



## Rule Self-Certification

April 26, 2012

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

Re: Qualification and Participation of Members and Member Organizations  
Reference File: SR-NFX-2012-08

Ladies and Gentlemen:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and Section 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 Rule 102, Qualification of Members. The text of the amendment is set forth in Exhibit A.

NFX has determined to amend the existing language of Rule 102 and add additional language to specify certain criteria required to qualify for membership at NFX. Specifically, staff is amending the title of Rule 102 from "Qualification of Members" to "Qualification and Participation of Members and Member Organizations." The Exchange currently requires that to be eligible for admission as a member of the Exchange, a person must be a natural person at least twenty-one (21) years of age. Further, the Exchange is amending Rule 102 to require that a member or member organization must be actively engaged in a futures business and the member or member organization must be a member of NFA or another designated contract market to be qualified as a member or member organization. The Exchange desires to attract applicants with established compliance and regulatory oversight programs. There is a risk associated with members that are not actively engaged in the futures industry and the Exchange believes that requiring members to have in place certain memberships would benefit the Exchange with its future regulation and surveillance of members. In addition, by requiring members or member organizations to be engaged in a futures business would prevent persons or organizations from strategically obtaining NFX memberships solely to comply with a requirement to be an exchange member that may be imposed on them by another entity rather than for purposes of actually trading at the Exchange.

Also, the Exchange is requiring that a member or member organization register with the Exchange and continuously meet several requirements which include: (1) the execution of all applicable agreements; (2) maintaining a clearing account with an Exchange member or The Options Clearing Corporation; (3) compliance with the Certificate of Incorporation, By-Laws and Rules of the Exchange as well as operating procedures; (4) prevention of improper use of access to the Exchange's systems; (5) acceptance, settlement and/or guarantee of each trade effected by the member or member organization; and (6) inputting of accurate information into the trading system. Today, Rule E7 requires members and member organizations to abide by

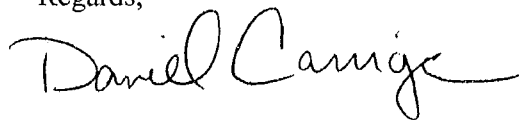
specific rules concerning orders and quotes submitted in the System. The Exchange believes that requiring compliance with each of these provisions will minimize risk to the Exchange and safeguard the integrity of the market.

As stated in NFX Rule 104, a member's registration shall become effective upon receipt of a notice of approval from the Exchange and each member or member organization shall be under a continuing obligation to report noncompliance with any of the registration requirements. The Exchange also adopted provisions in this Rule to provide notification to the Exchange of any known violation of NFX's Rules or the Act by a non-member customer of the member or member organization. The Exchange believes that this provision will assist the Exchange to receive notifications of violations as they apply to customers of members, where the Exchange has no jurisdiction to discipline such persons or organizations. In addition, the Exchange would require the member or member organization to assist the Exchange in any investigations into potential violations of the Rules of the Exchange or Act. Finally, the Exchange added provisions which would provide the Exchange with the ability to temporarily restrict access to the Exchange's systems to protect the integrity of the Exchange and also to terminate a member or member organization's registration with the Exchange for non-compliance with the terms and conditions of registration.

The Exchange intends for these amendments to take effect on June 1, 2012.

There were no opposing views among NFX's Board of Directors, members or market participants. NFX hereby certifies that the amendments to Rule 102, relating to the Qualification of Members, complies with the Act and regulations thereunder. The Exchange also certifies that a notice of pending certification and a copy of this submission have been concurrently posted on the Exchange's website.

Regards,

A handwritten signature in black ink that reads "Daniel Carrigan". The signature is written in a cursive, flowing style.

Daniel Carrigan  
President

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

EXHIBIT A

*New text is underlined; deleted text is in brackets.*

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**Rule 102. Qualification and Participation of Members and Member Organizations**

Notwithstanding the provisions of Rule 103, the Exchange requires compliance with the following:

(a) To be eligible for admission as a member of the Exchange, a person must be a natural person at least twenty-one (21) years of age.

(b) A member or member organization must be actively engaged in a futures business.

(c) A member or member organization must be a member of NFA or another designated contract market.

(d) Participation in the Exchange as a member or member organization requires current registration as such with the Exchange. Such registration shall be conditioned upon the member or member organization'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 an Exchange member or member organization, or maintenance of an account directly with The Options Clearing Corporation;

(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 member or member organization 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 member or member organization, 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.

[(1) Upon admission to membership, a person shall have all the rights and privileges and shall be subject to all the duties and obligations of a member of the Exchange in accordance with the Certificate, By-Laws and Rules of the Exchange.]

[(2) No person admitted to membership shall be entitled to the rights and privileges thereof until he has pledged in writing in form satisfactory to the Exchange to abide by the Certificate, By-Laws and Rules of the Exchange, as they may be amended from time to time.]

[(c) Every member must continue to meet the qualifications for membership contained in the Certificate, By-Laws and Rules of the Exchange.]

(e) A member's and member organization's registration shall become effective upon receipt by the member or member organization of notice of an approval of registration by the Exchange in accordance with Rule 104. The registration required hereunder will apply solely to the qualification of a member or member organization to participate in the System. Registration will qualify a member or member organization to trade all System Securities.

(f) Each member or member organization shall be under a continuing obligation to inform the Exchange of noncompliance with any of the registration requirements set forth above.

(g) If a member or member organization 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 member or member organization and the member or member organization fails to take appropriate action, the member or member organization may be found to have committed an act detrimental to the interest or welfare of the Exchange.

(h) A member or member organization 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 member's or member organization'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.

(i) The Exchange may impose upon any member or member organization 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 member or member organization 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 member or member organization in writing.

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(j) 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 member organization by the affirmative vote of a majority of all Directors.

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