



April 1, 2016

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 its Market Maker Agreement and Rulebook – 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 its Rulebook.

Nadex is amending its Market Maker Agreement to provide for 15 days’ notice to the market makers before it would amend the definition of a fast market. Currently, the Agreement does not specify a time frame for notice. Additionally, Nadex is amending Section 9 pertaining to termination of the Agreement to note that Nadex’s sole remedy for any breach of Market Maker’s obligations under the agreement shall be to terminate the agreement.

Additionally, Nadex is amending the contract specifications for all of its products in Chapter 12 of its Rulebook to reflect the new volume threshold level of 50 contracts. This change is being made in order to comply with the Commission’s final rules regarding ownership and control reporting. Nadex is also defining the term “Reportable Level”.

Finally, going forward Nadex intends to not list its 2-Hour Intraday and 20-Minute Intraday Japan 225 Binary contracts on the three business days following the End Date of the Exchange's symbol rollover of the Underlying, due to decreased liquidity in the underlying SGX® Nikkei 225 Index Futures market immediately following the rollover.

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### **Market Maker Agreement Amendments Core Principles Compliance**

Nadex has identified the following Designated Contract Market (“DCM”) Core Principle as potentially being impacted by the amendments to the Market Maker Agreement: 7 (Availability of General Information). Core Principle 7 (Availability of General Information) requires the DCM to make any changes to previously-disclosed information available to the public. The Nadex Market Maker Agreement is currently posted on the “Rules” page of 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 will not negatively impact Nadex’s ability to comply with this Core Principle. Nadex has not identified any Derivatives Clearing Organization (“DCO”) Core Principles as potentially being impacted by these amendments.

### **Rulebook Amendments: Volume Threshold Levels Core Principles Compliance**

Nadex has identified the following DCM Core Principles as potentially being impacted by the amendments to the Rulebook regarding volume threshold levels: Core Principle 7 (Availability of General Information); General Provisions.

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 is currently posted on the “Rules” page of 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 Rulebook will not negatively impact Nadex’s ability to comply with this Core Principle.

Additionally, the General Provisions implemented by Regulations 38.5(a) and 38.10 require the DCM to report information to the Commission related to its business as a designated contract market in the form and manner specified by the Commission. Nadex is amending its Rules to accommodate the new volume threshold levels which will be reported to the Commission in accordance with the Commission’s ownership and control reporting rules.

Nadex has identified the following DCO Core Principles as potentially being impacted by the amendments to the Rulebook regarding volume threshold levels: Core Principle J implemented by Regulation 39.19 (Reporting); Core Principle L implemented by Regulation 39.21 (Public Information).

Core Principle J (Reporting), implemented by Regulation 39.19 requires the DCO to provide to the Commission information it deems necessary to conduct its oversight. Nadex is amending its Rulebook to reflect the volume threshold levels in order to comply with the Commission’s request for information pertaining to traders exceeding the threshold. Therefore, the amendments to the Rulebook will not negatively impact Nadex’s ability to comply with this Core Principle, indeed, the amendments are to enable Nadex’s compliance with the Principle.

Core Principle L (Public Information), implemented by Regulation 39.21, requires the DCO to make available to the public the terms and conditions of each contract, as well as the daily settlement prices, volume, and open interest of the contract. As stated previously, the Rulebook, which contains the terms and conditions for each contract, is made available to the public on the Nadex website. The Rulebook will reflect the new volume threshold levels. Therefore, the changes made by this filing will not negatively impact Nadex’s ability to comply with this Core Principle.

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## **Amendments to Japan 225 Rollover Core Principles Compliance**

Nadex has identified the following DCM Core Principles as potentially being impacted by the amendments to the Japan 225 listing during a rollover period: Core Principle 4 (Prevention of Market Disruption); Core Principle 7 (Availability of General Information).

Core Principle 4 requires the DCM monitor the index to which the contract will be settled and to monitor the continued appropriateness of the methodology for deriving the index. As part of Nadex's monitoring of the underlying markets and settlements, it has been determined that liquidity in the relevant underlying market for the Japan 225 during the week of the roll of the underlying from one delivery month to the next delivery month is not consistently maintaining an appropriate level of activity for a robust market and settlement of the derivative contract listed on Nadex for that period of time. Accordingly, Nadex has deemed it appropriate to refrain from listing its 2-Hour Intraday and 20-Minute Intraday Japan 225 contracts for the 3 business days following the rollover, and this change will not negatively impact its 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 is currently posted on the "Rules" page of 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 Rulebook will not negatively impact Nadex's ability to comply with this Core Principle.

Nadex has identified the following DCO Core Principles as potentially being impacted by the amendments to the Japan 225 listing during a rollover period: Core Principle C (Participant and Product Eligibility), implemented by Regulation 39.12; Core Principle L (Public Information), implemented by Regulation 39.21.

Core Principle C (Participant and Product Eligibility), implemented by Regulation 39.12, requires the DCO establish appropriate requirements for determining the eligibility of contracts for clearing, taking into account, among other factors, liquidity and the availability of reliable prices. As part of its settlement review, Nadex has determined that liquidity in the relevant underlying market for the Japan 225 during the week of the roll of the underlying from one delivery month to the next delivery month is not consistently maintaining an appropriate level of activity for a robust market and settlement of the derivative contract listed on Nadex. Accordingly, Nadex has determined it is appropriate to not list its 2-Hour Intraday and 20-Minute Intraday Japan 225 contracts for the 3 business days following the rollover at this time.

Core Principle L (Public Information), implemented by Regulation 39.21, requires the DCO to make available to the public the terms and conditions of each contract. As stated previously, the Rulebook is made available to the public on the Nadex website. The Rulebook will reflect the new Japan 225 listings during the rollover, and therefore, the changes made by this filing 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 to the Market Maker Agreement on trade date April 18, 2016. Nadex will implement the amendments to the Rulebook no earlier than April 28, 2016.

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Changes to the Market Maker Agreement have been set forth in Exhibit A. Rule changes have been outlined in Exhibit B. The amendments to the Rulebook are set forth in Exhibit C. 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 [jaime.walsh@nadex.com](mailto:jaime.walsh@nadex.com).

Sincerely,



Jaime M. Walsh  
Legal Counsel

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# EXHIBIT A

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# 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 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 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. A Fast Market is defined as:

- (i) for any particular Contract, the period just prior to expiry of that Contract as set forth in Appendix A of this Agreement;
- (ii) the five (5) minutes prior to the scheduled announcement and the 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) Nadex may amend the definition of a Fast Market and its applicable Rules unilaterally by providing 15 days' written notice to the Market Maker. To the extent reasonably possible and practicable, Nadex will consult with the Market Maker and other relevant Market Makers prior to amending its Fast Market Rules.

(e) Market Maker also will be permitted to reduce its size below the Defined Size;

- (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 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 is 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 from its Nadex account if, after such withdrawal, 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.

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, Nadex is so ordered by the Commission, the Market Maker does not satisfy the terms of this Agreement, or the Market Maker breaches a material provision of this Agreement or commits a major offense, or if Nadex is so ordered by the Commission. Notwithstanding anything to the contrary herein, the sole and exclusive remedy of Nadex for any breach of Market Maker's obligations hereunder shall be to terminate this Agreement.

(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.

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.

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

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<b>Rule</b>	<b>Asset</b>	<b>Duration/Close Time</b>	<b>Action</b>	<b>Effective Date</b>
1.1	Definitions	N/A	Add Definition of Reportable Level	4/28/16
12.2 – 12.7	All Copper, Gold, and Silver Variable Payout and Binary contracts	All contracts	Add Volume Threshold	4/28/16
12.8 – 12.11	All Crude Oil and Natural Gas Variable Payout and Binary contracts	All contracts	Add Volume Threshold	4/28/16
12.12 – 12.15	All Corn and Soybeans Variable Payout and Binary contracts	All contracts	Add Volume Threshold	4/28/16
12.20	All Bitcoin Binary contracts	All contracts	Add Volume Threshold	4/28/16
12.26 – 12.45	All 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	All contracts	Add Volume Threshold	4/28/16

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12.48 – 12.51	All FTSE 100 and Germany 30 Variable Payout and Binary contracts	All contracts	Add Volume Threshold	4/28/16
12.54 – 12.55	Japan 225 Variable Payout and Binary contracts	All contracts	Add Volume Threshold	4/28/16
12.55	Japan 225 Binary contracts	2-Hour Intraday and 20-Minute Intraday contracts	Intraday contracts won't be listed on the 3 business days following rollover	4/28/16
12.57	All China 50 Binary contracts	All contracts	Add Volume Threshold	4/28/16
12.58 – 12.65	All US 500, US SmallCap 2000, US Tech 100, and Wall Street 30 Variable Payout and Binary contracts	All contracts	Add Volume Threshold	4/28/16
12.76 – 12.78	All Federal Funds, Initial Jobless Claims, and Nonfarm Payrolls Binary contracts	All contracts	Add Volume Threshold	4/28/16

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# EXHIBIT C

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Amendment of Rules 1.1, 12.2 – 12.15, 12.20, 12.26 – 12.45, 12.48 – 12.51, 12.54 – 12.55,  
12.57 – 12.65, 12.76 – 12.78

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

## RULE 1.1 DEFINITIONS

When used in these Rules:

**“Authorized Trader”** means an individual employed by a Member who is authorized by that Member to have direct access to Nadex, provided the Member maintains supervisory authority over such individual’s trading activities.

**“Binary Contract”** means the right to receive a fixed Settlement Value per contract, from Nadex on the Settlement Date dependent upon whether you are holding a long position or short position in a Binary Contract. If you are holding a long position in a Binary Contract, you have the right to receive a fixed Settlement Value from Nadex on the Settlement Date, if, and only if, the Binary Contract’s Payout Criteria encompasses the Expiration Value at Expiration. Conversely, if you are holding a short position in a Binary Contract, you have the right to receive a fixed Settlement Value if, and only if, the Binary Contract’s Payout Criteria does NOT encompass the Expiration Value at Expiration.

**“Cap”** means the maximum rate, level, amount, measure or other value of the Underlying of a Variable Payout Contract that may be the Expiration Value or the Closing Trade Value. If the actual rate, level, amount, measure, or other value of the Underlying meets or exceeds the Cap at Expiration, the Cap will be the Expiration Value.

**“Class”** means all Contracts of the same Type with the same Underlying.

**“Closing Trade Value”** means the rate, level, amount, measure, or other value of the Underlying of a Variable Payout Contract at which the Contract is closed in a Member’s or Customer’s account.

**“Commodity Futures Trading Commission” or “Commission”** means the Federal regulatory agency established by the Commodity Futures Trading act of 1974 to administer the Commodity Exchange Act.

**“Contract”** means a Variable Payout Contract or a Binary Contract.

**“Correspondent Account”** means an account as that term is defined in 31 CFR 1010.605(c).

**“Customer”** means a Commodity Customer, a Cleared Swap Customer, a FCM Member or a Trading member of Nadex, as the context requires. In this regard,

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(i) “Commodity Customer” has the meaning set forth in Commission Regulation 1.3(k);

(ii) “Cleared Swap Customer” has the meaning set forth in Commission regulation 22.1;

(iii) “DCO Customer” has the same meaning as the definition “customer” set forth in Commission Regulation 190.01(l) and section 761(9) of the Bankruptcy Code and includes FCM Members and Trading Members of Nadex.

