

Rule Self-Certification

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March 31, 2016

VIA ELECTRONIC PORTAL

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(a) Submission Certification**
Quote Protection
Reference File: SR-NFX-2016-36

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 its Rules at Chapter IV, Section 9, entitled “Market Maker Risk Protection.” The Exchange seeks to rename the risk tool as the “Mass Quote Protection” and to expand the risk protection currently offered only to Market Makers to all Futures Participants. The risk tool assists a user to control trading risks in the marketplace by allowing Futures Participants to enable a risk mechanism, which results in the removal of quotes from the Trading System. This feature is optional on NFX. The amendments to Chapter IV, Section 9 are in Exhibit A. The Exchange will make conforming changes to the Market Maker Protection & Self-Match Prevention Reference Guide at Exhibit B as well, which is similarly renamed as the “Mass Quote Protection & Self-Match Prevention Reference Guide.” The Self-Match Prevention at Chapter IV, Section 10 will continue to apply solely to Market Makers. All amendments will be implemented on April 15, 2016.

The Exchange previously filed a rule change to adopt a Market Maker Risk Protection.¹ The rule change which enacted this risk tool described risks common to Market Makers. The Exchange defines a Market Maker at Chapter I, Section 1, as either be a Futures Participant or an Authorized Customer of NFX. The Exchange noted in that rule change that quoting across multiple Contracts may create large, unintended principal positions that expose Market Makers to significant market risk. Today, this risk tool provides Market Makers a mean to control risk by providing volume and delta parameter protections. Currently, the Exchange permits all Futures Participants to enter quotes into NFX’s Trading System. The Exchange is expanding this risk tool

¹ See SR-NFX-2015-35.

to all Futures Participants, including Market Makers. The Exchange believes that offering this risk tool to all market participants quoting on NFX will provide all Futures Participants the ability to control trading risks in the marketplace.

Futures Participants may elect to enable certain risk protection mechanisms which result in the removal of Quotes from the Trading System if certain pre-set parameters have been met or exceeded. Once the Futures Participant commences submitting Quotes in a specified Contract, the Trading System will count the number of contracts executed during a period of time specified in seconds per Contract by the Futures Participant ("Exposure Limit Time Interval"). A new Exposure Limit Time Interval commences with each execution in a Contract. A Futures Participant may provide the Exchange with a volume threshold value which, if the number of contracts executed, equals or exceeds such value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. A setting of zero will disable this feature. A Futures Participant may provide the Exchange with a net delta value per Contract. The Trading System calculates the absolute value of (long call executions + short put executions) – (short call executions – long put executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. Futures Participant may elect to also include Futures in that calculation per Contract. In this case, the Trading System calculates the absolute value of (long futures executions + long call executions + short put executions) – (short call executions – long put executions – short futures executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. A setting of zero will disable this feature. If the Futures Participant's pre-set parameters have been met or exceeded in either the Quantity Protection or the Delta Protection, the Trading System will prevent new Quotes from being entered by the Group for the period of time specified in seconds per Contract by the Futures Participant ("Quotation Frozen Time"). The Quantity Protection and Delta Protection risk mechanisms operate independently of each other.

There were no opposing views among the Exchange's Board of Directors, members or market participants. The Exchange hereby certifies that the amendments to Chapter IV, Section 9 and the Market Maker Protection & Self-Match Prevention Reference Guide 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 at <http://www.business.nasdaq.com/futures>.

Commodity Futures Trading Commission
March 31, 2016
SR-NFX-2016-36

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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. Please reference SR-NFX-2016-36 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, stylized 'D' and 'C'.

Daniel R. Carrigan
President

cc: National Futures Association
The Options Clearing Corporation

Exhibit A

New text is underlined; deleted text is stricken.

NASDAQ Futures Rules

* * * * *

Chapter IV Trading System

Section 9 ~~Market Maker Risk~~ Mass Quote Protection

(a) ~~Market Makers~~ Futures Participants or Authorized Customers (for purposes of this Rule collectively "Participants") may elect to enable certain risk protection mechanisms which result in the removal of a ~~Market Maker's~~ Participant's Quotes from the Trading System if certain pre-set parameters have been met or exceeded. For purposes of this Rule a ~~Market Maker a~~ Participant shall be defined as all affiliated ~~Market Makers~~ Participants of either a Futures Participant or an Authorized Customer ("Group"). The Exchange offers two optional risk tools as noted below.

