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NADEX

May 28, 2013

Via E-Mail: submissions@cftc.gov

Mr. David Stawick
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: Closing Silver and Copper Daily and Weekly Contracts and Not Listing Silver and Copper Intraday Contracts on May 28, 2013, Cancelling Certain Open Positions in the Silver and Copper Contracts, and Amending Rulebook to Reflect Reuter's Scaling Change - Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Stawick:

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.

Nadex derives the prices it uses for contract creation and settlement from its Thomson Reuters data price feed ("Reuters"). On May 26, 2013, Reuters amended an internal price scale on its NYMEX and COMEX contracts, resulting in a change in decimal placement. On trade date May 28, 2013, contracts were generated in the Nadex Copper and Silver Variable Payout and Binary contracts based on the pre-May 26, 2013 scale and decimal placement, which resulted in a series of contracts that were inconsistent with the underlying market. Given the need to amend the Nadex contract specifications in order to properly list contracts in its Copper and Silver products, Nadex cannot wait the full notice period of 10 business days for a non-emergency self-certification of these amendments. Accordingly, Nadex is submitting this amendment as an emergency rule filing to be implemented pursuant to Regulation §40.6(a)(6), and 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"), to be effective Wednesday, May 29, 2013.

As a result of this error, Nadex closed its Daily and Weekly Copper and Silver Variable Payout and Binary contracts on trade date May 28, 2013 at approximately 5:15ET a.m., and did not list Intraday contracts in these products for this trade date. This action was made in accordance with Rule 2.4(d), which allows Nadex to halt markets when deemed necessary to combat perceived threats to the market, and deemed necessary to prevent trading activity in an erroneous contract, which could have a negative effect on the integrity of the Exchange and marketplace. One Member made twenty-six one lot trades opposite the Market Maker in the Silver (Jul) 0-200 (1:25PM) Variable Payout contract, which were subsequently busted in accordance with Nadex Rule 5.14. Rule 5.14 states "Nadex, in its discretion and in accordance with these Rules, may cancel a trade in a Spread Contract that has been executed on the market at a price that is inconsistent with prevailing market conditions due to improper or erroneous orders or quotes being matched on the Market". The affected parties have been notified of this action.

Additionally, Nadex is amending its Rulebook to reflect the scaling changes to the Copper and Silver Variable Payout and Binary contracts in the contract specifications for those products set forth in Rules 12.2, 12.3, 12.6, and 12.7. As the contract specifications need to be updated in order to properly list its Silver and Copper for the open of business for trade date May 29, 2013, Nadex cannot wait the full notice period of 10 business days for a non-emergency self-certification of these amendments, and is submitting this emergency filing to effectuate these Rulebook amendments for May 29, 2013.

Amending the contract specifications for its Copper and Silver Variable Payout and Binary contracts may impact the following designated contract market core principles ("Core Principles"): (2) Compliance with Rules, (3) Contracts Not Readily Subject to Manipulation, and (18) Recordkeeping.

The Nadex Copper and Silver Variable Payout and Binary strike prices are generated based on a specified value provided by Reuters for the underlying Copper and Silver Futures products. By amending the contract specifications of the Copper and Silver to maintain consistency with the Reuter's scaling, the potential for manipulation will be minimized as Members will not trade in a contract inconsistent with the underlying market. Maintaining consistency in scaling with our data price feed provider will ensure contracts generated are an accurate reflection of the underlying marketplace. Amending the contract specifications for the Copper and Silver Variable Payout and Binary contracts will not impact Nadex's ability to perform its trade practice and market surveillance obligations under the Commodity Exchange Act ("CEA"). Nadex regulation staff will continue to monitor all market participants that trade these products to prevent manipulative trading and market abuse. The amended contract specifications do not impact Nadex's order execution, which will continue in the same manner as before. Chapter 5 of the Nadex Rulebook prohibits fraudulent, non-competitive, and unfair or abusive practices. These Rules continue to apply to the amended contracts. All trading that occurs in these products will continue to be subject to Nadex's record retention policies which comply with the CEA.

Nadex plans to list its Silver and Copper Variable Payout and Binary contracts according to their regular schedule for the open of trade date May 29, 2013.

Rule changes have been outlined in Exhibit A, and Rule amendments are attached hereto in Exhibit B. Rule amendments have been underlined and deletions have been stricken out.

