

## Rule Self-Certification

March 11, 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, D.C. 20581

Re: **Regulation §40.6 Submission Certification**  
**Energy Product Fees**  
**Reference File: SR-NFX-2015-11**

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 (“Commission”) under the Act, NASDAQ Futures, Inc. (“NFX” or “Exchange”) submits this self-certification to assess fees related to certain new energy Options and Futures products.<sup>1</sup> The

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<sup>1</sup> The energy products include: 28 initial Qualifying Contracts are NFX Brent Crude Financial Futures; NFX Options on NFX Brent Crude Financial Futures; NFX WTI Crude Oil Financial Futures; NFX Options on NFX WTI Crude Oil Financial Futures; NFX Low Sulphur Gasoil Financial Futures; NFX Heating Oil Financial Futures; NFX RBOB Gasoline Financial Futures; NFX Henry Hub Natural Gas Financial Futures – 2,500; NFX Henry Hub Natural Gas Penultimate Financial Futures – 2,500; NFX Henry Hub Natural Gas Financial Futures – 10,000; NFX Henry Hub Natural Gas Penultimate Financial Futures – 10,000; NFX Options on NFX Henry Hub Penultimate Financial Futures – 10,000 (LNQ); NFX CAISO NP-15 Hub Day-Ahead Off-Peak Financial Futures; NFX CAISO NP-15 Hub Day-Ahead Peak Financial Futures; NFX CAISO SP-15 Hub Day-Ahead Off-Peak Financial Futures; NFX CAISO SP-15 Hub Day-Ahead Peak Financial Futures; NFX ISO-NE Massachusetts Hub Day-Ahead Off-Peak Financial Futures; NFX ISO-NE Massachusetts Hub Day-Ahead Peak Financial Futures; NFX MISO Indiana Hub Real-Time Off-Peak Financial Futures; NFX MISO Indiana Hub Real-Time Peak Financial Futures; NFX PJM AEP Dayton Hub Real-Time Off-Peak Financial Futures; NFX PJM AEP Dayton Hub Real-Time Peak Financial Futures; NFX PJM Northern Illinois Hub Real-Time Off-Peak Financial Futures; NFX PJM Northern Illinois Hub Real-Time Peak Financial Futures; NFX PJM Western Hub Day-Ahead Off-Peak Financial Futures; NFX PJM Western Hub Day-Ahead Peak Financial Futures; NFX PJM Western Hub Real-Time Off-Peak Financial Futures; and NFX PJM Western Hub Real-Time Peak Financial Futures (collectively “Energy Products”).

Exchange will assess these fees to all market participants commencing ten (10) months after the initiation of trading of Energy Products on NFX. The Exchange will assess no transaction fees for Energy Products to any market participant during the initial nine (9) months. The text of the amendments to the Fee Schedule is set forth in Exhibit A. The implementation date for this filing shall be the same date as for the launch of Energy Products.<sup>2</sup>

In connection with the listing of Energy Products, the Exchange will assess a fee representing transaction and clearing fees<sup>3</sup> for each Energy Product, applicable to all market participants on a per contract basis. The fees will apply to trades entered into the Exchange's Order Book and off-exchange transactions (Block or Exchange for Related Position). The Exchange will waive connectivity fees. The Exchange will not initially assess any market data or co-location fees. The Exchange will assess these fees by billing Futures Participants.

The Exchange will also remove the guidance in the Preface of the Fee Schedule related to Customer, Market Maker and Firm. The Exchange does not believe this guidance is necessary for purposes of the Fee Schedule at this time. The Exchange is amending a word in the Regulatory Fee for clarity.

### **Core Principles:**

The Exchange believes that the amendments to the Fee Schedule are consistent with Core Principles 2 (Compliance with Rules) and 7 (Availability of General Information) under Section 5 of the Act because the fees are equitable and do not unfairly discriminate as between Futures Participants and persons with trading privileges.