(b) Once the ~~Market Maker~~ Participant commences submitting Quotes in a specified Contract, the Trading System will count the number of contracts executed during a period of time specified in seconds per Contract by the ~~Market Maker~~ Participant ("Exposure Limit Time Interval"). After the expiration of an Exposure Time Limit Interval, a new Exposure Limit Time Interval commences with an execution in a Contract. A setting of zero will disable the ~~Market Maker Risk~~ Participant Mass Quote Protection.

- (1) Quantity Protection. A ~~Market Maker~~ Participant may provide the Exchange with a volume threshold value which, if the number of contracts executed, equals or exceeds such value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. A setting of zero will disable this feature.
- (2) Delta Protection. A ~~Market Maker~~ Participant may provide the Exchange with a net delta value per Contract. The Trading System calculates the absolute value of (long call executions + short put executions) - (short call executions - long put executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. ~~Market Makers~~ Participants may elect to also include Futures in that calculation per Contract. In this case, the Trading System calculates the absolute value of (long futures executions + long call executions + short put executions) - (short call executions - long put executions - short futures executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. A setting of zero will disable this feature.

(c) If the ~~Market Maker's~~ Participant's pre-set parameters have been met or exceeded in either the Quantity Protection or the Delta Protection, the Trading System will prevent new Quotes from being entered by the Group for the period of time specified in seconds per Contract by the ~~Market Maker~~ Participant ("Quotation Frozen Time"). If an execution would cause the volume threshold or the net delta value to be met or exceeded, the Trading System completes the transaction prior to the removal of all Group Quotes in a Contract. A setting of zero will result in the Quotation Frozen Time Period setting to prevent Quotes from being entered for the remainder of that Open Session, unless the setting is modified; notwithstanding a reopening due to a Trading Halt.

(d) The Quantity Protection and Delta Protection risk mechanisms operate independently of each other. The Trading System will send a notification message to the ~~Market Maker~~ Participant when Quotes are removed as a result of either the Quantity Protection or Delta Protection mechanisms for a Contract.

* * * * *

Exhibit B

[Market Maker Protection & Self-Match Prevention Reference Guide]

New text is underlined and deleted text is stricken.

NASDAQ Futures, Inc. (NFX) ~~Market-Maker~~ Mass Quote Protection & Self-Match Prevention Reference Guide

Version 1.023 | 2015-6-29



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1 INTRODUCTION

This objective of this document is to provide an overview of NFX's Trading System ~~Market-Maker~~ Mass Quote Protection (MMQP) and Self-Match Prevention functionality, as well as act as an explanatory reference guide for these key concepts and services provided by NFX. For purposes of this Reference Guide, a Participant is defined as a Clearing Futures Participant, Futures Participant, or Authorized Customer. A User is defined as an Authorized Trader. (See NFX Reference Guide, Section 2.3, Relational Model).

The ~~Market-Maker~~ Mass Quote Protection functionality is designed to prevent rapid fire trade executions resulting from ~~Market-Maker (MM)~~ Participant Mass Quotes. The ~~Market-Maker~~ Participant may elect MMQP functionality whereby the Trading System will automatically purge all Quotes in a certain underlying Futures or Options Contract if a configurable number of contracts have been met or executed during a configurable amount of time. ~~Market-Makers~~ Participants will have the ability to use the MMQP functionality for all underlying Contracts. ~~Market-Maker~~ Mass Quote Protection is optional for Futures Participants and Authorized Customers. All Participants may enter Quotes into NFX's Trading System. See NFX Rulebook at Chapter IV, Section 9.

