

Rule Self-Certification

February 28, 2013

Office of the Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

Re: Rule Amendments to Relocate Rules and Add New Rules
Reference File SR-NFX-2012-03

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 various rules in order to relocate certain rules, add new rules and correct text in the Rulebook. The amendment will be effective on March 15, 2013. The text of the amendments to the Exchange’s Rules is set forth in Exhibit A.

The Exchange is amending Chapter I to delete the definition of emergency in Section 1 and reinstate the language regarding the Emergency Committee in Section 3 that was recently put into place in a rule change and inadvertently overridden.¹ The Exchange is adding three new sections Section 4 (Regulatory Services Agreement with NFA), Section 5 (Regulatory Services Provided by The Options Clearing Corporation) and Section 6 (Communications Regarding Regulatory Matters). These rules are intended to memorialize the two Regulatory Services Agreements that are in place today as noted in a previous rule filing.² In addition, the Exchange is adding a rule regarding communications of regulatory matters to memorialize its current practice within the rules. The Exchange is also relocating Section 7 (Disclosure and Trading by Exchange Employees, Consultants, Directors and Committee Members) from Chapter III, Section 8.

The Exchange is amending Chapter II to relocate current rules from Chapter IV, Section 9 to Chapter II, Section 1. The Exchange also proposes to relocate Chapter VI, Section 36 to Chapter II, Section 14 and rename the rule “Notices to Futures Participants, Executive

¹ See SR-NFX-2012-27 which amended the Emergency Committee definition. There was an error in SR-NFX-2013-02 which corrected the outdated text instead of the current text.

² See SR-NFX-2012-32.

Representatives or Authorized Traders.” The Exchange is relocating these rules to Chapter II because they concern qualifications of Futures Participants and notice provisions.

The Exchange is amending Chapter III to revise certain rules and add new rules. The Exchange is amending Section 1 (Books and Records) to include specific requirements as to books and records. The Exchange is adding paragraph (g) to Section 2 entitled (Financial Requirements) to note additional requirements of Futures Participants related to financial requirements which are currently in Section 5. The Exchange is relocating Section 26 (Segregation and Secured Requirements) to Chapter III, Section 4. The Exchange is adding Section 5(Authority of the Exchange to Impose Restrictions) to specify that the Exchange may impose conditions or restrictions with respect to a Future Participant’s compliance with Commission Regulation §1.12.

The Exchange added a new section, “Customer Protection Rules” which includes the following new and amended rules: Section 6 (Registration), Section 7 (Treatment of Customer Funds and Securities), Section 8 (Confirmations), Section 9 (Customer Statements), Section 10 (Discretionary Accounts), Section 11 (Transfer of Accounts) and Section 12 (Adjustment of a Customer Order). Section 6 is a new rule which codifies the requirement that Futures Participants must be registered as applicable. Section 7 is a new rule which further clarifies an existing rule related to customer funds. Sections 8 and 9 are existing rules which the Exchange is relocating from Sections 14, 15 and 16 of Chapter III and revising for clarity by adding specificity to the rules. Section 10 is relocated from Section 17. Section 11 is relocated from Section 18. Section 12 is relocated from Section 19. Section 13 is a new rule which updates current rules in the Exchange’s Rulebook concerning disclosures. The Exchange is deleting the following outdated rules from its Rulebook: Section 20 (Option Risk Disclosure), Section 21 (Supervision of Option Customer Accounts), Section 22 (Submission of Option Promotional Material), Section 23 (Prohibition of Certain Sales Communications), Section 24 (Option Customer Complaints) and Section 25 (Prohibited Option Transactions). Section 14 (Fraudulent or Misleading Communications) is a new rule concerning communications. Section 15 (Responsibility for Customer Orders) is a new rule codifying practices related to handling Customer orders which today are described in part in Section 19, but is discussed further in this rule. The Exchange is deleting the following current rules which are replaced by new rules: Section 4 (Statements Available to a Customer) and Section 5 (Failure to Segregate or Meet Financial Requirements). The Exchange is deleting Section 6 (Issuance of Securities) because this rule is outdated and not necessary. The Exchange is adding a new section for reporting and relocating current Chapter IV, Section 29 (Reportable Positions) to Chapter III, Section 16. The Exchange is relocating Section 17 (Daily Trading Information) from Chapter IV, Section 31. The Exchange is relocating Section 18 (Open Interest Trading) from Chapter III, Section 13.

The Exchange added a new section, “Business Conduct,” and renumbered Section 7 (Disciplinary Action By Other Organization) as Section 19. Section 20 (Just and Equitable Principles of Trade), Section 21 (Information Requests) and Section 22 (Information Sharing Agreements) were relocated from current Sections 10-12. Section 23 (General Trading Standards and Prohibited Practices) was relocated from Chapter IV, Section 7. Section 24 (Adherence to Law), Section 25 (Sales Practice Rules), Section 26 (Prohibition of Misstatements), Section 27 (Use of Trading Privileges) and Section 28 (Supervision) are all new rules which provide Futures Participants additional specificity with respect to prohibitions and

requirements when transacting business on the Exchange.³ The Exchange is deleting Section 9 (Reporting of Joint Accounts or Financing Agreements) as this section is no longer necessary.

The Exchange is amending Chapter IV to reorder certain rules. The Exchange is making a technical amendment to Section 1 (Options Clearing Corporation Rules) and amending references in Section 3 (Definitions and Rules of Construction). Section 5 (Trading Days and Hours) was amended to provide for the modification of days and hours similar to CFE. Section 7 (Authorized Traders and Trader IDs) is a new rule which provides additional specificity as to the requirements related to accessing NFX XL and providing the Exchange with information regarding Trader IDs. Section 9 (Submission of Orders) was relocated from Section 12. Section 10 (Acceptable Orders) was relocated from Section 14 and renamed. This rule is currently entitled "Order Instructions." In addition, new paragraph (g) was added to this rule. This language is currently located in Section 15 in "Timely Order Entry" and that rule is deleted. Section 11 (Execution of Orders by NFX XL) was relocated from Section 18 and renamed. This rule is currently entitled "Order and Quote Matching." Section 12 (Order Status, Change, or Cancellation) is relocated from Section 16. Section 13 (Transaction Nullifications and Modifications) is relocated from Section 26. Section 14 (Price Improvement) is relocated from Section 24. Section 15 (Customer Order Error Correction Procedures) is relocated from Section 25. Section 16 (Trade Confirmations and Objections) is relocated from Section 21. Section 17 (Establishment of Settlement Prices) is relocated from Section 27. Section 18 (Customer Margin) is relocated from Section 11. Section 19 (Market Maker Obligations) is relocated from Section 10 and renamed. This rule is currently entitled "Market Maker and Liquidity Providers" and the Exchange eliminated the definition of a Liquidity Provider in a recent rule change.⁴ Section 20 (Quote Status, Change, or Cancellation and Submission) is relocated from Section 17. Section 21 (Automated Order-Routing Systems) is relocated from Section 19. Section 22 (Average Price Transactions) is relocated from Section 20. Section 23 (Pre-Negotiated Business and Cross Transactions) is relocated from Section 22. Section 24 (Bunched Orders) is relocated from Section 13. Section 25 (Block Trades) is relocated from Section 23. Section 26 (Trading Restrictions and Suspensions) is relocated from Section 32. Section 27 (Position Limits and Position Accountability) is relocated from Section 28. Section 28 (Exchange for Related Positions) is relocated from Section 38. Section 29 (Transfers of Positions) is relocated from Section 30. Section 30 (Risk Controls) is relocated from Section 39 and language is amended in that rule to note that "[t]he Exchange shall not accept orders to sell into its trading system with a limit price *more than* 10% below the current exchange best bid of the relevant product." The "more than" above states "less than" today in error and the Exchange is correcting the text to correctly state the sell limit price. Section 31 (Regulatory Trading Halts) is relocated from Section 33. Section 32 (Restrictions on Message Traffic) is relocated from Section 34. Section 33 (Proprietary Nature of Market Data) is relocated from Section 35. Section 34 (Limitation of Liability for NFX XL) is relocated from Section 37. Section 35 (Business Continuity) is a new rule that the Exchange is adding to address business continuity. Section 36 (Limitation of Liability for IDEX XT) is relocated from Section 40.

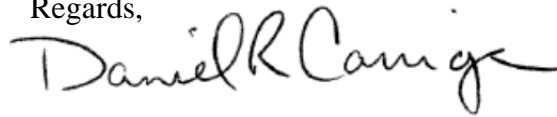
³ The new rules which are added to the Rulebook in Section III are similar to rules at the CBOE Futures Exchange, LLC ("CFE").

⁴ See SR-NFX-2013-02.

The Exchange is amending Chapter VI Arbitration Rules at Section 2 to correct cross references and amend outdated terms referring to members.

There were no opposing views among the NFX's Board of Directors, members or market participants. NFX hereby certifies that the amendment complies 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 at <http://www.nasdaqomxtrader.com/Micro.aspx?id=PBOToverview>.

Regards,

A handwritten signature in black ink that reads "Daniel R. Carrigan". The signature is written in a cursive style with a large, sweeping initial "D".

Daniel R. Carrigan
President

cc: Mr. J. Goodwin
National Futures Association

Exhibit A

New text is underlined; deleted text is in brackets.

NASDAQ OMX Futures Exchange (NFX)—Rules

Chapter I Definitions and [Emergency Action]Governance of the Exchange

Section 1 Definitions

Unless otherwise specifically provided in the By-Laws or Rules of the Exchange or the context otherwise requires, the terms defined herein shall for all purposes of the By-Laws and Rules of the Exchange, have the meanings therein specified.

* * * * *

[(m) The term “**emergency**” means any occurrence or circumstance listed in Commission Regulation 40.1(h) which the Board of Directors determines requires immediate action and threatens or may threaten such things as fair and orderly trading in, or the liquidation of or delivery pursuant to, any commodity interest, which is limited to one of the following:

- (1) Any manipulative activity or attempted manipulative activity;
- (2) Any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions;
- (3) Any circumstances which may materially affect the performance of commodity interests, including failure of the payment system;
- (4) Any action taken by the United States or any foreign government or any state or local governmental body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;
- (5) Any circumstances which may have a severe, adverse effect upon the physical functions of a contract market including, for example, fire or other casualty; bomb threats; substantial inclement weather; power failures; communications breakdowns; computer system breakdowns; screen-based trading system breakdowns; malfunctions of plumbing, heating, ventilation and air conditioning systems; and transportation breakdowns;
- (6) The bankruptcy or insolvency of any member or member organization or the imposition of any injunction or other restraint by any government agency, court or arbitrator upon a member or member organization which may affect the ability of that member or member organization to perform on its contracts;

(7) Any circumstance in which it appears that a member, member organization or any other person has failed to perform its contracts, is insolvent, or is in such financial or operational condition or is conducting business in such a manner that such person cannot be permitted to continue in business without jeopardizing the safety of customers' funds, members and member organizations of the Exchange, the Exchange or the Clearing Corporation; and

(8) Any other unusual, unforeseeable and adverse circumstance with respect to which it is not practicable to submit, in a timely fashion, a Rule of the Exchange to the Commission for prior review pursuant to Section 5a(a)(12)(A) of the Act.

(9) A physical emergency means any circumstance which may have a severe, adverse effect upon the physical functions of the Exchange including, for example, fire or other casualty, bomb threats, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen-based trading system breakdowns, malfunctions of plumbing, heating, ventilation and air conditioning systems; and transportation breakdowns.]

([n]m) The term “**Exchange**” means NASDAQ OMX Futures Exchange, Inc. and when used with reference to the administration of any By-Law or Rule of the Exchange, means either the Board of Directors or the officer, employee, agent or committee to whom appropriate authority to administer such provision has been delegated by the Board.

([o]n) The term “**Executive Representative**” means the executive representative who shall represent and act for the Futures Participant in all the affairs of the Exchange; provided, however, that other representatives of a Futures Participant may also serve on the Exchange Board or committees of the Exchange or otherwise take part in the affairs of the Exchange.

([p]o) The term “**futures contract**” means any contract for the purchase or sale of any commodity for future delivery which is executed on or subject to the Rules of the Exchange.

([q]p) The term “**Futures Participant**” means an organization that has been issued a permit in accordance with the By-Laws and Rules of the Exchange and authorized to access NFX XL, the Exchange’s Trading System.

([r]q) The term “**PBOT**” or “**Philadelphia Board of Trade**” means the NASDAQ OMX Futures Exchange, Inc.

([s]r) The term “**Public Director**” means an individual must first be found by the Board of Directors to have no material relationship with the Exchange. A “material relationship” is one that reasonably could affect the independent judgment or decision making of the director. A director shall be considered to have a “material relationship” with the contract market if any of the following circumstances exist: (A) the director is an officer or employee of the Exchange or an officer or employee of its affiliate. (“Affiliate” includes parents or subsidiaries of the Exchange or entities that share a common parent with the Exchange; (B) the director is a member of the Exchange, or an officer or director of a member (“Member” is defined according to Section 1a(24) of the Commodity Exchange Act and Commission Regulation 1.3(q); (C) the director, or a firm with which the director is an officer, director or partner, receives more than \$ 100,000 in combined annual payments from the Exchange, or any affiliate of the Exchange, (as

defined herein), for legal, accounting, or consulting services. Compensation for services as a director of the Exchange or as a director of an affiliate of the contract market does not count toward the \$100,000 payment limit, nor does deferred compensation for services prior to becoming a director, so long as such compensation is in no way contingent, conditioned, or revocable; and (D) any of the relationships herein apply to a member of the director's "immediate family," i.e., spouse, parents, children, and siblings. All of the disqualifying circumstances described herein are subject to a one-year look back. Public Directors may also serve as directors of the Exchange's affiliate as defined herein if they otherwise meet the definition of public.

([t]s) The term “**Rule of the Clearing Corporation**” means any provision of the Certificate of Incorporation or the By-Laws, or any Rule, regulation, interpretation, stated policy, or instrument corresponding thereto, as adopted or amended by the Clearing Corporation.

([u]t) The term “**Regulatory Services Provider**” means a third party with whom the Exchange has entered into an agreement to provide certain surveillance, investigative and regulatory functions under the Rules of the Exchange.

([v]u) The term “**Rule of the Exchange**” means any Rule, regulation, interpretation, stated policy, or instrument corresponding thereto, as adopted or amended by the Exchange.

([w]v) The term “**self-regulatory organization**” shall have the meaning ascribed to it in the Securities Exchange Act of 1934 and, in addition, shall include any contract market, commodity clearing organization and registered futures association.

* * * * *

Section 3 Emergency Action

[(a) Emergency Committee. The Board of Directors shall establish an Emergency Committee ("Committee"), which shall be authorized to determine the existence of an emergency. Any member of the Committee may request the Committee to determine whether an emergency condition exists.

(b) General. If the President, or any individual designated by the President, determines that an Emergency exists, the President or such designee, as the case may be, may take or place into immediate effect a temporary emergency action or rule. Any such rule may remain in effect for up to 30 Business Days, after which time it must be approved by the Board or Executive Committee to remain in effect. Any such action or rule may provide for, or may authorize the Exchange to undertake actions necessary or appropriate to respond to the Emergency, including such actions as:

- (i) limiting trading to liquidation only, in whole or in part;
- (ii) extending or shortening the expiration date for trading in contracts;
- (iii) extending the time of delivery;

- (iv) changing delivery points and/or the means of delivery;
- (v) ordering the liquidation of contracts, the fixing of a settlement price or the reduction in positions;
- (vi) ordering the transfer of contracts and the money, securities, and property securing such contracts, held on behalf of customers by a member or member organization to another member or member organization, or other members or member organizations, willing to assume such contracts or obligated to do so;
- (vii) extending, limiting or changing hours of trading;
- (viii) suspending trading; or
- (ix) modifying or suspending any provision of the By-Laws or Rules of the Exchange.

Any such action placed into effect in accordance with the preceding sentence may be reviewed by the Board or Executive Committee at any time and may be revoked, suspended or modified by the Board or Executive Committee, and any such rule placed into effect in accordance with the preceding sentence shall be reviewed by the Board or Executive Committee as soon as practicable under the circumstances, and may be revoked, suspended or modified by the Board or Executive Committee.

(c) Physical Emergency. If, in the judgment of the President, or any individual designated by the President, the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency (such as a fire or other casualty, bomb threats, terrorist acts, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen-based trading system breakdowns, computer system breakdowns, screen-based trading system breakdowns or transportation breakdowns), such Person may take any action that he or she may deem necessary or appropriate to respond to such physical emergency, including closing the Exchange, delaying the opening of trading in one or more Contracts or suspending trading in or extending trading hours for one or more Contracts. In the event that any action has been taken pursuant to the immediately preceding sentence, any Person who is authorized to take such action may order the removal of any restriction previously imposed pursuant to such sentence, upon a determination by such Person that the physical emergency that gave rise to such restriction has sufficiently abated to permit the physical functions of the Exchange to continue in an orderly manner; provided that any order pursuant to this sentence shall be subject to review, modification or reversal by the Board or the Executive Committee.

(d) Modification and Recording. The Exchange will notify the Commission of any action taken, or proposed to be taken, pursuant to this Rule 60 in accordance with Commission Regulation §40.6. The decision-making process with respect to, and the reasons for, any such action will be recorded in writing.

(d) Conflicts of Interest. The conflict of interest provisions set forth in Rule 1300 shall apply to the taking of any action under this Rule 60 by the President, or his or her designee.]

(a) Definition. The term “emergency” means any occurrence or circumstance listed in Commission Regulation 40.1(h) which the Emergency Committee or, with respect to physical emergencies, any officer of the Exchange, determines requires immediate action and threatens or may threaten such things as fair and orderly trading in, or the liquidation of or delivery pursuant to, any commodity interest, including but not limited to the following:

(1) Any manipulative activity or attempted manipulative activity;

(2) Any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions;

(3) Any circumstances which may materially affect the performance of commodity interests, including failure of the payment system;

(4) Any action taken by the United States or any foreign government or any state or local governmental body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;

(5) Any circumstances which may have a severe, adverse effect upon the physical functions of a contract market including, for example, fire or other casualty; bomb threats; substantial inclement weather; power failures; communications breakdowns; computer system breakdowns; screen-based trading system breakdowns; malfunctions of plumbing, heating, ventilation and air conditioning systems; and transportation breakdowns;

(6) The bankruptcy or insolvency of any Futures Participant or the imposition of any injunction or other restraint by any government agency, court or arbitrator upon a Futures Participant which may affect the ability of that Futures Participant to perform on its contracts;

(7) Any circumstance in which it appears that a Futures Participant or any other person has failed to perform its contracts, is insolvent, or is in such financial or operational condition or is conducting business in such a manner that such person cannot be permitted to continue in business without jeopardizing the safety of customers' funds, Futures Participants of the Exchange, the Exchange or the Clearing Corporation; and

(8) Any other unusual, unforeseeable and adverse circumstance with respect to which it is not practicable to submit, in a timely fashion, a Rule of the Exchange to the Commission for prior review.

(b) Physical Emergency. The term “physical emergency” means an emergency which may have a severe, adverse effect upon the physical functions of the Exchange including, for example, fire or other casualty, bomb threats, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen-based trading system breakdowns, malfunctions of plumbing, heating, ventilation and air conditioning systems; and transportation breakdowns.

(c) Emergency Committee. The Board of Directors shall establish an Emergency Committee (“Committee”), which shall be authorized to determine the existence of an emergency. Any member of the Committee may request the Committee to determine whether an emergency condition exists.

(d) When the Committee determines that an emergency exists, the Committee may take immediate emergency action or place into immediate effect a temporary emergency. Any such action or rule may provide for, or may authorize the Exchange to undertake actions necessary or appropriate to respond to the Emergency, including taking such market actions as may be directed by the Commission and also including such actions as:

(i) limiting trading to liquidation only, in whole or in part;

(ii) extending or shortening the expiration date for trading in contracts;

(iii) extending the time of delivery;

(iv) changing delivery points and/or the means of delivery;

(v) ordering the liquidation of contracts, the fixing of a settlement price or the reduction in positions;

(vi) ordering the transfer of contracts and the money, securities, and property securing such contracts, held on behalf of customers by a Futures Participant to another Futures Participant, or other Futures Participants, willing to assume such contracts or obligated to do so;

(vii) extending, limiting or changing hours of trading;

(viii) suspending or curtailing trading in any contract;

(ix) requiring market participants in any contract to meet special margin requirements; or

(x) modifying or suspending any provision of the By-Laws or Rules of the Exchange.

Such actions may be carried out through the Exchange’s agreements with its third-party providers of clearing or regulatory services, if applicable. In situations where a contract is fungible with a contract on another platform, emergency action to liquidate or transfer open interest must be as directed, or agreed to, by the Commission or the Commission’s staff.

(e) Physical Emergency. If, in the judgment of any officer of the Exchange the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency such Person may take any action that he or she may deem necessary or appropriate to respond to such physical emergency, including closing the Exchange, delaying the opening of trading in one or more Contracts or suspending trading in or extending trading hours for one or more Contracts. In the event that any action has been taken pursuant to the immediately preceding sentence, any Person who is authorized to take such action may order the

removal of any restriction previously imposed pursuant to such sentence, upon a determination by such Person that the physical emergency that gave rise to such restriction has sufficiently abated to permit the physical functions of the Exchange to continue in an orderly manner.

(f) Modification and Recording. The Exchange will promptly notify the Commission of any action taken, or proposed to be taken, pursuant to this Rule in accordance with Commission Regulations § 40.6 and 40.7, explaining how conflicts of interest were minimized, including the extent to which the Exchange considered the effect of its emergency action on the underlying markets and on markets that are linked or referenced to the Exchange's market and similar markets on other trading venues. The decision-making process with respect to, and the reasons for, any such action will be recorded in writing. Rules or rule amendments implemented pursuant to this Rule shall, if practicable, be filed with the Commission prior to implementation or, if not practicable, be filed with the Commission at the earliest possible time after implementation, but in no event more than twenty-four hours after implementation. The Committee shall prepare a report of an emergency action taken pursuant to this Rule and submit it to the Board of Directors at the Board's next regular meeting.

(g) Conflicts of Interest. The conflict of interest provisions set forth in the By-Laws shall apply to the taking of any action under this Rule.

Section 4 Regulatory Services Agreement with NFA

The Exchange has contracted with NFA to provide certain regulatory services to the Exchange pursuant to a Regulatory Services Agreement. In accordance with that Agreement, NFA may perform certain surveillance, investigative, and regulatory functions under the Rules of the Exchange. The Exchange may provide information to and receive information from NFA in connection with the performance by NFA of those functions.

Section 5 Regulatory Services Provided by The Options Clearing Corporation

The Exchange has contracted with The Options Clearing Corporation ("OCC") to provide certain regulatory services to the Exchange pursuant to a Regulatory Services Agreement. In accordance with that Agreement, OCC may perform for the Exchange certain financial surveillance functions and functions related to the protection of customers. The Exchange may provide information to and receive information from OCC in connection with the performance by OCC of those functions.

