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

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# executive summary

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#  overview of the market

NFX facilitates trading in ~~Energy and U.S. Treasury~~ Futures and Options on Futures.

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### Order Book (”On-Exchange Trades”)

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Market ~~partcipants~~ participants which have been configured as Users in the Trading System (Section 2.3), will be able to submit and manage Orders (including Quotes) through the FIX Order entry interface. All Orders (including Quotes) accepted by the Trading System are firm and made available for execution after going through market integrity controls to ensure fair and efficient markets. Orders (including Quotes) are maintained in Single Order Books and ranked and matched according to the trade match algorithm for each product. Quotes are permitted in Combination Order Books.

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### Trade Guard - Pre-Trade Risk Management (PTRM)

The Exchange provides Participants with the ability to facilitate volumetric Pre-Trade protection on the Trading System via TradeGuard as a complementary service. Pre-Trade risk services encompass On-Exchange Orders and Off-Exchange trades submitted via FIX and QPort. It provides an overview of the PTRM system’s functionality as well as detailed descriptions of each risk check, including the manner in which it is configured, maintained and monitored.

TradeGuard is centered on the establishment of a Pre-Trade Limits Group (PTLG), which is comprised of a single account, User ID or a group of accounts or User IDs connected to the same Participant ID. A PTLG can therefore encompass the entire Order flow of a Participant or simply Orders submitted by a single account or a group of accounts. A PTLG may only be connected to one Participant ID and an account may only be associated with one PTLG. PTLGs may consist of either accounts or User IDs, but not both.

Active risk checks and their limits are configured per PTLG, as described below. It is not possible to create and activate a PTLG intra-day nor is it possible to add or remove accounts or User IDs from a PTLG intra-day (any intra-day change request will be held for overnight processing).

All risk checks, except the maximum order/second rate, are configurable per Instrument Type, Instrument class level or Instrument Class Limit Group (ICLG) referred to by a Futures or Options product. Risk checks may be configured on an ~~Intrument~~Instrument or Combination class group basis (Instrument Class Limit Group/ICLGs). ICGLs are predefined by the ~~Excahnge~~ Exchange and will represent groups of similar instruments which, if Participants elect for, will have the risk checks applied to the group collectively. Product blend of each ICLG is viewable in the TradeGuard GUI by the right clicking the ICLG and ~~chosing~~ choosing “Show ICLG Details”. Clearing Futures Participant is the only participant type with privileges to create, amend or delete non-Sub PTLGs. Sub PTLGs can be created, amended or deleted by the customers of the Clearing Futures Participant (Futures Participants). The consumption of risk levels in the Sub-PTLGs can never exceed the consumption of the Master PTLG set by the Clearing Futures Participant. Should a Futures Participant set Sub-PTLG limits at lower thresholds than the Master, the lower threshold will be used as the max limit. This means that the Clearing Futures Participant ultimately controls the maximum risk exposure of their customers, even though individual limits can be adjusted by Futures Participants. See Section 2.2 of this Reference Guide on Instrument Structure for additional information on Instrument hierarchy.

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