



Rule Self-Certification

April 15, 2015

VIA ELECTRONIC PORTAL

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

Re: **Regulation §40.6 Submission Certification**
Authorized Trader, Trader IDs and Origin Codes
Reference File: SR-NFX-2015-22

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 Chapter II, Section 1, entitled “Qualification and Participation of Futures Participants,” to amend its Rules to provide that a Futures Participant must maintain a list of Authorized Traders. The Exchange amends Chapter V, Section 1, entitled “Authorized Traders and Trader IDs,” to clarify the manner in which Trader IDs shall be managed. The Exchange amends Chapter V, Section 4, entitled “Direct Access,” to clarify the manner in which Trader IDs shall be assigned, where access to the Exchange is being granted by a Clearing Futures Participant. The text of these amendments is set forth in Exhibit A. The amendments will be implemented on May 1, 2015. The Exchange also amends its origin codes at Chapter I, Section 1, entitled “Definitions.” The text of these amendments is set forth in Exhibit B. The amendments will be implemented on May 1, 2015.

The Exchange is amending its Rules to provide that Authorized Trader lists need to be accurate as well as maintained and updated by Futures Participants and Clearing Futures Participants. These lists must be available to the Exchange upon request. Also, the Rules make clear that Trader IDs are unique and may not be reassigned. Trader IDs must be assigned only after the appropriate information is obtained by the Futures Participant or Clearing Futures Participant from the Authorized Trader.

The Exchange amended its version of the Exchange's Financial Information Exchange Interface or "FIX" specifications, which in turn requires an amendment to its origin codes. Today, the Exchange utilizes origin codes "1" and "2." As of May 1, 2015, the new Trading System platform with updated FIX version will utilize origin codes "A" and "B."

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

- *Compliance with Rules:* 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. Chapter V, Section 18 describes prohibited activities with respect to the Trading System. Trading is 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. The Exchange's disciplinary Rules are contained in Chapter VI of the Rulebook.
- *Prevention of Market Disruption:* The Exchange's Regulatory Department, which handles real-time surveillance, 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.
- *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 and offers within a predetermined automated trade matching and execution algorithm. Orders submitted into the Trading System will continue to 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 recently filed Chapter IV, Section 4. The Exchange provides a competitive, open and efficient market and mechanism for executing transactions that protects the price discovery process and also authorizes for bona fide business purposes rules for Block

Trades and Exchange for Related Positions at Chapter IV, Sections 10 and 11.

- *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.
- *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 the amendments to Chapter I, Section 1, Chapter II, Section 1 and Chapter V, Sections 1 and 4 comply with the 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.nasdaqomx.com/transactions/markets/nasdaq-futures>.

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-2015-22 in any related correspondence.

Regards,



Daniel R. Carrigan
President

cc: National Futures Association
The Options Clearing Corporation

Exhibit A

New text is underlined; deleted text is stricken.

NASDAQ OMX Futures Exchange – Rules

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Chapter II Membership Rules

Section 1 Qualification and Participation of Futures Participants

(a) A Futures Participant must be designated as such prior to ~~may~~ transacting business on the Exchange. A prospective Futures Participant must:

i. and ii. No Change

(b) Notwithstanding the provisions of Section 3 of this Chapter, the Exchange requires compliance with the following:

(i) – (iii) No Change.

(iv) Futures Participants are required to maintain a current list of ~~all Authorized Traders (including Trader ID's assigned to an Automated Trading System) of the Futures Participant as well as~~ Authorized Risk Officers with the Exchange's Membership Department. The Exchange's Membership Department must be immediately notified of the addition, termination or resignation of an ~~Authorized Trader or~~ Authorized Risk Officer. Futures Participants are required to maintain a list of Authorized Traders in accordance with the procedure adopted by the Exchange from time to time to utilize the Trading System. Futures Participants are required to maintain a current list of Authorized Traders, which is readily available. Futures Participants must immediately provide such list upon request by the Exchange.

(v) - (ix) No Change

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Chapter V Trading Procedures and Standards

Section 1 Authorized Traders and Trader IDs

(a) – (c) No Change

(d) Trader IDs are subject to the following requirements (except in relation to Automated Systems, with respect to which paragraph (e) below is applicable):

