

FORM DCM APPLICATION FOR DESIGNATION
NASDAQ FUTURES, INC.

Exhibit L Amendment

NASDAQ Futures, Inc. (“NQF”) was a designated contract market until it became a dormant designated contract market on January 1, 2014. NQF submits this application to redesignate as a contract market. Prior to its dormancy, NQF, a subsidiary of The NASDAQ OMX Group, Inc., operated as a designated contract market which, at the time, listed a 10 ounce gold futures contract as well as the following foreign currency futures contracts: Australian Dollar, British Pound, Canadian Dollar, Euro, Swiss Franc and the Japanese Yen (“FX Contracts”). Subsequent to reinstatement of its designation as a contract market, NASDAQ Futures intends to submit contracts for listing pursuant to Commission Regulation §40.2.

Attached is a Regulatory Compliance Chart which describes the manner in which NQF complies with each core principle.

**NASDAQ FUTURES, INC.
 REGULATORY CHART
 EXHIBIT L**

CONTRACT MARKET CORE PRINCIPLES	EXPLANATIONS AND REFERENCES TO RELEVANT NASDAQ FUTURES, INC. DOCUMENTS, RULES AND AGREEMENTS
<p>Core Principle 1 – Designation as a Contract Market: (A) <i>In general.</i> To be designated, and maintain a designation, as a contract market, a board of trade shall comply with:</p> <p style="padding-left: 40px;">(i) Any core principle described in section 5(d) of the Act, and</p> <p style="padding-left: 40px;">(ii) Any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act.</p> <p>(B) <i>Reasonable discretion of the contract market.</i> Unless otherwise determined by the Commission by rule or regulation, a board of trade described in paragraph (a) of this section shall have reasonable discretion in establishing the manner in which the board of trade complies with the core principles described in this subsection.</p>	<p>All materials submitted with application of NASDAQ Futures, Inc. (“NQF” or “Exchange”) for redesignation as a contract market (the “Application”), including but not limited to the Rules of the Exchange (the “Rules”) provided in <u>Exhibit M</u> of the Application.</p> <p>Capitalized terms that are used in this <u>Exhibit L</u> without definition have the meaning ascribed to them in the Rules.</p>
<p>Core Principle 2 - Compliance with Rules: (A) In general. The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including:</p> <p style="padding-left: 40px;">(i) Access requirements;</p> <p style="padding-left: 40px;">(ii) The terms and conditions of any contracts to be traded on the contract market; and</p> <p style="padding-left: 40px;">(iii) Rules prohibiting abusive trade practices on the contract market.</p> <p>(B) <i>Capacity of Contract Market.</i> The board of trade</p>	<p>Pursuant to the NASDAQ Futures Participant Application, Futures Participants, Clearing Futures Participants and Authorized Traders pledge to submit to and abide by the governing documents, By-Laws, Rules and operating procedures of the Exchange. No Authorized Trader of a Futures Participants is granted access to the Exchange’s Trading System unless they consent to the jurisdiction of the Exchange. Exchange Rules at Chapter II, Section 1 requires a permit to participate in the Exchange as a Futures Participant. The issuance of a permit shall be conditioned upon the Future’s Participant initial and continuing compliance with certain requirements including the execution of the NASDAQ Futures Participant Application, which requires compliance with governing documents, By-Laws, Rules and operating procedures of the Exchange. Further, Authorized Customers of any Clearing Futures Participant are required to complete an application pursuant to Exchange Rules at Chapter V, Section 4.</p> <p>The Exchange’s Rules at Chapter VI, Section 15, entitled Consent to Jurisdiction, provides that “Any Person initiating or executing a transaction on or subject to the Rules of the Exchange</p>

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<p>shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.</p> <p><i>(C) Requirement of Rules.</i> The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this section, including the capacity to carry out such international information-sharing agreements, as the Commission may require.</p>	<p>directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes.”</p> <p>Chapter II, Section 1 provides clear and transparent access criteria and requirements for Futures Participants. Chapter III, Section 2 establishes minimum financial requirements for Futures Participants to maintain the financial integrity of the Exchange. The Exchange will apply these criteria in an impartial manner. Additionally, Chapter IV, Sections 11 and 12 provides clear and transparent criteria for persons accessing the Exchange on behalf of Participants. The Exchange will apply these criteria in an impartial manner. In addition Chapter V, Section 4, provides clear and transparent criteria for Authorized Customers accessing the Trading System. The Exchange will apply these criteria in an impartial manner.</p> <p>The Exchange’s Fee Schedule will be made publically available on the Exchange’s website. The fees are discussed in greater detail at <u>Exhibit K-1</u>.</p> <p>The Exchange’s Rules at Chapter III, Section 24 prohibit abusive trading practices. Specifically, this rule provides for certain conduct in submitting orders to the Exchange as well as prohibiting conduct and trade practices including: prohibited pre-arranged transactions; effecting a transaction through manipulative, deceptive or fraudulent device or contrivance; price manipulation; wash transactions; accommodation transactions; engaging in certain transactions while in possession of material non-public information; “cherry picking”; withdrawing, withholding, disclosing, or taking advantage of a Customer Order; engaging in conduct or practices detrimental to the best interests of the Exchange; and engaging in any other manipulative or disruptive trade practices prohibited by the Commodity Exchange Act, as amended, or Commission regulations, including but not limited to, “spoofing;” “improper cross trading,” “money passes,” and trading against a Customer Order. <i>See also</i> Core Principle 4 below.</p> <p>Pursuant to By-Law Article VI, Section 6.2(c), the Exchange’s Regulatory Oversight Committee has prepared and will continue to prepare an annual report assessing the effectiveness, sufficiency and independence of the Exchange’s self-regulatory program and its expenses, staffing and structure; catalogue disciplinary actions taken during the year; review the performance of disciplinary committees and panels; and include any proposals to remedy unresolved regulatory deficiencies.</p>

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	<p>The Exchange has entered into secondment agreements with its affiliate's and parent's employees where such employee is not an employee of the Exchange. The Exchange's NASDAQ Marketwatch staff, corporate officers and other persons responsible for core regulatory functions have executed a tripartite secondment agreement with the Exchange and their employer, putting them on notice of joint responsibilities and obligations respecting the CFTC and the Exchange. Among other things, the secondment agreement provides that the seconded employee will comply with the Exchange's rules, policies, and procedures, CFTC regulations and be subject to CFTC jurisdiction. A copy of the secondment agreement executed by regulatory staff and a copy of a secondment agreement executed by non-regulatory staff are attached at Exhibit N. The Exchange intends to require any new staff person that meets the criteria described herein to execute a secondment agreement in the future.</p> <p><i>See Exhibits F, O and P for a description of the Exchange's regulatory staffing, and resources for a description concerning the enforcement of Exchange Rules. In addition to the staffing and resources, the Exchange has Rules in place to discipline parties in Chapter VI, including the authority to examine books and records (Chapter VI, Section 2(b), Chapter III, Section 1 and Chapter V, Section 4(h)).</i></p> <p>Pursuant to the Exchange's Rules at Chapter III, Section 23 the Exchange may enter into information-sharing agreements, as the Commission may require, with any Person or body (including the Commission, NFA, any self-regulatory organization, any exchange, market, clearing organization or foreign regulatory authority).</p>
<p>Core Principle 3 - Contracts Not Readily Subject to Manipulation: The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.</p>	<p>Subsequent to reinstatement of its designation as a contract market, NASDAQ Futures intends to submit contracts for listing pursuant to Commission Regulation §40.2.</p> <p>As with all products listed for trading on the Exchange, activity in this product will be subject to extensive monitoring and surveillance by the Exchange's regulatory group in conjunction with NFA pursuant to the provisions of a Regulatory Services Agreement. Additionally, the Exchange has the authority to exercise its investigatory and enforcement power where potential rule violations are identified. The Exchange's disciplinary Rules are contained in Chapter V of the Rulebook, which permits the Exchange to discipline, suspend or expel members or market participants that violate the Rules.</p>
<p>Core Principle 4 - Prevention of Market Disruption: The board of trade shall have the capacity and</p>	<p>Pursuant to By-Law Article VI, Section 6.2(c), the Regulatory Oversight Committee shall: (A) monitor the Exchange's regulatory program for sufficiency, effectiveness, and independence;</p>

