February 7, 2018 Nasdaq Futures, Inc.

FMC Tower, Level 8,

Christopher J. Kirkpatrick 2929 Walnut Street

Office of the Secretariat Philadelphia, PA 19104 / USA

Commodity Futures Trading Commission

Three Lafayette Center business.nasdaq.com/futures

1155 21st Street, NW

Washington, DC 20581

**Rule Self-Certification: Rule Certification for New NFX ERCOT Off-Peak Financial Futures Contracts**

**Reference File: SR-NFX-2018-07**

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”) hereby submits rules relating to block trade minimum quantity thresholds and fee schedules for New NFX Electricity Reliability Council Of Texas (ERCOT) Off-Peak Financial Futures (“ERCOT Contracts”). The Exchange anticipates listing the ERCOT Contracts beginning February 22, 2018, for trade date February 23, 2018. The amendments proposed in this submission shall be effective on the listing date.

The name of each ERCOT Contracts is listed below, followed by its symbol in parentheses:

* NFX ERCOT North 345KV Hub Real-Time Off-Peak 7X8 Financial Futures (XPBQ)
* NFX ERCOT North 345KV Hub Real-Time Off-Peak Mini 7X8 Financial Futures - 5 MWh (XPFQ)
* NFX ERCOT North 345KV Hub Real-Time Off-Peak Mini 7X8 Financial Futures - 1 MWh (XPOQ)
* NFX ERCOT North 345KV Hub Real-Time Off-Peak Weekend 2x16 Financial Futures (XPCQ)
* NFX ERCOT North 345KV Hub Real-Time Off-Peak Mini Weekend 2x16 Financial Futures - 80 MWh (XPIQ)
* NFX ERCOT North 345KV Hub Real-Time Off-Peak Mini Weekend 2x16 Financial Futures - 16 MWh (XPMQ)
* NFX ERCOT Houston 345KV Hub Real-Time Off-Peak 7X8 Financial Futures (XPKQ)
* NFX ERCOT Houston 345KV Hub Real-Time Off-Peak Mini 7X8 Financial Futures - 5 MWh (XPVQ)
* NFX ERCOT Houston 345KV Hub Real-Time Off-Peak Mini 7X8 Financial Futures - 1 MWh (XPNQ)
* NFX ERCOT Houston 345KV Hub Real-Time Off-Peak Weekend 2x16 Financial Futures (XPLQ)
* NFX ERCOT Houston 345KV Hub Real-Time Off-Peak Mini Weekend 2x16 Financial Futures - 80 MWh (XPHQ)
* NFX ERCOT Houston 345KV Hub Real-Time Off-Peak Mini Weekend 2x16 Financial Futures - 16 MWh (XPUQ)
* NFX ERCOT West 345KV Hub Real-Time Off-Peak 7X8 Financial Futures (YFTQ)
* NFX ERCOT West 345KV Hub Real-Time Off-Peak Mini 7X8 Financial Futures - 5 MWh (YFFQ)
* NFX ERCOT West 345KV Hub Real-Time Off-Peak Mini 7X8 Financial Futures - 1 MWh (YFOQ)
* NFX ERCOT West 345KV Hub Real-Time Off-Peak Weekend 2x16 Financial Futures (YGYQ)
* NFX ERCOT West 345KV Hub Real-Time Off-Peak Mini Weekend 2x16 Financial Futures - 80 MWh (YGFQ)
* NFX ERCOT West 345KV Hub Real-Time Off-Peak Mini Weekend 2x16 Financial Futures - 16 MWh (YGOQ)
* NFX ERCOT South 345KV Hub Real-Time Off-Peak 7X8 Financial Futures (XOKQ)
* NFX ERCOT South 345KV Hub Real-Time Off-Peak Mini 7X8 Financial Futures - 5 MWh (XOVQ)
* NFX ERCOT South 345KV Hub Real-Time Off-Peak Mini 7X8 Financial Futures - 1 MWh (XOEQ)
* NFX ERCOT South 345KV Hub Real-Time Off-Peak Weekend 2x16 Financial Futures (YFSQ)
* NFX ERCOT South 345KV Hub Real-Time Off-Peak Mini Weekend 2x16 Financial Futures - 80 MWh (YFIQ)
* NFX ERCOT South 345KV Hub Real-Time Off-Peak Mini Weekend 2x16 Financial Futures - 16 MWh (YFNQ)

