**Rule Self-Certification**

June 9, 2017

Christopher J. Kirkpatrick

Office of the Secretariat

Commodity Futures Trading Commission

Three Lafayette Center

1155 21st Street, NW

Washington, DC 20581

Re: **Amendments to Audit Trail Guidance**

**Reference File: SR-NFX-2017-20**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Sections 40.2 and 40.6 of the Commission’s regulations thereunder, NASDAQ Futures, Inc. (“NFX” or “Exchange”) hereby adopts amendments to audit trail guidance originally filed as SR-NFX-2015-38 and amended in SR-NFX-2017-15 in the form of a Futures Regulatory Alert as set forth in Exhibit A. The Futures Regulatory Alert will be issued on June 12, 2017. The date of implementation is July 3, 2017.

The amendments seeks to add a new format for the Minimum Acceptable Audit Trail Requirement elements and two additional permissible format selections to Positions 8 and 35.

The Exchange will issue a Futures Regulatory Alert providing participants with amended guidance concerning Exchange Audit Trail Requirements. The Exchange’s alert advises market participants on the audit trail requirements, as provided in NFX Rules, and responsibilities of Futures Participants and Authorized Customers to maintain information for all Orders and Quotes entered into the NFX Trading System, including Order and Quote modifications and cancellations.

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

Compliance with Rules: Today the Exchange has in place Rules which describe the manner in which Futures Participants may access and trade on NFX. Chapter II, Section I provides for the qualifications and rules of participation applicable to Futures Participants as well as Authorized Traders. Chapter V, Section 18 describes prohibited activities with respect to the Trading System. Trading is subject to the Rules at Chapter III of the Exchange’s Rulebook, which include prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading is subject to the trading procedures and standards in Chapter V of the Rulebook. The Exchange’s disciplinary Rules are contained in Chapter VI of the Rulebook.

Prevention of Market Disruption: The Exchange’s Regulatory Department, which handles real-time surveillance, monitors trading activity on the Exchange with a SMARTS Surveillance Application through which the Exchange can track activity of specific Authorized Traders, monitor price and volume information and receive alerts regarding market messages. The Exchange’s Regulatory Department, which handles real-time surveillance in conjunction with staff that handles T+1 surveillance, utilizes data collected by the SMARTS Surveillance Application to monitor price movements, as well as market conditions and volumes to detect suspicious activity such as manipulation, disruptive trading and other abnormal market activity.

Availability of Contract Information. The Exchange has indicated within its trading Rules where specific information relates to a particular Contract. The Exchange will post the terms and conditions of Exchange Contracts in its Rulebook along with trading Rules.

Protection of market participants. Chapter III of the Exchange’s Rulebook contains prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading in all Contracts.

There were no opposing views among the NFX’s Board of Directors, members or market participants. The Exchange hereby certifies that the rule amendments comply with the Act and the Commission’s 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 [business.nasdaq.com/futures](http://business.nasdaq.com/futures).

If you require any additional information regarding the submission, please contact Steven Matthews at (301) 978-8458 or steve.matthews@nasdaq.com. Please refer to SR-NFX-2017-20 in any related correspondence.



Regards,

Daniel R. Carrigan

President

Attachments: Exhibit A: Futures Regulatory Alert 2017-2 Amendments to Audit Trail Guidance

**Exhibit A to SR-NFX-2017-20**

New language is underlined; deleted language is ~~stricken~~.

