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

**Off-Exchange Transactions Reference Guide**

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1. **INTRODUCTION**

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**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.

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