**Rule Self-Certification**

January 22, 2016

Christopher J. Kirkpatrick

Office of the Secretariat

Commodity Futures Trading Commission

Three Lafayette Center

1155 21st Street, NW

Washington, DC 20581

Re: **Regulation §40.6 Submission Certification**

**Energy Broker Incentive Program**

**Reference File: SR-NFX-2016-10**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Section 40.6 of the Commission’s regulations thereunder, NASDAQ Futures, Inc. (“NFX” or “Exchange”) is notifying the Commission of an amendment to the Exchange’s broker incentive program (the “Energy Broker Incentive Program” or “Program”) for certain energy contracts (the “Energy Contracts”).[[1]](#footnote-1) The Exchange wishes to include the fifteen financially settled energy futures products filed under filing SR-NFX-2016-07 (the “New Contracts”) under the Program.

The Program is designed to incentivize Off-Exchange Reporting Brokers (“ORBs”) to increase their volume in certain Energy Contracts they submit to NFX as Block Trades, thereby enhancing market liquidity for these products.[[2]](#footnote-2) The terms and conditions of the Energy Broker Incentive Program are attached hereto as Exhibit A. The amendment in Exhibit A will be implemented on February 8, 2016 and will have the same Program Term as the other Energy Contracts currently in the Energy Broker Incentive Program which expires on July 24, 2016.

The Exchange believes that the Energy Broker Incentive Program complies with Core Principle 4 (Monitoring of Trading), Core Principle 9 (Execution of Transactions) and Core Principle 12 (Protection of Market Participants). The Energy Broker Incentive Program will not impact order execution priority or otherwise give participants any execution preference or advantage. The Energy Broker Incentive Program will not impact the Exchange’s ability to perform its trade practice and market surveillance obligations under the Act and Exchange staff will monitor trading in the Energy Broker Incentive Program’s products to prevent manipulative trading and market abuse. Additionally, the Exchange has systems to track Energy Broker Incentive Program participants’ volume to ensure proper distribution of earned incentives. Finally, NFX rules include prohibitions against fraudulent, non-competitive, unfair or abusive practices.

There were no opposing views among the NFX’s Board of Directors, members or market participants. The Exchange hereby certifies that the amendment to include the New Contracts to the Energy Broker Incentive Program complies with the Commodity Exchange Act and regulations thereunder. The Exchange also certifies that notice of pending certification and a copy of this submission have been concurrently posted on the Exchange’s website at <http://business.nasdaq.com/nasdaq-futures/nfx-market>.

If you require any additional information regarding the submission, please contact Stephen Matthews at +1 301 978 8458 or via e-mail at steve.matthews@nasdaq.com. Please reference SR-NFX-2016-10 in any related correspondence.



Regards,

Daniel R. Carrigan

President

Attachment: Exhibit A

cc: National Futures Association

The Options Clearing Corporation

**Exhibit A**

*New text is underlined; deleted text is stricken*

**Energy Broker Incentive Program**

**Program Purpose**

The purpose of the Energy Broker Incentive Program (the “Program”) is to incentivize Off-Exchange Reporting Brokers (“ORBs”) to increase their volume they submit to NFX as Block Trades via NasdaQ-Port in the energy products listed below. The resulting additional liquidity should benefit all participants in the market.

**Product Scope**

The following energy products (“Products”) that are submitted for clearing by ORBs via NasdaQ-Port and then cleared by The Options Clearing Corporation:

