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NADEX

January 2, 2015

Via CFTC Portal Submissions

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

RE: **Weekly Notification of Rule Amendments: Nadex Adds Discretionary Strikes, Halts Certain Intraday 5-Minute Binary Contracts, Corrects a Typo in the Rules, and Resumes Listing AUD/JPY – Submission Pursuant to Commission Regulation §40.6(d)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and section §40.6(d) of the regulations promulgated by the Commodity Futures Trading Commission (the "Commission") under the Act (the "Regulations"), and by the authority granted in Nadex Rule 12, North American Derivatives Exchange, Inc. ("Nadex", the "Exchange") hereby provides notice that due to volatility in the underlying markets upon which the Nadex contracts are based, Nadex added additional strike levels on a discretionary basis in its Daily US Tech 100 and US SmallCap 2000 Binary Contracts on January 2, 2015. Nadex plans to return to its regular listing schedule for these contracts on January 5, 2015. Additional strikes created for trade date January 2, 2015 are attached hereto in Exhibit A.

Additionally, in accordance with the authority granted in Nadex Rules 12.27(f)(iv)(5), 12.29(f)(iv)(5), 12.31(f)(iv)(5), and 12.37(f)(iv)(5), Nadex halted the listing of its Intraday 5-Minute Currency Binary contracts which would expire <u>on the hour</u> for the week of December 29, 2014 due to the possibility of a duplicate strike level conflict. For example, the next expiration that occurred following the 9:55am expiration was 10:05am. Likewise, the next expiration to follow the 10:55am expiration was 11:05am, and so forth.

Nadex is also correcting a typographical error in Rule 12.35, Currency Exchange USD/CHF Binary Contracts. Subsection (f)(ii)(3) mistakenly states that 21 strike levels will be listed for each Daily USD/CAD Binary Contract Series. Rather, this section should indicate that 21 strike levels will be listed for the Daily USD/CHF Binary Contracts. Amendments to this Rule are attached hereto in Exhibit B. Any additions have been underlying and deletions stricken out.

Finally, Nadex plans to resume the listing of its AUD/JPY contracts for trade date January 5, 2015. Nadex had previously submitted an emergency filing to the Commission on September 22, 2014, providing notice that it would temporarily halt the listing of its AUD/JPY contracts as Reuters, Nadex's underlying data source, experienced a decrease in data with respect to the AUD/JPY currency. Due to the decrease in data, the time it took to collect the underlying midpoint prices used in the settlement process exceeded the usual time allotment of seven minutes. This resulted in a manual review of the settlement process and ultimately a delay in the final expiration value calculation for the AUD/JPY contracts. The filing indicated that Nadex would resume listing these contracts no earlier than September 29, 2014. Nadex has since upgraded the underlying source of its currency data to a proprietary feed, the NadexFX Aggregate Feed ("NadexFX"). As was described in Nadex's November 28th submission, the NadexFX feed enables Nadex to collect the midpoints it uses in settlement calculation in a significantly more timely and efficient manner than it did with its previous Reuters feed. The NadexFX data feed is a compilation of actionable bids and offers obtained from 12 well known established banking institutions trading on an executable matching environment. Thus, banks are inclined to stream more price updates to the source for the NadexFX feed, whereas the bank quotes reflected in the Reuters underlying data were price updates and not necessarily a full stream of bank prices. Accordingly, as the result of an increase in midpoint data, as well as the speed of receipt of that data, Nadex plans to resume listing its AUD/JPY contracts for trading at their regular times on trade date January 5, 2015.

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

Nadex hereby certifies that notice of this event was posted on its website at the time of this filing.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0953 or by email at Donald.horwitz@nadex.com.