Section 6 Communications Regarding Regulatory Matters

Futures Participants shall not discuss with Exchange directors or non-regulatory personnel issues, questions, concerns, or complaints about regulatory matters, except to the extent permitted by the Rules of the Exchange.

Section 7 Disclosure and Trading by Exchange Employees, Consultants, Directors and Committee Members

(a) Disclosure of Information.

(i) Employees. An employee of the Exchange shall not disclose to any other person any material, non-public information which such employee obtains as a result of his or her employment at the Exchange if such employee has or should have a reasonable expectation that such information disclosed may assist another person in trading any commodity interest; however, such provision does not prohibit disclosures made in the course of an employee's duties or disclosure made to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

(ii) Directors and Committee Members. No member of the Exchange's Board of Directors or any standing committee shall use or disclose, for any purpose other than the performance of such person's official duties as a Director or member of a standing committee, material, non-public information obtained as a result of such person's participation on any committee or governing board of the Exchange.

(b) Member Transactions. No Futures Participant shall effect a transaction in a commodity interest for an account in which an employee of the Exchange or any affiliate of the Exchange is directly or indirectly interested, or any other commodity interest traded on or cleared by another contract market, linked exchange or clearing organization where such employee has access to material non-public information concerning such commodity interest.

(c) Employee Transactions. No employee of the Exchange or any affiliate of the Exchange may purchase or sell for his own account or for the account of others any commodity interest where the employee has access to material nonpublic information concerning such commodity interest.

(d) For purposes of this Rule the term "employee" shall include any consultant hired by the Exchange.

••• Commentary: -----

.01 With respect to the above-referenced Rule the Exchange has determined that the terms "material non-public information" and "commodity interest" shall be defined pursuant to CFTC regulation 1.59(a).

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Chapter II Membership Rules

Section 1 Qualification and Participation of Futures Participants

(a) Only a Futures Participant may transact business on NFX. A prospective Futures Participant must:

- i. complete a[n] Futures Participant Application in the form prescribed by the Exchange;
- ii. provide such other information as required by the Exchange;

(b) Notwithstanding the provisions of Section 2, the Exchange requires compliance with the following:

(i) A Futures Participant must be actively engaged in a futures business in the United States.

(ii) A Futures Participant must be a member of NFA or another designated contract market.

(iii) Participation in the Exchange as a Futures Participant requires current registration as such with the Exchange. Such registration shall be conditioned upon the Futures Participant's initial and continuing compliance with the following requirements:

- (1) execution of applicable agreements with the Exchange, including but not limited to an agreement to abide by the Certificate, By-Laws and Rules of the Exchange, as they may be amended from time to time;
- (2) maintenance of a clearing account with a Futures Participant, or maintenance of an account directly with The Options Clearing Corporation;

(a) No Futures Participant shall submit an Order or a Quote to NFX XL or accept the transfer of a Contract unless the Futures Participant is either a Clearing Futures Participant or a Non-Clearing Futures Participant guaranteed by a Clearing Futures Participant pursuant to this Rule for that Contract.

(b) A designated Clearing Futures Participant is authorized by the Exchange to clear, carry, and guarantee specified Contracts for itself, its Customers, and Non-Clearing Futures Participants. To become a Clearing Futures Participant, a Futures Participant must (1) apply to a Clearing Corporation and the Exchange, (2) satisfy the criteria established by the Clearing Corporation and the Exchange for Clearing Futures Participants, and (3) submit to the Exchange confirmation from the Clearing Corporation that the Futures Participant is a member of the Clearing Corporation.

(c) To maintain its Clearing Futures Participant designation, the Clearing Futures Participant must at all times continue to satisfy all criteria established by the Clearing Corporation and the Exchange for designation as a Clearing Futures Participant for specified Contracts.

(d) A Clearing Futures Participant must provide the Exchange with a copy of each written agreement guaranteeing the performance of the Non-Clearing Futures Participant with respect to a Contract (referred to as a "Guarantee"). For purposes of this Rule, a Guarantee (1) guarantees and indemnifies the performance for the Contracts governed by the Guarantee; (2) remains in effect until terminated pursuant to paragraph (e) notwithstanding any change to the Rules, the terms of any Contract, or the composition of any partnership (including, but not limited to, the death, retirement, admission or withdrawal of a partner); (3) applies to defaults by the Non-Clearing Futures Participant on any obligation related to a Contract or other claims governed by the Guarantee; and (4) supplements, but does not substitute, any other

agreement whereby the Clearing Futures Participant guarantees or indemnifies the Non-Clearing Futures Participant.

(e) To terminate a Guarantee, either party to the Guarantee (the Clearing Futures Participant or Non-Clearing Futures Participant) must immediately notify the Exchange of the termination of the Guarantee using the form, providing the information, and following the procedures established by the Exchange. Upon receipt of a request for termination of a Guarantee, the Exchange will act as promptly as required by the circumstances. A Guarantee remains in effect until the Exchange authorizes its termination and notifies both parties. Notwithstanding the termination of the Guarantee, the Clearing Futures Participant remains bound by the Guarantee for all Contracts governed by the Guarantee entered into by the Non-Clearing Futures Participant before termination of the Guarantee, but is not bound for any Contract made by, or transferred to, the Non-Clearing Futures Participant after termination of the Guarantee.

(f) If a dispute arises between the Clearing Futures Participant and the Non-Clearing Futures Participant concerning whether a Contract was entered into or transferred before or after the termination of a Guarantee: (1) the Clearing Futures Participant has the burden to demonstrate that the Non-Clearing Futures Participant entered into the Contract after termination of the Guarantee and (2) the Exchange may, within its discretion, provide the Clearing Futures Participant and Non-Clearing Futures Participant with information regarding the time at which the Non-Clearing Futures Participant entered into or transferred a Contract.

- (3) compliance with Certificate, By-Laws and Rules of the Exchange as well as operating procedures of the Exchange and the Commission in the use of the system including, but not limited to, NFX XL (for purposes of this Rule, NFX XL shall be defined as ("System"));
- (4) maintenance of the physical security of the equipment located on the premises of the Futures Participant to prevent the improper use or access to the Exchange's systems, including unauthorized entry of information into the Exchange's System; [and]
- (5) acceptance and settlement of each trade that the Exchange identifies as having been effected by such Futures Participant, or if settlement is to be made through another clearing member, guarantee of the acceptance and settlement of such identified Exchange trade by the clearing member on the regularly scheduled settlement date; and
- (6) input of accurate information into the System, including, but not limited to, whether the member organization acted in a principal or agent capacity.

(iv) Futures Participants are required to maintain a current list of all Authorized Traders (including Trader ID's assigned to an Automated Trading System) of the Futures Participant with Exchange's Membership Department. The Exchange's Membership Department must be immediately notified of the addition, termination or resignation of an Authorized Trader.

(v) A Futures Participant's registration shall become effective upon receipt by the Futures Participant of notice of an approval of registration by the Exchange. The registration required hereunder will apply solely to the qualification of a Futures Participant to participate in the System. Registration will qualify a Futures Participant to trade all System [Securities]Contracts.

(v) Each Futures Participant shall be under a continuing obligation to inform the Exchange of noncompliance with any of the registration requirements set forth above.

(vi) If a Futures Participant has actual or constructive notice of a violation of Exchange By-Laws, Rules, or the Commodity Exchange Act ("Act") in connection with the use of the Exchange's markets by a non-member Customer of the Futures Participant and the Futures Participant fails to take appropriate action, the Futures Participant may be found to have committed an act detrimental to the interest or welfare of the Exchange.

(vii) A Futures Participant shall assist the Exchange in any investigation into potential violations of the Rules of the Exchange or the Act which occur through or with respect to access to the Exchange's systems under the Futures Participant's identification. Such assistance must be timely and include, but not be limited to, requiring any non-member Customer to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.

(viii) The Exchange may impose upon any Futures Participant such temporary restrictions upon the automated entry or updating of orders or quotes/orders as the Exchange may determine to be necessary to protect the integrity of the Exchange's systems. For example, such temporary restrictions may be necessary to address a system problem at a particular Futures Participant or at the Exchange, or an unexpected period of extremely high message traffic. The scope of any such restrictions shall be communicated to the affected Futures Participant in writing.

(ix) Upon any violation of the terms and conditions of its registration, or if at any time the requirements thereof are not met, the Board of Directors may terminate the registration of a Futures Participant by the affirmative vote of a majority of all Directors.

* * * * *

Section 14 Notices to Futures Participants, Executive Representatives or Authorized Traders

(a) Futures Participants shall provide any required notice to the Exchange in the manner set forth in these Rules, or in other Exchange regulatory or operational orders or procedures, as applicable.

(b) Except as may be otherwise expressly provided in the Rules, the Exchange may provide any notice to a Futures Participant, Executive Representative, or Authorized Trader by:

(1) handing a copy to the Futures Participant, Executive Representative, or Authorized Trader,
or

- (2) mailing a copy to the Futures Participant, Executive Representative, or Authorized Trader to the address supplied to the Exchange by the Futures Participant, Executive Representative, or Authorized Trader for notice, or
- (3) transmitting electronically a copy to the Futures Participant, Executive Representative, or Authorized Trader (including, through a facsimile or electronic-mail transmission) to the address supplied to the Exchange by the Futures Participant, Executive Representative, or Authorized Trader for notice, or
- (4) posting the notice on the Exchange's website.

Chapter III Obligations of Futures Participants and Authorized Traders

Section 1 Books and Records

(a) Each Futures Participant shall prepare and keep current all books, ledgers and other similar records required to be kept pursuant to the CEA, Commission Regulations, Exchange Act, Exchange Act Regulations and the Rules of the Exchange [by the Commission] and shall prepare and keep current such other books and records and adopt such forms as the Exchange may from time to time prescribe. Such books and records shall include, without limitation, records of the activity, positions and transactions of each Futures Participant and Clearing Futures Participant in the underlying commodity or reference market and related derivatives markets in relation to a Contract. Such books and records shall be made available to the Exchange upon request in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange.

(b) With respect to each order, bid, offer or other message transmitted to NFX XL by an Authorized Trader of a Futures Participant, the Futures Participant shall keep a record of which Authorized Trader of the Futures Participant caused that order, bid, offer or other message to be transmitted to NFX XL.

(c) If a Contract listed on the Exchange is settled by reference to the price of a contract or commodity traded in another venue, including a price or index derived from prices on another designated contract market, Authorized Traders shall make available to the Exchange upon request in a form and manner prescribed by the Exchange and within the time frame designated by the Exchange information and their books and records regarding their activities in the reference market.

([b]d) Each Futures Participant shall keep all books and records required to be kept pursuant to the Rules of the Exchange [paragraph (a)] for a period of five years from the date on which they are first prepared, [thereof] unless otherwise provided in the By-Laws and Rules of the Exchange or required by law. Such books and records shall be readily accessible during the first two years of such period as they are required to be maintained. Reproductions of any such records may be substituted in a manner consistent with Commission Regulations.

([c]e) During such period as they are required to be maintained by the Futures Participant, all such books and records shall be made available for inspection by, and copies shall be delivered to, the Exchange or its authorized representatives upon request.

Section 2 Financial Requirements

(a) Each Futures Participant which is a futures commission merchant or an introducing broker shall comply with the requirements prescribed in Commission Regulations 1.10, 1.12, 1.17 and 1.18 and with the additional requirements of this Rule.

(b) Each Futures Participant which is not subject to the requirements prescribed in Commission Regulations 1.10, 1.12, 1.17 and 1.18 shall at the time of application for a permit, and upon admission or approval as a Futures Participant have net liquid assets in the amount of \$100,000 or more.

(c) Each Futures Participant shall file with the Exchange two signed copies of any proposed subordination agreement at least ten (10) days prior to the proposed effective date of the agreement or at such other time as the Exchange for good cause shall accept such filing. Any proposed subordination agreement shall comply with the requirements of Commission Regulation 1.17 applicable to such agreements. No proposed agreement shall become effective unless and until the Exchange has found the agreement acceptable. This provision shall apply to Futures Participants for whom the Exchange is their designated self-regulatory organization (“DSRO”).

(d) Each Futures Participant shall file with the Exchange a copy of any notice required to be filed with the Commission pursuant to Commission Regulations 1.12 and 1.17 concurrently with the same being filed with the Commission.

(e) The Exchange may at any time or from time to time, with respect to a particular Futures Participant or all Futures Participant or a new Futures Participant, prescribe net capital or net worth requirements greater than or in addition to those prescribed under this Rule, including more stringent treatment of items in computing net capital or net worth.

(f) For the purposes of this Rule, the term “net liquid assets” shall mean current assets less current liabilities.

(g) In addition to the minimum financial requirements that a Futures Participant or Clearing Futures Participant that is registered with the NFA as a futures commission merchant or introducing broker must satisfy, each Futures Participant and Clearing Futures Participant shall be required to satisfy such minimum financial requirements, and comply with such obligations related thereto, as may be established from time to time by the Exchange.

(i) Each Futures Participant and Clearing Futures Participant must notify the Exchange’s Regulatory Department, or his or her designee, immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(ii) Unless and until a Futures Participant or Clearing Futures Participant, as the case may be, is able to demonstrate to the Exchange that it is in compliance with the minimum financial requirements applicable to it, such Futures Participant or Clearing Futures Participant may not engage in any transactions subject to the Rules of the Exchange, except for the purpose of closing open positions.

Section 3 Audit and Financial Filings

(a) - (e) No Change

Section 4 Segregation and Secured Requirements

(A) All Clearing Futures Participants must comply with the requirements set forth in CFTC Regulations 1.20 through 1.30, 1.32, and 30.7. This includes, but is not limited to, the following:

- (1) Maintaining sufficient funds in segregation or set aside in separate accounts;
- (2) Computing, recording and reporting completely and accurately the balances in the:
 - (a) Statement of Segregation Requirements and Funds in Segregation; and
 - (b) Statement of Secured Amounts and Funds Held in Separate Accounts;
- (3) Obtaining satisfactory segregation and separate account acknowledgement letters and identifying segregated and separate accounts as such; and
- (4) Preparing complete and materially accurate daily segregation and secured amount computations in a timely manner.

(B) Exchange staff may prescribe additional segregation and secured amount requirements.

(C) All Clearing Futures Participants must provide written notice to the Exchange's Regulatory Service Provider of a failure to maintain sufficient funds in segregation or set aside in separate accounts. The Exchange's Regulatory Service Provider must receive immediate written notification when a clearing member knows or should know of such a failure.

Section 5 Authority of the Exchange to Impose Restrictions

Whenever a Futures Participant is subject to the early warning requirements set forth in Commission Regulation § 1.12 or, if applicable, Exchange Act Regulation § 17a-11, the Exchange may impose such conditions or restrictions on the business and operations of such Futures Participant, as the case may be, as the Exchange may deem necessary to protect the best interest of the marketplace, including, without limitation, for the protection of Customers, other Futures Participant, other Clearing Futures Participants or the Exchange pursuant to Chapter I, Section 3.

Customer Protection Rules

Section 6 Registration

(a) No Futures Participant of the Exchange (including any Person that is affiliated with such Futures Participant), may solicit or accept from any other Person an Order for the purchase or sale of a Contract, unless such Futures Participant, or its respective affiliated Person, as the case may be, is registered in any required capacity in accordance with Applicable Law.

(b) Any Futures Participant that is required to be registered as a futures commission merchant, an introducing broker, a broker or a dealer shall comply with the provisions of Commission Regulations § 155.3, § 155.4 or § 41.42(a) or Exchange Act Regulation § 15c3-3, as applicable.

Section 7 Treatment of Customer Funds and Securities

Any Futures Participant that is required to be registered with any self-regulatory association shall comply with the provisions of Applicable Law relating to the treatment of Customer funds and the maintenance of books and records with respect thereto. A Futures Participant that violates any of the aforementioned Commission Regulations or Exchange Act Regulations shall be deemed to have violated this Rule.

Section 8 Confirmations

Any Futures Participant that enters into a trade on behalf of a Customer shall promptly furnish, or cause to be furnished, to such Customer, no later than the Business Day immediately following the day on which such trade is entered into, a written confirmation of such trade in such form as the Exchange may from time to time prescribe, indicating the Contract bought or sold, the price, quantity, time of execution and such other information as the Exchange may require.

Section 9 Customer Statements

Each Futures Participant that enters into trades on behalf of Customers shall furnish, or cause to be furnished, as soon as practicable after the end of each month, a monthly statement of account to each of its Customers in accordance with applicable Commission Regulations or Exchange Act Regulations.

Section 10 Discretionary Accounts

(a) No Futures Participant or Authorized Trader which is a futures commission merchant or an introducing broker or an associated person thereof may directly or indirectly effect a transaction in a commodity interest for the account of any customer unless, prior to the transaction being effected, the customer or person designated by the customer (by use of a power of attorney or other authorization) to control the account:

(1) specifically authorized the Futures Participant or associated person thereof to effect the transaction (a transaction is "specifically authorized" if the customer or person designated by the customer to control the account specifies:

(i) the precise commodity interest to be purchased or sold and

(ii) the exact amount of the commodity interest to be purchased or sold, or

(2) authorized (by use of a power of attorney or other written authorization) the Futures Participant or associated person thereof to effect transactions in commodity interests for the account without the customer's specific authorization. Where discretionary trading has been authorized pursuant to this subparagraph (a)(2) with respect to an option customer account, the following additional requirements shall be complied with by a Futures Participant which is a futures commission merchant or an introducing broker:

(i) the Futures Participant or associated person thereof must ensure that the option customer is provided with an explanation of the nature and risks of the strategy or strategies to be used in connection with the option customer's account;

(ii) an officer, general partner, sole proprietor, or branch office manager of the Futures Participant (other than an individual authorized to exercise discretion in trading the account) must approve, in writing, the discretionary authority prior to any trading for the account involved;

(iii) the Futures Participant or associated person thereof must identify as discretionary each order for a discretionary account on the order at time of entry and an officer, general partner, sole proprietor or branch office manager of the Futures Participant (other than an individual authorized to exercise discretion in trading the account) must approve, initial and date all orders for a discretionary account; and

(iv) the Futures Participant must frequently review discretionary accounts; provided, however, that the provisions of subparagraphs (a)(2)(i)-(iv) shall not apply to any customer account:

(A) of a commodity pool, the operator of which is registered with the Commission as a commodity pool operator;

(B) where the person who has discretionary authority is the spouse, parent or child of the option customer; or

(C) which is an omnibus account of another futures commission merchant.

(b) All authorizations made pursuant to subparagraph (a)(2) must precisely define the terms of the discretionary power or authority.

Section 11 Transfer of Accounts

Upon written request from a customer of his intention to transfer his account(s) from one Futures Participant to another, both Futures Participants shall expedite the transfer, provided that the transfer does not result in a change of ownership, in which case the transfer shall not be effected.

Section 12 Adjustment of a Customer Order

(a) No Futures Participant or Authorized Trader shall make any adjustment of a customer's order after the execution of such order except to correct an error. Any loss resulting from an error or mishandling of an order for a customer must be borne by the Futures Participant which made the error, and any profits resulting from the error or mishandling of an order shall ensure to the benefit of the customer.

(b) Each Futures Participant shall maintain a separate file of adjustments, transfers and liquidations that were made pursuant to this Rule which shall be kept in accordance with the provisions of Section 1.

Section 13 Risk Disclosure Statement

Prior to opening an account for any Customer, a Futures Participant or Clearing Futures Participant that is registered with the Commission as a futures commission merchant or introducing broker must provide such Customer with (a) a written disclosure statement in the form approved by the Exchange for purposes of Commission Regulation §1.55, (b) the Uniform Electronic Trading and Order Routing System Disclosure Statement required by NFA (or similar disclosure statement required by a foreign Governmental Authority to which such Member is subject), and (c) any other disclosure statement from time to time required by the Exchange.

Section 14 Fraudulent or Misleading Communications

No Futures Participant shall make any fraudulent or misleading communications relating to the purchase or sale of any Contract.

Section 15 Responsibility for Customer Orders

(a) Futures Participant handling Orders for Customers shall exercise due diligence in the handling and execution of such Orders. Failure to act with due diligence shall constitute negligence. Futures Participant are prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms such as the quantity or price; provided that this sentence shall not be construed to prevent a Futures Participant from assuming or sharing in any losses resulting from an error or the mishandling of an Order.

(b) No Futures Participant shall adjust the price at which an Order was executed, nor shall it be held responsible for executing or failing to execute an Order unless such Futures Participant, as the case may be, was negligent or is settling a bona fide dispute regarding negligence, or as otherwise permitted by the policies and procedures referred to in Chapter IV, Section 13 (Transaction Nullifications or Modifications).

[Section 4 Statements Available to Customers

Each Futures Participant shall make available to any customer at his request a statement of its financial condition as of the date of its most recent annual audit report or as of a date subsequent thereto. The financial statement shall fairly present the financial condition of such person.]

[Section 5 Failure to Segregate or Meet Financial Requirements

Each Futures Participant which is a futures commission merchant or an introducing broker shall forthwith notify the Exchange whenever it is required to notify the Commission of any failure to maintain segregated funds or to meet financial requirements under the Commission's Regulations.]

[Section 6 Issuance of Securities

Whenever a Futures Participant which is a futures commission merchant shall offer or sell any security, as defined under the Securities Act of 1933, as amended, or the rules and regulations thereunder (the "1933 Act"), or under the "blue sky" law or the regulations thereunder of any state in which it is proposed that the security be offered, which security is issued by such Futures Participant for the purpose of raising capital, such Futures Participant must furnish the Exchange with an opinion of counsel satisfactory to the Exchange as to whether or not the securities being offered or sold need be registered under the 1933 Act and a survey of the type customarily prepared in respect of the underwriting of securities, but not an opinion, as to what action, if any, need be taken with respect to such offer or sale under any applicable state "blue sky" law. Prior to the consummation of the sale of any such security, counsel shall furnish a statement to the Exchange as to the action taken in order to comply with the state "blue sky" law of any state in which the security is offered or sold.]

Reporting

Section 16 Reportable Positions

Each Futures Participant required to file any report, statement, form, or other information with the Commission pursuant to Commission regulations Part 15, 17, or 18 concerning any Contract(s) must simultaneously file a copy thereof with the Exchange. Each Futures Participant must submit the report, statement, form, or other information to the Exchange in the form and manner designated by the Exchange.

•• Interpretations and Policies: -----

.01 Large Trader Reports. Each Futures Participant shall submit to the Exchange a daily report of all Large Trader Reporting Levels as set forth by the Exchange. Positions at or above the reportable level in a particular expiration month of a futures contract trigger reportable status. For a person in reportable status in a particular contract, all positions, regardless of size, in any futures contract month must be reported.