Self-Match Prevention functionality prevents matching between counterparties affiliated with the same Participant or User. As a reminder, A a Participant is defined as a Clearing Futures Participant, Futures Participant, or Authorized Customer. A User is defined as an Authorized Trader. (See NFX Reference Guide, Section 2.3, Relational Model). Futures Participants may elect that Orders not execute against Orders on the opposite side of the market by its Authorized Traders. A Futures Participant's Authorized Customer may elect that Orders not be executed against Orders entered on the opposite side of the market by its Authorized Traders. Self-Match Prevention is optional for Futures Participants and Authorized Customers. See NFX Rulebook, Chapter V, Section 910 for the rule related to Self-Match Prevention.

~~The term "Market Maker" shall refer to any entity approved and registered with the Exchange in such capacity. A Market Maker may be either a Futures Participant or Authorized Customer.~~

2 MMQP PARAMETERS

The MMQP parameters are configurable by the ~~Market-Maker~~ Participant and are set at the Participant level or Group level. The ~~Market-Maker~~ Participant can update (change or disable) the MMQP parameters intra-day. Affiliated ~~Market-Makers~~ Participants of either a Futures Participant or an Authorized Customer constitute a ("Group"), if elected.

Parameters available for a ~~Market-Maker~~ Participant to set by underlying are:

- Exposure Limit Time Interval;

- Quotation Frozen Time;
- Delta Protection; and
- Quantity Protection.

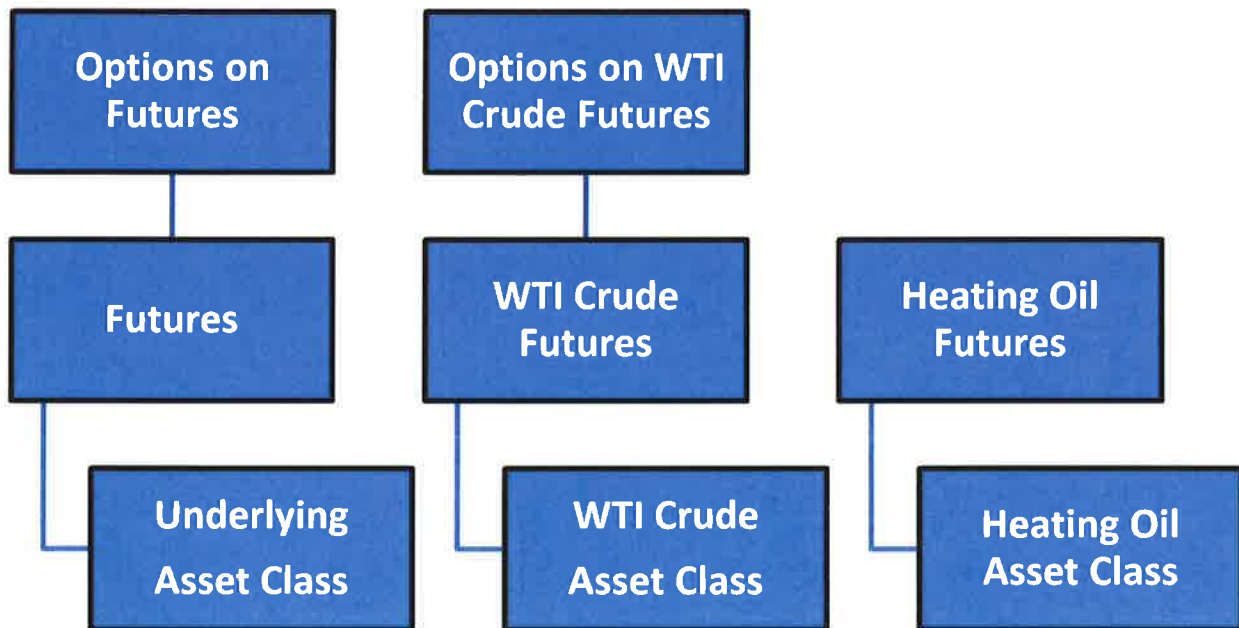
Note that all MMQP parameter calculations will be measured on ~~Market Maker~~ Participant Quote executions, and once triggered, only ~~Market Maker~~ Participant Quotes will be purged from the Trading System Single Order Book. Orders entered into the Trading System are not included in any MMQP parameter calculations.

