

Rule Self-Certification

September 28, 2012

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

Re: General Trading Standards and Prohibited Practices
Reference File SR-NFX-2012-30

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 (“CFTC”) under the Act, the NASDAQ OMX Futures Exchange, Inc. (“NFX” or “Exchange”) is amending Rule E6 titled “General Trading Standards and Prohibited Practices.” The amendment will be effective on October 16, 2012, which is eleven business days from the date of filing of this proposal. The text of the amendments is set forth in Exhibit A.

NFX has determined to add new language to Rule E6 to comply with the requirements of the CFTC’s new Core Principles and Other Requirements for Designated Contract Markets, which were published in the Federal Register on June 19, 2012.¹ In this rulemaking, the CFTC adopted new and amended rules, guidance, and acceptable practices in its Part 38 rules to implement certain statutory provisions enacted by Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). This CFTC rulemaking establishes extensive new requirements applicable to the operation of designated contract markets (“DCMs”) including NFX.

Specifically, §38.152 under Core Principle 2 (Compliance with Rules) provides that DCMs shall prohibit certain abusive trading practices on its market by its members and market participants. The Commission reasoned that this section “codifies jurisdictional requirements necessary to effectuate the statutory mandate of Core Principle 2 that a board of trade ‘shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.’” Also, a DCM must prohibit any other manipulative and disruptive trading practices prohibited by the Act as amended, or by the Commission pursuant to its regulations.

¹ See 77 FR 36612 (June 19, 2012), available at:
<http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2012-12746a.pdf>

The Exchange is amending Rule E6 to specifically enumerate various abusive trading practices which are not already contained in that Rule in addition to any other abusive trading practices that would be prohibited by the Act or Commission regulations.

This filing is made pursuant to approval from the NFX Board of Directors on September 27, 2012. There were no opposing views among NFX's Board of Directors, members or market participants. NFX hereby certifies that the amendment complies with the 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, flowing style.

Daniel R. Carrigan
President

cc: Mr. J. Goodwin
National Futures Association

Exhibit A

New text underlined; deleted text is in brackets.

NASDAQ OMX Futures Exchange Rules

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NFX XL ELECTRONIC TRADING RULES (Rules E1-E38)

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Rule E6. General Trading Standards and Prohibited Practices

(a) No Member or Member Organization may accept a Customer Order for submission to NFX XL unless the Member or Member Organization 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 Member or Member Organization 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 Member or Member Organization shall aggregate two or more Customer Orders, allocate trades, or provide for average price transactions among Customer Accounts except as provided for in Rules E13, E20, and E23.

(d) No Member or Member Organization shall knowingly submit to NFX XL a Quote or Order for any Contract for the account of that Member or Member Organization or any account in which that Member or Member Organization 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 Member or Member Organization or an account in which that Member or Member Organization has an interest.

(e) No Member or Member Organization 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 Member or Member Organization.

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

(g) Members, Member Organizations, and Authorized Traders Contacts 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 Rule E22 and Rule E23; 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[.];
and
 - (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.

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