Additionally, the daily Large Trader Reporting submission to the Exchange must include for each reportable account the EFRP volume bought and sold in the reportable instrument, by contract month.

Failure by an omnibus account or foreign broker to submit required information may result in a disciplinary proceeding and result in limitations, conditions or denial of access of such omnibus account or foreign broker to any Exchange market. Notwithstanding the above, Clearing Futures Participants carrying such accounts remain responsible for obtaining and providing to the Exchange information regarding the ownership and control of positions in circumstances where an omnibus account or foreign broker has failed to provide the information to the Exchange.

All large trader reports shall be submitted in a form acceptable to the Exchange, which may require that more than one large trader report be submitted daily.

Clearing Futures Participants, omnibus accounts and foreign brokers must provide the Exchange with the required CFTC Form 102 (“Identification of Special Accounts”) accurately identifying the owners, controllers, controlled accounts and any additional information required for each reportable account within three Business Days of the first day that the account in question becomes reportable. Notwithstanding the three Business Day requirement, on the first day that an account becomes reportable, Clearing Futures Participants, omnibus accounts and foreign brokers must, at the direction of the Exchange, submit the following information: account type, reportable account number and names and addresses of the owners and controllers of the account.

Any material changes to the information previously provided to the Exchange will require the submission of a revised form within three Business Days of such changes becoming effective. Additionally, in the absence of any material changes, the Exchange may require the submission of a new form on a biennial basis for the maintenance of accurate records.

Section 17 Daily Trading Information

Each Futures Participant must file with the Exchange a report or reports concerning the Proprietary Account, Customer Accounts, or portions thereof of the Futures Participant as the Exchange may require to facilitate the Exchange's compliance with Commission regulation Part 16 or which the Exchange may otherwise deem necessary or appropriate.

Section 18 Open Interest Reporting

Clearing Futures Participants are required to accurately report open interest on a daily basis to The Options Clearing Corporation ("OCC") in the form required by OCC and pursuant to OCC Rules.

Business Conduct

Section [7]19 Disciplinary Action By Other Organizations

A Futures Participant shall immediately notify the Exchange in writing of any disciplinary action, including the basis therefor, taken against the Futures Participant or any person associated with such Futures Participant by the Commission or by another self-regulatory organization.

Section 20 Just and Equitable Principles of Trade

A Futures Participant or Authorized Trader or person associated with or employed by a Futures Participant shall not engage in conduct inconsistent with just and equitable principles of trade.

Section 21 Information Requests

Each Futures Participant or Authorized Trader shall timely furnish such information as may from time to time be requested by the Board, any committee of the Board or the Exchange, or any employee of the Exchange, acting in the course of its, their, his or her duties.

Section 22 Information Sharing Agreements

The Exchange shall have the ability and authority to obtain any necessary information to perform any function described in Section 5 of the Commodity Exchange Act, including the capacity to carry out such international information-sharing agreements as the Commission may require.

Section 23 General Trading Standards and Prohibited Practices

(a) No Futures Participant may accept a Customer Order for submission to NFX XL unless the Futures Participant has provided the Customer with the Uniform Electronic Trading and Order Routing Systems Disclosure Statement or any successor disclosure published by the National Futures Association.

(b) No Futures Participant shall disclose the existence or terms of an Order not yet disseminated by the Exchange, except to representatives of the Exchange or Commission or otherwise for the sole, necessary, and appropriate purpose of executing the Order.

(c) No Futures Participant shall aggregate two or more Customer Orders, allocate trades, or provide for average price transactions among Customer Accounts except as provided for Chapter IV, Sections 22, 24 and 25.

(d) No Futures Participant shall knowingly submit to NFX XL a Quote or Order for any Contract for the account of that Futures Participant or any account in which that Futures Participant has an interest while holding an Order of another Person for the same Contract on the same side of the market that is executable at the then current market price or at the price at which the Quote or Order is executable for the account of the Futures Participant or an account in which that Futures Participant has an interest.

(e) No Futures Participant shall exercise discretion and submit an Order to or through NFX XL for an account of another Person without the prior specific consent of that Person; provided, however, that prior specific consent required by this Rule does not apply to an Order for a Proprietary Account of the Futures Participant.

(f) No Futures Participant shall accept or submit any Order to or through the NFX XL for an employee, agent, or other Person acting on behalf of another Futures Participant, or its associated Authorized Traders without the prior written consent of that other Futures Participant, which is filed with the Exchange. If an Order for another Futures Participant results in a transaction, then the Futures Participant through which the Order is submitted to the NFX XL must promptly send a duplicate confirmation of the transaction to the Person providing the prior written consent of the other Futures Participant.

(g) Futures Participants and Authorized Traders shall not:

(1) Engage in practices that may cause degradation of the Exchange's services or facilities, or that may cause a disorderly market, including but not limited to, unwarranted use of cancelling and resubmitting Orders or Quotes;

(2) Engage in pre-arranged transactions other than transactions executed in compliance with Chapter IV, Sections 23 and 25; or

(3) Engage in acts, practices, or conduct contrary to the purposes of the Exchange or likely to bring the Exchange into disrepute. These prohibited practices include, but are not limited to:

(i) effecting a transaction in, or inducing the purchase or sale of, any Contract through any manipulative, deceptive, or fraudulent device or contrivance;

(ii) engaging in price manipulation or cornering of the market;

(iii) engaging in wash transactions (or other activities that may or may not involve the making of a Contract) that creates a misleading appearance of activity occurring on NFX XL and/or causes the reporting of a misleading price level;

(iv) engaging in accommodation transactions, by which one party enters into a Contract with another party knowing or having reason to know that such transaction was an attempt to conceal a trading abuse;

(v) engaging in "front-running" or "trading-ahead," where a party knowingly places an Order or a Quote or executes a trade for a Contract while in possession of material non-public information concerning an imminent Block Trade or Customer Order;

(vi) engaging in "cherry picking," where a party assigns a trade for a Customer to the account of another Customer or party (for any reason, even if only temporarily, where the situation is not remedied) and the trade assigned to the other Customer or party is at a superior price than the trade price received by the Customer;

(vii) withdrawing, withholding, disclosing, or taking advantage of a Customer Order in whole or in part for the benefit of any other Person;

(viii) engaging in compensation trades, where one or more parties executes non-competitive trades to transfer money between accounts; and

(ix) engaging in conduct or practices detrimental to the best interests of the Exchange.

(x) engaging in any other manipulative or disruptive trade practices prohibited by the Commodity Exchange Act, as amended, or Commission regulations, including but not limited to, "spoofing," "improper cross trading," "money passes," and trading against a customer order

Section 24 Adherence to Law

No Futures Participant Trading Privilege Holder (including its Related Parties) shall engage in conduct in violation of Applicable Law, the Rules of the Exchange, the Rules of the Clearing Corporation (insofar as the Rules of the Clearing Corporation relate to the reporting or clearance of any transaction in Contracts) or any agreement with the Exchange.

Section 25 Sales Practice Rules

Without limiting the generality of Section 24, each Futures Participant (including its Related Parties) shall comply with any and all sales practice rules (including those relating to bunched orders, opening and approval of accounts, suitability, use of discretion, supervision of accounts, risk disclosure document delivery, communications, monthly statements and confirmations, registration, qualification and continuing education, customer complaints, prohibition against guarantees and profit sharing and money laundering) from time to time promulgated by the NFA or which rules are hereby incorporated by reference.

Section 26 Prohibition of Misstatements

It shall be an offense to make any misstatement of a material fact to the Exchange, including the Board, any committee thereof or any director, officer or employee of the Exchange.

Section 27 Use of Trading Privileges

Neither a Futures Participant nor any of its Related Parties may access the Exchange in any way which could be expected to bring disrepute upon such Futures Participant or the Exchange.

Section 28 Supervision

Each Futures Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Related Parties and Customers comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing Corporation. A Futures Participant may be held accountable for the actions of its Authorized Traders.

[Section 8 Disclosure and Trading by Exchange Employees, Consultants, Directors and Committee Members

(a) Disclosure of Information.

- (i) Employees. An employee of the Exchange shall not disclose to any other person any material, non-public information which such employee obtains as a result of his or her employment at the Exchange if such employee has or should have a reasonable expectation that such information disclosed may assist another person in trading any commodity interest; however, such provision does not prohibit disclosures made in the course of an employee's duties or disclosure made to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.
- (ii) Directors and Committee Members. No member of the Exchange's Board of Directors or any standing committee shall use or disclose, for any purpose other than the performance of such person's official duties as a Director or member of a standing committee, material, non-public information obtained as a result of such person's participation on any committee or governing board of the Exchange.

(b) Member Transactions. No Futures Participant shall effect a transaction in a commodity interest for an account in which an employee of the Exchange or any affiliate of the Exchange is directly or indirectly interested, or any other commodity interest traded on or cleared by another contract market, linked exchange or clearing organization where such employee has access to material non-public information concerning such commodity interest.

(c) Employee Transactions. No employee of the Exchange or any affiliate of the Exchange may purchase or sell for his own account or for the account of others any commodity interest where the employee has access to material nonpublic information concerning such commodity interest.

(d) For purposes of this Rule the term "employee" shall include any consultant hired by the Exchange.

••• Commentary: -----

.01 With respect to the above-referenced Rule the Exchange has determined that the terms "material non-public information" and "commodity interest" shall be defined pursuant to CFTC regulation 1.59(a).]

[Section 9 Reporting of Joint Accounts or Financing Agreements

(a) No Futures Participant, partner, officer, or ten (10) percent or more stockholder therein, shall, directly or indirectly, hold any interest or participate in any joint account for buying or selling any commodity interest, unless such joint account is reported to and not disapproved by the Exchange.

(b) Any report required pursuant to paragraph (a) of this Rule shall be filed with the Exchange by the Futures Participant, partner, officer, or stockholder therein participating in such joint account before any transaction is effected on the Exchange for such joint account and shall include the following:

- (1) the name of each person participating in such account and its respective interest therein;
- (2) the purpose of such account;
- (3) the amount of commitments in such account; and
- (4) a copy of any written agreement or instrument in writing relating to such account.

(c) Each Futures Participant shall notify the Exchange of any amendment, cancellation or expiration of any financing agreement entered into with any creditor for the purpose of complying with an Exchange financial requirement or for financing any Exchange transaction at least seventy-two (72) hours in advance or such shorter period as is reasonable in the circumstances if the financial condition of the Futures Participant would otherwise be substantially impaired.]

[Section 10 Just and Equitable Principles of Trade

A Futures Participant or Authorized Trader or person associated with or employed by a Futures Participant shall not engage in conduct inconsistent with just and equitable principles of trade.]

[Section 11 Information Requests

Each Futures Participant or Authorized Trader shall timely furnish such information as may from time to time be requested by the Board, any committee of the Board or the Exchange, or any employee of the Exchange, acting in the course of its, their, his or her duties.]

[Section 12 Information Sharing Agreements]

The Exchange shall have the ability and authority to obtain any necessary information to perform any function described in Section 5 of the Commodity Exchange Act, including the capacity to carry out such international information-sharing agreements as the Commission may require.]

[Section 13 Open Interest Reporting]

Clearing members are required to accurately report open interest on a daily basis to The Options Clearing Corporation ("OCC") in the form required by OCC and pursuant to OCC Rules.]

[Section 14 Confirmations]

Each Futures Participant which is a futures commission merchant shall promptly furnish the written confirmations required by Commission Regulation 1.33 to its customers in accordance with the provisions of such Regulation.]

[Section 15 Statements of Account]

Each Futures Participant which is a futures commission merchant shall promptly furnish the written monthly statements of account required by Commission Regulation 1.33 to its customers in accordance with the provisions of such Regulation.]

[Section 16 Statements to Be Sent to Customers]

No Futures Participant shall address confirmations, statements or other communications to a customer in care of any employee of such Futures Participant, or address such confirmations, statements or other communications to such a customer in its own care or in care of any other Futures Participant, unless (1) such Futures Participant shall have been so directed in writing by such customer, and (2) duplicate copies of such confirmations, statements, and other communications are addressed to such customer (except when this requirement is waived by the Exchange when permitted under Commission Regulation) at his place of business or residence or at some other address designated in writing by such customer.]

[Section 17 Discretionary Accounts]

(a) No Futures Participant or Authorized Trader which is a futures commission merchant or an introducing broker or an associated person thereof may directly or indirectly effect a transaction in a commodity interest for the account of any customer unless, prior to the transaction being effected, the customer or person designated by the customer (by use of a power of attorney or other authorization) to control the account:

(1) specifically authorized the Futures Participant or associated person thereof to effect the transaction (a transaction is "specifically authorized" if the customer or person designated by the customer to control the account specifies:

(i) the precise commodity interest to be purchased or sold and

- (ii) the exact amount of the commodity interest to be purchased or sold, or
- (2) authorized (by use of a power of attorney or other written authorization) the Futures Participant or associated person thereof to effect transactions in commodity interests for the account without the customer's specific authorization. Where discretionary trading has been authorized pursuant to this subparagraph (a)(2) with respect to an option customer account, the following additional requirements shall be complied with by a Futures Participant which is a futures commission merchant or an introducing broker:
- (i) the Futures Participant or associated person thereof must ensure that the option customer is provided with an explanation of the nature and risks of the strategy or strategies to be used in connection with the option customer's account;
 - (ii) an officer, general partner, sole proprietor, or branch office manager of the Futures Participant (other than an individual authorized to exercise discretion in trading the account) must approve, in writing, the discretionary authority prior to any trading for the account involved;
 - (iii) the Futures Participant or associated person thereof must identify as discretionary each order for a discretionary account on the order at time of entry and an officer, general partner, sole proprietor or branch office manager of the Futures Participant (other than an individual authorized to exercise discretion in trading the account) must approve, initial and date all orders for a discretionary account; and
 - (iv) the Futures Participant must frequently review discretionary accounts; provided, however, that the provisions of subparagraphs (a)(2)(i)-(iv) shall not apply to any customer account:
 - (A) of a commodity pool, the operator of which is registered with the Commission as a commodity pool operator;
 - (B) where the person who has discretionary authority is the spouse, parent or child of the option customer; or
 - (C) which is an omnibus account of another futures commission merchant.
- (b) All authorizations made pursuant to subparagraph (a)(2) must precisely define the terms of the discretionary power or authority.]

[Section 18 Transfer of Accounts

Upon written request from a customer of his intention to transfer his account(s) from one Futures Participant to another, both Futures Participants shall expedite the transfer, provided that the transfer does not result in a change of ownership, in which case the transfer shall not be effected.]

[Section 19 Adjustment of a Customer Order

(a) No Futures Participant or Authorized Trader shall make any adjustment of a customer's order after the execution of such order except to correct an error. Any loss resulting from an error or mishandling of an order for a customer must be borne by the Futures Participant which made the error, and any profits resulting from the error or mishandling of an order shall ensure to the benefit of the customer.

(b) Each Futures Participant shall maintain a separate file of adjustments, transfers and liquidations that were made pursuant to this Rule which shall be kept in accordance with the provisions of Section 1.]

[Section 20 Option Risk Disclosure

(a) No Futures Participant or Authorized Trader which is a futures commission merchant or, in the case of an introduced account, an introducing broker may open or cause the opening of an option customer account unless such Futures Participant furnishes the option customer with the separate written disclosure statement required by Commission Regulation 33.7 and receives from the customer an acknowledgement signed and dated by the customer that he received and understood such disclosure statement.

(b) Each Futures Participant, Authorized Trader or associated person thereof soliciting or accepting an order for a commodity option transaction, prior to entering into the first such transaction, shall provide the customer with all of the information required under the disclosure statement specified in Commission Regulation 33.7; provided that the Futures Participant, Authorized Trader or associated person thereof shall provide current information to the customer if the information provided previously has become inaccurate and provided further that the Futures Participant, Authorized Trader or associated person thereof also shall inform the customer in writing of the limitations, if any, on the transfer of a customer's account to a futures commission merchant other than the one through whom the commodity option transaction is to be executed.

(c) Each Futures Participant, Authorized Trader or associated person thereof soliciting or accepting an order for a commodity option transaction, prior to entering into such transaction, shall inform the customer or prospective customer, to the extent that the following amounts are known or can reasonably be approximated, of:

- (1) the premium and any mark-ups thereon, if applicable;
- (2) commissions, costs, fees and other charges to be incurred in connection with the commodity option transaction; and
- (3) the strike price and all costs to be incurred by the customer if the option contract is exercised.

(d) Each Futures Participant which is a futures commission merchant or an introducing broker shall establish the procedures and supervision necessary to ensure compliance with the requirements of this Rule.

(e) This Rule shall not relieve a Futures Participant or Authorized Trader from any obligation under the Act or Commission Regulations, including the obligation to disclose all material information to existing or prospective option customers even if the information is not specifically required by this Rule.

(f) For the purposes of this Rule, neither a futures commission merchant nor an introducing broker shall be deemed to be a customer.]

[Section 21 Supervision of Option Customer Accounts

Each Futures Participant which is a futures commission merchant or an introducing broker which engages in the offer or sale of option contracts shall adopt and enforce written procedures pursuant to which it will be able to supervise adequately each option customer's account, including but not limited to, the solicitation of any such account. As used in this Rule, the term "option customer" does not include another futures commission merchant.]

[Section 22 Submission of Option Promotional Material

Each Futures Participant or Authorized Trader which is a futures commission merchant or an introducing broker engaged in the offer and sale of option contracts shall submit to the Exchange for review all promotional material pertaining to the trading of option contracts on the Exchange at the time such promotional material is first utilized. For the purpose of this Rule, the term "promotional material" means any text of a standardized oral presentation, or any communication for publication in any newspaper, magazine or similar medium, or for broadcast over television, radio, or other electronic medium, which is disseminated or directed to an option customer or prospective option customer concerning an option contract; any standardized form of report, letter, circular, memorandum, or publication which is disseminated or directed to an option customer or prospective option customer; and any other written material disseminated or directed to an option customer or prospective option customer for the purpose of soliciting an option contract transaction, including the disclosure statement required by Commission Regulation 33.7.]

[Section 23 Prohibition of Certain Sales Communications

No Futures Participant or Authorized Trader which is a futures commission merchant or an introducing broker shall make any fraudulent or high pressure sales communications relating to the offer or sale of option contracts.]

[Section 24 Option Customer Complaints

(a) Each Futures Participant or Authorized Trader which is a futures commission merchant or an introducing broker engaging in the offer or sale of option contracts shall, with respect to each

written option customer complaint and each oral option customer complaint which results in or would result in an adjustment to the customer's account in an amount in excess of \$1,000:

- (1) retain all such written complaints;
- (2) make and retain a written record of all such oral complaints;
- (3) make and retain a record of:
 - (i) the date the complaint was received;
 - (ii) the name of the associated person who serviced, or the introducing broker who introduced, the account;
 - (iii) a general description of the matter complained of; and
 - (iv) a general description of what, if any, action was taken by the member or member organization in regard to the complaint; and
- (b) Immediately send a copy of any such complaint to the Exchange and, upon final disposition thereof, immediately send a copy of the record of such disposition to the Exchange.
- (c) Any statement or record required pursuant to this Rule must be retained and made available in accordance with the provisions of Section 1.]

[Section 25 Prohibited Option Transactions

No Futures Participant or Authorized Trader shall solicit or accept any option contract order unless it has a reasonable basis to believe that the solicitation or acceptance of such order is consistent with the provisions of Commission Rule 33.3(b).]

[Section 26 Segregation and Secured Requirements

(A) All clearing members must comply with the requirements set forth in CFTC Regulations 1.20 through 1.30, 1.32, and 30.7. This includes, but is not limited to, the following:

- (1) Maintaining sufficient funds in segregation or set aside in separate accounts;
- (2) Computing, recording and reporting completely and accurately the balances in the:
 - (a) Statement of Segregation Requirements and Funds in Segregation; and
 - (b) Statement of Secured Amounts and Funds Held in Separate Accounts;
- (3) Obtaining satisfactory segregation and separate account acknowledgement letters and identifying segregated and separate accounts as such; and

(4) Preparing complete and materially accurate daily segregation and secured amount computations in a timely manner.

(B) Exchange staff may prescribe additional segregation and secured amount requirements.

(C) All clearing members must provide written notice to the Exchange's Regulatory Service Provider of a failure to maintain sufficient funds in segregation or set aside in separate accounts. The Exchange's Regulatory Service Provider must receive immediate written notification when a clearing member knows or should know of such a failure.]

Chapter IV Trading Procedures and Standards

Section 1 The Options Clearing Corporation Rules

(a) The rights and obligations of purchasers and sellers of futures, options thereon and commodity options cleared by [t]The Options Clearing Corporation, including but not limited to rights and obligations in respect of clearing and settlement, variation payments and performance at maturity, and in the case of futures options and commodity options upon exercise thereof, shall be as set forth in the By-Laws and Rules of The Options Clearing Corporation.

(b) All transactions executed on or subject to the rules of the Exchange must be cleared through The Options Clearing Corporation. A market participant may access clearing through a trading account with a futures commission merchant or, in the case of a non-U.S. market participant, with a foreign broker or futures commission merchant, as those terms are defined in the rules of the CFTC, or, if applicable, as a clearing member.

* * * * *

Section 3 Definitions and Rules of Construction

(a) When used in these Rules, these terms have the following meanings:

Authorized Trader. The term "Authorized Trader" means an authorized employee or agent of a Futures Participant who is authorized by that Futures Participant and the Exchange to submit Quotes or Orders into NFX XL. Only a natural person can be an Authorized Trader. An Authorized Trader is considered a person associated with a Futures Participant for purposes of the By-Laws and Rules.

Block Trade. The term "Block Trade" shall mean a transaction in Contracts negotiated outside the NFX XL but executed through the Exchange that complies with the requirements of Section [23]25.

Bunched Order. The term "Bunched Order" means a single Order for two or more Customer Accounts entered into NFX XL pursuant to Section [13]24.

Clearing Account Number. The term “Clearing Account Number” means the unique identification code assigned by the Clearing Corporation which identifies a particular Clearing Futures Participant and an account maintained by that Clearing Futures Participant with the Clearing Corporation.

Clearing Account Type. The term “Clearing Account Type” means one of three indicators assigned to an Order or Quote designating the applicable clearing account type for any subsequent transaction as defined by Article VI, Section 3 of the by-laws of the Clearing Corporation. These indicators are: "C" for Orders to be cleared through a "segregated futures account"[;] "F" for Orders to be cleared through a "firm account"; and "M" for Orders or Quotes to be cleared through a "segregated futures professional account" or a "proprietary futures professional account."

Clearing Futures Participant. The term “Clearing Futures Participant” means a Futures Participant designated by the Exchange [under Section 9] to clear Contracts on behalf of itself, its Customers, and Non-Clearing Futures Participants.

Contract. The term “Contract” means any Commodity Interest that trades or is reported through NFX XL or subject to the Rules of the Exchange.