2.1 DEFINITION OF UNDERLYING ASSET CLASS

The term “Underlying Asset Class” is an important concept in the configuration and implementation of NFX MMQP. All parameters are monitored and calculated based on an Underlying Asset Class.

Underlying Asset Class is defined as the asset class upon which all of the related Futures and Options Contracts and Options on Futures Contracts are based. Per the diagram below, the NFX WTI Crude Underlying Asset Class includes WTI Crude Futures Contracts and Options on WTI Crude Futures Contracts.

If a MMQP parameter threshold is triggered for an Underlying Asset Class, the Trading System would purge all Quotes for the WTI Crude Underlying Asset Class, which includes Quotes in WTI Crude Futures and Options.



The NFX Heating Oil Underlying Asset Class includes only Heating Oil Futures Contracts since no Options are listed.

2.2 EXPOSURE LIMIT TIME INTERVAL

The Exposure Limit Timer Interval is the number of contracts executed during a period of time specified in seconds per Contract by the ~~Market Maker~~ Participant.

Once the ~~Market Maker~~Participant commences submitting Quotes in a specified Contract, the Trading System will count the Exposure Limit Time Interval. After the expiration of an Exposure Time Limit, a new Exposure Limit Time Interval commences with an execution in a Contract.

The rolling time interval is used to determine if the Quantity or Delta Protection thresholds have been breached. Note that the Exposure Limit Time Interval can occasionally extend to 110% of the parameter due to Trading System constraints following excessive message activity.

It is especially important to note that if the rolling time interval is set to 0 (zero), the MMQP functionality is turned off, disabling the MMQP.

2.3 QUANTITY PROTECTION

The Quantity Protection threshold value is a value that if equaled or exceeded for a specific Underlying Asset Class will trigger the Trading System to purge all Quotes or Group Quotes in the respective Futures and Options Contracts. The Quantity Protection threshold value is as defined as the maximum volume threshold of executed contracts that the ~~Market Maker~~ Participant wants to trade within the given time interval (Exposure Limit Time Interval).

If the Quantity Protection threshold is set to 0 (zero), the Quantity Protection functionality would be effectively disabled.

2.4 DELTA PROTECTION

The Delta Protection threshold value, is a net delta value which if equaled or exceeded for an Options Contract related to the same Underlying Asset Class, will trigger the Trading System to purge all Quotes or Group Quotes in the Underlying Asset Class (including Futures).- The Trading System calculates the absolute value of (long call executions + short put executions) – (short call executions – long put executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract.

~~Market Makers~~ Participants may elect to also include Futures in that calculation per Contract. In this case, the Trading System calculates the absolute value of (long futures executions + long call executions + short put executions) – (short call executions – long put executions – short futures executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract.

The Delta Protection threshold value will be monitored for each Underlying Asset Class individually. There are two different methods to calculate the Delta Protection threshold value depending if Futures Contracts are included in the calculation. The methods are defined in Sections 2.4.1 and 2.4.2 herein.

If the Delta Protection is set to 0 (zero), the Delta Protection functionality would effectively disable MMQP.

2.4.1 Delta Protection Including Futures

The Delta Protection threshold value calculation method including Futures Contracts is:

the Absolute value of the sum of [(bought Future Contracts + bought Call Options on Futures Contracts + sold Put Options on Futures Contracts) – (sold Future Contracts + sold Call Options on Futures contracts + bought Put Options on Futures Contracts)].

2.4.2 Delta Protection Not Including Futures

The Delta Protection threshold value calculation method, not including Futures Contracts, is:

the Absolute value of the sum of [(bought Call Options on Futures Contracts + sold Put Options on Futures Contracts) – (sold Call Options on Futures Contracts + bought Put Options on Futures Contracts)].

2.5 QUOTATION FROZEN TIME INTERVAL

When MMQP is triggered due to a Delta and/or Quantity Protection threshold breach, the ~~Market Maker Participant~~ will be prevented from entering new Quotes for a period of time defined by this parameter. The Quotation Frozen Time interval parameter shall be specified in number of seconds. The “frozen” time period exists to prevent ~~Market Makers Participant~~ from entering additional Quotes before the threshold counters can be reset, which would lead to additional rejections.

