**Rule Self-Certification**

September 12, 2016

Christopher J. Kirkpatrick

Office of the Secretariat

Commodity Futures Trading Commission

Three Lafayette Center

1155 21st Street, NW

Washington, DC 20581

Re: **Rule §40.6 Submission Certification**

**Standard Combination Orders**

**Reference Guide**

**Reference File: SR-NFX-2016-84**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Section 40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission under the Act, NASDAQ Futures, Inc. (“NFX” or “Exchange”) is amending its Standard Combination Orders Reference Guide (“Reference Guide”). The amended Reference Guide is attached as Exhibit A and will be implemented as of September 27, 2016.

**Amendments to Standard Combination Orders**

The Exchange’s trading platform allows for the use of Combination Orders; an Order allowing a market participant to simultaneously buy or sell two, but no more than four, contracts (respective legs) in one transaction. Certain Combination Orders comprised of specific instruments are used more frequently by the Exchange’s market participants than others. To accommodate this situation, the Exchange established two specific types of Combination Orders that may be used on the NFX Trading System; Standard[[1]](#footnote-1) and Tailor Made[[2]](#footnote-2). Standard Combination Orders are pre-populated within the Exchange’s Trading System and are comprised of the most liquid combinations used by the Exchange’s market participants. Standard Combination Orders are also available for trading each day the Exchange is open for trading, making them very attractive to market participants.

Tailor Made Combination Orders are bespoke orders which allow Exchange users to create custom-made Orders of any combination of futures and option contracts they wish. A Tailor Made Combination Order however must be created each trading day a market participant wishes to use that specific order. As a result, Tailor Made Combination Orders are used when a market participant wants to trade a combination of less liquid instruments that are not pre-populated in the Exchange’s Trading System.

**Modification of Standard Combination Orders**

The Exchange has received feedback from market participants as to the efficacy of Standard and Tailor Made Combination Orders. In light of this feedback, the Exchange is amending the list of Standard Combination Orders currently made available to market participants in order to provide a catalogue of instruments that will better serve the risk mitigation and speculation needs of its customers. In each case, the Exchange is removing the futures contract which settles on the last trading day of the month and replacing it with a futures contract that settles on the penultimate trading day of the month. The Exchange’s market participants have advised that these combinations would be more advantageous from a trading strategy and hedging perspective. The affected combinations are listed below and in the attached Exhibit A.

|  |  |  |
| --- | --- | --- |
| Combo Name | Leg1 | Leg 2 |
| Heating Crack | WTI (TQ~~CLQ~~) | Heating Oil (~~H~~OQ) |
| Gasoline Crack | WTI (TQ~~CLQ~~) | RBOB (R~~B~~Q) |
| Brent Heating Crack | Brent (BFQ) | Heating Oil (~~H~~OQ) |
| Brent Gasoline Crack | Brent (BFQ) | RBOB (R~~B~~Q) |
| HOGO | Heating Oil (~~H~~OQ) | Gasoil (GOQ) |
| Widow Maker | Heating Oil (~~H~~OQ) | RBOB (R~~B~~Q) |
| Crude Hedge | WTI (TQ~~CLQ~~) | Brent (BFQ) |

|  |  |  |  |
| --- | --- | --- | --- |
| Combo Name | Leg1 | Leg 2 | Leg 3 |
| Diversified Crack | WTI (TQ~~CLQ~~) | RBOB (R~~B~~Q) | Heating Oil (~~H~~OQ) |

The Exchange conforms the Standard Combination Orders Reference Guide to reflect these change. The Exchange certifies that the amendments comply with the Act and, specifically, the following designated contract market core principles:

• Compliance with Rules. The Exchange specifies 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. Futures Participants must utilize the Exchange’s services in a responsible manner, comply with Rules, cooperate with Exchange investigations and inquiries and observe high standards of integrity. In addition the Rule provides clear and transparent access criteria and requirements for Futures Participants and Authorized Traders. Chapter V, Section 18 describes prohibited activities with respect to the Trading System.

• Availability of Contract Information. The Exchange has indicated within its trading Rules where specific information relates to a particular Contract. The Exchange provides detailed information within the contract specifications for that particular Contract. The Exchange also posts the terms and conditions of Exchange Contracts in its Rulebook along with trading Rules.

• Execution of Transactions. The Exchange operates an electronic trading facility that provides Futures Participants with the ability to execute Orders within the Exchange’s Order Book and offers within a predetermined automated trade matching and execution algorithm. Orders submitted into the Trading System will be matched in Price-Time priority. The Exchange specifies the types of Orders that will be accepted by the Trading System in Chapter IV, Section 4.

• 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 Exchange’s Board of Directors, members or market participants. The Exchange hereby certifies that the amendments to the General Reference Guide 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 [business.nasdaq.com/futures](http://business.nasdaq.com/futures).

If you require any additional information regarding the submission, please contact Aravind Menon at +1-301-978-8416 or via e-mail at aravind.menon@nasdaq.com. Please reference SR-NFX-2016-84 in any related correspondence.



Regards,

Daniel R. Carrigan

President

1. See Standard Combination Orders Reference Guide for a description of the use and operation of Standard Combination Orders. <http://nasdaqomxphlx.cchwallstreet.com/NASDAQOMXPHLX/pdf/Standard%20Combination%20Orders%20Reference%20Guide.pdf> [↑](#footnote-ref-1)
2. See Tailor Made Combination Orders Reference Guide for a description of the use and operation of Tailor Made Combination Orders. <http://nasdaqomxphlx.cchwallstreet.com/NASDAQOMXPHLX/pdf/tailor%20made%20combinations%20reference%20guide.pdf> [↑](#footnote-ref-2)