

# NADEX: A BETTER WAY TO TRADE YOUR WORLD

NADEX.COM

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Trading on Nadex involves financial risk and may not be appropriate for all investors.

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# OVERVIEW



What's Nadex and Why Did It Start?



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# WHAT'S NADEX AND WHY DID IT START?



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The financial crisis made a lot of us doubt the institutions we had relied on. The “professionals” who were supposed to understand the markets had brought the economy to the brink of disaster, based on some questionable theories, like:

1. Housing prices can only go up
2. Extreme leverage is not risky

Risk is part of the markets, but financial professionals have an added responsibility when they take risks with other people’s money.

### **IT MADE A LOT OF US ASK: IS THE WALL STREET WAY THE ONLY WAY TO LOOK FOR OPPORTUNITIES IN THE WORLD’S MARKETS?**

1. Do you have to pay commissions to a broker or other middleman, even though their advice might be flawed? Why can’t you trust your own intelligence and intuition?
2. Do you have to take on undefined risks and expose yourself to bigger losses than you planned on—maybe bigger than you can afford?

Nadex was born in the aftermath of the crisis, to offer an alternative. For starters, we’re in Chicago, located between the Chicago River, Union Station, and Willis Tower. We’ve got deep dish pizza and Chicago hot dogs just down the street.

Maybe it’s our Midwest attitude, but the mission of Nadex boils down to some commonsense beliefs about fairness and opportunity.

## **YOU SHOULD BE ABLE TO:**

...Access the world’s markets on a level playing field, whether you’re an individual with a small account, working from a laptop or phone, or someone with deep pockets and supercomputers.

...Know—not guess—what your maximum loss or profit could be on each trade.

...Send your orders directly to the exchange and not have to go through a broker and pay extra fees and commissions.

....Trade many markets, including forex, commodities, stock indexes, and more from one account.



# SO THAT'S WHAT WE CREATED.

## A SECURE, REGULATED EXCHANGE WHERE YOU CAN ALWAYS:

1. **KNOW THAT OTHER TRADERS DON'T HAVE AN UNFAIR ADVANTAGE**
2. **KNOW YOUR MAXIMUM RISK UPFRONT**
3. **TRADE AS A DIRECT MEMBER OF THE EXCHANGE WITH LOW, FIXED FEES**
4. **TRADE A WIDE RANGE OF THE WORLD'S MARKETS FROM ONE SCREEN**

**ON TOP OF THAT, WE'RE AFFORDABLE FOR NEW TRADERS, WITH FREE DATA, SOFTWARE, MOBILE APPS, AND LOTS OF EDUCATIONAL RESOURCES.**



Our most popular trading product, the binary option, boils trading decisions down to a simple question:

**WILL THIS MARKET BE ABOVE THIS PRICE AT THIS TIME?**

It's simple without being simplistic. Binary options offer all the challenge and excitement of trading. They also provide the fairness and opportunity we set out to create.



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# RULES & REGS



What's the Difference?



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# WHAT'S THE DIFFERENCE?



