



The following examples may help you understand the information we have provided to you on your 1099-B statement for 2011:

Line 9 – Is a description of the transactions that occurred on the North American Derivatives Exchange, that is exchange traded futures and options on futures.

Line 10 – Represents the profit or loss realized on Binary Option and Bull Spread contracts closed or settled in 2011.

Line 11 – Represents the unrealized profit or loss on Binary Option and Bull Spread valuation. There were no contracts open at the end of 2010.

Line 12 – Represents the unrealized profit or loss on Binary Option and Bull Spread valuation. There were no contracts open at the end of 2011.

Line 13 – Represents the combined profit or loss that will be reported on your 2011 tax return.

WHEN WILL I RECEIVE MY 1099-B?

The 1099-B statements are mailed to members the first full week in February.

HOW DO I KNOW WHETHER I HAD A PROFIT OR LOSS FOR THE YEAR?

A loss is enclosed by parentheses. If the figure on Line 13 is in parentheses, you will report a loss for the year.

WHAT IS AN UNREALIZED PROFIT OR LOSS?

Profits or losses are realized when a Binary Option or Bull Spread position is closed. Profits and losses are unrealized when a Binary Option or Bull Spread position is open at the end of the year. The unrealized profit or loss is the net valuation of the last trading day of the year. There were no open positions for either 2010 or 2011; therefore your unrealized profit or loss should be zero.

HOW IS THE AMOUNT PAID/RECEIVED FOR A BINARY OPTION OR BULL SPREAD REFLECTED IN MY 1099-B?

The amount paid or received from the purchase, sale, or settlement of a Binary Option or Bull Spread is included in line 10, Profit (Loss) Realized on Futures Options.

HOW DO I KNOW IF I HAVE AN UNREALIZED PROFIT OR LOSS?

All Nadex contracts were settled on Friday December 30th – the last trading day of 2011. There will be no unrealized profit or loss for 2011.

WHY DID I RECEIVE A "1099-B SUBSTITUTE STATEMENT"?

The IRS allows us to issue Form 1099-B or a substitute form that contains identical information.

IF I RECEIVE MY STATEMENT ONLINE, WILL I ALSO RECEIVE MY 1099-B ONLINE?

1099s are mailed to customers and not available online.

HOW DO I REQUEST A DUPLICATE 1099 STATEMENT?

You may request a duplicate through customer service at 1 877 77 NADEX. You may also email your questions and/or requests to customerservice@nadex.com.

I DIDN'T RECEIVE A 1099-B THIS YEAR. WHY NOT?

There could be several reasons. If your account is a corporate account, the IRS does not require us to issue a 1099. (You are, however, required to report any income or loss on your corporate return. Refer to your monthly statements for this information.) If there was no activity in your account for the year, we also would not issue a 1099. If you have moved or the address listed in the "My Account" section of the Nadex platform is incorrect, you may not have received the 1099 we mailed to you. In order to have a copy of your 1099 sent to your new address, you must do three things:

- (1) Update your address in the "My Account" section of the Nadex platform.
- (2) Send an email to customerservice@nadex.com stating your new address.
- (3) Provide Nadex a copy of a recent utility bill, bank statement or government ID which clearly lists your new address.

If you have any questions regarding changing your address, please contact Nadex customer service.

ADDITIONAL QUESTIONS?

You may also email your questions and/or requests to customerservice@nadex.com.