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<p>responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures, including:</p> <p>(A) Methods for conducting real-time monitoring of trading; and</p> <p>(B) Comprehensive and accurate trade reconstructions.</p>	<p>(B) oversee all facets of the regulatory program, including trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Futures Participants (insuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations; (C) provide oversight over the systems of internal controls established by management and the Board and the Exchange's legal and compliance process; (D) review the size and allocation of the regulatory budget and resources and the number, hiring and termination, and compensation of regulatory personnel; (E) supervise the Chief Regulatory Officer, who will report directly to the Regulatory Oversight Committee; (F) prepare an annual report assessing the Exchange's self-regulatory program for the Board of Directors and the Commission, which sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of disciplinary committees and panels; (G) recommend changes that would ensure fair, vigorous, and effective regulation; and (H) review regulatory proposals and advise the Board as to whether and how such changes may impact regulation.</p> <p>The Exchange's Rules at Chapter III, Section 24 prohibit certain abusive trading practices. The Exchange's MarketWatch department provides real-time surveillance for activity on the Exchange to maintain an orderly marketplace and level playing field for investors, market participants and listed companies. MarketWatch monitors compliance with Exchange Rules and policies through real-time surveillance of price and volume information reported by market participants in equities, options and futures transactions. When activity is suspected of being potentially in violation of Exchange Rules and policies, MarketWatch refers the activity to NFA for further review and potential disciplinary action. Information received by MarketWatch is confidential and used strictly for regulatory purposes. MarketWatch implements fair and independent decisions within the scope of its authority. MarketWatch receives complaints from customers or Futures Participants; regulatory complaints are sent to NFA for further investigation. The real-time surveillance described above is supplemented by additional surveillance conducted by the Surveillance group. Additional information on the types of real-time alerts related to trade activity is further described in <u>Exhibit O</u>. The Exchange has entered into a Regulatory Services Agreement with NFA pursuant to its Rules at Chapter I, Section 4. Pursuant to the RSA, NFA will act as the Exchange's Regulatory Services Provider in connection with certain surveillances and trade monitoring. The RSA with NFA is attached at <u>Exhibit N</u>. The real-time surveillance described above is supplemented by additional surveillance conducted by the Surveillance group. The Exchange shall retain ultimate decision-making authority with respect to any powers or functions delegated to NFA. The Exchange will maintain exclusive authority over the issuance of disciplinary charges and any denial of access to the Exchange's Trading System for disciplinary reasons. Pursuant to the Exchange Rules at</p>

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	<p>Chapter VI, the Surveillance and Enforcement groups are authorized to investigate trading activities on the Exchange, and initiate enforcement procedures to ensure compliance with the Rules. Additional information concerning disciplinary and enforcement protocols are described in <u>Exhibit P</u>. Pursuant to Exchange Rules at Chapter V, Section 5, the Exchange may, in its absolute and sole discretion, adjust trade prices or cancel any trade if it believes that allowing the trade or trades to stand as executed could have a material, adverse effect on the integrity of the market.</p> <p>The Exchange's Rules at Chapter III, Section 19, entitled "Exchange Access to Position Information" require any Futures Participant that owns, controls or carries for any Customer a reportable position in any Contract that is cash settled by reference to the price of a contract or commodity traded in another venue, including another designated contract market, to submit to the Exchange or its Regulatory Services Provider positions which such Futures Participant or its Customer owns or controls in the reference contract or commodity on such other venue, in such form and manner as may be specified by the Exchange. The Exchange is specifically requiring Futures Participants to provide position information to the Exchange pursuant to this Rule.</p> <p>Futures Participants, Authorized Traders and Authorized Customers are required to maintain audit trail information as specified in Exchange Rules at Chapter III, Section 1, Chapter V, Section 1(f)(v) and Chapter V, Section 4(j). Audit trail information must be maintained for a minimum of five years and a Futures Participant must produce audit trail data in standard format as further described in Futures Regulatory Alert #2013-5 located on the Exchange's website at: http://www.nasdaqtrader.com/MicroNews.aspx?id=FRA2013-5. The Exchange has established audit trail processes that capture trading information to facilitate the Exchange's trade practice and market surveillance activities. The audit trail program is based on original source documents that are unalterable, sequentially identified records. The audit trail contains a history of all Orders as well as other identifying information. All data gathered as part of the audit trail is maintained in accordance with the Commission's recordkeeping requirements and in a manner that does not allow for unauthorized alteration, erasure or other potential loss. The Exchange has the ability to reconstruct all Orders transacted on the Trading System.</p> <p>The Exchange's Rules provide that all matched trades generated by the Trading System, after the application of pre-trade risk parameters, will be automatically submitted to the Clearing Corporation as described in new Chapter V, Section 2. Chapter II, Section 1 of the Exchange's Rules requires that all Futures Participants must be members of the Clearing Corporation either directly or indirectly. The Clearing Futures Participants is required to guarantee all trades transacted on the Exchange on behalf of itself, its Customers and Non-Clearing Futures Participants. Clearing Futures Participants must guarantee and assume financial responsibility</p>

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	<p>for all Exchange Contracts of each Futures Participant guaranteed by it, and will be liable for all trades made by that Futures Participant. The Exchange requires a similar guarantee for Authorized Customers pursuant to new Chapter V, Section 4.</p> <p>The Exchange's Rules at Chapter III, Section 16 requires Futures Participants to submit a daily report of all Large Trader Reporting levels as set forth by the Exchange. Prior to its dormancy, the Exchange issued a Futures Regulatory Alert which, among other requirements, reminded Futures Participants and Clearing Futures Participants of large trader reporting requirements and their reporting obligations. Futures Regulatory Alert #2013-4 is located on the Exchange's website at: http://www.nasdaqtrader.com/MicroNews.aspx?id=FRA2013-4.</p> <p>The Exchange's Rules describe certain risk controls, including the imposition of trading pauses or halts, to address risks posed by potential market disruptions at Chapter V, Section 16. The Exchange's Rules at Chapter II, Section 1, the Clearing Futures Participant must designate at least two Authorized Risk Officers who shall set and adjust pre-trade risk parameters for a Futures Participant, Authorized Trader or Authorized Customer as provided in Chapter IV, Section 5. The Exchange will not issue an active Trader ID if an Authorized Risk Officer has not set pre-trade risk parameters. This is also the case with respect to Authorized Customers. Pursuant to Exchange's Rules at Chapter V, Section 4, Clearing Futures Participant will be required to designate at least two Authorized Risk Officers. The Authorized Risk Officer will be required to designate pre-trade risk parameters as required by Chapter IV, Section 5. The Exchange's Rules provide at Chapter IV, Section 5 that the Authorized Risk Officer designated by the Clearing Futures Participant shall initially set and thereafter adjust, as appropriate, pre-trade risk parameters to a level that is appropriate for the trading activity of a Futures Participant, Authorized Trader or Authorized Customer for which the Clearing Futures Participant is the designated Clearing Futures Participant. The Authorized Risk Officer shall set and adjust pre-trade risk parameters by requesting settings in a form designated by the Exchange. Futures Participants should employ other necessary pre-trade risk controls in their order management systems. The Exchange will not issue an active Trader ID if an Authorized Risk Officer has not set pre-trade risk parameters for a specific Futures Participant, Authorized Trader or Authorized Customer.</p>
<p>Core Principle 5 - Position Limitations or Accountability:</p> <p><i>(A) In General</i> To reduce the potential threat of market manipulation or congestion (especially during</p>	<p>The Exchange's Rules at Chapter V, Section 13 sets forth the Exchange's policies for monitoring of positions in Exchange futures that are owned, controlled or held by any person. Section 13(b) requires aggregation of certain positions for purposes of determining compliance with position limits or accountability reporting requirements. Section 13(d) permits a Person to apply for an exemption for bona fide hedging positions meeting the requirements of</p>