Contract Month. The term “Contract Month” means the calendar month in which the Last Trading Day for a Contract occurs , provided that with respect to Daily ExpiryTM US Dollar 3-Month BBA LIBORTM Futures the term "Contract Month" means the maturity date for a contract.

Cross Transaction. The term “Cross Transaction” means a transaction in which a Futures Participant knowingly represents both the buyer and seller by simultaneously selling and buying [pursuant to Section 22].

Customer. The term “Customer” has the meaning attributed to it by Commission Regulation 1.3(k).

Customer Account. The term “Customer Account” means an account carried by a Futures Participant on behalf of a Customer, which may be another Futures Participant.

Customer Order. The term “Customer Order” means an Order submitted on behalf of a Customer Account.

Daily Settlement Price. The term “Daily Settlement Price” means the price at which a Contract settles at the conclusion of any Trading Day [as described in Section 27].

Discretionary Order. The term “Discretionary Order” means an Order for a Customer Account for which the Futures Participant has discretion as to the Contract, the price, or the amount purchased or sold.

Final Settlement Price. The term “Final Settlement Price” means the price at which a Contract settles at the conclusion of the Last Trading Day for that Contract [as described in Section 27].

Futures Participant House Account. The term “Futures Participant House Account” means a unique identification code assigned by the Exchange to each Futures Participant.

Last Trading Day. The term “Last Trading Day” means the day specified by the Exchange for the conclusion of trading for the Contract.

Limit Order. The term “Limit Order” means an Order to buy or sell a stated number of Contracts at a stated price or better.

Market Data. The term “Market Data” means any and all price, quantity, and time data from any and all bids and offers submitted to, and trades executed by or through, NFX XL, any data derived from the foregoing, the format and presentation of any such data or information, and the transmissions of such data or information to Futures Participants, any party that has entered into an agreement with the Exchange to distribute the above-described data or information or other Person.

Market Maker. The term “Market Maker” means a Futures Participant approved by the Exchange to undertake rights and obligations to facilitate an orderly and liquid market as a Market Maker for one or more Contracts [pursuant to Section 10].

NFX Best Bid and Offer. The term “NFX Best Bid and Offer” means for each Contract then listed and trading through NFX XL the current disseminated highest bid and lowest offer in the Order Book and/or available by Quote excluding those Orders that at the time of receipt are matchable and are due execution [pursuant to the procedures described in Section 18].

NFX XL. The term “NFX XL” means the electronic trading system maintained by the Exchange for the receipt, entry, cancellation, storage, display, matching, and reporting of Orders and Quotes.

Non-Clearing Futures Participant. The term “Non-Clearing Futures Participant” means a Futures Participant that is not a Clearing Futures Participant.

Order. The term “Order” means an instruction to buy or sell a Contract.

Order Book. The term “Order Book” means all Orders received by NFX XL for a particular Contract that are not immediately filled or cancelled upon entry pursuant to an Immediate or Cancel Order instruction [under Section 14].

Proprietary Account. The term “Proprietary Account” shall have the meaning ascribed to it by Commission regulation 1.3(y).

Quote. The term “Quote” means a bid or offer submitted by a Market Maker to transact through NFX XL in a certain quantity of a Contract at a specified price or better.

Rule. The term “Rule” means any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Exchange.

Trading Day. The term “Trading Day” means a day that the Exchange is open for trading in a particular Contract.

(b) For all purposes of the Rules, unless otherwise expressly provided:

- (1) any time period which expires on a day which is not a Trading Day [as defined in Section 5] will expire on the next succeeding Trading Day;
- (2) all references to the Act or the Commission's regulations or Rules of the Exchange or Rules of the Clearing Corporation include such provisions as amended, modified, supplemented, restated, or replaced from time to time;
- (3) all references to the Commission includes any successor to the Commission;
- (4) as permitted by the context any gender specific reference also include the other gender;
and
- (5) as permitted by the context any reference in the singular includes the plural and vice versa.

Trader ID. The term “Trader ID” means a unique personal identification code provided by the Futures Participant to the Exchange to identify the Authorized Trader submitting an order or a quote by or through a Futures Participant that is in a form and provided in a manner acceptable to the Exchange.

Section 4 Listed Contracts

No Change

Section 5 Trading Days and Hours

(a) Except as provided in Sections [32]26 and [33]31 in this Chapter, the Exchange shall determine and post on its website the days on which the Exchange is open for business, the opening and closing hours of the market, and the opening and closing trading times for each Contract. The Exchange shall from time to time determine (i) on which days the Exchange shall be regularly open for business in any Contract (“Business Days”) and (ii) during which hours trading in any Contract may regularly be conducted on such days (“Trading Hours”). Trading Hours shall include any regular and extended trading hours under the rules governing the relevant Contract. Except to the extent expressly permitted by the Rules of the Exchange, no Futures Participant (including its Authorized Traders) shall make any bid or offer for, or engage in any transaction in, any Contract before or after such hours.

(b) The Exchange may modify its regular Business Days and Trading Hours to not be open for business or to have shortened trading hours in connection with a holiday or a period of mourning.

(c) The Exchange may from time to time adopt procedures for the opening or closing of trading in any Contract.

Section 6 Market Opening

No Change

Section 7 Authorized Traders and Trader IDs

(a) Each Futures Participant may from time to time permit one or more individuals to act as its Authorized Traders. Each Authorized Trader shall satisfy such requirements as may be prescribed by the Exchange from time to time. Without limiting the generality of the foregoing, each Futures Participant shall ensure that (i) none of its Authorized Traders shall be subject to any statutory disqualification (unless an appropriate exemption has been obtained with respect thereto) and (ii) each of its Authorized Traders shall be technically proficient and shall conduct its business in a fair and equitable manner.

(b) Each Futures Participant, in a form and manner prescribed by the Exchange, shall include a Trader ID with every order and quote from that Futures Participant that is submitted to NFX XL.

(c) Trader IDs are subject to the following requirements (except in relation to Automated Trading Systems, with respect to which paragraph (d) below is applicable):

(i) Each Trader ID shall represent

(A) the natural person physically responsible for entering the order or quote into NFX XL (if a natural person entered the order or quote into NFX XL); or

(B) the natural person physically responsible for entering the order or quote directly or indirectly into a system of or used by a Futures Participant that interfaces with NFX XL (if no natural person entered the order or quote into NFX XL and instead a natural person entered the order or quote directly or indirectly into a system of or used by a Futures Participant that interfaces with NFX XL).

(ii) A Trader ID issued for a natural person may only be used by that natural person. A Trader ID issued for a natural person may not be used by any other natural person or entity and may not be used as the Trader ID for an Automated Trading System.

(d) Trader IDs are subject to the following requirements in relation to Automated Trading Systems:

(i) For purposes of this Rule, an Automated Trading System is a system that automates the generation and routing of orders or quotes.

(ii) Each order or quote originating from an Automated Trading System that is submitted to NFX XL shall include a Trader ID for that Automated Trading System.

(iii) A Trader ID issued for an Automated Trading System may only be used for that Automated Trading System. A Trader ID issued for an Automated Trading System may not be used for any other Automated Trading System and may not be used as the Trader ID for any natural person or entity.

(e) Each Futures Participant shall comply with the following issuance, recordkeeping, and reporting requirements related to Trader IDs:

(i) Each Trader ID issued for a natural person or Automated Trading System for inclusion with any order or quote from the Futures Participant that is submitted to NFX XL shall be unique, and shall not be associated with more than one natural person or Automated Trading System.

(ii) Each Futures Participant shall collect and maintain accurate, complete, and up-to-date records with the following information for each Trader ID issued for a natural person or Automated Trading System for inclusion with any order or quote from the Futures Participant that is submitted to NFX XL.

(A) a clear identification of whether the Trader ID is issued for a natural person or Automated Trading System;

(B) if the Trader ID is issued for a natural person, the name, address, telephone and e-mail contact information, and position or relationship to the Futures Participant;

(C) if the Trader ID is issued for an Automated Trading System, the name, address, telephone and email contact information, and position or relationship to the Futures Participant of the head operator of the Automated Trading System;

(D) and any other related information as may be prescribed by the Exchange.

(iii) Each Futures Participant shall provide to the Exchange in a form and manner prescribed by the Exchange information requested by the Exchange regarding any Trader IDs and the natural persons and Automated Trading Systems for which they have been issued for inclusion with any order or quote from the Futures Participant that is submitted to NFX XL. The information requested relating to an Automated Trading System may include, among other things, information regarding the head operator and other individuals that operate the Automated Trading System and the type of models, algorithms, programs, and systems utilized by the Automated Trading System.

(iv) Each Futures Participant shall promptly report to the Exchange in a form and manner prescribed by the Exchange any new or changed information regarding Trader IDs that are identified to the Futures Participant by the Exchange as being subject to this reporting requirement.

[Section 7 General Trading Standards and Prohibited Practices

- (a) No Futures Participant may accept a Customer Order for submission to NFX XL unless the Futures Participant has provided the Customer with the Uniform Electronic Trading and Order Routing Systems Disclosure Statement or any successor disclosure published by the National Futures Association.
- (b) No Futures Participant shall disclose the existence or terms of an Order not yet disseminated by the Exchange, except to representatives of the Exchange or Commission or otherwise for the sole, necessary, and appropriate purpose of executing the Order.
- (c) No Futures Participant shall aggregate two or more Customer Orders, allocate trades, or provide for average price transactions among Customer Accounts except as provided for Sections 13, 20, and 23.
- (d) No Futures Participant shall knowingly submit to NFX XL a Quote or Order for any Contract for the account of that Futures Participant or any account in which that Futures Participant has an interest while holding an Order of another Person for the same Contract on the same side of the market that is executable at the then current market price or at the price at which the Quote or Order is executable for the account of the Futures Participant or an account in which that Futures Participant has an interest.
- (e) No Futures Participant shall exercise discretion and submit an Order to or through NFX XL for an account of another Person without the prior specific consent of that Person; provided, however, that prior specific consent required by this Rule does not apply to an Order for a Proprietary Account of the Futures Participant.
- (f) No Futures Participant shall accept or submit any Order to or through the NFX XL for an employee, agent, or other Person acting on behalf of another Futures Participant, or its associated Authorized Traders without the prior written consent of that other Futures Participant, which is filed with the Exchange. If an Order for another Futures Participant results in a transaction, then the Futures Participant through which the Order is submitted to the NFX XL must promptly send a duplicate confirmation of the transaction to the Person providing the prior written consent of the other Futures Participant.
- (g) Futures Participants and Authorized Traders shall not:
- (1) Engage in practices that may cause degradation of the Exchange's services or facilities, or that may cause a disorderly market, including but not limited to, unwarranted use of cancelling and resubmitting Orders or Quotes;
 - (2) Engage in pre-arranged transactions other than transactions executed in compliance with Section 22 and 23; or
 - (3) Engage in acts, practices, or conduct contrary to the purposes of the Exchange or likely to bring the Exchange into disrepute. These prohibited practices include, but are not limited to:

(i) effecting a transaction in, or inducing the purchase or sale of, any Contract through any manipulative, deceptive, or fraudulent device or contrivance;

(ii) engaging in price manipulation or cornering of the market;

(iii) engaging in wash transactions (or other activities that may or may not involve the making of a Contract) that creates a misleading appearance of activity occurring on NFX XL and/or causes the reporting of a misleading price level;

(iv) engaging in accommodation transactions, by which one party enters into a Contract with another party knowing or having reason to know that such transaction was an attempt to conceal a trading abuse;

(v) engaging in "front-running" or "trading-ahead," where a party knowingly places an Order or a Quote or executes a trade for a Contract while in possession of material non-public information concerning an imminent Block Trade or Customer Order;

(vi) engaging in "cherry picking," where a party assigns a trade for a Customer to the account of another Customer or party (for any reason, even if only temporarily, where the situation is not remedied) and the trade assigned to the other Customer or party is at a superior price than the trade price received by the Customer;

(vii) withdrawing, withholding, disclosing, or taking advantage of a Customer Order in whole or in part for the benefit of any other Person;

(viii) engaging in compensation trades, where one or more parties executes non-competitive trades to transfer money between accounts; and

(ix) engaging in conduct or practices detrimental to the best interests of the Exchange.

(x) engaging in any other manipulative or disruptive trade practices prohibited by the Commodity Exchange Act, as amended, or Commission regulations, including but not limited to, "spoofing," "improper cross trading," "money passes," and trading against a customer order.]

Section 8 Responsibility for Orders and Quotes

No Change

Section 9 Submission of Orders

(a) Futures Participants, and other Persons through Futures Participants may submit Orders and Market Makers may submit Quotes to NFX XL during the pre-open period and until the end of the Trading Day, but NFX XL only matches Orders and Quotes during the Trading Day.

(b) A Futures Participant must ensure that each Order (including an Order submitted through an electronic or automated order routing system pursuant to Section 21) is recorded and time-stamped immediately upon receipt, execution, and any modification or cancellation.

(c) Each Order entered into NFX XL shall include the following information:

(1) Futures Participant ID;

(2) Trader ID for the person or system submitting the Order;

(3) Contract and Contract Month;

(4) buy or sell;

(5) price;

(6) Order instruction from Section 10 (if applicable);

(7) quantity;

(8) open or close position indicator as appropriate;

(9) Customer Type Indicator (or "CTI" code) as specified in Section 9(f);

(10) Customer Account number, unless a Bunched Order submitted in compliance with Section 24;

(11) Clearing Account Number; and

(12) Clearing Account Type.

(d) A Futures Participant shall retain all memoranda reflecting Orders for a Customer Account in accordance with Chapter III, Section 1 and shall retain those memoranda for the period required in Chapter III, Section 1. A Futures Participant receiving a Customer Order other than in the form of an electronic or written record must comply with the requirements of Commission regulation 1.35(a-1)(1).

(e) Until such time as the Exchange permits otherwise, direct access to NFX XL is limited to Futures Participants that are futures commission merchants or Clearing Futures Participants that are self-clearing their trades. Such Futures Participants are not permitted to provide direct access to NFX XL to any third person.

(f) CTI code 1 shall be used for transactions initiated and executed by an individual Authorized Trader for its own account, for an account it controls, or for an account in which it has ownership or financial interest. CTI code 2 shall be used for transactions executed for the proprietary account of an NFX Authorized Trader. CTI code 3 shall be used for transactions where an

individual Authorized Trader executes for the personal account of another individual Authorized Trader, for an account the other individual Authorized Trader controls or for an account in which the other individual Authorized Trader has ownership or financial interest. CTI code 4 shall be used for any transaction not meeting the definition of CTI 1, 2 or 3. (These should be non-Futures Participant customer transactions.)

Section 10 Acceptable Orders

Types of Order instructions accepted by NFX XL are the following:

(a) Cancel Leave Order, which is an instruction to cancel a portion, but not all, of the quantity of a Limit Order and leave the remaining quantity for execution without changing the price or duration parameters of the Order then on the Order Book;

(b) Cancel Order, which is an instruction to cancel an Order;

(c) Cancel Replace Order, which is an instruction to cancel a Limit Order and replace it with a new Limit Order that has a different quantity, price, and/or instruction;

(d) Day Order, which is an instruction that a Limit Order, if not executed, expires at the end of the Trading Day for which it was entered. Unless otherwise specified, an Order for the purchase or sale of a Contract has a Day Order instruction;

(e) Good 'Til Cancelled Order, which is an instruction that a Limit Order to buy or sell remains in effect until it is either executed or cancelled; and

(f) Immediate or Cancel Order, which is an instruction to execute a Limit Order as soon as the Order is entered into NFX XL; any part of an Immediate or Cancel Order executed is reported immediately and any portion not immediately executed is cancelled.

(g) Unless a Customer instructs otherwise, a Futures Participant that receives an Order for the account of another Person shall submit the Order to NFX XL immediately through an Authorized Trader, or as soon as practicable, and in the sequence received. Unless a Customer instructs otherwise, if the Futures Participant cannot enter Orders received immediately into NFX XL, then the Futures Participant must (a) make a written record in non-erasable form of the Orders received and (b) submit the Orders received into the NFX XL in the sequence received once able to do so.

Section 11 Execution of Orders by NFX XL

(a) Except as described in Section (d), NFX XL matches Orders and Quotes in price priority with the highest bid or lowest offer for a Contract having priority over all other Orders and Quotes for the same Contract. When NFX XL has multiple Orders or Quotes for a contract at the highest bid or lowest offer, then

(1) Orders for Clearing Account Type "C" receive priority over Orders for any other Clearing Account Type; and among Orders for Clearing Account Type "C", the first such Order in time at a price has priority over all other such Orders at the same price; and

(2) Orders for Clearing Account Types "F" and "M" and Quotes at the same price participate in proportion to the Order or Quote quantity relative to the total quantity of all such Orders and Quotes at the same price.

(b) When NFX XL receives a Quote that locks (i.e., the highest bid equals the lowest offer) or crosses (i.e., the highest bid exceeds the lowest offer) the NFX XL Best Bid and Offer, NFX XL will first disseminate a new NFX XL Best Bid and Offer at either the locked price or the resting price crossed by the Quote, a counting period of one second will begin during which Market Makers whose quotations are locked or crossed may eliminate the locked or crossed market. If at the end of the one second counting period the quote remains locked or crossed, the locked or crossed quotations will be executed. Notwithstanding the counting period, Market Makers shall be obligated to execute orders at their disseminated quotation. The quote that is locked or crossed may be executed by an order during the one second counting period.

(c) When NFX XL receives an Order that locks or crosses the NFX XL Best Bid and Offer, NFX XL will first execute the Order at either the locked price or the resting price crossed by the Order, then calculate and disseminate a new NFX Best Bid and Offer.

(d) An electronic auction occurs on NFX XL when two or more Orders or Quotes for a Contract are submitted, modified, or cancelled virtually simultaneously that would lock or cross market. During an electronic auction, NFX XL determines the price at which the most Contracts will trade based on all Orders in the Order Book and Quotes in NFX XL, with each Order or Quote filled receiving its stated price or better. During an electronic auction, a trade may occur outside the last disseminated NFX Best Bid and Offer.

Section 12 Order Status, Change, or Cancellation

(a) All Orders submitted to NFX XL are firm and remain open until executed, changed, or cancelled. Except for Good 'Til Cancelled Orders, all open Orders in NFX XL automatically cancel at the close of each Trading Day.

(b) A Futures Participant may edit an Order's price, change its quantity, or change its Order instruction in accordance with Section 11, once the Order Book holds the Order. If the volume is reduced for an Order held in the Order Book, then the Order's position in the time-priority queue remains unchanged. Any other change to an Order is treated as a new Order for purposes of the time-priority queue. To increase the quantity of an Order, the Futures Participant may either submit to NFX XL a new Order for the incremental quantity increase or may enter a Cancel/Replace Order for the greater amount.

Section 13 Transaction Nullifications or Modifications

(a) The Exchange, in its sole discretion, may either nullify a transaction or adjust the execution price of a transaction in a Contract that (1) has taken place outside the nonreviewable range as

defined in the relevant Contract specifications and (2) which the Exchange determines has taken place at an unrepresentative price or when necessary to mitigate market disrupting events caused by malfunctions in its electronic trading platform or errors in orders submitted by Futures Participants.

(b) When determining whether to nullify a transaction the Exchange may consider one or more of the following factors:

- (1) the opening price levels of the Contract on the NFX XL;
- (2) the price movements in other Contract Months of the same Contract;
- (3) the current market conditions, including levels of activity and volatility;
- (4) the last trade price for the Contract;
- (5) the speed of execution;
- (6) the information regarding price movements in related markets, the release of economic data, or other relevant news immediately before or during the trading session;
- (7) an obvious error;
- (8) the proximity of the trade to the close of the market; and
- (9) the impact of the error transactions on other transactions.

(c) When nullifying a transaction pursuant to section(a), the Exchange will act as soon as practicable and will promptly notify the Authorized Trader Contacts for the Futures Participants submitting each side of the transaction of any nullification pursuant to this Rule by telephone or any other means that the Exchange deems appropriate.

(d) A Futures Participant that executes a transaction in a Contract in error, at an unrepresentative price which is outside the non-reviewable range specified in the relevant Contract specifications, may, within 10 minutes of the Order execution, contact the Exchange to seek to modify or nullify the transaction pursuant to section (a).

(e) Mutual Agreement. The determination as to whether a trade was automatically executed at an erroneous price may be made by mutual agreement of the affected parties to a particular transaction within ten (10) minutes of the order execution. A trade may be nullified or adjusted on the terms that all parties to a particular transaction agree. In the absence of mutual agreement by the parties, a particular trade may only be nullified or adjusted when the transaction results from an obvious error as provided in this Rule.

(f) The Exchange may, within its sole discretion, nullify or modify a transaction in a Contract if an error occurs as a result of a verifiable disruption or malfunction of NFX XL or its related communication or other systems.

(g) The Exchange will notify all Authorized Trader Contacts as soon as practicable (through means deemed appropriate by the Exchange) of (1) trades that the Exchange is investigating pursuant to this Rule and (2) trades that the Exchange has modified or nullified pursuant to this Rule.

(h) The Exchange's nullification or modification of transactions in Contracts pursuant to this Rule is final.

Section 14 Price Improvement

(a) A Futures Participant that obtains a better price executing a Customer Order must offer the entire price improvement to the Customer, subject to Section (b).

(b) A Futures Participant that executes a Customer Order for the wrong Contract Month or price, but otherwise executes the trade consistent with the Customer's instructions (1) may offset any loss suffered from the erroneous trade against any improvement achieved for the Customer on a properly executed Order and (2) must offer any net improvement received to the Customer.

(c) If a Futures Participant fails to timely submit a Customer Order, then upon discovery of the error the Futures Participant (1) may promptly seek to execute the Customer Order at the best obtainable price without obtaining new instructions from the Customer, but (2) must report any resulting trade to the Customer at the price actually executed and provide any price benefit to the Customer. If a Futures Participant fails to timely submit a Customer Order and does not upon discovery promptly seek to and execute the Customer Order, then the Futures Participant must (1) notify the Exchange and Customer of the error and (2) provide the Customer with a monetary adjustment equivalent to the price at which the Customer Order should have been executed.

(d) If provisions of this Section conflicts with any instructions of the Customer related to the Customer Order, then the instructions of the Customer prevail.

Section 15 Customer Order Error Correction Procedures

(a) Upon the request of a Futures Participant that failed to execute or made an error in executing or reporting a Customer Order ("Erring Futures Participant"), the Exchange may, in its sole discretion, permit the correction of the error to protect the interest of the Customer, as provided for in this Rule.

(b) To use the provisions of this Rule to correct an error in a Customer Order, the Erring Futures Participant must provide the Exchange with (1) a completed and signed error correction request form, (2) evidence that the Order reported to the Customer could have been reasonably executed on NFX XL, (3) the relevant completed Order ticket or similar record, and (4) any other evidence that the Exchange reasonably requests.