- (i) Each Trader ID shall uniquely represent
 - (A) the natural person physically responsible for entering the Order into the Trading System (if a natural person entered the Order into the Trading System);
 - (B) the natural person physically responsible for entering the Order directly or indirectly into a system of or used by a Futures Participant that interfaces with the Trading System (if no natural person entered the Order into the Trading System and instead a natural person entered the Order directly or indirectly into a system of or used by a Futures Participant that interfaces with the Trading System);
 - (C) Futures Participants shall maintain information related to Authorized Traders, in a method and format prescribed by the Exchange and ensure the accuracy of the information regarding its Authorized Traders;
 - (D) an Authorized Trader is prohibited from entering Orders into the Trading System or other Exchange system using a Trader ID that was not assigned to that Authorized Trader;
 - (E) the unique Trader ID assigned to an Authorized Trader shall not be reassigned to another Authorized Trader; and
 - (F) information regarding the Authorized Trader must be captured prior to the issuance of a Trader ID.
 - (ii) No Change.
 - (a) No Change.
 - (1) – (3) No Change
 - (iii) No Change
- (e) Trader IDs are subject to the following requirements in relation to Automated Systems:
- (i) Each Order originating from an Automated System that is submitted to the Trading System shall include a Trader ID for that Automated System.
 - (ii) A Trader ID issued for an Automated System may only be used for that Automated System. A Trader ID issued for an Automated System may not be used for any other Automated System and may not be used as the Trader ID for any natural person or entity, nor may such Trader ID be reassigned.
- (f) No Change
 - (i) No Change

(a) No Change.

(ii) No Change

(A) – (D) No Change

(iii) Each Futures Participant shall provide to the Exchange, in a form and manner prescribed by the Exchange, information requested by the Exchange regarding any Trader IDs and the natural persons and Automated Systems for which they have been issued for inclusion with any Order from the Futures Participant that is submitted to the Trading System. The information requested relating to an Automated System may include, among other things, information regarding the head operator and other individuals that operate the Automated Trading System and the type of models, algorithms, programs, and systems utilized by the Automated System.

(iv) Each Futures Participant shall ~~promptly report to the Exchange~~maintain, in a form and manner prescribed by the Exchange, ~~current any new or amended~~ information regarding Trader IDs.

(v) No Change

(h) No Change

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Section 4 Direct Access

Authorized Customers of any Clearing Futures Participant may access the Trading System directly, provided that the following provisions of this Rule are satisfied.

(a) No Change

(b) Except where the Authorized Customer is an Off-Exchange Reporting Broker, the Clearing Futures Participant shall complete an application in the form supplied by the Exchange which requests, among other things, information pertaining to the Authorized Customer for which direct access to the Trading System is sought, a guarantee as to the performance of the Authorized Customer with respect to a Contract, as specified in Chapter II, Section 1, specifically guaranteeing the transactions of the Authorized Customer, ~~information concerning Authorized Traders~~ and an agreement executed by the Authorized Customer regarding usage of the Trading System in a form as prescribed by the Exchange. In the case where the Authorized Customer is an Off-Exchange Reporting Broker, Section 4(m) below applies.

(i) No Change

(c) – (d) No Change

(e) ~~The Exchange shall provide an~~ Authorized Customer's Authorized Traders must have a unique identification assigned to them in form of a Trader ID, in accordance with the procedure adopted by the Exchange from time to time, in order to directly access the Trading System if all the qualifications and requirements in (a) through (d) of this Rule have been met.

(f) – (l) No Change

(m) An Off-Exchange Reporting Broker may access the Trading System directly for the purpose of submitting transactions for reporting and clearing if the Off-Exchange Reporting Broker has received authorization from the Exchange and from a Clearing Futures Participant in a form prescribed by the Exchange. Off-Exchange Reporting Brokers may submit either Block Trades in accordance with Chapter IV, Section 10 or Exchange for Related Position transactions in accordance with Chapter IV, Section 11 and in accordance with other procedures and rules specified by the Exchange.

(i) A Clearing Futures Participant that approves an Off-Exchange Reporting Broker to submit either Block Trades or Exchange for Related Positions shall:

(1) – (3) No Change

(4) provide an Authorized Customer's Authorized Traders a unique Trader ID, which shall not be reassigned to another Authorized Trader;

(5) – (11) No Change

(ii) An Authorized Customer granted access as an Off-Exchange Reporting Broker by a Clearing Futures Participant shall:

(1) - (6) No Change

(7) maintain or cause to be maintained the audit trail for all transactions submitted to the Exchange; ~~and~~

(8) maintain a current list of all Authorized Traders (including Trader ID's assigned to an Automated Trading System) of the Futures Participant as well as Authorized Risk Officers, and provide such information upon request; and

(9) is prohibited from entering transactions into the Trading System or other Exchange system using a Trader ID that was not assigned to that Authorized Trader.

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Exhibit B

New text is underlined; deleted text is stricken.

NASDAQ OMX Futures Exchange – Rules

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Chapter I Definitions and Governance of the Exchange

Section 1 Definitions

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Origin Code. The term “Origin Code” means a code which signifies whether funds are segregated or non-segregated. An Origin Code of “4A” shall indicate segregated funds and an Origin Code of “2P” shall indicate non-segregated funds as required pursuant to Section 4d(a)(2) of the Act.

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Public Customer Order. The term “Public Customer Order” means an Order marked with a CTI Code of 4 and an Origin Type of “4A”.

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