“**Dollar Multiplier**” means the monetary amount by which the rate, level, amount, measure, or other value of an Underlying of a Variable Payout Contract is multiplied to determine the Settlement Value.

“**End Date**” means the last day on which a delivery month will be used as the Underlying for Nadex contracts.

“**Expiration**” means the time on the Expiration Date established by these Rules at which a Contract expires and the Expiration Value of that Contract is determined.

“**Expiration Date**” means the date established by these Rules on which the Expiration Value of each Contract is determined.

“**Expiration Value**” means the rate, level, amount, measure, or other value of the Underlying at Expiration as calculated and/or published by the Source Agency.

“**FCM Member**” means any Member that is registered with the Commission as a Futures Commission Merchant and as a swap firm and is authorized by Nadex to intermediate orders of Commodity Customers or Cleared Swap Customers on the Market.

“**Floor**” means the minimum rate, level, amount, measure, or other value of the Underlying of a Variable Payout Contract that may be the Expiration Value or the Closing Trade Value. If the actual rate, level, amount, measure or other value of the Underlying meets or falls below the Floor on the Expiration Date, the Floor will be the Expiration Value.

“**Foreign Bank**” means a bank as that term is defined in 31 CFR 1010.100(u).

“**Last Trading Day**” means, for a particular Contract, the last date on which that Contract may be traded on the Market.

“**Limit Order**” means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex, at a specified price or better price if a better price is available. The following are permissible Nadex Limit Order types, although certain order types may only be available on particular platforms or to particular Member types:

“**Fill or Kill Order**” or “**FOK**” is a Limit Order that will be cancelled if the Order cannot be immediately filled in its entirety.

“**Immediate or Cancel Order**” or “**IOC**” is a Limit Order that can be filled in whole or in part, with any remaining quantity cancelled.

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**“Good ‘Til Cancel Order” or “GTC”** is a Limit Order which will remain on the market until it is filled, cancelled, or the contract expires. Any remainder of a partially filled GTC Order will stay on the market until it is filled, cancelled, or the contract expires.

**“Post-Only (Price Adjustment) Order”** is a Limit Order that will be cancelled by the Exchange in whole or in part to the extent that, at the time it is submitted to the Exchange, it would be immediately executable opposite another Post-Only Order; the Exchange will automatically submit an amended quotation for the unfilled balance of the cancelled Post-Only (Price Adjustment) Order at a price level that is adjusted (a) for Binary Contracts to four minimum tick increments, and (b) for Variable Payout Contracts to one minimum tick increment lower (for bids) or higher (for offers) than the price level of the existing opposite Post-Only Order.

**“Post-Only (Reject) Order”** is a Limit Order that will be cancelled by the Exchange in whole or in part to the extent that, at the time it is submitted to the Exchange, it would be immediately executable opposite another Post-Only Order.

**“Long Variable Payout Contract”** means (i) the right to receive at the time the Contract is closed or on the Settlement Date any positive number resulting from subtracting the Opening Trade Value from (A) the Closing Trade Value, if the Variable Payout Contract was closed by an offsetting transaction before Expiration, or (B) the Expiration Value, if the Variable Payout Contract was held to Expiration, and then multiplying the resulting figure by the Dollar Multiplier and (ii) the obligation to pay at the time the contract is closed or on the Settlement Date any positive number resulting from subtracting from the Opening Trade Value (A) the Closing Trade Value, if the Variable Payout Contract was closed by an offsetting transaction before Expiration, or (B) the Expiration Value, if the Variable Payout Contract was held to Expiration, and then multiplying the resulting figure by the Dollar Multiplier.

**“Market Order”** means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex, at the market price. The following are permissible Nadex Market Order types, although certain order types may only be available on particular platforms or to particular Member types:

**“Market Order With Protection” or “MOP”** is a Market Order that will attempt to fill, in whole or part, at the current displayed price or better, or within a pre-determined number of points (Tolerance Protection) worse than the specified display price. The remainder of any Market Order With Protection that cannot be immediately filled either at the current displayed price or better, or within the Tolerance Protection, will be cancelled.

**“Market Maker”** means a Member that is granted certain privileges in exchange for assuming certain responsibilities as set forth in Chapter 4 of these Rules for the purpose of creating liquidity for certain Classes of Contracts.

**“Member”** means a Person who is approved by Nadex to be a Trading Member or a FCM\_Member and who is bound by these Rules as they may be amended from time to time.

**“Opening Trade Value”** means the rate, level, amount, measure, or other value of the Underlying of a Variable Payout Contract at which the Contract is opened in a Member’s account.

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**“Order”** means a request submitted to the Exchange to buy or sell a set number of contracts, in a particular product offered by Nadex in accordance with the requirements established by the Exchange.

**“Payout Criterion”** of a Contract means the Expiration Value or range of Expiration Values that will cause that Contract to pay a Settlement Value to the holder of a long position or the holder of a short position in such Contract. The holder of a long or short position in a Contract that receives a Settlement Value is considered to be “in-the-money” while the holder of either a long or short position in a Contract that does NOT receive a Settlement Value is considered to be “out-of-the-money”.

**“Person”** means an individual, sole proprietorship, corporation, limited liability company, partnership, trust, or any other entity.

**“Regulatory Agency”** means any government body, including the Commission and Securities and Exchange Commission, and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, and includes Nadex, any other clearing organization or contract market, any national securities exchange or clearing agency, the National Futures Association (“NFA”) and the Financial Industry Regulatory Authority (“FINRA”).

**“Reporting Level(s)”** means the aggregate contract level within a product Class at which the Exchange must report certain Member and trade information to the Commission pursuant to Commission Regulations.

**“Series”** means all Contracts of the same Class having identical terms, including Payout Criterion and Expiration Date.

**“Settlement Date”** means the date on which money is paid to the account of a Member who has the right to receive money pursuant to a Variable Payout Contract or Binary Contract held until Expiration, and on which money is paid from the account of a Member who is obligated to pay money pursuant to a Variable Payout Contract held until Expiration. Unless otherwise specified in these Rules, the Settlement Date is the same day as the Expiration Date.

**“Settlement Value”** means the amount paid to the holders of in-the-money Contracts. The minimum Settlement Value of a Binary Contract is \$100. The Settlement Value of a Variable Payout Contract is determined as described in the definition for Long and Short Variable Payout Contracts.

**“Short Variable Payout Contract”** means (i) the right to receive at the time the Contract is closed or on the Settlement Date any positive number resulting from subtracting from the Opening Trade Value (A) the Closing Trade Value, if the Variable Payout Contract was closed by an offsetting transaction before Expiration, or (B) the Expiration Value, if the Variable Payout Contract was held to Expiration, and then multiplying the resulting figure by the Dollar Multiplier and (ii) the obligation to pay at the time the Contract is closed or on the Settlement Date any positive number resulting from subtracting the Opening Trade Value from (A) the Closing Trade Value, if the Variable Payout Contract was closed by an offsetting transaction before Expiration, or (B) the Expiration Value, if the Variable Payout Contract was held to Expiration, then multiplying the resulting figure by the Dollar Multiplier.

**“Source Agency”** means the agency that publishes the Underlying economic indicator and/or Expiration Value for any Contract.

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**“Speculative Position Limits,” or “Position Limit”** means the maximum position, either net long or net short, in one Series or a combination of various Series of a particular Class that may be held or controlled by one Member as prescribed by Nadex and/or the Commission.

**“Start Date”** means the date on which a new delivery month will be used as the Underlying for Nadex contracts.

**“Tolerance Protection”** means the defined number of points, expressed in terms of a dollar amount, away from the displayed market price that will be acceptable to fill a Market Order With Protection in whole or part, if the displayed market price or a better price is no longer available when the Exchange receives the Order.

**“Trade Day”** means the regular trading session on any given calendar date and the evening session, if any, on the immediately preceding calendar date, as specified in Rule 5.11.

**“Trading Member”** means a Person who has been approved by Nadex to trade directly and not through a FCM Member on the Market, and does not include any FCM Member.

**“Type”** means the classification of a Contract as a Variable Payout Contract or a Binary Contract.

**“Underlying”** means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence the Expiration Value of which determines whether (and, in the case of a Variable Payout Contract, to what extent) a Contract is in-the-money.

**“US Financial Institution”** means a financial institution as that term is defined in 31 CFR 1010.100(t), subsections (1), (2), and (8), that is required to comply with the regulations issued by the United States Department of Treasury under the Bank Secrecy Act including, but not limited to, the anti-money laundering program and customer identification program rules.

**“Variable Payout Contract”** means a Long Variable Payout Contract and/or a Short Variable Payout Contract (such Variable Payout Contracts are also referred to as “Spread(s)” or “Narrow Spread(s)”).

**“12PM” or “12:00 PM”** means 12:00 Noon

RULES 1.2 – 12.1 [UNCHANGED]

## 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>1</sup>. The CPFC prices that will be used to calculate the Underlying will be

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

(1) DAILY COPPER VARIABLE PAYOUT ‘SPREAD’ CONTRACT

(aa) CAP – The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 1:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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(1) CONTRACT 1: The Cap shall be X; The Floor shall be X – .30.

(2) CONTRACT 2: The Cap shall be X + .15; The Floor shall be X – .15.

(3) CONTRACT 3: The Cap 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) INTRADAY COPPER VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 1:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be X – .25.

(2) CONTRACT 2: The Cap shall be X + .125; The Floor shall be X – .125.

(3) CONTRACT 3: The Cap shall be X + .25; 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 .025.

(iv) INTRADAY 2-HOUR COPPER VARIABLE PAYOUT SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, and 1:00PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout 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 Cap shall be X; The Floor shall be X – .08.

(2) CONTRACT 2: The Cap shall be X + .04; The Floor shall be X – .04.

(3) CONTRACT 3: The Cap shall be X + .08; 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 .02.

(v) Nadex may list additional Variable Payout 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 Variable Payout Contracts shall be 0.001.

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(h) REPORTING LEVELS – The Reporting Special Account Level for the Copper Variable Payout Contracts shall be 2,083 Contracts. The Volume Threshold Level for the Copper Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for Copper Variable Payout Contracts shall be 20,833 Contracts.

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

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

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

(m) 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.

(n) 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 the last twenty-five (25) CPFC trade prices just prior to the close of trading of the Copper Variable Contract and removing the highest five (5) CPFC trade prices and the lowest five (5) CPFC trade prices, using the remaining fifteen (15) CPFC trade prices to calculate 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.

(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 12.3 COPPER BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Copper Binary Contract 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.

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“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, 2014, and the Start Date for the next delivery month, Comex Copper May 2014 futures, will be February 27, 2014.<sup>3</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 Copper Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY COPPER BINARY CONTRACTS

(1) EXPIRATION TIME – 1:00PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.05.

(3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for each Weekly Copper 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 0.005 as reported by the Source Agency. Six (6) strike levels will be generated above Binary Contract W at an interval of 0.05, and six (6) strike levels will be generated below Binary Contract W at an interval of 0.05 (e.g. W – 0.05; W; W + 0.05). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY COPPER BINARY CONTRACTS

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<sup>3</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 Copper 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 Copper 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 Copper May 2014 futures will be Monday, February 24, 2014 for any Nadex weekly contracts listed on this date.