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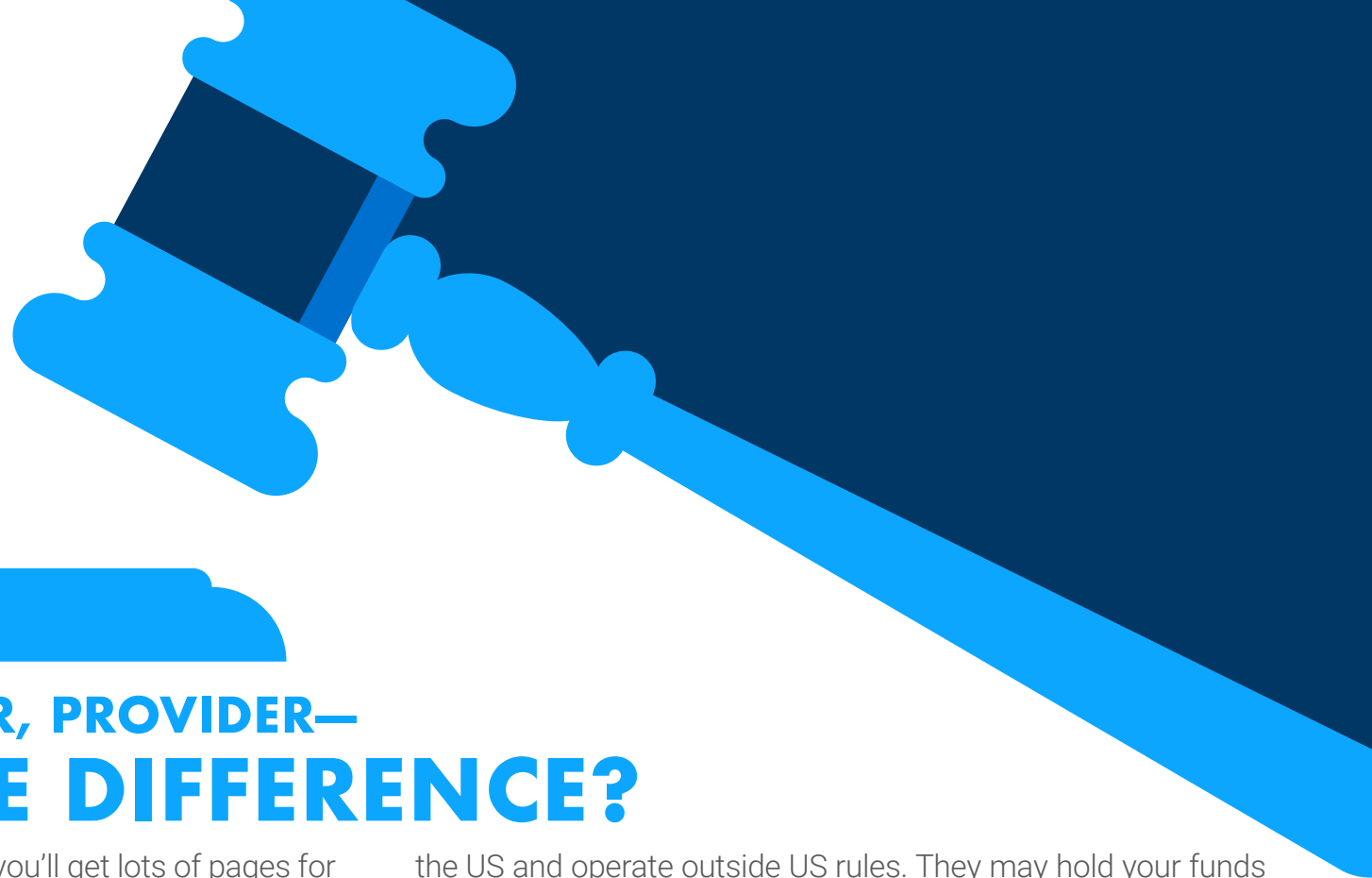
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## EXCHANGE, BROKER, PROVIDER— WHAT'S THE DIFFERENCE?

Search online for “binary options” and you’ll get lots of pages for binary options “brokers” and “providers.” But not many exchanges. There’s a big difference.

In the US, binary options can legally be traded on a CFTC-regulated exchange. The Commodity Futures Trading Commission is a US government agency overseeing futures, options, and swaps trading. Its job is to protect you from fraud, manipulation, abuse, and systemic risk.

Online binary option “providers” or “brokerages” are not CFTC-regulated and may not be regulated at all. They are based outside

the US and operate outside US rules. They may hold your funds in offshore accounts and in some cases have not been prompt or fair with customer withdrawals.

These providers cannot legally offer binary options to retail customers in the United States. Recently, the US government has issued warnings against trading with these providers. A few have even been put out of business by legal rulings.

Meanwhile, Nadex has been growing year after year. To us, that’s a sign that we’re offering something valuable.

# YOUR MONEY IS SECURE AND IT'S STILL YOUR MONEY

Nadex partners only with top-tier US banks to keep member funds secure in segregated accounts. Nadex doesn't do anything with your money except keep it available for you to trade.

