



## Rule Self-Certification

August 12, 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**  
**Amendments to Exchange Rules**  
**Reference File: SR-NFX-2015-60**

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 certain rules in its Rulebook. These amendments will be implemented on August 27, 2015. The text of the Rulebook is set forth in Exhibit A.

The Exchange is amending Chapter II, Section 5, entitled, “Approval and Termination of Permits,” to amend the text to state that “[e]ach approved Futures Participant *may* be assigned a Futures Participant Exchange Account.” The Exchange is removing the words “by the Membership Department.” Also, the Exchange is amending Chapter IV, Section 8, entitled “Order Price Limit Protection” and the General Reference Guide to clarify the manner in which the Exchange shall determine the reference price for Order Price Limit Protection. Presuming there is no prior Daily Settlement price and, if the Contract is cash-settled, no price of a contract traded on another venue or the most recent Daily Settlement Price of the Reference Contract then the Exchange shall determine a fair and reasonable price if the prior Daily Settlement Price *is not reflective of the current market* for either the Contract or the Reference Contract. The amended language makes clear that a substitute reference price must be reflective of the current market.

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

- *Compliance with Rules:* Today the Exchange has in place Rules which describe the manner in which Futures Participants may access and trade on NFX.
- *Availability of Contract Information.* The Exchange has indicated within its trading Rules where specific information relates to a particular Contract. The Exchange will provide detailed information within the contract specifications for that particular Contract. The Exchange will post the terms and conditions of Exchange Contracts in its Rulebook along with trading Rules. The specifications for its Trading System will appear on the Exchange’s website.
- *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.

There were no opposing views among the Exchange’s Board of Directors, members or market participants. The Exchange hereby certifies that Chapter I, Section 5; Chapter IV, Section 8 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 <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](mailto:angela.dunn@nasdaq.com). Please reference SR-NFX-2015-60 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 Futures Rules

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#### Chapter II Membership Rules

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#### Section 5 Approval and Termination of Permits

(a) No applicant shall be approved as Futures Participant unless the application is approved by the Exchange or the Executive Committee pursuant to the procedures set forth in Chapter II, Sections 2 and 3.

(b) Every Futures Participant approved by the Exchange must continue to meet the qualifications contained in the By-Laws and Rules of the Exchange.

(c) Each approved Futures Participant ~~shall~~ may be assigned a Futures Participant Exchange Account ~~by the Membership Department.~~

(d) A Futures Participant may terminate a permit by giving written notice stating the desired date of such termination to the Exchange.

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#### Chapter IV Trading System

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#### Section 8 Order Price Limit Protection

Order Price Limit Protection is a feature of the Trading System that prevents certain Orders per Contract at prices outside of pre-set standard limits ("Order Price Limits") from being accepted by the Trading System. This protection applies to all Limit Orders but does not apply to FOK or IOC Market Orders. The Order Price Limits are established at prices above and below the Reference Price, as described in subsection (b) below.

(a) The Order Price Limit protection is operational each trading day during the Open Session, except during trading halts. Futures Participants will be notified of intraday Order Price Limit Protection deactivation due to volatility and any subsequent intraday reactivation by the Exchange through the issuance of Trading System status messages.

(b) The Exchange shall establish Order Price Limits in the Contract rules applicable to the specific Contract. At the commencement of the Open Session, the reference price shall be (i) the prior Daily Settlement Price for the Contract, or (ii) in the event there is no prior Daily Settlement Price for the Contract, if the Contract is cash settled by reference to the price of a contract traded on another

venue (the “Reference Contract”), the most recent Daily Settlement Price of the Reference Contract, or (iii) in the event ~~there is no~~ the prior Daily Settlement Price is not reflective of the current market for either the Contract or the Reference Contract, a price determined by the Exchange to be a fair and reasonable reflection of the current market (“Reference Price”). Thereafter, the Reference Price shall be the most recent bid or offer (other than a FOK or IOC bid or offer) in the Contract, provided that the bid (offer) is higher (lower) than the current Reference Price, unless such bid (offer) resulted in an execution, in which case the new Reference Price shall be the last execution price.

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

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Version 1.02 | 2015-06-26

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### **3.14 Order Price Limit Protection**

In order to prevent erroneous transactions that might occur due to fat finger pricing or manifest errors, NFX will implement the price limit structure described below.

There are no price limits during the Pre-Open Session and the Uncross. However, throughout the Open Session, Price Limits for all products will be calculated from a Reference Price within the same margin allowed above and below the Reference Price. The Exchange will set the applicable price margin above and below the Reference Price for each Contract.

During the Pre-Open Session, Price Limits will not be activated. The Reference Price is based on the logic detailed below:

At the commencement of the Open Session, the reference price shall be:

- (1) the prior Daily Settlement Price for the Contract, or
- (2) in the event there is no prior Daily Settlement Price for the Contract, if the Contract is cash settled by reference to the price of a contract traded on another venue (the "Reference Contract"), the most recent Daily Settlement Price of the Reference Contract, or
- (3) in the event ~~there is no~~ the prior Daily Settlement Price is not reflective of the current market for either the Contract or the Reference Contract, a price determined by the Exchange to be a fair and reasonable reflection of the current market ("Reference Price").

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