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April 9, 2014

Via E-Mail: submissions@cftc.gov

Ms. Melissa Jurgens
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 Trading in its Corn Binary and Variable Payout Contracts on April 8, 2014- Submission Pursuant to Commission Regulation §40.6(a)

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and section §40.6(a) 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 submits to the Commission this notice of emergency action.

On April 8, 2014, Nadex determined emergency action was necessary to halt trading in its Corn Binary and Variable Payout contracts as the result of an outage in the underlying market upon which the Nadex contracts are based.

The Nadex Corn Binary and Variable Payout contracts are based upon the underlying CBOT[®] Corn Futures. On April 8, 2014, the CME Group halted trading on the Globex Futures and Options of Corn (ZC) at 1:38:33pm ET, due to technical issues. Nadex received notice that those markets had been halted approximately 17 minutes later. As the Nadex Corn Binary and Variable Payout contracts are based upon the underlying CBOT[®] Corn Futures, it was deemed that the lack of an underlying market would materially affect the performance of the Corn contracts traded on Nadex. Accordingly, Nadex halted trading in its Corn contracts at 1:58:16pm ET, rather than at the regular close time of 2:15pm ET. Nadex settled its Daily Corn contracts by its regular settlement procedure, using the last 25 underlying trade prices prior to the CME’s trading halt. At the time Nadex halted trading, two members had open positions in the Daily Corn contracts and were notified by the Exchange of the outage, neither of which expressed any complaint. Nadex resumed its regular listing schedule for its Corn Binary and Variable Payout contracts on April 9, 2014.

North American Derivatives Exchange, Inc., 311 South Wacker Drive, Suite 2675, Chicago, IL 60606

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As the unavailability of the underlying CBOT Corn Futures market was deemed to potentially materially affect the performance of the Nadex Corn Binary and Variable Payout contracts, Nadex took this action pursuant to its emergency authority under Nadex Rule 2.4(c)(iii) (due to a “circumstance that may materially affect the performance of the Contracts traded on Nadex”), and in accordance with Nadex Rule 12.1(q) which states that “[i]n the event that any market irregularities are declared by the President of the Exchange, a market may be halted for trading, and an explanation will be posted on the Nadex Notices section of the website within a reasonable amount of time but no later than 24 hours after the initiation of the halt.”

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

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

Nadex hereby certifies that the revisions 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) 884-0171 or by email at tim.mcdermott@nadex.com.

Sincerely,



Timothy G. McDermott
General Counsel and Chief Regulatory Officer

cc: DMOSubmission@cftc.gov
Tom Leahy – CFTC
Riva Adriance – CFTC
Nancy Markowitz – CFTC
Eileen Donovan - CFTC

John Austin - Nadex

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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 April 8, 2014, due to technical issues, the CME Group halted trading on the Globex Futures and Options of Corn (ZC) at 1:38:33pm ET. Nadex received notice that these markets had been halted approximately 17 minutes later. As the Nadex Corn Binary and Variable Payout contracts are based upon the underlying CBOT® Corn Futures, Nadex also halted trading in its Corn contracts at 1:58:16pm ET. Trading in the Nadex Corn contracts normally closes for the day at 2:15pm ET. Nadex settled its Daily Corn contracts by its regular settlement procedure, using the last 25 underlying trade prices prior to the CME's trading halt. At the time Nadex halted trading, two members had open positions in the Daily Corn contracts and were notified by the Exchange of the outage.

This emergency action was taken in accordance with Nadex Rules 2.4 (Emergency Rules) and 12.1(q) which states "In the event that any market irregularities are declared by the President of the Exchange, a market may be halted for trading, and an explanation will be posted on the Nadex Notices section of the website within a reasonable amount of time but no later than

24 hours after the initiation of the halt.” Nadex resumed its regular listing schedule for its Corn contracts on April 9, 2014.

By: 

Title: CEO

By: 

Title: Chief REGULATORY officer

Date: April 9, 2014