



1 Exchange Plaza, 26<sup>th</sup> Floor, New York, NY 10006

## RULE CERTIFICATION

November 7, 2003

2003 11 07 11 5:04

### *By Electronic Mail*

Ms. Jean A. Webb  
Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

Re: Rule Certification by NQLX LLC

Dear Ms. Webb,

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act ("CEA") and Regulations 38.4(b) and 40.6, NQLX LLC hereby certifies the enclosed changes to NQLX's Rule 419. NQLX made these changes so the information recording and submission requirements for Block Trades and Exchange for Physical Trades are consistent. Previously, certain requirements applicable to Exchange for Physical Trades were not explicitly applicable to Block Trades. First, amended Rule 419(g) now requires members to comply with the requirements of Rule 408(b), in addition to those of Rule 408(c), when recording and retaining information on an Order Ticket for a Block Trade. Second, amended Rule 419(g) now requires members to record on an Order Ticket the identity of the individual arranging the Block Trade and to time stamp the Order when negotiations begin.

In addition, we have clarified requirements relating to the quoting of the price for a Block Trade. A redlined copy of the rule amendments is included with this letter, with additions underlined and deletions in brackets.

The proposed adoption and effective date of these rule amendments is November 10, 2003. These rule amendments were approved for adoption by management of NQLX pursuant to NQLX's rules. There were no substantive opposing views expressed as to the adoption of these rule changes. NQLX hereby certifies that the rule changes comply with the CEA and the regulations thereunder.

Jean Webb, Secretary  
Commodity Futures Trading Commission  
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Please contact me at (212) 269-3571 if you have any questions concerning the enclosed rule amendments.

Sincerely,

Kathleen M. Hamm  
Senior Vice President  
Regulation and Compliance

cc: Michael Gorham  
Director, Division of Market Oversight

Stephen Braverman  
Deputy Director, Division of Market Oversight

David Van Wagner  
Associate Director, Division of Market Oversight

Allen Cooper  
Branch Chief, CFTC New York Regional Office



**Rule 419      Block Trades**

**(a)-(d)** No Change

**(e)      Fair Price**

(1)      No change

(2)      When quoting a price for a Block Trade, a Member or a Person Associated with a Member must state to the potential counter-party (whether a Member or a Wholesale Customer) that the price being quoted is the price for a Block Trade and not necessarily the current prevailing price for the Exchange Contract on the ATS.

**(f)**      No change

**(g)      Information Recording, Submission, and Dissemination**

(1)      For a [each] Block Trade[,] in addition to the requirements of Rules 408(b) and 408(c), a Member or Person Associated with a Member must [ensure that information is recorded and retained] record on an Order Ticket [consistent with Rule 408(c)] the identity of the individual arranging the Block Trade and time stamp the Order when negotiation begins.

(2) – (7) No change

**NQLX**