**Monday, June 12, 2017**

**Futures Regulatory Alert #2017 - 2**  
NASDAQ Futures, Inc. Amended Audit Trail Requirements – Effective July 3, 2017

|  |  |
| --- | --- |
| **Category:**           System Impact  **Markets Impacted:**           [Nasdaq Futures, Inc.](http://www.nasdaqtrader.com/Micro.aspx?id=nasdaqfuturesNQF)  **Contact Information:**           [U.S. Market Operations - Futures & Options](mailto:tradingservices@nasdaqomx.com) at +1 215 496 5409           [U.S. Market Sales](mailto:sales@nasdaqomx.com) at +1 844 236 3191           [Futures Sales](mailto:nfxsales@nasdaq.com)           [Futures Regulation](mailto:futuresreg@nasdaq.com)           [NFX Market Operations](mailto:Nfxops@nasdaq.com)  **Resources:**   * [Exchange Audit Trial FAQ](http://www.nasdaqomx.com/digitalAssets/99/99444_exchange-audit-trail-faq---6.4.15.pdf) * [Chapter V, Section 1](http://nasdaqomxphlx.cchwallstreet.com/NASDAQOMXPHLXTools/bookmark.asp?id=sx-policymanual-phlx-philabot_VS1&manual=/nasdaqomxphlx/nqf/phlx-brdtrade-rules/) * [Chapter V, Section 4](http://nasdaqomxphlx.cchwallstreet.com/NASDAQOMXPHLXTools/bookmark.asp?id=sx-policymanual-phlx-philabot_VS4&manual=/nasdaqomxphlx/nqf/phlx-brdtrade-rules/) * [Rule Self-Certification](http://www.nasdaqomx.com/digitalAssets/99/99206_sr-nfx-2015-38.pdf) | NASDAQ Futures, Inc. (“NFX” or “Exchange”) has amended its Minimum Acceptable Audit Trail Requirements (SR-NFX-2017-20) for Tier 1 and 2 participants. Tier 1 participants can provide requested Minimum Acceptable Audit Trail data in either Raw FIX format or CSV or Excel format. Tier 2 participants can only provide requested Minimum Acceptable Audit Trail data in either or CSV or Excel format.  Further, the Exchange has added two additional permissible format selections to Position 8: ExecutingFirmID and provides guidance that Position 35: AggressorIndicator is not mandatory for population.  The date of implementation is July 3, 2017.  Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Sections 40.2 and 40.6 of the Commission’s regulations thereunder, NASDAQ Futures, Inc. has adopted amendments to audit trail guidance originally filed with the Commission as SR-NFX-2015-38 and subsequently as SR-NFX-2017-15.  Pursuant to NFX Rulebook, Chapter V, Section 1, each Futures Participant shall maintain or cause to be maintained audit trail information for all Orders entered into the Trading System, including Order modifications and cancellations. This audit trail must contain, at a minimum, all Order and Quote entry, modification, cancellation and response receipt time(s) as well as Financial Information Exchange interface (FIX) tag information as applicable.  Futures Participants are required to produce, upon request by Nasdaq Futures, Inc. or its Regulatory Services Provider, the audit trail for all Orders and Quotes submitted to NFX in a format prescribed by NFX.  The National Futures Association ("NFA") is the Regulatory Services Provider for NFX. Generally, Futures Participants will receive requests for audit trail information from the NFA.  Please refer to the Frequently Asked Questions document for Audit Trail requirements. |



EXCHANGE AUDIT TRAIL REQUIREMENTS:

FREQUENTLY ASKED QUESTIONS

NFX Website: [business.nasdaq.com/futures](file:///\\us02orgfps01\carrigad$\1NFX\1RULES%20&%20DOCS\ALERTS%20%20GUIDANCE%20DOCS\AUDIT%20TRAIL\business.nasdaq.com\futures)

1: What are the audit trail requirements with Direct Access?

Pursuant to Chapter V, Section 4, Clearing Futures Participants authorizing a connection to the Trading System are responsible for maintaining or causing to be maintained the audit trail for all Orders submitted to NFX; and producing, upon request by NFX or its Regulatory Services Provider, the audit trail for all Orders submitted to NFX by an Authorized Customer. Each Authorized Customer connecting to the Trading System is responsible for maintaining or causing to be maintained the audit trail for all Orders submitted to NFX. A Clearing Futures Participant that has arrangements for a third party to maintain audit trail information on its behalf shall remain responsible for compliance with NFX audit trail rules.

2: How long must the audit trail be maintained?

All Electronic audit trails must be maintained for a minimum of five (5) years. Upon the request of NFX, each Futures Participant, Clearing Futures Participant and Authorized Customer must have the ability to produce to NFX the audit trail data in a format prescribed by NFX.

3: How should Bunched Orders be reported?

Pursuant to Chapter V, Section 12, for post-execution allocation of a Bunched Order, a Futures Participant acting as an Eligible Account Manager (as defined by Commission regulation 1.35(b)(5), need not provide, at the time of either Order entry or report of Order execution, specific Customer Account identifiers for accounts included in a Bunched Order, if the Futures Participant complies with the requirements of Commission regulation 1.35(b)(5), as applicable. A Futures Participant that executes Bunched Orders or carries accounts eligible for post execution allocation of Bunched Orders must maintain records that, as applicable, identify each Bunched Order subject to post-execution allocation and the accounts to which Contracts executed for the Bunched Order were allocated, as required by Commission regulation 1.35(b)(5).

Audit Trail Tier 1 and Tier 2 Architecture

The following diagram depicts the scope of the audit trail responsibilities according to Tier 1 and Tier 2 architectural classifications.



Minimum Acceptable Audit Trail Elements – Data Definitions and Validation Rules

If the audit is for a Tier 1 participant, one of two options can be utilized to provide requested audit trail data.

### Option A) Raw FIX format

### Option B) CSV or Excel Format

If the audit is for a Tier 2 participant, only the CSV or Excel Format is allowed.

This table describes the front-end audit-trail specifications required to represent data exchanged between a trading system and NFX in your front-end audit trail. The data must be captured in .csv or Excel format.