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<p>trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators.</p> <p><i>(B) Maximum Allowable Position Limitation.</i> or any contract that is subject to a position limitation established by the Commission, pursuant to section 4a(a), the board of trade shall set the position limitation of the board of trade at a level not higher than the position limitation established by the Commission.</p>	<p>Commission regulation 1.3(z), by providing the information requested and following the procedures established by the Exchange.</p> <p>Position limits and position accountability levels will be established on a contract by contract basis. For new contracts subject to position limits established by the Commission pursuant to Section 4a(a) of the CEA, NQF will adopt position limits at levels not higher than the position limits established by the Commission. For new contracts not subject to such Commission established limits, NQF will consider on a case by case basis whether to impose position limits or position accountability standards. Under current regulatory requirements, when NQF submits the terms and conditions for a new contract pursuant to self-certification, it will certify that those rules comply with the CEA and rules thereunder.</p> <p>The Exchange has entered into a Regulatory Services Agreement with NFA pursuant to its Rules at Chapter I, Section 4. Pursuant to the RSA, NFA will utilize an automated system to perform market surveillance on behalf of the Exchange. The system monitors and analyzes position holdings. The system will also generate alerts when certain positions exceed reportable levels. The RSA with NFA is attached at <u>Exhibit N</u>.</p> <p>Pursuant to Exchange’s Rules at Chapter I, Section 3, the Exchange may impose or modify trading limits or position limits or order the reduction of positions in the event of an Emergency. <i>See also</i> Core Principle 6.</p>
<p>Core Principle 6 - Emergency Authority: The board of trade, in consultation or cooperation with the Commission, shall adopt rules to provide for the exercise of emergency authority, as is necessary and appropriate, including the authority:</p> <p>(A) To liquidate or transfer open positions in any contract;</p> <p>(B) To suspend or curtail trading in any contract; and</p> <p>(C) To require market participants in any contract to meet special margin requirements.</p>	<p>The Exchange’s Rules at Chapter I, Section 3 describe the Emergency Action available to the Exchange. Subsection (a) of that Rules requires the Board of Directors to establish an Emergency Committee authorized to determine the existence of an emergency. Any member of the Committee may request the Committee to determine whether an emergency condition exists. Additionally, any officer of the Exchange may determine that an emergency exists if it may a severe, adverse effect upon the physical functions of the exchange (a “physical emergency”).</p> <p>The term “emergency” means any occurrence or circumstance listed in Commission Regulation 40.1(h) which the Emergency Committee or, with respect to physical emergencies, any officer of the Exchange, determines requires immediate action and threatens or may threaten such things as fair and orderly trading in, or the liquidation of or delivery pursuant to, any commodity interest.</p> <p>Pursuant to Subsection (d), whenever the Board’s Emergency Committee determines that an emergency exists, the Committee may take immediate emergency action or place into</p>

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	<p>immediate effect a temporary emergency rule. Any such action or rule may provide for, or may authorize the Exchange to undertake actions necessary or appropriate to respond to the emergency, including taking the market actions that are listed in Core Principle 6 and the Commission's Acceptable Practices thereunder, and as may be directed by the Commission. Emergency actions may include limiting trading to liquidation only, in whole or in part; extending or shortening the expiration date for trading in contracts; ordering the liquidation or transfer of contracts, the fixing of a settlement price or the reduction in positions; suspending or curtailing trading in any contract; requiring market participants in any contract to meet special margin requirements; or modifying or suspending any provision of the By-Laws or Rules.</p> <p>Pursuant to Subsection (e), if an Exchange officer determines that a physical emergency exists, the officer may take any action that he or she may deem necessary or appropriate to respond to such physical emergency, including closing the Exchange.</p> <p>Subsection (f), Modification and Recording, provides that the Exchange will promptly notify the Commission of any action taken, or proposed to be taken, pursuant to this Rule in accordance with Commission Regulations § 40.6 and 40.7, explaining how conflicts of interest were minimized, including the extent to which the Exchange considered the effect of its emergency action on the underlying markets and on markets that are linked or referenced to the Exchange's market and similar markets on other trading venues. It provides that the decision-making process with respect to, and the reasons for, any such action will be recorded in writing. It requires rules or rule amendments implemented pursuant to Chapter I, Section 3, if practicable, to be filed with the Commission prior to implementation or, if not practicable, to be filed with the Commission at the earliest possible time after implementation (but in no event more than twenty-four hours after implementation). Finally, it requires the Committee to prepare a report of an emergency action taken pursuant to Chapter I, Section 3, and submit it to the Board of Directors at the Board's next regular meeting.</p> <p>Further, the Board has delegated authority to any two members of the Emergency Committee, upon advice of counsel, to act for the Chief Regulatory Officer in marking regulatory decisions in the event that NQF's Chief Regulatory Officer is unavailable or incapacitated. All members of the Emergency Committee are officers of NQF and therefore subject to the conflicts provisions in By-Law Article VII, Section 7-2.</p> <p>Subsection (g) provides that the conflict of interest provisions set forth in Chapter I, Section 8 apply to the taking of any action under Chapter I, Section 3.</p>

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<p>Core Principle 7 - Availability of General Information: The board of trade shall make available to market authorities, market participants, and the public accurate information concerning:</p> <p>(A) The terms and conditions of the contracts of the contract market; and</p> <p>(B)</p> <p>(i) the rules, regulations and mechanisms for executing transactions on or through the facilities of the contract market, and</p> <p>(ii) the rules and specifications describing the operation of the contract market's:</p> <p>(I) Electronic matching platform, or</p> <p>(II) Trade execution facility.</p>	<p>The Exchange posts general information, including its contract specifications and Rules, on the Exchange's web site: http://www.nasdaqtrader.com/Micro.aspx?id=nasdaqfuturesNQF.</p> <p>A copy of the Rules, any rule amendments, and new product listings (including terms and conditions of the contracts) will be made available through the Exchange's website. Notice of new product listings, new rules, and rule amendments will be placed on the Exchange's website concurrent with the filing of such information or submissions with the Secretary of the Commission.</p> <p>The Exchange's Rulebook includes a description of orders that may be submitted to the trading system in Chapter IV, Section 3. Order execution algorithms are set forth in Chapter IV, Section 4. Other features of the trading system, including Pre-Trade Risk Parameters, Order Price Protection, Self-Match Prevention, Order Spread Protection, Acceptable Trade Range and Risk Monitor Mechanism, are also described in Chapter IV of the rulebook.</p> <p>The website also contains information concerning connectivity and technical specifications for the Exchange's electronic matching platform.</p>
<p>Core Principle 8 - Daily Publication of Trading Information: The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.</p>	<p>The Exchange will publish daily information on settlement prices, volume, open interest and opening and closing ranges for actively trades Contracts on its website. The Exchange will also publish the total quantity of Block Trades that are included in trading volume for each Trading Day.</p>

