**Rule Self-Certification**

October 6, 2016

Christopher J. Kirkpatrick

Office of the Secretariat

Commodity Futures Trading Commission

Three Lafayette Center

1155 21st Street, NW

Washington, DC 20581

Re: **Various Rules Associated With**

**NFX Options on NFX Brent and WTI 1st Line Financial Futures**

**Reference File: SR-NFX-2016-91**

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 block trade minimum quantity thresholds and reporting times, trading hours, and daily settlement prices for new NFX Options on NFX Brent 1st Line Financial Futures (the “Brent 1st Line Options”) and the NFX Options on the NFX WTI 1st Line Financial Futures (the “WTI 1st Line Options”), (collectively “the 1st Line Options”). The symbol for Brent 1st Line Options will be IOQ and the symbol for the WTI 1st Line Options will be TIQ.

The rule amendments proposed herein are attached to this letter in Exhibit 1 which amends Rulebook Appendix A, Listed Contracts.[[1]](#footnote-1) The Exchange anticipates listing the 1st Line Options beginning October 25, 2016, for trade date October 26, 2016. The amendments proposed in this submission shall be effective on the listing date.

**Exhibit 1 - Amendments to Rulebook Appendix A, Listed Contracts**

Trading Hours. The Introduction to Rulebook Appendix A provides that unless otherwise specified by the Exchange, the regular Exchange trading days and hours for each contract, other than on the last trading day for the contract, will be Sunday - Friday, 7:00 PM EPT - 5:00 PM EPT, with a two hour break each day beginning at 5:00 PM EPT. Thus, the Monday trading session begins at 7:00 PM EPT on Sunday and ends at 5:00 PM EPT on Monday. Tuesday through Friday, each trading session begins at 7:00 PM EPT on the previous day and ends at 5:00 PM EPT. The Introduction to Rulebook Appendix A also provides that the last trading day for the contract terminates at the time specified in the rules specific to each contract. The 1st Line Options will have the regular Exchange trading days and hours. The 1st Line Options rules set forth in Exhibit 1 hereto specify that trading ceases at 2:30 PM EPT on the last trading day.[[2]](#footnote-2)

Block Trade Minimum Quantity Threshold and Reporting Times. Chapter IV, Section 11 of the Exchange’s rulebook provides for execution of block trades and requires the Exchange to designate the contracts in which block trades shall be permitted and to determine the minimum quantity thresholds for such transactions. Section 11(F) requires Futures Participants to ensure that block trades are reported to the Exchange within the number of minutes of the time of execution (the "Reporting Window") specified in the rules for the particular contract.[[3]](#footnote-3) The 1st Line Options are eligible for block trades. The block trade minimum quantity threshold for the 1st Line Options is set at 5 contracts and the Reporting Window for the 1st Line Options is set at 15 minutes.[[4]](#footnote-4) These minimum quantity threshold and Reporting Window levels for the 1st Line Options are commensurate with those established by NYMEX for the comparable NYMEX Brent Oil and WTI crude oil options on futures contracts.[[5]](#footnote-5)

Daily Settlement Price. Chapter V, Section 3 of the rulebook provides in part that the Exchange shall establish daily settlement prices at the time and using the methodology established by the Exchange as described in the contract specifications. The new rules provide that the daily settlement price shall be set by Exchange staff by 5:45 PM EPT or as soon as practicable thereafter using price data from a number of sources including spot, forward and derivative markets for similar financial products. Further, the new rules provide that if the daily settlement price described in the rule is unavailable, the Exchange may in its sole discretion establish a daily settlement price that it deems to be a fair and reasonable reflection of the market.[[6]](#footnote-6)

Non-Reviewable Range. Chapter V, Section 5 of the rulebook provides that the Exchange, in its sole discretion, may in certain circumstances either cancel a transaction or adjust the execution price of a transaction in a contract that has taken place outside the non-reviewable range designated for the contract. However, the Exchange has determined not to establish a non-reviewable range for 1st Line Options.[[7]](#footnote-7)

**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/futures).

With respect to the block trade amendments set forth in Exhibit 1 and Core Principle 9 - Execution of Transactions, the 1st Line Options will be listed for trading on the Exchange’s electronic trading system as well as by submission as block trades and Exchange for Related Position transactions pursuant to Exchange rules. The Exchange’s trading system provides a transparent, open and efficient mechanism to electronically execute trades in the 1st Line Options. Like other Exchange-listed futures options, the 1st Line Options are subject to Chapter VIII, Options Rules, of the Exchange Rulebook. The 1st Line Options’ minimum quantity thresholds and Reporting Windows are commensurate with those established by NYMEX for the comparable NYMEX Brent Oil and WTI crude oil options on futures contracts. Similarly, the new rules governing the trading hours for 1st Line Options are the same as for existing 1st Line Financial 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 the submission, please contact Aravind Menon at (301) 978-8416 or aravind.menon@nasdaq.com. Please refer to SR-NFX-2016-91 in any related correspondence.



