**Rule Self-Certification**

June 7, 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**

**Iceberg Orders**

**Reference File: SR-NFX-2016-64**

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 Chapter IV, Section 4 and the General Reference Guide to clarify that the non-displayed portion of the Iceberg Order which becomes displayed after the original portion is executed will be equal to the original displayed quantity. The amended rule text is attached as Exhibit A and will be implemented as of June 22, 2016.

Today, an “Iceberg Order” is defined in Chapter IV, Section 4 as an Order where a portion of the Order is displayed and a portion of the Order is non-displayed. When the displayed quantity of the Iceberg Order is executed, a non-displayed portion of the remaining balance of the Order will be displayed in the Order Book as a new Order and will not retain its time priority. The non-displayed portion of the Order which becomes displayed after the original portion is executed will be equal to the original non-displayed quantity. The Exchange amends this definition to state, “The non-displayed portion of the Order which becomes displayed after the original portion is executed will be equal to the original *displayed* quantity.” The Exchange originally inaccurately noted it was the non-displayed quantity. The Exchange amends the General Reference Guide to make corresponding changes.

The Exchange certifies that the amendments comply with the Act and, specifically, the following designated contract market core principles:

• 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 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](http://business.nasdaq.com/nasdaq-futures/nfx-market).

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-2016-64 in any related correspondence.



Regards,

Daniel R. Carrigan

President

**Exhibit A**

*New text is underlined; deleted text is stricken.*

**NASDAQ Futures Rules**

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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) – (v) No change.

(vi) Iceberg Order. An “Iceberg Order” is an Order where a portion of the Order is displayed and a portion of the Order is non-displayed. When the displayed quantity of the Iceberg Order is executed, a non-displayed portion of the remaining balance of the Order will be displayed in the Order Book as a new Order and will not retain its time priority. The non-displayed portion of the Order which becomes displayed after the original portion is executed will be equal to the original ~~non-~~displayed quantity. Only if the volume is reduced for an Iceberg Order will it retain its position in the time-priority queue.

(vii) – (xi) No change.

(b) No change.

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**NASDAQ Futures, Inc. (NFX)   
General Reference Guide**

Version1.04 **|** 2016-06-~~13~~22

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3.9 Pre-Negotiated / Cross Transactions

The execution of pre-negotiated cross transactions is supported for all NFX Products. Participants and Users can submit pre-negotiated, two-sided Cross Orders to the Exchange for execution. However, prior to execution, the Cross Order transaction must interact with any available liquidity in the Order Book prior to any volume being crossed. A Request for Cross (RFC) which is an RFQ must be entered before the Cross Order can be submitted.

All Cross Order transactions must follow the following rules and procedures prior to execution:

* Cross Orders can contain only a two-sided buy Order at the same price and quantity. Multi-legged transactions will be rejected (i.e. buy 50, buy 50 and sell 100).
* The Cross Order will interact will all existing Order types at the Cross Order price (i.e. crossing price) prior to any volume being crossed (including Implied and Iceberg Orders). If the crossing price is at or outside the best bid and/or offer (BBO) in the Order Book, it shall trade against existing Orders in the Order Book.
* If the quantity in the crossing transaction is larger than the aggregated Order quantity in the Order Book at the crossing price, then the crossing transaction will trade partially with the Order Book, and the residual crossing quantity will trade against itself (remaining volume that was not crossed will be cancelled from the Order Book).
* If no Order exist in the Order Book (i.e. there is no BBO), then the crossing transaction will trade fully against itself.
* The crossing transaction will interact with all Order types in their entirety prior to any volume being crossed according to the execution algorithm (e.g., price then time). If the crossing transaction interacts with hidden or non-displayed volume, such as an Iceberg the non-displayed portion of the Order which becomes displayed after the original portion is executed will be equal to the original ~~non-~~displayed quantity. Only if the volume is reduced for an Iceberg Order will it retain its position in the time-priority queue.
* Prior to a Cross Order being entered into the Trading System, an RFQ must have FIX tag field 54 populated with the number “8.”
* RFQs must be sent in advance of a Cross Order by at least five seconds for Futures and Options pursuant to NFX Rules.

Cross Order transactions that are submitted by Participants and/or Users that are not properly configured for both the RFC and Cross Order functionality will be rejected. Cross Orders will not be accepted during the Pre-Open Session. See NFX Rulebook at Chapter V, Section 11.

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# 4ORDER TYPES AND TIME CONDITIONS

**6. Iceberg Order**

An “Iceberg Order” is an Order where a portion of the Order is displayed and a portion of the Order is non-displayed. When the displayed quantity of the Iceberg Order is executed, a non-displayed portion of the remaining balance of the Order will be displayed in the Order Book as a new Order and will not retain its time priority. The non-displayed portion of the Order which becomes displayed after the original portion is executed will be equal to the original ~~non-~~displayed quantity. Only if the volume is reduced for an Iceberg Order will it retain its position in the time-priority queue. An Iceberg Order may be transacted for either an outright Contract or a Combination Strategy (limited to an Intra-Commodity spread).

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