The order of the columns must be followed in the file submission. Additional columns may be added at the end of the file for internal use by the firm. The layout includes the FIX Tag where applicable/available and is provided for reference only.

Specifications representing each message type supported on NFX are available in this section. For further description of data elements to capture in Tier 1, please refer to the FIX specification posted on Nasdaq Futures, Inc. website found here:

<http://business.nasdaq.com/nasdaq-futures/connectivity>

Blank table cell = Not Applicable

| **Position** | **Field Name** | **FIX Tag** | **TO/FROM NFX** | **TO/FROM CLIENT** | **FORMAT/PERMISSABLE VALUES** |
| --- | --- | --- | --- | --- | --- |
| 1 | SendingTimestamps | 52 | Time at which the message/data leaves the Tier 1 component and is sent to the NFX platform.  The time stamp must be in UTC Timestamp format (YYYYMMDD-HH:MM:SS.sss) and must have at least millisecond precision. | Time at which the message/data leaves the Tier 1 component towards the Tier 2 component.  The time stamp must be in UTC Timestamp format (YYYYMMDD-HH:MM:SS.sss) and must have at least millisecond precision. |  |
| 2 | ReceivingTimestamps |  | Time at which the message/data is received by the Tier 1 component and is sent to the NFX platform.  The time stamp must be in UTC Timestamp format (YYYYMMDD-HH:MM:SS.sss) and must have at least millisecond precision. | Time at which the message/data is received by the Tier 1 component towards the Tier 2 component.  The time stamp must be in UTC Timestamp format (YYYYMMDD-HH:MM:SS.sss) and must have at least millisecond precision. |  |
| 3 | MessageDirection |  | Explicit labeling of the direction of the captured message.  "TO NFX": for messages leaving Tier 1 component towards the NFX platform  "FROM NFX" : for messages received by Tier 1 component from the NFX platform | Explicit labeling of the direction of the captured message.  "TO CLIENT": for messages/data leaving the Tier 1 component towards the Tier 2 component.  "FROM CLIENT": for messages/data received by the Tier 1 component from the Tier 2 component. | 'TO NFX'  'FROM NFX'  'TO CLIENT'  'FROM CLIENT' |
| 4 | SenderSubID | 50 | TraderID = The unique personal identification code issued by the Exchange and entered into the Trading System to identify the Authorized Trader, Authorized Customer or Automated System submitting an Order. | Identifier of the operator who submitted the message or is responsible for its submission. |  |
| 5 | AccountNumber | 1 | Trading account number | Trading account number |  |
| 6 | SenderCompID | 49 | As specified in separate agreement, combined with TargetCompID used to identify a session. |  |  |
| 7 | TargetCompID | 56 | As specified in separate agreement, combined with SenderCompID used to identify a session. |  |  |
| 8 | ExecutingFirmID | Party role 452 | Identifier of the Executing Trading Firm submitting the messages on behalf of Party ID 448 to NFX. |  | 1=Firm  4=ClearingFirm  11=Order Originating Trader  14=ClearingFirm |
| 9 | MessageType | 35 | Identifies the type of the message captured. | Identifies the type of the message captured. | 3=Reject  5=Logout  8=ExecutionReport 9=OrderCancelReject A=Logon  D=New Order  E=NewOrder-List F=OrderCancelRequest G=OrderCancelReplace R=Quote Request |
| 10 | OrderCapacity | 528 | Type of business conducted (Agency or Principal). |  | A=Agency  P=Principal |
| 11 | CustOrderCapacity | 582 | Capacity of customer placing the order |  | 1=Member trading for their own account  2=Clearing Firm trading for its proprietary account  3=Member trading for another member  4=Other |
| 12 | ExecID | 17 | Execution Report identifier, a unique identifier per FIX session that is assigned by NFX. |  |  |
| 13 | MessageLinkID |  | Identifier linking message/data sent from the Tier 2 component to Tier 1 component to NFX and from NFX to Tier 1 component to Tier 2 component.  This ID must be generated as part of the audit trail; it is not part of the data captured.  This identifier may link 1:1, 1:N or N:1 messages between tier 1 and tier 2. | Identifier linking message/data sent from the Tier 2 component to Tier 1 component to NFX and from NFX to Tier 1 component to Tier 2 component.  This ID must be generated as part of the audit trail; it is not part of the data captured.  This identifier may link 1:1, 1:N, or N:1 messages. |  |
| 14 | OrderFlowID |  | Identifier linking all inbound and outbound messages associated with a New Order Messages.  This ID must be generated as part of the audit trail; it is not part of the data captured.  This ID is not required for Mass Quote related messages. | Identifier linking all inbound and outbound messages associated with a New Order Messages.  This ID must be generated as part of the audit trail; it is not part of the data captured.  This ID is not required for Mass Quote related messages. |  |
