SR-NFX-2019-27 Exhibit B



**NASDAQ Futures, Inc. (NFX)**

**Off-Exchange Transactions Reference Guide**

Version1.11~~0~~ **|** 2019-~~4~~7-~~2~~31

# CONFIDENTIALITY/DISCLAIMER

This Reference Guide is being forwarded to you strictly for informational purposes and solely for the purpose of developing or operating systems for your use that interact with systems of NASDAQ Futures, Inc. (NFXSM) and its affiliates (collectively, NFX). This specification is proprietary to NFX.

NFX reserves the right to withdraw, modify, or replace this Reference Guide at any time, without prior notice. No obligation is made by NFX regarding the level, scope or timing of NFX’s implementation of the functions or features discussed in this specification. The Reference Guide is provided “AS IS,” “WITH ALL FAULTS”. NFX makes no warranties to this Reference Guide or its accuracy, and disclaims all warranties, whether express, implied, or statutory related to the Reference Guide or its accuracy. This document is not intended to represent an offer of any terms by NFX. While reasonable care has been taken to ensure that the details contained herein are true and not misleading at the time of publication, no liability whatsoever is assumed by NFX for any incompleteness or inaccuracies. By using this Reference Guide you agree that you will not, without prior written permission from NFX, copy or reproduce the information in this Reference Guide except for the purposes noted above. You further agree that you will not, without prior written permission from NFX, store the information contained in this

Reference Guide in a retrieval system, or transmit it in any form or by any means, whether electronic, mechanical, or otherwise except for the purposes noted above. In addition you agree that you will not, without prior written permission from NFX, permit access to the information contained herein except to those with a need-to-know for the purposes noted above.

NFX℠is a servicemark of Nasdaq Futures, Inc.

© Copyright 2019~~6~~, Nasdaq Futures, Inc. All rights reserved.

# TABLE OF CONTENTS

1. **INTRODUCTION .......................................................................................................................................... 5**
2. **NFX CONTACT INFORMATION ................................................................................................................. 5**
3. **WHAT IS A BLOCK TRADE? ..................................................................................................................... 5**
4. **WHAT ARE THE ELIGIBLE CONTRACTS AND THE MINIMUM THRESHOLD QUANTITIES**

**FOR A BLOCK TRADE? .............................................................................................................................. 6**

1. **WHO MAY PARTICIPATE IN BLOCK TRADES? ...................................................................................... 7**
2. **ARE THERE ANY PRICE RESTRICTIONS FOR BLOCK TRADES? .........................................................7**
3. **CAN ANY ORDER WHICH EXCEEDS THE MINIMUM QUANTITY THRESHOLD BE**

**CLEARED AS A BLOCK TRADE? .............................................................................................................. 8**

1. **WHAT RECORDKEEPING AND AUDIT TRAIL REQUIREMENTS ARE REQUIRED FOR**

 **A BLOCK TRADE? ....................................................................................................................................... 8**

1. **WHAT ARE THE TRADING HOURS FOR BLOCK TRADES? ................................................................ 8**
2. **HOW ARE BLOCK TRADES REPORTED? ............................................................................................. 8**
3. **WHAT ARE THE REPORTING REQUIREMENTS FOR BLOCK TRADES? ........................................... 8**
4. **WHAT ARE THE PROCEDURES FOR SUBMITTING A BLOCK TRADE? ............................................. 9**
5. **DISSEMINATION OF BLOCK TRADE INFORMATION ......................................................................... 11**
6. **HOW DO I OBTAIN ACCESS TO ENTER ORDERS DIRECTLY INTO NFX? ....................................... 12**
7. **MUST BLOCK TRADES BE SUBMITTED BY AN EXCHANGE FUTURES PARTICIPANT**

 **OR CLEARING FUTURES PARTICIPANT? .............................................................................................. 12**

1. **WHO IS RESPONSIBLE FOR REPORTING THE EXECUTION TIME? ................................................. 12**
2. **HOW SHOULD MULTI-LEG BLOCK TRADES BE SUBMITTED TO THE EXCHANGE? ......................12**
3. **MAY BLOCK TRADES BE GIVEN-UP? ................................................................................................. 13**
4. **CAN ORDERS BE BUNCHED TO CONSTITUTE ONE SIDE OF A BLOCK TRADE? ......................... 13**
5. **WHAT FEES ARE ASSOCIATED WITH BLOCK TRADES? ................................................................. 14**
6. **CAN TRADE AT SETTLEMENT (“TAS”) TRADES BE EXECUTED AS BLOCK TRADES? ............... 14**
7. **DO BLOCK TRADES BETWEEN ACCOUNTS OF AFFILIATED PARTIES**

