



## Rule Self-Certification

March 6, 2015

### VIA ELECTRONIC PORTAL

Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

Re: **Regulation §40.6 Submission Certification**  
**Amendments to By-Law, Rules and Reference Guide**  
**Reference File: SR-NFX-2015-09**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Section 40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission under the Act, NASDAQ Futures, Inc. (“NFX” or “Exchange”) amends a technical error in By-Law Article 6.1, entitled “Committees” to add missing punctuation at the end of the By-Law. The Exchange adds missing parentheses in the definition of “Public Director” in Chapter I, Section I. The Exchange corrects numbering in Chapter I, Section 8, entitled “Voting By Board of Directors and Certain Committees.” The Exchange adds greater clarity to the Close Session in Chapter IV, Section 3, entitled, “Trading Sessions.” The Exchange seeks to add further information with respect to defining the “Reference Price” for the Order Price Limit Protection Rule in Chapter IV, Section 8. The Exchange seeks to add further information related to the Block Trade Rule at Chapter IV, Section 10. Finally, the Exchange seeks to conform the text of its Reference Guide to the changes proposed to the trading rules herein. The amendments are attached in Exhibit A and will be implemented on May 1, 2015.

The Exchange recently filed amendments to its Trading Rules which will be implemented on May 1, 2015.<sup>1</sup> Among other things, the prior rule changes revised rules and added new trading rules in Chapter IV, entitled “Trading System.” as well as adopting a Reference Guide to provide further guidance to market participants. The Exchange is amending various technical errors in its By-Laws and Rulebook as explained above. The Exchange is amending Chapter IV, Section 3 to further explain that certain Orders will be removed from the Order

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<sup>1</sup> See SR-NFX-2014-02, SR-NFX-2014-05, SR-NFX-2015-01 and SR-NFX-2015-08.

Book in the Close Session and that the Post Close Session will immediately commence thereafter. Also, the Exchange is seeking to amend the Order Price Limit Protection Rule in Chapter IV, Section 8 to explain the manner in which the Reference Price is calculated. The Block Trade Rule at Chapter IV, Section 10 is modified to explain reporting times and also note the limitation of reporting Combination Order legs.

With respect to the designated contract market core principles (“Core Principles”) as set forth in the Act:

- *Compliance with Rules:* Today the Exchange has in place Rules which describe the manner in which Futures Participants may access and trade on NFX. Chapter II, Section I provides for the qualifications and rules of participation applicable to Futures Participants as well as Authorized Traders. This Rule states that Futures Participants must utilize the Exchange’s services in a responsible manner, comply with Rules, cooperate with Exchange investigations and inquiries and observe high standards of integrity. In addition the Rule provides clear and transparent access criteria and requirements for Futures Participants and Authorized Traders. Chapter V, Section 18 describes prohibited activities with respect to the Trading System.

Trading will be subject to the Rules at Chapter III of the Exchange’s Rulebook, which include prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading is subject to the trading procedures and standards in Chapter V of the Rulebook. Trading activity is subject to extensive monitoring and surveillance by NFX’s regulatory group in conjunction with the National Futures Association pursuant to the provisions of a Regulatory Services Agreement. Additionally, the Exchange has the authority to exercise its investigatory and enforcement power where potential rule violations are identified. The Exchange’s disciplinary Rules are contained in Chapter VI of the Rulebook, which permit the Exchange to discipline, suspend or expel Futures Participants or market participants that violate the Rules. Pursuant to Chapter V, Section 5, the Exchange may cancel or adjust trades when necessary to mitigate market disrupting events caused by the improper or erroneous use of the Trading System or system defects or malfunctions. The Exchange may review a trade based on its independent analysis of market conditions or upon request from a Futures Participant.

- *Prevention of Market Disruption:* The Exchange’s Regulatory Department handles real-time surveillance and monitors trading activity on the Exchange with a SMARTS Surveillance

Application through which the Exchange can track activity of specific Authorized Traders, monitor price and volume information and receive alerts regarding market messages. The Exchange's Regulatory Department, which handles real-time surveillance in conjunction with staff that handles T+1 surveillance, utilizes data collected by the SMARTS Surveillance Application to monitor price movements, as well as market conditions and volumes to detect suspicious activity such as manipulation, disruptive trading and other abnormal market activity. The Exchange has established comprehensive audit trail processes that capture trading information to facilitate the surveillance activities described herein. Futures Participants that access the Exchange electronically are responsible for maintaining audit trail information for all electronic orders pursuant to Chapter V, Section 1. The Exchange has in place risk controls, including the imposition of trading pauses or halts, to address risks posed by potential market disruptions pursuant to Chapter V, Section 16. The Exchange has the ability to reconstruct all Orders transacted on the Trading System.