| 15 | ListID | 66 | Identifier assigned by NFX to legs and spread fill notices and spread trade cancellation to link the linked order messages together. |  |  |
| 16 | ExecType | 150 | Type of execution defined by NFX |  | 0=New  4=Canceled  5=Replaced  8=Rejected  D=Restated  F=Trade  G=Trade Correct  H=Trade Cancel |
| 17 | Instrument/SecurityID/  OrderBookID | 48 | NFX - assigned code to uniquely identify a futures or options contract. | Code uniquely identifying futures or options contracts between Tier 1 and Tier 2 components. | Exchange Orderbook ID of Instrument |
| 18 | Instrument/Symbol | 55 | Short name for the security |  |  |
| 19 | ClientOrderID | 11 | Client-generated identifier uniquely identifying an order, a cancel or cancel replace message. This is unique per trading session. | Client-generated identifier uniquely identifying an order, a cancel or cancel replace message. |  |
| 20 | OrderID | 37 | NFX - assigned code uniquely identifying an order. OrderIDs are unique per orderbook and side.  This code does not change regardless of the changes applied to it. |  | OrderID in Hex format |
| 21 | Side | 54 | Side of the order. | Side of the order as defined between Tier 1 and Tier 2 component. | 1=Buy  2=Sell |
| 22 | Quantity | 38 | Quantity of the order. | Quantity of the order as defined between Tier 1 and Tier 2 component. |  |
| 23 | LastQty | 32 | Quantity (shares) bought/sold on the last fill. |  |  |
| 24 | LimitPrice | 44 | Limit price of the order. | Limit price of the order as defined between Tier 1 and Tier 2 component. |  |
| 25 | TriggerPrice | 1102 | Trigger price of the order. | Trigger price of the order as defined between Tier 1 and Tier 2 component. |  |
| 26 | OrdType | 40 | Type of the order: market, limit, market with left over as limit. | Type of the order as defined between Tier 1 and Tier 2 component. | 1=Market  2=Limit  K=Market with left over as limit |
| 27 | TimeInForce | 59 | Time in force of the order: Day, GTC, IOC, FoK, GTD | Time in force of the order as defined between Tier 1 and Tier 2 component. | 0=Day  1=GTC  3=IOC  4=FOK  6=GTD |
| 28 | MaxFloor | 111 | The maximum order quantity shown in the public Market Data. | Display quantity of an order to be shown in the order book at any given time. |  |
| 29 | MinQty | 110 | Minimum quantity of a quote to be executed | Minimum quantity of a quote to be executed. |  |
| 30 | CountryOfOrigin |  | Location of the operator. | Location of the operator. |  |
| 31 | FillPrice | 31 | Price at which the order has been executed. | Price at which the order has been executed. |  |
| 32 | OrderQtyData/OrderQty | 38 | Quantity at which the order has been executed. | Quantity at which the order has been executed. |  |
| 33 | CumQty | 14 | Cumulated fill quantity for the order. | Cumulated fill quantity for the order. |  |
| 34 | LeavesQty | 151 | Quantity open for further execution. | Quantity open for further execution. |  |
| 35 | AggressorIndicator | 1057 | Flag indicating whether the order was the aggressor in the match. | Flag indicating whether the order was the aggressor in the match. | Y=Party is the aggressor N=Party is passive |
| 36 | OrdStatus | 39 | Status of order | Status of order | 0=New  1=Partial Fill  2=Full Fill  4=Canceled  8=Rejected  9=Suspended  C=Expired |
| 37 | RejectReason | 58 | Code or text identifying the reason why an order was rejected. | Code or text identifying the reason why an order was rejected. | Free-Form Text |
| 38 | NoQuoteEntries | 295 | Number of double-sided quotes successfully acknowledged or cancelled. |  |  |
| 39 | CrossID | 548 | Customer-generated code uniquely identifying an order Cross (RFC). |  |  |
| 40 | QuoteID | 117 | Customer-generated code uniquely identifying a Request for Quote (RFQ). |  |  |
| 41 | QuoteSetID | 302 | Customer-generated code uniquely identifying a Mass Quote message. |  |  |
| 42 | QuoteEntryID | 299 | Customer-generated code uniquely identifying a Quote in a Mass Quote message. |  |  |
| 43 | BidPx | 132 | Bid price of quote. | Bid price of quote. |  |
| 44 | BidSize | 134 | Bid quantity of quote. | Bid quantity of quote. |  |
| 45 | OfferPx | 133 | Offer price of quote. | Offer price of quote. |  |
| 46 | OfferSize | 135 | Offer quantity of quote. | Offer quantity of quote. |  |
| 47 | TrdMatchID | 880 | Trade ID assigned by NFX matching engine | Trade ID assigned by NFX matching engine | TrdMatchID in Hex format |