With respect to compliance with Core Principle 2, the Exchange's Rule at Chapter III, Section 24, entitled "General Trading Standards and Prohibited Practices" prohibits abusive trading practices. Specifically, this rule provides for certain conduct in submitting orders to the Exchange as well as prohibiting conduct and trade practices including: prohibited pre-arranged transactions; effecting a transaction through manipulative, deceptive or fraudulent device or contrivance; price manipulation; wash transactions; accommodation transactions; engaging in certain transactions while in possession of material non-public information; "cherry picking"; withdrawing, withholding, disclosing, or taking advantage of a Customer Order; engaging in conduct or practices detrimental to the best interests of the Exchange; and engaging in any other manipulative or disruptive trade practices prohibited by the Act, as amended, or Commission regulations, including but not limited to, "spoofing;" "improper cross trading," "money passes," and trading against a Customer Order.

The Exchange's Rulebook at Chapter III, Sections 6 through 15 includes Customer Protection Rules that apply when a Futures Participant enters a trade on behalf of a Customer. The Exchange provides real-time surveillance for activity on the Exchange to maintain an orderly marketplace and level playing field for investors, market participants and listed companies. The

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<sup>2</sup> See rule change SR-NFX-2015-10. The implementation date shall be the same as specified in SR-NFX-2015-10.

<sup>3</sup> Market participants will not be assessed clearing fees by The Options Clearing Corporation ("OCC") for the initial nine (9) month period after launch of the Energy Products. Thereafter, the OCC fee schedule will apply to NFX market participants for clearing fees.

Exchange monitors for compliance with Exchange Rules and policies through real-time surveillance of price and volume information reported by market participants in Options and Futures transactions. Activity which is potentially in violation of Exchange Rules and policies will be further reviewed for potential disciplinary action. Additionally, the Exchange has Rules which govern cross trading at Chapter V, Section 11, entitled “Pre-Negotiated and Cross Transactions.”<sup>4</sup>

Futures Participants, Clearing Futures Participants, Authorized Traders and Authorized Customers pledge to submit to and abide by the governing documents, By-Laws, Rules and operating procedures of the Exchange. No Authorized Trader is granted access to the Exchange’s Trading System unless they consent to the jurisdiction of the Exchange. Authorized Customers of any Clearing Futures Participant are required to complete an application pursuant to Exchange Rules at Chapter V, Section 4 which obligate them to the Exchange’s governing documents, By-Laws, Rules and operating procedures of the Exchange. The Exchange’s Rulebook at Chapter II, Section 1 provides clear and transparent access criteria and requirements for Futures Participants. In addition Chapter V, Section 4, provides clear and transparent criteria for Authorized Customers accessing the Trading System through Direct Access. The Exchange applies these criteria in an impartial manner.

With respect to the fees related to certain new Energy Products, all market participants will continue to be granted equal access to the Exchange. The transaction fees for the Energy Products will be comparable for all types of market participants, regardless of whether the market participant is a Futures Participant or Authorized Customer granted Direct Access as provided in Chapter V, Section 4. All market participants will be assessed the same transaction fees for Energy Products regardless of the method selected for executing an Order.

With respect to compliance with Core Principle 7, the fees will be set forth in a clear and transparent manner on the Exchange’s Fee Schedule, which is publically available on the Exchange’s website.

There were no opposing views among the Exchange’s Board of Directors, members or market participants. The Exchange hereby certifies that the amended Pricing Schedule, including newly proposed fees, comply 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://www.nasdaqomx.com/transactions/markets/nasdaq-futures>.


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<sup>4</sup> See recent amendments to these rules in SR-NFX-2014-02, SR-NFX-2014-05, and SR-NFX-2015-01.

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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-2015-11 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, sweeping flourish at the end.

Daniel Carrigan  
President

cc: Lois Gregory, CFTC

Attachment:

Exhibit A – Fee Schedule

## Exhibit A

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

### NASDAQ FUTURES FEE SCHEDULE

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#### PREFACE

For purposes of assessing fees, ~~the following references should serve as guidance.~~

The term "~~Customer~~" applies to any transaction that is identified by a Futures Participant with a Customer Type Indicator ("CTI") code 4.

The term "~~Market Maker~~" means a Futures Participant, approved by the Exchange to undertake rights and obligations to facilitate an orderly and liquid market, as a Market Maker, and quote continuous two-sided markets for its own account pursuant to Chapter IV, Section 10. The term "~~Market Maker~~" applies to any transaction which occurs in an account assigned by the Exchange for the purpose of transacting orders as a Market Maker.