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- (1) EXPIRATION TIME – 1:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.01.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Daily Copper 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 0.01 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract Y at an interval of 0.01, and seven (7) strike levels will be generated below Binary Contract Y at an interval of 0.01 (e.g.  $Y - 0.01$ ;  $Y$ ;  $Y + 0.01$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) INTRADAY COPPER BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 0.005.
- (3) NUMBER OF STRIKE LEVELS LISTED - Nine (9) strike levels will be listed for each Intraday Copper 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 0.001 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Z at an interval of 0.005, and four (4) strike levels will be generated below Binary Contract Z at an interval of 0.005 (e.g.  $Z - 0.005$ ;  $Z$ ;  $Z + 0.005$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) Nadex may list additional Copper 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 Copper Binary Contracts shall be \$0.25.
- (h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Copper Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the Copper Binary Contracts shall be 50 Contracts.
- (i) POSITION LIMIT – The Position Limits for the Copper Binary Contract shall be 2,500 Contracts.
- (j) LAST TRADING DATE – The Last Trading Date in a Series is the same date as the Expiration Date.
- (k) SETTLEMENT DATE – The Settlement Date will be the date on which the Copper Settlement Price is released by the Source Agency.

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(l) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Copper Settlement Price is released by the Source Agency.

(m) 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 Copper Binary Contract is \$100.

(n) 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 the last twenty-five (25) CPFC trade prices just prior to the close of trading of the Copper Variable Contract and removing the highest five (5) CPFC trade prices and the lowest five (5) CPFC trade prices, using the remaining fifteen (15) CPFC trade prices to calculate 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.

(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 12.4 GOLD VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Gold 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>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 VARIABLE PAYOUT SPREAD CONTRACTS, 1:30 PM ET CLOSE - At the commencement of trading in a Daily Spread Gold Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a ‘Spread’, which conforms to the Payout Criteria listed below:

(1) DAILY GOLD VARIABLE PAYOUT ‘SPREAD’ CONTRACT

(aa) CAP – The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 1:30 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 1:30 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

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

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(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 VARIABLE PAYOUT SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, and 1:00PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout 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 Cap shall be X; The Floor shall be X – 15.

(2) CONTRACT 2: The Cap shall be X + 7.5; The Floor shall be X – 7.5.

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.10.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Gold Variable Payout Contracts shall be 1,250 Contracts. The Volume Threshold Level for the Gold Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for Gold Variable Payout Contracts shall be 60,000 Contracts.

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

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

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

(m) 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.

(n) 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 the last twenty-five (25) GFC trade prices just prior to the close of trading of the Gold Variable Contract and removing the highest five (5) GFC trade prices and the lowest five (5) GFC trade prices, using the remaining fifteen (15) GFC trade prices

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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.

## 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>5</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>6</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 Gold Binary Contract, the Payout Criteria for the Contracts will be set as follows:

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<sup>5</sup> *Supra*, at fn 4.

<sup>6</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 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.

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(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.
- (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)

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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) REPORTING LEVELS – ~~The Reporting~~ Special Account Level for the \$100 Gold Binary Contracts shall be 1,750 contracts. The Volume Threshold Level for the Gold Binary Contracts shall be 50 Contracts.

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

(j) 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.

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

(l) 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.

(m) 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.

(n) 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 the last twenty-five (25) GFC trade prices just prior to the close of trading of the Gold Binary Contract and removing the highest five (5) GFC trade prices and the lowest five (5) GFC trade prices, 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 COMEX Division of the New

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York Mercantile Exchange (“NYMEX”<sup>7</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 VARIABLE PAYOUT SPREAD CONTRACTS, 1:25 PM ET CLOSE - At the commencement of trading in a Daily Spread Silver Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a ‘Spread’, which conforms to the Payout Criteria listed below:

(1) DAILY SILVER VARIABLE PAYOUT ‘SPREAD’ CONTRACT

(aa) CAP – The Cap shall be  $X + 2.00$ .

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

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

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

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

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

- (1) CONTRACT 1: The Cap shall be X; The Floor shall be X – 2.00.
- (2) CONTRACT 2: The Cap shall be X + 1.00; The Floor shall be X – 1.00.
- (3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 1:25 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Cap shall be X; The Floor shall be X – 1.50.
- (2) CONTRACT 2: The Cap shall be X + .075; The Floor shall be X – .075.
- (3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, and 1:00PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout 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 Cap shall be X; The Floor shall be X – .50.
- (2) CONTRACT 2: The Cap shall be X + .25; The Floor shall be X – .25.
- (3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Contracts shall be .01.

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(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Silver Variable Payout Contracts shall be 3,125 Contracts. The Volume Threshold Level for the Silver Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for Silver Variable Payout Contracts shall be 100,000 Contracts.

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

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

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

(m) 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.

(n) 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 the last twenty-five (25) SFC trade prices just prior to the close of trading of the Silver Variable Contract and removing the highest five (5) SFC trade prices and the lowest five (5) SFC trade prices, 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 12.7 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>8</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

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

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>9</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 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

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<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 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.

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- (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 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 0.01 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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Silver Binary Contract shall be 1,400 contracts. The Volume Threshold Level for the Silver Binary Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for Silver Binary Contracts shall be 2,000 Contracts.

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

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

(l) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Silver price is released by the Source Agency.

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(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value of Silver on the Expiration Date. 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 and removing the highest five (5) SFC trade prices and the lowest five (5) SFC trade prices, 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

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Crude Oil 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>10</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>10</sup> *Supra, at fn 4.*

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

(1) DAILY CRUDE OIL VARIABLE PAYOUT ‘SPREAD’ CONTRACT

(aa) CAP – The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 2:30 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 2:30 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM and 2:00PM ET CLOSE - Nadex shall list a set of five (5) Variable Payout 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 Cap shall be  $X - 0.75$ ; The Floor shall be  $X - 2.25$ .

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

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

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

(5) CONTRACT 5: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.01.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Crude Oil Variable Payout Contracts shall be 1,250 Contracts. The Volume Threshold Level for the Crude Oil Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for Crude Oil Variable Payout Contracts shall be 25,000 Contracts.

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

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

(l) 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.

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(m) **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.

(n) **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 the last twenty-five (25) CFC trade prices just prior to the close of trading of the Crude Oil Variable Contract and removing the highest five (5) CFC trade prices and the lowest five (5) CFC trade prices, 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.

(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 12.9 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>11</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.

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

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<sup>11</sup> *Supra*, at fn 4.

(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 0.50.

(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 0.50, and eleven (11) strike levels will be generated below Binary Contract Y at an interval of 0.50 (e.g. Y – 0.50; Y; Y + 0.50). 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

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- (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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the \$100 Crude Oil Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the Crude Oil Binary Contracts shall be 50 Contracts.

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

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

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

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or level of Crude Oil on the Expiration Date. 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 and removing the highest five (5) CFC trade prices and the lowest five (5) CFC trade prices, 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.

(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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## 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>12</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.

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

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<sup>12</sup> *Supra, at fn 4.*

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(1) DAILY NATURAL GAS VARIABLE PAYOUT 'SPREAD' CONTRACT

(aa) CAP – The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 2:30 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be  $X - 0.5$ .

(2) CONTRACT 2: The Cap shall be  $X + 0.25$ ; The Floor shall be  $X - 0.25$ .

(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 2:30 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be  $X - 0.4$ .

(2) CONTRACT 2: The Cap shall be  $X + 0.2$ ; The Floor shall be  $X - 0.2$ .

(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM and 2:00PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout 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 Cap shall be X; The Floor shall be  $X - 0.2$ .

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(2) CONTRACT 2: The Cap shall be  $X + 0.1$ ; The Floor shall be  $X - 0.1$ .

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Contracts shall be 0.001.

(h) REPORTING LEVELS – ~~The Reporting Special Account Level for the Natural Gas Variable Payout Contracts shall be 1,250 Contracts.~~ The Volume Threshold Level for the Natural Gas Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for Natural Gas Variable Payout Contracts shall be 25,000 Contracts.

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

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

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value shall be 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 the last twenty-five (25) NFC trade prices just prior to the close of trading of the Natural Gas Variable Contract and removing the highest five (5) NFC trade prices and the lowest five (5) NFC trade prices, 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.

(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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## 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>13</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.

(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

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<sup>13</sup> *Supra*, at fn 4.

- (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.

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(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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Natural Gas Binary Contracts shall be 1,750 contracts. The Volume Threshold Level for the Natural Gas Binary Contracts shall be 50 Contracts.

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

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

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

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of Natural Gas as released by the Source Agency on the Expiration Date. 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 and removing the highest five (5) NFC trade prices and the lowest five (5) NFC trade prices, 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.

(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 12.12 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>14</sup> obtained from the specified Corn Futures contracts (“CNFC”) currently trading on the Chicago Board of Trade (CBOT®)<sup>15</sup>. The CNFC prices that will be used to calculate the Underlying will be taken from 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

<sup>14</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>15</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.

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

(1) DAILY VARIABLE PAYOUT CONTRACT 'SPREAD'

(aa) CAP – The Cap 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 VARIABLE CORN CONTRACTS, 2:15 PM ET CLOSE NARROW SPREAD – At the commencement of trading in a Daily Narrow Spread Corn Variable Payout Contract, Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges referred to as 'Narrow Spreads', which conform to the Payout Criteria listed below:

(1) DAILY VARIABLE PAYOUT CONTRACTS 'NARROW SPREAD'

(aa) CONTRACT 1: The Cap shall be  $X$ ; The Floor shall be  $X - 20$ .

(bb) CONTRACT 2; The Cap shall be  $X + 10$ ; The Floor shall be  $X - 10$ .

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

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(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 Variable Payout 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 Variable Payout Contracts shall be 0.10.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Corn Variable Payout Contracts shall be 3,125 Contracts. The Volume Threshold Level for the Corn Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for Corn Variable Payout Contracts shall be 62,500 Contracts.

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

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

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

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the level of Corn as calculated by the Source Agency on the Expiration Date. 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 Variable Contract and removing the highest five (5) CNFC trade prices and the lowest five (5) CNFC trade prices, 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.

(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 12.13 CORN BINARY CONTRACTS

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

(b) UNDERLYING – The Underlying for this Class of Contracts is the Corn price per bushel (in U.S. cents), herein after referred to as “Corn”, as calculated by Nadex using a proprietary algorithm which takes a sampling of

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prices<sup>16</sup> obtained from the specified Corn Futures Contracts (“CNFC”) currently trading on the Chicago Board of Trade (CBOT®)<sup>17</sup>. The CNFC prices that will be used to calculate the Underlying will be taken from 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<sup>18</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 Corn Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY CORN BINARY CONTRACTS

(1) EXPIRATION TIME – 2:15PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 5.0.

(3) NUMBER OF STRIKE LEVELS LISTED - Seven (7) strike levels will be listed for each Weekly Corn Binary Contract Series.

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<sup>16</sup> *Supra*, at fn 14.

<sup>17</sup> *Supra*, at fn 15.

<sup>18</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 Expiration Value on the day the contract expires. For example, the Start Date for the CBOT Corn July 2014 Underlying futures is April 16, 2014. April 16, 2014 is a Wednesday, and therefore, and any Nadex weekly contracts listed on Monday, April 14, 2014 and expiring on Friday, April 18, 2014, will be listed using the CBOT Corn July 2014 futures as its Underlying, as July is the futures month scheduled to be used to determine the Expiration Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the CBOT Corn July 2014 futures will be Monday, April 14, 2014 for any Nadex weekly contracts listed on this date.

