April 10, 2019 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

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1155 21st Street, NW

Washington, DC 20581

**Rule Self-Certification: Rule Certification Amending Various Rules and Contract Specifications**

**Reference File: SR-NFX-2019-12**

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 amendments to various Exchange rules and contract specifications. The amendments proposed in this submission shall be effective on April 24, 2019, for trade date April 25, 2019.

**Exhibit 1 - Amendments to NFX Off-Exchange Transactions Reference Guide**

NFX is amending the language in the Off Exchange Transactions Reference Guide (the Reference Guide) to clarify the timing of the dissemination of block trades submitted pursuant to NFX rules. Currently, the Reference Guide advises that the “Exchange will promptly publish block trade information separately from the reports of transactions in the regular market”.[[1]](#footnote-1) NFX is striking the word “promptly” from the Reference Guide due to the fact that block transactions in certain contracts will not be disseminated to the public until shortly before the end of the Open Session during which the transaction took place. This longer dissemination period is being implemented at the request of various market participants who seek the ability to hedge their derivatives positions prior to the marketplace being informed of any recent transaction. A shorter dissemination period may expose those market participants to increased costs once the broader marketplace is aware of the need for a hedging transaction.

**Exhibit 2 – Listed Contracts**

NFX is amending the language regarding the Final Settlement Date for the NFX Argus Financial Futures contracts (“Argus Contracts”), the terms and conditions of which may be found in rule chapters 114 through 134.[[2]](#footnote-2) The Exchange is clarifying the correct date of final settlement. Originally, the final settlement date was described as being on the second business day the Options Clearing Corporation (OCC) is open for settlement following the last trading day for that contract month. This rule amendment confirms that the final settlement day is the first business day on which OCC is open for settlement following the publication of the final settlement price for that contract month. This amendment simply aligns the settlement days accordingly.

Within the group of Argus Contracts, certain contracts calculate a basis spread between a referenced commodity and the NFX WTI contract (Argus Basis Contracts).[[3]](#footnote-3) NFX is amending the reference to the NFX WTI 1st Line Financial Futures (RTIQ) (“NFX WTI”) contract in each of the Argus Basis Contracts. Due to a technical incompatibility between the NFX and OCC computer systems, an automatic settlement calculation cannot be performed using a reference to the RTIQ ticker symbol. Instead, a new synthetic financial instrument that is economically identical to the NFX WTI contract has been created in order to be used in the settlement calculation of the Argus Basis Contracts. This new contract is different only in that it uses a new ticker symbol that will work with the OCC system. The final settlement price for the Argus Basis Contracts will not change as it will still reference the NFX WTI price. The removal of the RTIQ ticker symbol prevents the appearance that the settlement of the Argus Basis Contracts is not being calculated in accordance with NFX or OCC rules.

**De-Listing of the Fuel Oil and CAISO Financial Futures Contracts**

Effective April 15, 2019, NFX will de-list both fuel oil and California Independent Service Operator (CAISO) financial futures contracts. There is currently no open interest in any of the contracts being de-listed.[[4]](#footnote-4) The NFX marketplace will be informed of the planned de-listing of the fuel oil and CAISO contracts by Futures Trader Alert, dated April 11, 2019.

**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. Based on our review, the Exchange has determined that the changes meet the requirements of the Core Principles.

Core Principle 4 – Prevention of Market Disruption: The de-listing of the fuel oil and CAISO futures contracts will not result in any market disruption since there is no open interest in any of the contracts being de-listed.

Core Principle 7 - Availability of General Information: Each of the changes outlined in this certification will be posted in the Exchanges rulebook which may be found on its website: [business.nasdaq.com/futures](http://business.nasdaq.com/nasdaq-futures/nfx-market).

Core Principle 8 – Daily Publication of Trading Information: As discussed above, removal of the word “promptly” in the Off-Exchange Transactions Reference Guide will not implicate Core Principle 8 as trade information will continue to be published by the Exchange on a daily basis.

**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-2019-12 in any related correspondence.

Regards,



Kevin Kennedy

Chief Executive Officer

Attachments:

Exhibit A: Amendments to Rulebook Appendix A – Off-Exchange Transactions Reference Guide

Exhibit B: Appendix A, Listed Contracts

1. See Off-Exchange Transactions Reference Guide, page 15. [↑](#footnote-ref-1)
2. See X.04 Final Settlement Day for each of the Argus Contracts. [↑](#footnote-ref-2)
3. NFX offers five futures contracts that establish a basis spread between a referenced underlying commodity and the NFX WTI 1st Line Financial Futures. The terms and conditions for each Basis Contract may be found in chapters 117, 121, 125, 129 and 133. [↑](#footnote-ref-3)
4. All related references to the fuel oil and CAISO contracts will be removed from the fee schedule and position limit chart of the NFX rulebook. [↑](#footnote-ref-4)