



Rule Self-Certification

April 16, 2015

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

Re: **Regulation §40.6 Submission Certification**
Rulebook Chapter V, Section 13
Reference File: SR-NFX-2015-23

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Sections 40.6 of the regulations promulgated by the Commodity Futures Trading Commission under the Act, NASDAQ Futures, Inc. (“NFX” or “Exchange”) is amending Chapter V, Section 13 of the Exchange’s rulebook. The amendments will be effective on May 1, 2015.

The Exchange has determined to amend Section 13, Position Limits and Position Accountability, of Chapter V, in order to provide a cross reference to the location of the Exchange’s Table of Position Limits Position Accountability Levels and Large Trader Reporting Levels (the “Table”) which is located in Rulebook Appendix B. The amendments also provide greater detail regarding position limit exemptions that the Exchange intends to make available and sets forth the process to be used to apply to the Exchange for a position limits exemption. The Exchange is also adopting a conditional limit which will apply to the NFX Henry Hub Natural Gas Financial Futures – 10,000 (HHQ) and the NFX Henry Hub Natural Gas Financial Futures – 2,500 (NNQ)¹ and amending its position aggregation rule.

Finally, the Exchange is adopting a NFX Position Limit Exemption Application Form attached hereto as Exhibit B and a NFX Henry Hub Conditional Position Limit Application attached hereto as Exhibit C. The two application forms will be posted on the Exchange’s website.

¹ See SR-NFX-2015-10, filed on March 11, 2015.

Certification

The Exchange has reviewed the designated contract market core principles (“Core Principles”) as set forth in the Act.

Core Principle 7 - Availability of General Information: As required by this Core Principle, the Exchange’s rulebook, including the amendments proposed herein, will be posted on the Exchange’s website. The new NFX Position Limit Exemption Application and NFX Henry Hub Conditional Position Limit Application will also be posted on the Exchange’s website.

Core Principle 5 - Position Limitations or Accountability: The Exchange's rules at Chapter V, Section 13 set forth the Exchange's policies for monitoring of positions that are owned, controlled or held by any person. The proposed amendments identify the types of position limit exemptions that the Exchange may grant and provide guidance to applicants as to the process to be used to apply for such an exemption. The types of exemptions and the conditional limit provided for in the amendments are comparable to those already in place at established futures exchanges.

There were no opposing views among the NFX’s Board of Directors, members or market participants. The Exchange hereby certifies that the amendments and the attached application forms comply with the Commodity Exchange 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 WWW.NASDAQOMX.COM/NASDAQ-FUTURES.

If you require any additional information regarding the submission, please contact Carla Behnfeldt at (215) 496-5208 or via e-mail at Carla.behnfeldt@nasdaq.com. Please reference SR-NFX-2015-23 in any related correspondence.

Regards,



Daniel R. Carrigan
President

Attachments:

- Exhibit A – Text of amendments
- Exhibit B - NFX Position Limit Exemption Application
- Exhibit C - NFX Conditional Henry Hub Position Limit Application

Exhibit A

New text is underlined; deleted text is stricken.

NASDAQ Futures—Rules

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Chapter V Trading Procedures and Standards

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Section 13 Position Limits and Position Accountability

(a) Limits.

(i) The Exchange shall designate for each Contract whether it is subject to position limits. The position limit levels applicable to those Contracts with position limits shall be set forth in the Table of Position Limits Position Accountability Levels and Large Trader Reporting Levels (the “Table”) found in Rulebook Appendix B. Unless otherwise provided by this Section, no Person shall own or control, separately or in combination, a net long position or a net short position in a Contract in excess of any position limit established by Commission regulations or the Exchange and as designated for a Contract. No Futures Participant shall effect a transaction in a Contract that the Futures Participant knows or has reason to believe would result in the Futures Participant, a Customer, or any other Person holding or controlling, separately or in combination, a net long position or net short position in excess of a position limit established by Commission regulations or the Exchange.

(ii) A conditional limit in the NFX Henry Hub Natural Gas Financial Futures – 10,000 contract (HHQ) and the NFX Henry Hub Natural Gas Financial Futures – 2,500 contract (NNQ) of up to the equivalent of five times the otherwise applicable spot month position limit for HHQ may be granted by the Exchange for the period that spot month position limits are in effect. To be eligible for a conditional limit under this rule, a Person must submit a completed NFX Henry Hub Conditional Position Limit Application to the Exchange and agree:

(A) not to hold or control a position in the corresponding CME/NYMEX Natural Gas Futures contract during the last three days of trading;

(B) to provide the Exchange with information on all positions related to Henry Hub contracts; and

(C) to provide such other information as may be requested by the Exchange.