 **CONSTITUTE A WASH TRADE? ............................................................................................................... 14**

1. **WHAT RESTRICTIONS ARE IN PLACE REGARDING THE DISCLOSURE**

 **OF BLOCK TRADE DETAILS? .................................................................................................................. 14**

1. **HOW ARE BLOCK TRADES PUBLISHED? ........................................................................................... 15**
2. **WHAT TYPE OF DOCUMENTATION MAY BE REQUIRED BY NFX REGULATIONS**

 **REGARDING A BLOCK TRADE? ............................................................................................................. 15**

1. **WHAT IS AN EXCHANGE FOR RELATED POSITION? ........................................................................ 15**
2. **ARE THERE ANY PRICE RESTRICTIONS FOR AN EFRP? ................................................................. 16**
3. **WHAT ARE THE REPORTING REQUIREMENTS FOR AN EFRP? ...................................................... 16**
4. **WHAT RECORDKEEPING REQUIREMENTS ARE REQUIRED FOR AN EFRP? ................................ 17** **30 DO EFRP TRANSACTIONS BETWEEN ACCOUNTS OF AFFILIATED PARTIES**

 **CONSISTUTE A WASH TRADE? .............................................................................................................. 18**

**31 WHAT TYPE OF DOCUMENTATION MAY BE REQUIRED BY NFX REGULATIONS**

 **REGARDING AN EFRP? ............................................................................................................................ 18**

1. **INTRODUCTION**

\*\*\*\*\*

**5 WHO MAY PARTICIPATE IN BLOCK TRADES?**

Each party to a block trade must be an Eligible ~~Futures~~ Contract Participant (“ECP”) as that term is defined in Section 1a(18) of the Commodity Exchange Act (“Act”) or certain Qualified Eligible Persons (“QEP”) as that term is defined in Section 4.7 of the Commission’s Regulations. ECPs include, but are not limited to floor brokers, FCMs, broker/dealers, financial institutions, insurance companies, pension funds, corporations, commodity pools, investment companies and high net worth individuals which satisfy certain criteria specified in Section 1a(18) of the Act.

QEPs eligible to execute block trades include the following:

* Accredited Investors:
	+ Any natural person that would qualify as an Accredited Investor under SEC regulation 501(a)(5). Under current SEC regulations this would require an individual’s net worth, or joint net worth with that person’s spouse, to exceed $5,000,000.
	+ Any natural person that would qualify as an Accredited Investor under SEC regulation 501(a)(6). Under current SEC regulations this would require an individual’s income to exceed $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
* Corporation or Similar Business:
	+ A corporation, similar business trust, or partnership, limited liability company or similar business venture, other than a pool, which has total assets in excess of $5,000,000.
* Non-US persons, as that term is defined in §4.7 of the Commission’s Regulations

Portfolio Requirement: In order to satisfy the portfolio requirement, US-based Accredited Investors or US-based Corporations outlined above must satisfy one of the following:

* Own securities of issuers not affiliated with such person and other investments with an aggregate market value of at least $2,000,000;
* Have had on deposit with a futures commission merchant, for its own account at any time during the six-month period preceding the first block trade, at least $200,000 in exchange-specified initial margin and option premiums, together with required minimum security deposit for retail forex transactions for commodity interest transactions; or
* Own a combination of the 2 alternatives listed above so long as the sum of the amounts from each category, expressed as a percentage of the minimum dollar amount specified, equals 100%. An example of a portfolio that would be acceptable under this requirements would consist of $1,000,000 in securities and other property, and $100,000 in exchange-specified initial margin and options premiums.

A Futures Participant may not execute any Order by means of a Block Trade for a Customer unless such Customer has specified that the Order be executed as a Block Trade.

Notwithstanding the foregoing, if the block trade is entered into on behalf of a Customer by a commodity trading advisor registered under the Act ("CTA"), including without limitation any investment advisor registered as such with the Securities and Exchange Commission who is exempt from regulation under the Act or CFTC regulations with total assets under management exceeding US $25 million, or by a foreign entity performing a similar role or function to a CTA or investment advisor that is subject to foreign regulation with total assets under management exceeding US $50 million, the individual Customer need not be an ECP.

\*\*\*\*\*