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- (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. Three (3) strike levels will be generated above Binary Contract W at an interval of 5.0, and three (3) strike levels will be generated below Binary Contract W at an interval of 5.0 (e.g.  $W - 5.0$ ;  $W$ ;  $W + 5.0$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY CORN BINARY CONTRACTS

- (1) EXPIRATION TIME – 2:15PM ET CLOSE

- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 2.0.

- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Daily Corn 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 1 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract Y at an interval of 2.0, and seven (7) strike levels will be generated below Binary Contract Y at an interval of 2.0 (e.g.  $Y - 2.0$ ;  $Y$ ;  $Y + 2.0$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) Nadex may list additional Corn 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 Corn Binary Contracts shall be \$0.25.

- (h) REPORTING LEVELS - The ~~Reporting~~Special Account Level for the Corn Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the Corn Binary Contracts shall be 50 Contracts.

- (i) POSITION LIMIT - The Position Limit for Corn Binary Contracts shall be 2,500 Contracts.

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

- (k) SETTLEMENT DATE - The Settlement Date will be the same date as the Expiration Date.

- (l) EXPIRATION DATE - The Expiration Date of the Contract will be the date on which the Corn Expiration Value is released by the Source Agency.

- (m) 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 Corn Binary Contract is \$100.

- (n) EXPIRATION VALUE - The Expiration Value is the level of Corn as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking the last twenty-five (25)

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CNFC trade prices just prior to the close of trading of the Corn Binary Contract and removing the highest five (5) CNFC trade prices and the lowest five (5) CNFC trade prices, 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.

(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 12.14 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>19</sup> obtained from the specified Soybean Futures contracts (“SBFC”) currently trading on the Chicago Board of Trade (CBOT®)<sup>20</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 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.

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<sup>19</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.

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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 Soybeans Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

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

(1) DAILY VARIABLE PAYOUT CONTRACT ‘SPREAD’

(aa) CAP – The Cap shall be  $X + 40$ .

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

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

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

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

(1) DAILY VARIABLE PAYOUT CONTRACTS ‘NARROW SPREAD’

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

(bb) CONTRACT 2; The Cap shall be  $X + 20$ ; The Floor shall be  $X - 20$ .

(cc) CONTRACT 3: The CAP 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 Variable Payout Contracts with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(h) MINIMUM TICK – The Minimum Tick size for Soybeans Variable Payout Contracts shall be 0.10.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Soybeans Variable Payout Contracts shall be 1,562 Contracts. The Volume Threshold Level for the Soybeans Variable Payout Contracts shall be 50 Contracts.

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- (i) **POSITION LIMIT** – The Position Limits for Soybeans Variable Payout Contracts shall be 31,250 Contracts.
- (j) **LAST TRADING DATE** – The Last Trading Date of the Contract is the same date as the Settlement Date.
- (k) **SETTLEMENT DATE** – The Settlement Date of the Contract shall be the same date as the Expiration Date.
- (l) **EXPIRATION DATE** – The Expiration Date of the Contract shall be the date on which the Soybeans Expiration Value is released by the Source Agency.
- (m) **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.
- (n) **EXPIRATION VALUE** – The Expiration Value is the level of Soybeans as calculated by the Source Agency on the Expiration Date. 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 Variable Contract and removing the highest five (5) SBFC trade prices and the lowest five (5) SBFC trade prices, 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.
- (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 12.15 SOYBEAN BINARY CONTRACTS

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Soybean Binary 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>21</sup> obtained from the specified Soybean Futures contracts (“SBFC”) currently trading in the Chicago Board of Trade (CBOT®)<sup>22</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 month contract. The last day on which a delivery month will be used as the Underlying for Nadex contracts (i.e.

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<sup>21</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>22</sup> CBOT® is a registered service mark of the Chicago Board of Trade. Nadex is not affiliated with the Chicago Board of Trade and neither the Chicago Board of Trade, nor its affiliates, sponsor or endorse Nadex in any way.

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“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<sup>23</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 Soybean Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY SOYBEANS BINARY CONTRACTS

(1) EXPIRATION TIME – 2:15PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 10.0.

(3) NUMBER OF STRIKE LEVELS LISTED - Seven (7) strike levels will be listed for each Weekly Soybeans 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. Three (3) strike levels will be generated above Binary Contract W at an interval of 10.0, and three (3) 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.

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<sup>23</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 Expiration Value on the day the contract expires. For example, the Start Date for the CBOT Soybeans July 2014 Underlying futures is April 16, 2014. April 16, 2014 is a Wednesday, and therefore, any Nadex weekly contracts listed on Monday, April 14, 2014 and expiring on Friday, April 18, 2014, will be listed using the CBOT Soybeans July 2014 futures as its Underlying, as July is the futures month scheduled to be used to determine the Expiration Value of the Nadex weekly contract on its expiration date. Therefore, the Start Date for the CBOT Soybeans July 2014 futures will be Monday, April 14, 2014 for any Nadex weekly contracts listed on this date.

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(ii) DAILY SOYBEANS BINARY CONTRACTS

(1) EXPIRATION TIME – 2:15PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 3.0.

(3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Daily Corn 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 1 as reported by the Source Agency. Seven (7) strike levels will be generated above Binary Contract Y at an interval of 3.0, and seven (7) strike levels will be generated below Binary Contract Y at an interval of 3.0 (e.g. Y – 3.0; Y; Y + 3.0). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) Nadex may list additional Soybean 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 Soybean Binary Contracts shall be \$0.25.

(h) REPORTING LEVELS - The ~~Reporting~~ Special Account Level for the Soybean Binary Contract shall be 1750 Contracts. The Volume Threshold Level for the Soybeans Binary Contracts shall be 50 Contracts.

(i) POSITION LIMIT - The Position Limit for Soybean Binary Contract shall be 2500 Contracts.

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

(k) SETTLEMENT DATE - The Settlement Date will be the same date as the Expiration Date.

(l) EXPIRATION DATE - The Expiration Date of the Contract will be the date on which the Expiration Value is released by the Source Agency.

(m) 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 Soybean Binary Contract is \$100.

(n) EXPIRATION VALUE - The Expiration Value is the level of Soybeans as calculated by the Source Agency on the Expiration Date. 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 Soybean Binary Contract and removing the highest five (5) SBFC trade prices and the lowest five (5) SBFC trade prices, 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.

(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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RULE 12.16 – 12.19 [RESERVED]

RULE 12.20 BITCOIN BINARY CONTRACTS

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

(b) UNDERLYING – The Underlying for this Class of Contracts is the value of the bitcoin digital currency as indicated by the Tera<sup>®</sup> Bitcoin Price Index, calculated by the TeraExchange<sup>®24</sup>.

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

(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 Bitcoin Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) WEEKLY BITCOIN BINARY CONTRACTS

(1) EXPIRATION TIME – 3:00PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 8.

(3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for the Weekly Bitcoin 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). Seven (7) strike levels will be generated above Binary Contract W at an interval of eight (8), and seven (7) strike levels will be generated below Binary Contract W at an interval of 8 (e.g.  $W - 8$ ;  $W$ ;  $W + 8$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) DAILY BITCOIN BINARY CONTRACTS

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- (1) EXPIRATION TIME – 3:00PM ET CLOSE
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 1.
- (3) NUMBER OF STRIKE LEVELS LISTED - Twenty-seven (27) strike levels will be listed for the Daily Bitcoin 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 0.5. Thirteen (13) strike levels will be generated above Binary Contract X at an interval of 1, and thirteen (13) strike levels will be generated below Binary Contract X at an interval of 1 (e.g.  $X - 1$ ;  $X$ ;  $X + 1$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iii) Nadex may list additional Bitcoin 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 Bitcoin Binary Contracts shall be \$0.25.

(h) REPORTABLE LEVELS – The Special Account Level for the Bitcoin Binary Contracts shall be 1,750. The Volume Threshold Level for the Bitcoin Binary Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limit for the Bitcoin Binary Contracts shall be 2,500 Contracts.

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

(k) SETTLEMENT DATE – The Settlement Date in a Series is the same date as the Expiration Date.

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

(m) 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 Bitcoin Binary Contract is \$100.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of the bitcoin released by the Source Agency on the Expiration Date. The Expiration Value will be the last bitcoin value just prior to the close of trading of the Bitcoin Binary Contract as reported by the Tera Bitcoin Price Index, calculated by TeraExchange.

(o) CONTINGENCIES – If no daily settlement price of the relevant Tera Bitcoin Price Index is announced by the Source Agency, the Settlement Date will be delayed until such settlement price for that Series is released and publicly available.

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RULE 12.21 – 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.

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

(1) DAILY VARIABLE AUD/USD SPREAD CONTRACT:

(aa) CAP – The Cap 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 VARIABLE AUD/USD SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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 VARIABLE AUD/USD 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) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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 VARIABLE AUD/USD 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) Variable Payout 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 Cap shall be  $X$ ; The Floor shall be  $X - 0.0100$ .

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

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.0001.

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(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the AUD/USD Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the AUD/USD Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for AUD/USD Variable Payout Contracts.

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

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

(l) 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.

(m) 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.

(n) 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 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 Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.3400 and the ask price is 1.3402, the two numbers are added together (totaling 2.6802) and then divided by two (2), equaling a Midpoint of 1.3401. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.27 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.

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(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/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

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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 0.0005.
- (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 0.0001 as reported by the Source Agency. Nine (9) strike levels will be generated above Binary Contract Y at an interval of 0.0005, and nine (9) strike levels will be generated below Binary Contract Y at an interval of 0.0005 (e.g.  $Y - 0.0005$ ;  $Y$ ;  $Y + 0.0005$ ). 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 0.0003.
- (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 0.0001 as reported by the Source Agency. Two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0003, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0003 (e.g.  $Z - 0.0003$ ;  $Z$ ;  $Z + 0.0003$ ). The Contract will have a Payout Criterion of greater than the strike level value.

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(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.

(6) No 5-Minute Binary Contracts will be listed that expire on the hour. For example, the next expiration to follow the 9:55am expiration would be the 10:05am expiration. Likewise, the next expiration to follow the 10:55am expiration would be 11:05am, and so forth.

(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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the AUD/USD Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the AUD/USD Binary Contracts shall be 50 Contracts.

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

(j) 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.

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

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

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of AUD/USD as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.3400 and the ask price is 1.3402, the two numbers are added together (totaling 2.6802) and then divided by two (2), equaling a Midpoint of 1.3401. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

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

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

(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 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

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

(1) DAILY VARIABLE EUR/USD SPREAD CONTRACT:

(aa) CAP – The Cap 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 VARIABLE EUR/USD SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

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

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

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(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 VARIABLE EUR/USD 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) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Cap shall be X; The Floor shall be X- 0.0250.
- (2) CONTRACT 2: The Cap shall be X + 0.0125; The Floor shall be X – 0.0125
- (3) CONTRACT 3: The Cap 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 VARIABLE EUR/USD 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) Variable Payout 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 Cap shall be X; The Floor shall be X- 0.0100.
- (2) CONTRACT 2: The Cap shall be X + 0.0050; The Floor shall be X – 0.0050
- (3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.0001.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the EUR/USD Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the EUR/USD Variable Payout Contracts shall be 50 Contracts.

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

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

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

(l) **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.

(m) **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.