- *Availability of Contract Information.* The Exchange has indicated within its trading Rules where specific information relates to a particular Contract. The Exchange will provide detailed information within the contract specifications for that particular Contract. The Exchange will post the terms and conditions of Exchange Contracts in its Rulebook along with trading Rules. The specifications for its Trading System will appear on the Exchange's website.

- *Publication of Information.* The Exchange will publish daily information on settlement prices, volume, open interest and opening and closing ranges for actively traded Contracts on its website. The Exchange's volume information will include information on the volume of Block Trades.

- *Execution of Transactions.* The Exchange operates an electronic trading facility that provides Futures Participants with the ability to execute Orders within the Exchange's Order Book. Orders submitted into the Trading System will be matched in either Price-Time priority or Size Pro-Rata priority order, as specified by the Exchange. The Exchange specifies the types of Orders that will be accepted by the Trading System in Chapter IV, Section 4. Finally, the Exchange separately describes its Rules for executing transactions outside of the Order Book, such as Block Trades and exchange for related positions (EFRPs), in Chapter IV, Sections 10 and 11, respectively.

- *Trade Information.* As previously described, the Exchange has established audit trail processes that capture trading information to

facilitate the Exchange's trade practice and market surveillance activities. The audit trail program is based on original source documents that are unalterable, sequentially identified records. The audit trail contains a history of all Orders as well as other identifying information. All data gathered as part of the audit trail is maintained in accordance with the Commission's recordkeeping requirements and in a manner that does not allow for unauthorized alteration, erasure or other potential loss.

- *Financial Integrity of Transactions.* The Exchange's Rules provide that all matched trades generated by the Trading System, after the application of pre-trade risk parameters, will be automatically submitted to the Clearing Corporation as described in Chapter V, Section 2. Chapter II, Section 1 of the Exchange's Rules requires that all Futures Participants must be members of the Clearing Corporation either directly or indirectly. Futures commission merchants (FCMs) must maintain an account directly with the Clearing Corporation. Clearing Futures Participants are required to guarantee all trades transacted on NFX on behalf of itself, its Customers and Non-Clearing Futures Participants. Clearing Futures Participants must guarantee and assume financial responsibility for all Exchange Contracts of each Futures Participant guaranteed by it, and will be liable for all trades made by that Futures Participant. The Exchange requires a similar guarantee for Authorized Customers submitting trades into the Trading System via Direct Access pursuant to Chapter V, Section 4. The Exchange's Rules governing minimum financial requirements and protection of Customer funds are set forth in Chapter III.

- *Protection of market participants.* Chapter III of the Exchange's Rulebook contains prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading in all Contracts.

There were no opposing views among the Exchange's Board of Directors, members or market participants. The Exchange hereby certifies that these By-Law, Rulebook and Reference Guide amendments comply with the Commodity Exchange Act and regulations thereunder. The Exchange also certifies that a notice of pending certification with the Commission and a copy of this submission have been concurrently posted on the Exchange's website.

Commodity Futures Trading Commission  
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If you require any additional information regarding the submission, please contact Angela S. Dunn at +1 215 496 5692 or via e-mail at [angela.dunn@nasdaq.com](mailto:angela.dunn@nasdaq.com). Please reference SR-NFX-2015-09 in any related correspondence.

Regards,

A handwritten signature in black ink that reads "Daniel R. Carrigan". The signature is written in a cursive style with a large, prominent "D" and "C".

Daniel R. Carrigan  
President

cc: National Futures Association

**Exhibit A**

*New text is underlined; deleted text is stricken.*

**BY-LAWS OF NASDAQ FUTURES, INC.**

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**ARTICLE VI Committees**

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*Section 6.1 Committees*

(a) – (f) No Change

(g) The term of office of a committee member shall terminate immediately upon a determination by the Board, by a majority vote of the directors, (i) that the committee member no longer satisfies the classification for which the committee member was selected; and (ii) that the committee member's continued service as such would violate the compositional requirements of such committee set forth in these By-Laws. If the term of office of a committee member terminates under this Section, and the remaining term of office of such committee member at the time of termination is not more than six months, during the period of vacancy the relevant committee shall not be deemed to be in violation of the compositional requirements of such committee set forth in these By-Laws by virtue of such vacancy.