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

This emergency action is authorized by the Chief Operating Officer, Chief Compliance Officer, and the Chief Financial 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
Timothy G. McDermott
General Counsel and Chief Regulatory Officer

cc: DMOSubmission@cftc.gov
Jon Hultquist – CFTC (Acting Branch Chief, DMO, Chicago)
Riva Adriance – CFTC
Nancy Markowitz – CFTC
Lois Gregory – CFTC
Chris Russell-Wood

Yossi Beinart – Nadex

EXHIBIT A

Rule	Asset	Duration/ Close Time	Action	Effective Date
12.2	Copper Variable Payout Contracts	All Daily, Weekly, and Intraday contracts	Amend scaling display in contract specs, and dollar multiplier.	05/29/2013
12.3	Copper Binary Contracts	All Daily, Weekly, and Intraday contracts	Amend scaling display in contract specs, and dollar multiplier.	05/29/2013
12.6	Silver Variable Payout Contracts	All Daily, Weekly, and Intraday contracts	Amend scaling display in contract specs, and dollar multiplier.	05/29/2013
12.7	Silver Binary Contracts	All Daily, Weekly, and Intraday contracts	Amend scaling display in contract specs, and dollar multiplier.	05/29/2013

EXHIBIT B

Amendment of Rules 12.2, 12.3, 12.6, 12.7

(The following Rule amendments are underline and deletions are stricken out)

RULE 1.1 – 12.1 [UNCHANGED]

RULE 12.2 COPPER VARIABLE PAYOUT CONTRACTS

(a) SCOPE –These Rules shall apply to the Class of Contracts referred to as the Copper Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the Copper price per pound (in U.S. cents), obtained from the specified Copper Futures Contracts ("CPFC") trading in the COMEX Division on the New York Mercantile Exchange ("NYMEX"®)[1]. The CPFC prices that will be used to calculate the Underlying will be taken from the March, May, July, September, or December CPFC delivery months (each a "CPFC Delivery Month"). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. 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 last Friday of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Copper March 2012 futures have an Expiration Date of March 28, 2012. The last day on which the Copper 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 Copper contracts will be the last Friday of the preceding month, February. Therefore, the End Date for using Comex Copper March 2012 futures will be February 24, 2012 and the Start Date for the next delivery month, Comex Copper May 2012 futures, will be February 25, 2012.

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

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

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[1] NYMEX® is a registered service mark of the New York Mercantile Exchange, Inc. COMEX® is a registered service mark of the Commodity Exchange, Inc. Nadex is not affiliated with the New York Mercantile Exchange, Inc. or the Commodity Exchange, Inc. and neither the New York Mercantile Exchange, the Commodity Exchange, Inc., nor their affiliates, sponsor or endorse Nadex or any of its products in any way.

(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 Copper Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY COPPER VARIABLE PAYOUT SPREAD CONTRACTS, 1:00 PM ET CLOSE - At the commencement of trading in a Daily Spread Copper 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 COPPER VARIABLE PAYOUT 'SPREAD' CONTRACT

(aa) CAP – The Cap shall be X + ~~30~~.30.

(bb) FLOOR – The Floor shall be X –~~30~~.30.

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~10~~1000.

(2) In each case, "X" equals the last Copper price, as reported by the Source Agency, rounded to the nearest ~~10~~.10.

(ii) DAILY COPPER VARIABLE PAYOUT SPREAD CONTRACTS, 1:00 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 –~~30~~.30.

(2) CONTRACT 2: The Cap shall be X + ~~15~~.15; The Floor shall be X – ~~15~~.15.

(3) CONTRACT 3: The Cap shall be X +~~30~~.30; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~10~~1000.

(5) In each case, "X" equals the last Copper price, as reported by the Source Agency, rounded to the nearest ~~10~~.10.

(iii) INTRADAY COPPER VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 1:00 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 – ~~25~~.25.

(2) CONTRACT 2: The Cap shall be X + ~~12.5~~.125; The Floor shall be X –~~12.5~~.125.

(3) CONTRACT 3: The Cap shall be X + ~~25~~.25; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~10~~1000.

(5) In each case, "X" equals the last Copper price, as reported by the Source Agency, rounded to the nearest ~~2.5~~.025.

(iv) INTRADAY 2-HOUR COPPER VARIABLE PAYOUT SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, and 1:00PM ET CLOSE - Nadex shall list a set of three (3) 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; The Floor shall be X – ~~8~~.08.