Once the Quotation Frozen Time interval has expired, the thresholds counter(s) for the specified Contract underlying(s) will be reset and the ~~Market Maker Participant~~ can enter additional Quotes into the Trading System.

If the Quotation Frozen Time interval is set to 0 (zero), the quotes are considered frozen and the quotation ability can only be activated by updating the parameter for the remainder of the Open Session unless the setting is modified; notwithstanding a reopening due to a Trading Halt.

3 TRIGGERING CALCULATIONS AND CONSEQUENCES

3.1 TRADES INCLUDED IN THE CALCULATION

Only single-leg trades that are matched in the Order Book via Quotes entered by the ~~Market Maker Participant~~ are counted for purposes of MMQP.

Additionally, Off-Order Book trade reports (Block Trades and Exchange of Futures for Related (“EFRPs”) Products) entered by the ~~Market Maker Participant~~ are counted for purposes of MMQP.

3.2 THRESHOLD BREACH ACTION

When a Quantity or Delta Protection threshold is reached and/or breached, all Quotes for the Underlying Asset Class in which the threshold violation took place will automatically be purged by the Trading System. Note that Quotes in Futures Contracts will be purged regardless of whether the Delta Protection threshold calculation is set to include or exclude Futures Contracts. As an example, if a ~~Market Maker’s Participant’s~~ Delta Protection threshold calculation method excludes Futures Contracts and the ~~Market Maker Participant~~ executes an amount of WTI Crude Options on Futures Contract trades via Quotes in one direction to reach or breach the ~~Market Maker’s Participant’s~~ threshold, MMQP will purge all of the ~~Market Maker’s Participant’s~~ existing Quotes in WTI Crude Futures Contracts and WTI Crude Options on

Futures Contracts (the WTI Crude Underlying Asset Class) regardless of direction (either long or short) of the Quotes.

Single Orders and Combination Orders submitted by the Market-Maker Participant will not be purged. The Market-Maker Participant will be informed via a Trading System broadcast message of the purge. There will be one Trading System broadcast message sent for each purged Quote. The Market-Maker Participant will also be informed when limits have been reached or breached via a broadcast message.

In the case where the Market-Maker Participant has many Quotes in the Order Book in the same Instrument series, all Quotes will be purged.

3.3 RESET OF THE MARKET-MAKER PARTICIPANT PROTECTION PARAMETERS

After MMQP has taken place, due to a threshold violation, and the respective Quotes are purged, the counted quantities will automatically reset to zero. This prevents the threshold breach from being triggered immediately after the initial trigger. The Market-Maker Participant will be able to submit additional Quotes in the underlying after the frozen time interval has expired.

3.4 QUOTING AFTER A MARKET-MAKER PARTICIPANT PROTECTION EVENT

If additional Quotes have been submitted by a Market-Maker Participant immediately after a MMQP threshold breach has occurred, causing a purge of all Quotes in the underlying, but before the notification broadcast message is received by the Market-Maker Participant, additional Quotes will be rejected, and the Market-Maker Participant will receive an additional notification message with the reason code "Market-Maker Participant Protection." After the specified quotation frozen time, the Market-Maker Participant can start submitting Quotes into the Trading System. If the Market-Maker Participant wants to submit new Quotes earlier than this timeframe, the Market-Maker Participant has the ability to override the Quotation Frozen Time by updating the parameters. When the parameters are updated, the calculated Quantity Protection and Delta Protection values will reset for that particular Underlying Asset Class; regardless of whether parameters have been changed.

3.5 MMQP WITH MASS QUOTATIONS

If a mass Quote is sent to the Trading System which results in trade executions, the mass Quote transaction shall be processed as multiple, individual transactions, instead of one composite transaction. If these multiple individual transactions were to cause a threshold breach, thus triggering MMQP, the remaining unexecuted Quotes in the transaction in the same Underlying Asset Class will be purged with reason code "Market-Maker Participant Protection."