(n) **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 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 Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.3400 and the ask price is 1.3402, the two numbers are added together (totaling 2.6802) and then divided by two (2), equaling a Midpoint of 1.3401. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.29 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**

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- (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

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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 0.0001 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 0.0003.
- (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 0.0001 as reported by the Source Agency. Two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0003, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0003 (e.g.  $Z - 0.0003$ ;  $Z$ ;  $Z + 0.0003$ ). 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.
- (6) No 5-Minute Binary Contracts will be listed that expire on the hour. For example, the next expiration to follow the 9:55am expiration would be the 10:05am expiration. Likewise, the next expiration to follow the 10:55am expiration would be 11:05am, and so forth.

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(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) REPORTING LEVELS – ~~The Reporting Level~~ Special Account Level for the EUR/USD Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the EUR/USD Binary Contracts shall be 50 Contracts.

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

(j) 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.

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

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

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of EUR/USD as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.3400 and the ask price is 1.3402, the two numbers are added together (totaling 2.6802) and then divided by two (2), equaling a Midpoint of 1.3401. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.30 CURRENCY EXCHANGE GBP/USD VARIABLE PAYOUT CONTRACTS

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

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(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 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

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

(1) DAILY VARIABLE GBP/USD SPREAD CONTRACT

(aa) CAP – The Cap 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 VARIABLE GBP/USD SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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 VARIABLE GBP/USD 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) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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(2) CONTRACT 2: The Cap shall be  $X + 0.0150$ ; The Floor shall be  $X - 0.0150$

(3) CONTRACT 3: The Cap 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 VARIABLE GBP/USD 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) Variable Payout 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 Cap shall be  $X$ ; The Floor shall be  $X - 0.0150$ .

(2) CONTRACT 2: The Cap shall be  $X + 0.0075$ ; The Floor shall be  $X - 0.0075$ .

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.0001.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the GBP/USD Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the GBP/USD Variable Payout Contracts shall be 50 Contracts.

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

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

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

(l) 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.

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(m) **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.

(n) **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 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 Variable Payout Contract and removing the 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.9900 and the ask price is 1.9902, the two numbers are added together (totaling 3.9802) and then divided by two (2), equaling a Midpoint of 1.9901. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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.

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- (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.

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- (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 0.0001 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 0.0003.
- (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 0.0001 as reported by the Source Agency. Two (2) strike levels will be generated above Binary Contract Z at an interval of 0.0003, and two (2) strike levels will be generated below Binary Contract Z at an interval of 0.0003 (e.g.  $Z - 0.0003$ ;  $Z$ ;  $Z + 0.0003$ ). 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.
- (6) No 5-Minute Binary Contracts will be listed that expire on the hour. For example, the next expiration to follow the 9:55am expiration would be the 10:05am expiration. Likewise, the next expiration to follow the 10:55am expiration would be 11:05am, and so forth.

(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.

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(h) **REPORTING LEVELS** – The ~~Reporting~~ **Special Account** Level for the GBP/USD Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the GBP/USD Binary Contracts shall be 50 Contracts.

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

(j) **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.

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

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

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value of GBP/USD as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.9900 and the ask price is 1.9902, the two numbers are added together (totaling 3.9802) and then divided by two (2), equaling a Midpoint of 1.9901. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.32 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.

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

(1) DAILY VARIABLE USD/CAD SPREAD CONTRACT

(aa) CAP – The Cap 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 VARIABLE USD/CAD SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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 VARIABLE USD/CAD 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) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

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

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(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 VARIABLE USD/CAD 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) Variable Payout 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 Cap shall be X; The Floor shall be X- 0.0100.

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

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.0001.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the USD/CAD Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the USD/CAD Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for USD/CAD Variable Payout Contracts.

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

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

(l) 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.

(m) 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.

(n) 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 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

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Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.0700 and the ask price is 1.0702, the two numbers are added together (totaling 2.1402) and then divided by two (2), equaling a Midpoint of 1.0701. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.33 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 “X” is valued ‘at-the-money’ in relation to the Underlying market as determined by the Source Agency, immediately before the issuance

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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/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 “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/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 “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

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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 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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the USD/CAD Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the USD/CAD Binary Contracts shall be 50 Contracts.

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

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

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

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the Settlement Price of USD/CAD Currency as calculated by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.0700 and the ask price is 1.0702, the two numbers are added together (totaling 2.1402) and then divided by two (2), equaling a Midpoint of 1.0701. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.34 CURRENCY EXCHANGE USD/CHF VARIABLE PAYOUT CONTRACTS

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

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(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 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

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

(1) DAILY VARIABLE USD/CHF SPREAD CONTRACT

(aa) CAP – The Cap 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 VARIABLE USD/CHF SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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/CHF price, as reported by the Source Agency, rounded to the nearest 0.0010.

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(iii) INTRADAY VARIABLE USD/CHF 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) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Cap shall be X; The Floor shall be X- 0.0200.
- (2) CONTRACT 2: The Cap shall be X + 0.0100; The Floor shall be X – 0.0100
- (3) CONTRACT 3: The Cap 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 VARIABLE USD/CHF 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) Variable Payout 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 Cap shall be X; The Floor shall be X- 0.0100.
- (2) CONTRACT 2: The Cap shall be X + 0.0050; The Floor shall be X – 0.0050
- (3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.0001.

(h) REPORTING LEVELS – ~~The Reporting Special Account~~ Level for the USD/CHF Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the USD/CHF Variable Payout Contracts shall be 50 Contracts.

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

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

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

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(l) 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.

(m) 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.

(n) 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 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 Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.2200 and the ask price is 1.2202, the two numbers are added together (totaling 2.4402) and then divided by two (2), equaling a Midpoint of 1.2201. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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

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- (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.

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- (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) REPORTING LEVELS - The ~~Reporting~~ Special Account Level for the USD/CHF Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the USD/CHF Binary Contracts shall be 50 Contracts.

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

(j) 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.

(k) SETTLEMENT DATE – The Settlement Date will be the date the USD/CHF number is released by the Source Agency.

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

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of USD/CHF as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.2200 and the ask price is 1.2202, the two numbers are added together (totaling 2.4402) and then divided by two (2), equaling a Midpoint of 1.2201. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

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(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 12.36 CURRENCY EXCHANGE USD/JPY VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Currency Exchange USD/JPY (“USD/JPY”) Variable Payout Contracts 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 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

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

##### (1) DAILY VARIABLE USD/JPY SPREAD CONTRACT

(aa) CAP – The Cap 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 VARIABLE USD/JPY SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be  $X$ ; The Floor shall be  $X - 2.50$ .

(2) CONTRACT 2: The Cap shall be  $X + 1.25$ ; The Floor shall be  $X - 1.25$ .

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(3) CONTRACT 3: The Cap 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 VARIABLE USD/JPY 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) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

(2) CONTRACT 2: The Cap shall be  $X + 0.75$ ; The Floor shall be  $X - 0.75$ .

(3) CONTRACT 3: The Cap 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 VARIABLE USD/JPY 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) Variable Payout 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 Cap shall be  $X$ ; The Floor shall be  $X - 1.00$ .

(2) CONTRACT 2: The Cap shall be  $X + 0.50$ ; The Floor shall be  $X - 0.50$ .

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.01.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the USD/JPY Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the USD/JPY Variable Payout Contracts shall be 50 Contracts.

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(i) POSITION LIMIT – There are currently no Position Limits for USD/JPY Variable Payout Contracts.

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

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

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value shall be 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 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 Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 121.00 and the ask price is 121.02, the two numbers are added together (totaling 242.02) and then divided by two (2), equaling a Midpoint of 121.01. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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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(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

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- (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 0.01 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 0.03.
- (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 0.01 as reported by the Source Agency. Two (2) strike levels will be generated above Binary Contract Z at an interval of 0.08, and two (2) 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.
- (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.

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(6) No 5-Minute Binary Contracts will be listed that expire on the hour. For example, the next expiration to follow the 9:55am expiration would be the 10:05am expiration. Likewise, the next expiration to follow the 10:55am expiration would be 11:05am, and so forth.

(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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the USD/JPY Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the USD/JPY Binary Contracts shall be 50 Contracts.

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

(j) 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.

(k) SETTLEMENT DATE – The Settlement Date will be the date the USD/JPY number is released by the Source Agency.

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

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of USD/JPY as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 121.00 and the ask price is 121.02, the two numbers are added together (totaling 242.02) and then divided by two (2), equaling a Midpoint of 121.01. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.38 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.

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(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;

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

(1) DAILY VARIABLE EUR/JPY SPREAD CONTRACT

(aa) CAP – The Cap 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 VARIABLE EUR/JPY SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be  $X - 2.50$ .

(2) CONTRACT 2: The Cap shall be  $X + 1.25$ ; The Floor shall be  $X - 1.25$ .

(3) CONTRACT 3: The Cap 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 VARIABLE EUR/JPY 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) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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- (1) CONTRACT 1: The Cap shall be X; The Floor shall be X- 2.00.
- (2) CONTRACT 2: The Cap shall be X + 1.00; The Floor shall be X – 1.00.
- (3) CONTRACT 3: The Cap 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 VARIABLE EUR/JPY 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) Variable Payout 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 Cap shall be X; The Floor shall be X- 1.00.
- (2) CONTRACT 2: The Cap shall be X + 0.50; The Floor shall be X – 0.50.
- (3) CONTRACT 3: The Cap 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 EUR/JPY price, as reported by the Source Agency, rounded to the nearest 0.10.

(v) Nadex may list additional Variable Payout 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 Variable Payout Contracts shall be 0.01.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the EUR/JPY Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the EUR/JPY Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for EUR/JPY Variable Payout Contracts.

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

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

(l) 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.

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(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value shall be 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 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 Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 121.00 and the ask price is 121.02, the two numbers are added together (totaling 242.02) and then divided by two (2), equaling a Midpoint of 121.01. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.39 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.

(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.

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- (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 "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 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 "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 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.

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(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 0.10, and four (4) strike levels will be generated below Binary Contract Z at an interval of 0.10 (e.g.  $Z - 0.10$ ;  $Z$ ;  $Z + 0.10$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(iv) 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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the EUR/JPY Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the EUR/JPY Binary Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for EUR/JPY Binary Contract.

(j) 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.

(k) SETTLEMENT DATE – The Settlement Date will be the date the EUR/JPY number is released by the Source Agency.

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

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of EUR/JPY as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 121.00 and the ask price is 121.02, the two numbers are added together (totaling 242.02) and then divided by two (2), equaling a Midpoint of 121.01. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

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

### (1) DAILY VARIABLE GBP/JPY SPREAD CONTRACT

(aa) CAP – The Cap 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 VARIABLE GBP/JPY SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be  $X$ ; The Floor shall be  $X - 2.50$ .

(2) CONTRACT 2: The Cap shall be  $X + 1.25$ ; The Floor shall be  $X - 1.25$ .

(3) CONTRACT 3: The Cap shall be  $X + 2.50$ ; The Floor shall be  $X$ .

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

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(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 VARIABLE GBP/JPY 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) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

- (1) CONTRACT 1: The Cap shall be X; The Floor shall be X- 2.50.
- (2) CONTRACT 2: The Cap shall be X + 1.25; The Floor shall be X – 1.25.
- (3) CONTRACT 3: The Cap 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 VARIABLE GBP/JPY 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) Variable Payout 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 Cap shall be X; The Floor shall be X- 1.00.
- (2) CONTRACT 2: The Cap shall be X + 0.50; The Floor shall be X – 0.50.
- (3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.01.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the GBP/JPY Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the GBP/JPY Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for GBP/JPY Variable Payout Contracts.

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

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

(l) **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.

