



Rule Self-Certification

May 8, 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**
Direct Access
Reference File: SR-NFX-2015-27

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”) revises a definition at Chapter I, Section 1 and amends Chapter VI, Section 4, entitled “Direct Access.” The rule changes are attached as Exhibit A. These amendments will be implemented on May 25, 2015.

The Exchange is amending Chapter I, Section 1 to revise the definition of “Services Agreement” to correct the name of the Exchange. The Exchange is also revising Chapter VI, Section 4 to delineate “Direct Access” from “Indirect Access” for purposes of accessing the Trading System. The Exchange is making this distinction to clarify the requirements to trade on NFX. “Direct Access” shall mean connecting directly to the Exchange, whereby Orders do not pass through the order management system (“OMS”) of a Futures Participant. “Indirect Access” shall mean utilizing an approved and authorized Independent Software Vendor (“ISV”) and/or utilizing an OMS owned and/or controlled by a Futures Participant to access the Exchange’s Trading System. A Futures Participant or Authorized Customer that accesses the Trading System by such Indirect Access is subject to all of the Rules of the Exchange, including, without limitation, use of a Trader ID, audit trail requirements and the requirement that any such Futures Participant or Authorized Customer be guaranteed by a Clearing Futures Participant. Connectivity to the Trading System established by an ISV may not be used by the ISV itself for its own trading activities.

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

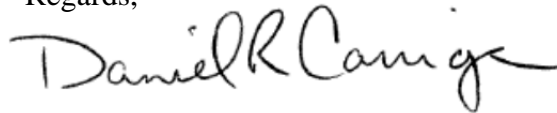
- *Compliance with Rules:* The Exchange has in place Rules which describe the manner in which Futures Participants may access and trade on NFX. Chapter II, Section I provides for the qualifications and rules of participation applicable to Futures Participants as well as Authorized Traders. Chapter V, 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. Direct Access at Chapter VI, Section 4 is revised with this rule change.
- *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, and Chapter IV, Section 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 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. Please reference SR-NFX-2015-27 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.

Daniel R. Carrigan
President

cc: National Futures Association
The Options Clearing Corporation

Exhibit A

NASDAQ Futures—Rules

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Chapter I Definitions and Governance of the Exchange

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Services Agreement. The term "Services Agreement" shall mean the [NASDAQ Futures] Exchange's[, Inc.,] Services Agreement, as it may be amended from time to time.

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Chapter V Trading Procedures and Standards

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Section 4 Direct Access

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

"Direct Access" shall mean connecting directly to the Exchange, whereby Orders do not pass through the order management system ("OMS") of a Futures Participant.

"Indirect Access" shall mean utilizing an approved and authorized Independent Software Vendor ("ISV") and/or utilizing an OMS owned and/or controlled by a Futures Participant to access the Exchange's Trading System. A Futures Participant or Authorized Customer that accesses the Trading System by such Indirect Access is subject to all of the Rules of the Exchange, including, without limitation, use of a Trader ID, audit trail requirements and the requirement that any such Futures Participant or Authorized Customer be guaranteed by a Clearing Futures Participant. Connectivity to the Trading System established by an ISV may not be used by the ISV itself for its own trading activities. Futures Participants or Authorized Customers utilizing Indirect Access shall be required to provide information of such relationships to the Exchange in a form as prescribed by the Exchange.

(a) The Clearing Futures Participant must be a futures commission merchant and the Customer Account must be held by the Clearing Futures Participant or a carrying futures broker maintaining an account for its Customers on a fully disclosed or omnibus basis with the Clearing Futures Participant.

(b) Except where the Authorized Customer is an Off-Exchange Reporting Broker or connecting through Indirect Access, 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 [d]Direct [a]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 and a[n] Services [a]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) The Authorized Customer must not be presently enjoined by order, judgment or decree of any court of competent jurisdiction or of the Commission or the Securities and Exchange Commission or of any state securities authority or agency from engaging in or continuing any conduct or practice in connection with the purchase or sale of any commodity, security, Option or similar instrument.

(c) The Clearing Futures Participant will be required to designate at least two Authorized Risk Officers. Clearing Futures Participants must immediately notify the Exchange if an Authorized Risk Officer is no longer with the firm or if another individual should be designated.

(i) Clearing Futures Participants must keep Authorized Risk Officer, Authorized Customer and Authorized Customer's Authorized Trader information updated at all times.

(d) The Authorized Risk Officer will be required to designate pre-trade risk parameters as required by Chapter IV, Section 5.

(e) 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) The Clearing Futures Participant shall remain responsible, in accordance with these Rules, for the acts and omissions of any of its Authorized Customers, regardless of the level of risk controls set by the Clearing Futures Participant and the approval of such risk controls by the Exchange.

(g) The Clearing Futures Participant is responsible for the financial obligations of each Authorized Customer for which it authorizes [d]Direct [a]Access with respect to all Orders entered and transacted as well as for compliance by the Authorized Customer with the Rules of the Exchange and compliance with Exchange procedures.

