



Nasdaq Futures, Inc.
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Philadelphia, PA 19103 / USA
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Rule Self-Certification

April 15, 2016

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

Re: **Rule §40.6 Submission Certification
Combination Orders and Definitions
Reference File: SR-NFX-2016-47**

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 three definitions in Chapter I to clarify the current definitions of “Implied Orders,” “Order” and “Quote.” Also, the Exchange amends Chapter IV, Section 4 to: (1) permit mass Quotes to be entered as Combination Orders with certain limitations; (2) make clear which order types may currently be transacted as a Combination Order; and (3) make clear that only a Limit Order may generate an Implied Order. Conforming changes are also being made to the General Reference Guide. The amended rule text is attached as Exhibit A and will be implemented as of the Open Session on May 1, 2016 for trade date May 2, 2016.

Chapter I, Section 1 contains definitions applicable to the NFX Rulebook. The Exchange is amending the definition of “Implied Order” to make clear that an Implied Order may only be a Limit Order and to make other grammatical changes. The Exchange is amending the definition of “Order” to remove an unnecessary sentence which already exists in the definition of a “Quote.” The Exchange is amending the definition of a “Quote” to distinguish the manner in which a quote may be entered into the Single Order Book as compared to the Combination Order Book. A single Quote may be entered into the Single Order Book with multiple Instruments. Mass Quotes will be accepted into the Combination Order Book, provided the number of one-sided and two-sided Quotes is limited to one instrument. Corresponding amendments are also made to the General Reference Guide.

The Exchange is amending Chapter IV, Section 4 to also make clear that mass Quotes will be accepted in the Combination Order Book. Also, the Exchange makes clear that Market Orders, Limit Orders and Market-to-Limit Orders may be transacted as Combination Orders. The Exchange seeks to clarify its rules to make clear that only a Limit Order may generate into an Implied Order.

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

- **Compliance with Rules.** The Exchange specifies 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. 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.

- **Availability of Contract Information.** The Exchange has indicated within its trading Rules where specific information relates to a particular Contract. The Exchange provides detailed information within the contract specifications for that particular Contract. The Exchange also posts the terms and conditions of Exchange Contracts in its Rulebook along with trading Rules.

- **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 be matched in Price-Time priority. The Exchange specifies the types of Orders that will be accepted by the Trading System in Chapter IV, Section 4.

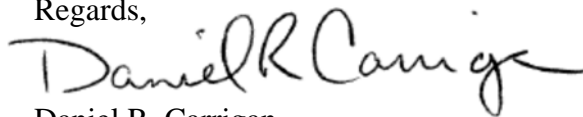
- **Protection of market participants.** Chapter III of the Exchange’s Rulebook contains prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading in all Contracts.

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 IV, Section 4 and the General 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 business.nasdaq.com/futures.

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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-2016-47 in any related correspondence.

Regards,

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

Daniel R. Carrigan
President

Exhibit A

New text is underlined and deleted text is stricken.

NASDAQ Futures Rules

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Chapter I Definitions and Governance of the Exchange

Section 1 Definitions

Unless otherwise specifically provided in the By-Laws or Rules of the Exchange or the context otherwise requires, the terms defined herein shall for all purposes of the By-Laws and Rules of the Exchange, have the meanings therein specified.

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Implied Orders. The term “Implied Orders” means a Limit Orders that are is automatically generated by the Trading System from a derived price. An “Implied Out Order” derives its price and quantity from resting Combination Strategy Orders and the aggregate of the respective legs which are at the best price for a Contract. An “Implied In Order” derives its price and quantity from the net differential from the best prices as between two contract months for a Contract. An Implied Order cannot be an FOK or IOC.

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Order. The term “Order” means any bid or offer. An Order may be a Market Order, Limit Order, Market-to-Limit Order, Stop Order, Stop Limit Order, Iceberg Order, TAS Order, Combination Order, Implied Order or Linked Order. Each Order may include one of the following time conditions: Day; Good till Canceled (GTC); Good till Dated (GTD); Fill or Kill (FOK) and Immediate or Cancel (IOC), except Market Orders which may be FOK or IOC, Implied Orders which may not be FOK or IOC and a Linked Order may not be GTC or GTD. These Orders shall have the respective meanings set forth in Chapter IV, Section 4, as well as any other types of Orders that may be approved by the Exchange from time to time. ~~The term Order shall also refer to a Quote, except with respect to Combination Orders.~~

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Quote. The term “Quote” means a bid and/or offer. ~~Quotes will not be accepted in the Combination Order Book.~~ A Quote may be entered as a single Quote or as part of a mass Quote with multiple Instruments. If Quotes are entered as a mass Quote, the number of one-sided or two-sided Quotes is limited to twenty-nine (29) Instruments, not including Combination Orders. Mass Quotes will be accepted in the Combination Order Book as long as the number of one-sided or two-sided Quotes is limited to one (1) Instrument.

