjustment as the result of the discounted tiered trading fee rate schedule will be assessed on a monthly basis and will be credited to the Market Maker's account accordingly.

Trading Fees

Direct Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-7	\$1.00
Lots 7 and above	\$ 0.00 (i.e., \$7.00 capped)

FCM Member Exchange Trading Fees

Lots Traded	Fees Per Side
All lots traded	\$0.35

Direct Trading Member Connecting via API Trading Fees*

Lots Traded	Fees Per Side
All lots traded	\$1.50

Settlement Fees

Direct Member Settlement Fees**

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

FCM Member Settlement Fees**

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$0.35

Direct Trading Member Connecting via API Settlement Fees**

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

Rebates

Direct Trading Member Connecting via API Rebates***

Bull Spread Lots Traded per Calendar Month (first trading day of the month through last trading day of the month)	Rebate on total fees (trading fees plus settlement fees) for that month
Less than 5,000 Bull Spreads lots traded	0%
5,001 < Bull Spread Lots traded < 10,000	33%
More than 10,000 Bull Spread lots traded	50%

* API trading and settlement fees for direct Trading Members with API connections apply to all activity by that Member, regardless of whether a particular order is submitted via API Connection, platform, or mobile device.

** Note that positions that settle with a payout of less than \$1.00 for Direct Trading Members, and less than \$0.35 for FCM Members, are not charged a settlement fee.

*** There are no rebates to Direct Trading Members connecting via API for Binary Contracts traded.

Trading Fees

Direct Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-10	\$0.90
Lots 11 and above	\$ 0.00 (i.e., \$9.00 capped)

FCM Member Exchange Trading Fees

Lots Traded	Fees Per Side
Lots 1-30	\$0.35
Lots 31-50 (i.e. the next 20 contracts)	\$0.30
Lots 51 and above	\$0.25

Direct Trading Member Connecting via API Trading Fees**

Lots Traded	Fees Per Side
All lots traded	\$1.50

Settlement Fees

Direct Member Settlement Fees***

Lots Settled in-the-money	Fees Per Side
Lots 1-10	\$0.90
Lots 11 and above	\$ 0.00 (i.e., \$9.00 capped)

FCM Member Settlement Fees***

Lots Settled in-the-money	Fees Per Side
Lots 1-30	\$0.35
Lots 31-50 (i.e. the next 20 contracts)	\$0.30
Lots 51 and above	\$0.25

Direct Trading Member Connecting via API Settlement Fees***

Lots Settled in-the-money	Fees Per Side
All lots settled in-the-money	\$1.00

Rebates

Direct Trading Member Connecting via API Rebates****

Bull Spread Lots Traded per Calendar Month (first trading day of the month through last trading day of the month)	Rebate on total fees (trading fees plus settlement fees) for that month
Less than 5,000 Bull Spreads lots traded	0%
5,001 < Bull Spread Lots traded < 10,000	33%
More than 10,000 Bull Spread lots traded	50%

* Members who have registered on or before August 17, 2011 may opt for the new fee schedule by contacting the Exchange.

** API trading and settlement fees for direct Trading Members with API connections apply to all activity by that Member, regardless of whether a particular order is submitted via API Connection, platform, or mobile device.

*** If the per-contract settlement payout is greater than \$0, but the total fee to be charged for the position exceeds the total settlement payout for that position, Nadex will reduce its fee to the amount of the total settlement payout for that position (that is, Nadex will not charge a settlement fee that exceeds a settlement payout).

**** There are no rebates to Direct Trading Members connecting via API for Binary Contracts traded.