Sincerely,

Donald L. Horwitz
General Counsel and Chief Regulatory Officer

EXHIBIT A

Daily US Tech 100 Binary Strikes Added on January 2, 2015

1) US Tech 100 (Dec) >4150 (4:15PM)
2) US Tech 100 (Dec) >4154 (4:15PM)
3) US Tech 100 (Dec) >4158 (4:15PM)
4) US Tech 100 (Dec) >4162 (4:15PM)
5) US Tech 100 (Dec) >4166 (4:15PM)
6) US Tech 100 (Dec) >4170 (4:15PM)
7) US Tech 100 (Dec) >4174 (4:15PM)
8) US Tech 100 (Dec) >4178 (4:15PM)
9) US Tech 100 (Dec) >4182 (4:15PM)
10) US Tech 100 (Dec) >4186 (4:15PM)
11) US Tech 100 (Dec) >4190 (4:15PM)
12) US Tech 100 (Dec) >4194 (4:15PM)
13) US Tech 100 (Dec) >4198 (4:15PM)
14) US Tech 100 (Dec) >4202 (4:15PM)
15) US Tech 100 (Dec) >4206 (4:15PM)

Daily US SmallCap 2000 Binary Strikes Added on January 2, 2015

1) US SmallCap 2000 (Dec) >1161.0 (4:15PM)
2) US SmallCap 2000 (Dec) >1163.0 (4:15PM)
3) US SmallCap 2000 (Dec) >1165.0 (4:15PM)
4) US SmallCap 2000 (Dec) >1167.0 (4:15PM)
5) US SmallCap 2000 (Dec) >1169.0 (4:15PM)
6) US SmallCap 2000 (Dec) >1171.0 (4:15PM)
7) US SmallCap 2000 (Dec) >1173.0 (4:15PM)
8) US SmallCap 2000 (Dec) >1175.0 (4:15PM)
9) US SmallCap 2000 (Dec) >1177.0 (4:15PM)
10) US SmallCap 2000 (Dec) >1179.0 (4:15PM)
11) US SmallCap 2000 (Dec) >1181.0 (4:15PM)
12) US SmallCap 2000 (Dec) >1183.0 (4:15PM)

EXHIBIT B

Amendment of Rules 12.35

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

RULES 1.1 – 12.34 [UNCHANGED]

RULE 12.35 CURRENCY EXCHANGE USD/CHF BINARY CONTRACTS

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

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

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

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

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

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

(i) WEEKLY USD/CHF BINARY CONTRACTS

(1) EXPIRATION TIME – 3 PM ET CLOSE

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

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

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

(ii) DAILY USD/CHF BINARY CONTRACTS

(1) EXPIRATION TIME – 3 AM, 7 AM, 11 AM, 3 PM, 7 PM, 11 PM ET
CLOSE

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level
shall be 0.0020.

(3) NUMBER OF STRIKE LEVELS LISTED – Twenty-one (21) strike levels
will be listed for each Daily ~~USD/CAD~~USD/CHF Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that
Binary Contract "Y" is valued 'at-the-money' in relation to the Underlying
market as determined by the Source Agency, immediately before the issuance
of these Contracts, and shall be measured in U.S. cents rounded to the nearest
value ending in 0.0020 as reported by the Source Agency. Ten (10) strike
levels will be generated above Binary Contract Y at an interval of 0.0020, and
ten (10) strike levels will be generated below Binary Contract Y at an interval
of 0.0020 (e.g. Y – 0.0020; Y; Y + 0.0020). The Contract will have a Payout
Criterion of greater than the strike level value.

(iii) INTRADAY USD/CHF BINARY CONTRACTS

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

(2) STRIKE INTERVAL WIDTH – The interval width between each strike level
shall be 0.0004.

(3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels
will be listed for each Intraday USD/CHF Binary Contract Series.

(4) STRIKE LEVELS GENERATED - Strike levels will be generated such that
Binary Contract "Z" is valued 'at-the-money' in relation to the Underlying
market as determined by the Source Agency, immediately before the issuance
of these Contracts, and shall be measured in U.S. cents rounded to the nearest
value ending in 0.0001 as reported by the Source Agency. Seven (7) strike
levels will be generated above Binary Contract Z at an interval of 0.0004, and
seven (7) strike levels will be generated below Binary Contract Z at an
interval of 0.0004 (e.g. Z – 0.0004; Z; Z + 0.0004). The Contract will have a
Payout Criterion of greater than the strike level value.

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

(g) MINIMUM TICK - The Minimum Tick size for USD/CHF Binary Contracts shall be
$0.25.

(h) REPORTING LEVEL - The Reporting Level for the USD/CHF Binary Contracts shall be 12,500 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 (five 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 five (5) 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.

RULES 12.36 – 12.78 [UNCHANGED]

End of Rulebook.

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