



## Rule Self-Certification

April 30, 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, DC 20581

Re: **Regulation §40.6 Submission Certification**  
**Trading Halts**  
**Reference File: SR-NFX-2015-25**

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”) adopts a new trading rule concerning trading halts. The Exchange is adopting new Chapter IV, Section 12, entitled “Trading Halts” to specify the manner in which the Exchange will halt its market. The Exchange is also amending its Reference Guide to provide additional detail concerning trading halts in that guidance. These amendments will be implemented on May 15, 2015. The text of the amendments to the Exchange’s Rules and Reference Guide is set forth in Exhibit A.

The Exchange is adopting new Chapter IV, Section 12 to provide that Trading Halts will be subject this new rule. The rule provides that trading in halted Contracts may be resumed when the interests of a fair and orderly market are best served by a resumption of trading. When a halt is initiated, the Trading System will complete the processing of trades that are in the course of being processed by the Trading System prior to the start of such a halt period. The Exchange will issue a notification to the market of a halt. Once the halt is initiated, any Orders, Quotes, cancellations or Order modifications submitted to the Trading System will be automatically rejected by the Trading System. Further, the Exchange will issue a notification indicating the commencement of trading. Trading will commence following a Pre-Open Session after a halt. The Exchange is adding similar language to its Reference Guide concerning trading halts.

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.
- *Availability of Contract Information.* The Exchange has indicated within its trading Rules where specific information relates to a particular Contract. The Exchange will post the terms and conditions of Exchange Contracts in its Rulebook along with trading Rules.
- *Publication of Information.* The Exchange will publish daily information on settlement prices, volume, open interest and opening and closing ranges for actively traded Contracts on its website. The Exchange’s volume information will include information on the volume of Block Trades.
- *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 adoption of Chapter IV, Section 12 and the amendments to the Reference Guide 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 [www.nasdaqomx.com/nasdaq-futures](http://www.nasdaqomx.com/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](mailto:angela.dunn@nasdaq.com). Please reference SR-NFX-2015-25 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 IV Trading System

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#### Section 12 Trading Halts

(a) The Exchange will halt trading in all Contracts subject to this Rule and shall not reopen trading in those Contracts until trading in the Contracts may be resumed when the interests of a fair and orderly market are best served by a resumption of trading.

(b) Nothing in this Rule shall be construed to limit the ability of the Exchange to halt or suspend trading in any Contract pursuant to any other Exchange rule or policy.

(c) When a halt is initiated, the Trading System will complete the processing of trades that are in the course of being processed by the Trading System prior to the start of such a halt period. The Exchange will issue a notification to the market of a halt. Once the halt is initiated, any Orders, Quotes, cancellations or Order modifications submitted to the Trading System will be automatically rejected by the Trading System.

(d) The Exchange will issue a notification indicating the commencement of trading. Trading will commence following a Pre-Open Session after a halt.

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# NASDAQ Futures, Inc. (NFX) Reference Guide

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Version 1.00 | 2015-5-01

### 3 TRADING ON THE EXCHANGE

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#### 3.1 Trading Halts and Restoration of Trading

Trading may be suspended by NFX Exchange Operations either for technical, regulatory, or emergency reasons, pursuant to Exchange Rules. The Exchange shall provide Participants with information on trading halts and the subsequent restoration of trading will be disseminated via an Exchange notice or any other method that the Exchange deems appropriate.

Specifically, the Exchange will halt trading in all Contracts subject to NFX Rules at Chapter IV, Section 12 and shall not reopen trading in those Contracts until trading in the Contracts may be resumed when the interests of a fair and orderly market are best served by a resumption of trading. When a halt is initiated, the Trading System will complete the processing of trades that are in the course of being processed by the Trading System prior to the start of such a halt period. The Exchange will issue a notification to the market of a halt. Once the halt is initiated, any Orders, Quotes, cancellations or Order modifications submitted to the Trading System will be automatically rejected by the Trading System. The Exchange will issue a notification indicating the commencement of trading. Trading will commence following a Pre-Open Session after a halt.

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