Regards,

Daniel R. Carrigan

President

Attachments:

Exhibit 1: Amendments to Rulebook Appendix A – Listed Contracts

**Exhibit 1 to SR-NFX-2016-91**

New language is underlined.

**Rulebook Appendix A - Listed Contracts**

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#### **Chapter 101C NFX Options on NFX Brent 1st Line Financial Futures (IOQ)**

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**101C.06 Last Trading Day**

Trading for a particular contract month terminates on the last business day of trading for the underlying NFX Brent 1st Line Financial Futures (IBQ) contract. Trading ceases at 2:30 PM EPT on the last trading day.

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**101C.08 Daily Settlement Prices**

Pursuant to Chapter V, Section III, the daily settlement price shall be equal to the daily settlement price for the corresponding NYMEX Brent Financial Average Price Options (BA). If the daily settlement price described in the previous sentence is unavailable the Exchange may in its sole discretion establish a daily settlement price that it deems to be a fair and reasonable reflection of the market.

**\*\*\*\*\***

**101C.10 Block Trade Minimum Quantity Threshold**

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 contracts and the Reporting Window shall be fifteen minutes.

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**101C.12 Non-Reviewable Range**

For purposes of Chapter V, Section 5, there shall be no non-reviewable range.

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#### **Chapter 103D NFX Options on NFX WTI 1st Line Financial Futures (TIQ)**

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**103D.06 Last Trading Day**

Trading ceases at 2:30 PM EPT on the last trading day.

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**103D.08 Daily Settlement Prices**

Pursuant to Chapter V, Section III, the daily settlement price shall be equal to the daily settlement price for the corresponding NYMEX WTI Average Price Options (AO). If the daily settlement price described in the previous sentence is unavailable the Exchange may in its sole discretion establish a daily settlement price that it deems to be a fair and reasonable reflection of the market.

**\*\*\*\*\***

**103D.10 Block Trade Minimum Quantity Threshold**

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 contracts and the Reporting Window shall be fifteen minutes.

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**103D.12 Non-Reviewable Range**

For purposes of Chapter V, Section 5, there shall be no non-reviewable range.

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1. The Exchange is separately filing the 1st Line Options’ terms and conditions in SR-NFX-2016-90 pursuant to Commission Rule 40.2. References to new Rulebook Chapters 101C and 103D in the Introduction section of Rulebook Appendix A, as well as language appearing in new Rulebook Appendix A which is not underlined in Exhibit 1 hereto, is being separately certified in SR-NFX-2016-90. Further, certain additional language separately certified in SR-NFX-2016-90 is not duplicated in Exhibit 1 hereto but is instead, for purposes of brevity, represented by asterisks. [↑](#footnote-ref-1)
2. See Rule 101C.06 and 103D.06. [↑](#footnote-ref-2)
3. See Rules Chapter IV, Section 11(F) provides: “Futures Participants must ensure that each Block Trade is reported to the Exchange within the number of minutes of the time of execution (the "Reporting Window") specified in the rules for the particular contract; except that Block Trades executed outside of Trading Hours must be reported within fifteen minutes of the commencement of the next Open Session of a Trading Session for that Contract. If the Block Trade includes certain legs subject to a 5 minute Reporting Window and other legs subject to a 15 minute Reporting Window, the reporting requirement for the transaction will be 15 minutes. The report must include the Contract, contract month, price, quantity of the transaction, the respective Clearing Futures Participants, the time of execution, and, for Options on Futures, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market. Failure to timely and accurately report Block Trades may subject the Futures Participant to disciplinary action.” [↑](#footnote-ref-3)
4. See Rule 101C.10 and 103D.10. [↑](#footnote-ref-4)
5. See Rule 101A.08, Block Trade Minimum Quantity Threshold and Reporting Window for NFX Brent 1st Line Financial Futures and Rule 103B.08, Block Trade Minimum Quantity Threshold and Reporting Window for NFX WTI 1st Line Financial Futures. [↑](#footnote-ref-5)
6. See Rule 101C.08 and 103D.08. [↑](#footnote-ref-6)
7. See Rule 101C.12 and 103D.12. [↑](#footnote-ref-7)