

Rule Self-Certification

July 18, 2013

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

Re: Regulations §40.2 and §40.6 Submission Certification
Listing a 10 ounce gold futures contract
Reference File: SR-NFX-2013-09

Ladies and Gentlemen:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and §40.2 and §40.6 of the regulations promulgated by the Commodity Futures Trading Commission (“Commission”) under the Act, the NASDAQ OMX Futures Exchange, Inc. (“NFX” or “Exchange”) submits this self-certification to list a 10 ounce gold futures contract on August 5, 2013.

The Exchange will adopt rules in Chapter VII, entitled “Metals” which list the terms and conditions of this new futures contract. The text of the rules is attached as Exhibit A. The 10 ounce gold futures contract rules create a cash settled gold futures contract for which the Final Settlement Price is based on the final settlement price for gold futures listed on the Commodity Exchange, Inc. (“COMEX”). The Exchange will initially list only a December 2013 contract. In the event that the Exchange determines to list additional contracts, it would submit a filing to the Commission.

The Exchange will also adopt a new rule in Chapter III, at Section 19 entitled “Exchange Access to Position Information” to provide the Exchange authority to obtain information concerning positions maintained at other firms. Any Futures Participant which owns, controls or carries for any Customer a ‘reportable position,’ as such term is used in Chapter III, Section 16, in any Contract that is cash settled by reference to the price of a contract or commodity traded in another venue, including another designated contract market, shall submit to the Exchange or its Regulatory Service Provider positions which such Futures Participant or its Customer owns or controls in the reference contract or commodity on such other venue. The text of the rule is attached in Exhibit A. The Exchange also proposes to issue a Futures Regulatory Alert to provide detailed information on reporting positions. A copy of the Futures Regulatory Alert is attached as Exhibit B. The Exchange will also renumber the remainder of the Sections in Chapter III.

With respect to the designated contract market core principles (“Core Principles”) as set forth in the Act:

- **Compliance with Rules:** Trading in this Contract will be subject to the Rules at Chapter III of the Exchange’s Rulebook, which includes prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading in this Contract will also be subject to the trading procedures and standards in Chapter IV of the Rulebook. As with all products listed for trading on NFX, activity in the new product will be subject to extensive monitoring and surveillance by NFX’s regulatory group in conjunction with the National Futures Association pursuant to the provisions of a Regulatory Services Agreement. Additionally, the Exchange has the authority to exercise its investigatory and enforcement power where potential rule violations are identified. The Exchange’s disciplinary rules are contained in Chapter V of the Rulebook, which permits the Exchange to discipline, suspend or expel members or market participants that violate the Rules.
- **Contracts not readily subject to manipulation:** The new Contract is not readily subject to manipulation due to the liquidity and robustness in the underlying cash market. Gold futures are widely traded. The CME currently offers three gold contracts, the Gold 100 Troy ounce contract, the COMEX miNY Gold contract and the E-micro Gold contract. These metals contracts are described at: http://www.cmegroup.com/trading/metals/precious/e-micro-gold_contract_specifications.html; http://www.cmegroup.com/trading/metals/precious/miNY-gold_contract_specifications.html; http://www.cmegroup.com/trading/metals/precious/gold_contract_specifications.html. In addition, trading in this Contract will be subject to Chapters III and IV of the Exchange’s Rulebook which include prohibitions on manipulation and price distortion. In addition, the Exchange will adopt new Chapter III, Section 19, entitled “Exchange Access to Position Information” to require any Futures Participant that owns, controls or carries for any Customer a reportable position in any Contract that is cash settled by reference to the price of a contract or commodity traded in another venue, including another designated contract market, to submit to the Exchange or its Regulatory Services Provider positions which such Futures Participant or its Customer owns or controls in the reference contract or commodity on such other venue, in such form and manner as may be specified by the Exchange. The Exchange is specifically requiring Futures Participants to provide position information to the Exchange pursuant to this Rule. This is in addition to the Rule at Chapter III, Section 1 entitled “Books and Records” which requires a Futures Participant to prepare and keep, among other things, 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.
- **Position limitations or accountability:** A person shall not own or control an aggregate of more than 3,000 10 Troy ounce gold futures contracts in the initial front (“spot”) month. Also, a person that owns or control more than an aggregate

of more than 6,000 contracts in all maturity months shall be subject to the position accountability rules in Chapter V, Section 13.

- Availability of information: The Exchange will publish information on the contracts' specifications on its website, together with daily trading volume, open interest and price information.
- Financial integrity of contracts: All contracts traded on the Exchange will be cleared by The Options Clearing Corporation which is a registered derivatives clearing organization with the Commission.
- Trade Information: All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- Protection of market participants: Chapter III of the Exchange's Rulebook contains prohibitions precluding intermediaries from disadvantaging their customers. These Rules apply to trading transactions in this product.
- Dispute resolution: Disputes with respect to trading in this Contract will be subject to the arbitration provisions set forth in Chapter VII of the Rulebook. The Rules in Chapter VII allow all nonmembers to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A Futures Participant named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to the Rules in Chapter VII. Additionally, the Exchange requires that Futures Participants resolve all disputes concerning transactions on the Exchange via arbitration.