(h) With respect to each Authorized Customer for which a Clearing Futures Participant has authorized [d]Direct [a]Access, the Clearing Futures Participant shall: (i) take any and all actions requested or required by the Exchange with respect to such Authorized Customer, including, but not limited to, assisting the Exchange in any investigation into potential violations of Exchange Rules or of the Act, and requiring such Authorized Customer to produce documents, provide information, answer questions and/or to appear in connection with any investigation; (ii) suspend or terminate the Authorized Customer's access to the Exchange's Trading System if the Exchange determines that the actions of the Authorized Customer threaten the integrity or liquidity of any Exchange Contract, violate Exchange Rules or the Act, or if the Authorized Customer fails to cooperate in any investigation; (iii) suspend or terminate the Authorized

Customer if the Clearing Futures Participant has reason to believe that the actions of the Authorized Customer threaten the integrity or liquidity of any Exchange Contract, violate the Rules or the Act, or if the Authorized Customer fails to cooperate in any investigation; and (iv) utilize such controls designed to facilitate the Clearing Futures Participant's management of financial risk as may be provided by the Exchange from time to time.

(i) A Clearing Futures Participant may revoke access to the Authorized Customer by notifying the Exchange in writing and receiving acknowledgment from the Exchange.

(j) The Clearing Futures Participant authorizing a connection to the Trading System is responsible for maintaining or causing to be maintained the audit trail for all Orders submitted to the Exchange; and producing, upon request of the Exchange or its Regulatory Services Provider, the audit trail for all Orders submitted to the Exchange by an Authorized Customer. Each Authorized Customer connecting to the Trading System is responsible for maintaining or causing to be maintained the audit trail for all Orders submitted to the Exchange. A Clearing Futures Participant that has arrangements for a third party to maintain audit trail information on its behalf shall remain responsible for compliance with this Rule.

(i) The audit trail shall be submitted in a format prescribed by the Exchange.

(ii) The Exchange or its Regulatory Services Provider may request additional details concerning the audit trail for certain Order types, such as Bunched Orders where the detail is not apparent.

(iii) The electronic audit trail must be maintained for a minimum of five (5) years. Upon the request of the Exchange, each Clearing Futures Participant and Authorized Customer must have the ability to produce to the Exchange the audit trail data in a format prescribed by the Exchange.

(k) A Clearing Futures Participant that has actual or constructive notice of a violation or potential violation of the Rules or the Act in connection with the use of the Trading System by an Authorized Customer for which it provides access and fails to take appropriate action may be subject to disciplinary action under the Rules.

(l) If a Clearing Futures Participant's permit is terminated by the Exchange or its trading privileges are suspended by the Exchange, all access to the Exchange's Trading System which is authorized by such Clearing Futures Participant shall automatically terminate on the effective date of the termination or suspension.

(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) be a futures commission merchant and the Customer Account must be held by the Clearing Futures Participant or a carrying futures broker maintaining an account for its Customers on a fully disclosed or omnibus basis with the Clearing Futures Participant;
 - (2) designate at least two Authorized Risk Officers;
 - (3) designate pre-trade risk parameters as required by Chapter IV, Section 5;
 - (4) provide an Authorized Customer's Authorized Traders a unique Trader ID, which shall not be reassigned to another Authorized Trader;
 - (5) remain responsible, in accordance with these Rules, for the acts and omissions of any of its Authorized Customers, regardless of the level of risk controls set by the Clearing Futures Participant and the approval of such risk controls by the Exchange;
 - (6) be responsible for the financial obligations of each Authorized Customer for which it authorizes to enter transactions for reporting and clearing as well as for compliance by the Authorized Customer with the Rules of the Exchange and compliance with Exchange procedures;
 - (7) authorizes the Exchange to debit any transaction fees, permit fees, regulatory fees or other charges referenced on the Fee Schedule due and owing to the Exchange incurred by Authorized Customer;
 - (8) take any and all actions requested or required by the Exchange with respect to such Off-Exchange Reporting Broker, including, but not limited to, assisting the Exchange in any investigation into potential violations of Exchange Rules or of the Act, and requiring such Authorized Customer to produce documents, provide information, answer questions and/or to appear in connection with any investigation;
 - (9) suspend or terminate the Off-Exchange Reporting Broker's access to the Trading System if the Exchange determines that the actions of the Authorized Customer threaten the integrity or liquidity of any Exchange Contract, violate Exchange Rules or the Act, or if the Authorized Customer fails to cooperate in any investigation;
 - (10) maintain or cause to be maintained the audit trail for all transactions submitted to the Exchange for reporting and clearing and produce, upon request of the Exchange or its Regulatory Services Provider, the audit trail for all transactions submitted to the Exchange by an Authorized Customer in accordance with (j) above; and
 - (11) provide information of actual or constructive notice of a violation or potential violation of the Rules or the Act in connection with the use of the Trading System by an Authorized Customer for which it provides access.

- (ii) An Authorized Customer granted access as an Off-Exchange Reporting Broker by a Clearing Futures Participant shall:
- (1) complete a form and provide such other information as specified as by the Exchange;
 - (2) submit privately-negotiated transactions which are in accordance with the Exchange Rules governing Block Trades in accordance with Chapter IV, Section 10 or Exchange for Related Position transactions in accordance with Chapter IV, Section 11;
 - (3) input accurate information into the Trading System;
 - (4) agree to agreement to abide by the Exchange's Certificate, By- Laws and Rules of the Exchange, as they may be amended from time to time;
 - (5) consent to the jurisdiction of the Exchange and agree to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes;
 - (6) not be presently enjoined by order, judgment or decree of any court of competent jurisdiction or of the Commission or the Securities and Exchange Commission or of any state securities authority or agency from engaging in or continuing any conduct or practice in connection with the purchase or sale of any commodity, security, Option or similar instrument;
 - (7) maintain or cause to be maintained the audit trail for all transactions submitted to the Exchange;
 - (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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