**Rule Self-Certification**

November 14, 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 NYISO Day-Ahead Power Financial Futures**

**Reference File: SR-NFX-2016-104**

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, daily settlement prices and non-reviewable ranges for 36 New York Independent Service Operator (“NYISO”) Day-Ahead Financial Futures (“NYISO Futures”). The Exchange anticipates listing the NYISO Futures beginning December 6, 2016, for trade date December 7, 2016. The amendments proposed in this submission shall be effective on the listing date.

The name of each NYSIO Futures contract is listed below, followed by its symbol in parentheses:

* NFX NYISO Zone A Day-Ahead Peak Financial Futures (NAYQ)
* NFX NYISO Zone A Day-Ahead Peak Mini Financial Futures - 5MW (NMAQ)
* NFX NYISO Zone A Day-Ahead Peak Mini Financial Futures - 1MW (NAAQ)
* NFX NYISO Zone A Day-Ahead Off-Peak Financial Futures (AOPQ)
* NFX NYISO Zone A Day-Ahead Off-Peak Mini Financial Futures - 5MWh (ONAQ)
* NFX NYISO Zone A Day-Ahead Off-Peak Mini Financial Futures - 1MWh (ONBQ)
* NFX NYISO Zone C Day-Ahead Peak Financial Futures (NCYQ)
* NFX NYISO Zone C Day-Ahead Peak Mini Financial Futures - 5MW (ZCBQ)
* NFX NYISO Zone C Day-Ahead Peak Mini Financial Futures - 1MW (NCCQ)
* NFX NYISO Zone C Day-Ahead Off-Peak Financial Futures (NCOQ)
* NFX NYISO Zone C Day-Ahead Off-Peak Mini Financial Futures - 5MWh (ZCDQ)
* NFX NYISO Zone C Day-Ahead Off-Peak Mini Financial Futures - 1MWh (OCCQ)
* NFX NYISO Zone D Day-Ahead Peak Financial Futures (NDYQ)
* NFX NYISO Zone D Day-Ahead Peak Mini Financial Futures - 5MW (NDRQ)
* NFX NYISO Zone D Day-Ahead Peak Mini Financial Futures - 1MW (NDDQ)
* NFX NYISO Zone D Day-Ahead Off-Peak Financial Futures (NDOQ)
* NFX NYISO Zone D Day-Ahead Off-Peak Mini Financial Futures - 5MWh (NDSQ)
* NFX NYISO Zone D Day-Ahead Off-Peak Mini Financial Futures - 1MWh (ODDQ)
* NFX NYISO Zone F Day-Ahead Peak Financial Futures (NFYQ)
* NFX NYISO Zone F Day-Ahead Peak Mini Financial Futures - 5MW (ZFBQ)
* NFX NYISO Zone F Day-Ahead Peak Mini Financial Futures - 1MW (NFFQ)
* NFX NYISO Zone F Day-Ahead Off-Peak Financial Futures (NFOQ)
* NFX NYISO Zone F Day-Ahead Off-Peak Mini Financial Futures - 5MWh (ZFDQ)
* NFX NYISO Zone F Day-Ahead Off-Peak Mini Financial Futures - 1MWh (OFFQ)
* NFX NYISO Zone G Day-Ahead Peak Financial Futures (NGYQ)
* NFX NYISO Zone G Day-Ahead Peak Mini Financial Futures - 5MW (NMGQ)
* NFX NYISO Zone G Day-Ahead Peak Mini Financial Futures - 1MW (NGGQ)
* NFX NYISO Zone G Day-Ahead Off-Peak Financial Futures (NGOQ)
* NFX NYISO Zone G Day-Ahead Off-Peak Mini Financial Futures - 5MWh (ONGQ)
* NFX NYISO Zone G Day-Ahead Off-Peak Mini Financial Futures - 1MWh (OGGQ)
* NFX NYISO Zone J Day-Ahead Peak Financial Futures (NJYQ)
* NFX NYISO Zone J Day-Ahead Peak Mini Financial Futures - 5MW (NMJQ)
* NFX NYISO Zone J Day-Ahead Peak Mini Financial Futures - 1MW (NJJQ)
* NFX NYISO Zone J Day-Ahead Off-Peak Financial Futures (NJOQ)
* NFX NYISO Zone J Day-Ahead Off-Peak Mini Financial Futures - 5MWh (ONJQ)
* NFX NYISO Zone J Day-Ahead Off-Peak Mini Financial Futures - 1MWh (OJJQ)

The rule amendments proposed herein are attached to this letter in Exhibit A which amends Rulebook Appendix A, Listed Contracts.[[1]](#footnote-1)

**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 NYISO Futures will have the regular Exchange trading days and hours. The NYISO Futures rules set forth in Exhibit A specify that trading ceases at 5:00 PM EPT on the fifth business day following 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 NYISO Futures are eligible for block trades. The block trade minimum quantity threshold is set at 5 contracts and the Reporting Window is set at 15 minutes. Spot month position limits for the NYISO Futures set forth on Exhibit B are consistent with those for comparable contracts listed by ICE Futures US.[[4]](#footnote-4)

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.[[5]](#footnote-5)

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. The Exchange has determined to establish a non-reviewable range for NYISO Futures at $2.00 above and $2.00 below the true market price for the contract as set forth in the Exchange’s error trade policy.[[6]](#footnote-6)

**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).

With respect to the block trade amendments set forth in Exhibit A and Core Principle 9 - Execution of Transactions, the New Contracts 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 NYISO Futures. Additionally, the new rules governing the trading hours and non-reviewable range of the New Contracts are the same as those governing existing energy futures contracts listed by the Exchange.

**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-2016-104 in any related correspondence.



Regards,

Daniel R. Carrigan

President

Attachments:

Exhibit B: Amendments to Rulebook Appendix A – Listed Contracts

1. The Exchange is separately filing the 1st Line Options’ terms and conditions in SR-NFX-2016-103 pursuant to Commission Rule 40.2. Certain additional language separately certified in SR-NFX-2016-103 is not duplicated in Exhibit A hereto but is instead, for purposes of brevity, represented by asterisks. [↑](#footnote-ref-1)
2. See Rule X.06, Final and Daily Settlement and Settlement Prices for each of the new contracts certified in Exhibit A. [↑](#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 X.08, Block Trade Minimum Quantity Threshold and Reporting Window for each of the new NYISO Futures attached as Exhibit A. [↑](#footnote-ref-4)
5. See Rule X.06, Final and Daily Settlement and Settlement Prices for each of the NYISO Futures attached as Exhibit A. [↑](#footnote-ref-5)
6. See Rule X.10, Non-Reviewable Range for each of the NYISO Futures attached as Exhibit A. [↑](#footnote-ref-6)