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<p>Core Principle 9 - Execution of Transactions: The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade. The rules of the board of trade may authorize, for bona fide business purposes:</p> <ul style="list-style-type: none"> (i) Transfer trades or office trades; (ii) An exchange of: <ul style="list-style-type: none"> (I) Futures in connection with a cash commodity transaction; (II) Futures for cash commodities; or (III) Futures for swaps; or (iii) A futures commission merchant, acting as principal or agent, to enter into or confirm the execution of a contract for the purchase or sale of a commodity for future delivery if the contract is reported, recorded, or cleared in accordance with the rules of the contract market or a derivatives clearing organization. 	<p>The Exchange operates an electronic trading facility that provides Futures Participants with the ability to execute transactions from the interaction of multiple bids and multiple offers within a predetermined, nondiscretionary automated trade matching and execution algorithms. Contracts trade under either the price/time or the pro rata algorithm, as set forth in the contract specifications. Under the price/time algorithm, priority is determined solely by price and time. Under the pro rata algorithm, there are multiple priority levels based on participant type.</p> <p>The Exchange's Rules at Chapter IV, Section 11, Block Trades, provide for Block Trades. Minimum block trade sizes are set forth with the contract specifications for each contract. In addition, the Exchange provides guidance related to Block Trades at Appendix B of the Rules. The Exchange's Rules at Chapter IV, Section 12 permits Futures Participants to enter into exchange of futures for related positions transactions, subject to compliance with the requirements of that Section. In addition, the Exchange provides guidance related to Exchange for Related Positions at Appendix B of the Rules.</p> <p>The Exchange's Rules at Chapter V, Section 14 permits a Clearing Futures Participant to transfer a position on its books to correct errors in an existing Contract, transfer an existing Contract from one account to another within the same Futures Participant where no change in ownership is involved, transfer an existing Contract from one Clearing Futures Participant to another Clearing Futures Participant where no change in ownership occurs, and transfer an existing Contract through operation of law from death or bankruptcy. The Exchange may also allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction.</p> <p>The Exchange will conduct periodic objective testing of the Trading System as further described in the Technology Questionnaire at Exhibit V.</p>
<p>Core Principle 10 - Trade Information: The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information:</p> <ul style="list-style-type: none"> (A) To assist in the prevention of customer and market abuses; and (B) To provide evidence of any violations of the rules of the contract market. 	<p>The Exchange's Trading System will capture and maintain all information with respect to each Order placed into the Trading System. This will include information on Orders that were executed and those that were not executed as well as all other information relating to the trade environment that determines the matching and clearing of trades such as information related to clearing and number and types of contracts. Orders entered into the Trading System can be tracked from the time it is entered into the Trading System until the time that is matched, canceled or otherwise removed.</p> <p>The Exchange has audit trail processes that capture trading information to facilitate the Exchange's trade practice and market surveillance activities. The audit trail program is based on original source documents that are unalterable, sequentially identified records. The audit trail contains a history of all orders as well as other identifying information. All data gathered as part of the audit trail is maintained in accordance with the Commission's recordkeeping</p>

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	<p>requirements and in a manner that does not allow for unauthorized alteration, erasure or other potential loss. <i>See also</i> Core Principle 18.</p> <p>Futures Participants, Authorized Traders and Authorized Customers are required to maintain audit trail information as specified in Exchange Rules at Chapter III, Section 1, Chapter V, Section 1(f)(v) and Chapter V, Section 4(j). Audit trail information must be maintained for a minimum of five years and a Futures Participant must produce audit trail data in standard format as further described in Futures Regulatory Alert #2013-5 located on the Exchange’s website at: http://www.nasdaqtrader.com/MicroNews.aspx?id=FRA2013-5. The Exchange has established audit trail processes that capture trading information to facilitate the Exchange’s trade practice and market surveillance activities. The audit trail program is based on original source documents that are unalterable, sequentially identified records. The audit trail contains a history of all orders as well as other identifying information. All data gathered as part of the audit trail is maintained in accordance with the Commission’s recordkeeping requirements and in a manner that does not allow for unauthorized alteration, erasure or other potential loss. The Exchange has the ability to reconstruct all Orders transacted on the Trading System.</p> <p>NFA, the Exchange’s Regulatory Services Provider, will enforce the Exchange’s audit trail and recordkeeping requirements through at least annual reviews of Futures Participants and persons such to the Exchange’s recordkeeping requirements. The RSA with NFA is attached at <u>Exhibit N</u>.</p> <p>Additional information related to data retention is contained in <u>Exhibit S</u>.</p>
<p>Core Principle 11 - Financial Integrity of Transactions: The board of trade shall establish and enforce:</p> <p>(A) Rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization); and</p> <p>(B) Rules to ensure:</p> <p>(i) The financial integrity of any:</p> <p>(I) Futures commission merchant, and</p>	<p>The Exchange has renegotiated a Clearing and Settlement Agreement with The Options Clearing Corporation (“OCC”) which agreement will become effective as of the date of the Order for Re-designation as NQF is required to be a DCM to enter into the Clearing and Settlement Agreement. The Exchange has attached the executed Clearing and Settlement at <u>Exhibit N (amended)</u>.</p> <p>The Exchange’s Rules at Chapter V, Section 2 provide that rights and obligations of purchasers and sellers of Futures, options on Futures and Security Futures cleared by OCC, including but not limited to rights and obligations in respect of clearing and settlement, variation payments and performance at maturity, shall be as set forth in the By-Laws and Rules of OCC. Further, all transactions executed on or subject to the Rules of the Exchange must be cleared through OCC, including Block Trades and exchange for related positions (“EFRPs”). Chapter II, Section 1 of the Exchange’s Rules requires that all Futures Participants must be members of the Clearing Corporation either directly or indirectly, except that FCMs are required to be members of OCC. The Clearing Futures Participants is required to guarantee all trades transacted on the</p>