The rule amendments proposed herein are attached to this letter in Exhibit A which amends Rulebook Appendix A, Listed Contracts and the Fee Schedule.[[1]](#footnote-1)

**Exhibit 1 - Amendments to Rulebook Appendix A, Listed Contracts**

Block Trade Minimum Quantity Threshold and Reporting Times. Chapter IV, Section 11 of the Exchange’s rulebook provides for execution of block trades and requires the Exchange to designate the contracts in which block trades shall be permitted and to determine the minimum quantity thresholds for such transactions. Section 11(F) requires Futures Participants to ensure that block trades are reported to the Exchange within the number of minutes of the time of execution (the "Reporting Window") specified in the rules for the particular contract.[[2]](#footnote-2) The ERCOT Contracts are eligible for block trades. The block trade minimum quantity threshold is set at 10 contracts and the Reporting Window is set at 15 minutes. Spot month position limits for the ERCOT Contracts set forth on Exhibit B are consistent with those for comparable contracts listed by ICE Futures US.[[3]](#footnote-3)

**Base Transaction Fees and Block Trade/EFRP Surcharges**

The Base Transaction Fee is a charge for Exchange execution fees. The Options Clearing Corporation (“OCC”) will separately assess a clearing fee for all transactions submitted for clearing.[[4]](#footnote-4) The Exchange will assess Base Transaction Fees of $3.00, $0.25 and $0.15 for the 800 MWh, 80 MWH and 50 MWh contracts. The remaining contracts will have no execution fee. The Exchange will assess a Block Trade/EFRP Surcharges of $0.10 for the 800 MWh, 80 MWh and 50 MWh contracts, with the 16 MWh, 5 MWh and 1 MWh contracts being assessed $0.06, $0.03 and $0.0075 surcharges, respectively.

**DCM Core Principles**

The Exchange has reviewed the designated contract market core principles (“Core Principles”) as set forth in the Act in connection with the amendments presented herein. Consistent with Core Principle 7 - Availability of General Information, the Exchange will post general information, including the NFX Rulebook as amended herein, on its website: [business.nasdaq.com/futures](http://business.nasdaq.com/nasdaq-futures/nfx-market).

**Certifications**

There were no opposing views among NFX’s Board of Directors, members or market participants. The Exchange hereby certifies that the rule amendments set forth herein comply with the Act and the Commission’s 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 [business.nasdaq.com/futures](http://business.nasdaq.com/nasdaq-futures).

If you require any additional information regarding the submission, please contact Aravind Menon at (301) 978-8416 or aravind.menon@nasdaq.com. Please refer to SR-NFX-2018-07 in any related correspondence.



Regards,

Daniel R. Carrigan

President

Attachments:

Exhibit A: Amendments to Rulebook Appendix A – Listed Contracts & Fee Schedule

1. The Exchange is separately filing the ERCOT Contracts terms and conditions in SR-NFX-2018-06 pursuant to Commission Rule 40.2. Certain additional language separately certified in SR-NFX-2018-06 is not duplicated in Exhibit A hereto but is instead, for purposes of brevity, represented by asterisks. [↑](#footnote-ref-1)
2. See Rules Chapter IV, Section 11(F) provides: “Futures Participants must ensure that each Block Trade is reported to the Exchange within the number of minutes of the time of execution (the "Reporting Window") specified in the rules for the particular contract; except that Block Trades executed outside of Trading Hours must be reported within fifteen minutes of the commencement of the next Open Session of a Trading Session for that Contract. If the Block Trade includes certain legs subject to a 5 minute Reporting Window and other legs subject to a 15 minute Reporting Window, the reporting requirement for the transaction will be 15 minutes. The report must include the Contract, contract month, price, quantity of the transaction, the respective Clearing Futures Participants, the time of execution, and, for Options on Futures, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market. Failure to timely and accurately report Block Trades may subject the Futures Participant to disciplinary action.” [↑](#footnote-ref-2)
3. See Rule X.08, Block Trade Minimum Quantity Threshold and Reporting Window for each of the new ERCOT Futures attached as Exhibit A. [↑](#footnote-ref-3)
4. OCC options exercise fees and any other OCC fees remain the responsibility of Clearing Futures Participants. [↑](#footnote-ref-4)