(c) If an Erring Futures Participant discovers an error in a transaction for a Customer in a Contract when the market is open, then the Erring Futures Participant may request the use of the provisions of this Rule if:

(1) the price reported to the Customer was worse than the actual transaction execution price, but the Customer declined the price improvement in whole or part,

(2) the price reported to the Customer was better than the actual transaction execution price, or

(3) the Customer Order was executed in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa) and if the Erring Futures Participant executed the original Customer Order at the current market price the Customer would receive a worse price than the price reported to the Customer.

(d) An Erring Futures Participant that discovers an error after the market has closed for the relevant Contract must comply with the price improvement provisions of Section 14(b) except that the Daily Settlement Price for the Contract serves as the reference price to determine whether the price reported to the Customer was better or worse than the current market price.

(e) If the Erring Futures Participant traded in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa), then the Erring Futures Participant need only offer the net improvement, if any, to the Customer as described in Section 14(b).

(f) If the Erring Futures Participant has not executed a trade or executed a trade in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa) and the current market price for the Order at the time the error is discovered is better than the price erroneously reported to the Customer, then the Erring Futures Participant must execute the Customer Order on NFX XL and may not use the provisions of this Rule.

Section 16 Trade Confirmations and Objections

The Exchange will promptly confirm each trade resulting from the electronic matching of bids and offers through NFX XL. If appropriate, upon receipt of a trade confirmation, the relevant Futures Participant must promptly object in writing to the Exchange; and under no circumstances will the Futures Participant object to any trade later than one hour after the close of trading for the relevant Contract on the applicable Trading Day.

Section 17 Establishment of Settlement Prices

The Exchange shall establish Daily and Final Settlement Prices at the times and using the methodology established by the Exchange as described in the Contract specifications. Such Daily Settlement Prices are subject to subsequent review and revision by the Clearing Corporation. The time set for determining the Daily Settlement Price or the Final Settlement Price need not coincide with the end of a Trading Day.

Section 18 Customer Margin

(a) General Rules:

(1) No Futures Participant shall effect a transaction or carry a Customer Account without obtaining margin at the times, in the amounts, and in the forms required by this Rule.

- (2) If a Futures Participant fails to obtain and maintain the required minimum margin deposits for a Customer Account pursuant to this Rule, the Exchange may require that the Futures Participant immediately liquidate all or part of the positions in the Customer Account to decrease or eliminate the margin deficiency.
- (3) Nothing in this Rule prevents the Exchange, the Clearing Corporation, a Futures Participant from imposing margin rates or requirements on a Customer that are higher or more stringent than the rates or requirements imposed by this Rule.
- (4) Terms used in this Rule, but not otherwise defined by these Rules, have the meaning set forth in the Joint Audit Committee's Margins Handbook. In addition, a Futures Participant must follow the procedures specified in the Joint Audit Committee's Margins Handbook for the computation, issuance, collection, and offsets for margin calls and corresponding capital charges for the Futures Participant unless the Manual is inconsistent with these Rules, in which case these Rules prevail.

(b) Rates and Requirements:

- (1) The Clearing Corporation, pursuant to Commission Rule 39.13, shall determine the rates to be used to derive customer initial margin requirements for any Contract.
- (2) The Exchange will publish the minimum initial and maintenance margin requirements for each Contract, which shall be no less than that established by the Clearing Corporation.
- (3) Any changes in Contract margin requirements will apply to both new and existing Contracts in a customer's account. The Exchange may, within its discretion, establish different maintenance margin rates or requirements for different types of accounts. The term "customer initial margin" has the meaning set forth in Commission Rule 1.3.

(c) Account Administration, Classification, and Aggregation:

- (1) Omnibus Accounts: A Futures Participant must calculate margin requirements for an omnibus account (whether domestic or foreign) on a gross basis and in accordance with the rules of the Clearing Corporation, if a Clearing Member. However, a Futures Participant may impose maintenance margin rates for positions in the omnibus account and need not impose the initial margin rates. To use spread or hedge margin rates, a Futures Participant must obtain a written representation from the omnibus account identifying the positions within the account that are spreads or bona fide hedges, and if a Clearing Member, comply with the rules of the Clearing Corporation.
- (2) Bona Fide Hedge Accounts: For bona fide hedging transactions and positions as defined by Commission regulation 1.3(z)(1), a Futures Participant may impose maintenance margin rates for the transactions and positions and need not impose the initial margin rates if the Futures Participant has a reasonable basis to believe, and the Customer represents in writing that, the transactions or positions are for bona fide hedging.

(3) Aggregation:

(i) When determining margin rates, margin calls, and the release of margin deposits, a Futures Participant may aggregate identically-owned accounts within the same regulatory account classification of Customer segregated, Customer secured, and non-segregated, provided however a Clearing Member may only aggregate identically-owned accounts for purposes of determining margin requirements, margin calls and releases in compliance with the rules of the Clearing Corporation.

(ii) To satisfy a margin deficiency, a Futures Participant may not apply available free funds from an identically-owned account that has a different regulatory account classification. Instead, the Futures Participant must transfer the free funds from one identically-owned account in one regulatory account classification to another identically-owned account with a different regulatory account classification that is undermargined, provided however a Clearing Member may not apply free funds in a manner inconsistent with the rules of the Clearing Corporation.

(iii) Except for omnibus accounts, a Futures Participant may calculate margin requirements on a net basis for concurrent long and short positions in identically-owned accounts within the same regulatory account classification, provided however a Clearing Member must calculate margin requirements in compliance with the rules of the Clearing Member.

(4) Extension of Credit: No Futures Participant shall extend or maintain credit to or for a Customer to evade or circumvent any requirements of this Rule. A Futures Participant may extend or maintain (or arrange for the extension or maintenance of) credit to or for a Customer to meet the margin requirements of this Rule only if the credit or loan is secured as defined by Commission regulation 1.17(c)(3) and the proceeds are treated by the Futures Participant in accordance with Commission regulation 1.30.

(d) Type, Form, and Value of Margin Deposits:

(1) A Futures Participant must only accept the following assets, securities, or instruments as margin deposits, which must be and remain unencumbered by third party claims:

(i) U.S. dollars and foreign currencies,

(ii) U.S. government treasury and agency securities,

(iii) municipal securities,

(iv) readily marketable securities (which means securities traded on a "ready market" as defined by Securities and Exchange Commission rule 15c3-1(c)(11)),

(v) money market mutual funds that meet the requirements of Commission regulation 1.25 (other than securities issued by the Customer or an affiliate of the Customer), and/or

(vi) irrevocable letters of credit in a form, and issued by banks or trust companies, approved by the Clearing Corporation (other than letters of credit issued by the Customer or an affiliate of the Customer).

(2) Notwithstanding paragraph (1), the rules of the Clearing Corporation may limit acceptable margin deposits.

(3) If a Futures Participant accepts securities identified in this Rule as margin deposits, then the Futures Participant must value the securities at no greater than the current market value of the securities less any deductions specified by Securities and Exchange Commission rule 15c3-1.

(4) A Futures Participant must not consider any guarantee of a Customer Account when determining whether required margin in that account is satisfied.

(e) Margin Calls and Liquidation:

(1) Once additional margin deposits are required pursuant to this Rule or a Rule of the Clearing Corporation, as applicable, a Futures Participant must call for the additional margin as promptly as possible and in any event not more than one business day after the event giving rise to the call. Once the Futures Participant calls for the additional margin, the Futures Participant must collect the full amount of the required additional margin from a Customer as promptly as possible and in any event within a reasonable time. In a margin call, a Futures Participant must require that a Customer deposit additional margin so that the Customer's account at least meets the minimum initial margin requirement (i) when the margin equity in the account initially falls below the minimum maintenance margin requirements and (ii) subsequently when the margin equity plus existing margin calls on the account are less than the minimum maintenance margin requirements.

(2) After a margin call is made by a Futures Participant but before the Customer makes the required additional margin deposit, the Futures Participant may only accept an Order from the Customer to establish a new position if the Futures Participant reasonably believes that the Customer will meet the outstanding margin call within a reasonable time. If a margin call to a Customer is outstanding for an unreasonable time, a Futures Participant may only accept Orders from the Customer that will reduce the Customer's margin requirements.

(3) After a margin call is made by a Futures Participant, if the Customer fails to deposit the required additional margin deposit within a reasonable time, the Futures Participant may, but is not required to, liquidate all or a portion of the Customer's positions to restore the Customer's account to a properly margined level. However, the inability of a Futures Participant to liquidate all or a portion of the Customer's positions before the account equity results in a debit or deficit balance does not affect any liability of the Customer to the Futures Participant.

(4) A Futures Participant must make and retain a written record of the date, time, amount, and other relevant information for all margin calls made (whether made by telephone, in writing, or by other means) as well as margin calls reduced, satisfied, or relieved.

(5) A Futures Participant that liquidates all or a portion of the Customer's positions pursuant to this Rule is not deemed to have extended credit or made a loan to the Customer in violation of this Rule.

(f) Release of Margin: A Futures Participant may only release free funds in connection with a Customer Account if after release the Customer Account has at least free funds at the initial margin requirement level, provided however that a Clearing Member may not release free funds except in compliance with the Rules of the Clearing Corporation.

Section 19 Market Maker Obligations

(a) The Exchange may from time to time approve such number of Futures Participant as Market Makers and allocate to such Market Makers such number and types of Contracts, as it may deem necessary or appropriate. Any and all such approvals or allocations may be reviewed, conditioned or terminated at any time in accordance with this Rule.

(b) A Futures Participant desiring to act as a Market Maker shall file an application with the Exchange in such form as the Exchange may from time to time prescribe. Market Makers shall be selected by the Exchange from among the applications from time to time on file with the Exchange, based on the Exchange's judgment as to which applicant or applicants is or are most qualified to perform the functions of a Market Maker. Factors to be considered in making such selection may include, but are not limited to, any one or more of the following:

(i) the adequacy of each applicant's capital;

(ii) each applicant's operational capacity;

(iii) the trading experience of, and observance of generally accepted standards of conduct by, each applicant, in particular the individual or individuals who would represent such applicant in its capacity as a Market Maker (each, a "Market Maker Designee");

(iv) the number and experience of support personnel of each applicant who will be performing functions related to its Market Maker business;

(v) if applicable, the regulatory history of, and history of adherence to the Rules of the Exchange, rules of other self-regulatory organizations and applicable law by, each applicant, in particular its Market Maker Designees;

(vi) the willingness and ability of each applicant to promote the Exchange as the marketplace of choice;

(vii) the market performance commitments of each applicant; and

(viii) if applicable, any performance evaluations conducted pursuant to the Rules of the Exchange or rules of other self-regulatory organizations.

(c) In approving any applicant as a Market Maker, the Exchange may place one or more conditions or limitations on the approval, including but not limited to conditions concerning the capital, operations or personnel of such applicant, satisfaction of market performance commitments or benchmarks by such applicant, and the number or types of Contracts which may be allocated to such applicant. Unless earlier terminated pursuant to subsection (d) below, approval to act as a Market Maker shall be for a one year period, after which the Futures Participant may once again request approval to be a Market Maker pursuant to this rule for another year. There shall be no limit to the number of one year periods for which a Futures Participant may request approval to act as a Market Maker.

(d) Each Futures Participant approved as a Market Maker shall retain such status for a one year period or until it resigns as a Market Maker and the Exchange relieves such Market Maker of its obligations to act as Market Maker, or the Exchange suspends or terminates such Market Maker's status.

(e) In allocating Contracts to Market Makers approved in accordance with the above, the Exchange may: (i) consider any relevant information, including but not limited to performance, volume, capacity, market performance commitments, operational factors, efficiency, competitiveness and recommendations of committees of the Board or of the Exchange; (ii) place one or more conditions or limitations of the type specified in paragraph (c) above on the approval; or (iii) allocate any Contract to more than one Market Maker, such that the different Market Makers serve at the same time but with respect to different contract months or in different time zones, or such that each of the Market Makers serves as the Market Maker for such Contract on a rotating basis.

(f) No Market Maker may sell, transfer or assign any of its rights or obligations as a Market Maker (including but not limited to its allocation of any Contracts by virtue of its status as a Market Maker) without the prior written approval of such sale, transfer or assignment (including but not limited to the approval of the Person to which such rights, obligations or allocation are intended to be sold, transferred or assigned) by the Exchange. Any purported sale, transfer or assignment in violation of the foregoing sentence shall be void from the outset. For purposes of this paragraph (f), the following transactions shall be deemed to constitute a transfer of a Market Maker's rights or obligations:

(i) Any sale, transfer or assignment of five percent of the equity or profits or losses of a Market Maker (or any series of smaller changes that in the aggregate amount to a change of at least such percentage); provided that any sale, transfer or assignment of an interest of less than such percentage may be found by the Exchange to constitute a transfer of a Market Maker's rights or obligations if the particular facts and circumstances warrant such a determination;

(ii) Any change in, or transfer of, control of a Market Maker; and

(iii) Any merger, sale of assets or other business combination or reorganization involving a Market Maker.

(g) The Exchange may from time to time evaluate a Market Maker's performance with respect to, among other things, one or more of the following: quality of markets, market share (taking into account all contracts similar to the relevant Contract or Contracts), administrative factors and observance of ethical standards. In this connection, the Exchange may consider any relevant information, including but not limited to market share and trading data, a Market Maker's regulatory history and such other factors and data as may be pertinent under the circumstances.

(h) The Exchange may terminate, place conditions upon or otherwise limit a Futures Participant approval to act as a Market Maker or a Market Maker's allocation of Contracts, under any one or more of the following circumstances:

(i) if the Exchange finds in connection with an evaluation under paragraph (g) above that such Futures Participant's performance as a Market Maker has been unsatisfactory;

(ii) if such Futures Participant becomes subject to a material financial, operational or personnel change;

(iii) if such Futures Participant fails to comply with any conditions previously placed upon its approval as a Market Maker or its allocation of Contracts or perform its obligations; or

(iv) if for any reason such Futures Participant is no longer eligible for approval as a Market Maker or to be allocated a particular number or type of Contracts.

(i) Each applicant for approval as a Market Maker pursuant to the above shall be given an opportunity to present any matter which it wishes the Exchange to consider in conjunction with the application. Prior to taking any remedial action against a Market Maker pursuant to the above, such Market Maker shall be given notice thereof and an opportunity to present any matter which it wishes the Exchange to consider in determining whether to take such action. The Exchange may require that any presentation under this paragraph be made partially or entirely in writing, and may require the submission of additional information from any Person wishing to make a presentation under this paragraph. Formal rules of evidence shall not apply to any proceeding involving such a presentation. Notwithstanding the foregoing, the Exchange shall have the authority to immediately terminate, condition or otherwise limit a Futures Participant approval to act as a Market Maker in accordance with the above, without prior notice or opportunity to make a presentation under this paragraph, if the financial, operational or personnel change in question warrants such action.

(j) Market Makers shall have no obligation to quote. However, when and if they are quoting gold futures contracts for which they are approved Market Makers they are required to submit a two-sided market.

Section 20 Quote Status, Change, or Cancellation and Submission

(a) Only Market Makers can submit Quotes and all Quotes submitted to NFX XL are firm and remain open until executed, changed, or cancelled. At the close of each Trading Day all Quotes automatically cancel.

(b) A Market Maker may change or cancel a Quote at any time prior to a match with another Quote or Order through the NFX XL.

(c) Each Quote entered into NFX XL shall include the following information:

- (1) Futures Participant ID;
- (2) Contract and Contract Month;
- (3) buy or sell;
- (4) price; and
- (5) quantity.

(d) A Futures Participant submitting Quotes must comply with the requirements of Commission rule 1.35(a).

Section 21 Automated Order-Routing Systems

(a) If any Futures Participant provides any Customer, other Futures Participant, or any other Person access to an electronic or automated order-routing system that enables the submitting of Orders to the NFX XL through the Futures Participant's system, then the Futures Participant must:

- (1) adopt and enforce written procedures reasonably designed to protect the reliability and confidentiality of Customer Orders and Customer Account information at all points during the order-routing process, and assign responsibility for overseeing the process to individuals who understand how the order-routing process works and who are capable of evaluating whether the process complies with relevant procedures;
- (2) adopt and enforce written procedures reasonably designed to maintain adequate personnel and facilities for the timely and efficient delivery of Customer Orders and reporting of executions, and to timely handle Customer complaints about Order delivery and reporting;
- (3) adopt and enforce written procedures reasonably designed to prevent the order-routing system from being used to create undue financial risks for Futures Participant or its other Customers, including the Futures Participant's use of pre-trade risk limits or controls;
- (4) reasonably ensure that the order-routing system has adequate operational capacity and that the operational capacity is consistent with the representations made by the Futures Participant to Customers, other Futures Participants, and other Persons; and
- (5) ensure that the order-routing system complies with all applicable Rules of the Exchange, provisions of the Act, Commission regulations and registration requirements, and rules of the National Futures Association, including, without limitation, maintenance of an audit

trail of all Order information in compliance with the requirements of Commission regulation 1.35.

(b) A Futures Participant is fully responsible for all Orders submitted directly to NFX XL through its electronic or automated order-routing system as if the Futures Participant had placed each Order itself.

Section 22 Average Price Transactions

A Futures Participant that is a registered as a futures commission merchant may confirm for a Customer Account an average price when multiple execution prices are received on an Order or series of Orders if all the following requirements are met:

(a) The Customer has requested average price reporting and has received appropriate disclosure of the method used to calculate the average price.

(b) Each Order is, or series of Orders are, for the same Customer Account or group of Customer Accounts.

(c) Each Order is, or series of Orders are, for the same Contract, Contract Month, market direction (i.e., purchase or sale), and Order instructions pursuant to Section 10.

(d) Each individual trade is submitted to, and cleared by, the Clearing Corporation at the price executed.

(e) The Futures Participant calculates and confirms the weighted average mathematical price by (1) multiplying the number of contracts purchased or sold at each execution price by that price; (2) adding the results together; and (3) dividing the sum by the total number of contracts. For a series of Orders, the Futures Participant may compute the average price based on each Order in the series. The Futures Participant may confirm to the Customer either the actual average price or an average price rounded up for a buy Order, or rounded down for a sell Order, to the nearest price increment.

(f) The applicable confirmation and monthly account statement provided to each relevant Customer indicates that the price represents an average price.

(g) The Futures Participant does not average its proprietary trades with Customer trades that are subject to average price calculations.

(h) The Futures Participant creates and maintains records (in accordance to Commission regulation 1.31) to support its average price calculations pursuant to this Rule and the allocations into Customer Accounts and makes those records available for inspection by the relevant Customers upon request.

Section 23 Pre-Negotiated Business and Cross Transactions

(a) Except as otherwise provided for in Section 25, a Futures Participant may only execute Cross Transactions or seek to match an Order through pre-negotiation with itself or with its other Customers in accordance with this Rule.

(b) When pre-negotiating and executing a Cross Transaction for a Customer, a Futures Participant must (1) obtain a prior written consent from the Customer which is either a generic or transaction specific consent and (2) act with due skill, care, and diligence, and ensure that the Customer's interests are not prejudiced.

(c) When submitting a Cross Transaction to the NFX XL through this Rule, if only one side of the transaction is a Customer Order, then the Futures Participant must submit the Customer Order first to NFX XL.

(d) A Futures Participant may enter Orders matched through pre-negotiation immediately into the NFX XL if, at the time of entry, a bid and an offer exists for the relevant Contract Month in the NFX XL. Because both Orders submitted pursuant to this Rule are exposed to the market, NFX XL may not necessarily match the two Orders.

(e) If a bid and an offer for a Contract Month does not exist in the NFX XL, then before submitting Orders in the relevant Contract Month that have been pre-negotiated, a Futures Participant must (1) submit one Order (in compliance with Section (c), if applicable), (2) wait four seconds, and (3) submit the second Order for the relevant Contract Month. Because both Orders submitted pursuant to this Rule are exposed to the market, NFX XL may not necessarily match the two Orders.

(f) A Person must not enter a bid and/or an offer into NFX XL in an attempt to circumvent the requirements of this Section.

Section 24 Bunched Orders

(a) For post-execution allocation of a Bunched Order, a Futures Participant acting as an Eligible Account Manager (as defined by Commission regulation 1.35(a-1)(5)(i)(A-D), need not provide, at the time of either Order entry or report of Order execution, specific Customer Account identifiers for accounts included in a Bunched Order, if the Futures Participant complies with the requirements of Commission regulation 1.35(a-1)(5)(i)-(iv), as applicable.

(b) A Futures Participant that executes Bunched Orders or carries accounts eligible for post-execution allocation of Bunched Orders must maintain records that, as applicable, identify each Bunched Order subject to post-execution allocation and the accounts to which Contracts executed for the Bunched Order were allocated, as required by Commission regulation 1.35(a-1)(5)(iv)(C).

Section 25 Block Trades

(a) A Futures Participant may only negotiate and execute Block Trades in Contracts on the Exchange but outside the NFX XL if all the requirements are met related to (1) hours of trading (Section (b)), (2) minimum quantity (Section (c)), (3) eligible parties (Section (d)), (4) fair pricing (Section (e)), and (5) timely recording and submission of information (Rule Section (f)).

(b) Subject to Sections 26 and 31, a Block Trade may be negotiated and reported to the Exchange at any time during the trading hours on a Trading Day for the applicable Contract except for the last 15 minutes before the close of trading.

(c) A Block Trade may only be executed in a Contract designated as eligible for block trading in the relevant Contract specifications and must meet or exceed the minimum quantity threshold set forth in the Contract specifications. For purposes of meeting the minimum quantity thresholds, a Futures Participant must not aggregate separate Customer Orders, except that an adviser (as defined in Section (h)) with discretion over multiple Customer Accounts may aggregate multiple Customer Orders to meet the minimum quantity threshold for a Block Trade.

(d) Each party to a Block Trade must qualify as an "Eligible Contract Participant" (as defined in Section 1a(12) of the Act). An adviser (as defined in Section (h)) with discretion over multiple Customer Accounts may enter into a Block Trade on behalf of its Customers but only if each of those Customers is an Eligible Contract Participant. For Block Trades negotiated or executed on behalf of a Customer Account, the Futures Participant must obtain from the Customer prior written approval to execute Block Trades, which either provides general or Order specific consent.

(e) When negotiating or executing a Block Trade, a Futures Participant must ensure that the price quoted represents a fair price for the Block Trade (i.e., the price that the Futures Participant considers the best available for a transaction of that size and type). When determining a fair price for a Block Trade, a Futures Participant should consider the prevailing price and volume currently available through the NFX XL, the prices and sizes of transactions in other relevant markets at the relevant time, and general market conditions.