**NASDAQ OMX Futures Exchange – Rules**

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**Chapter I Definitions and Governance of the Exchange**

**Section 1 Definitions**

**Public Director.** The term "Public Director" means an individual who has been found by the Board of Directors to have no material relationship with the Exchange. A "material relationship" is one that reasonably could affect the independent judgment or decision making of the director. A director shall be considered to have a "material relationship" with the Exchange if any of the following circumstances exist: (A) the director is an officer or employee of the Exchange or an officer or employee of its affiliate; ("Affiliate" includes parents or subsidiaries of the Exchange or entities that share a common parent with the Exchange); (B) the director is a member of the Exchange, or an officer or director of a member ("Member" being defined according to Section 1a(24) of the Act and

Commission Regulation 1.3(q)); (C) the director, or a firm with which the director is an officer, director or partner, receives more than \$ 100,000 in combined annual payments from the Exchange, or any affiliate of the Exchange, (as defined herein), for legal, accounting, or consulting services. Compensation for services as a director of the Exchange or as a director of an affiliate of the contract market does not count toward the \$100,000 payment limit, nor does deferred compensation for services prior to becoming a director, so long as such compensation is in no way contingent, conditioned, or revocable; and (D) any of the relationships herein apply to a member of the director's "immediate family," i.e., spouse, parents, children, and siblings. All of the disqualifying circumstances described herein are subject to a one-year look back. Public Directors may also serve as directors of the Exchange's affiliate as defined herein if they otherwise meet the definition of public.

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## **Section 8 Voting By Board of Directors and Certain Committees**

**(a)** Definitions. For purposes of this Rule:

(1) Committee shall refer to any of the following:

(i) Committee of the Board of Directors as defined in Article IV of the By-Laws;

(ii) BCC Panel appointed pursuant to Chapter VI; or

~~(viii)~~ (iii) Any other person or committee of persons, or any subcommittee thereof, that is authorized by the Exchange to issue disciplinary charges, to conduct disciplinary proceedings, to settle disciplinary charges, to impose disciplinary sanctions, or to hear appeals thereof in cases involving any violations of Exchange Rules, except those cases where the person or committee is authorized summarily to impose minor penalties for violating Rules regarding decorum, attire, the timely submission of accurate records for clearing or verifying each day's transactions or similar activities.

(2) – (6) No Change.

**(b) – (d)** No Change.

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## **Chapter IV Trading System**

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### **Section 3 Trading Sessions**

(a) Pre-Open Session. Prior to the opening of a Trading Session for an Exchange Contract there will be a Pre-Trading Session which concludes with a two sided

auction prior to the Open Session. During this session a Futures Participant may enter Orders (which includes Quotes) which may be modified and canceled during the session. Orders will be time-stamped and queued until the end of the Pre-Trade Session. During the Pre-Trade Session, GTC and GTD Orders may be modified or canceled.

(b) Open Session. After the Pre-Open Session, the Trading System will initiate an auction to uncross, if necessary. The Trading System will automatically match all crossed Orders at the Equilibrium Price. The Open Session will commence and the opening price will be either: (i) the Equilibrium Price; or (ii) the first match in the Trading Session. During the Open Session, the Trading System will match Orders (which includes Quotes).

(c) Close Session. At the end of the Open Session the Trading System will: (i) no longer accept Orders and no matching will occur; (ii) GTC and GTD Orders will remain in the Order Book and all other Orders will be removed from the Order Book; and (iii) the Post-Close Session will immediately commence.

(d) Post Close Session. At the end of the Close Session, a Post Close Session will commence. During the Post Close Session, Futures Participants may modify and cancel Orders.

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### **Section 6 Trading at Settlement (“TAS”) Order**

A Trading at Settlement (“TAS”) Order is an Order to buy or sell a stated quantity of the relevant Contract at a price expressed as a differential (which may be zero) above or below the Daily Settlement Price for the Contract on the trade date on which the TAS Order is executed. For purposes of this Rule, the term trade date means the day on which the TAS transaction occurred, except that the trade date in respect of trades effected in a trading session beginning on one calendar day and ending on the next calendar day shall be deemed to be the calendar day on which the trading session ends. TAS Orders may be priced in increments (plus or minus) of up to 10 minimum trading increments from the Daily Settlement Price. A TAS transaction executed at a zero differential will be filled and cleared at the Daily Settlement Price for the trading day.

