

Rule Self-Certification

September 28, 2012

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

Re: Rule 16, Emergency
Rule 33, Physical Emergency
Rule 60, Emergency Action
Rule 1300, Voting By Members of Board and Certain Committees
Reference File SR-NFX-2012- 27

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 its rules by deleting Rules 16, Emergency, and 33, Physical Emergency, from the definitions section of the rulebook and amending Rule 60, Emergency Action and Rule 1300, Voting By Members of Board and Certain Committees. The amendments will be effective on October 17, 2012. The text of the amendments is set forth below.

New language is underlined; deletions are ~~stricken through~~

Rule 16. ~~Emergency~~[RESERVED]

The term "emergency" means ~~any occurrence or circumstance listed in Commission Regulation 40.1(g) 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:~~

(a) ~~Any manipulative activity or attempted manipulative activity;~~

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

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

~~(d) 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;~~

~~(e) 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;~~

~~(f) 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;~~

~~(g) 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~~

~~(h) 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.~~

Rule 33. [RESERVED] Physical Emergency

~~The term "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.~~

Rule 60. Emergency Action

(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 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.

(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.

~~(a)(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) If When the President, or any individual designated by the President, Committee determines that an Emergency exists, the President or such designee, as the case may be, Committee may take immediate emergency action 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 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 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 or curtailing trading in any contract; or~~
- ~~(ix) requiring market participants in any contract to meet special margin requirements; or~~
- ~~(ix) 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.

~~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.~~

~~(d)(b) Physical Emergency. If, in the judgment of the President, or any individual designated by the President, 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 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.~~

~~(e)(e) Modification and Recording. The Exchange will promptly notify the Commission of any action taken, or proposed to be taken, pursuant to this Rule 60 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 60 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 60 and submit it to the Board of Directors at the Board's next regular meeting.~~

~~(d)(f) 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.~~

Rule 1300. Voting By Members of Board and Certain Committees

(a) Definitions. For purposes of this Rule:

(1) – (5) No Change.

(6) Significant Action shall mean any actions or rule changes which address an "emergency" as defined in Commission Regulation 40.1(~~g~~)(h) (exclusive of physical emergencies), and any changes in margin levels that are designed to respond to extraordinary market conditions or are likely to have a substantial effect on prices in any contract traded at the Exchange.

(b) – (c) No Change.

NFX has determined to consolidate Rules 16 and 33, the definitions of “emergency” and “physical emergency” respectively, into Rule 60, Emergency Action, with slight amendments. This change is intended to eliminate the need for cross-references to multiple Exchange rules to ascertain appropriate responses to emergency situations. NFX is also amending Rule 60 to provide for the establishment of an Emergency Committee by the NFX Board which is authorized to determine the existence of an emergency and to take action or adopt rules for immediate effectiveness to deal with the emergency. The purpose of this change is to conform the NFX emergency procedure to that of NFX’s equity options exchange parent, NASDAQ OMX PHLX, also for administrative convenience. Language tracking the Commission’s guidance and acceptable practices for Core Principle 6, Emergency Authority, has been added for ease of reference by Exchange staff in the event of an emergency.

Additionally, several changes are made regarding emergencies which are physical emergencies. Parenthetical language defining physical emergency in current Rule 60 is deleted, as duplicative of the existing Rule 33 definition which is being incorporated into Rule 60. Rule 60 permits any officer of the Exchange to respond to a physical emergency without convening the Emergency Committee.

Finally, the Exchange is eliminating an outdated reference to Commission Rule 40.1(g) in Exchange Rule 1300, and replacing it with a correct reference to Commission Rule 40.1(h).

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, flowing style.

Daniel R. Carrigan
President

cc: Mr. J. Goodwin
National Futures Association