There were no opposing views among NFX's Board of Directors, members or market participants. NFX hereby certifies that the 10 ounce gold futures contract, its new rule at Chapter III, Section 19 and the Futures Regulatory Alert comply with the Commodity Exchange Act and regulations thereunder. The Exchange also certifies that a notice of pending certification with the Commission and a copy of this submission have been concurrently posted on the Exchange's website at <http://www.nasdaqtrader.com/Micro.aspx?id=NFX>.

Regards,



Daniel R. Carrigan
President

cc: Nancy Markowitz
Mr. J. Goodwin
National Futures Association
The Options Clearing Corporation

Exhibit A

NASDAQ OMX Futures Exchange (NFX)—Rules

* * * * *

Chapter III Obligations of Futures Participants and Authorized Traders

Section 19 Exchange Access to Position Information

(a) Without limiting any provision of these Rules, the Exchange shall have the authority to obtain from any Futures Participant information with respect to positions of such Futures Participant or any Customer of such Futures Participant. This authority shall include the authority to obtain information concerning positions maintained at other firms, and it shall be the obligation of a Futures Participant receiving such an inquiry to obtain such information from its Customer. In the event a Futures Participant fails to provide the requested information the Exchange, in addition to any other remedy provided in these Rules, may order that the Futures Participant liquidate the positions which are related to the inquiry.

(b) Any Futures Participant which owns, controls or carries for any Customer a 'reportable position' (as such term is used in Chapter III, Section 16) in any Contract that is cash settled by reference to the price of a contract or commodity traded in another venue, including another designated contract market, shall submit to the Exchange or its Regulatory Services Provider such position information which such Futures Participant or its Customer owns or controls in the reference contract or commodity on such other venue, in such form and manner as may be specified by the Exchange.

Business Conduct

Section [19]20 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]21 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]22 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]23 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]24 General Trading Standards and Prohibited Practices

* * * * *

Section [24]25 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]26 Sales Practice Rules

Without limiting the generality of Section 2[4]5, 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]27 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]28 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]29 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.

* * * * *

Chapter VII Metals

10 ounce gold futures contract

Section 1 Product Description

(a) This contract is cash settled.

(b) The contract size for this 10 ounce gold futures contract will be 10 Troy ounces.

(c) The Exchange shall initially list a December 2013 contract.

(d) The minimum price interval/dollar value per tick shall be \$.10 per Troy ounce.

(e) The ticker symbol shall be “GLN.”

(f) This 10 Troy ounce gold futures contract shall be traded on NFX subject to the electronic trading Rules and procedures at Chapters IV and V of the Rules.

(g) The 10 Troy ounce gold futures contract will clear at The Options Clearing Corporation.

Section 2 Trading Days and Hours

The trading hours for the 10 Troy ounce gold futures contract shall be from 8:00 a.m. to 5:00 p.m. E.T. on each Trading Day as modified pursuant to Chapter IV, Section 2.

Section 3 Daily Settlement Price

Pursuant to Chapter V, Section 3, the Daily Settlement Price will be determined each business day as provided herein. The Daily Settlement Price shall be the daily COMEX settlement price from the front (“spot”) month contract maturity as published by The New York Mercantile Exchange, Inc. or “NYMEX” for each day. In the event that NYMEX does not publish the daily COMEX settlement price front month contract maturity, the Exchange would utilize COMEX’s previous day’s settlement value. In the event that NYMEX does not publish the daily COMEX settlement price front month contract maturity for a time period that exceeds two or more consecutive days, the Exchange would calculate the Daily Settlement Price by obtaining the midpoint of the last seven (7) bids/asks quoted prior to end of the trading day, excluding the highest and lowest midpoints and then averaging the remaining five (5) midpoints. The Daily Settlement Price shall be a price consistent with the minimum tick increment for the product; if the calculated settlement price is not a standard tick increment, it will be rounded up to the nearest tick. Notwithstanding the above, if a Daily Settlement Price derived by methodology set forth above is not an accurate representation of the relevant market, two Exchange officers, one of whom must be the Chief Regulatory Officer and/or his designee, may establish a Daily Settlement Price that best reflects the true market valuation at the time of the close based on other market prices, including settlement prices for similar contracts trading on other exchanges.

Section 4 Last Trading Day

The Last Trading Day for the 10 Troy ounce gold futures contract shall be the third last business day of the contract month.

Section 5 Settlement

The 10 Troy ounce gold futures contract shall be cash settled in U.S. Dollars. Settlement will result in the delivery of a cash settlement at the end of the Final Settlement Date. The cash settlement amount on the Final Settlement Date shall be the final mark to market amount against the final settlement price multiplied by ten (10).

