May 17, 2019 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

Three Lafayette Center business.nasdaq.com/futures

1155 21st Street, NW

Washington, DC 20581

**Rule Self-Certification: Rule Certification to**

**Amend the Quote Liquidity Provisioning Program**

**Reference File: SR-NFX-2019-23**

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 extend the quote liquidity provisioning program (the “QLP Program”) until November 30, 2019.[[1]](#footnote-1) The certification also updates the change in fees from $0.03 to $0.05 for the Off-Peak 25 MWH contracts that previously went into effect on May 1, 2019. This amendment is made simply for purposes of clarity. The amendment attached hereto will became effective on June 1, 2019 for trade date June 3, 2019.

As described in previous filing, participants in the QLP Program are recognized using the process described in the Quote Liquidity Provisioning Program Notice (the “Notice”) attached hereto as Exhibit A. NFX typically has 20-25 Recognized Quote Liquidity Providers (“RQLPs”) participating at any particular time, but the program is open to all NFX Futures Participants or NFX Futures Participant’s Authorized Customers, and there is no cap on the numbers participating.

The QLP Program is intended to be a complement to the Exchange’s DMM Programs, but differs in its sourcing of liquidity provisioning. The purpose of the QLP Program is to support liquidity in the Contracts by recruiting RQLPs to respond to Request for Quotes (“RFQ”) either in the Exchange’s Order Book or via off-Exchange brokered markets. A RFQ means an indication of intent to buy or sell a specified quantity of a Contract. A RFQ in the Order Book must specify whether it is a buy or sell and the quantity interest in the Contract. A RFQ is not an Order. A RFQ in the off-Exchange market (Block Trade) does not have the requirement to specify whether it is a buy or sell and the quantity interest in the Contract. RQLPs may respond at will to RFQs.

The Exchange believes that the Program complies with Core Principle 4 (Monitoring of Trading), Core Principle 9 (Execution of Transactions) and Core Principle 12 (Protection of Market Participants). The QLP Program will not impact order execution priority or otherwise give participants any execution preference or advantage. The QLP Program will not impact the Exchange’s ability to perform its trade practice and market surveillance obligations under the Act and Exchange staff will monitor trading in the Program’s products to prevent manipulative trading and market abuse. Additionally, the Exchange has systems to monitor RQLPs performance. Finally, NFX rules include prohibitions against fraudulent, non-competitive, unfair or abusive practices.

The Exchange has reviewed the designated contract market core principles as set forth in the Act in connection with the amendments presented herein. 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/futures).

**Certifications**

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

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-2019-23 in any related correspondence.

Regards,



Kevin Kennedy

Chief Executive Officer

Attachments:

Exhibit A: Quote Liquidity Provisioning Program Notice

**Exhibit A**

New language is underlined; deleted language is ~~stricken~~.

**December 1, 2018**

NFX quote liquidity provisioning PROGRAM

**Introduction**

Nasdaq Futures, Inc. (NFX or the Exchange), the designated contract market owned and operated by Nasdaq, offers a Quote Liquidity Provisioning (QLP) program for NFX Futures and Options Products (Products)[[2]](#footnote-2) that will continue until November 30~~May 31~~, 2019.

The purpose of the program is to support liquidity in the Products by recruiting market participants to respond to Request for Quotes either in the Exchange Order Book or via off-Exchange brokered markets during market hours. A "Request for Quote" or "RFQ" means an indication of intent to buy or sell a specified quantity of a Contract. An RFQ in the Order Book must specify whether it is a buy or sell and the quantity interest in a Contract. A Request for Quote is not an Order. An RFQ in the off-Exchange market (Block Trade) does not have the requirement to specify whether it is a buy or sell and the quantity interest in a Contract. Market participants may respond at will to RFQs during market hours.

The Exchange seeks to maintain competitive bid/ask spreads across all forward Contract curves, in Intra-Commodity (Time) Spreads, and in Inter-Commodity Spreads. The QLP program will enhance price discovery in the less liquid Products by permitting traditional (Proprietary Trading) and non-traditional liquidity providers (Institutional Customers) to actively participate in initiating the price discovery process in a Request for Quotes process for either on or off-Exchange transactions.

During the QLP program term, the Exchange will assess Screen Fees and Block Fees for the QLP Program based upon Section 2 below. The Block Trade/EFRP surcharge will not be waived.

**NFX invites Futures Participants, Authorized Customers, and Customers to apply for recognition under the QLP program (Recognized Quote Liquidity Providers, or RQLPs).**

1. **RQLP Requirements**

RQLPs must be NFX Futures Participants, NFX Futures Participant’s Authorized Customer, or an NFX Futures Participant’s Customer capable of responding to RFQs on the commencement date of the program.