Unregulated offshore providers may not have such requirements. Withdrawals from your Nadex account are available on demand via ACH or wire transfer, within a reasonable amount of time.



## WHO'S ON THE OTHER SIDE OF YOUR TRADE?

If you buy a binary option or spread, the seller will either be another individual member or a market-maker. A market-maker is a firm or institution contracted to provide liquidity to the markets. Market-makers are also subject to Nadex's regulations.

## BECAUSE NADEX IS A CFTC-REGULATED EXCHANGE, YOU CAN BE SURE OF THESE THINGS:

1

**NADEX MAINTAINS MEMBER FUNDS IN SEGREGATED ACCOUNTS IN TOP-TIER US BANKS (FIFTH THIRD BANK, BMO HARRIS BANK AS OF MAY 2017)**

2

**NADEX DERIVES ITS INCOME SOLELY FROM EXCHANGE FEES AND DOES NOT CHARGE COMMISSIONS OR PARTICIPATE IN TRADING**

3

**NADEX MATCHES BUYERS AND SELLERS AND DOES NOT PARTICIPATE IN TRADES**



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# FIELD LEVELING

- What Are the Advantages of Using Nadex?
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# WHAT ARE THE ADVANTAGES OF USING NADEX?



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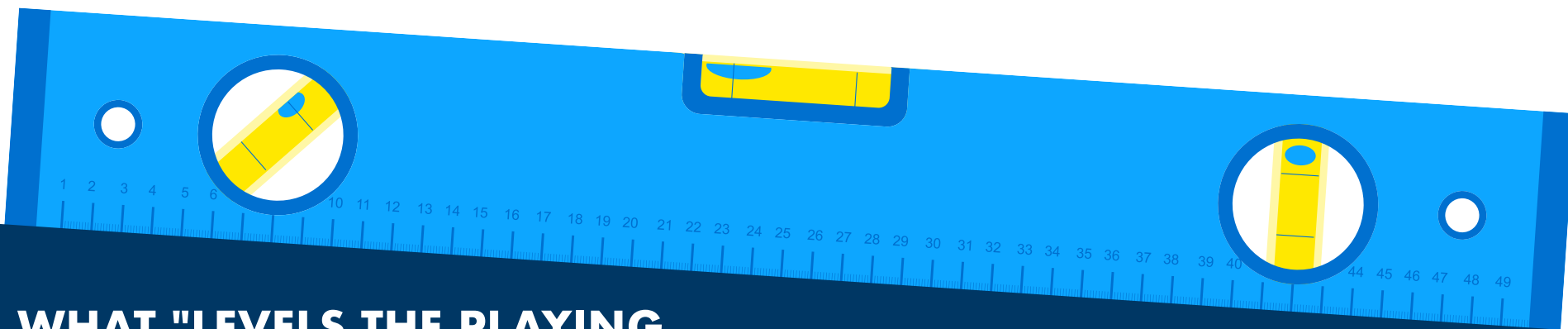
Imagine the price of gold one morning is \$1195 per ounce and you believe it will go above \$1200 by the afternoon. You buy a binary option that says the price of gold will be greater than \$1200 at 1:30pm ET. Let's say that binary cost \$30 (excluding fees).

Big players with deep pockets can afford to ride out big drawdowns, just by having a lot of money in their accounts. Individuals with small accounts don't have that cushion. They can get wiped out by big moves. A stop-loss order offers protection, but not a guarantee.

We don't do margin calls. We don't have to, because... *you* decide your maximum risk.

It can never be more than the amount you set and never more than you have in your account. Even if some hard-to-imagine catastrophe caused the price of gold to plummet, like if the US Treasury suddenly decided to sell off Fort Knox at a discount, the price of gold might fall by hundreds of dollars, but your binary option would still only lose \$30 plus fees.

If tomorrow we experienced another Flash Crash like the one in 2010, not one Nadex member would get a margin call.