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<p>(II) Introducing broker; and</p> <p>(ii) The protection of customer funds.</p>	<p>Exchange on behalf of itself, its Customers and Non-Clearing Futures Participants. Clearing Futures Participants must guarantee and assume financial responsibility for all Exchange Contracts of each Futures Participant guaranteed by it, and will be liable for all trades made by that Futures Participant. The Exchange requires a similar guarantee for Authorized Customers pursuant to new Chapter V, Section 4.</p> <p>The Exchange's Rules at Chapter III, Section 2 provide that each Futures Participant which is a futures commission merchant or an introducing broker shall comply with the requirements prescribed in Commission Regulations 1.10, 1.12, 1.17 and 1.18 and with the additional requirements of Chapter III, Section 2. Each Futures Participant not subject to the requirements prescribed in Commission Regulations 1.10, 1.12, 1.17 and 1.18 shall at the time of application for a permit, and upon admission or approval as a Futures Participant have net liquid assets in the amount of \$100,000 or more. The Exchange may at any time or from time to time, with respect to a particular Futures Participant or all Futures Participant or a new Futures Participant, prescribe net capital or net worth requirements greater than or in addition to those prescribed under this Rule, including more stringent treatment of items in computing net capital or net worth. Each Futures Participant and Clearing Futures Participant must notify the Exchange's Regulatory Department, or his or her designee, immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it. Unless and until a Futures Participant or Clearing Futures Participant, as the case may be, is able to demonstrate to the Exchange that it is in compliance with the minimum financial requirements applicable to it, such Futures Participant or Clearing Futures Participant may not engage in any transactions subject to the Rules of the Exchange, except for the purpose of closing open positions.</p> <p>The Exchange entered into a RSA with OCC, its Regulatory Services Provider, on October 3, 2012 to comply with certain financial surveillance and regulatory requirements pursuant to the Exchange's Rules at Chapter I, Section 5. Pursuant to the RSA, OCC provides the following financial surveillance and regulatory services to the Exchange: (i) on a daily basis, provide notification to NFX if a common member is identified through OCC's Position Risk Reporting; (ii) on a daily basis, provide pay/collect information to the Exchange that is specific to the Exchange's products; (iii) on a monthly basis, provide Watch Level Reports to the Exchange for any common member that appears on such Watch Level Report; (iv) on an as needed basis, provide notification to the Exchange if a common member fails to meet a margin call as required by OCC; (v) on a schedule agreed to by both parties, provide intra-day margin results to the Exchange for common clearing members; and (vi) any other financial surveillance and regulatory services mutually agreed to in writing by OCC and the Exchange. The Exchange shall retain ultimate decision-making authority with respect to any powers or functions delegated to OCC. The RSA with OCC is attached at <u>Exhibit N</u>.</p>

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	<p>Futures Participants handling Customer Orders are subject to specific requirements in connection with such Orders that are set forth in Chapter III, Sections 6 – 15 as well as Rules prohibiting certain trade practices as described in Core Principle 2. In addition, Futures Participants that are registered as FCMs must comply with the Customer Margin Rule in Chapter V, Section 9.</p> <p>The Exchange’s Rules describe certain risk controls, including the imposition of trading pauses or halts, to address risks posed by potential market disruptions at Chapter V, Section 16. The Exchange’s Rules at Chapter II, Section 1, the Clearing Futures Participant must designate at least two Authorized Risk Officers who shall set and adjust pre-trade risk parameters for a Futures Participant, Authorized Trader or Authorized Customer as provided in Chapter IV, Section 5. The Exchange will not issue an active Trader ID if an Authorized Risk Officer has not set pre-trade risk parameters. This is also the case with respect to Authorized Customers. Pursuant to Exchange’s Rules at Chapter V, Section 4, Clearing Futures Participant will be required to designate at least two Authorized Risk Officers. The Authorized Risk Officer will be required to designate pre-trade risk parameters as required by Chapter IV, Section 5. The Exchange’s Rules provide at Chapter IV, Section 5 that the Authorized Risk Officer designated by the Clearing Futures Participant shall initially set and thereafter adjust, as appropriate, pre-trade risk parameters to a level that is appropriate for the trading activity of a Futures Participant, Authorized Trader or Authorized Customer for which the Clearing Futures Participant is the designated Clearing Futures Participant. The Authorized Risk Officer shall set and adjust pre-trade risk parameters by requesting settings in a form designated by the Exchange. Futures Participants should employ other necessary pre-trade risk controls in their order management systems. The Exchange will not issue an active Trader ID if an Authorized Risk Officer has not set pre-trade risk parameters for a specific Futures Participant, Authorized Trader or Authorized Customer. <i>See also</i> Core Principle 4.</p> <p>The Enforcement Department (“Enforcement”) is the prosecutorial arm of the Exchange. Enforcement prosecutes disciplinary cases alleging violations of Exchange Rules by Futures Participants. Enforcement counsel reviews NFA investigations with the Chief Regulatory Officer and presents the regulatory matters to the Business Conduct Committee (“BCC”). This disciplinary work includes obtaining authorization from the BCC for the commencement and settlement of proceedings, and prosecuting hearings and appeals. Enforcement also assists NFA in the development of matters they may thereafter refer to Enforcement for prosecution or settlement.</p>

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<p>Core Principle 12 - Protection of Markets and Market Participants: The board of trade shall establish and enforce rules:</p> <p>(A) To protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and</p> <p>(B) To promote fair and equitable trading on the contract market.</p>	<p>The Exchange's Rules at Chapter III includes various Rules designed to protect the market and market participants from abusive, disruptive, fraudulent, noncompetitive and unfair conduct and trades practices. Improper conduct and trade practices will be investigated and adjudicated as described in Chapter VI of the Exchange's Rules. The Exchange and NFA conduct real-time market monitoring as well as trade practice, market and financial monitoring as described in <u>Exhibit O</u>. The Exchange maintains ultimate responsibility for market surveillance.</p> <p>The procedures for executing trades through the Exchange's Trading System, which are described in the Exchange's Rules at Chapters IV and V and in <u>Exhibit Q</u>, are designed to promote fair and equitable trading on the Exchange.</p> <p><i>See also</i> Core Principles 2 and 4.</p>
<p>Core Principle 13 - Disciplinary Procedures: The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.</p>	<p>The Exchange's Rules at Chapter VI describes the disciplinary procedures of the Exchange that authorize the Exchange to discipline, suspend, expel or otherwise sanction a Futures Participant, Authorized Trader, Authorized Customer or other Person that violates the Exchange's Rules. The Exchange and NFA conduct inquiries and investigations as well as trade practice, market and financial surveillance and as described in <u>Exhibit O</u>.</p> <p>The Exchange's Rules at Chapter VI provide for the investigation and authorization of a complaint, issuance of Statement of Charges, Hearings, Offers of Settlements, Reviews and Sanctions. The Exchange further describes its disciplinary and enforcement protocols in <u>Exhibit P</u>. In addition, the <u>Exhibit F</u> describes regulatory staffing, including enforcement staffing.</p> <p>Specifically, Exchange Rule's at Chapter VI, Section 3 sets forth the specific provisions within the disciplinary jurisdiction of the Exchange alleged to have been violated, the persons or organization alleged to have committed each of the violations and the specific acts which give rise to the alleged violations. A copy of the Statement of Charges shall be served upon each of the Respondents in accordance with Section 11 and shall reflect the timeframe to answer prescribed in Rule 404 and the procedures to request a hearing specified in Section 5. The Statement of Charges shall state that a failure to request a hearing within the period of time prescribed in the notice, except for good cause, may be deemed a waiver of the right to a hearing and that a failure to answer or to deny expressly a charge may be deemed to be an admission of such charge.</p> <p>The Exchange's Rules at Chapter VI, Section 2(c) provide that Futures Participant or person associated with a Futures Participant shall have the right to be represented by counsel or any other representative of its choosing in connection with requests for information, documents or</p>

