



May 4, 2020

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: Notice of Emergency Action: Nadex Halts Markets - Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Kirkpatrick:

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

On May 3, 2020 (trade date May 4, 2020) at about 6:10pm ET, approximately ten minutes after the Nadex markets opened for trading, the Exchange experienced an issue whereby certain Member and Market Maker orders were accepted by the Exchange’s backend office but did not route to the order book. After an initial investigation it was discovered the issue was isolated to a specific order book node. The decision was made to restart the order book node experiencing the problem which required the Exchange to temporarily close its markets. The Exchange was closed at 8:29pm ET and reopened at 8:50pm ET. Shortly after the reopen the issue reoccurred. It was then decided that a full restart of the backend office was needed, and accordingly the markets were closed again at 9:37pm ET and reopened at 10:01pm ET. The backend office restart resolved the issue. Further investigation traced back to a firewall change implemented during weekend maintenance.

Nadex is still investigating how market participants were affected by the issue and if any account adjustments are needed. Certain Members and Market Makers have been identified who

North American Derivatives Exchange, Inc., 200 West Jackson Blvd., Suite 1400, Chicago, IL 60606

U.S Toll-Free +1 (877) 77 NADEX info@nadex.com www.nadex.com

had collateralizing funds reserved to cover the cost of the orders which ultimately did not enter the order book. These funds remain in reserve and will be returned to the affected parties when all affected have been identified. Nadex Customer Service received minimal inquiries from market participants as to the issue.

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

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

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

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

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

Sincerely,



Jaime Walsh
Legal Counsel