



September 24, 2021

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: Rule Certification: Nadex Adds 2-Hour Binary Contracts Expiring at 5:00pm ET in its US Indices - Submission Pursuant to Commission Regulation §40.2(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and §40.2(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, North American Derivatives Exchange, Inc. (“Nadex” or the “Exchange”) hereby submits to the Commission its intent to add new Intraday 2-Hour Binary contracts which will expire at 5:00pm ET Monday through Thursday in its US 500, US SmallCap 2000, US Tech 100, and Wall Street 30 contracts, set forth in Nadex Rules 12.59, 12.61, 12.63, and 12.65.

Nadex currently lists Intraday 2-Hour Binary contracts in its US Indices that expire each hour between 10:00am ET and 4:00am ET Monday through Friday. The new Intraday contracts expiring at 5:00pm ET will function the same as those Intraday 2-Hour Binary contracts already listed on the Exchange in the US Indices. To illustrate, fifteen strike levels will be listed in equal increments in each of the Nadex’s four US Indices Binary products at 3:00pm ET and will expire two hours later at 5:00pm ET. Like Nadex’s currently listed US Indices contracts, the new Intraday contracts will be based on the underlying CME<sup>®</sup> E-mini S&P 500 Index Futures, CME<sup>®</sup> E-mini Russell 2000 Index Futures, CME<sup>®</sup> E-mini NASDAQ 100 Index Futures, and the CBOT<sup>®</sup> E-Mini Dow Index Futures, all of which have deep and liquid markets.

The Expiration Value of the new contracts will be calculated in the same manner as all US Index Binary contracts, using trade data from the underlying CME<sup>®</sup> E-mini S&P 500 Index

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](http://www.nadex.com)

Futures, CME® E-mini Russell 2000 Index Futures, CME® E-mini NASDAQ 100 Index Futures, and the CBOT® E-Mini Dow Index Futures markets. The Expiration Value of a Nadex contract based on an underlying index is calculated by taking a collection of underlying market trade prices occurring in the ten (10) seconds leading up to the close of trading of the Nadex contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent and the lowest twenty (20) percent of trade prices from the data set<sup>1</sup>, and using the remaining trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining trade prices in the data set, rounded to one decimal point past the precision of the underlying market (with the exception of the Wall Street 30 contracts which is rounded to the precision of the underlying). In the event the time it takes to collect at least twenty-five (25) trade prices exceeds the ten (10) seconds just prior to the close of trading of the Nadex contract, the Expiration Value is calculated by taking the last twenty-five (25) underlying trade prices just prior to the close of trading of the Nadex contract, removing the highest five (5) and the lowest five (5) trade prices, and using the remaining fifteen (15) trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) trade prices, rounded to one decimal point past the precision of the underlying market (with the exception of the Wall Street 30 contracts which is rounded to the precision of the underlying).

It is noted that Nadex has three dedicated Market Makers who have indicated their intent to make markets in the new Intraday contracts.

The Intraday 2-Hour US Indices Binary contracts expiring at 5:00pm ET will only be listed Monday through Thursday as the Exchange closes for business at 4:15pm ET on Friday, and therefore would be unable to list the contract for a full two hours.

### **DCM Core Principles**

Nadex has identified the following Designated Contract Market (“DCM”) Core Principles as potentially being impacted by the addition of the Intraday 2-Hour US Indices Binary contracts expiring at 5:00pm ET: Core Principle 2 Compliance with Rules (Regulation Subparts 38.156 Automated trade surveillance system, 38.157 Real-time market monitoring); Core Principle 3 Contracts Not Readily Subject to Manipulation (Regulation Subparts 38.200, 38.201 Additional sources for compliance); Core Principle 4 Prevention of Market Disruption (Regulation Subparts 38.250 Core Principle 4, 38.251 General requirements, 38.253 Additional requirements for cash-settled contracts, 38.256 Trade reconstruction); Core Principle 7 Availability of General Information (Regulation Subparts 38.400 Core Principle 7, 38.401 General requirements); Core Principle 8 Daily Publication of Trading Information (Regulation Subparts 38.450, 38.451 Reporting of trade information); and Core Principle 18 Recordkeeping (Regulation Subpart 38.951 Additional Sources for Compliance).