(2) CONTRACT 2: The Cap shall be X + ~~4~~.04; The Floor shall be X –~~4~~.04.

(3) CONTRACT 3: The Cap shall be X + ~~8~~.08; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~10~~1000.

(5) In each case, "X" equals the last Copper price, as reported by the Source Agency, rounded to the nearest ~~2~~.02.

(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 Copper Variable Payout Contracts shall be ~~0.10~~0.001.

(h) REPORTING LEVEL – The Reporting Level for the Copper Variable Payout Contracts shall be 2,083 Contracts.

(i) POSITION LIMIT – The Position Limits for Copper Variable Payout Contracts shall be 20,833 Contracts.

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

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

(l) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Copper Expiration Value is released by the Source Agency.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of Copper released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) CPFC trade prices just prior to the close of trading of the Copper Variable Contract and removing the highest five (5) CPFC trade prices and the lowest five (5) CPFC trade prices, using the remaining fifteen (15) CPFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) CPFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) 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 that Series.

RULE 12.3 COPPER BINARY CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Copper Binary Contract issued by Nadex.

(b) UNDERLYING – Underlying for this Class of Contracts is the Copper price per pound (in U.S. cents), obtained from the specified Copper Futures Contracts ("CPFC") trading in the COMEX® Division on the New York Mercantile Exchange ("NYMEX"®)[2]. The CPFC prices that will be used to calculate the Underlying will be taken from the March, May, July, September, or December CPFC delivery months (each a "CPFC Delivery Month"). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. 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 last Friday of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Copper March 2012 futures have an Expiration Date of March 28, 2012. The last day on which the Copper 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 Copper contracts will be the last Friday of the preceding month, February. Therefore, the End Date for using Comex Copper March 2012 futures will be February 24, 2012

[2] *Supra, at fn 4.*

and the Start Date for the next delivery month, Comex Copper May 2012 futures, will be February 25, 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 Copper Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY COPPER BINARY CONTRACTS, 1:00 PM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than X – ~~14~~.14.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than X – ~~12~~.12.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than X – ~~10~~.10.

(4) Binary Contract 4: One Contract will have a Payout Criterion of greater than X – ~~8~~.08.

(5) Binary Contract 5: One Contract will have a Payout Criterion of greater than X – ~~6~~.06.

(6) Binary Contract 6: One Contract will have a Payout Criterion of greater than X – ~~4~~.04.

(7) Binary Contract 7: One Contract will have a Payout Criterion of greater than X – ~~2~~.02.

(8) Binary Contract 8: One Contract will have a Payout Criterion of greater than X.

(9) Binary Contract 9: One Contract will have a Payout Criterion of greater than X + ~~2~~.02.

(10) Binary Contract 10: One Contract will have a Payout Criterion of greater than X + ~~4~~.04.

(11) Binary Contract 11: One Contract will have a Payout Criterion of greater than X + ~~6~~.06.

(12) Binary Contract 12: One Contract will have a Payout Criterion of greater than X + ~~8~~.08.

(13) Binary Contract 13: One Contract will have a Payout Criterion of greater than X + ~~10~~.10.

(14) Binary Contract 14: One Contract will have a Payout Criterion of greater than X + ~~12~~.12.

(15) Binary Contract 15: One Contract will have a Payout Criterion of greater than X + ~~14~~.14.

(16) In each case above, "X" is measured in U.S. cents and equals the last Copper value rounded to the nearest one cent (~~1~~.01), as reported by the Source Agency.

(ii) WEEKLY COPPER BINARY CONTRACTS, 1:00 PM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Y – ~~30~~.30.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than Y – ~~25~~.25.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than Y – ~~20~~.20.

(4) Binary Contract 4: One Contract will have a Payout Criterion of greater than Y – ~~15~~.15.

(5) Binary Contract 5: One Contract will have a Payout Criterion of greater than Y – ~~10~~.10.

(6) Binary Contract 6: One Contract will have a Payout Criterion of greater than Y – ~~5~~.05.

(7) Binary Contract 7: One Contract will have a Payout Criterion of greater than Y.

(8) Binary Contract 8: One Contract will have a Payout Criterion of greater than Y + ~~5~~.05.

(9) Binary Contract 9: One Contract will have a Payout Criterion of greater than Y + ~~10~~.10.

(10) Binary Contract 10: One Contract will have a Payout Criterion of greater than Y + ~~15~~.15.

