



March 21, 2016

Via CFTC Submissions Portal

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

RE: Notice of Emergency Action: Nadex Halts Trading in its Japan 225 Contracts Due to Holiday in the Underlying Market on March 21, 2016 - Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and section §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act (the “Regulations”), North American Derivatives Exchange, Inc. (“Nadex”, the “Exchange”) hereby submits to the Commission this notice of emergency action.

On March 21, 2016, Nadex determined emergency action was appropriate to halt trading in its Japan 225 contracts due to a holiday at the Tokyo Stock Exchange. The Nadex Japan 225 contracts are based upon the underlying SGX Nikkei 225 Index Futures market. The SGX Nikkei 225 Index Futures is based on the Nikkei 225 Index, which is traded on the Tokyo Stock Exchange.

On March 21, 2016, the Tokyo Stock Exchange was closed due to the Vernal Equinox holiday. It is Nadex’s practice to not list its Japan 225 contracts when the Tokyo Stock Exchange is closed, regardless of whether the SGX Nikkei 225 Index Futures remains open, in order to prevent settlement issues resulting from low liquidity in the underlying market due to the holiday. Nadex inadvertently listed its Japan 225 Daily Binary and Variable Payout spread contracts, as well as its 10pm ET 2-Hour Intraday Binary, and 8:20pm and 8:40pm ET 20-Minute Binary contracts at the open of trade date March 21, 2016. Notice had been provided on the Nadex website beginning March 16, 2016 that no Japan 225 contracts would be listed on March 21, and the same notice appeared in the platform’s ‘welcome message’ beginning on March 17, 2016. In accordance with Nadex’s standard procedures, and as notice that the contracts would not be listed had already been given, Nadex implemented an Emergency Rule pursuant to Nadex Rule 2.4 to halt the listing of its Japan 225 2-Hour Intraday

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contracts beginning with the 11pm ET expiration time contract and its 20-Minute Intraday contracts beginning with the 9pm ET expiration time contract for the remainder of trade date March 21. Additionally, at 8:33:29pm ET trading was halted trading in the 8:40pm 20-Minute Intraday, 10pm 2-Hour Intraday, and Daily Japan 225 Binary and Variable Payout spread contracts which had already been listed. The 8:20pm 20-Minute Intraday contract had already expired by this time.

Sixteen members had traded in the Japan 225 contracts while they were open. Pursuant to Nadex Rule 7.1, which permits Nadex to “adjust the terms of outstanding Series as it deems appropriate in its discretion to achieve fairness to holders of Contracts of the affected Series”, Nadex determined it was appropriate under the circumstances to halt trading in the Japan 225 contracts and make a cash adjustment to the Member accounts to return them to the position they would have had if the trades had not occurred. All affected Members have been contacted and notified of the adjustment. Before the contracts were halted, twelve trades occurred in the 8:20pm 20-Minute Intraday Binary, 9 trades occurred in the 10pm 2-Hour Intraday Binary, and 1 trade occurred in the Daily Binary for a total of 22 trades (60 contracts). The cash adjustment resulted in \$5,500 in settlement payout corrections, and \$31 in fees correction.

No substantive opposing views were expressed to Nadex with respect to this emergency action.

This emergency action is authorized by the Chief Executive Officer and the Chief Regulatory Officer of Nadex per Nadex Rule 2.4.

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

Nadex hereby certifies that a copy of this amendment was posted on its website at the time of this filing.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0927 or by email at jaime.walsh@nadex.com.

Sincerely,



Jaime Walsh
Legal Counsel