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<sup>1</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

Commission Regulations Subparts 38.156 and 38.157, which implement Core Principle 2, require a DCM to maintain an automated trade surveillance system capable of detecting and investigating potential trade practice violations, and to conduct real-time market monitoring of all trading activity. Nadex uses the automated Scila surveillance system to aid in the ongoing monitoring of all trading activity and has the capability of detecting potential trade practice violations based on the parameters set by the DCM. This surveillance system monitors all trading activity on the Exchange in real-time and will be able to monitor activity in the new Intraday contracts in the same manner, as it currently does for the US Indices Intraday 2-Hour Binary contracts expiring between 10:00AM and 4:00PM ET already listed on the Exchange. The Nadex surveillance system and its staff currently monitor all trading activity, and this will not change with the addition of the new Intraday contracts. Therefore, the addition of Intraday 2-Hour US Indices Binary contracts expiring at 5:00pm ET will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principles 3 and 4 require a DCM to list only contracts that are not readily susceptible to manipulation and to prevent market disruption. Nadex is currently listing Intraday, Daily, and Weekly Binary contracts based on the underlying US Indices, which are highly liquid and are traded in real-time, thereby eliminating the possibility of an early release of an underlying trade price. The same underlying markets will continue to be used for the Intraday 2-Hour US Indices Binary contracts expiring at 5:00pm ET.

Additionally, the Expiration Value calculation method of removing the top 20% and lowest 20% of underlying trade prices from the collected data set and averaging the remaining trade prices further mitigates the possibility of manipulation in the underlying markets. With respect to the trading activity in the new Intraday contracts themselves, Nadex has three Market Makers that have indicated a willingness to providing liquidity in these contracts. The market making activity should limit opportunities for the new Intraday markets to be manipulated. As previously stated, Nadex also uses the Scila surveillance system to assist with market monitoring and has a staff dedicated to market surveillance to detect potential market manipulation.

Regulation 38.253 requires a DCM to have rules in place that allow the DCM access to information about the activities of its traders in a reference market if the contracts listed on the DCM are settled by reference to the price of a contract in another venue. Nadex US Indices Binary contracts are currently, and will continue to be, settled based on data from the relevant underlying markets upon which those contracts are based. Nadex Rule 3.3(a) specifically requires each Member and Authorized Trader to cooperate in "providing Nadex with access to information on the activities of such Member and/or Authorized Trader in any referenced market that provides the underlying prices for any Nadex market". This obligation is applicable to any contract traded on Nadex, and will therefore apply to the new US Indices Intraday contracts as well. In addition, Nadex is a signatory to both the International Information Sharing Memorandum of Understanding and Agreement and the Joint Compliance Committee's Agreement for Sharing Regulatory Data and Information.

Regulation 38.256 requires a DCM to have the ability to comprehensively and accurately reconstruct all trading on its trading facility. Nadex is currently able to reconstruct trading in its contracts based on the data stored in the database, the Nadex Scila surveillance system, as well as

the Exchange log files. Trade data will continue to be stored in this same manner following the addition of the new Intraday contracts. Therefore, the addition of these contracts will not negatively impact Nadex's ability to comply with these Core Principles.

Core Principles 7 and 8, implemented by Regulations Subsections 38.400, 38.401, 38.450, and 38.451, require a DCM to make available to the public accurate information regarding the contract terms and conditions, as well as daily information on contracts such as settlement price, volume, open interest, and opening and closing ranges. Nadex makes the Exchange Rulebook available on its website, as well as the Daily Bulletin which contains the preceding required information. The Results page on the website also publishes the Expiration Value and Settlement Value for all Nadex contracts settled during that week. Contract specifications for the US Indices Intraday 2-Hour Binary contracts expiring at 5:00pm ET will likewise be set forth in the Rulebook and on the Nadex website. Daily settlement prices, volume, open interest, and opening and closing ranges for the new contracts will be included on the Daily Bulletin and posted on the Nadex website. The Nadex Market Maker Agreement is also available on the Nadex website, and will identify when Market Makers are allowed to modify their quoting obligations in the US Indices Intraday contracts. Therefore, the addition of the new Intraday contracts will not negatively impact Nadex's ability to comply with these Core Principles.

Finally, Core Principle 18, implemented by Regulation Subsection 38.951, requires a DCM to maintain records in accordance with part 45, Swap Data Recordkeeping and Reporting Requirements. In early 2013, Nadex and CFTC staff engaged in discussions regarding the classification of its Binary Contracts and Variable Payout Contracts following the Dodd-Frank amendments to the Act. The review resulted in the determination that Nadex Binary Contracts and Variable Payout Contracts were deemed to be "swaps" under Section 1a(47) of the Act. On June 30, 2017, Nadex was granted relief in CFTC Letter No. 17-31 (the "Letter") from Commission Regulations 38.8(b), 38.10, 38.951 (in part), 39.20(b)(2) and Parts 43 and 45. In the Letter, the Division of Market Oversight ("DMO") and Division of Clearing and Risk ("DCR") (collectively, the "Divisions") referred to the Nadex contracts as "binary options" and "spread contracts". Nadex will continue to meet the requirements for which it has not been granted relief, as well as the conditional requirements set forth in the Letter.