(f) In addition to the requirements of Sections 9(b) and (c), for a Block Trade each Futures Participant shall record on an Order ticket the identity of the individual arranging the Block Trade and time stamp the Order when negotiation ends. Unless a different time period is designated by the Exchange and posted on the Exchange's website:

(1) for Block Trades negotiated during the trading hours of a Trading Day promptly but no later than 15 minutes after negotiations end for the Block Trade (i) the Futures Participant on the selling side of the Block Trade must obtain from the Exchange a trade authorization identification number and provide that trade authorization identification number to the Futures Participant on the buying side of the Block Trade and (ii) each Futures Participant must submit to the Exchange a completed Block Trade request form.

(2) for Block Trades negotiated at times other than the trading hours of a Trading Day, promptly but no later than 45 minutes before the next open of trading on a Trading Day (i)

the Futures Participant on the selling side of the Block Trade must obtain from the Exchange a trade authorization identification number and provide that trade authorization identification number to the Futures Participant on the buying side of the Block Trade and (ii) each Futures Participant must submit to the Exchange a completed Block Trade request form.

(g) Upon receipt of the applicable Block Trading request forms, the Exchange will review the information received for the proposed Block Trade. If the market for the relevant Contract is open when the Exchange receives the Block Trade request forms and the Block Trade appears to satisfy the requirements of this Section, then the Exchange will immediately disseminate information concerning the Block Trade through the NFX XL. If the market for the relevant Contract is closed when the Exchange receives the Block Trade request forms and the Block Trade appears to satisfy the requirements of this Section, then the Exchange will disseminate information concerning the Block Trade through the NFX XL prior to the market open on the next Trading Day for the relevant Contract. The Exchange will disseminate the following information concerning Block Trades through NFX XL: the Contract with a designation denoting that the transaction was a Block Trade, the Contract Month, price, and quantity. The Exchange will not consider Block Trades in calculating either the relevant Daily Settlement Prices or the range of daily prices and the Exchange will report Block Trades separately for purposes of calculating trading volume.

(h) For purposes of Sections (c) and (d) an adviser means any of the following:

- (1) a commodity trading adviser registered under the Act (or exempt from registration),
- (2) an investment adviser registered as such with the Securities and Exchange Commission (or exempt from registration under the Investment Advisers Act of 1940) that is exempt from regulation under the Act and Commission regulations thereunder, or
- (3) any Person authorized to perform functions similar or equivalent to those of a commodity trading adviser in any jurisdiction outside the United States that has total assets under management exceeding \$25 million.

Section 26 Trading Restrictions and Suspensions

(a) The President or his delegate is authorized at any time to restrict or suspend trading in any Contract if he believes that the restriction or suspension is necessary or appropriate to preserve market integrity, maintain fair and orderly trading, or otherwise further the public interest or for the protection of investors.

(b) Any trading restrictions or suspensions imposed pursuant to Section (a) may include without limitation:

- (1) a change in the closing time and/or the time for determining the Daily Settlement Prices for that Trading Day; and/or

(2) a setting of Daily Settlement Prices by the President or his delegate based on the following:

(i) the mid-point of PBOT Best Bid and Offer for the Contract Month immediately before the restriction or suspension;

(ii) if the mid-point of the PBOT Best Bid and Offer appears unrepresentative of fair market value, then the PBOT Best Bid and Offer will be adjusted by the last representative basis differential; or

(iii) any other methodology deemed appropriate by the President or his delegate under the circumstances.

(c) The President or his delegate may lift a trading restriction or suspension imposed by this Rule if the President or his delegate believes that trading can resume on a fair and orderly basis and the public interest is served.

(d) No trading restriction or suspension imposed under this Rule shall continue for more than two business days (or as soon thereafter as a quorum of the Board can be assembled) unless the Board approves of the continuation of the restriction or suspension.

(e) Any trading restrictions or suspensions imposed under this Rule will be posted on the Exchange's website. The Exchange will document its decision-making process and the reasons for using its authority under this Rule, and consult with Commission staff as necessary and appropriate.

Section 27 Position Limits and Position Accountability

(a) 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 set forth in the Contract specifications for that 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.

(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 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) (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 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.

Section 28 Exchange for Related Positions

The following transactions shall be permitted by arrangement between parties in accordance with the requirements of this rule:

Exchange for Physical ("EFP") - A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding cash position.

Exchange for Risk ("EFR") - A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument.

Exchange of Options for Options ("EOO") - A privately negotiated and simultaneous exchange of an Exchange option position for a corresponding OTC option position or other OTC instrument with similar characteristics.

For purposes of this rule, an EFP, EFR or EOO shall be referred to as an Exchange for Related Position ("EFRP"). All contracts listed on the Exchange shall be eligible for EFRP transactions.

(a) Nature of an EFRP

An EFRP consists of two discrete but related simultaneous transactions. One party to the EFRP must be the buyer of (or the holder of the long market exposure associated with) the related position and the seller of the corresponding Exchange contract. The other party to the EFRP must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Exchange contract.

However, a Futures Participant may facilitate, as principal, the related position on behalf of a customer, provided that the Futures Participant can demonstrate that the related position was passed through to the customer who received the Exchange contract position as part of the EFRP.

(b) Related Positions

The related position (cash, OTC swap, OTC option, or other OTC derivative) must involve the commodity underlying the Exchange contract, or must be a derivative, by-product, or related product of such commodity that has a reasonable degree of price correlation to the commodity underlying the Exchange contract.

(c) Quantity

The quantity covered by the related position must be approximately equivalent to the quantity covered by the Exchange contracts.

(d) Prices and Price Increments

An EFRP transaction may be entered into in accordance with the applicable price increments or option premium increments set forth in the rules governing the pertinent Exchange contracts, at such prices as are mutually agreed upon by the two parties to the transaction.

(e) Date and Time of Transaction

The date and the time of execution of all EFP transactions must be denoted on the record of the transaction.

(f) Termination of Trading in Exchange Contracts

EFRP transactions may be permitted after termination of trading in expiring Exchange contracts, as prescribed in the applicable rules governing such Exchange contracts. Such transactions shall not establish new positions.

(g) Identification and Submission to the Clearing House

Each EFRP transaction shall be designated as such and shall be cleared through the Clearinghouse. Each such transaction shall be submitted to the Exchange within the time period and in the manner specified by the Exchange. Futures Participants are responsible for exercising due diligence as to the bona fide nature of EFRP transactions submitted on behalf of customers.

(h) Documentation

Parties to any EFRP transaction must maintain all documents relevant to the Exchange contract and the cash, OTC swap, OTC option, or other OTC derivatives, including all documents customarily generated in accordance with relevant market practices and any documents reflecting payment and transfer of title. Any such documents must be provided to the Exchange upon request, and it shall be the responsibility of the carrying Clearing Futures Participant to provide such requested documentation on a timely basis.

(i) Account Requirements

The accounts involved in the execution of an EFRP transaction must be (i) independently controlled accounts with different beneficial ownership; or (ii) independently controlled accounts of separate legal entities with the same beneficial ownership, provided that the account controllers operate in separate business units; or (iii) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or (iv) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial ownership.

(j) However, on or after the first day on which delivery notices can be tendered in a physically delivered Exchange futures contract, an EFRP transaction may not be executed for the purpose of offsetting concurrent long and short positions in the expiring Exchange futures contract when the accounts involved in such transaction are owned by the same legal entity and when the date of the Exchange futures position being offset is not the same as the date of the offsetting transaction.

Section 29 Transfers of Positions

(a) A Clearing Futures Participant may transfer a position on its books to:

- (1) correct errors in an existing Contract, provided that the original trade documentation confirms the error;
- (2) transfer an existing Contract from one account to another within the same Futures Participant where no change in ownership is involved;
- (3) transfer an existing Contract from one Clearing Futures Participant to another Clearing Futures Participant where no change in ownership occurs; or
- (4) transfer an existing Contract through operation of law from death or bankruptcy.

(b) Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for an association, limited liability company, partnership, trust, corporation, or other entity.

(c) Clearing Futures Participants must transfer positions pursuant to this Rule at the same prices that appear on the books of the transferring Clearing Futures Participant, and the transfer must indicate the date when the original trade was made. Each Clearing Futures Participant that is a party to a transfer of positions must make and retain records stating the nature of the transaction, the name of the counter-party Clearing Futures Participant, and any other information required by the Clearing Corporation.

Section 30 Risk Controls

(a) The Exchange shall not accept orders to buy into its trading system with a limit price more than 10% above the current exchange best offer of the relevant product. The Exchange shall not accept orders to sell into its trading system with a limit price more than 10% below the current exchange best bid of the relevant product.

(b) The Exchange shall not accept orders into the system that are greater than 1,000 contracts.

(c) Orders that are outside the parameters set forth in this rule will be rejected.

Section 31 Regulatory Trading Halts

The Exchange shall halt trading of broad-based index futures Contracts at any time that circuit breaker procedures are in place to halt or suspend trading in all equity securities trading on a national securities exchange or national securities association. After the triggering of circuit breaker procedures, the Exchange will resume trading of broad-based index futures Contracts only after trading has resumed in equity securities traded on a national securities exchange or national securities association.

Section 32 Restrictions on Message Traffic

At any time, the Exchange may, in its sole discretion, restrict the electronic transmissions or submissions to the NFX XL by Futures Participants of Quotes, Orders, modifications or cancellations of Quotes or Orders, trade reports, and other messages or vice versa ("Message Traffic") to safeguard the operations or integrity of NFX XL or to preserve market integrity, fair and orderly trading, or the public interest or for the protection of investors.

Section 33 Proprietary Nature of Market Data

All Futures Participants, Authorized Traders and all employees, agents, vendors, and other Persons affiliated with the foregoing:

(a) understand and acknowledge that the Exchange has a proprietary interest in Market Data, the PBOT Best Bid and Offer, and all related trade data and settlement prices relating to all Contracts traded through NFX XL and the Exchange;

(b) agree not to take any action contrary or detrimental to the Exchange's interest and to take reasonable measures to ensure that no such action is taken by any Person affiliated with them.

Section 34 Limitation of Liability For NFX XL

(a) Except for any party found to have engaged in willful or wanton misconduct, neither the Exchange (which for purposes of this Section includes its parents, subsidiaries and affiliates), its Futures Participants or Clearing Futures Participants, nor any of its or their respective officers, directors, employees, or agents shall be liable to any Person (including, but not limited to, a Customer) for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, direct, indirect, incidental or consequential damages) arising from (1) any failure or malfunction of NFX XL or the Clearing Corporation or any Exchange services or facilities used to support NFX XL including but not limited to any user interface or any inability to enter or cancel Orders (the "NFX XL Complex"), or (2) any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause, in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the NFX XL Complex. The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing shall not limit the liability of any Futures Participant, Clearing Futures Participant, or any of their respective officers, directors or employees for any act, incident, or occurrence within their control. For purposes of this Section, the "NFX XL Complex" shall include any exchange facilities or services used to support block trades and exchange of futures for related positions pursuant to Sections 25 and 28.

(b) No express or implied warranties or representations regarding the NFX XL Complex are provided by the Exchange, including, but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

(c) Any dispute arising from the use of NFX XL or the Clearing Corporation in which the Exchange or any of its or their respective officers, directors, employees or agents is a party shall be construed and enforced in accordance with the laws of the State of Pennsylvania, without reference to that State's choice of law principles. Any actions, suits, or proceedings against any of the above must be brought within two years from the time that a cause of action has accrued, and any party bringing such action consents to the exclusive jurisdiction of the U.S. District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Philadelphia County, Pennsylvania, and waives any objection to venue and any right to trial by jury.

(d) This provision shall in no way create a cause of action and shall not authorize an action that would otherwise be prohibited by the Rules of the Exchange.

Section 35 Business Continuity

Futures Participants shall take appropriate actions as instructed by the Exchange to accommodate the Exchange's business continuity-disaster recovery plans and shall connect to the Exchange's

disaster recovery site and participate in Exchange and industry business continuity-disaster recovery testing as and to the extent required by the Exchange.

Section 36 Limitation of Liability For IDEX XT

(a) Except for any party found to have engaged in willful or wanton misconduct, neither the Exchange (which for purposes of this Rule includes its parents, subsidiaries and affiliates), its Members or Clearing Members, the Clearinghouse, International Derivatives Clearing Group LLC, NASDAQ OMX, nor any of its or their respective officers, directors, employees, or agents shall be liable to any Person (including, but not limited to, a Customer) for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, direct, indirect, incidental or consequential damages) arising from (1) any failure or malfunction of IDEX XT, the IDEX SwapDrop Portal or the Clearinghouse or any Exchange services or facilities used to support IDEX XT or the IDEX SwapDrop Portal including but not limited to any user interface or any inability to enter or cancel Orders or report transactions (the "IDEX XT Complex"), or (2) any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause, in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the IDEX XT Complex. The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing shall not limit the liability of any Member, Member Organization, Clearing Member, or any of their respective officers, directors or employees for any act, incident, or occurrence within their control. For purposes of this Rule, the "IDEX XT Complex" shall include any exchange facilities or services used to support exchange of futures for swaps transactions pursuant to former Rule F23 and Rule F7.

(b) No express or implied warranties or representations regarding the IDEX XT Complex are provided by the Exchange or the IDCG, including, but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

(c) Any dispute arising from the use of IDEX XT Complex or the Clearinghouse in which the Exchange, the Clearinghouse or any of its or their respective officers, directors, employees or agents is a party shall be construed and enforced in accordance with the laws of the State of Pennsylvania, without reference to that State's choice of law principles. Any actions, suits, or proceedings against any of the above must be brought within two years from the time that a cause of action has accrued, and any party bringing such action consents to the exclusive jurisdiction of the U.S. District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Philadelphia County, Pennsylvania, and waives any objection to venue and any right to trial by jury.

(d) This provision shall in no way create a cause of action and shall not authorize an action that would otherwise be prohibited by the Rules of the Exchange.

[Section 9 Clearing Arrangements

(a) No Futures Participant shall submit an Order or a Quote to NFX XL or accept the transfer of a Contract unless the Futures Participant is either a Clearing Futures Participant or a Non-

Clearing Futures Participant guaranteed by a Clearing Futures Participant pursuant to this Rule for that Contract.

(b) A designated Clearing Futures Participant is authorized by the Exchange to clear, carry, and guarantee specified Contracts for itself, its Customers, and Non-Clearing Futures Participants. To become a Clearing Futures Participant a Futures Participant must (1) apply to a Clearing Corporation and the Exchange, (2) satisfy the criteria established by the Clearing Corporation and the Exchange for Clearing Futures Participants, and (3) submit to the Exchange confirmation from the Clearing Corporation that the Futures Participant is a member of the Clearing Corporation.

(c) To maintain its Clearing Futures Participant designation under Section 9(b), the Clearing Futures Participant must at all times continue to satisfy all criteria established by the Clearing Corporation and the Exchange for designation as a Clearing Futures Participant for specified Contracts.

(d) A Clearing Futures Participant must provide the Exchange with a copy of each written agreement guaranteeing the performance of the Non-Clearing Futures Participant with respect to a Contract (referred to in Section 9(d), (e), and (f) as a "Guarantee"). For purposes of this Rule Section 9(d), a Guarantee (1) guarantees and indemnifies the performance for the Contracts governed by the Guarantee; (2) remains in effect until terminated pursuant to Section 9(e) notwithstanding any change to the Rules, the terms of any Contract, or the composition of any partnership (including, but not limited to, the death, retirement, admission or withdrawal of a partner); (3) applies to defaults by the Non-Clearing Futures Participant on any obligation related to a Contract or other claims governed by the Guarantee; and (4) supplements, but does not substitute, any other agreement whereby the Clearing Futures Participant guarantees or indemnifies the Non-Clearing Futures Participant.

(e) To terminate a Guarantee, either party to the Guarantee (the Clearing Futures Participant or Non-Clearing Futures Participant) must immediately notify the Exchange of the termination of the Guarantee using the form, providing the information, and following the procedures established by the Exchange. Upon receipt of a request for termination of a Guarantee, the Exchange will act as promptly as required by the circumstances. A Guarantee remains in effect until the Exchange authorizes its termination and notifies both parties. Notwithstanding the termination of the Guarantee, the Clearing Futures Participant remains bound by the Guarantee for all Contracts governed by the Guarantee entered into by the Non-Clearing Futures Participant before termination of the Guarantee, but is not bound for any Contract made by, or transferred to, the Non-Clearing Futures Participant after termination of the Guarantee.

(f) If a dispute arises between the Clearing Futures Participant and the Non-Clearing Futures Participant concerning whether a Contract was entered into or transferred before or after the termination of a Guarantee: (1) the Clearing Futures Participant has the burden to demonstrate that the Non-Clearing Futures Participant entered into the Contract after termination of the Guarantee and (2) the Exchange may, within its discretion, provide the Clearing Futures Participant and Non-Clearing Futures Participant with information regarding the time at which the Non-Clearing Futures Participant entered into or transferred a Contract.]

[Section 10 Market Makers and Liquidity Providers

(a) The Exchange may from time to time approve such number of Futures Participant as Market Makers and allocate to such Market Makers such number and types of Contracts, as it may deem necessary or appropriate. Any and all such approvals or allocations may be reviewed, conditioned or terminated at any time in accordance with this Rule.

(b) A Futures Participant desiring to act as a Market Maker shall file an application with the Exchange in such form as the Exchange may from time to time prescribe. Market Makers shall be selected by the Exchange from among the applications from time to time on file with the Exchange, based on the Exchange's judgment as to which applicant or applicants is or are most qualified to perform the functions of a Market Maker. Factors to be considered in making such selection may include, but are not limited to, any one or more of the following:

- (i) the adequacy of each applicant's capital;
- (ii) each applicant's operational capacity;
- (iii) the trading experience of, and observance of generally accepted standards of conduct by, each applicant, in particular the individual or individuals who would represent such applicant in its capacity as a Market Maker (each, a "Market Maker Designee");
- (iv) the number and experience of support personnel of each applicant who will be performing functions related to its Market Maker business;
- (v) if applicable, the regulatory history of, and history of adherence to the Rules of the Exchange, rules of other self-regulatory organizations and applicable law by, each applicant, in particular its Market Maker Designees;
- (vi) the willingness and ability of each applicant to promote the Exchange as the marketplace of choice;
- (vii) the market performance commitments of each applicant; and
- (viii) if applicable, any performance evaluations conducted pursuant to the Rules of the Exchange or rules of other self-regulatory organizations.

(c) In approving any applicant as a Market Maker, the Exchange may place one or more conditions or limitations on the approval, including but not limited to conditions concerning the capital, operations or personnel of such applicant, satisfaction of market performance commitments or benchmarks by such applicant, and the number or types of Contracts which may be allocated to such applicant. Unless earlier terminated pursuant to subsection (d) below, approval to act as a Market Maker shall be for a one year period, after which the Futures Participant may once again request approval to be a Market Maker pursuant to this rule for another year. There shall be no limit to the number of one year periods for which a Futures Participant may request approval to act as a Market Maker.

(d) Each Futures Participant approved as a Market Maker shall retain such status for a one year period or until it resigns as a Market Maker and the Exchange relieves such Market Maker of its obligations to act as Market Maker, or the Exchange suspends or terminates such Market Maker's status.

(e) In allocating Contracts to Market Makers approved in accordance with the above, the Exchange may: (i) consider any relevant information, including but not limited to performance, volume, capacity, market performance commitments, operational factors, efficiency, competitiveness and recommendations of committees of the Board or of the Exchange; (ii) place one or more conditions or limitations of the type specified in paragraph (c) above on the approval; or (iii) allocate any Contract to more than one Market Maker, such that the different Market Makers serve at the same time but with respect to different contract months or in different time zones, or such that each of the Market Makers serves as the Market Maker for such Contract on a rotating basis.

(f) No Market Maker may sell, transfer or assign any of its rights or obligations as a Market Maker (including but not limited to its allocation of any Contracts by virtue of its status as a Market Maker) without the prior written approval of such sale, transfer or assignment (including but not limited to the approval of the Person to which such rights, obligations or allocation are intended to be sold, transferred or assigned) by the Exchange. Any purported sale, transfer or assignment in violation of the foregoing sentence shall be void from the outset. For purposes of this paragraph (f), the following transactions shall be deemed to constitute a transfer of a Market Maker's rights or obligations:

(i) Any sale, transfer or assignment of five percent of the equity or profits or losses of a Market Maker (or any series of smaller changes that in the aggregate amount to a change of at least such percentage); provided that any sale, transfer or assignment of an interest of less than such percentage may be found by the Exchange to constitute a transfer of a Market Maker's rights or obligations if the particular facts and circumstances warrant such a determination;

(ii) Any change in, or transfer of, control of a Market Maker; and

(iii) Any merger, sale of assets or other business combination or reorganization involving a Market Maker.

(g) The Exchange may from time to time evaluate a Market Maker's performance with respect to, among other things, one or more of the following: quality of markets, market share (taking into account all contracts similar to the relevant Contract or Contracts), administrative factors and observance of ethical standards. In this connection, the Exchange may consider any relevant information, including but not limited to market share and trading data, a Market Maker's regulatory history and such other factors and data as may be pertinent under the circumstances.

(h) The Exchange may terminate, place conditions upon or otherwise limit a M Futures Participant approval to act as a Market Maker or a Market Maker's allocation of Contracts, under any one or more of the following circumstances:

- (i) if the Exchange finds in connection with an evaluation under paragraph (g) above that such Futures Participant's performance as a Market Maker has been unsatisfactory;
- (ii) if such Futures Participant becomes subject to a material financial, operational or personnel change;
- (iii) if such Futures Participant fails to comply with any conditions previously placed upon its approval as a Market Maker or its allocation of Contracts or perform its obligations; or
- (iv) if for any reason such Futures Participant is no longer eligible for approval as a Market Maker or to be allocated a particular number or type of Contracts.

(i) Each applicant for approval as a Market Maker pursuant to the above shall be given an opportunity to present any matter which it wishes the Exchange to consider in conjunction with the application. Prior to taking any remedial action against a Market Maker pursuant to the above, such Market Maker shall be given notice thereof and an opportunity to present any matter which it wishes the Exchange to consider in determining whether to take such action. The Exchange may require that any presentation under this paragraph be made partially or entirely in writing, and may require the submission of additional information from any Person wishing to make a presentation under this paragraph. Formal rules of evidence shall not apply to any proceeding involving such a presentation. Notwithstanding the foregoing, the Exchange shall have the authority to immediately terminate, condition or otherwise limit a Futures Participant approval to act as a Market Maker in accordance with the above, without prior notice or opportunity to make a presentation under this paragraph, if the financial, operational or personnel change in question warrants such action.

(j) Market Makers shall have no obligation to quote. However, when and if they are quoting gold futures contracts for which they are approved Market Makers they are required to submit a two-sided market.]