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	<p>testimony and throughout the course of any disciplinary proceeding and the review thereof or any hearing concerning a summary action. A member may not be represented by a member of the Exchange's Board of Directors or Hearing Panel, any employee of the Exchange or any person substantially related to the underlying investigations, such as a material witness or Respondent.</p> <p>The Exchange's Rules at Chapter VI, Section 4, a Respondent shall have fifteen (15) business days after service of the Statement of Charges to file a written answer thereto. The Answer shall specifically admit or deny each allegation contained in the Statement of Charges, and a Respondent shall be deemed to have admitted any allegation contained not specifically denied. The Answer may also contain any defense which a Respondent wishes to submit and may be accompanied by documents in support of his Answer or defense.</p> <p>The Exchange's Rules at Chapter VI, Section 5 provides for the right to a hearing that is fair, conducted before a disciplinary panel and promptly convened after reasonable notice. Respondent will be entitled to copies of all documentary evidence each intends to present at the hearing, and (ii) a list of witnesses, including names, addresses and telephone numbers, that each intends to call at the hearing on such date as prescribed by the Hearing Panel, but in any event, not less than 8 business days in advance of the scheduled hearing date. Respondent shall be entitled to examine all books, documents, or other evidence in the possession or control of the Exchange, except the Exchange shall not be required to disclose: (i) documents that are privileged or constitute attorney work product; (ii) documents that were prepared by an employee of the Exchange but will not be offered in evidence at the hearing; (iii) documents that may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; and (iv) documents that disclose the identity of a confidential source. Exchange staff shall make all witnesses within its jurisdiction available to participate in the hearing and the Exchange shall produce evidence within its control.</p> <p>The Exchange's Rules at Chapter VI, Section 8 provide that the Hearing Panel shall issue a written decision in conformity with its determination, including in its decision: (i) a notice of the charges or a summary of the charges; (ii) the answer, if any, or a summary of the answer; (iii) a summary of the evidence produced at the hearing, or where appropriate, incorporation by reference of the investigation report; (iv) a statement of findings and conclusions with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge; (v) an indication of each specific rule that the Respondent was found to have violated; and (vi) a declaration of all sanctions imposed against the Respondent, including the basis for such sanctions and the effective date of such sanctions.</p>

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	<p>The decision shall be prepared, absent extraordinary circumstances, within 60 days after Exchange staff has served the Hearing Panel with a copy of the transcript of the hearing.</p> <p>The Exchange’s Rules at Chapter VI, Section 10 provides that Futures Participants and persons associated with or employed by Futures Participants shall (subject to any Rules or order of the Commodity Futures Trading Commission) be appropriately disciplined for violations under these disciplinary Rules by expulsion, suspension, fine, censure, limitations or termination as to activities, functions, operations, or association with a Futures Participants, or any other fitting sanction that are the subject of the Statement of Charges and commensurate with the violations the Respondent was found to have committed. Disciplinary sanctions must be sufficient to deter recidivism or similar violations by other members and member organizations. Disciplinary sanctions, including sanctions imposed pursuant to an accepted settlement offer, must take into account the Respondent’s disciplinary history. In the event of demonstrated Customer harm, any disciplinary sanction must also include full Customer restitution, except where the amount of the restitution, or to whom it should be provided, cannot be reasonably determined.</p> <p>The Exchange’s Rules at Chapter VI, Section 6 provide that a warning letter may be issued by the Exchange. In issuing a warning, no more than one warning letter may be issued per rolling 12-month period for the same violation.</p> <p>The Exchange’s By-Laws at Article VI, Section 6.3(b) state that with respect to the composition of the Business Conduct Committee, no person shall serve on that committee who is subject to any of the conditions specified in Commission Regulation 1.63(b)(1) through (6). Should any member of the Business Conduct Committee thus become ineligible to serve, the chairman of that committee shall remove such member and fill the resulting vacancy. In addition, when acting as a major disciplinary committee, pursuant to Commission Regulation 1.64, unless the case is related to decorum or attire, financial requirements or reporting or recordkeeping, and does not involve fraud, deceit or conversion, the Business Conduct Committee shall be comprised at least 50% of persons representing the interest of Futures Participants other than that of the subject of the disciplinary proceeding and, if the subject of the disciplinary action is a member of the Board of Directors or any major disciplinary committee, or whenever any of the rule violations involved pertain to manipulation or attempted manipulation of the price of a commodity, futures contract or option on a futures contract, or to conduct which directly results in financial harm to a non- Futures Participants, at least one person who is not a Futures Participants of the Exchange. The Business Conduct Committee shall not include any Exchange regulatory staff. At least one member of the Business Conduct Committee and of each BCC Panel shall be an individual who would qualify as a Public Director. No group or class of</p>

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	<p>industry participants shall dominate or exercise inappropriate influence on the Business Conduct Committee or any BCC Panel. No member of the BCC Panel that considers the authorization of charges or whether to accept a settlement or letter of consent in a disciplinary matter pursuant to Chapter VI of Exchange Rules shall be a member of the BCC Panel that conducts a hearing or summary proceeding in that matter. No BCC Panel shall include any member of the Business Conduct Committee that has a financial, personal or other direct interest in the matter under consideration.</p>
<p>Core Principle 14 - Dispute Resolution: The board of trade shall establish and enforce rules regarding, and provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.</p>	<p>The Exchange's Rules at Chapter VII establish Rules concerning alternative dispute resolution. Any dispute, claim or controversy between a customer, on one hand, and a Futures Participant (including the Related Parties of such Futures Participant), on the other hand, in each case in connection with, or otherwise related to, the Exchange business of such parties, shall, at the request of any such party, be arbitrated before an arbitration committee or panel constituted in accordance with, and subject to NFA's Code of Arbitration as in effect from time to time; provided, however, that a Customer shall not be subject to arbitration without written consent by such Customer given in accordance with Commission Regulation § 166.5. Any dispute, claim or controversy between or among Futures Participant (including their respective Related Parties), in each case in connection with, or otherwise related to, the Exchange business of such parties, shall, at the request of any such party and upon the approval of the President of the Exchange, or his or her designee, be arbitrated before an arbitration committee or panel constituted in accordance with, and subject to, NFA's Member Arbitration Rules as in effect from time to time.</p> <p>The Exchange has entered into an agreement with NFA dated November 14, 2003 to provide arbitration services with respect to disputes involving Customers, Futures Participants and related parties ("Arbitration Agreement"). A copy of the Arbitration Agreement is attached at Exhibit N.</p>
<p>Core Principle 15 - Governance Fitness Standards: The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market, and any other person with direct access to the facility (including any party affiliated with any person described in this paragraph).</p>	<p>The Exchange's Certificate of Incorporation at Article Fifth and the Exchange's By-Laws at Article IV, Section 4.4 provide that persons serving as a director, on a review panel, a disciplinary committee or any arbitration panel or any oversight panel of the Exchange shall be subject to fitness and eligibility criteria as specified in the Certificate of Incorporation and By-Laws. Pursuant to the Exchange's Rules at Chapter II, Section 4, the Exchange may deny a permit to any applicant or Futures Participant if the Exchange determines that any of the circumstances contained in Sections 8a (2), (3), (4) and (11) of the Act exists with respect to such applicant or Futures Participant or any person associated with such applicant or Futures Participant. For the purpose of this Rule, the term "person associated with" when applied to any person shall mean, as applicable, any general partner, officer, or director of such person, any</p>