RQLPs will be able to use all functionality in the NFX Trading System, including Quotes, Orders Mass Quotes, Mass Quote Protection (MQP) and Self-Match Prevention functionality. An explanatory reference guide for these key concepts and services provided by NFX may be found here: [business.nasdaq.com/futures](file:///C:\Users\sladojes\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.Outlook\EVC8BR3U\business.nasdaq.com\futures).

1. **RQLP Benefits**

The Exchange will assess Block Fees for the QLP Program via the schedule below. The fee schedule is based on monthly Average Daily Volumes (ADVs) for each calendar month and will be calculated by dividing each RQLP’s total volume for the calendar month by the number trading days in the calendar month. All QLP Screen Fees will be assessed via the Standard Screen Fees on the Nasdaq Futures Fee Schedule which is available via the link below:

<http://nasdaqphlx.cchwallstreet.com/NASDAQPHLXTools/PlatformViewer.asp?selectednode=chp_1_2_3&manual=%2Fnasdaqomxphlx%2Fnfx%2Fphlx-brdtrade-rules%2F>

QLP Block Fee Schedule

Tier 1: 4,000< = $0.50

Tier 2: 2,000 – 3,999 = $0.60

ADV below Tier 2 will be charged at normal rates according to the Fee Schedule.

All QLP Power fees will be charged per the rates below:

Screen Fee Block Fee

Peak – 50MW (800 MWh) $1.50 $1.50

Peak – 25MW (400 MWh) $0.80 $0.80

Peak - 5MW (80MWh) $0.16 $0.16

Peak - 1MW (16MWh) $0.01 $0.01

Off-Peak – 50MWh $0.10 $0.10

Off-Peak – 25MWh $0.05~~3\*\*~~ $0.05~~3\*\*~~

Off-Peak – 10MWh $0.02 $0.02

Off-Peak - 5MWh $0.01 $0.01

Off-Peak - 1MWh $0.00 $0.00

PJOQ Options $1.50 $1.50

PMQ Options $0.75 $0.75

All QLP Dry Freight Fees will be charged via the rates below:

Screen Fee Block Fee

Dry Freight Futures and Options $1.95 $1.95

All QLP Argus Gulf Coast Crude Fees will be charged via the rates below:

Screen Fee Block Fee

Argus Gulf Coast Crude Futures\* $0.50 $0.50

\*In certain limited circumstances a RQLP may be able to qualify for a monthly stipend in support of these new products. All such enquiries should be directed to Steve Sladoje at [steve.sladoje@nasdaq.com](mailto:steve.sladoje@nasdaq.com).

~~\*\* Effective May 1, 2019, the fee will change to $0.05 for Screen and Block.~~

1. **Supervision of RQLP Performance**

NFX reserves the right to suspend or terminate the benefits under this QLP Program with immediate effect if the RQLP is not operating if the RQLP fails to respond regularly to RFQs.

1. **RQLP Selection Process and Appointment**

**Invitation**

Futures Participants, Authorized Customers, and Customers are invited to contact Steve Sladoje at [steve.sladoje@nasdaq.com](mailto:steve.sladoje@nasdaq.com) to register their interest in participating in the QLP Program. The communication should include all relevant accounts that the QLP will use to transact from.

**Recognition**

RQLPs shall be notified of their recognition around one week after the application deadline. RQLPs will be engaged by NFX subject to its Rules and this notification. RQLP benefits and requirements will commence on July 2, 2018.

1. **Qualifying Business**

If a RQLP makes any changes to its trading or clearing arrangements, Clearing Futures Participant, Customer, or any other aspects of its operations reasonably required by NFX to manage this QLP program, then it is the responsibility of the RQLP to notify NFX of those changes in advance in order to ensure continuity of the RQLP’s benefits.

1. **Administration of Exchange Transaction Fee Charges**

As stated above, during the QLP program term, the Exchange will assess Block Fees for the QLP program according to Section 2.

NFX reserves the right in its absolute discretion to terminate this QLP program by way of a Futures Trader Alert announcing it has filed with the CFTC for termination of the program.

1. [See](http://nasdaqphlx.cchwallstreet.com/NASDAQPHLXTools/PlatformViewer.asp?selectednode=chp_1_1_1_9&manual=%2Fnasdaqomxphlx%2Fnfx%2Fphlx-brdtrade-rules%2F) SR-NFX-2019-16, amendment to Quote Liquidity Provisioning program to support 10 MWH Off-Peak Power contract. [↑](#footnote-ref-1)
2. [See NFX Rulebook Appendix A – Listed Contracts](http://nasdaqphlx.cchwallstreet.com/NASDAQPHLXTools/PlatformViewer.asp?selectednode=chp_1_1_1_9&manual=%2Fnasdaqomxphlx%2Fnfx%2Fphlx-brdtrade-rules%2F) [↑](#footnote-ref-2)