

Nasdaq Futures, Inc.

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**Rule Self-Certification**

October 11, 2018

Christopher J. Kirkpatrick

Office of the Secretariat

Commodity Futures Trading Commission

Three Lafayette Center

1155 21st Street, NW

Washington, DC 20581

Re: **U.S. DV01 Treasury Futures Contract Amendments**

**Reference File: SR-NFX-2018-46**

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 rule amendments regarding the listing of and trading symbols for the Exchange’s financially settled U.S. DV01 Treasury Futures contracts (the “DV01 Futures”). The rule amendments are attached as Exhibit 1 and will be effective October 26, 2018.

*Background*

On July 2, 2018 the Exchange filed SR-NFX-2018-18 and SR-NFX-2018-19 which together adopted rules, terms and conditions for DV01 Futures in the following new chapters in Rulebook Appendix A, Listed Contracts:

Chapter 2002, U.S. 2-YR DV01 Treasury Futures

Chapter 2005, U.S. 5-YR DV01 Treasury Futures

Chapter 2010, U.S. 10-YR DV01 Treasury Futures, and

Chapter 2030, U.S. 30-YR DV01 Treasury Futures.

DV01 Futures are cash settled On-The-Run U.S. Treasury futures contracts expressed as 100 minus the yield of the corresponding U.S. Treasury security. The underlying interest is the dollar value (“DV01”), assigned by the Exchange at the time of listing for each contract month, of a one basis point change in yield of the current On-The-Run U.S. Treasury security with a face value of one million dollars having fixed semi-annual coupon payments available for trading on the Nasdaq Fixed Income (“NFI”) Alternative Trading System Order Book (the “NFI Order Book”).[[1]](#footnote-2) To date, the Exchange has listed only one contract month, in the U.S. 10-YR DV01 Treasury Futures. It is identified by the symbol TYDX and will expire November 15, 2018.[[2]](#footnote-3) The Exchange will list no new contract months identified by the TYDX symbol.

*Listing Rules and Trading Symbol Amendments*

The Exchange has determined that assigning a DV01 value to individual contract months of the same contract results in unnecessary operational complexity. Therefore, the Exchange is amending the DV01 Futures rules in Rulebook Appendix A to provide for the listing of single-expiration DV01 Futures, and to eliminate the concept of DV01 Futures contracts having multiple contract months (expirations).

First, Rules 2002.01, 2005.01, 2010.01 and 2030.01 currently provide that all contracts having the same DV01 will be assigned the same base symbol. This requirement has led to confusion and will be deleted.

Second, Rules 2002.02, 2005.02, 2010.02 and 2030.02 currently provide that the Exchange may list for trading up to 12 consecutive or non-consecutive monthly contracts, beginning with the nearest available contract month. The Exchange is also deleting this language. As revised, Rules 2002.02 and 2005.05, applicable to U.S. 2-YR DV01 Treasury Futures and U.S. 5-YR DV01 Treasury Futures respectively, will now provide for the listing of up to 3 DV01 Futures contracts expiring in consecutive months. Rules 2010.02 and 2030.02, applicable to the U.S. 10-YR DV01 Treasury Futures and the U.S. 30-YR DV01 Treasury Futures, respectively, will now provide for the listing of up to 3 DV01 Treasury Futures contracts, to expire at three month intervals in February, May, August and November.

Third, the amendments provide that each contract that is listed will be identified by a unique trading symbol which will not depend upon the contract’s DV01 and which will be included in the official name of the contract. Each initial listing date for a contract will continue to be specified in a Futures Trader Alert which will also identify the trading symbol and DV01 for that particular contract. For purposes of determining compliance with position accountability and limits, contracts with identical DV01s will be aggregated.

Finally, a table identifying each currently listed contract will be maintained on the Exchange’s website for easy identification of the contracts that have been listed, their assigned symbols and DV01s, the Rulebook Appendix A rules to which they are subject, the trade date of their initial listing and their expiration date.[[3]](#footnote-4)

*DCM Core Principles Analysis*

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 DV01 Futures contracts’ reporting levels, accountability levels and position limits are set forth in amendments to Rulebook Appendix B – Table of Reporting Levels, Position Accountability Levels and Position Limits. Positions in contracts having identical DV01’s will be required to be aggregated for position accountability and limits purposes, and Rulebook Appendix B will be updated as required to accommodate each individual contract listing.

Core Principle 7 - Availability of General Information. The amendments described herein are intended to clarify the processes associated with the listing of individual DV01 Futures contracts, and to eliminate unnecessary complexity. The Exchange will continue to post general information concerning DV01 Futures, including the amendments proposed herein, on its website: [business.nasdaq.com/futures](http://business.nasdaq.com/nasdaq-futures/nfx-market).

*Certification*

There were no opposing views among the NFX’s Board of Directors, members or market participants. The Exchange hereby certifies that the rule amendments 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/nfx-market).

If you require any additional information regarding the submission, please contact Carla Behnfeldt at (215) 496-5208 or carla.behnfeldt@nasdaq.com. Please refer to SR-NFX-2018-46 in any related correspondence.



Regards,

Daniel R. Carrigan

President

Attachments:

Exhibit 1: Amendments to Rulebook Appendix A - Listed Contracts

Exhibit 2: Initial US DV01 Treasury Futures Contract Listings table

1. In the event the On-The-Run U.S. Treasury security corresponding to a particular contract month is redeemed or is unavailable for trading, all previously issued fixed principal U.S. Treasury securities having fixed semi-annual coupon payments may be referenced for determination of yield for that contract month. The multiplier is 100 times the DV01 for the contract month. [↑](#footnote-ref-2)
2. The Exchange has not yet listed U.S. 2-YR DV01 Treasury Futures, U.S. 5-YR DV01 Treasury Futures or U.S. 30-YR DV01 Treasury Futures. [↑](#footnote-ref-3)
3. The initial U.S. DV01 Treasury Futures Contract Listings table is attached as Exhibit 2. The Exchange will update the table as new DV01 Futures contracts are listed and as expired DV01 Futures contracts end trading. Each contract identified on the U.S. DV01 Treasury Futures Contract Listings table will be subject to either Chapter 2002, 2005, 2010 or 2030 of Rulebook Appendix A, as indicated on the table. [↑](#footnote-ref-4)