[Section 11 Customer Margin

(a) General Rules:

- (1) No Futures Participant shall effect a transaction or carry a Customer Account without obtaining margin at the times, in the amounts, and in the forms required by this Rule.
- (2) If a Futures Participant fails to obtain and maintain the required minimum margin deposits for a Customer Account pursuant to this Rule, the Exchange may require that the Futures Participant immediately liquidate all or part of the positions in the Customer Account to decrease or eliminate the margin deficiency.
- (3) Nothing in this Rule prevents the Exchange, the Clearing Corporation, a Futures Participant from imposing margin rates or requirements on a Customer that are higher or more stringent than the rates or requirements imposed by this Rule.

- (4) Terms used in this Rule, but not otherwise defined by these Rules, have the meaning set forth in the Joint Audit Committee's Margins Handbook. In addition, a Futures Participant must follow the procedures specified in the Joint Audit Committee's Margins Handbook for the computation, issuance, collection, and offsets for margin calls and corresponding capital charges for the Futures Participant unless the Manual is inconsistent with these Rules, in which case these Rules prevail.

(b) Rates and Requirements:

- (1) The Clearing Corporation, pursuant to Commission Rule 39.13, shall determine the rates to be used to derive customer initial margin requirements for any Contract.
- (2) The Exchange will publish the minimum initial and maintenance margin requirements for each Contract, which shall be no less than that established by the Clearing Corporation.
- (3) Any changes in Contract margin requirements will apply to both new and existing Contracts in a customer's account. The Exchange may, within its discretion, establish different maintenance margin rates or requirements for different types of accounts. The term "customer initial margin" has the meaning set forth in Commission Rule 1.3.

(c) Account Administration, Classification, and Aggregation:

- (1) Omnibus Accounts: A Futures Participant must calculate margin requirements for an omnibus account (whether domestic or foreign) on a gross basis and in accordance with the rules of the Clearing Corporation, if a Clearing Member. However, a Futures Participant may impose maintenance margin rates for positions in the omnibus account and need not impose the initial margin rates. To use spread or hedge margin rates, a Futures Participant must obtain a written representation from the omnibus account identifying the positions within the account that are spreads or bona fide hedges, and if a Clearing Member, comply with the rules of the Clearing Corporation.
- (2) Bona Fide Hedge Accounts: For bona fide hedging transactions and positions as defined by Commission regulation 1.3(z)(1), a Futures Participant may impose maintenance margin rates for the transactions and positions and need not impose the initial margin rates if the Futures Participant has a reasonable basis to believe, and the Customer represents in writing that, the transactions or positions are for bona fide hedging.
- (3) Aggregation:
- (i) When determining margin rates, margin calls, and the release of margin deposits, a Futures Participant may aggregate identically-owned accounts within the same regulatory account classification of Customer segregated, Customer secured, and non-segregated, provided however a Clearing Member may only aggregate identically-owned accounts for purposes of determining margin requirements, margin calls and releases in compliance with the rules of the Clearing Corporation.

(ii) To satisfy a margin deficiency, a Futures Participant may not apply available free funds from an identically-owned account that has a different regulatory account classification. Instead, the Futures Participant must transfer the free funds from one identically-owned account in one regulatory account classification to another identically-owned account with a different regulatory account classification that is undermargined, provided however a Clearing Member may not apply free funds in a manner inconsistent with the rules of the Clearing Corporation.

(iii) Except for omnibus accounts, a Futures Participant may calculate margin requirements on a net basis for concurrent long and short positions in identically-owned accounts within the same regulatory account classification, , provided however a Clearing Member must calculate margin requirements in compliance with the rules of the Clearing Member.

(4) **Extension of Credit:** No Futures Participant shall extend or maintain credit to or for a Customer to evade or circumvent any requirements of this Rule. A Futures Participant may extend or maintain (or arrange for the extension or maintenance of) credit to or for a Customer to meet the margin requirements of this Rule only if the credit or loan is secured as defined by Commission regulation 1.17(c)(3) and the proceeds are treated by the Futures Participant in accordance with Commission regulation 1.30.

(d) **Type, Form, and Value of Margin Deposits:**

(1) A Futures Participant must only accept the following assets, securities, or instruments as margin deposits, which must be and remain unencumbered by third party claims:

(i) U.S. dollars and foreign currencies,

(ii) U.S. government treasury and agency securities,

(iii) municipal securities,

(iv) readily marketable securities (which means securities traded on a "ready market" as defined by Securities and Exchange Commission rule 15c3-1(c)(11)),

(v) money market mutual funds that meet the requirements of Commission regulation 1.25 (other than securities issued by the Customer or an affiliate of the Customer), and/or

(vi) irrevocable letters of credit in a form, and issued by banks or trust companies, approved by the Clearing Corporation (other than letters of credit issued by the Customer or an affiliate of the Customer).

(2) Notwithstanding paragraph (1), the rules of the Clearing Corporation may limit acceptable margin deposits.

(3) If a Futures Participant accepts securities identified in this Rule as margin deposits, then the Futures Participant must value the securities at no greater than the current market value of

the securities less any deductions specified by Securities and Exchange Commission rule 15c3-1.

(4) A Futures Participant must not consider any guarantee of a Customer Account when determining whether required margin in that account is satisfied.

(e) Margin Calls and Liquidation:

(1) Once additional margin deposits are required pursuant to this Rule or a Rule of the Clearing Corporation, as applicable, a Futures Participant must call for the additional margin as promptly as possible and in any event not more than one business day after the event giving rise to the call. Once the Futures Participant calls for the additional margin, the Futures Participant must collect the full amount of the required additional margin from a Customer as promptly as possible and in any event within a reasonable time. In a margin call, a Futures Participant must require that a Customer deposit additional margin so that the Customer's account at least meets the minimum initial margin requirement (i) when the margin equity in the account initially falls below the minimum maintenance margin requirements and (ii) subsequently when the margin equity plus existing margin calls on the account are less than the minimum maintenance margin requirements.

(2) After a margin call is made by a Futures Participant but before the Customer makes the required additional margin deposit, the Futures Participant may only accept an Order from the Customer to establish a new position if the Futures Participant reasonably believes that the Customer will meet the outstanding margin call within a reasonable time. If a margin call to a Customer is outstanding for an unreasonable time, a Futures Participant may only accept Orders from the Customer that will reduce the Customer's margin requirements.

(3) After a margin call is made by a Futures Participant, if the Customer fails to deposit the required additional margin deposit within a reasonable time, the Futures Participant may, but is not required to, liquidate all or a portion of the Customer's positions to restore the Customer's account to a properly margined level. However, the inability of a Futures Participant to liquidate all or a portion of the Customer's positions before the account equity results in a debit or deficit balance does not affect any liability of the Customer to the Futures Participant.

(4) A Futures Participant must make and retain a written record of the date, time, amount, and other relevant information for all margin calls made (whether made by telephone, in writing, or by other means) as well as margin calls reduced, satisfied, or relieved.

(5) A Futures Participant that liquidates all or a portion of the Customer's positions pursuant to this Rule is not deemed to have extended credit or made a loan to the Customer in violation of this Rule.

(f) Release of Margin: A Futures Participant may only release free funds in connection with a Customer Account if after release the Customer Account has at least free funds at the initial margin requirement level, provided

however that a Clearing Member may not release free funds except in compliance with the Rules of the Clearing Corporation.]

[Section 12 Submission of Orders

(a) Futures Participants, and other Persons through Futures Participants may submit Orders and Market Makers may submit Quotes to NFX XL during the pre-open period and until the end of the Trading Day, but NFX XL only matches Orders and Quotes during the Trading Day.

(b) A Futures Participant must ensure that each Order (including an Order submitted through an electronic or automated order routing system pursuant to Section 19) is recorded and time-stamped immediately upon receipt, execution, and any modification or cancellation.

(c) Each Order entered into NFX XL shall include the following information:

- (1) Futures Participant ID;
- (2) Trader ID for the person submitting the Order;
- (3) Contract and Contract Month;
- (4) buy or sell;
- (5) price;
- (6) Order instruction from Section 14 (if applicable);
- (7) quantity;
- (8) open or close position indicator as appropriate;
- (9) Customer Type Indicator (or "CTI" code) as specified in Section 12(f);
- (10) Customer Account number, unless a Bunched Order submitted in compliance with Section 13;
- (11) Clearing Account Number; and
- (12) Clearing Account Type.

(d) A Futures Participant shall retain all memoranda reflecting Orders for a Customer Account in accordance with Chapter III, Section 1 and shall retain those memoranda for the period required in Chapter III, Section 1. A Futures Participant receiving a Customer Order other than in the form of an electronic or written record must comply with the requirements of Commission regulation 1.35(a-1)(1).

(e) Until such time as the Exchange permits otherwise, direct access to NFX XL is limited to Futures Participants that are futures commission merchants or clearing members that are self-clearing their trades. Such Futures Participants are not permitted to provide direct access to NFX XL to any third person.

(f) Until such time as the Exchange permits otherwise, direct access to NFX XL is limited to Futures Participants that are futures commission merchants or Clearing Members that are self-clearing their trades. Such Futures Participants are not permitted to provide direct access to NFX XL to any third person.

(g) CTI code 1 shall be used for transactions initiated and executed by an individual Authorized Trader for its own account, for an account it controls, or for an account in which it has ownership or financial interest. CTI code 2 shall be used for transactions executed for the proprietary account of an NFX Authorized Trader. CTI code 3 shall be used for transactions where an individual Authorized Trader executes for the personal account of another individual Authorized Trader, for an account the other individual Authorized Trader controls or for an account in which the other individual Authorized Trader has ownership or financial interest. CTI code 4 shall be used for any transaction not meeting the definition of CTI 1, 2 or 3. (These should be non-Futures Participant customer transactions.)]

[Section 13 Bunched Orders

(a) For post-execution allocation of a Bunched Order, a Futures Participant acting as an Eligible Account Manager (as defined by Commission regulation 1.35(a-1)(5)(i)(A-D), need not provide, at the time of either Order entry or report of Order execution, specific Customer Account identifiers for accounts included in a Bunched Order, if the Futures Participant complies with the requirements of Commission regulation 1.35(a-1)(5)(i)-(iv), as applicable.

(b) A Futures Participant that executes Bunched Orders or carries accounts eligible for post-execution allocation of Bunched Orders must maintain records that, as applicable, identify each Bunched Order subject to post-execution allocation and the accounts to which Contracts executed for the Bunched Order were allocated, as required by Commission regulation 1.35(a-1)(5)(iv)(C).]

[Section 14 Order Instructions

Types of Order instructions accepted by NFX XL are the following:

(a) Cancel Leave Order, which is an instruction to cancel a portion, but not all, of the quantity of a Limit Order and leave the remaining quantity for execution without changing the price or duration parameters of the Order then on the Order Book;

(b) Cancel Order, which is an instruction to cancel an Order;

(c) Cancel Replace Order, which is an instruction to cancel a Limit Order and replace it with a new Limit Order that has a different quantity, price, and/or instruction;

(d) Day Order, which is an instruction that a Limit Order, if not executed, expires at the end of the Trading Day for which it was entered. Unless otherwise specified, an Order for the purchase or sale of a Contract has a Day Order instruction;

(e) Good 'Til Cancelled Order, which is an instruction that a Limit Order to buy or sell remains in effect until it is either executed or cancelled; and

(f) Immediate or Cancel Order, which is an instruction to execute a Limit Order as soon as the Order is entered into NFX XL; any part of an Immediate or Cancel Order executed is reported immediately and any portion not immediately executed is cancelled.]

[Section 15 Timely Order Entry

Unless a Customer instructs otherwise, a Futures Participant that receives an Order for the account of another Person shall submit the Order to NFX XL immediately through an Authorized Trader, or as soon as practicable, and in the sequence received. Unless a Customer instructs otherwise, if the Futures Participant cannot enter Orders received immediately into NFX XL, then the Futures Participant must (a) make a written record in non-erasable form of the Orders received and (b) submit the Orders received into the NFX XL in the sequence received once able to do so.]

[Section 16 Order Status, Change, or Cancellation

(a) All Orders submitted to NFX XL are firm and remain open until executed, changed, or cancelled. Except for Good 'Til Cancelled Orders, all open Orders in NFX XL automatically cancel at the close of each Trading Day.

(b) A Futures Participant may edit an Order's price, change its quantity, or change its Order instruction in accordance with Section 14, once the Order Book holds the Order. If the volume is reduced for an Order held in the Order Book, then the Order's position in the time-priority queue remains unchanged. Any other change to an Order is treated as a new Order for purposes of the time-priority queue. To increase the quantity of an Order, the Futures Participant may either submit to NFX XL a new Order for the incremental quantity increase or may enter a Cancel Replace Order for the greater amount.]

[Section 17 Quote Status, Change, or Cancellation and Submission

(a) Only Market Makers can submit Quotes and all Quotes submitted to NFX XL are firm and remain open until executed, changed, or cancelled. At the close of each Trading Day all Quotes automatically cancel.

(b) A Market Maker may change or cancel a Quote at any time prior to a match with another Quote or Order through the NFX XL.

(c) Each Quote entered into NFX XL shall include the following information:

(1) Futures Participant ID;

- (2) Contract and Contract Month;
- (3) buy or sell;
- (4) price; and
- (5) quantity.

(d) A Futures Participant submitting Quotes must comply with the requirements of Commission rule 1.35(a).]

[Section 18 Order and Quote Matching

(a) Except as described in Section 18(d), NFX XL matches Orders and Quotes in price priority with the highest bid or lowest offer for a Contract having priority over all other Orders and Quotes for the same Contract. When NFX XL has multiple Orders or Quotes for a contract at the highest bid or lowest offer, then

- (1) Orders for Clearing Account Type "C" receive priority over Orders for any other Clearing Account Type; and among Orders for Clearing Account Type "C", the first such Order in time at a price has priority over all other such Orders at the same price; and
- (2) Orders for Clearing Account Types "F" and "M" and Quotes at the same price participate in proportion to the Order or Quote quantity relative to the total quantity of all such Orders and Quotes at the same price.

(b) When NFX XL receives a Quote that locks (i.e., the highest bid equals the lowest offer) or crosses (i.e., the highest bid exceeds the lowest offer) the NFX XL Best Bid and Offer, NFX XL will first disseminate a new NFX XL Best Bid and Offer at either the locked price or the resting price crossed by the Quote, a counting period of one second will begin during which Market Makers whose quotations are locked or crossed may eliminate the locked or crossed market. If at the end of the one second counting period the quote remains locked or crossed, the locked or crossed quotations will be executed. Notwithstanding the counting period, Market Makers shall be obligated to execute orders at their disseminated quotation. The quote that is locked or crossed may be executed by an order during the one second counting period.

(c) When NFX XL receives an Order that locks or crosses the NFX XL Best Bid and Offer, NFX XL will first execute the Order at either the locked price or the resting price crossed by the Order, then calculate and disseminate a new NFX Best Bid and Offer.

(d) An electronic auction occurs on NFX XL when two or more Orders or Quotes for a Contract are submitted, modified, or cancelled virtually simultaneously that would lock or cross market. During an electronic auction, NFX XL determines the price at which the most Contracts will trade based on all Orders in the Order Book and Quotes in NFX XL, with each Order or Quote filled receiving its stated price or better. During an electronic auction, a trade may occur outside the last disseminated NFX Best Bid and Offer.]

[Section 19 Automated Order-Routing Systems

(a) If any Futures Participant provides any Customer, other Futures Participant, or any other Person access to an electronic or automated order-routing system that enables the submitting of Orders to the NFX XL through the Futures Participant's system, then the Futures Participant must:

- (1) adopt and enforce written procedures reasonably designed to protect the reliability and confidentiality of Customer Orders and Customer Account information at all points during the order-routing process, and assign responsibility for overseeing the process to individuals who understand how the order-routing process works and who are capable of evaluating whether the process complies with relevant procedures;
- (2) adopt and enforce written procedures reasonably designed to maintain adequate personnel and facilities for the timely and efficient delivery of Customer Orders and reporting of executions, and to timely handle Customer complaints about Order delivery and reporting;
- (3) adopt and enforce written procedures reasonably designed to prevent the order-routing system from being used to create undue financial risks for Futures Participant or its other Customers, including the Futures Participant's use of pre-trade risk limits or controls;
- (4) reasonably ensure that the order-routing system has adequate operational capacity and that the operational capacity is consistent with the representations made by the Futures Participant to Customers, other Futures Participants, and other Persons; and
- (5) ensure that the order-routing system complies with all applicable Rules of the Exchange, provisions of the Act, Commission regulations and registration requirements, and rules of the National Futures Association, including, without limitation, maintenance of an audit trail of all Order information in compliance with the requirements of Commission regulation 1.35.

(b) A Futures Participant is fully responsible for all Orders submitted directly to NFX XL through its electronic or automated order-routing system as if the Futures Participant had placed each Order itself.]

[Section 20 Average Price Transactions

A Futures Participant that is a registered as a futures commission merchant may confirm for a Customer Account an average price when multiple execution prices are received on an Order or series of Orders if all the following requirements are met:

- (a) The Customer has requested average price reporting and has received appropriate disclosure of the method used to calculate the average price.
- (b) Each Order is, or series of Orders are, for the same Customer Account or group of Customer Accounts.

(c) Each Order is, or series of Orders are, for the same Contract, Contract Month, market direction (i.e., purchase or sale), and Order instructions pursuant to Section 14.

(d) Each individual trade is submitted to, and cleared by, the Clearing Corporation at the price executed.

(e) The Futures Participant calculates and confirms the weighted average mathematical price by (1) multiplying the number of contracts purchased or sold at each execution price by that price; (2) adding the results together; and (3) dividing the sum by the total number of contracts. For a series of Orders, the Futures Participant may compute the average price based on each Order in the series. The Futures Participant may confirm to the Customer either the actual average price or an average price rounded up for a buy Order, or rounded down for a sell Order, to the nearest price increment.

(f) The applicable confirmation and monthly account statement provided to each relevant Customer indicates that the price represents an average price.

(g) The Futures Participant does not average its proprietary trades with Customer trades that are subject to average price calculations.

(h) The Futures Participant creates and maintains records (in accordance to Commission regulation 1.31) to support its average price calculations pursuant to this Rule and the allocations into Customer Accounts and makes those records available for inspection by the relevant Customers upon request.]

[Section 21 Trade Confirmations and Objections

The Exchange will promptly confirm each trade resulting from the electronic matching of bids and offers through NFX XL. If appropriate, upon receipt of a trade confirmation, the relevant Futures Participant must promptly object in writing to the Exchange; and under no circumstances will the Futures Participant object to any trade later than one hour after the close of trading for the relevant Contract on the applicable Trading Day.]

[Section 22 Pre-Negotiated Business and Cross Transactions

(a) Except as otherwise provided for in Section 23, a Futures Participant may only execute Cross Transactions or seek to match an Order through pre-negotiation with itself or with its other Customers in accordance with this Rule.

(b) When pre-negotiating and executing a Cross Transaction for a Customer, a Futures Participant must (1) obtain a prior written consent from the Customer which is either a generic or transaction specific consent and (2) act with due skill, care, and diligence, and ensure that the Customer's interests are not prejudiced.

(c) When submitting a Cross Transaction to the NFX XL through this Rule, if only one side of the transaction is a Customer Order, then the Futures Participant must submit the Customer Order first to NFX XL.

(d) A Futures Participant may enter Orders matched through pre-negotiation immediately into the NFX XL if, at the time of entry, a bid and an offer exists for the relevant Contract Month in the NFX XL. Because both Orders submitted pursuant to this Rule are exposed to the market, NFX XL may not necessarily match the two Orders.

(e) If a bid and an offer for a Contract Month does not exist in the NFX XL, then before submitting Orders in the relevant Contract Month that have been pre-negotiated, a Futures Participant must (1) submit one Order (in compliance with Section 22(c), if applicable), (2) wait four seconds, and (3) submit the second Order for the relevant Contract Month. Because both Orders submitted pursuant to this Rule are exposed to the market, NFX XL may not necessarily match the two Orders.

(f) A Person must not enter a bid and/or an offer into NFX XL in an attempt to circumvent the requirements of Section 22.]

[Section 23 Block Trades

(a) A Futures Participant may only negotiate and execute Block Trades in Contracts on the Exchange but outside the NFX XL if all the requirements are met related to (1) hours of trading (Section 23(b)), (2) minimum quantity (Section 23(c)), (3) eligible parties (Section 23(d)), (4) fair pricing (Section 23(e)), and (5) timely recording and submission of information (Rule Section 23(f)).

(b) Subject to Sections 32 and 33, a Block Trade may be negotiated and reported to the Exchange at any time during the trading hours on a Trading Day for the applicable Contract except for the last 15 minutes before the close of trading.

(c) A Block Trade may only be executed in a Contract designated as eligible for block trading in the relevant Contract specifications and must meet or exceed the minimum quantity threshold set forth in the Contract specifications. For purposes of meeting the minimum quantity thresholds, a Futures Participant must not aggregate separate Customer Orders, except that an adviser (as defined in Section 23(h)) with discretion over multiple Customer Accounts may aggregate multiple Customer Orders to meet the minimum quantity threshold for a Block Trade.

(d) Each party to a Block Trade must qualify as an "Eligible Contract Participant" (as defined in Section 1a(12) of the Act). An adviser (as defined in Section 23(h)) with discretion over multiple Customer Accounts may enter into a Block Trade on behalf of its Customers but only if each of those Customers is an Eligible Contract Participant. For Block Trades negotiated or executed on behalf of a Customer Account, the Futures Participant must obtain from the Customer prior written approval to execute Block Trades, which either provides general or Order specific consent.

(e) When negotiating or executing a Block Trade, a Futures Participant must ensure that the price quoted represents a fair price for the Block Trade (i.e., the price that the Futures Participant considers the best available for a transaction of that size and type). When determining a fair price for a Block Trade, a Futures Participant should consider the prevailing price and volume

currently available through the NFX XL, the prices and sizes of transactions in other relevant markets at the relevant time, and general market conditions.

(f) In addition to the requirements of Sections 12(b) and 12(c), for a Block Trade each Futures Participant shall record on an Order ticket the identity of the individual arranging the Block Trade and time stamp the Order when negotiation ends. Unless a different time period is designated by the Exchange and posted on the Exchange's website:

- (1) for Block Trades negotiated during the trading hours of a Trading Day promptly but no later than 15 minutes after negotiations end for the Block Trade (i) the Futures Participant on the selling side of the Block Trade must obtain from the Exchange a trade authorization identification number and provide that trade authorization identification number to the Futures Participant on the buying side of the Block Trade and (ii) each Futures Participant must submit to the Exchange a completed Block Trade request form.
- (2) for Block Trades negotiated at times other than the trading hours of a Trading Day, promptly but no later than 45 minutes before the next open of trading on a Trading Day (i) the Futures Participant on the selling side of the Block Trade must obtain from the Exchange a trade authorization identification number and provide that trade authorization identification number to the Futures Participant on the buying side of the Block Trade and (ii) each Futures Participant must submit to the Exchange a completed Block Trade request form.