### **DCO Core Principles**

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

Core Principle C, implemented by Regulation 39.12, requires a DCO to determine the eligibility of contracts for clearing. Nadex has determined the US Indices Intraday 2-Hour Binary contracts expiring at 5:00pm ET will be eligible for clearing as the contracts will be listed based upon the same liquid underlying futures markets as Nadex's currently listed US Indices contracts. Moreover, as required by Nadex's Order of Designation, trading in the new Intraday Binary contracts will be conducted on a fully-collateralized basis, thereby mitigating any credit risk of a particular member to Nadex or any other market participant.

Core Principle E, implemented by Regulation 39.14, requires a DCO to effect a settlement with each member at least once each business day. The new Intraday contracts will settle in a timely manner after expiration. Also, in accordance with this Core Principle, Nadex will continue to maintain an accurate record of the flow of funds associated with each settlement of the new Intraday contracts. Therefore, the amendments discussed herein will not negatively impact Nadex's ability to comply with this Core Principle.

Core Principle K, implemented by Regulation 39.20, requires a DCO that clears swaps maintain swap data in accordance with the requirements of part 45. As indicated above, Nadex has been granted relief from Commission Regulations 38.8(b), 38.10, 38.951 (in part), 39.20(b)(2) and Parts 43 and 45 in CFTC Letter No. 17-31 with respect to its binary option and spread contracts. Nadex will continue to meet the requirements for which it has not been granted relief, as well as the conditional requirements set forth in the Letter.

Core Principle L, implemented by Regulation 39.21, requires a 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 contains the contract specifications for all contracts listed on the Exchange, and is made available to the public on the Nadex website. All settlement values are listed on the Nadex website on the 'Results Page', as well as the Daily Bulletin which also shows volume and open interest. Therefore, the amendments discussed herein will not negatively impact Nadex's ability to comply with this Core Principle.

These Rule changes have been outlined in Exhibit A. The amendments to the Rulebook are set forth in Exhibit B. Any deletions are stricken out while the amendments and/or additions are underlined.

Nadex hereby certifies that the additions contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder. No substantive opposing views were expressed to Nadex with respect to any of these actions.

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

This submission is being filed in accordance with Commission Regulation 40.2(a)(2) which requires that the Commission receive the submission by the open of business on the business day preceding the product's listing. Nadex does not plan to list the new Intraday contracts until Monday, October 4, 2021. In the event Nadex delays listing the new Intraday contracts it will post a notice on its website of the delay and the planned launch date.

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 [jaimewalsh@ig.com](mailto:jaimewalsh@ig.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Jaime Walsh", with a stylized, cursive script.

Jaime M. Walsh  
Legal Counsel

**EXHIBIT A**

<b>Rule</b>	<b>Asset</b>	<b>Duration/Close Time</b>	<b>Action</b>	<b>Effective Date</b>
12.59	US 500 Binary Contracts	2-hour contract/5:00pm ET close	Add 2-Hour Binary contracts listed from 3:00PM – 5:00PM ET Monday - Thursday	10/04/2021
12.61	US SmallCap 2000 Binary Contracts	2-hour contract/5:00pm ET close	Add 2-Hour Binary contracts listed from 3:00PM – 5:00PM ET Monday - Thursday	10/04/2021
12.63	US Tech 100 Binary Contracts	2-hour contract/5:00pm ET close	Add 2-Hour Binary contracts listed from 3:00PM – 5:00PM ET Monday - Thursday	10/04/2021
12.65	Wall Street 30 Binary Contracts	2-hour contract/5:00pm ET close	Add 2-Hour Binary contracts listed from 3:00PM – 5:00PM ET Monday - Thursday	10/04/2021

## **EXHIBIT B**

Amendment of Rules 12.59, 12.61, 12.63, 12.65

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

RULES 1.1 – 12.58 [UNCHANGED]

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>2</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 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) 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

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<sup>2</sup> CME® is a registered mark of the Chicago Mercantile Exchange. S&P 500 is a registered mark of the McGraw-Hill Companies, Inc. Nadex is not affiliated with the Chicago Mercantile Exchange or the McGraw-Hill Companies and neither the Chicago Mercantile Exchange, the McGraw-Hill Companies, nor its affiliates, sponsor or endorse Nadex or its products in any way. In particular, the Nadex US 500 Contracts are not sponsored, endorsed, sold or promoted by CME or the McGraw-Hill Companies.



- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 24.
- (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 24, and six (6) strike levels will be generated below Binary Contract W at an interval of 24 (e.g.  $W - 24$ ;  $W$ ;  $W + 24$ ). 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 6.
- (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 6, and ten (10) strike levels will be generated below Binary Contract X at an interval of 6 (e.g.  $X - 6$ ;  $X$ ;  $X + 6$ ). The Contract will have a Payout Criterion of greater than the strike level value.

(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, 5:00PM ET CLOSE (5:00PM only Monday – Thursday)
- (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

- (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 0.75.
- (3) NUMBER OF STRIKE LEVELS LISTED – Fifteen (15) strike levels will be listed for each Intraday US 500 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 .05. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 0.75, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 0.75 (e.g.  $Z - 0.75$ ;  $Z$ ;  $Z + 0.75$ ). 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 0.5.
- (3) NUMBER OF STRIKE LEVELS LISTED - Fifteen (15) strike levels will be listed for each Intraday US 500 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 .05. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 0.5, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 0.5 (e.g.  $Z - 0.5$ ;  $Z$ ;  $Z + 0.5$ ). 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.

(f) MINIMUM TICK – The Minimum Tick size for the US 500 Binary Contracts shall be \$0.25.

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

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

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

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

(k) 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.

(l) EXPIRATION VALUE – The Expiration Value is the price or value of US 500 as calculated by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking all SPFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US 500 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of SPFC trade prices and the lowest twenty (20) percent of SPFC trade prices from the data set<sup>3</sup>, and using the remaining SPFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining SPFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) SPFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US 500 Binary Contract, 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 removing the highest five (5) SPFC trade prices and the lowest five (5) SPFC trade prices, and 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.

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<sup>3</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(m) 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 [UNCHANGED]

#### 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 Contracts is the price of the E-mini Russell 2000<sup>4</sup> Index Futures contracts (“RUFC”) traded on the Chicago Mercantile Exchange (CME<sup>5</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 CME E-mini Russell 2000 Index September 2017 Futures has an Expiration Date of September 15, 2017. The last day on which the CME E-mini Russell 2000 Index September 2017 Futures prices will be used as the Underlying for Nadex contracts and to calculate the Expiration Value on the Expiration Date for the relevant CME E-mini Russell 2000 Index Futures contracts will be the Friday of the preceding week. Therefore, the End Date for using CME E-mini Russell 2000 Index September 2017 Futures will be September 8, 2017 and the Start Date for the next delivery month, CME E-mini Russell 2000 Index December 2017 Futures, will be September 9, 2017.

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

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

(e) 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 12.

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<sup>4</sup> Russell 2000<sup>®</sup> is a registered mark of Frank Russell Company.

<sup>5</sup> CME<sup>®</sup> is a registered mark of the Chicago Mercantile Exchange. Nadex is not affiliated with the Chicago Mercantile Exchange (“CME”), nor its affiliates, and CME does not sponsor or endorse Nadex or its products in any way. In particular, the Nadex US SmallCap 2000 Contracts are not sponsored, endorsed, sold or promoted by CME.

- (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 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 SMALLCAP 2000 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 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 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 SMALLCAP 2000 2-HOUR BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM, 4:00PM, 5:00PM ET CLOSE (5:00PM only Monday – Thursday)
- (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 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.

(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 0.6.
- (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 0.6, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 0.6 (e.g.  $Z - 0.6$ ;  $Z$ ;  $Z + 0.6$ ). 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.

(f) **MINIMUM TICK** – The Minimum Tick size for the US SmallCap 2000 Binary Contracts shall be \$0.25.

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

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

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

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

(k) **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.

(l) **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 all RUFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US SmallCap 2000 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of RUFC trade prices and the lowest twenty (20) percent of RUFC trade prices from the data set<sup>6</sup>, and using the remaining RUFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining RUFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) RUFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US SmallCap 2000 Binary Contract, 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 removing the highest five (5) RUFC trade prices and the lowest five (5) RUFC trade prices, and 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.

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<sup>6</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

(m) 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 [UNCHANGED]

#### 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>7</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.

(e) 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 24.

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<sup>7</sup> CME® is a registered mark of the Chicago Mercantile Exchange. NASDAQ-100 are registered marks of the Nasdaq Stock Market, Inc. Nadex is not affiliated with the Chicago Mercantile Exchange or Nasdaq Stock Market and neither the Chicago Mercantile Exchange, the Nasdaq Market, nor its affiliates, sponsor or endorse Nadex or its products in any way. In particular, the Nadex US Tech 100 Contracts are not sponsored, endorsed, sold or promoted by CME or the Nasdaq Stock Market.