**WHAT "LEVELS THE PLAYING FIELD," SO TO SPEAK, IS THAT...**

**NO MATTER HOW FAR THE MARKET MOVES AGAINST YOUR POSITION, YOU ARE NEVER RISKING MORE THAN YOU CAN AFFORD.**



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# WILL THIS MARKET BE ABOVE THIS PRICE AT THIS TIME?

YES

OR

NO

## BINARY OPTIONS – ALL OR NOTHING (OR SOME)

A binary option asks a simple yes/no question: Will this market be above this price at this time? You buy the option if you think yes and sell if you think the answer is no.

When the trade expires, if you're right, you get the full \$100 payout (minus fees) in exchange for your \$30 initial risk on that gold binary. If you are wrong, you'll get back zero. However, you can never lose more than the \$30 you paid.

And if you don't want to wait until expiration, you can exit the trade early to lock in profits or take a smaller loss.

This risk guarantee means even if the underlying market crashes, your binary option will only go to zero, but no lower. It's a built-in insurance policy against unexpected losses.

If you're not on Nadex, you might use a stop-loss order for protection. However, you would still face the possibility of slippage, where the market moves so fast that your order doesn't get filled at the price you hoped for. You can still face unexpected losses.

That's the difference with Nadex's choose-your-risk design.



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# LOW COSTS, DEFINED RISKS



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# LOW COSTS, DEFINED RISKS

In short, predefined risk empowers you to only take risks you can afford. Let's face it: trading can be challenging and stressful even when you aren't facing an undefined risk. Nadex lets you take that risk and define it for yourself. You tell the market how much you're willing to risk in exchange for an opportunity to profit.

Choosing your risk upfront leaves you free to focus on the trade itself.

Nadex also gives you back control by having simple, fixed fees. You don't need a broker, so you don't pay any additional commission. We don't charge for market data or software, either.

You pay a fixed fee, \$1 per contract, to initiate a trade. If you exit the trade before expiration, you pay the same fee a second time. Same goes for trades that expire "in the money," meaning you get the full \$100 payout per contract. If your trade expires at zero, you don't pay the second fee.



## MANY MARKETS, ONE ACCOUNT

Traditionally, you opened an account with a stockbroker to trade equities and ETFs. You opened a separate account with a futures broker to trade futures. And you opened a forex account to trade forex.

Each account would have its own minimum opening balance. Each would have its own commissions and fees—possibly more than Nadex's low, fixed fee. And you might need a different program to trade each account.

### NADEX LETS YOU TRADE MULTIPLE MARKETS FROM ONE ACCOUNT AND ONE SOFTWARE PLATFORM.

This lets you think about trading in new ways. For example, when there's a selloff in stocks, the price of gold often goes up. It's called a "flight to safety." When stocks seem too risky, some investors may move their money into something they perceive as safe, like gold.

Instead of just watching that action as a spectator, on Nadex you can trade it. You can sell a binary or spread on a stock index and buy a gold contract at the same time. Or you can use a Nadex gold trade to offset a drop in your stock portfolio. And you can do it with guaranteed defined risk.



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# CALL SPREADS



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# MAYBE THE BEST WAY TO TRADE YOU'VE NEVER HEARD OF



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Trend-follower, breakout trader—whatever your style, Nadex call spreads may be right for you.



**SPREAD CONTRACTS DEFINE A TRADING RANGE BETWEEN TWO PRICE LEVELS, KNOWN AS THE FLOOR AND CEILING.**

As the underlying market moves up and down within that range, your profit and loss on the spread goes up and down as well.

But outside the range, your P/L doesn't move. As the underlying market approaches the ceiling, your profits stop going up. If the market goes above the ceiling, your profits are capped at the maximum value of the spread.

Similarly, if the underlying market drops below the floor, you stop losing money and can't lose any more than the maximum you specified before you entered the trade.

**NADEX CALL SPREADS ARE LIKE BINARY OPTIONS IN ONE WAY: YOU HAVE A PREDEFINED MAXIMUM POTENTIAL LOSS & PROFIT.**

But unlike binaries, the payout is variable instead of all or nothing. Both contract types give you defined risk without the need for stop-loss orders.