|  |  |  |
| --- | --- | --- |
| Products | Trading Symbol | Payment (per cleared contract side except Power) |
| NFX Options on NFX Henry Hub Penultimate Financial Futures - 10,000 | LNQ | $0.20 |
| NFX Options on NFX Henry Hub Penultimate Financial Futures - 10,000 | LNQ | $0.25 (over 200,000 sides in a month) |
| NFX Options on NFX Henry Hub Penultimate Financial Futures - 10,000 | LNQ | $0.40 (over 300,000 sides in a month) |
| NFX Henry Hub Natural Gas Financial Futures - 2,500 | NNQ | $0.025 |
| NFX Henry Hub Natural Gas Penultimate Financial Futures - 2,500 | NPQ | $0.025 |
| NFX Henry Hub Natural Gas Financial Futures - 10,000 | HHQ | $0.10 |
| NFX Henry Hub Natural Gas Penultimate Financial Futures - 10,000 | HUQ | $0.10 |
| NFX Options on NFX Brent Crude Financial Futures | BCQ | $0.20 |
| NFX CAISO NP-15 Hub Day-Ahead Off-Peak Financial Futures | ONPQ | $.00083 per MWh |
| NFX CAISO NP-15 Hub Day-Ahead Peak Financial Futures (400, 80, 16 MWh Contracts) | NPMQ NPNQ NPPQ | $.00083 per MWh |
| NFX CAISO SP-15 Hub Day-Ahead Off-Peak Financial Futures | OFPQ | $.00083 per MWh |
| NFX CAISO SP-15 Hub Day-Ahead Peak Financial Futures (400, 80, 16 MWh Contracts) | SPMQ SPZQ SPVQ | $.00083 per MWh |
| NFX ISO-NE Massachusetts Hub Day-Ahead Off-Peak Financial Futures | NOPQ | $.00083 per MWh |
| NFX ISO-NE Massachusetts Hub Day-Ahead Peak Financial Futures (400, 80, 16 MWh Contracts) | NEPQ NMMQ NEMQ | $.00083 per MWh |
| NFX MISO Indiana Hub Real-Time Off-Peak Financial Futures | CPOQ | $.00083 per MWh |
| NFX MISO Indiana Hub Real-Time Peak Financial Futures (400, 80, 16 MWh Contracts) | CINQ MCHQ MCGQ | $.00083 per MWh |
| NFX PJM AEP Dayton Hub Real-Time Off-Peak Financial Futures | AODQ | $.00083 per MWh |
| NFX PJM AEP Dayton Hub Real-Time Peak Financial Futures (400, 80, 16 MWh Contracts) | MSOQ MSSQ MSTQ | $.00083 per MWh |
| NFX PJM Northern Illinois Hub Real-Time Off-Peak Financial Futures | NIOQ | $.00083 per MWh |
| NFX PJM Northern Illinois Hub Real-Time Peak Financial Futures (400, 80, 16 MWh Contracts) | PNLQ PNQQ PNPQ | $.00083 per MWh |
| NFX PJM Western Hub Day-Ahead Off-Peak Financial Futures | PJDQ | $.00083 per MWh |
| NFX PJM Western Hub Day-Ahead Peak Financial Futures | PJCQ | $.00083 per MWh |
| NFX PJM Western Hub Real-Time Off-Peak Financial Futures (50, 5 MWh Contracts) | OPJQ OPKQ | $.00083 per MWh |
| NFX PJM Western Hub Real-Time Peak Financial Futures (400, 80, 16 MWh Contracts) | PJMQ PMJQ PMIQ | $.00083 per MWh |
| NFX Brent Crude Financial Futures | BFQ | $0.20 |
| NFX WTI Crude Oil Financial Futures | CLQ | $0.20 |
| NFX Low Sulphur Gasoil Financial Futures | GOQ | $0.20 |
| NFX Heating Oil Financial Futures | HOQ | $0.20 |
| NFX RBOB Gasoline Financial Futures | RBQ | $0.20 |
| NFX WTI Crude Oil Penultimate Financial Futures | TQ | $0.20 |
| NFX Options on NFX WTI Crude Oil Penultimate Financial Futures | TOQ | $0.20 |
| NFX Heating Oil Penultimate Financial Futures | OQ | $0.20 |
| NFX RBOB Gasoline Financial Futures | RQ | $0.20 |

**Eligible Participants**

Any ORB registered with the Exchange is an eligible participant. There is no limit to the number of ORBs that may register with the Exchange and participate in the program by submitting Block Trades. ORBs must have login credentials in order to submit Block Trades in the Products.

**Program Term**

The Program Term will expire on July 24, 2016.

**Hours**

N/A.

**Program Obligations**

All ORBs must be registered with the Exchange and may only submit Block Trades eligible for incentive payments after they have obtained login credentials. Participants must disclose the accounts in which they plan to submit matched trades.

**Program Incentives**

Upon meeting all Program obligations, as determined by NFX, ORBs who submit Block Trades in the Products which are cleared will be eligible for the incentives set forth in the table above under Product Scope.

**Monitoring and Termination of Status**

NFX shall monitor trading activity and participants’ performance and shall retain the right to revoke Program participant status if it concludes from review that a Program participant no longer meets eligibility requirements.

1. The Exchange initially filed the broker incentive plan as SR-NFX-2015-45 on June 19, 2015 and the Program launched on July 24, 2015. The Program has since been amended a number of times. [↑](#footnote-ref-1)
2. “Off-Exchange Reporting Broker” is defined in Chapter I, Section 1 of the NFX Rulebook as an Authorized Customer who has received authorization from the Exchange as provided in Chapter V, Section 4(m) which in turn provides that an Off-Exchange Reporting Broker may access the Trading System directly for the purpose of submitting transactions for reporting and clearing if the Off-Exchange Reporting Broker has received authorization from the Exchange and from a Clearing Futures Participant in a form prescribed by the Exchange. [↑](#footnote-ref-2)