- (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 24, and six (6) strike levels will be generated below Binary Contract W at an interval of 24 (e.g.  $W - 24$ ;  $W$ ;  $W + 24$ ). 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 12.
- (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 12, and ten (10) strike levels will be generated below Binary Contract X at an interval of 12 (e.g.  $X - 12$ ;  $X$ ;  $X + 12$ ). 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, 5:00PM ET CLOSE (5:00PM only Monday – Thursday)
- (2) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 4.
- (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 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.

(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 1.
- (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 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.

(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.

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

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

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

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

(j) **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.

(k) **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.

(l) **EXPIRATION VALUE** – The Expiration Value is the level 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 all NQFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the US Tech 100 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of NQFC trade prices and the lowest twenty (20) percent of NQFC trade prices from the data set<sup>8</sup>, and using the remaining NQFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining NQFC trade prices in the data set, rounded to one decimal point past the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) NQFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the US Tech 100 Binary Contract, 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 removing the highest five (5) NQFC trade prices and the lowest five (5) NQFC trade prices, and 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.

(m) **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.

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<sup>8</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.

RULE 12.64 [UNCHANGED]

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>9</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 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) 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

(1) STRIKE INTERVAL WIDTH – The interval width between each strike level shall be 200.

(2) NUMBER OF STRIKE LEVELS LISTED - Thirteen (13) strike levels will be listed for the Weekly Wall Street 30 Binary Contract Series.

(3) 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

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<sup>9</sup> CBOT® is a registered service mark of the Board of Trade of the City of Chicago, “Dow Jones,” “DJIA,” and “The Dow” are registered trademarks of Dow Jones & Company, Inc. Nadex is not affiliated with the Board of Trade of the City of Chicago or Dow Jones and neither the Board of Trade of the City of Chicago, Dow Jones, nor its affiliates, sponsor or endorse Nadex or its products in any way. In particular, the Nadex Wall Street 30 Contracts are not sponsored, endorsed, sold or promoted by CBOT or Dow Jones.

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 200, and six (6) strike levels will be generated below Binary Contract W at an interval of 200 (e.g.  $W - 200$ ;  $W$ ;  $W + 200$ ). 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 40.
- (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 40, and ten (10) 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 WALL STREET 30 2-HOUR BINARY CONTRACTS

- (1) EXPIRATION TIME – 10:00AM, 11:00AM, 12:00PM, 1:00PM, 2:00PM, 3:00PM, 4:00PM, 5:00PM ET CLOSE (5:00PM only Monday – Thursday)
- (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 value ending in 1, 3, 5, 7, or 9 as reported by the Source Agency. 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 6.
- (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 value ending in either 0, 2, 4, 6, or 8. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 6, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 6 (e.g. Z - 6; Z; Z + 6). 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 4.
- (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 value ending in either 0, 2, 4, 6, or 8. Seven (7) strike levels will be generated above Binary Contract Z at an interval of 4, and seven (7) strike levels will be generated below Binary Contract Z at an interval of 4 (e.g. Z - 4; Z; Z + 4). 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.

(f) MINIMUM TICK – The Minimum Tick size for the Wall Street 30 Binary Contracts shall be \$0.25.

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

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

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

(j) 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.

(k) 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.

(l) EXPIRATION VALUE – The Expiration Value is the level 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 all DJFC trade prices occurring in the ten (10) seconds leading up to the close of trading of the Wall Street 30 Binary Contract, provided at least twenty-five (25) trade prices are captured during the ten (10) second period, removing the highest twenty (20) percent of DJFC trade prices and the lowest twenty (20) percent of DJFC trade prices from the data set<sup>10</sup>, and using the remaining DJFC trade prices to calculate the Expiration Value. The calculation used is a simple average of the remaining DJFC trade prices in the data set, rounded to the precision of the underlying market. In the event the time it takes to collect at least twenty-five (25) DJFC trade prices exceeds the ten (10) seconds just prior to the close of trading of the Wall Street 30 Binary Contract, 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 removing the highest five (5) DJFC trade prices and the lowest five (5) DJFC trade prices, and 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.

(m) 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.

RULES 12.66 – 12.75 [UNCHANGED]

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<sup>10</sup> If 20% of the data set would result in a non-integer number of trade prices, the number of trade prices to be removed from the set will be rounded down. For example, if the number of trade prices collected during the last 10 seconds prior to the close of trading was 31, 20% of the data set would be 6.2 trade prices. As 6.2 is a non-integer number, the value will be rounded down, and the 6 highest and 6 lowest trade prices will be removed from the data set.