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	<p>holder or beneficial owner of ten percent or more of the outstanding shares of any class of stock of such person, any person who has contributed ten percent or more of the capital of such person or any person directly or indirectly controlling such person.</p> <p><i>See also Exhibit C.</i></p>
<p>Core Principle 16 - Conflicts of Interest: The board of trade shall establish and enforce rules:</p> <p>(A) to minimize conflicts of interest in the decision making process of the contract market; and</p> <p>(B) to establish a process for resolving conflicts of interest described in subparagraph (A).</p>	<p>The Certificate of Incorporation at Article Fifth provide that at least thirty-five percent (35%) of the directors, but no fewer than two (2) directors shall be Public Directors (as defined below). All directors shall be elected by the stockholders. Each director elected by the stockholder shall hold office until a successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. Newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board resulting from death, resignation, disqualification, removal from office or other cause shall only be filled in the manner specified by the By-Laws of the Corporation (the "By-Laws"). The Exchange's By-Laws at Article IV, Section 4.4 require that the Board of Directors shall consist of a number of Public Directors and commercial interest representatives, as defined by Commission Regulation 1.64, as determined by the Stockholder. The Board of Directors shall be comprised of persons from a variety of membership interests who will meaningfully represent the Exchange's diversity of interests, consistent with Commission Regulation 1.64(b)(3). If the numbers required by the foregoing classification of directors are not maintained at any time due to a vacancy or vacancies on the Board of Directors such requirements shall be suspended until the earlier of such time as the vacancy or vacancies is filled pursuant to the By-Laws or the election of directors at the next succeeding annual meeting of the Exchange and their qualification for office, except as otherwise required by Commission Regulations.</p> <p>The Exchange's Rules at Chapter I, Section 7, limits the use and disclosure of material non-public information which such employee, consultant, director or committee member obtains in connection with such employment or position.</p> <p>The Exchange's By-Laws at Article VI, Section 6.2 provide for a Regulatory Oversight Committee ("ROC") composed of four Public Directors. The ROC will oversee the Exchange's regulatory program on behalf of the Board, which role includes the supervision of the Chief Regulatory Officer as provided in 6.2(c)(E).</p> <p>Hearing Panels involved in the enforcement and adjudication process are subject to the Exchange's By-Laws at Article VI, Section 6.3(b) and the Exchange's Rules at Chapter VI, Section 5 regarding composition to preclude any group or class of industry participants from dominating or exercising disproportionate influence. The Hearing Panel shall be Futures</p>

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	<p>Participant of the Exchange, or general partners or officers of Futures Participants, or such other persons whom the Chair of the Business Conduct Committee or the Chair's designee considers to be qualified. The Chair of the Committee or the Chair's designee shall select these three persons from individuals who have been deemed qualified to serve as a Hearing Panelist. In making such selections the Chair or the Chair's designee shall, to the extent practicable, choose individuals whose background, experience and training qualify them to consider and make determinations regarding the subject matter to be presented to the Hearing Panel. The Chair shall also consider such factors as the availability of the individual Hearing Panelists, the extent of their prior service on Hearing Panels and any relationship between such persons and a Respondent which might make it inappropriate for such persons to serve on the Hearing Panel. In the event of a Review, the Board of Directors or an Advisory Committee will conduct such review.</p> <p><i>See also Exhibit C and Core Principle 17.</i></p>
<p>Core Principle 17 - Composition of Governing Boards of Contract Markets: The governance arrangements of the board of trade shall be designed to permit consideration of the views of market participants.</p>	<p>Organizational documents, including the Certificate of Incorporation and By-Laws, are attached at <u>Exhibit G</u>. Pursuant to the Certificate of Incorporation at Article Fifth, the stockholders may determine at any time in their sole and absolute discretion the number of directors to constitute the Board. The authorized number of directors may be increased or decreased by the stockholders at any time in their sole and absolute discretion, upon a resolution duly adopted by the stockholders at a meeting of stockholders or by written consent of the stockholders and notice of such action shall be given to all directors.</p> <p>The Certificate of Incorporation at Article Fifth provide that at least thirty-five percent (35%) of the directors, but no fewer than two (2) directors shall be Public Directors (as defined below). All directors shall be elected by the stockholders. Each director elected by the stockholder shall hold office until a successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. Newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board resulting from death, resignation, disqualification, removal from office or other cause shall only be filled in the manner specified by the By-Laws of the Corporation (the "By-Laws"). The Exchange's By-Laws at Article IV, Section 4.4 require that the Board of Directors shall consist of a number of Public Directors and commercial interest representatives, as defined by Commission Regulation 1.64, as determined by the Stockholder. The Board of Directors shall be comprised of persons from a variety of membership interests who will meaningfully represent the Exchange's diversity of interests, consistent with Commission Regulation 1.64(b)(3). If the numbers required by the foregoing classification of directors are not maintained at any time due to a vacancy or vacancies on the Board of Directors such requirements shall be suspended until the</p>

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	<p>earlier of such time as the vacancy or vacancies is filled pursuant to the By-Laws or the election of directors at the next succeeding annual meeting of the Exchange and their qualification for office, except as otherwise required by Commission Regulations.</p> <p>Pursuant to the Exchange’s By-Laws at Article VI, the Board shall have a Regulatory Oversight Committee (“ROC”), Nominating Committee and Business Conduct Committee. The Charters for these Committees are attached at <u>Exhibit C</u>. The Board may appoint an Executive Committee and a Finance Committee. The Executive Committee Charter is attached at <u>Exhibit C</u>.</p> <p>As described in By-Law Article VI, Section 6.2(c), the Board shall appoint a ROC which shall consist of four Public Directors. The ROC oversees the Exchange’s regulatory program on behalf of the Board.</p> <p>As described in By-Law Article VI, Section 6.2(d), the Board shall appoint a Nominating Committee which shall consist of at least fifty-one percent Public Directors and will be chaired by a Public Director. The Nominating Committee is responsible for (i) identifying individuals qualified to serve on the Board of Directors consistent with criteria established by the Board and any composition requirements established by the Commission; and (ii) administering a process for the nomination of individuals to the Board.</p> <p>As described in By-Law Article VI, Section 6.2(a), the Board may appoint an Executive Committee. The Executive Committee, which shall, to the fullest extent permitted by Delaware law and other applicable law, is permitted to exercise all the powers and authority of the Board in the management of the business and affairs of the Exchange between meetings of the Board. The Executive Committee shall consist of the Chairman of the Board of Directors, two Public Directors and two other directors who the Board of Directors may authorize.</p> <p>As described in By-Law Article VI, Section 6.2(b), the Board may appoint a Finance Committee. The Finance Committee of the Exchange shall be an optional committee. If the Board of Directors appoints a Finance Committee it shall consist of the Chairman and two Public Directors. The Finance Committee shall examine the accounts of the Exchange. It shall prepare and present to the Board of Directors an estimate of the income of the Exchange for the succeeding calendar year and its recommendations as to the appropriations for expenses for said period. It may at any time recommend additional appropriations or the increase or decrease of any appropriations made by the Board of Directors and shall make reports and recommendations to the Board of Directors as to the financial policy of the Exchange. The Finance Committee</p>

