



55 Broadway, 26th Floor, New York, NY 10006

2003 DEC 30 3:04

RULE CERTIFICATION

December 30, 2003

By Electronic Mail

Ms. Jean A. Webb
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Re: Rule Certification by NQLX LLC

Dear Ms. Webb,

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Regulations 38.4(b) and 40.6, NQLX LLC hereby certifies enclosed *NQLX Notice to Members 05-2003* (Dec. 30, 2003), which suspends the exchange's Futures Maker/TakerSM Fee Program and Volume Rebate Program and replaces them exclusively with the exchange's previously established fixed-fee program (formerly known as the "Alternative Fee Program").

The proposed adoption and effective date of this Notice to Members is January 2, 2004. This Notice to Members has been approved for adoption by management of NQLX pursuant to NQLX's rules. There were no substantive opposing views expressed as to its adoption. NQLX hereby certifies that *NQLX Notice to Members 05-2003* (Dec. 30, 2003) complies with the Commodity Exchange Act and the regulations thereunder.

Please contact me at (212) 269-3571 if you have any questions concerning the enclosed Notice.

Sincerely,

Kathleen M. Hamm
Senior Vice President
Regulation and Compliance

Jean Webb, Secretary
Commodity Futures Trading Commission
December 30, 2003
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cc: Michael Gorham
Director, Division of Market Oversight

Stephen Braverman
Deputy Director, Division of Market Oversight

David Van Wagner
Associate Director, Division of Market Oversight

Allen Cooper
Branch Chief, CFTC New York Regional Office

NQLX



Exchange Fees, Costs, and Charges Imposed on Members

Suspension of Certain Exchange Fee and Rebate Programs

Suggested Routing:

Suggested Routing function is meant to aid the reader of this document. Each NQLX member should consider the most appropriate distribution in the context of its own organizational structure.

- Operations
- Finance & Accounting
- Legal & Compliance

Key Topics:

- Suspension of Futures Maker/TakerSM Fee Program
- Suspension of Volume Rebate Program
- Update on Fixed-Fee Program

Executive Summary

Effective January 2, 2004, pursuant to this *Notice to Members* and Rule 312(a), NQLX LLC is suspending our Futures Maker/TakerSM Fee Program and Volume Rebate

Program.¹ In the place of these suspended exchange fee and rebate programs, NQLX® will charge our members exchange fees exclusively through our previously established fixed-fee program (formerly known as the "Alternative Fee Program").²

Please direct any questions concerning this *Notice* or NQLX's Fixed-Fee Program to Robert Ledvora, Executive Vice President and Chief Financial Officer, at (312) 553-4819.

¹ See NQLX Notice to Members 03-2003, *Exchange Fees, Costs, and Charges Imposed on Members: NQLX Exchange Fee and Rebate Programs* (July 30, 2003) (descriptions of suspended exchange fee and rebate programs as well as NQLX's fixed-fee program).

² NQLX does not directly charge transaction fees to customers of our members, but instead imposes transaction fees generally for each trade executed by or through our members. Thus, our members each establish their own schedule of fees and charges for the execution of trades for customers on NQLX, and those members may or may not pass along NQLX's exchange fees to their customers.

Fixed-Fee Program

Pursuant to NQLX's Fixed-Fee Program, NQLX charges a per-side, per-contract fee for each trade executed by or through the member, whether or not the trade is executed through the central order book or on NQLX's wholesale trade facility.³ The Fixed-Fee Program imposes two different fixed-fee rates: one rate for standard products—i.e., futures that overlie single securities other than shares of exchange traded funds; and another rate for premium products—i.e., futures that overlie exchange traded funds.⁴

³ See Rules 418 through 420 (rules governing trades allowed to be executed through the wholesale trade facility, including market maker cross transactions, block trades, and exchange for physicals or exchange for options trades); see also *NQLX Notice to Members 01-2002 – Customer Disclosure Documents* (Oct. 18, 2002) (brief description of types of pre-negotiated transactions executed through wholesale trading facility).

⁴ See the Attachment to this *Notice* for a current schedule of NQLX's exchange fees. Please note that these exchange fees do

However, to encourage and reward market makers (as defined by Rule 403) for taking on the obligations imposed on them by NQLX's rules, NQLX imposes no exchange fees on trades executed by our market makers through the central order book to fulfill the market makers' obligations under NQLX's rules.

Changes in Fee Program

At any time, NQLX may determine to change the level of exchange fees charged members, but will notify members of any such change before implementation. In addition, if NQLX determines to make changes to our Fixed-Fee Program, we will notify members through a *Notice to Members* or other appropriate means.

© 2003 NQLX LLC. All rights reserved. Notices to Members attempt to present information to readers in an easily understandable format. However, if any inconsistency exists between this Notice and NQLX's Rules, NQLX's

not include clearing fees charged by The Options Clearing Corporation or any fees or charges imposed by any regulatory authority, such as Section 31 fees imposed by the Securities and Exchange Commission on exchanges or the self-regulatory fees imposed by the NASD, Inc. or the National Futures Association.

Rules prevail and provide the authoritative source of information.

ATTACHMENT

NQLX SCHEDULE OF EXCHANGE FEES

Fixed-Fee Program *	
(per-side, per-contract)	
Standard Products	\$0.21
Premium Products	\$0.26

* To encourage and reward NQLX market makers for taking on the obligations imposed by Rule 403, NQLX imposes no exchange fees on trades executed by our market makers through the central order book to fulfill the market makers' obligations under NQLX's rules.