3.6 PASSIVE AND AGGRESSIVE QUOTES

3.6.1 Aggressive Quotes

If an aggressive Quote is entered by the Market-Maker Participant that matches with Orders in the Order Book, the MMQP is checked for each individual Quote. See example 1 in Section 5.1 herein.

3.6.2 Passive Quotes

If an aggressive single Order is entered into the Trading System that matches with passive Quotes from the Market-Maker Participant in the Order Book, MMQP shall be checked when the aggressive Order has been fully matched. See example 2 in Section 5.2 herein.

3.7 IN-HOUSE TRADING

A Participant or User will not be able to match its Orders against its own Orders or Orders submitted by another Participant or User affiliated with a common Futures Participant or Authorized Trader.

3.7.1 Aggressive Quote matched with a Combination Order

If an aggressive Quote by a ~~Market-Maker Participant~~ Market-Maker Participant is matched with an Implied Order generated from a Combination Order, the MMQP will first check each individual Quote item, and then consider other legs of the Combination Order Strategy, which shall be traded before the MMQP is triggered, even if a threshold is reached after the first leg is traded. See example 3 in Section 5.3 herein.

3.7.2 Passive Quote matched with a Combination Order

If a passive Quote by the ~~Market-Maker Participant~~ Market-Maker Participant is matched with an Implied Order generated from a Combination Order the MMQP will first check each individual Quote item, and then consider the other legs of the Combination Order Strategy, which shall be traded before the MMQP is triggered, even if a threshold is reached after the first leg is traded.

3.8 STOP ORDERS

MMQP has priority against resting Stop Orders. If a trade triggers MMQP and the new last price also triggers a Stop Order, which is eligible to trade against another ~~Market-Maker Participant~~ Market-Maker Participant Quote, the Stop Order will not be triggered before the Quotes have been purged.

3.9 SESSION STATES

The MMQP will only be enabled during Trading Sessions with continuous matching (the Open Session).

4 SELF-MATCH PREVENTION

As mentioned in the introduction, this optional functionality prevents matching between counterparties affiliated with the same Participant or User. The Self-Match Prevention parameter is configurable at both the Participant and User level. The functionality will prohibit matching between counterparties affiliated with the same Participant or User. A Participant or User will not be able to match its Orders against its own Orders or Orders submitted by another Participant or User affiliated with a common Futures Participant or Authorized Trader. If a residual quantity of an Order exists after matching, crossed or locks with Orders from the same or commonly affiliated Participant or User, the residual quantity of the Order will be rejected unless the only contra-side interest resting on the book is from its affiliated Authorized Traders, and the Order may interact with other resting Orders on the Order Book. If Self-Match is engaged, the last Order which is entered on the opposite side of the market at a price which is at or better than the affiliated Futures Participant's Authorized Trader's bid or offer will be ineligible to execute against that Order.

Self-Match Prevention at the Participant level can be configured to override any setting at the User level. Authorized Traders of a Futures Participant may be grouped together for purposes of Self-Match Prevention.

This configuration will apply also for Combination Orders, both when matching against other Combination Orders and against single-leg Orders.

For Mass Quotes, the configuration applies when matching against Orders. Regardless of the internal crossing configuration, only one optimized Quote per Options series and Participant is allowed and may never cross with each other.

The configuration applies in continuous matching Trading Sessions only (the Open Session). Therefore, two Orders submitted by the same Participant might match in an uncross (Pre-Open Session). Additionally, off-Exchange trade reports (Block Trades and EFRPs for Futures) and Crossing Transactions are not be subject to Self-Match Prevention functionality.

5 MMQP EXAMPLES

5.1 EXAMPLE 1: AGGRESSIVE QUOTES (SECTION 3.6.1)

If an aggressive Quote is entered by the ~~Market Maker~~ Participant that matches with Orders in the Order Book, MMQP shall be checked for each individual Quote.

Example 1:

Assume that the ~~Market Maker~~ Participant has defined the Quantity Protection to 9.