(iii) Any positions, intraday or otherwise, that exceed positions permitted under the Exchange's rules shall be deemed position limit violations.

(A) If a position exceeds position limits as a result of an option assignment, the person owning or controlling the position shall be allowed one Business Day to liquidate the excess position before being considered in violation of the position limits. If at the close of trading a position that includes options exceeds position limits when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, the position shall not be considered a violation of position limits.

(B) A Clearing Futures Participant shall not be in violation of this rule if it carries positions for its Customers that exceed the applicable position limits for such reasonable period of time as the firm may require to discover and to liquidate such excess positions. For purposes of this rule, a reasonable period of time shall generally not exceed one Business Day.

(C) A Customer who exceeds the position limits as a result of maintaining positions at more than one Clearing Futures Participant shall be deemed to have waived confidentiality regarding his positions and regarding the identity of the Clearing Futures Participant at which such positions are maintained. A Clearing Futures Participant carrying such positions shall not be in violation of this rule if, upon notification by the Exchange, it liquidates its pro-rata share of the position exceeding the limits or otherwise ensures the Customer complies with the limits within a reasonable period of time.

(b) Aggregation.

(i) The position limits and position accountability levels established by these Rules shall apply to all positions held by any Person, including those positions in accounts for which such Person by power of attorney or otherwise directly or indirectly holds positions or controls trading; and in the case of positions held by two (2) or more Persons acting pursuant to an expressed or implied agreement or understanding, the same as if all of the positions were held by or the trading of the positions were done by, a single Person. An account is considered to be under common ownership or control if the Person has a 10 percent or greater financial interest (i.e., ownership or profit interest) in the account or the Person directs the trading in the account via a power of attorney or otherwise. To determine whether a Person is complying with any position limit or accountability reporting requirement established by the Exchange or Commission regulations (1) all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading shall be aggregated and (2) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding shall be aggregated as if the positions were held by a single Person.

(ii) An 'eligible entity', as defined in CFTC Regulation 150.1(d) need not aggregate its positions with the eligible entity's client positions or accounts carried by an authorized 'independent account controller', as defined in Regulation 150.1(e), provided that the positions are not held in the spot month during such time as a notice period or spot month

position limit is in effect. If an independent account controller is affiliated with an eligible entity or another independent account controller, each of the affiliated entities must comply with the requirements specified in CFTC Regulation 150.3(a)(4)(i)(A-D).

(c) **Exemptions.** On the basis of an application to the Exchange in accordance with Section (d) below, and such supplemental information as the Exchange may request, the Exchange will determine whether to grant a position limit exemption for one or more bona fide hedge transactions, risk management transactions, or arbitrage and spread transactions.

(i) **Bona Fide Hedging Positions.** The Exchange may grant exemptions from position limits for bona fide hedge positions as defined by CFTC Regulation §1.3(z)(1). Approved bona fide hedgers may be exempted from emergency orders that reduce position limits or restrict trading.

(ii) **Risk Management Positions.** The Exchange may grant exemptions from the position limits for risk management positions. For purposes of this rule, risk management positions are defined as futures and options positions which are held by or on behalf of an entity or an affiliate of an entity which typically buys, sells or holds positions in the underlying cash market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market in question. Exemptions related to indexed positions in the over-the-counter market may include corresponding commodity index-based futures and options and/or individual commodity futures and options used as components in replicating an index.

(iii) **Arbitrage and Spread Positions.** The Exchange may grant exemptions from the position limits for arbitrage, intracommodity spread, intercommodity spread, and eligible Option/Option or Options/Futures spread positions.

(iv) In its sole discretion the Exchange may require a Person receiving an exemption (A) not to further increase any positions that are above the applicable position limits, (B) to reduce any positions above the applicable speculative position limits, or (C) to comply with any prospective limits established by the Exchange which exceed the size of the positions controlled by the Applicant.

~~The position limits in this Rule do not apply to bona fide hedging positions meeting the requirements of Commission regulation 1.3(z)(1). However, the Exchange may limit bona fide hedging positions or any other positions that have been exempted pursuant to Commission regulation 150.5(e) if the Exchange determines that the positions are not in accordance with sound commercial practices or exceed an amount which may be established and liquidated in an orderly manner.~~

(d) **Application for Exemption.**

(i) A Person seeking an exemption from position limits must apply to the Exchange by submitting a completed NFX Position Limit Exemption Application which

provides a description of the exemption sought (including whether the exemption is for bona fide hedging positions as defined in CFTC Regulation §1.3(z)(1)), risk management positions or arbitrage/spread positions, as well as a complete and accurate explanation of the underlying exposure related to the exemption request. The applicant must also agree to promptly provide, upon request by the Exchange, information or documentation regarding the Person's financial condition and agree to comply with all terms, conditions or limitations imposed by the Exchange with respect to the exemption as well as with all Exchange rules. The applicant must agree to initiate and liquidate positions in an orderly manner if directed to do so by the Exchange, and also agree to notify the Exchange whenever there is a material change to the information provided in the most recent application, explaining such change in detail.