(a) Entry and Execution of TAS Orders. A TAS Order may be entered into the Trading System for a Contract only during the Open Session. TAS Orders may be entered only during the hours specified by the Exchange when TAS trading is available for such Contract. Trading in all TAS products will cease daily at 2:30 PM EPT. The price of a TAS Order or transaction is reflected with either a price of 0 (which represents a trade at the Daily Settlement Price), with a positive number (which represents a trade at that amount above the Daily Settlement Price) or with a negative number (which represents a trade at that amount below the Daily Settlement Price). All TAS Orders are required to be Day Orders. TAS Market Orders are not permitted. TAS Orders in a Contract will interact only with other TAS Orders in the Contract and will not interact with non-TAS Orders in the Contract. The same execution priorities that are applicable to non-TAS



Orders in a Contract shall also apply with respect to TAS Orders in the Contract, unless otherwise specified in the rules governing the Contract.

(b) Quantity. Contracts eligible for TAS executions are permitted in any minimum quantity or as Block Trades pursuant to the requirements of Chapter IV, Section 10.

(c) TAS Eligible Contracts and Exclusions. The Exchange will designate the Contracts in which TAS transactions are permitted in accordance with this Rule. TAS trades are not permitted on the Last Trading Day in any Contract Expiry, or for any trade date which is a U.S. federal holiday even if the Exchange is open for trading. TAS transactions are not permitted in any Options, Combination Order or EFRP transactions.

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### **Section 8 Order Price Limit Protection**

Order Price Limit Protection is a feature of the Trading System that prevents certain Orders per Contract at prices outside of pre-set standard limits (“Order Price Limits”) from being accepted by the Trading System. This protection applies to all Limit Orders but does not apply to FOK or IOC Market Orders. The Order Price Limits are established at prices above and below the Reference Price, as described in subsection (b) below.

(a) The Order Price Limit protection is operational each trading day during the Open Session, except during trading halts. Futures Participants will be notified of intraday Order Price Limit [p]Protection deactivation due to volatility and any subsequent intraday reactivation by the Exchange through the issuance of Trading System status messages.

(b) The Exchange shall establish Order Price Limits in the Contract rules applicable to the specific Contract, ~~a specific Contract’s specifications.~~ At the commencement of the Open Session, the reference price shall be (i) the prior Daily Settlement Price for the Contract, or (ii) in the event there is no prior Daily Settlement Price for the Contract, if the Contract is cash settled by reference to the price of a contract traded on another venue (the “Reference Contract”), the most recent Daily Settlement Price of the Reference Contract, or (iii) in the event there is no prior Daily Settlement Price for either the Contract or the Reference Contract, a price determined by the Exchange to be a fair and reasonable reflection of the current market (“Reference Price”). Thereafter, the Reference Price shall be the most recent bid or offer (other than a FOK or IOC bid or offer) in the Contract, provided that the bid (offer) is higher (lower) than the current Reference Price, unless such bid (offer) resulted in an execution, in which case the new Reference Price shall be the last execution price.

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## **Section 10 Block Trades**

The Exchange shall designate the Contract in which Block Trades shall be permitted and determine the minimum quantity thresholds for such transactions. The following shall govern Block Trades:

A. A Block Trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders may not be aggregated in order to achieve the minimum transaction size, except by those entities described in Sections I. and J.

B. Each party to a Block Trade must be an Eligible Contract Participant as that term is defined in Section 1a(18) of the Commodity Exchange Act.

C. A Futures Participant shall not execute any Order by means of a Block Trade for a Customer unless such Customer has specified that the Order be executed as a Block Trade.

D. The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of the Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash market or related Futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the Block Trade.

E. Block Trades shall not set off conditional Orders or otherwise affect Orders in the Order Book.

F. Futures Participants must ensure that each Block Trade is reported to the Exchange within the number of five 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 Open Session of Trading Hours on the next Business Day for that Contract. 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.

G. Unless otherwise agreed to by the principal counterparties to the Block Trade, it is the obligation of the Futures Participant to report Block Trades. The Futures Participant must ensure that each Block Trade is reported to the Exchange within the number of five 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 Open Session of Trading Hours on the next Business Day that Contract. The Block Trade report made to the Exchange must include the following information: 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. Failure to

timely and accurately report Block Trades may subject the Futures Participant to disciplinary action.