(11) Binary Contract 11: One Contract will have a Payout Criterion of greater than Y + ~~20~~.20.

(12) Binary Contract 12: One Contract will have a Payout Criterion of greater than Y + ~~25~~.25.

(13) Binary Contract 13: One Contract will have a Payout Criterion of greater than Y + ~~30~~.30.

(14) In each case above, "Y" equals the last Copper value rounded to the nearest value ending in ~~0.5~~0.005 as reported by the Source Agency.

(iii) INTRADAY COPPER BINARY CONTRACTS, 8:00 AM to 10:00 AM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Z1 - ~~7.5~~.075.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than Z1.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than Z1 + ~~7.5~~.075.

(4) In each case above, Z1 equals the strike level determined by the Source Agency immediately before the issuance of these contracts.

(iv) INTRADAY COPPER BINARY CONTRACTS, 9:00 AM to 11:00 AM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Z2 ~~- 7.5~~.075.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than Z2.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than Z2 + ~~7.5~~.075.

(4) In each case above, Z2 equals the strike level determined by the Source Agency immediately before the issuance of these contracts.

(v) INTRADAY COPPER BINARY CONTRACTS, 10:00 AM to 12:00 PM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Z3 – ~~7.5~~.075.

(1) Binary Contract 2: One Contract will have a Payout Criterion of greater than Z3.

(2) Binary Contract 3: One Contract will have a Payout Criterion of greater than Z3 + ~~7.5~~.075.

(3) In each case above, Z3 equals the strike level determined by the Source Agency immediately before the issuance of these contracts.

(vi) Nadex may list additional Copper Binary Contract 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 Copper Binary Contracts shall be $0.25.

(h) REPORTING LEVEL – The Reporting Level for the Copper Binary Contracts shall be 1,750 Contracts.

(i) POSITION LIMIT – The Position Limits for the Copper Binary Contract shall be 2,500 Contracts.

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

(k) SETTLEMENT DATE – The Settlement Date will be the date on which the Copper Settlement Price is released by the Source Agency.

(l) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Copper Settlement Price is released by the Source Agency.

(m) 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 for an in the money Copper Binary Contract is $100.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of Copper released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) CPFC trade prices just prior to the close of trading of the Copper Variable Contract and removing the highest five (5) CPFC trade prices and the lowest five (5) CPFC trade prices, using the remaining fifteen (15) CPFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) CPFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) 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 that Series.

RULE 12.4 - 12.5 [UNCHANGED]

RULE 12.6 SILVER VARIABLE PAYOUT CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Silver Variable Payout Contracts issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price, cents per troy ounce (in US Currency), of Silver obtained from the Silver Futures Contracts ("SFC") traded on the COMEX Division of the New York Mercantile Exchange ("NYMEX"®[3]). The SFC trade prices that will be used to for the Underlying will be taken from the March, May, July, September, or December SFC delivery months (each a "SFC Delivery Month"). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based on the Settlement date of the Underlying futures contract. 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 last Friday of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Silver March 2012 futures have an Expiration Date of March 28, 2012. The last day on which the Silver 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 Silver contracts will be the last Friday of the preceding month, February. Therefore, the End Date for using Comex Silver March 2012 futures will be February 24, 2012 and the Start Date for the next delivery month, Comex Silver May 2012 futures, will be February 25, 2012.

[8] *Supra, at fn 4.*

(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 Silver Variable Payout Contract, the Payout Criteria for the Contracts will be set as follows;

(i) DAILY SILVER VARIABLE PAYOUT SPREAD CONTRACTS, 1:25 PM ET CLOSE - At the commencement of trading in a Daily Spread Silver 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 SILVER VARIABLE PAYOUT 'SPREAD' CONTRACT

(aa) CAP – The Cap shall be X + ~~200~~2.00.

(bb) FLOOR – The Floor shall be X ~~–200~~2.00.

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~1~~100.

(2) In each case, "X" equals the last Silver price, as reported by the Source Agency, rounded to the nearest ~~50~~.50.

(ii) DAILY SILVER VARIABLE PAYOUT SPREAD CONTRACTS, 1:25 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 ~~–200~~2.00.

(2) CONTRACT 2: The Cap shall be X + ~~100~~1.00; The Floor shall be X ~~–100~~1.00.

(3) CONTRACT 3: The Cap shall be X +~~200~~2.00; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~1~~100.

(5) In each case, "X" equals the last Silver price, as reported by the Source Agency, rounded to the nearest ~~50~~.50.