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value shall be 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 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 Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 121.00 and the ask price is 121.02, the two numbers are added together (totaling 242.02) and then divided by two (2), equaling a Midpoint of 121.01. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.41 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:

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(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 “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 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 “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 GBP/JPY BINARY CONTRACTS

- (1) EXPIRATION TIME – 10 AM, 11 AM, 12 PM, 1 PM, 2 PM, 3 PM ET CLOSE

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(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 “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 0.10, and four (4) strike levels will be generated below Binary Contract Z at an interval of 0.10 (e.g.  $Z - 0.10$ ;  $Z$ ;  $Z + 0.10$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(ii) 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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the GBP/JPY Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the GBP/JPY Binary Contracts shall be 50 Contracts.

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

(j) 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.

(k) SETTLEMENT DATE – The Settlement Date will be the date the GBP/JPY number is released by the Source Agency.

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

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of GBP/JPY as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 121.00 and the ask price is 121.02, the two numbers are added together (totaling 242.02) and then divided by two (2), equaling a Midpoint of 121.01. If the spread between a particular bid price and

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ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

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

##### (1) DAILY VARIABLE EUR/GBP SPREAD CONTRACT

(aa) CAP – The Cap 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 VARIABLE EUR/GBP SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.0001.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the EUR/GBP Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the EUR/GBP Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for EUR/GBP Variable Payout Contracts.

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

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

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value shall be 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 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 Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.3400 and the ask price is 1.3402, the two numbers are added together (totaling 2.6802) and then divided by two (2), equaling a Midpoint of 1.3401. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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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## 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.

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- (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) REPORTING LEVELS – ~~The Reporting Level~~ Special Account Level for the EUR/GBP Binary Contracts shall be 12,500 Contracts; The Volume Threshold Level for the EUR/GBP Binary Contracts shall be 50 Contracts.

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

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(j) **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.

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

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

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value of EUR/GBP as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.3400 and the ask price is 1.3402, the two numbers are added together (totaling 2.6802) and then divided by two (2), equaling a Midpoint of 1.3401. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.44 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.

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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 AUD/JPY Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

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

(1) DAILY VARIABLE AUD/JPY SPREAD CONTRACT

(aa) CAP – The Cap 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 VARIABLE AUD/JPY SPREAD CONTRACTS, 3:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be  $X - 2.50$ .

(2) CONTRACT 2: The Cap shall be  $X + 1.25$ ; The Floor shall be  $X - 1.25$ .

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.01.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the AUD/JPY Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the AUD/JPY Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for AUD/JPY Variable Payout Contracts.

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

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

(l) **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.

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value shall be 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 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 Variable Payout 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 1.3400 and the ask price is 1.3402, the two numbers are added together (totaling 2.6802) and then divided by two (2), equaling a Midpoint of 1.3401. If the spread between a particular bid price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.45 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.

(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:

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(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

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- (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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the AUD/JPY Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the AUD/JPY Binary Contracts shall be 50 Contracts.

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

(j) 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.

(k) SETTLEMENT DATE – The Settlement Date will be the date the AUD/JPY number is released by the Source Agency.

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

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of AUD/JPY as released by the Source Agency on the Expiration Date. 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. A Midpoint is calculated by adding the bid price and the ask price together and then dividing that number by two (2). For example, if the bid price is 121.00 and the ask price is 121.02, the two numbers are added together (totaling 242.02) and then divided by two (2), equaling a Midpoint of 121.01. If the spread between a particular bid

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price and ask price is deemed too wide (greater than ten (10) pips), those prices will not be used to calculate a Midpoint and will thus not be included within the 10 initially captured values.

(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 12.46 – 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>25</sup> The FFC 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>26</sup>.

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

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<sup>26</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<sup>®</sup> June 2012 futures will be Monday, March 12, 2012 for any Nadex weekly contracts listed on this date.

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(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:

(i) DAILY FTSE 100<sup>®</sup> VARIABLE PAYOUT SPREAD FUTURE CONTRACTS, 4:00 PM ET CLOSE - At the commencement of trading in a Daily Spread FTSE 100 Future Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a ‘Spread’, which conforms to the Payout Criteria listed below:

(1) DAILY FTSE 100<sup>®</sup> VARIABLE PAYOUT ‘SPREAD’ CONTRACT

(aa) CAP – The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 4:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be  $X - 200$ .

(2) CONTRACT 2: The Cap shall be  $X + 100$ ; The Floor shall be  $X - 100$ .

(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 4:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be  $X - 150$ .

(2) CONTRACT 2: The Cap shall be  $X + 75$ ; The Floor shall be  $X - 75$ .

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(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD

CONTRACTS, 10:00AM, 11:00AM, 12:00PM, 1:00PM, and 4:00PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout 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 Cap shall be  $X$ ; The Floor shall be  $X - 50$ .

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

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 1.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the FTSE 100 Future Variable Payout Contracts shall be 3,125 Contracts. The Volume Threshold Level for the FTSE 100 Future Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for FTSE 100 Future Variable Payout Contracts shall be 62,500 Contracts.

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

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

(l) 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.

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(m) **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.

(n) **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 the last twenty-five (25) FFC trade prices just prior to the close of trading of the FTSE 100 Future Variable Contract and removing the highest five (5) FFC trade prices and the lowest five (5) FFC trade prices, 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.

(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 12.49 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>27</sup> The FFC 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>28</sup>.

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<sup>28</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

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(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.

(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

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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.

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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) **REPORTING LEVELS** – The Reporting Special Account Level for the FTSE 100 Future Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the FTSE 100 Future Binary Contracts shall be 50 Contracts.

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- (i) **POSITION LIMIT** – The Position Limits for the FTSE 100 Future Binary Contracts shall be 2,500 Contracts.
- (j) **LAST TRADING DATE** – The Last Trading Date in a Series is the same date as the Expiration Date.
- (k) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.
- (l) **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.
- (m) **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.
- (n) **EXPIRATION VALUE** – The Expiration Value is the level of FFC release number on the Expiration Date. 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 and removing the highest five (5) FFC trade prices and the lowest five (5) FFC trade prices, using the remaining fifteen (15) FFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) remaining FFC trade prices, rounded to one decimal point past the precision of the underlying market.
- (o) **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>29</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.

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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>30</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 VARIABLE PAYOUT SPREAD CONTRACTS, 4:00 PM ET CLOSE - At the commencement of trading in a Daily Spread Germany 30 Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a ‘Spread’, which conforms to the Payout Criteria listed below:

(1) DAILY GERMANY 30 VARIABLE PAYOUT ‘SPREAD’ CONTRACT

(aa) CAP – The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 4:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be  $X - 200$ .

(2) CONTRACT 2: The Cap shall be  $X + 100$ ; The Floor shall be  $X - 100$ .

(3) CONTRACT 3: The Cap shall be  $X + 200$ ; The Floor shall be X.

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<sup>30</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.

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(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 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 4:00 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be X – 150.

(2) CONTRACT 2: The Cap shall be X + 75; The Floor shall be X – 75.

(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT 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) Variable Payout 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 Cap shall be X; The Floor shall be X – 50.

(2) CONTRACT 2: The Cap shall be X + 25; The Floor shall be X – 25.

(3) CONTRACT 3: The Cap 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 Variable Payout 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 Variable Payout 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 Variable Payout Contracts shall be 1.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Germany 30 Variable Payout Contracts shall be 3,125 Contracts. The Volume Threshold Level for the Germany 30 Variable Payout Contracts shall be 50 Contracts.

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(i) POSITION LIMIT – The Position Limits for Germany 30 Variable Payout Contracts shall be 62,500 Contracts.

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

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

(l) 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.

(m) 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.

(n) 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 the last twenty-five (25) DFC trade prices just prior to the close of trading of the Germany 30 Variable Contract and removing the highest five (5) DFC trade prices and the lowest five (5) DFC trade prices, 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.

(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 12.51 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>31</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.

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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>32</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 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

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<sup>32</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.

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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.

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(h) **REPORTING LEVELS** – The ~~Reporting~~Special Account Level for the Germany 30 Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the Germany 30 Binary Contracts shall be 50 Contracts.

(i) **POSITION LIMIT** – The Position Limits for the Germany 30 Binary Contracts shall be 2,500 Contracts.

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

(k) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(l) **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.

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the level of the Germany 30 release number on the Expiration Date. 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 and removing the highest five (5) DFC trade prices and the lowest five (5) DFC trade prices, using the remaining fifteen (15) DFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) remaining DFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) **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.

(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>33</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

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(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:

(i) DAILY VARIABLE JAPAN 225 CONTRACTS, 1:25 AM ET<sup>34</sup> CLOSE SPREAD - At the commencement of trading in a Daily Spread Japan 225 Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a ‘Spread’, which conforms to the Payout Criteria listed below:

(1) DAILY VARIABLE PAYOUT CONTRACT ‘SPREAD’

(aa) CAP – The Cap 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 VARIABLE JAPAN 225 CONTRACTS, 1:25 AM ET<sup>35</sup> CLOSE NARROW SPREAD – At the commencement of trading in a Daily Narrow Spread Japan 225 Variable Payout Contract, Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges referred to as ‘Narrow Spreads’, which conform to the Payout Criteria listed below:

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<sup>34</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>35</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.

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(1) DAILY VARIABLE PAYOUT CONTRACT 'NARROW SPREAD'

(aa) CONTRACT 1: The Cap shall be X; The Floor shall be X – 400.

(bb) CONTRACT 2; The Cap shall be X + 200; The Floor shall be X – 200.

(cc) CONTRACT 3: The CAP 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 Variable Payout 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 Japan 225 Variable Payout Contracts shall be 1.

(h) REPORTING LEVELS – ~~The Reporting Special Account~~ Level for the Japan 225 Variable Payout Contracts shall be 1,562 Contracts. The Volume Threshold Level for the Japan 225 Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for Japan 225 Variable Payout Contracts shall be 31,250 Contracts.

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

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

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of Japan 225 as calculated by the Source Agency on the Expiration Date. 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 Variable Contract and removing the highest five (5) NKFC trade prices and the lowest five (5) NKFC trade prices, 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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(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 12.55 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>36</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>37</sup>.

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

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

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<sup>37</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, 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.

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(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>38</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>39</sup>
- (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

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<sup>38</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>39</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.

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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) INTRADAY JAPAN 225 BINARY CONTRACTS

- (1) EXPIRATION TIME – 9 PM, 10 PM, 11 PM, 12 AM, 1 AM ET CLOSE<sup>40</sup>
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 40.
- (3) NUMBER OF STRIKE LEVELS LISTED – Nine (9) strike levels will be listed for each Intraday Japan 225 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 as reported by the Source Agency. Four (4) strike levels will be generated above Binary Contract Y at an interval of 40, and four (4) strike levels will be generated below Binary Contract Y at an interval of 40 (e.g. Y – 40; Y; Y + 40). The Contract will have a Payout Criterion of greater than the strike level value.
- (5) The Intraday Japan 225 Binary Contracts will not be listed on the three business days immediately following the End Date of the Underlying.

(iv) INTRADAY JAPAN 225 20-MINUTE BINARY CONTRACTS

- (1) EXPIRATION TIME – 7:20PM, 7:40PM, 8:00PM, 8:20PM, 8:40PM, 9:00PM, 9:20PM, 9:40PM, 10:00PM, 10:20PM, 10:40PM, 11:00PM, 11:20PM, 11:40, 12:00AM, 12:20AM, 12:40AM, 1:00AM, 1:20AM ET CLOSE<sup>41</sup>
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 20.
- (3) NUMBER OF STRIKE LEVELS LISTED - Nine (9) strike levels will be listed for each Intraday Japan 225 20-Minute Binary Contract Series.

