Jaime M. Walsh
+1 (312) 884-0927
Jaime.walsh@nadex.com

# NADEX

November 3, 2017

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 Corrects Typographical Error - Submission Pursuant to Commission Reg. §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"), North American Derivatives Exchange, Inc. ("Nadex", the "Exchange") hereby provides notice that it is correcting a typographical error in its Rules 12.64 and 12.65 regarding its Wall Street 30 Binary and Spread contracts.  Since at least July 2011 Nadex has rounded the value of its Wall Street 30 expiration to the same precision as the underlying market, while the expiration value of other classes is rounded to one point past the precision of the underlying.  The Nadex website correctly indicates that the Wall Street 30 expiration value is rounded to the same precision as the underlying market, however, after an update to the description of the expiration calculation method for all contracts, the Wall Street 30 Rulebook specifications indicated the value was rounded to one point past the precision of the underlying.  At all times the value was correctly calculated to the precision of the underlying, and the website correctly described the rounding value.

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.

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

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

Sincerely,

Jaime M. Walsh
Legal Counsel

## EXHIBIT A

| Rule | Asset | Duration/Close Time | Action | Effective Date |
|------|-------|--------------------|--------|----------------|
| 12.64 | Wall Street 30 Variable Payout Contracts | N/A | Correct typographical error. | 11/3/17 |
| 12.65 | Wall Street 30 Binary Contracts | N/A | Correct typographical error. | 11/3/17 |

No. 20171103(1)

## EXHIBIT B

Amendment of Rules 12.64, 12.65

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

RULE 1.1 – 12.63 [UNCHANGED]

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®)[1].  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 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

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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.

(1) 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.

(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) POSITION LIMIT – The Position Limits for Wall Street 30 Variable Payout Contracts shall be 31,250 Contracts.

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

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

(k) 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.

(l) 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.

(m) 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 Variable 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[2], 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 ~~one decimal point past~~ 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 Variable 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 Variable 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.

(n) 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®)[3]. 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

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[2] 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.

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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.

### (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 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.

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

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

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

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

(k)  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.

(l)  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.

(m)  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[4], 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 ~~one decimal point past~~ 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.

(n)  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 – 12.78 [UNCHANGED]


*End of Rulebook.*

*The remainder of this page is intended to be blank.*

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[4] 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.