



## Rule Self-Certification

January 19, 2012

Office of the Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> St., N.W.  
Washington, D.C. 20581

Re: NFX Rule E28, Position Limits  
Reference File SR-NFX-2012-01

Ladies and Gentlemen:

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, the NASDAQ OMX Futures Exchange, Inc. (“NFX” or “Exchange”) is amending NFX Rule E28. The text of Rule E28 as amended is set forth below. The amendments will become effective on February 6, 2012.

New language is underlined; deletions are struck through.

### Rule E28. Position Limits and Position Accountability

*(a) Unless otherwise provided by this Rule E28, 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 set forth in the Contract specifications for that Contract. No Member or Member Organization shall effect a transaction in a Contract that the Member or Member Organization knows or has reason to believe would result in the Member, the Member Organization, 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.*

*(b) 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.*

*(c) 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) To request an exemption from Rules E28(a) through and including E28(c), a Person must apply to the Exchange pursuant to this Rule E29(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) (i) 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 member 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.*

Section (a) of DCM Core Principle 5 provides that “[t]o reduce the potential threat of market manipulation or congestion, (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators.” Currently, NFX Rule E28 provides for position limits and also, to a limited extent, for position accountability. The

Exchange is adding Section (e) to Rule E28 which will establish detailed position accountability requirements.

The Commission has recently adopted Rule 151.11, *Designated contract market and swap execution facility position limits and accountability rules*. Commission Rules 151.11(a)(2) and (b)(2) provide new “acceptable practices” under Core Principle 5 for DCMs in setting position limits. Commission Rule 151.11(c), however, provides that in lieu of the limits provided for under § 151.11(a)(2) or (b)(2), it is an acceptable practice for DCMs to enforce, and establish rules and procedures for monitoring and enforcing position accountability rules with respect to certain contracts if the rules require traders to provide information about their positions upon request by the DCM and consent to halt increasing further a trader's position upon request by the DCM. The amendment to Exchange Rule E28 is intended to establish position accountability rules that will comply with this “acceptable practice”. The Exchange intends to adopt position accountability levels for its futures contracts on major foreign currencies on the Compliance Date for Rule 151.11. The provisions of Exchange Rule E28 will apply to these position accountability levels.

There were no opposing views among the NFX's Board of Directors, members or market participants. NFX hereby certifies that the amendments comply with the Commodity Exchange Act and 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.

Regards,



Daniel R. Carrigan  
President

cc: Mr. Glenn Spann  
Mr. J. Goodwin  
National Futures Association