(ii) A Person intending to exceed position limits, including limits established pursuant to a previously approved position limits exemption, must file the required application and must receive approval from the Exchange prior to exceeding such position limits. However, a Person who establishes an position eligible for an exemption in excess of position limits, and who files the required application with the Exchange, shall not be in violation of speculative limits provided the filing occurs within five Business Days after assuming the position except in circumstances where the Exchange requires a person to file prior to the fifth Business Day. In the event the positions in excess of the limits are not deemed to be eligible for an exemption, the applicant and the Clearing Futures Participant will be in violation of speculative limits for the period of time in which the excess positions remained open.

(iii) Nothing in this rule shall in any way limit (A) the authority of the Exchange to take emergency action; or (B) the authority of the Exchange at any time to review the positions owned or controlled by any Person and to direct that such position be reduced to the position limit provided for in Rulebook Appendix B.

(iv) A Person who has received written authorization from the Exchange to exceed position limits must annually file an updated application no later than one year following the date the Exchange approves the most recent application. Failure to file such updated application with the Exchange will result in expiration of the exemption.

~~To request an exemption from Sections (a) through and including (c), a Person must apply to the Exchange pursuant to this Section (d) by providing the information requested and following the procedures established by the Exchange. When considering whether to grant an exemption, the Exchange will take into account the factors contained in Commission regulation 150.5(d)(1).~~

(e) **Position Accountability.**

(i) The Exchange shall designate for each Contract whether it is subject to position accountability as set forth in this Rule. The Exchange may, at any time, require a person who owns or controls positions in contracts traded on or cleared by the Exchange and which are subject to position accountability rules to provide information relating to such person's position. Upon request by the Exchange, such person shall provide information relating to the positions owned or controlled by that person including, but not limited to, the nature and size of the

position, the trading strategy employed with respect to the position, and hedging information, if applicable. If the person from whom such information is requested fails to provide the information as directed, the Exchange may order the reduction of such position.

(ii) An order to reduce an open position may also be issued by the Chief Regulatory Officer or his designee, if he determines in his sole discretion, that such action is necessary to maintain an orderly market.

(iii) A Clearing Futures Participant that carries positions for another person shall be responsible for taking reasonable and diligent actions to effect the timely compliance with any order issued pursuant to this rule upon notification of such order by the Exchange. All positions must be initiated and liquidated in an orderly manner.

(iv) A person who holds or controls aggregate positions in excess of specified position accountability levels pursuant to an approved exemption shall be deemed to have consented, when so ordered by the Exchange, not to further increase the positions, to comply with any prospective limit which exceeds the size of the position owned or controlled, or to reduce any open position which exceeds position accountability or levels.

NFX Position Limit Exemption Application

Submit completed applications
to FuturesReg@nasdaqomx.com

Please refer to NFX Rulebook Chapter V, Section 13, Position Limits and Position Accountability, for NFX requirements related to position limits.

Applicant Account (Name): _____

Clearing Futures Participant (Name): _____

Contract(s): _____

Type of Exemption Requested: Bona Fide Hedge Risk Management Arbitrage Spread

Desired Duration of Time to Exceed Speculative Position Limit Level(s): _____

Account Information				Futures Position	
Tax I.D. Number	Name	Address	Applicant Account Number	Maximum Number of Long Contracts Market Participant Intends to Enter	Maximum Number of Short Contracts Market Participant Intends to Enter
			TOTAL		

Provide a description of the current size and nature of the positions: _____

Provide a description of the nature of the underlying exposure related to these positions: _____

Provide a description of the trading strategy employed with respect these positions: _____

Provide a description of the bona fide hedging or risk management activities with respect to these positions: _____

Provide a detailed description of how the proposed transaction or position qualifies as a bona fide hedge transaction as defined in CFTC Rule 1.3(z), a risk management position that is consistent with CFTC guidelines, or an arbitrage or a spread transaction that is consistent with CFTC guidelines: _

Provide a description of whether the positions are subject to common ownership or control. An account is considered to be under common ownership or control if the person has a 10 percent or greater financial interest (i.e., ownership or profit interest) in the account or the person directs the trading in the account via a power of attorney or otherwise: _____

