

**North American Derivatives Exchange
Emergency Action**

Per North American Derivatives Exchange Rule 2.4, the undersigned two members of the Management Team have authorized the adoption of a temporary emergency rule to address the emergency following emergency:

Indicate the type of emergency being addressed (as listed in Rule 2.4(c)) (check appropriate):

- (i) any activity that manipulates or attempts to manipulate the Market;
- (ii) any actual, attempted, or threatened corner, squeeze, or undue concentration of positions;
- (iii) any circumstance that may materially affect the performance of the Contracts traded on, Nadex;
- (iv) any action taken by the United States, any foreign government, any state or local governmental body, any other contract market or board of trade, or any other exchange, market, facility, or trade association (foreign or domestic) that may have a direct impact on trading on Nadex;
- (v) any circumstances that may have a severe, adverse impact upon the physical functions of Nadex including, for example, natural disasters such as fire or flood, terrorist acts such as bomb threats, physical plant breakdowns such as plumbing, heating, or air conditioning problems, system breakdowns such as power, telephony, cable, trading systems, or computer systems failures or interruptions to communications, the network, or the Internet;
- (vi) the imposition of any injunction or other restraint by any government agency, court, or arbitrator that may affect the ability of a Member to perform on Contracts;
- (vii) any circumstance in which it appears that a Nadex Member or any other person is in such operational condition, or is conducting business in such a manner, that such person cannot be permitted to continue in business without jeopardizing the safety of Nadex Members or Nadex itself; and
- (viii) any other unusual, unforeseeable, and adverse circumstance which, in the opinion of the governing board, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to Contracts traded on Nadex.

The reason for the emergency action is: On trade date December 23, 2016, due to the 2016 Christmas holiday, Nadex closed its FTSE 100 and Germany 30 Binary and Spread contracts at 7:30am ET. All Daily and Weekly contracts did close and settle properly at this time. However, the contract generating system which would normally list an 8-Hour Spread contract in both the FTSE 100 and Germany 30 Spreads to be tradable from 8:00am ET to 4:00pm ET on a Friday attempted to generate the contracts despite that these markets had closed at 7:30am. As the 4:00pm ET close time was not available in the regular field, the system selected 7:30am as the contracts' close time, and generated a contracts which would list from 8:00am on Friday until 7:30am on Saturday. All contracts closed when the Exchange closed for business at 4:15pm ET. No contracts were traded in the Germany 30 Spread, however, one local trader entered a one lot contract opposite the market maker in the FTSE 100 Spread contract. The contract was settled at the trade price at which the parties entered, resulting in a \$0 payout for both parties. The \$.90 fee charged to the local, and the \$.50 fee charged to the market maker will be refunded by ledger adjustment.

By: 

Title: CEO

By: 

Title: COO

Date: December 23, 2016