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<sup>40</sup> During the period when the US observes daylight savings time, Intraday Japan 225 Binary Contracts will open and close 1 hour later than their regular defined times.

<sup>41</sup> During the period when the US observes daylight savings time, Intraday Japan 225 Binary Contracts will open and close 1 hour later than their regular defined times.

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(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 1. 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.

(5) The Intraday Japan 225 20-Minute Binary Contracts will not be listed on the three business days immediately following the End Date of the Underlying.

(v) 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) **REPORTING LEVELS** – The ~~Reporting~~Special Account Level for the Japan 225 Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the Japan 225 Binary Contracts shall be 50 Contracts.

(i) **POSITION LIMIT** – The Position Limits for the Japan 225 Binary Contracts shall be 2,500 Contracts.

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

(k) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(l) **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.

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value of Japan 225 released by the Source Agency on the Expiration Date. 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 and removing the highest five (5) NKFC trade prices and the lowest five (5) NKFC trade prices, using the remaining fifteen (15) NKFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) remaining NKFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) **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.

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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>42</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 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>43</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.

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<sup>43</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.

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(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>44</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.
- (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>45</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 Bitcoin Binary Contracts shall be \$0.25.

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<sup>44</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.

<sup>45</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.

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(h) REPORTABLE LEVELS – The Special Account Level for the China 50 Binary contracts shall be 1,750. The Volume Threshold Level for the China 50 Binary contracts shall be 50.

(i) POSITION LIMIT – The Position Limit for the ~~Biteoin~~-China 50 Binary Contracts shall be 2,500 Contracts.

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

(k) SETTLEMENT DATE – The Settlement Date in a Series is the same date as the Expiration Date.

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of the China 50 released by the Source Agency on the Expiration Date. 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 the trading of the China 50 Binary Contract and removing the highest five (5) CHFC trade prices and the lowest five (5) CHFC trade prices, using the remaining fifteen (15) CHFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) remaining CHFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) 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

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the US 500 Variable Payout Contracts 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>46</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

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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 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY US 500 VARIABLE PAYOUT SPREAD CONTRACTS, 4:15 PM ET CLOSE - At the commencement of trading in a Daily Spread US 500 Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a 'Spread', which conforms to the Payout Criteria listed below:

(1) DAILY US 500 VARIABLE PAYOUT 'SPREAD' CONTRACT

(aa) CAP – The Cap 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 SPFC price, as reported by the Source Agency, rounded to the nearest 10.

(ii) DAILY US 500 VARIABLE PAYOUT SPREAD CONTRACTS, 4:15 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

(3) CONTRACT 3: The Cap 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.

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(iii) INTRADAY US 500 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 4:15 PM ET CLOSE - Nadex shall list a set of five (5) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be  $X - 15$ ; The Floor shall be  $X - 45$ .

(2) CONTRACT 2: The Cap shall be  $X$ ; The Floor shall be  $X - 30$ .

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

(4) CONTRACT 4: The Cap shall be  $X + 30$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Cap 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 VARIABLE PAYOUT 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) Variable Payout 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 Cap shall be  $X - 5$ ; The Floor shall be  $X - 15$ .

(2) CONTRACT 2: The Cap shall be  $X$ ; The Floor shall be  $X - 10$ .

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

(4) CONTRACT 4: The Cap shall be  $X + 10$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.1.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the US 500 Variable Payout Contracts shall be 1,562 Contracts. The Volume Threshold Level for the US 500 Variable Payout Contracts shall be 50 Contracts.

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(i) POSITION LIMIT – The Position Limits for US 500 Variable Payout Contracts shall be 31,250 Contracts.

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

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

(l) 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.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the level of US 500 as calculated by the Source Agency on the Expiration Date. 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 Variable Contract and removing the highest five (5) SPFC trade prices and the lowest five (5) SPFC trade prices, 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.

(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>47</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

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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:

(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 12.

(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 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 500 BINARY CONTRACTS

(1) EXPIRATION TIME – 4:15PM ET CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 3.

(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 3, and ten (10) strike levels will be generated below Binary Contract X at an interval of 3 (e.g.  $X - 3$ ;  $X$ ;  $X + 3$ ). The Contract will have a Payout Criterion of greater than the strike level value.

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(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

- (6) EXPIRATION TIME – 10:00AM, 10:20AM, 10:40AM, 11:00AM, 11:20AM, 2:40PM, 3:00PM, 3:20PM, 3:40PM 4:00PM ET CLOSE
- (7) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 1.
- (8) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Intraday US 500 20-Minute Binary Contract Series.
- (9) 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 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.

(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 0.7.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday US 500 20-Minute Binary Contract Series.

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(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 0.7, 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.

(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) **REPORTING LEVELS** – ~~The Reporting Level~~ The Reporting Special Account Level for the US 500 Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the US 500 Binary Contracts shall be 50 Contracts.

(i) **POSITION LIMIT** – The Position Limits for the US 500 Binary Contracts shall be 2,500 Contracts.

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

(k) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(l) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the 500 Expiration Value is released by the Source Agency.

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value of US 500 released by the Source Agency on the Expiration Date. 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 and removing the highest five (5) SPFC trade prices and the lowest five (5) SPFC trade prices, using the remaining fifteen (15) SPFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) remaining SPFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) **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

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the US SmallCap 2000 Variable Payout Contracts issued by Nadex.

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(b) UNDERLYING – The Underlying for this Class of Contracts is the price of the Russell 2000<sup>®</sup> Mini Futures contracts (“RUFC”) traded on the ICE Futures US<sup>®</sup> (ICE Futures)<sup>48</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 ICE e-mini Russell 2000 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini Russell 2000 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 Russell 2000 contracts will be the Friday of the preceding week. Therefore, the End Date for using ICE e-mini Russell 2000 March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, ICE e-mini Russell 2000 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 SmallCap 2000 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY US SMALLCAP 2000 VARIABLE PAYOUT SPREAD CONTRACTS, 4:15 PM ET CLOSE - At the commencement of trading in a Daily Spread US SmallCap 2000 Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a ‘Spread’, which conforms to the Payout Criteria listed below:

(1) DAILY US SMALLCAP 2000 VARIABLE PAYOUT ‘SPREAD’ CONTRACT

(aa) CAP – The Cap 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.

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(ii) DAILY US SMALLCAP 2000 VARIABLE PAYOUT SPREAD CONTRACTS, 4:15 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be X – 30.

(2) CONTRACT 2: The Cap shall be X + 15; The Floor shall be X – 15.

(3) CONTRACT 3: The Cap 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 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 4:15 PM ET CLOSE - Nadex shall list a set of five (5) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X - 10; The Floor shall be X – 30.

(2) CONTRACT 2: The Cap shall be X; The Floor shall be X – 20.

(3) CONTRACT 3: The Cap shall be X + 10; The Floor shall be X – 10.

(4) CONTRACT 4: The Cap shall be X + 20; The Floor shall be X.

(5) CONTRACT 5: The Cap 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 VARIABLE PAYOUT 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) Variable Payout 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 Cap shall be X – 3.5; The Floor shall be X – 10.5.

(2) CONTRACT 2: The Cap shall be X; The Floor shall be X – 7.

(3) CONTRACT 3: The Cap shall be X + 3.5; The Floor shall be X – 3.5.

(4) CONTRACT 4: The Cap shall be X + 7; The Floor shall be X.

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(5) CONTRACT 5: The Cap 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 Variable Payout 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 Variable Payout Contracts shall be 0.1.

(h) REPORTING LEVELS – ~~The Reporting Special Account Level for the US SmallCap 2000 Variable Payout Contracts shall be 2,500 Contracts. The Volume Threshold Level for the US SmallCap 2000 Variable Payout Contracts shall be 50 Contracts.~~

(i) POSITION LIMIT – The Position Limits for US SmallCap 2000 Variable Payout Contracts shall be 50,000 Contracts.

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

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

(l) 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.

(m) 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.

(n) 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 the last twenty-five (25) RUFC trade prices just prior to the close of trading of the US SmallCap 2000 Variable Contract and removing the highest five (5) RUFC trade prices and the lowest five (5) RUFC trade prices, 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.

(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.

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## 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 Binary Contracts is the price of the Russell 2000<sup>®</sup> Mini Futures contracts (“RUFC”) traded on ICE Futures US<sup>®</sup> (ICE Futures)<sup>49</sup>. The RUFC trade prices that will be used to calculate 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 ICE e-mini Russell 2000 March 2012 futures have an Expiration Date of March 16, 2012. The last day on which the e-mini Russell 2000 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 Russell 2000 contracts will be the Friday of the preceding week. Therefore, the End Date for using ICE e-mini Russell 2000 March 2012 futures will be March 9, 2012 and the Start Date for the next delivery month, ICE e-mini Russell 2000 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 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 6.
- (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 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

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of 6, and six (6) strike levels will be generated below Binary Contract W at an interval of 6 (e.g. W – 6; W; W + 6). 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 2.
- (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 2, and ten (10) strike levels will be generated below Binary Contract X at an interval of 2 (e.g. X – 2; X; X + 2). 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 1.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Intraday US SmallCap 2000 20-Minute Binary Contract Series.

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- (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 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.

(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 0.7.
- (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.

(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) **REPORTING LEVELS** – ~~The Reporting Level~~ The Reporting Special Account Level for the US SmallCap 2000 Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the US SmallCap 2000 Binary Contracts shall be 50 Contracts.

(i) **POSITION LIMIT** – The Position Limits for the US SmallCap 2000 Binary Contracts shall be 2,500 Contracts.

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

(k) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(l) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the 500 Expiration Value is released by the Source Agency.

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(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value of US SmallCap 2000 released by the Source Agency on the Expiration Date. 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 and removing the highest five (5) RUFC trade prices and the lowest five (5) RUFC trade prices, using the remaining fifteen (15) RUFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) remaining RUFC trade prices, rounded to one decimal point past the precision of the underlying market.

(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 12.62 US TECH100 VARIABLE PAYOUT CONTRACTS**

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the US Tech 100 Variable Payout Contracts 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>50</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 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY US TECH 100 VARIABLE PAYOUT SPREAD CONTRACTS, 4:15 PM ET CLOSE - At the commencement of trading in a Daily Spread US Tech 100 Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a ‘Spread’, which conforms to the Payout Criteria listed below:

(1) DAILY US TECH 100 VARIABLE PAYOUT ‘SPREAD’ CONTRACT

(aa) CAP – The Cap shall be  $X + 40$

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

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(2) 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 VARIABLE PAYOUT SPREAD CONTRACTS, 4:15 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

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

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

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

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(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 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 4:15 PM ET CLOSE - Nadex shall list a set of five (5) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be  $X - 15$ ; The Floor shall be  $X - 45$ .

(2) CONTRACT 2: The Cap shall be X; The Floor shall be  $X - 30$ .

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

(4) CONTRACT 4: The Cap shall be  $X + 30$ ; The Floor shall be X.

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(5) CONTRACT 5: The Cap shall be  $X + 45$ ; The Floor shall be  $X + 15$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(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 VARIABLE PAYOUT 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) Variable Payout 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 Cap shall be  $X - 5$ ; The Floor shall be  $X - 15$ .

(2) CONTRACT 2: The Cap shall be  $X$ ; The Floor shall be  $X - 10$ .

