September 19, 2018 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 for Upgrades to TradeGuard Risk Limit Functionality**

**Reference File: SR-NFX-2018-41**

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”) hereby submits rules relating to TradeGuard pre-trade risk management implementing improved functionality for NFX Power futures contract. The Exchange anticipates the amendments going into effect on October 3, 2018 for trade date October 4, 2018.

**Amendments Incorporating Instrument Class Limit Groups to the TradeGuard Pre-Trade Risk Management System**

NFX is adding upgraded functionality to the TradeGuard Pre-Trade Risk Management system to allow market participants to establish Instrument Class Limit Groups (ICLGs). TradeGuard is a complementary service offered by NFX allowing market participants to establish pre-determined maximum risk exposures for a single account or a group of accounts, a trading user or group of trading users connected to the same Market Participant User Identification (MPID). The new ICLG service will allow market participants to establish pre-defined risk categories grouping instrument and Combination Order classes together, allowing for more efficient risk limit associations. ICLGs will be used for Power (Electricity) contracts only. These changes are being implemented in order to offer market participants a more efficient means of limiting their risk when trading Power futures contracts.

The ICLGs will work as follows. A market participant may establish daily risk limits when trading NFX ISO-New England (NE) Power Futures Contracts. The limits would be structured such that contracts for the ISO-NE Massachusetts Hub Off-Peak Financial Futures contract will have a maximum exposure of 8,000 megawatt hours (MWh). Financial futures contracts for this category of Power contract range from 1 MWh to 50 MWh. With the new ICLG functionality, market participants may trade any combination of ISO-NE Massachusetts Hub Off-Peak contracts up until they have established a combined MWh exposure equal to 8,000 MWhs for off-peak contracts at this hub. Contracts in the ISO-NE Massachusetts Hub Peak Financial Futures would not count towards the Off-Peak ICLG limit. A separate ICLG may be established for that Trader ID at that Hub during Peak hours. Market participants may establish an ICLG for any Power hub listed on NFX.

**DCM Core Principles**

The Exchange has reviewed the designated contract market core principles (“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/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 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/nasdaq-futures).

If you require any additional information regarding the submission, please contact Aravind Menon at (301) 978-8416 or aravind.menon@nasdaq.com. Please refer to SR-NFX-2018-41 in any related correspondence.

Regards,



Rick Beaman

Chief Executive Officer

Attachments:

Exhibit A: Amendments to NFX General Reference Guide

Exhibit B: Amendments to NFX TradeGuard PTRM Reference Guide

Exhibit C: Amendments to NFX TradeGuard User's Guide[[1]](#footnote-1)

1. Please note, for the TradeGuard User’s Guide each instance of the phrase “NFX Trading System” has been replaced with the term “Genium INET”. For purposes of brevity, Exhibit C only includes notations of substantive changes addressing the addition of the ICLG service and not each instance of the change from “NFX Trading System” to “Genium INTE”. [↑](#footnote-ref-1)