H. Clearing Futures Participants and Futures Participants involved in the execution of Block Trades must maintain a record of the transaction in accordance with this Chapter III, Section 1.

I. A commodity trading advisor (“CTA”) registered or exempt from registration under the Act, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such advisors have total assets under management exceeding \$25 million and the block trade is suitable for the Customers of such advisors.

J. A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section I, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such Persons have total assets under management exceeding \$25 million and the Block Trade is suitable for the Customers of such Persons.

K. Block Trades may be submitted to the Trading System with up to twelve legs for Combination Orders.

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**NASDAQ Futures, Inc. (NFX)**  
**Reference Guide**

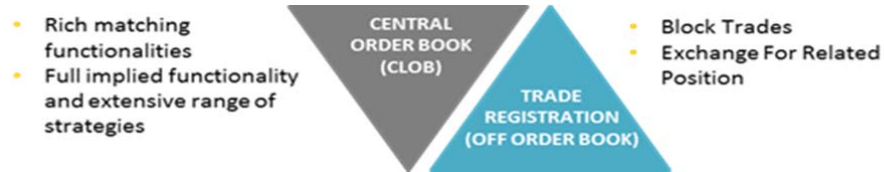
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Version 1.00 | 2015-5-01



## 2.1 Market Structure

NFX is utilizing Nasdaq's high-performance and proven technology, which provides market participants with advanced functionality for central limit Order Book trading as well as real-time Off-Order Book trade reporting on the same platform.



The Trading Day is comprised of a set of defined sessions. There are various ways to participate in each session.

Trading starts with a Pre-Open Session prior to automatic trade matching or continuous trading in the Open Session. During the Pre-Open Session, price information disseminated includes an indicative Equilibrium Price (price at which the most quantity will execute with the lowest imbalance) when such a price can be established based on existing Order Book information. When an Equilibrium Price can be established, this price and the cumulative volume eligible for matching at that price will be shown on the first price level on both sides of the Order Book.

The Pre-Open Session is followed by the automatic trade matching or continuous Trading Session (the "Open Session"). The Pre-Open session ends with the uncross operation for transition to continuous trading. The opening price and allocation of matched trades are determined at this time.

In the Open Session, each new incoming Order is immediately checked for execution against Order(s) on the opposite side of the Order Book. Orders can be executed in full or partially. Orders in the Order Book will be matched utilizing the Price-Time execution algorithm unless otherwise specified.

The market closes at the end of the Open Session (Close Session). During the Close Session, no matching of Orders (including Quotes) will take place. All unexecuted Orders which have expired at the end of the current Trading Day will be automatically canceled.

Following the Close Session, the Post-Close Session will be immediately is available to modify and or cancel orders with attached time conditions. During the Post-Close Session, no matching of Orders (including Quotes) will take place.

Further details on the various sessions can be found in the NFX Rule Book at Chapter IV, Section 3.

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### **3.14 Order Price Limit Protection**

In order to prevent erroneous transactions that might occur due to fat finger pricing or manifest errors, NFX will implement the price limit structure described below.

There are no price limits during the Pre-Open Session and the Uncross. However, throughout the Open Session, Price Limits for all products will be calculated from a Reference Price within the same margin allowed above and below the Reference Price. The Exchange will set the applicable price margin above and below the reference price for each contract.

During the Pre-Open Session, Price Limits will not be activated. The Reference Price is based on the logic detailed below:

At the commencement of the Open Session, the reference price shall be:

(1) the prior Daily Settlement Price for the Contract, or

(2) in the event there is no prior Daily Settlement Price for the Contract, if the Contract is cash settled by reference to the price of a contract traded on another venue (the "Reference Contract"), the most recent Daily Settlement Price of the Reference Contract, or

(3) in the event there is no prior Daily Settlement Price for either the Contract or the Reference Contract, a price determined by the Exchange to be a fair and reasonable reflection of the current market ("Reference Price").

Thereafter, the Reference Price shall be the most recent bid or offer (other than a FOK or IOC bid or offer) in the Contract, provided that the bid (offer) is higher (lower) than the current Reference Price, unless such bid (offer) resulted in an execution, in which case the new Reference Price shall be the last execution price.

