May 12, 2020 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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Washington, DC 20581

**Rule Self-Certification: Rule Certification Establishing a Rebate Program to Close Open Interest in Natural Gas and Crude Oil Products**

**Reference File: SR-NFX-2020-12**

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”) submits this self-certification to establish a Rebate Program for certain Natural Gas and Crude Oil futures and option contracts (the “Rebate Program”). The rule change will take effect on May 26, 2020 for trade date May 27, 2020.

**Migration of Open Interest from NFX**

On November 12, 2019, NFX announced it sold the core assets of the Exchange to EEX Group. As a result, the Exchange encouraged market participants to close existing open interest (“OI”) in Dry Freight, U.S. Power and U.S. Natural Gas on the Exchange and establish substantially identical positions on the EEX platform, or its subsidiary, Nodal Exchange (“Nodal”). The Exchange worked closely with EEX and Nodal to conduct multiple matching sessions to allow for the migration of OI. To facilitate these matching sessions, the Exchange certified a series of rule changes as part of the NFX Open Interest Migration Plan (the “OI Migration Plan”).[[1]](#footnote-1) Those matching sessions resulted in the majority of NFX’s OI transferring to EEX or Nodal. NFX has now begun the process to migrate the remaining OI on the platform to another futures exchange. The Exchange is now working with NYMEX to conduct a matching session on or about May 28, 2020, to close OI in Natural Gas and Crude Oil products and establish substantially similar positions on NYMEX.[[2]](#footnote-2)

Under the terms of the Rebate Program, the Exchange will rebate the clearing fee assessed by OCC for each closing transaction migrated to NYMEX. The Exchange will also rebate the additional cost incurred by a market participant where the execution price for a transaction of a size below the minimum block transaction threshold on NYMEX in the relevant contract is inferior to the execution price paid by the same market participant when closing OI in the relevant contract on NFX.[[3]](#footnote-3)

In order to qualify for the rebate, the market participant must have held OI in the relevant asset class as of May 1, 2020 and closed their entire Natural Gas and Crude Oil positions by June 15, 2020. Furthermore, market participants may only receive a rebate for closing OI that was establish on or before May1, 2020. OI established on NFX after May 1, 2020 will not be entitled to a rebate under this program. Participants in the Rebate Program will be required to provide documentation of exchange and clearing fees incurred when moving Natural Gas and Crude Oil positions to NYMEX.

The Exchange believes the Rebate Program complies with the Core Principles and the Act. In particular, the Rebate Program complies with Core Principles 2 (Compliance with Rules) and 7 (Availability of General Information). The Rebate Program will be available to any market participant that satisfies the criteria outlined above. Consistent with Core Principle 7 - Availability of General Information, the Exchange will post general information, including the NFX Rulebook as amended herein, on its website: [business.nasdaq.com/futures](http://business.nasdaq.com/nasdaq-futures/nfx-market).

**Certifications**

There were no opposing views among NFX’s Board of Directors, members or market participants. The Exchange hereby certifies that the rule amendment set forth herein complies 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: [business.nasdaq.com/futures](http://business.nasdaq.com/nasdaq-futures/nfx-market).

If you require any additional information regarding this submission, please contact Aravind Menon at (301) 978-8416 or aravind.menon@nasdaq.com. Please refer to SR-NFX-2020-12 in any related correspondence.

Regards,



Kevin Kennedy

Chief Executive Officer

1. See SR-NFX-2019-33, NFX rule certification lowering the minimum block trade threshold for Dry Freight Futures and Options contracts; SR-NFX-2019-34, NFX rule certification removing all execution fees for transaction on the Exchange; SR-NFX-2020-01, NFX rule certification establishing a rebate program for market participants closing OI in Tanker Freight products; SR-NFX-2020-02, NFX rule certification establishing Energy Futures Clearing Fee Rebate Program; SR-NFX-2020-05. NFX rule certification lowering minimum block thresholds for Crude Oil and Natural Gas products; SR-NFX-2020-09, NFX rule certification establishing a clearing fee rebate for market participants participating in the OI migration to Nodal Exchange. [↑](#footnote-ref-1)
2. While tentatively scheduled for May 28, 2020, the final date of the matching session is subject to change. [↑](#footnote-ref-2)
3. The rebate for an inferior price incurred when trading under NYMEX’s minimum block threshold will be limited to a maximum pool of $30,000 from which all rebates will be paid to market participants under this program. No additional rebates will be paid in the event the $30,000 rebate pool is depleted. [↑](#footnote-ref-3)