(g) Upon receipt of the applicable Block Trading request forms, the Exchange will review the information received for the proposed Block Trade. If the market for the relevant Contract is open when the Exchange receives the Block Trade request forms and the Block Trade appears to satisfy the requirements of Section 23, then the Exchange will immediately disseminate information concerning the Block Trade through the NFX XL. If the market for the relevant Contract is closed when the Exchange receives the Block Trade request forms and the Block Trade appears to satisfy the requirements of Section 23, then the Exchange will disseminate information concerning the Block Trade through the NFX XL prior to the market open on the next Trading Day for the relevant Contract. The Exchange will disseminate the following information concerning Block Trades through NFX XL: the Contract with a designation denoting that the transaction was a Block Trade, the Contract Month, price, and quantity. The Exchange will not consider Block Trades in calculating either the relevant Daily Settlement Prices or the range of daily prices and the Exchange will report Block Trades separately for purposes of calculating trading volume.

(h) For purposes of Sections 23(c) and 23(d) an adviser means any of the following:

- (1) a commodity trading adviser registered under the Act (or exempt from registration),
- (2) an investment adviser registered as such with the Securities and Exchange Commission (or exempt from registration under the Investment Advisers Act of 1940) that is exempt from regulation under the Act and Commission regulations thereunder, or

- (3) any Person authorized to perform functions similar or equivalent to those of a commodity trading adviser in any jurisdiction outside the United States that has total assets under management exceeding \$25 million.]

[Section 24 Price Improvement

(a) A Futures Participant that obtains a better price executing a Customer Order must offer the entire price improvement to the Customer, subject to Section 24(b).

(b) A Futures Participant that executes a Customer Order for the wrong Contract Month or price, but otherwise executes the trade consistent with the Customer's instructions (1) may offset any loss suffered from the erroneous trade against any improvement achieved for the Customer on a properly executed Order and (2) must offer any net improvement received to the Customer.

(c) If a Futures Participant fails to timely submit a Customer Order, then upon discovery of the error the Futures Participant (1) may promptly seek to execute the Customer Order at the best obtainable price without obtaining new instructions from the Customer, but (2) must report any resulting trade to the Customer at the price actually executed and provide any price benefit to the Customer. If a Futures Participant fails to timely submit a Customer Order and does not upon discovery promptly seek to and execute the Customer Order, then the Futures Participant must (1) notify the Exchange and Customer of the error and (2) provide the Customer with a monetary adjustment equivalent to the price at which the Customer Order should have been executed.

(d) If provisions of this Section 24 conflicts with any instructions of the Customer related to the Customer Order, then the instructions of the Customer prevail.]

[Section 25 Customer Order Error Correction Procedures

(a) Upon the request of a Futures Participant that failed to execute or made an error in executing or reporting a Customer Order ("Erring Futures Participant"), the Exchange may, in its sole discretion, permit the correction of the error to protect the interest of the Customer, as provided for in this Rule.

(b) To use the provisions of this Rule to correct an error in a Customer Order, the Erring Futures Participant must provide the Exchange with (1) a completed and signed error correction request form, (2) evidence that the Order reported to the Customer could have been reasonably executed on NFX XL, (3) the relevant completed Order ticket or similar record, and (4) any other evidence that the Exchange reasonably requests.

(c) If an Erring Futures Participant discovers an error in a transaction for a Customer in a Contract when the market is open, then the Erring Futures Participant may request the use of the provisions of this Rule if:

- (1) the price reported to the Customer was worse than the actual transaction execution price, but the Customer declined the price improvement in whole or part,
- (2) the price reported to the Customer was better than the actual transaction execution price, or

(3) the Customer Order was executed in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa) and if the Erring Futures Participant executed the original Customer Order at the current market price the Customer would receive a worse price than the price reported to the Customer.

(d) An Erring Futures Participant that discovers an error after the market has closed for the relevant Contract must comply with the price improvement provisions of Section 24(b) except that the Daily Settlement Price for the Contract serves as the reference price to determine whether the price reported to the Customer was better or worse than the current market price.

(e) If the Erring Futures Participant traded in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa), then the Erring Futures Participant need only offer the net improvement, if any, to the Customer as described in Section 24(b).

(f) If the Erring Futures Participant has not executed a trade or executed a trade in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa) and the current market price for the Order at the time the error is discovered is better than the price erroneously reported to the Customer, then the Erring Futures Participant must execute the Customer Order on NFX XL and may not use the provisions of this Rule.]

[Section 26 Transaction Nullifications or Modifications

(a) The Exchange, in its sole discretion, may either nullify a transaction or adjust the execution price of a transaction in a Contract that (1) has taken place outside the nonreviewable range as defined in the relevant Contract specifications and (2) which the Exchange determines has taken place at an unrepresentative price or when necessary to mitigate market disrupting events caused by malfunctions in its electronic trading platform or errors in orders submitted by Futures Participants.

(b) When determining whether to nullify a transaction the Exchange may consider one or more of the following factors:

- (1) the opening price levels of the Contract on the NFX XL;
- (2) the price movements in other Contract Months of the same Contract;
- (3) the current market conditions, including levels of activity and volatility;
- (4) the last trade price for the Contract;
- (5) the speed of execution;
- (6) the information regarding price movements in related markets, the release of economic data, or other relevant news immediately before or during the trading session;
- (7) an obvious error;

(8) the proximity of the trade to the close of the market; and

(9) the impact of the error transactions on other transactions.

(c) When nullifying a transaction pursuant to Rule E26(a), the Exchange will act as soon as practicable and will promptly notify the Authorized Trader Contacts for the Futures Participants submitting each side of the transaction of any nullification pursuant to this Rule by telephone or any other means that the Exchange deems appropriate.

(d) A Futures Participant that executes a transaction in a Contract in error, at an unrepresentative price which is outside the non-reviewable range specified in the relevant Contract specifications, may, within 10 minutes of the Order execution, contact the Exchange to seek to modify or nullify the transaction pursuant to Rule E26(a).

(e) Mutual Agreement. The determination as to whether a trade was automatically executed at an erroneous price may be made by mutual agreement of the affected parties to a particular transaction within ten (10) minutes of the order execution. A trade may be nullified or adjusted on the terms that all parties to a particular transaction agree. In the absence of mutual agreement by the parties, a particular trade may only be nullified or adjusted when the transaction results from an obvious error as provided in this Rule.

(f) The Exchange may, within its sole discretion, nullify or modify a transaction in a Contract if an error occurs as a result of a verifiable disruption or malfunction of NFX XL or its related communication or other systems.

(g) The Exchange will notify all Authorized Trader Contacts as soon as practicable (through means deemed appropriate by the Exchange) of (1) trades that the Exchange is investigating pursuant to this Rule and (2) trades that the Exchange has modified or nullified pursuant to this Rule.

(h) The Exchange's nullification or modification of transactions in Contracts pursuant to this Rule is final.]

[Section 27 Establishment of Settlement Prices

The Exchange shall establish Daily and Final Settlement Prices at the times and using the methodology established by the Exchange as described in the Contract specifications. Such Daily Settlement Prices are subject to subsequent review and revision by the Clearing Corporation. The time set for determining the Daily Settlement Price or the Final Settlement Price need not coincide with the end of a Trading Day.]

[Section 28 Position Limits and Position Accountability

(a) Unless otherwise provided by this Section 28, 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 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.

(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 Sections 28(a) through and including 28(c), a Person must apply to the Exchange pursuant to this Section 29(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 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.]

[Section 29 Reportable Positions

Each Futures Participant required to file any report, statement, form, or other information with the Commission pursuant to Commission regulations Part 15, 17, or 18 concerning any Contract(s) must simultaneously file a copy thereof with the Exchange. Each Futures Participant must submit the report, statement, form, or other information to the Exchange in the form and manner designated by the Exchange.

•• Interpretations and Policies: -----

.01 Large Trader Reports. Each Futures Participant shall submit to the Exchange a daily report of all Large Trader Reporting Levels as set forth by the Exchange. Positions at or above the reportable level in a particular expiration month of a futures contract trigger reportable status. For a person in reportable status in a particular contract, all positions, regardless of size, in any futures contract month must be reported.

Additionally, the daily Large Trader Reporting submission to the Exchange must include for each reportable account the EFRP volume bought and sold in the reportable instrument, by contract month.

Failure by an omnibus account or foreign broker to submit required information may result in a disciplinary proceeding and result in limitations, conditions or denial of access of such omnibus account or foreign broker to any Exchange market. Notwithstanding the above, clearing members carrying such accounts remain responsible for obtaining and providing to the Exchange information regarding the ownership and control of positions in circumstances where an omnibus account or foreign broker has failed to provide the information to the Exchange.

All large trader reports shall be submitted in a form acceptable to the Exchange, which may require that more than one large trader report be submitted daily.

Clearing members, omnibus accounts and foreign brokers must provide the Exchange with the required CFTC Form 102 ("Identification of Special Accounts") accurately identifying the owners, controllers, controlled accounts and any additional information required for each reportable account within three Business Days of the first day that the account in question becomes reportable. Notwithstanding the three Business Day requirement, on the first day that an account becomes reportable, clearing members, omnibus accounts and foreign brokers

must, at the direction of the Exchange, submit the following information: account type, reportable account number and names and addresses of the owners and controllers of the account.

Any material changes to the information previously provided to the Exchange will require the submission of a revised form within three Business Days of such changes becoming effective. Additionally, in the absence of any material changes, the Exchange may require the submission of a new form on a biennial basis for the maintenance of accurate records.]

[Section 30 Transfers of Positions

(a) A Clearing Futures Participant may transfer a position on its books to:

- (1) correct errors in an existing Contract, provided that the original trade documentation confirms the error;
- (2) transfer an existing Contract from one account to another within the same Futures Participant where no change in ownership is involved;
- (3) transfer an existing Contract from one Clearing Futures Participant to another Clearing Futures Participant where no change in ownership occurs; or
- (4) transfer an existing Contract through operation of law from death or bankruptcy.

(b) Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for an association, limited liability company, partnership, trust, corporation, or other entity.

(c) Clearing Futures Participants must transfer positions pursuant to this Rule at the same prices that appear on the books of the transferring Clearing Futures Participant, and the transfer must indicate the date when the original trade was made. Each Clearing Futures Participant that is a party to a transfer of positions must make and retain records stating the nature of the transaction, the name of the counter-party Clearing Futures Participant, and any other information required by the Clearing Corporation.]

[Section 31 Daily Trading Information

Each Futures Participant must file with the Exchange a report or reports concerning the Proprietary Account, Customer Accounts, or portions thereof of the Futures Participant as the Exchange may require to facilitate the Exchange's compliance with Commission regulation Part 16 or which the Exchange may otherwise deem necessary or appropriate.]

[Section 32 Trading Restrictions and Suspensions

(a) The President or his delegate is authorized at any time to restrict or suspend trading in any Contract if he believes that the restriction or suspension is necessary or appropriate to preserve market integrity, maintain fair and orderly trading, or otherwise further the public interest or for the protection of investors.

(b) Any trading restrictions or suspensions imposed pursuant to Section 32(a) may include without limitation:

(1) a change in the closing time and/or the time for determining the Daily Settlement Prices for that Trading Day; and/or

(2) a setting of Daily Settlement Prices by the President or his delegate based on the following:

(i) the mid-point of PBOT Best Bid and Offer for the Contract Month immediately before the restriction or suspension;

(ii) if the mid-point of the PBOT Best Bid and Offer appears unrepresentative of fair market value, then the PBOT Best Bid and Offer will be adjusted by the last representative basis differential; or

(iii) any other methodology deemed appropriate by the President or his delegate under the circumstances.

(c) The President or his delegate may lift a trading restriction or suspension imposed by this Rule if the President or his delegate believes that trading can resume on a fair and orderly basis and the public interest is served.

(d) No trading restriction or suspension imposed under this Rule shall continue for more than two business days (or as soon thereafter as a quorum of the Board can be assembled) unless the Board approves of the continuation of the restriction or suspension.

(e) Any trading restrictions or suspensions imposed under this Rule will be posted on the Exchange's website. The Exchange will document its decision-making process and the reasons for using its authority under this Rule, and consult with Commission staff as necessary and appropriate.]

[Section 33 Regulatory Trading Halts

The Exchange shall halt trading of broad-based index futures Contracts at any time that circuit breaker procedures are in place to halt or suspend trading in all equity securities trading on a national securities exchange or national securities association. After the triggering of circuit breaker procedures, the Exchange will resume trading of broad-based index futures Contracts only after trading has resumed in equity securities traded on a national securities exchange or national securities association.]

[Section 34 Restrictions on Message Traffic

At any time, the Exchange may, in its sole discretion, restrict the electronic transmissions or submissions to the NFX XL by Futures Participants of Quotes, Orders, modifications or cancellations of Quotes or Orders, trade reports, and other messages or vice versa ("Message Traffic") to safeguard the operations or integrity of NFX XL or to preserve market integrity, fair and orderly trading, or the public interest or for the protection of investors.]

[Section 35 Proprietary Nature of Market Data

All Futures Participants, Authorized Traders and all employees, agents, vendors, and other Persons affiliated with the foregoing:

(a) understand and acknowledge that the Exchange has a proprietary interest in Market Data, the PBOT Best Bid and Offer, and all related trade data and settlement prices relating to all Contracts traded through NFX XL and the Exchange;

(b) agree not to take any action contrary or detrimental to the Exchange's interest and to take reasonable measures to ensure that no such action is taken by any Person affiliated with them.]

[Section 36 Notices

(a) Futures Participants shall provide any required notice to the Exchange in the manner set forth in these Rules, or in other Exchange regulatory or operational orders or procedures, as applicable.

(b) Except as may be otherwise expressly provided in the Rules, the Exchange may provide any notice to a Futures Participant, Executive Representative, or Authorized Trader by:

(1) handing a copy to the Futures Participant, Executive Representative, or Authorized Trader,
or

(2) mailing a copy to the Futures Participant, Executive Representative, or Authorized Trader to the address supplied to the Exchange by the Futures Participant, Executive Representative, or Authorized Trader for notice, or

(3) transmitting electronically a copy to the Futures Participant, Executive Representative, or Authorized Trader (including, through a facsimile or electronic-mail transmission) to the address supplied to the Exchange by the Futures Participant, Executive Representative, or Authorized Trader for notice, or

(4) posting the notice on the Exchange's website.]

[Section 37 Limitation of Liability For NFX XL

(a) Except for any party found to have engaged in willful or wanton misconduct, neither the Exchange (which for purposes of this Section 37 includes its parents, subsidiaries and affiliates),

its Futures Participants or Clearing Futures Participants, nor any of its or their respective officers, directors, employees, or agents shall be liable to any Person (including, but not limited to, a Customer) for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, direct, indirect, incidental or consequential damages) arising from (1) any failure or malfunction of NFX XL or the Clearing Corporation or any Exchange services or facilities used to support NFX XL including but not limited to any user interface or any inability to enter or cancel Orders (the "NFX XL Complex"), or (2) any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause, in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the NFX XL Complex. The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing shall not limit the liability of any Futures Participant, Clearing Futures Participant, or any of their respective officers, directors or employees for any act, incident, or occurrence within their control. For purposes of this Section 37, the "NFX XL Complex" shall include any exchange facilities or services used to support block trades and exchange of futures for related positions pursuant to Sections 23 and 38.

(b) No express or implied warranties or representations regarding the NFX XL Complex are provided by the Exchange, including, but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

(c) Any dispute arising from the use of NFX XL or the Clearing Corporation in which the Exchange or any of its or their respective officers, directors, employees or agents is a party shall be construed and enforced in accordance with the laws of the State of Pennsylvania, without reference to that State's choice of law principles. Any actions, suits, or proceedings against any of the above must be brought within two years from the time that a cause of action has accrued, and any party bringing such action consents to the exclusive jurisdiction of the U.S. District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Philadelphia County, Pennsylvania, and waives any objection to venue and any right to trial by jury.

(d) This provision shall in no way create a cause of action and shall not authorize an action that would otherwise be prohibited by the Rules of the Exchange.]

[Section 38 Exchange for Related Positions

The following transactions shall be permitted by arrangement between parties in accordance with the requirements of this rule:

Exchange for Physical ("EFP") - A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding cash position.

Exchange for Risk ("EFR") - A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument.

Exchange of Options for Options ("EOO") - A privately negotiated and simultaneous exchange of an Exchange option position for a corresponding OTC option position or other OTC instrument with similar characteristics.

For purposes of this rule, an EFP, EFR or EOO shall be referred to as an Limitation of Liability for NFX CL Position ("EFRP"). All contracts listed on the Exchange shall be eligible for EFRP transactions.

(a) Nature of an EFRP

An EFRP consists of two discrete but related simultaneous transactions. One party to the EFRP must be the buyer of (or the holder of the long market exposure associated with) the related position and the seller of the corresponding Exchange contract. The other party to the EFRP must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Exchange contract.

However, a Futures Participant may facilitate, as principal, the related position on behalf of a customer, provided that the Futures Participant can demonstrate that the related position was passed through to the customer who received the Exchange contract position as part of the EFRP.

(b) Related Positions

The related position (cash, OTC swap, OTC option, or other OTC derivative) must involve the commodity underlying the Exchange contract, or must be a derivative, by-product, or related product of such commodity that has a reasonable degree of price correlation to the commodity underlying the Exchange contract.

(c) Quantity

The quantity covered by the related position must be approximately equivalent to the quantity covered by the Exchange contracts.

(d) Prices and Price Increments

An EFRP transaction may be entered into in accordance with the applicable price increments or option premium increments set forth in the rules governing the pertinent Exchange contracts, at such prices as are mutually agreed upon by the two parties to the transaction.

(e) Date and Time of Transaction

The date and the time of execution of all EFP transactions must be denoted on the record of the transaction.

(f) Termination of Trading in Exchange Contracts

EFRP transactions may be permitted after termination of trading in expiring Exchange contracts, as prescribed in the applicable rules governing such Exchange contracts. Such transactions shall not establish new positions.

(g) Identification and Submission to the Clearing House

Each EFRP transaction shall be designated as such and shall be cleared through the Clearinghouse. Each such transaction shall be submitted to the Exchange within the time period and in the manner specified by the Exchange. Futures Participants are responsible for exercising due diligence as to the bona fide nature of EFRP transactions submitted on behalf of customers.

(h) Documentation

Parties to any EFRP transaction must maintain all documents relevant to the Exchange contract and the cash, OTC swap, OTC option, or other OTC derivatives, including all documents customarily generated in accordance with relevant market practices and any documents reflecting payment and transfer of title. Any such documents must be provided to the Exchange upon request, and it shall be the responsibility of the carrying Clearing Futures Participant to provide such requested documentation on a timely basis.

(i) Account Requirements

The accounts involved in the execution of an EFRP transaction must be (i) independently controlled accounts with different beneficial ownership; or (ii) independently controlled accounts of separate legal entities with the same beneficial ownership, provided that the account controllers operate in separate business units; or (iii) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or (iv) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial ownership.

(j) However, on or after the first day on which delivery notices can be tendered in a physically delivered Exchange futures contract, an EFRP transaction may not be executed for the purpose of offsetting concurrent long and short positions in the expiring Exchange futures contract when the accounts involved in such transaction are owned by the same legal entity and when the date of the Exchange futures position being offset is not the same as the date of the offsetting transaction.]

[Section 39 Risk Controls

(a) The Exchange shall not accept orders to buy into its trading system with a limit price more than 10% above the current exchange best offer of the relevant product. The Exchange shall not accept orders to sell into its trading system with a limit price less than 10% below the current exchange best bid of the relevant product.

(b) The Exchange shall not accept orders into the system that are greater than 1,000 contracts.

(c) Orders that are outside the parameters set forth in this rule will be rejected.]

[Section 40. Limitation of Liability For IDEX XT

(a) Except for any party found to have engaged in willful or wanton misconduct, neither the Exchange (which for purposes of this Rule includes its parents, subsidiaries and affiliates), its Members or Clearing Members, the Clearinghouse, International Derivatives Clearing Group LLC, NASDAQ OMX, nor any of its or their respective officers, directors, employees, or

agents shall be liable to any Person (including, but not limited to, a Customer) for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, direct, indirect, incidental or consequential damages) arising from (1) any failure or malfunction of IDEX XT, the IDEX SwapDrop Portal or the Clearinghouse or any Exchange services or facilities used to support IDEX XT or the IDEX SwapDrop Portal including but not limited to any user interface or any inability to enter or cancel Orders or report transactions (the "IDEX XT Complex"), or (2) any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause, in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the IDEX XT Complex. The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing shall not limit the liability of any Member, Member Organization, Clearing Member, or any of their respective officers, directors or employees for any act, incident, or occurrence within their control. For purposes of this Rule, the "IDEX XT Complex" shall include any exchange facilities or services used to support exchange of futures for swaps transactions pursuant to former Rule F23 and Rule F7.

(b) No express or implied warranties or representations regarding the IDEX XT Complex are provided by the Exchange or the IDCG, including, but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

(c) Any dispute arising from the use of IDEX XT Complex or the Clearinghouse in which the Exchange, the Clearinghouse or any of its or their respective officers, directors, employees or agents is a party shall be construed and enforced in accordance with the laws of the State of Pennsylvania, without reference to that State's choice of law principles. Any actions, suits, or proceedings against any of the above must be brought within two years from the time that a cause of action has accrued, and any party bringing such action consents to the exclusive jurisdiction of the U.S. District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Philadelphia County, Pennsylvania, and waives any objection to venue and any right to trial by jury.

(d) This provision shall in no way create a cause of action and shall not authorize an action that would otherwise be prohibited by the Rules of the Exchange.]

Chapter VI Arbitration Rules

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Section 2 Failure to Honor Award or Settlement

(a) Any Futures Participant [member, member organization] or associated person or Related Party who fails to honor an arbitral award or settlement rendered under this Chapter [5] shall be subject to disciplinary proceedings in accordance with [Rules 401 – 412]Chapter V.

(b) In addition to commencing a disciplinary proceeding against a [member, member organization]Futures Participant, or Related Party for failure to honor an Award, the President of

the Exchange may, on 30 days written notice, summarily suspend a Futures Participant [member, member organization], or Related Party which:

- (1) fails to comply with an award within 30 days from the date of service of the award by NFA or such other period as specified in the Award unless there is pending a request to modify the Award pursuant to NFA rules or an application to vacate, modify or correct the Award in a court of competent jurisdiction; or
- (2) fails to comply with a settlement agreement within 30 days after NFA terminates the arbitration proceeding pursuant to NFA rules or such other period as specified in the settlement agreement; or
- (3) fails to comply with a settlement agreement executed in connection with an NFA-sponsored pre-arbitration mediation proceeding within 30 days after the time stated in the settlement agreement; or
- (4) fails to pay any fee assessed within the time so ordered by the panel.

The suspension shall remain in effect until such award, settlement agreement, or order of the panel has been satisfied.

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