

**Rule Self-Certification**

December 20, 2011

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

OFFICE OF THE  
SECRETARIAT

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CFTC

Re: Amendment to NFX Rule E10, Market Makers;  
Selection of Timber Hill LLC and IKON GLOBAL  
MARKETS, Inc. as Market Makers  
Reference File SR-NFX-2011-20

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 submitting amendments to Exchange Rule E10, Market Makers. The amendments are attached and will become effective on January 6, 2010.

Rule E10 currently provides procedures for the Exchange to approve Market Makers to provide liquidity in certain Exchange products. The amendments to Rule E10 specify the quoting obligations of Market Makers as well as the one year period for which Market Makers will be approved. Previously, these matters were provided for in separate market maker agreements with the Exchange. The amendments are intended to eliminate the need for any such separate agreements.

The Exchange is currently a party to market maker agreements with two different Member Organizations, Timber Hill LLC (a Market Maker in Euro and British pound futures contracts) and IKON GLOBAL MARKETS, Inc. (a Market Maker in Euro, British pound, Australian dollar, Canadian dollar, Japanese yen and Swiss franc futures contracts). Both firms have agreed to terminate those agreements as of the effective date of the Rule E10 amendments. The Exchange is selecting those firms to be Market Makers in those same futures contracts, subject to the requirements of Rule E10, as amended, for a one year period effective on the effective date of the Rule E10 amendments. The Exchange is also selecting IKON GLOBAL MARKETS, Inc. as a Market Maker in the new XAU/USD Spot Gold Futures Contract, when listed, effective on the later of the effective date of the Rule E10 amendments or the listing date of the contract. All these Market Maker arrangements will be governed by Rule E10, without any separate market maker agreement.

Finally, the amendments provide in Section E10(k) for a new Member or Member Organization status to be known as "Liquidity Provider." A Liquidity Provider is intended to have the same rights and obligations as Market Makers to provide liquidity in certain contracts. However, Liquidity Providers will provide liquidity by entering Orders on the Exchange's match engine rather than by entering Quotes.<sup>1</sup> The Exchange is not approving any Liquidity Providers at this time.

Rule E2, Definitions, is also amended to clarify that the defined term "Market Maker" does not include Liquidity Providers. Therefore, unless otherwise specified, any NFX rule provisions or fee schedule provisions that apply to "Market Makers" will not apply to Liquidity Providers. Rule E2 is also amended to include a definition of "Liquidity Provider".

There were no opposing views among the NFX's Board of Directors, members or market participants. NFX hereby certifies that these amendments and Market Maker approvals 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.

Regards,



Daniel R. Carrigan  
President

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

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<sup>1</sup> NFX Rule E2 defines the term "Order" as an instruction to buy or sell a Contract. The rule defines the term "Quote" as 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. Thus, only a Market Maker may submit Quotes under Exchange rules. Liquidity Providers are not Market Makers and will not be eligible to submit Quotes. Rule E18 governs Order and Quote matching in the NFX XL match engine.

Attachment

**Rule E2. Definitions and Rules of Construction**

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

\* \* \* \* \*

Liquidity Provider. The term "Liquidity Provider" means a Member or Member Organization approved by the Exchange to undertake rights and obligations to facilitate an orderly and liquid market as a Liquidity Provider for one or more Contracts pursuant to Rule E10. A Liquidity Provider is not a Market Maker.

Market Maker. The term "Market Maker" means a Member or Member Organization approved ~~appointed~~ 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 Rule E10. A Market Maker is not a Liquidity Provider.

\* \* \* \* \*

**Rule E10. Market Makers and Liquidity Providers**

(a)- (b) No Change.

(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:

(i) 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; ~~and~~

~~(ii) limitations regarding the time period for which such applicant is approved as a Market Maker (which time period may be subsequently extended by the Exchange at its sole discretion).~~ 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 Member or Member Organization 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 Member or Member Organization may request approval to act as a Market Maker.

(d) Each Member or Member Organization 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) (i) No change.

~~(j) Market Makers shall have no obligation to quote. However, when and if they are quoting foreign currency futures contracts for which they are approved Market Makers they are required to provide both bids and offers with a (i) maximum bid/ask spread of 40 ticks and (ii) minimum size of 10 contracts. If they are quoting gold futures contracts for which they are approved Market Makers they are required to provide both bids and offers with a (iii) maximum bid/ask spread of 500 hundred ticks and (iv) minimum size of 10 contracts. have such rights and obligations as the Exchange may specify in connection with their approval or prescribe from time to time in any Notice to Members.~~

(k) A Liquidity Provider is a Member or Member Organization that provides bids and offers through Orders for its own account rather than Quotes. Members and Member Organizations may request Exchange approval to act as Liquidity Providers in one or more contracts. The Exchange may approve, condition or terminate approval of Liquidity Providers based upon the same evaluation criteria used to approve, condition or terminate approval of Market Makers. Therefore, references to "Market Makers" and "quotes" or "quoting" in sections (a) through (i) above shall be deemed to also include "Liquidity Providers" and "Orders" or "entering Orders.". A Liquidity Provider shall have no obligation to enter Orders. However, when and if Liquidity Providers enter Orders in foreign currency futures contracts for which they are approved Liquidity Providers they are required to provide both bids and offers with a (i) maximum bid/ask spread of 40 ticks and (ii) minimum size of 10 contracts. If they are entering Orders in gold futures contracts for which they are approved to act as Liquidity Providers they are required to provide both bids and offers with a (iii) maximum bid/ask spread of 500 hundred ticks and (iv) minimum size of 10 contracts. Approval to act as a Liquidity Provider shall be for a one year period, after which the Liquidity Provider may once again request approval to be a Liquidity Provider pursuant to this rule for another year. There shall be no limit to the number of years for which a Member or Member Organization may request approval to act as a Liquidity Provider.