The Trading System will replace a Quote submitted by an Authorized Trader with any new Quote that is subsequently submitted by that same Authorized Trader.

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Chapter IV Trading System

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Section 4 Acceptable Orders

Orders entered into the Trading System for display and/or execution, as appropriate, are executable against marketable contra-side Orders in the Trading System.

(a) Types of Orders accepted by the Trading System are as follows:

(i) – (vii) No change.

(viii) Combination Orders.

(i) Combination Orders or "Combination Strategies" will be traded in a separate Order Book pursuant to the Rules in Chapter IV, Section 5. The Combination Order Book will ~~not accept mass Quotes, only Orders will be accepted into the Combination Order book.~~ Combination Orders may be originated (adding Expiries, Contracts and trading symbols), by either: (i) the Exchange; or (ii) a Futures Participant or its Authorized Traders or Authorized Customers. Combination Orders will first execute against respective legs of Orders before executing against other Combination Orders within the Combination Order Book. Combination Orders shall not update the prices of the respective legs of such Combination Orders in their respective Order Book. The Exchange will disseminate Combination Orders through ITCH and FIX protocols. The following order types may be Combination Orders: Market Orders, Limit Orders and Market-to-Limit Orders.

(ii) and (iii) No change.

(ix) Implied Orders.

(i) Implied Orders will be traded in the Trading System pursuant to the Rules in Chapter IV, Section 5. Implied Orders will only be generated if those Limit Orders are at or improve the BBO of the respective legs at the minimum increment of the respective Contract. The Exchange will disseminate Implied Out Orders through ITCH and FIX protocols, except for Inter-Commodity Spreads. Implied In Orders will not be disseminated. Implied Out Orders are not accepted for Inter-Commodity Combination Orders.

(x) and (xi) No change.

(b) No change.

NASDAQ Futures, Inc. (NFX)

General Reference Guide

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2.1.1 Order Book (“On-Exchange Trades”)

The Trading System provides sophisticated and rich trade matching functionalities including Implied Order generation with efficient execution of a broad range of hedge, strategy and contingent trades.

Market participants which have been configured as Users in the Trading System (Section 2.3), will be able to submit and manage Orders (including Quotes) through the FIX Order entry interface. All Orders (including Quotes) accepted by the Trading System are firm and made available for execution after going through market integrity controls to ensure fair and efficient markets. Orders (including Quotes) are maintained in Single Order Books and ranked and matched according to the trade match algorithm for each product. Mass Quotes are ~~not~~ permitted in Combination Order Books.

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3.10 Strategies – Combination Orders

The Trading System supports the trading of Strategies also referred to as Combination Orders, which will trade in a separate Order Book. The Exchange may list Futures and/or Options combinations for trading, and users may create their own tailor made combination (TMC) for Futures and/or Options combinations not already defined in the Trading System. Market participants may submit GFD Combination Orders that, if matched, will simultaneously trade the referenced single leg Instruments according to the specified strategy without execution risk. Combination Orders will first execute against respective legs of Orders before executing against other Combination Orders within the Combination Order Book. Once created intraday, a TMC Order Book is visible to the entire market and lives throughout the trading day. Mass Quotes are ~~not~~ permitted in Combination Order Books, ~~only Orders are permitted.~~

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8 Combination Order

A “Combination Order” means an Order to simultaneously buy and/or sell at least two contracts in one or more Contracts in a form accommodated by the Trading System. All legs of a Combination Order are

acquired simultaneously and must be for the same account or accounts with the same beneficial ownership. The Exchange will accept a Combination Order of up to four legs into the Trading System. Combination Orders may execute against other Combination Orders or they may execute against the respective legs of Orders within the Order Book. Combination Orders shall not update the prices of the respective legs of such Combination Orders in their respective Order Book. The Exchange will disseminate Combination Orders through ITCH and FIX protocols. These types of Orders may also be referred to as "Strategies." Mass Quotes are not permitted in Combination Order Books as long as the number of one-sided or two-sided Quotes is limited to one (1) Instrument, only Orders are permitted.

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