(iii) INTRADAY SILVER VARIABLE PAYOUT SPREAD CONTRACTS, 8AM ET to 1:25 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 – ~~150~~1.50.

(2) CONTRACT 2: The Cap shall be X + ~~75~~.075; The Floor shall be X – ~~75~~.075.

(3) CONTRACT 3: The Cap shall be X +~~150~~1.50; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~1~~100.

(5) In each case, "X" equals the last Silver price, as reported by the Source Agency, rounded to the nearest ~~25~~.25.

(iv) INTRADAY 2-HOUR SILVER VARIABLE PAYOUT SPREAD CONTRACTS, 10:00AM, 11:00AM, 12:00PM, and 1:00PM ET CLOSE - Nadex shall list a set of three (3) 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; The Floor shall be X – ~~50~~.50.

(2) CONTRACT 2: The Cap shall be X + ~~25~~.25; The Floor shall be X – ~~25~~.25.

(3) CONTRACT 3: The Cap shall be X + ~~50~~.50; The Floor shall be X.

(4) DOLLAR MULTIPLIER – The Dollar Multiplier shall be ~~1~~100.

(5) In each case, "X" equals the last Silver price, as reported by the Source Agency, rounded to the nearest ~~25~~.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 Silver Variable Contracts shall be ~~1~~.01.

(h) REPORTING LEVEL – The Reporting Level for the Silver Variable Payout Contracts shall be 3,125 Contracts.

(i) POSITION LIMIT – The Position Limits for Silver Variable Payout Contracts shall be 100,000 Contracts.

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

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

(l) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Silver Expiration Value is released by the Source Agency.

(m) 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.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of Silver released by the Source Agency on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) SFC trade prices just prior to the close of trading of the Silver Variable Contract and removing the highest five (5) SFC trade prices and the lowest five (5) SFC trade prices, using the remaining fifteen (15) SFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) SFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) 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 that Series. If there are less than 250 SFC trade prices available during a single trading day prior to the issuance of a new Silver Contract Nadex may switch to the next available SFC Delivery Month that provides at least 250 SFC trade prices.

RULE 12.7 SILVER BINARY CONTRACTS

(a) SCOPE –These Rules shall apply to the Class of Contracts referred to as the Silver Binary Contract issued by Nadex.

(b) UNDERLYING – The Underlying for this Class of Contracts is the price, cents per troy ounce (in US Currency), of Silver obtained from the Silver Futures Contracts ("SFC") traded on the COMEX Division of the New York Mercantile Exchange ("NYMEX®"[4]). The SFC trade prices that will be used to for the Underlying will be taken from the March, May, July, September, or December SFC delivery months (each an "SFC Delivery Month"). The Start and End Date for which Nadex will use a specific delivery month as the Underlying will be set based

[4] *Supra, at fn 4.*

on the Settlement date of the Underlying futures contract. 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 last Friday of the month preceding the month of the Underlying futures contracts Expiration Date. For example, the Comex Silver March 2012 futures have an Expiration Date of March 28, 2012. The last day on which the Silver 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 Silver contracts will be the last Friday of the preceding month, February. Therefore, the End Date for using Comex Silver March 2012 futures will be February 24, 2012 and the Start Date for the next delivery month, Comex Silver May 2012 futures, will be February 25, 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 Silver Binary Contract, the Payout Criteria for the Contracts will be set as follows:

(i) DAILY SILVER BINARY CONTRACTS, 1:25 PM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than X – ~~140~~1.40 ~~cents~~.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than X – ~~120~~1.20 ~~cents~~.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than X – ~~100~~1.00 ~~cents~~.

(4) Binary Contract 4: One Contract will have a Payout Criterion of greater than X – ~~80~~.80 ~~cents~~.

(5) Binary Contract 5: One Contract will have a Payout Criterion of greater than X – ~~60~~.60 ~~cents~~.

(6) Binary Contract 6: One Contract will have a Payout Criterion of greater than X – ~~40~~.40 ~~cents~~.

(7) Binary Contract 7: One Contract will have a Payout Criterion of greater than X – ~~20~~.20 ~~cents~~.

(8) Binary Contract 8: One Contract will have a Payout Criterion of greater than X.

(9) Binary Contract 9: One Contract will have a Payout Criterion of greater than X + ~~20~~.20 ~~cents~~.