Applicant covenants and represents to NFX as follows:

1. Each transaction or position described above constitutes a bona fide hedge transaction as defined in CFTC Rule 1.3(z), a risk management position consistent with CFTC guidelines, or an arbitrage or a spread transaction, and such transaction or position is not used to attempt to violate or avoid any NFX Rule.
2. Each transaction or position described above is necessary or advisable as an integral part of the business of Applicant. A description of the Applicant's business is as follows: _____

3. The current and planned activity in the market underlying the Contract for which such exemption is requested is as follows: _____

4. The positions involved will be moved in an orderly manner based upon the characteristics of the market for which the exemption is sought and not initiated or liquidated in a manner calculated to cause unwarranted price changes or unreasonable price fluctuations.
5. Applicant has complied and will comply with all applicable CFTC requirements relating to hedging, risk management, arbitrage or spread transactions, as applicable.
6. Each bona fide hedge, risk management, arbitrage or spread transaction is accurately described in detail as follows:
 - a. Type of position(s) hedged, risk managed, arbitrated, or spread (include the dollar value of each position): _____

 - b. Calculation(s) utilized in determining the number and type of hedge, risk management, arbitrage, or spread requested: _____

 - c. Strategies which will be employed to manage the requested position(s): _____

 - d. Applicant's guidelines or policies regarding position management prior to or upon contract expiration: _____

 - e. Method of monitoring positions to ensure that all positions are executed pursuant to strategies described above and that the maximum limit is not exceeded: _____

 - f. Pre-determined levels of price movements, if any, that would cause a significant adjustment to the Applicant position: _____

7. Upon request of NFX, Applicant will promptly provide information or documentation regarding the Applicant's financial condition.
8. In its sole discretion NFX may require the Applicant (a) not to further increase any positions that are above the applicable position limits, (b) to reduce any positions above the applicable speculative position limits, or (c) to comply with any prospective limits established by NFX which exceed the size of the positions controlled by the Applicant.
9. Applicant will initiate and liquidate positions in an orderly manner.

10. Applicant will comply with any terms, conditions, or limitations imposed by the Exchange with respect to the exemption.
11. At any time, NFX may limit, condition or rescind any exemption.
12. Applicant will promptly submit a detailed supplemental statement explaining any material change in circumstances that may affect the nature of its positions and any material change to the information provided herein.
13. Applicant will comply with all NFX rules and not use the positions involved to avoid or violate any NFX rule.
14. Applicant has notified the Clearing Futures Participant identified on page 1 that this NFX Position Limit Exemption Application has been filed with NFX.
15. All information set forth in this form by Applicant is accurate and complete.

Application Date

Prepared by: _____

Signature _____

Attach additional sheets as needed to complete the above questions.

NFX Henry Hub Conditional Position Limit Application

Submit completed applications
to FuturesReg@nasdaqomx.com

Please refer to NFX Rulebook Chapter V, Section 13, Position
Limits and Position Accountability, for NFX requirements related
to position limits.

Applicant Account (Name): _____

Clearing Futures Participant (Name): _____

Account Information				Futures Position	
Tax I.D. Number	Name	Address	Applicant Account Number	Maximum Number of Long Contracts Market Participant Intends to Enter	Maximum Number of Short Contracts Market Participant Intends to Enter
			TOTAL		

NFX Rulebook Chapter V, Section 13(a)(ii) provides that a conditional limit in the NFX Henry Hub Natural Gas Financial Futures – 10,000 contract (HHQ) and in the NFX Henry Hub Natural Gas Financial Futures – 2,500 contract (NNQ) of up to the equivalent of five times the otherwise applicable spot month position limit for HHQ may be granted by the Exchange for the period that spot month position limits are in effect, subject to certain conditions. Application for the conditional limit shall be made by completing this form and submitting it to the Exchange by email at FuturesReg@nasdaqomx.com no later than 4 business days prior to exceeding the position limit.

Provide a complete description of all Henry Hub contracts as of the date of submission of this application: _____

Applicant represents and covenants to NFX that: (A) it will not hold or control a position in the corresponding CME/NYMEX Natural Gas Futures contract during the last three days of trading; (B) it will provide the Exchange with information on all positions related to Henry Hub contracts; and (C) it will provide such other information as may be requested by the Exchange.

Applicant further represents that it has notified the Clearing Futures Participant identified on page 1 that this NFX Henry Hub Conditional Position Limit Application has been filed with NFX, and that all information set forth in this form by Applicant is accurate and complete.

Date

Prepared by: _____

Signature _____

Attach additional sheets as needed to complete the above questions.