With Nadex call spreads, if the market goes outside the range, you stop losing money, but you don't get stopped out. You are effectively buying time for the market to turn back around and prove you right.

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# PREDEFINED RISK, LEVEL PLAYING FIELD, (VIRTUALLY) UNLIMITED OPPORTUNITY



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We're not brokers. We're an exchange. That distinction guides how we view our members. We don't push you to trade. By law, a CFTC-regulated exchange is prohibited from recommending trades, anyway.

## INSTEAD, WE FOCUS ON TWO THINGS:



### EDUCATION AND RESOURCES

First, we give our members accurate education and information so they learn how to trade, with self-confidence, and have opportunities to practice and improve.



### LEVELING THE PLAYING FIELD

Second, we ensure they have a level playing field, with accurate data and order execution and robust, state-of-the-art software, all for free.

For the first 60 days, every new Nadex member gets a dedicated Nadex Account Specialist, like a personal coach to answer questions about the software platforms and help you get started. After 60 days, our friendly customer service is available 24 hours a day when the markets are open.

**SERIOUSLY, CALL  
877-776-2339  
(OR +1-312-884-0100)  
RIGHT NOW AND SAY HELLO.**

**WE'RE READY TO ANSWER  
YOUR QUESTIONS.**

Are you reading this at 2 am on a Wednesday? First of all, thanks for staying up. And second, give us a call!

Some aspects of trading are out of our control, like the news. But you can learn to control your emotions and attitude, with practice and patience. And on Nadex, you can control how much money you risk on each trade. Beyond that, it's up to you.



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But don't take our word for it.

## YOUR NADEX MEMBERSHIP INCLUDES (FREE):

- Second demo account for testing and practice
- Mobile and web-based training platform
- Real-time market price data
- Webinars, ebooks and how-to videos
- Personal new account coach for the first 60 days

**OPEN AN ACCOUNT**

Always wanted to trade the cryptocurrency bitcoin, soybean futures or natural gas? Have an idea about the euro or Swiss franc? Trade binary options or call spreads on these markets and many more. And don't be afraid to make mistakes. That's what a [practice account](#) is for. (If you blow out all \$25,000 of fake virtual money, just call and we'll reset it.)

While you're practicing, use our extensive and free educational resources. Sign up for a webinar where you can ask our expert trader-educators your questions. Watch our videos, read e-books, take an online mini-course, and follow our daily market commentary. It's all at Nadex.com.

We don't just offer the education and customer service out of the kindness of our hearts (though we are pretty nice). We do it because it's good business. We make money solely from trading fees. So when our members become more educated, confident traders, they're more likely to keep trading with us for years. It's a win-win.

Less than a decade and over 100,000 members later, our mission is the same as when we started: to democratize trading and give people the tools and opportunity to take control and succeed in the markets. We hope you'll consider joining us and creating your own opportunities on Nadex.

**OPEN A NADEX ACCOUNT TO START TRADING WITH LOW COST AND DEFINED RISK. YOU CAN ALSO RECEIVE A FREE PRACTICE ACCOUNT.**



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# OPEN A NADEX ACCOUNT TODAY

Start trading the world's markets with low cost and predefined risk.  
Free web and mobile platforms. Free real-time data.  
Free education & coaching.

[OPEN AN ACCOUNT](#)

WANT TO PRACTICE FIRST? [OPEN A FREE DEMO ACCOUNT.](#)

Trading on Nadex involves financial risk and may not be appropriate for all investors. The information presented here is for information and educational purposes only and should not be considered an offer or solicitation to buy or sell any financial instrument on Nadex or elsewhere. Any trading decisions that you make are solely your responsibility. Past performance is not necessarily indicative of future results. Nadex contracts are based on underlying instruments in these asset classes: forex, stock indexes, commodity futures, cryptocurrencies, and economic events.

Nadex binary options and call spreads can be volatile and investors risk losing their investment on any given transaction. However, the design of Nadex contracts ensures investors cannot lose more than the cost to enter the transaction. Nadex is subject to U.S. regulatory oversight by the CFTC.

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