(10) Binary Contract 10: One Contract will have a Payout Criterion of greater than X + ~~40~~.40 ~~cents~~.

(11) Binary Contract 11: One Contract will have a Payout Criterion of greater than X + ~~60~~.60 ~~cents~~.

(12) Binary Contract 12: One Contract will have a Payout Criterion of greater than X + ~~80~~.80 ~~cents~~.

(13) Binary Contract 13: One Contract will have a Payout Criterion of greater than X + ~~100~~1.00 ~~cents~~.

(14) Binary Contract 14: One Contract will have a Payout Criterion of greater than X + ~~120~~1.20 ~~cents~~.

(15) Binary Contract 15: One Contract will have a Payout Criterion of greater than X + ~~140~~1.40 ~~cents~~.

(16) In each case, "X" equals the last Silver Price rounded to the nearest ten cents (~~10~~.10), as reported by the Source Agency.

(ii) WEEKLY SILVER BINARY CONTRACTS, 1:25PM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Y- ~~300~~3.00 ~~cents~~.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than Y – ~~250~~2.50 ~~cents~~.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than Y- ~~200~~2.00 ~~cents~~.

(4) Binary Contract 4: One Contract will have a Payout Criterion of greater than Y – ~~150~~1.50 ~~cents~~.

(5) Binary Contract 5: One Contract will have a Payout Criterion of greater than Y – ~~100~~1.00 ~~cents~~.

(6) Binary Contract 6: One Contract will have a Payout Criterion of greater than Y – ~~50~~.50 ~~cents~~.

(7) Binary Contract 7: One Contract will have a Payout Criterion of greater than Y.

(8) Binary Contract 8: One Contract will have a Payout Criterion of greater than Y + ~~50~~.50 ~~cents~~.

(9) Binary Contract 9: One Contract will have a Payout Criterion of greater than Y + ~~100~~1.00 ~~cents~~.

(10) Binary Contract 10: One Contract will have a Payout Criterion of greater than Y + ~~150~~1.50 ~~cents~~.

(11) Binary Contract 11: One Contract will have a Payout Criterion of greater than Y + ~~200~~2.00 ~~cents~~.

(12) Binary Contract 12: One Contract will have a Payout Criterion of greater than Y + ~~250~~2.50 ~~cents~~.

(13) Binary Contract 13: One Contract will have a Payout Criterion of greater than Y + ~~300~~3.00 ~~cents~~.

(14) In each case, "Y" equals the last Silver Price rounded to the nearest value ending in either twenty-five cents (~~25~~.25) or seventy-five cents (~~75~~.75), as reported by the Source Agency.

(iii) INTRADAY SILVER BINARY CONTRACTS, 8:00 AM to 10:00 AM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Z1 – ~~20~~.20 ~~cents~~.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than Z1 – ~~15~~.15 ~~cents~~.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than Z1 – ~~10~~.10 ~~cents~~.

(4) Binary Contract 4: One Contract will have a Payout Criterion of greater than Z1 – ~~5~~.05~~ cents~~.

(5) Binary Contract 5: One Contract will have a Payout Criterion of greater than Z1.

(6) Binary Contract 6: One Contract will have a Payout Criterion of greater than Z1 + ~~5~~.05~~ cents~~.

(7) Binary Contract 7: One Contract will have a Payout Criterion of greater than Z1 + ~~10~~.10~~ cents~~.

(8) Binary Contract 8: One Contract will have a Payout Criterion of greater than Z1 + ~~15~~.15~~ cents~~.

(9) Binary Contract 9: One Contract will have a Payout Criterion of greater than Z1 + ~~20~~.20~~ cents~~.

(10) In each case above, Z1 equals the strike level determined by the Source Agency immediately before the issuance of these contracts.

(iv) INTRADAY SILVER BINARY CONTRACTS, 9:00 AM to 11:00 AM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Z2 – ~~20~~.20~~ cents~~.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than Z2 – ~~15~~.15~~ cents~~.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than Z2 – ~~10~~.10~~ cents~~.

(4) Binary Contract 4: One Contract will have a Payout Criterion of greater than Z2 – ~~5~~.05~~ cents~~.

(5) Binary Contract 5: One Contract will have a Payout Criterion of greater than Z2.

(6) Binary Contract 6: One Contract will have a Payout Criterion of greater than Z2 + ~~5~~.05~~ cents~~.

(7) Binary Contract 7: One Contract will have a Payout Criterion of greater than Z2 + ~~10~~.10~~ cents~~.