~~During the Open Session, the Reference Price for a product is defined as:~~

- ~~1. If the bid is greater than the last updated Reference Price then the bid shall be the Reference Price. If the ask is less than the last updated Reference Price then the ask shall be the Reference Price. Finally, if there exists a Reference~~

~~Price then the last updated Reference Price (not the bid or ask) shall be the Reference Price.~~

~~2. If a Trade has not matched and there is no available bid/ask for the relevant contract:~~

- ~~○ The last traded price from the previous Trading Session following the previous Business Day's Daily Settlement Price calculation; or~~
- ~~○ If no such trade is available from the previous Trading Session, the Daily Settlement Price from the previous Business Day.~~

Both outright and Implied Orders will be disclosed to the market if they are at or within the current price limits. However, if Implied Out Orders are entered outside the price limit, they will be displayed at the price limit. Thus, the price of an Implied bid Order shall be constrained to the upper price limit, while an Implied Offer shall be constrained to the lower price limit.

Buy Orders with prices lower than the lower price limit and sell Orders with prices above the upper Price Limit are allowed to enter the Trading System. Conversely, buy Orders with prices above the upper price limit and sell Orders with prices below the lower price limit will be rejected.

Attempts to enter Orders and Quotes during the Open Session outside the prevailing price limits for the relevant product will be rejected by the Trading System. Combination Limit Orders, Market-to-Limit Orders, and both single and strategy Market Orders are not validated against price limits. The Trading System will send a message notifying the Participant's relevant Authorized Trader of the rejection. The permitted margins above and below the reference price for price limit determination for each product will be set from time-to-time by the Exchange. The margins may be adjusted to reflect market conditions with the objective of preventing the execution of any Orders submitted to the Trading System with manifest pricing errors and/or at unrepresentative price levels.

Although a series of Options on a particular Future may trade frequently, any single specific Option and strike price may not trade or even be quoted regularly. Additionally, the underlying Futures contract may move significantly since the last Option transaction making the last trade and previous day's Daily Settlement Price irrelevant from a reference price perspective. Because of this NFX will not support Price Limits for NFX Option products. Any Option pricing inquiries, including potential erroneous transactions, should be brought to the attention of Exchange Staff immediately.

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## 4.1 Order Types

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### 3. Trading at Settlement Order

A “Trading at Settlement” or “TAS” Order is an Order to buy or sell a stated quantity of the relevant Contract at a price expressed as a differential (which may be zero) above or below the Daily Settlement Price for the Contract on the trading day on which the TAS Order is executed. TAS Orders may be priced in increments (plus or minus) of up to 10 minimum trading increments from the Daily Settlement Price. A TAS transaction executed at a zero differential will be filled and cleared at the Daily Settlement Price for the trading day.

The Exchange will designate the Contracts in which TAS transactions are permitted in accordance with this Rule. TAS trades are not permitted on the Last Trading Day in any Contract Expiry, or for any trade date which is a U.S. federal holiday even if the Exchange is open for trading. TAS transactions are not permitted in any Options, Combination Order or EFRP transactions.

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## REPORTING OF OFF-ORDER BOOK (OFF-EXCHANGE) TRADES

The Trading System supports real time trade reporting of privately negotiated transactions executed outside of the Order Book.

- A Block Trade is a privately negotiated Futures, Options or combination transaction in a Futures Contract and/or Option that is listed on the Exchange. Block trades are permitted in specified products and are subject to minimum transaction size requirements which vary according to the product, the type of transaction and the time of execution. Block trades may be executed at any time at a fair and reasonable price. Participation in block trades is restricted to Eligible Contract Participants as defined in the Commodity Exchange Act. Block Trades may be submitted to the Trading System with up to twelve legs for Combination Orders.
- Brokered trades of any size may also be submitted to NFX as an Exchange for Related Position (EFRP). Each EFRP trade must be labeled with the appropriate EFRP type (i.e. EFP, EFR or EOO) on the trade report submission. EFRP trade eligibility will be specified for each product in which the Exchange will accept EFRP trades
  - Exchange for Physical (EFP) - A privately negotiated and simultaneous exchange of an Exchange Futures position for a corresponding cash position.



- Exchange for Risk (EFR) - A privately negotiated and simultaneous exchange of an Exchange Futures position for a corresponding OTC swap or other OTC Instrument.
- Exchange of Options for Options (EOO) - A privately negotiated and simultaneous exchange of an Exchange Option position for a corresponding OTC Option position or other OTC Instrument with similar characteristics.

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