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

(4) CONTRACT 4: The Cap shall be  $X + 10$ ; The Floor shall be  $X$ .

(5) CONTRACT 5: The Cap shall be  $X + 15$ ; The Floor shall be  $X + 5$ .

(6) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 1.

(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 Variable Payout 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 Variable Payout Contracts shall be 0.10.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the US Tech 100 Variable Payout Contracts shall be 6,250 Contracts. The Volume Threshold Level for the US Tech 100 Variable Payout Contracts shall be 50 Contracts.

(i) POSITION LIMIT – The Position Limits for US Tech 100 Variable Payout Contracts shall be 125,000 Contracts.

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

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

(l) 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.

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(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value 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 the last twenty-five (25) NQFC trade prices just prior to the close of trading of the US Tech 100 Variable Contract and removing the highest five (5) NQFC trade prices and the lowest five (5) NQFC trade prices, 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.

(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>51</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 Binary Contract.

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(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 12.
- (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 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 TECH 100 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 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 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 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.

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- (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 3.
- (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 3, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 3 (e.g.  $Z - 3$ ;  $Z$ ;  $Z + 3$ ). 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 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.

(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.

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(g) **MINIMUM TICK** – The Minimum Tick size for the US Tech 100 Binary Contracts shall be \$0.25.

(h) **REPORTING LEVELS** – The ~~Reporting~~Special Account Level for the US Tech 100 Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the US Tech 100 Binary Contracts shall be 50 Contracts.

(i) **POSITION LIMIT** – The Position Limits for the US Tech 100 Binary Contracts shall be 2,500 Contracts.

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

(k) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(l) **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.

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value of US Tech 100 released by the Source Agency on the Expiration Date. 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 and removing the highest five (5) NQFC trade prices and the lowest five (5) NQFC trade prices, using the remaining fifteen (15) NQFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) remaining NQFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) **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

(a) **SCOPE** – These Rules shall apply to the Class of Contracts referred to as the Wall Street 30 Variable Payout 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>52</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

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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 Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY WALL STREET 30 VARIABLE PAYOUT SPREAD CONTRACTS, 4:15 PM ET CLOSE - At the commencement of trading in a Daily Spread Wall Street 30 Variable Payout Contract, Nadex shall list one (1) Variable Payout Contract, referred to as a 'Spread', which conforms to the Payout Criteria listed below:

(1) DAILY WALL STREET 30 VARIABLE PAYOUT 'SPREAD' CONTRACT

(aa) CAP – The Cap 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 DJFC price, as reported by the Source Agency, rounded to the nearest 100.

(ii) DAILY WALL STREET 30 VARIABLE PAYOUT SPREAD CONTRACTS, 4:15 PM ET CLOSE - Nadex shall list a set of three (3) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X; The Floor shall be  $X - 400$ .

(2) CONTRACT 2: The Cap shall be  $X + 200$ ; The Floor shall be  $X - 200$ .

(3) CONTRACT 3: The Cap 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.

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(iii) INTRADAY WALL STREET 30 VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 4:15 PM ET CLOSE - Nadex shall list a set of five (5) Variable Payout Contracts with overlapping ranges, which conform to the Payout Criteria listed below:

(1) CONTRACT 1: The Cap shall be X - 150; The Floor shall be X - 450.

(2) CONTRACT 2: The Cap shall be X; The Floor shall be X - 300.

(3) CONTRACT 3: The Cap shall be X + 150; The Floor shall be X - 150.

(4) CONTRACT 4: The Cap shall be X + 300; The Floor shall be X.

(5) CONTRACT 5: The Cap 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 VARIABLE PAYOUT 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) Variable Payout 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 Cap shall be X - 50; The Floor shall be X - 150.

(2) CONTRACT 1: The Cap shall be X; The Floor shall be X - 100.

(3) CONTRACT 2: The Cap shall be X + 50; The Floor shall be X - 50.

(4) CONTRACT 3: The Cap shall be X + 100; The Floor shall be X.

(5) CONTRACT 5: The Cap 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

25.

(v) Nadex may list additional Variable Payout 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 Variable Payout Contracts shall be 1.

(h) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Wall Street 30 Variable Payout Contracts shall be 1,562 Contracts. The Volume Threshold Level for the Wall Street 30 Variable Payout Contracts shall be 50 Contracts.

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- (i) POSITION LIMIT – The Position Limits for Wall Street 30 Variable Payout Contracts shall be 31,250 Contracts.
- (j) LAST TRADING DATE – The Last Trading Date of the Contract is the same date as the Settlement Date.
- (k) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date as the Expiration Date.
- (l) 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.
- (m) 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.
- (n) EXPIRATION VALUE – The Expiration Value is the price or value 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 the last twenty-five (25) DJFC trade prices just prior to the close of trading of the Wall Street 30 Variable Contract and removing the highest five (5) DJFC trade prices and the lowest five (5) DJFC trade prices, 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.
- (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>53</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

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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:

(i) WEEKLY 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 100.

(3) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for the Weekly Wall Street 30 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 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 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 20.

(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 20, and ten (10) 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.

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(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 (1). 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 9.
- (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 one (1). Seven (7) strike levels will be generated above Binary Contract Z at an interval of 9, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 9 (e.g.  $Z - 9$ ;  $Z$ ;  $Z + 9$ ). 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 7.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday Wall Street 30 20-Minute Binary Contract Series.

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- (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 one (1). Seven (7) strike levels will be generated above Binary Contract Z at an interval of 7, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 7 (e.g.  $Z - 7$ ;  $Z$ ;  $Z + 7$ ). 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) **REPORTING LEVELS** – The ~~Reporting~~ **Special Account Level** for the Wall Street 30 Binary Contracts shall be 1,750 Contracts. The Volume Threshold Level for the Wall Street 30 Binary Contracts shall be 50 Contracts.

(i) **POSITION LIMIT** – The Position Limits for the Wall Street 30 Binary Contracts shall be 2,500 Contracts.

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

(k) **SETTLEMENT DATE** – The Settlement Date in a Series is the same date as the Expiration Date.

(l) **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.

(m) **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.

(n) **EXPIRATION VALUE** – The Expiration Value is the price or value of Wall Street 30 released by the Source Agency on the Expiration Date. 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 and removing the highest five (5) DJFC trade prices and the lowest five (5) DJFC trade prices, using the remaining fifteen (15) DJFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) remaining DJFC trade prices, rounded to the precision of the underlying market.

(o) **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.

RULE 12.66 – 12.75 [RESERVED]

RULE 12.76 FEDERAL FUNDS BINARY CONTRACTS

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

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(b) UNDERLYING – The Underlying for this Class of Contracts is the Target Federal Funds Rate last reported by the Source Agency.

(c) SOURCE AGENCY – The Source Agency is the Federal Open Market Committee of the Federal Reserve (the “FOMC”).

(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 sooner than 10 business days prior to the first day of the next scheduled FOMC meeting.

(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 Federal Funds Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) OPEN FEDERAL FUNDS BINARY CONTRACTS

(1) At the commencement of trading in a Federal Funds Binary Contract, Nadex shall list all eligible Payout Criteria in a range of three (3) consecutive increments of .25% with the maximum value of the Payout Criteria not to exceed 10% and the minimum value of the Payout Criteria not to fall below zero (0). For example, Nadex may list the following range of Payout Criteria: 0.25%, 0.50%, and 0.75%. For the following release, Nadex may list the following range of Payout Criteria: 1.00%, 1.25%, and 1.50%. The payout criteria will be as follows:

(2) Binary Contract 1: One Contract will have a Payout Criterion less than or equal to X1.

(3) Binary Contract 2: One Contract will have a Payout Criterion of equal to X2.

(4) Binary Contract 3: One Contract will have a Payout Criterion of greater than or equal to X3.

(5) In each case above, “X1” equals the first Payout Criteria listed, “X2” equals the second Payout Criteria listed, and “X3” equals the third Payout Criteria listed. In the first example above, X1 is 0.25%, X2 is 0.50%, and X3 is 0.75%.

(ii) Nadex may list additional Federal Funds Rate 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 Federal Funds Rate Binary Contracts shall be \$0.25.

(h) REPORTING LEVELS - The ~~Reporting~~ Special Account Level for Federal Funds Rate Binary Contracts shall be 12,500 Contracts. The Volume Threshold Level for the Federal Funds Rate Binary Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for the Federal Funds Rate Binary Contracts.

(j) LAST TRADING DATE – The Last Trading Date in a Series is the business date prior to the first day of the scheduled FOMC meeting at the time the contract is listed. The Federal Funds Contracts will stop trading at the

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end of the trade day on the Last Trading Date. No trading in a Federal Funds Rate Binary Contract may occur after its Last Trading Date.

(k) **SETTLEMENT DATE** – The Settlement Date for each Series will be the last business day of the scheduled FOMC meeting and the Target Federal Funds Rate data release by the Source Agency.

(l) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the FOMC meeting is scheduled to release the FOMC number (whether such number is actually released or not).

(m) **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 Federal Funds Rate Binary Contracts is \$100.

(n) **EXPIRATION VALUE** – The Expiration Value is the last announced level of the Target Federal Funds Rate by the Source Agency on the Expiration Date. If the level is announced as a range between X and Y %, Nadex will use the upper value of the range, Y%, as the expiration value. For example, if the Target Federal Funds Rate is announced as “0% to 0.25%”, the expiration value used by Nadex will be 0.25%.

(o) **CONTINGENCIES** – If no level is actually announced by the Source Agency on the Expiration Date (because the FOMC meeting is unexpectedly delayed, postponed, or otherwise) the previously announced level (which is the last announced level on the Expiration Date) will be used. Expiration and settlement will not be delayed if the level scheduled to be announced is not actually announced.

#### **RULE 12.77 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.

(c) **SOURCE AGENCY** – The Source Agency is the U.S. Department of Labor, Employment and Training Administration (“ETA”) Division.

(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 three (3) 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 Initial Jobless Claims Binary Contract, the Payout Criteria for the Contracts will be set as follows:

#### **(i) WEEKLY INITIAL JOBLESS CLAIMS BINARY CONTRACTS**

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(1) At the commencement of trading in a Weekly Initial Jobless Claims Binary Contract, Nadex shall list all eligible Payout Criteria in a range of five (5) consecutive increments of either 2,000, 5,000, 10,000 or 20,000, 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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the Initial Jobless Claims Binary Contracts shall be 12,500 contracts. The Volume Threshold Level for the Initial Jobless Claims Binary Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for the Initial Jobless Claims Binary Contract.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(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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## RULE 12.78 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.

(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 no later than four (4) business days prior to 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 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 Monthly Nonfarm Payrolls Binary Contract, Nadex shall list all eligible Payout Criteria in a range of five (5) consecutive increments between 20,000 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) REPORTING LEVELS – The ~~Reporting~~ Special Account Level for the \$100 Nonfarm Payrolls Binary Contracts shall be 12,500 contracts. The Volume Threshold Level for the Nonfarm Payrolls Binary Contracts shall be 50 Contracts.

(i) POSITION LIMIT – There are currently no Position Limits for the \$100 Nonfarm Payrolls Binary Contract.

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(j) **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.

(k) **SETTLEMENT DATE** – The Settlement Date will be the date the Nonfarm Payrolls number is released by the Source Agency.

(l) **EXPIRATION DATE** – The Expiration Date of the Contract will be the date on which the Nonfarm Payrolls number is scheduled to be released.

(m) **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.

(n) **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.

(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.

*[End Rulebook]*

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