(8) Binary Contract 8: One Contract will have a Payout Criterion of greater than Z2 + ~~15~~.15 ~~cents~~.

(9) Binary Contract 9: One Contract will have a Payout Criterion of greater than Z2 + ~~20~~.20 ~~cents~~.

(10) In each case above, Z2 equals the strike level determined by the Source Agency immediately before the issuance of these contracts.

(v) INTRADAY SILVER BINARY CONTRACTS, 10:00 AM to 12:00 PM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Z3 ~~– 20~~.20 ~~cents~~.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than Z3 – ~~15~~.15 ~~cents~~.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than Z3 – ~~10~~.10 ~~cents~~.

(4) Binary Contract 4: One Contract will have a Payout Criterion of greater than Z3 – ~~5~~.05 ~~cents~~.

(5) Binary Contract 5: One Contract will have a Payout Criterion of greater than Z3.

(6) Binary Contract 6: One Contract will have a Payout Criterion of greater than Z3 + ~~5~~.05 ~~cents~~.

(7) Binary Contract 7: One Contract will have a Payout Criterion of greater than Z3 + ~~10~~.10 ~~cents~~.

(8) Binary Contract 8: One Contract will have a Payout Criterion of greater than Z3 + ~~15~~.15 ~~cents~~.

(9) Binary Contract 9: One Contract will have a Payout Criterion of greater than Z3 + ~~20~~.20 ~~cents~~.

(10) In each case above, Z3 equals the strike level determined by the Source Agency immediately before the issuance of these contracts.

(vi) INTRADAY SILVER BINARY CONTRACTS, 11:00 AM to 1:00 PM ET CLOSE

(1) Binary Contract 1: One Contract will have a Payout Criterion of greater than Z4 – ~~20~~.20 ~~cents~~.

(2) Binary Contract 2: One Contract will have a Payout Criterion of greater than Z4 – ~~15~~.15 ~~cents~~.

(3) Binary Contract 3: One Contract will have a Payout Criterion of greater than Z4 – ~~10~~.10 ~~cents~~.

(4) Binary Contract 4: One Contract will have a Payout Criterion of greater than Z4 – ~~5~~.05 ~~cents~~.

(5) Binary Contract 5: One Contract will have a Payout Criterion of greater than Z4.

(6) Binary Contract 6: One Contract will have a Payout Criterion of greater than Z4 + ~~5~~.05 ~~cents~~.

(7) Binary Contract 7: One Contract will have a Payout Criterion of greater than Z4 + ~~10~~.10 ~~cents~~.

(8) Binary Contract 8: One Contract will have a Payout Criterion of greater than Z4 + ~~15~~.15 ~~cents~~.

(9) Binary Contract 9: One Contract will have a Payout Criterion of greater than Z4 + ~~20~~.20 ~~cents~~.

(10) In each case above, Z4 equals the strike level determined by the Source Agency immediately before the issuance of these contracts.

(v) Nadex may list additional Silver Binary Contract 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 Silver Binary Contracts shall be $0.25.

(h) REPORTING LEVEL – The Reporting Level for the Silver Binary Contract shall be 1,400 contracts.

(i) POSITION LIMIT – The Position Limits for Silver Binary Contracts shall be 2,000 Contracts.

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

(k) SETTLEMENT DATE – The Settlement Date will be the same date as the Expiration Date.

(l) EXPIRATION DATE – The Expiration Date of the Contract will be the date on which the Silver price is released by the Source Agency.

(m) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on Settlement Date. The Settlement Value of an in the money Silver Binary Contract is $100.

(n) EXPIRATION VALUE – The Expiration Value is the price or value of Silver on the Expiration Date. The Expiration Value is calculated by the Source Agency by taking the last twenty-five (25) SFC trade prices just prior to the close of trading of the Silver Binary Contract and removing the highest five (5) SFC trade prices and the lowest five (5) SFC trade prices, using the remaining fifteen (15) SFC trade prices to calculate the Expiration Value. The calculation used is a simple average of all fifteen (15) SFC trade prices, rounded to one decimal point past the precision of the underlying market.

(o) 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 that Series. If there are less than 250 SFC trade prices available during a single trading day prior to the issuance of a new Silver Contract Nadex may switch to the next available SFC Delivery Month that provides at least 250 SFC trade prices.

RULES 12.8 – 12.78 [UNCHANGED]

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