

## Rule Self-Certification

July 24, 2013

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

Re: Regulation §40.6 Submission Certification  
Rule Amendment and Futures Regulatory Alert  
Reference File: SR-NFX-2013-11

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, NASDAQ OMX Futures Exchange, Inc. (“Exchange”) is amending the text of a recent rule change to correct the Acceptable Trade Range Rule at Chapter IV, Section 9. In addition, the Exchange will issue an amended Futures Regulatory Alert concerning position information. The amended rule text and the amended alert will be effective on August 8, 2013.

The Exchange recently filed amended and new trading Rules in connection with modernizing its trading platform.<sup>1</sup> The Exchange is amending the text of the Acceptable Trade Range Rule at Chapter IV, Section 9 to clarify repetitive language in the rule text concerning the reference price. The Threshold Price is the updated bid or offer on the Exchange’s book. The correction clarifies the Rule to make this clear. The amended text of the Rule is attached as Exhibit A.

The Exchange also recently filed a Futures Regulatory Alert concerning position information.<sup>2</sup> The Exchange proposes to amend that alert which serves as a reminder to Futures Participants that own, control or carry certain reportable positions in the 10 Troy ounce gold futures contract, a cash settled product which settles by reference to the COMEX gold futures contract, of reporting obligations pursuant to an Exchange Rule at Chapter III, Section 19. The Futures Regulatory Alert provides Futures Participants additional information on reporting positions to the Exchange or its Regulatory Services Provider. The Exchange added text to further clarify the reporting obligations. A copy of the amended alert concerning position information is attached as Exhibit B and will be posted on the Exchange’s website.

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<sup>1</sup> SR-NFX-2013-07.

<sup>2</sup> SR-NFX-2013-11.

The Exchange certifies that the amended text of the Acceptable Trade Range Rule and the amended Futures Regulatory Alert comply with the requirements of the Act and the Rules and regulations promulgated thereunder. The Exchange seeks to provide clarity to the Exchange Rule. The alert concerning position information provides additional information on complying with Exchange Rules. In furtherance of Core Principle 7, Availability of Information, the alert provides market participants additional information concerning the operation of the market.

There were no opposing views among NFX's Board of Directors, members or market participants. NFX hereby certifies that the amended Rule text and the amended Futures Regulatory Alert 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 at <http://www.nasdaqtrader.com/Micro.aspx?id=NFX>.

Regards,

A handwritten signature in black ink that reads "Daniel R. Carrigan". The signature is written in a cursive style with a large, sweeping "D" and "C".

Daniel R. Carrigan  
President

cc: Mr. J. Goodwin  
National Futures Association

**Exhibit A**

*Amended text is stricken.*

**Chapter IV**

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**Section 9 Acceptable Trade Range**

(A) The Trading System will calculate an Acceptable Trade Range, which for purposes of this Rule is a limit to the range of prices at which an Order will be permitted to execute for each Contract, as designated by the Exchange for a Contract. The Acceptable Trade Range is calculated by taking the reference price, plus or minus a value to be determined by the Exchange (i.e., the reference price - (x) for sell Orders and the reference price + (x) for buy Orders). Upon receipt of a new Order, the reference price is the NFX BBO or the last price at which the Order is posted whichever is higher for a buy Order or lower for a sell Order.

(B) If an Order reaches the outer limit of the Acceptable Trade Range (the “Threshold Price”) without being fully executed, it will be posted at the Threshold Price for a brief period, not to exceed one second (“Posting Period”), to allow more liquidity to be collected. Upon posting, ~~either the current Threshold Price of the Order or an updated NFX BBO for buy Orders or for sell Orders (whichever is higher for a buy Order/lower for a sell Order)~~ then becomes the reference price for calculating a new Acceptable Trade Range. If the Order remains unexecuted, a new Acceptable Trade Range will be calculated and the Order will execute or post up to the new Acceptable Trade Range Threshold Price. This process will repeat until the Order is executed, cancelled, or posted at its limit price.

(C) During the Posting Period, the Exchange will disseminate as a quotation: (i) the Threshold Price for the remaining size of the Order triggering the Acceptable Trade Range and (ii) on the opposite side of the market, the best price will be displayed using an indicator message which indicates it is not currently available for execution. Following the Posting Period, the Exchange will return to a normal trading state and disseminate its Best Bid and Offer.

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## **Exhibit B**

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### **Futures Regulatory Alert #2013 - XX**

#### **NASDAQ OMX Futures Exchange Requires Futures Participants to Submit Certain Position Information**

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##### **Markets Impacted:**

- [The NASDAQ OMX Futures Exchange](#)

##### **Contact Information:**

- John Pickford at +1 215 496 5273

##### **What you need to know:**

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- Futures Participants that own, control or carry certain reportable positions in the 10 Troy ounce gold futures contract on the Exchange, which is cash settled by reference to COMEX, will be required to report those positions.
- A reportable position includes that which the Futures Participant or its Customer owns or controls in the reference contract (e.g. the COMEX gold futures contract).

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### **What type of Contracts will require reporting of positions?**

Futures Participants are required to report positions in contracts that settle by reference to the COMEX gold futures contract during the month of maturity. For example, a Futures Participant with a large trader reportable position in the 10 Troy ounce gold contract listed on the Exchange would report its COMEX gold futures positions. Further, a Futures Participant that has a Customer with large trader reportable positions in the NASDAQ OMX Futures Exchange 10 Troy ounce gold contract would be required to report the Customer's COMEX gold futures positions.

### **What types of positions should be reported?**

Pursuant to [Chapter III, Section 19](#), Futures Participants that own, control or carry a reportable position, which is defined in [Chapter III, Section 16](#) as positions reportable pursuant to Commission regulations Part 15, 17, or 18, shall be required to report those positions that it owns or controls in the reference contract or commodity on such venue. Futures Participants with customers that own, control, or carry a reportable position, will be responsible for reporting such customer positions in the reference contract or commodity on such venue. For example, if a Futures Participant or its customer is required to report a position in the NASDAQ OMX Futures Exchange 10 troy ounce gold contract, any position in the COMEX gold contract would also be required to be reported.

### **Do Futures Participants have an obligation to produce Customer information?**

The Exchange may request Futures Participant information with respect to positions of such Futures Participant or any Customer of such Futures Participant including positions maintained at other firms. Futures Participants receiving such an inquiry must obtain such information from its Customer.

### **How should the position information be reported?**

Futures Participant should report their positions and those of their Customers by submitting account statements for the contract maturity month no later than 30 days following the settlement of a Contract. Account statements may be sent to [FuturesReg@nasdaqomx.com](mailto:FuturesReg@nasdaqomx.com). The Exchange or its Regulatory Service Provider may request additional information if necessary.