Section 6 Final Settlement Date

The Final Settlement Date for the 10 Troy ounce gold futures contract shall be the first day on which The Options Clearing Corporation is open for settlement following the last day of trading.

Section 7 Final Settlement Price

Pursuant to Chapter V, Section 3, the Final Settlement Price will be determined as provided herein. The Final Settlement Price for the 10 Troy ounce gold futures contract shall be the final settlement price for COMEX Gold futures. The price shall be determined by each contract's respective contract maturity as published by The New York Mercantile Exchange, Inc. or "NYMEX" utilizing the contract maturity month.

Section 8 Large Trader Reporting Level

Pursuant to Chapter V, Section 13, the Large Trader Reporting level for the 10 Troy ounce gold futures contract shall be two hundred (200) contracts.

Section 9 Position Limits

Pursuant to Chapter V, Section 13, a person shall not own or control an aggregate of more than 3,000 contracts in the initial front ("spot") month.

Section 10 Position Accountability

A person that owns or control an aggregate of more than 6,000 contracts in all maturity months combined shall be subject to the position accountability rules of Chapter V, Section 13.

Section 11 Margin Requirements

Chapter V, Section 9, Customer Margin shall apply to the 10 Troy ounce gold futures contract.

Section 12 Price Cancellations and Adjustments

Pursuant to Chapter V, Section 5, the non-reviewable trading range shall be \$10.00 per troy ounce (\$5.00 greater than the immediately preceding offer or \$5.00 lower than the immediately preceding bid) as long as either the preceding bid and/or offer occurred within one minute prior to the trade in question. If there is no preceding bid or offer within one minute prior to the trade in question, then the spot gold market will be referenced for determination.

Section 13 Acceptable Trade Range

Pursuant to Chapter V, Section 9, the Exchange will set the Acceptable Trade Range for the 10 Troy ounce gold futures contract at \$0.20.

Section 14 Execution Algorithm

Pursuant to Chapter IV, Section 4, the execution algorithm for 10 Troy ounce gold futures shall be Price-Time Priority Order.

Section 15 Block Trades

Pursuant to Chapter IV, Section 11, the 10 Troy ounce gold futures contract shall be eligible for Block Trades and the threshold level shall be one hundred (100) contracts.

Section 16 Exchange For Related Positions

Pursuant to Chapter IV, Section 12, the 10 Troy ounce gold futures contract shall be eligible for Exchange for Related Positions transactions.

Section 17 Market Makers

Pursuant to Chapter V, Section 6, Market Makers shall have no obligation to submit bids and offers. However, when and if they are submitting bids and offers for which they are approved as a Market Maker, they are required to submit a two-sided market (bid and offer).

Exhibit B

Futures Regulatory Alert #2013 - XX

NASDAQ OMX Futures Exchange Requires Futures Participants to Submit Certain Position Information

Markets Impacted:

- [The NASDAQ OMX Futures Exchange](#)

Contact Information:

- John Pickford at + 1 215 496 5273

What you need to know:

- Futures Participants that own, control or carry certain reportable positions in the 10 Troy ounce gold futures contract on the Exchange, which is cash settled by reference to COMEX, will be required to report those positions.
- A reportable position includes that which the Futures Participant or its Customer owns or controls in the reference contract.

What type of Contracts will require reporting of positions?

Futures Participants are required to report positions in contracts that settle by reference to the COMEX gold futures contract during the month of maturity. For example, a Futures Participant with a large trader reportable position in the 10 Troy ounce gold contract listed on the Exchange would report its COMEX gold futures positions. Further, a Futures Participant that has a Customer with large trader reportable positions in the 10 Troy ounce gold contract listed on the Exchange would be required to report the Customer's COMEX gold futures positions.

What types of positions should be reported?

Pursuant to [Chapter III, Section 19](#), Futures Participants that own, control or carry a reportable position, which is defined in [Chapter III, Section 16](#) as positions reportable pursuant to Commission regulations Part 15, 17, or 18, shall be required to report those positions on its behalf and its Customer those positions that it owns or controls in the reference contract or commodity on such venue.

Do Futures Participants have an obligation to produce Customer information?

The Exchange may request Futures Participant information with respect to positions of such Futures Participant or any Customer of such Futures Participant including positions maintained at other firms. Futures Participants receiving such an inquiry must obtain such information from its Customer.

How should the position information be reported?

Futures Participant should report their positions and those of their Customers by submitting account statements for the contract maturity month no later than 30 days following the settlement of a Contract. Account statements may be submitted by sending those statements to FuturesReg@nasdaqomx.com. The Exchange or its Regulatory Service Provider may request additional information if necessary.

Where can I find more information?

Contact: John Pickford at + 1 215 496 5273