Assume that four individual Orders and one Quote are stored in the Order Book:

Bid			Offer		
Order No	Quantity	Price	Price	Quantity	Order No
1. Order	10	100.0			
2. Order	10	100.0			
3. Order	10	100.0			
4. Order	7	100.0			
5. Quote MM	5	99.0			

Assume that the ~~Market Maker~~ Participant enters one Quote: sell 30@99.0.

This Quote is fully matched against all Orders and Quotes in the Order Book before the Quantity Protection is checked. The calculated Quantity Protection value is then 30, which exceeds the Quantity Protection of 9.

The ~~Market Maker~~ Mass Quote Protection is triggered.

Any Quotes belonging to the ~~Market Maker~~ Participant in the affected Order Books are removed (thus removing the remaining of Quote number 5 in the Order Book).

The Order Book, after the Order has been matched, looks like:

Bid			Offer		
Order No	Quantity	Price	Price	Quantity	Order No
1	7	100.0			

5.2 EXAMPLE 2: PASSIVE QUOTES (SECTION 3.6.2)

Assume that the Market Maker Participant has defined the Quantity Protection to 9.

Assume that two individual Quotes and two Orders are stored in the Order Book:

Bid			Offer		
Order No	Quantity	Price	Price	Quantity	Order No
1. Quote MM	10	100.0			
2. Order	10	100.0			
3. Order	5	99.0			
4.Quote MM	10	99.0			
5. Order	10	99.0			

Assume that a market participant enters one Order sell 30@99.0.

This Order is matched against all Orders and Quotes in the Order Book, leaving 5 in the Quote number 4. Next, the Trading System checks the Quantity Protection. The calculated Quantity Protection value is then 15 (10 from Quote number 1. + 5 from Quote number 4.), which exceeds the Quantity Protection of 9. Note that the calculated Quantity Protection value does not contain any quantity contribution from Order number 2 or Order number 3.

The Market Maker Mass Quote Protection is triggered.

Any Quotes belonging to the Market Maker Participant in the affected Order Book are removed (thus removing the remaining of Quote number 4 in the Order Book).

The Order Book, after the Order has been matched, looks like:

Bid			Offer		
Order No	Quantity	Price	Price	Quantity	Order No
5. order	10	99.0			

5.3 EXAMPLES 3 AND 4: COMBINATION ORDERS (SECTION 3.8)

If an aggressive Quote by the protected Market Maker Participant is matched with an Implied Order generated from a Combination Order Strategy, Market Maker Mass Quote Protection shall first check each individual Quote and then consider the other legs of the Combination Order Strategy which shall be traded before the Market Maker Mass Quote Protection is triggered, even if a threshold is reached after the first leg is executed.

Example 3: Aggressive Quote matched with Combination Order Strategy

Combination Order AB: buy A and sell B (A and B is part of the same underlying)

Step 1:

Market Maker Mass Quoter A (MMQA) has a one-sided Quote in series A. (10@10)

The Quantity Protection parameter is set to 9 for MMQA.

Participant B (PB) enters an Order in series A. (5@10)

Participant A (PA) wants to buy the Combination Order Strategy AB 10 times at 2.

When PA enters the Combination Order, an Implied Order is generated in the series B Order Book.

Order Combo AB	
(PA) 10 @2	

Series A	
	10@10 (MMQA)
	5@10 (PB)

Series B	
	10@8 (implied)

Step 2:

MMQA enters a Quote in series B: buy 10@8.

Result:

The whole Order will execute before the ~~Market Maker~~ Mass Quote Protection is triggered, and the remaining Quotes (in the underlying Contract) would be removed because of the trigger. Orders are not removed as a result of the trigger.

The calculated Quantity Protection will be 20.

Combo AB	

Series A	
	5@10 (PB)

Series B	

Example 4: Passive Quote matched with Combination Order Strategy

Step 1 is the same as in example 3.

Step 2:

Participant B (PB) enters an Order in series B: 10@8.

The whole Order will execute before the ~~Market Maker~~ Mass Quote Protection is triggered, and the remaining Quotes (in the underlying Contract) would be removed because of the trigger. Orders are not removed as a result of the trigger.

Combo AB	

Series A	
	5@10 (PB)

Series B	

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