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	<p>shall have such other powers and duties as may be delegated to it by the Board of Directors.</p> <p>As described in By-Law Article VI, Section 6.3, the Board shall appoint a Business Conduct Committee which shall not be a committee of the Board. The Business Conduct Committee shall have jurisdiction to: (a) monitor compliance with the By-Laws and Rules of the Exchange or any interpretation thereof and the Rules, regulations, resolutions and stated policies of the Board of Directors or any committee of the Exchange, by Futures Participants or persons associated with or employed by Futures Participants; (b) inquire into the business conduct and financial condition of Futures Participants or persons associated with or employed by Futures Participants and require detailed financial reports and such other operational reports as it may deem advisable of any Futures Participants; (c) authorize the initiation of any disciplinary action or proceeding brought by the Exchange and render a decision in any such action or proceeding; (d) conduct hearings and render decisions in summary disciplinary actions and proceedings; (e) suspend a Futures Participants upon its determination that there is a substantial question as to whether a financial emergency exists with respect to such Futures Participants; (f) prohibit trading by a Futures Participants which is excessive in view of its capital; and (g) impose appropriate sanctions of expulsion, suspension, fine, censure or any other fitting sanction where the Committee finds that a violation within the disciplinary jurisdiction of the Exchange has been committed.</p> <p>With respect to the composition of the Business Conduct Committee, no person shall serve on that committee who is subject to any of the conditions specified in Commission Regulation 1.63(b)(1) through (6). Should any member of the Business Conduct Committee thus become ineligible to serve, the chairman of that committee shall remove such member and fill the resulting vacancy. In addition, when acting as a major disciplinary committee, pursuant to Commission Regulation 1.64, unless the case is related to decorum or attire, financial requirements or reporting or recordkeeping, and does not involve fraud, deceit or conversion, the Business Conduct Committee shall be comprised at least 50% of persons representing the interest of Futures Participants other than that of the subject of the disciplinary proceeding and, if the subject of the disciplinary action is a member of the Board of Directors or any major disciplinary committee, or whenever any of the rule violations involved pertain to manipulation or attempted manipulation of the price of a commodity, futures contract or option on a futures contract, or to conduct which directly results in financial harm to a non- Futures Participants, at least one person who is not a Futures Participants of the Exchange. The Business Conduct Committee shall not include any Exchange regulatory staff. At least one member of the Business Conduct Committee and of each BCC Panel shall be an individual who would qualify as a Public Director. No group or class of industry participants shall dominate or exercise</p>

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	<p>inappropriate influence on the Business Conduct Committee or any BCC Panel. No member of the BCC Panel that considers the authorization of charges or whether to accept a settlement or letter of consent in a disciplinary matter pursuant to Chapter VI of Exchange Rules shall be a member of the BCC Panel that conducts a hearing or summary proceeding in that matter. No BCC Panel shall include any member of the Business Conduct Committee that has a financial, personal or other direct interest in the matter under consideration. There are certain fitness standards applicable to members of the Business Conduct Committee or any hearing panel or any other disciplinary committee, arbitration panel or oversight panel of the Exchange.</p> <p><i>See Exhibit C for additional information on fitness standards.</i></p>
<p>Core Principle 18 – Recordkeeping: The board of trade shall maintain records of all activities relating to the business of the contract market:</p> <p>(A) In a form and manner that is acceptable to the Commission; and</p> <p>(B) For a period of at least 5 years.</p>	<p>The Exchange’s recordkeeping program satisfies the relevant criteria set forth in §1.31 of the Commission Regulations. Pursuant to By-Law Article VI, Section 6.2(c) the ROC will oversee all facets of the regulatory program, including compliance with recordkeeping requirements.</p> <p>The Exchange’s Regulatory Service Provider, NFA, generates records relating to the provision of services pursuant to an RSA. Such records are maintained in accordance with the CEA and Commission Regulations, and will be provided to the Exchange and the Commission upon request. A copy of the RSA with NFA is attached at <u>Exhibit N</u>.</p> <p><i>See also Exhibit S which describes the procedures for maintaining trade data for transactions on the Exchange. In addition the Exchange maintains records of Board and committee meetings in accordance with its governance documents.</i></p>
<p>Core Principle 19 - Antitrust Considerations: Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall not:</p> <p>(A) adopt any rule or taking any action that results in any unreasonable restraint of trade; or</p> <p>(B) Impose any material anticompetitive burden on trading on the contract market.</p>	<p>The Exchange’s Rules and policies have been designed to avoid unreasonable restraints of trade or the imposition of any material anticompetitive burden on the Exchange.</p> <p>The Exchange imposes its requirements to obtain a permit in a fair and non-discriminatory manner. As set forth in Core Principle 2, the Exchange’s Rules at Chapter II, Section 1 provides clear and transparent access criteria and requirements for Futures Participants. Chapter III, Section 2 establishes minimum financial requirements for Futures Participants to maintain the financial integrity of the Exchange. The Exchange will apply these criteria in an impartial manner. Additionally, Chapter IV, Sections 11 and 12 provides clear and transparent criteria for persons accessing the Exchange on behalf of Participants. The Exchange will apply these criteria in an impartial manner. In addition Chapter V, Section 4, provides clear and transparent criteria for Authorized Customers accessing the Trading System. The Exchange will apply these criteria in an impartial manner. The Exchange’s Rules at Chapter IV, Section 4 apply certain Order execution algorithm to the execution of Orders by the Trading System. The</p>

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	<p>Trading System matches and awards orders based on an algorithm without discrimination among different categories of classes of Futures Participants.</p> <p>The Exchange will make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts. Trading information is published on the Exchange's website on the next business day prior to the opening.</p> <p><i>See also</i> Core Principles 8 and 9.</p>
<p>Core Principle 20 - System Safeguards: Each designated contract market shall:</p> <p>(A) Establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity;</p> <p>(B) Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the board of trade; and</p> <p>(C) Periodically conduct tests to verify that backup resources are sufficient to ensure continued order processing and trade matching, transmission of matched orders to a designated clearing organization for clearing, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.</p>	<p>The Exchange's program, policies and procedures related to its risk analysis and oversight to identify and minimize sources of operational risk are explained in detail in <u>Exhibit V</u> in the Technology Questionnaire. The Exchange believes that it has in place appropriate controls and procedures which it has developed in its automated systems which are reliable, secure and have adequate scalable capacity. The detail in the Technology Questionnaire includes information regarding the security of the Exchange's system, risk assessment reviews, internal controls for operations, functional testing, security testing and capacity planning and testing.</p> <p>Section K of <u>Exhibit V</u> describes the Exchange's emergency plan and includes a description of the back-up systems, emergency procedures and plan for disaster recovery and resumption of operations. The Exchange conducts failover tests two times a year to ensure that backup resources are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.</p> <p>The Exchange's Rules at Chapter I, Section 3 authorizes the Exchange to implement temporary emergency procedures and Rules.</p> <p>Prior to its dormancy, the Exchange, in accordance with Core Principal 20, submitted System Disruption Notifications to the Commission promptly with respect to electronic trading halts, and significant systems malfunctions, cyber security incidents or targeted threats that actually or potentially jeopardize automated system operation, reliability, security, or capacity and activation of the DCM's business continuity-disaster recovery plan.</p> <p><i>See also</i> Core Principle 6.</p>
<p>Core Principle 21 - Financial Resources:</p> <p>(A) <i>In General.</i> The board of trade shall have adequate financial, operational, and managerial resources to discharge each responsibility of the board of trade.</p>	<p>The Exchange has adequate financial, operational, and managerial resources to discharge each responsibility of the Exchange. As required by Commission Regulations, the financial resources of the Exchange exceed the total amount that would enable the Exchange to cover its operating costs for a one year period, as calculated on a rolling basis.</p>

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<p>(B) <i>Determination of Adequacy.</i> The financial resources of the board of trade shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the contract market to cover the operating costs of the contract market for a 1-year period, as calculated on a rolling basis.</p>	<p>Prior to its dormancy, the Exchange submitted monthly reports of its financial resources calculations to the Commission. The Exchange continues to submit such monthly reports.</p> <p>See <u>Exhibits E and I.</u></p>
<p>Core Principle 22 – Diversity of Board of Directors: The board of trade, if a publicly traded company, shall endeavor to recruit individuals to serve on the board of directors and the other decision-making bodies (as determined by the Commission) of the board of trade from among, and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates.</p>	<p>Not applicable.</p>
<p>Core Principle 23 – Securities and Exchange Commission: The board of trade shall keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange Commission.</p>	<p>Not applicable.</p>