The term "~~Firm~~" applies to any transaction that is identified by a Futures Participant with a CTI code of 1, 2 or 3 and not in an account designated as market maker or liquidity provider.

#### Billing Disputes:

All billing disputes must be submitted to the exchange in writing and must be accompanied by supporting documentation. All disputes must be submitted no later than sixty (60) days after receipt of a billing invoice.

**Section I-Transaction Charges**

**Energy Products. The transaction fees are per contract. These fees will be assessed as of [date 10 months after launch of Energy Products.]**

<b><u>OIL AND REFINED PRODUCTS</u></b>	<b><u>FEE</u></b>
NFX Brent Crude Financial Futures (BFQ)	\$0.60
NFX Options on NFX Brent Crude Financial Futures (BCQ)	\$0.60
NFX WTI Crude Oil Financial Futures (CLQ)	\$0.60
NFX Options on NFX WTI Crude Oil Financial Futures (LOQ)	\$0.60
NFX Low Sulphur Gasoil Financial Futures (GOQ)	\$0.60
NFX Heating Oil Financial Futures (HOQ)	\$0.60
NFX RBOB Gasoline Financial Futures (RBQ)	\$0.60
<b><u>NATURAL GAS PRODUCTS</u></b>	
NFX Henry Hub Natural Gas Financial Futures – 2,500 (NNQ)	\$0.25
NFX Henry Hub Natural Gas Penultimate Financial Futures – 2,500 (NPQ)	\$0.25
NFX Henry Hub Natural Gas Financial Futures – 10,000 (HHQ)	\$0.60
NFX Henry Hub Natural Gas Penultimate Financial Futures – 10,000 (HUQ)	\$0.60
NFX Options on NFX Henry Hub Penultimate Financial Futures – 10,000 (LNQ)	\$0.60
<b><u>POWER CONTRACTS</u></b>	
NFX CAISO NP-15 Hub Day-Ahead Off-Peak Financial Futures (ONPQ)	\$0.10
NFX CAISO NP-15 Hub Day-Ahead Peak Financial Futures (NPMQ)	\$1.50
NFX CAISO SP-15 Hub Day-Ahead Off-Peak Financial Futures (OFPQ)	\$0.10
NFX CAISO SP-15 Hub Day-Ahead Peak Financial Futures (SPMQ)	\$1.50
NFX ISO-NE Massachusetts Hub Day-Ahead Off-Peak Financial Futures (NOPQ)	\$0.20
NFX ISO-NE Massachusetts Hub Day-Ahead Peak Financial Futures (NEPQ)	\$3.00
NFX MISO Indiana Hub Real-Time Off-Peak Financial Futures (CPOQ)	\$0.20
NFX MISO Indiana Hub Real-Time Peak Financial Futures (CINQ)	\$3.00
NFX PJM AEP Dayton Hub Real-Time Off-Peak Financial Futures (AODQ)	\$0.20
NFX PJM AEP Dayton Hub Real-Time Peak Financial Futures (MSOQ)	\$3.00
NFX PJM Northern Illinois Hub Real-Time Off-Peak Financial Futures (NIOQ)	\$0.20
NFX PJM Northern Illinois Hub Real-Time Peak Financial Futures (PNLQ)	\$3.00
NFX PJM Western Hub Day-Ahead Off-Peak Financial Futures (PJDQ)	\$0.20
NFX PJM Western Hub Day-Ahead Peak Financial Futures (PJCQ)	\$2.00
NFX PJM Western Hub Real-Time Off-Peak Financial Futures (OPJQ)	\$0.20
NFX PJM Western Hub Real-Time Peak Financial Futures (PJMQ)	\$2.00

**Section II-Permit Fee**

\$100 per annum to be effective on the first of July each year

**Section III - Regulatory Fee**

\$175 per month\*

\* This Regulatory Fee will[ould] be waived for Futures Participants who incur a minimum of \$175 in transaction fees in a billing month. Market Makers are exempt from the Regulatory Fee.