

NASDAQ FUTURES INC. (NFX) BACKGROUND AND BENEFITS

Nasdaq Futures, Inc. (NFX) is a Designated Contract Market regulated by the U.S. Commodity Futures Trading Commission. NFX is a wholly-owned subsidiary of Nasdaq (Nasdaq: NDAQ), a leading provider of trading, exchange technology, information and public company services across six continents. NFX presents a new alternative in energy derivatives by offering:

- Cash settled futures/options benchmarked against ICE/Nymex
- Henry Hub, Brent, WTI, U.S. Power & Fuel Oils
- Excellent distribution via ISVs including TT, CQG, Orc & OptionsCity (no 'new' screen)
- Clearing via Options Clearing Corp (OCC) ensures a broad selection of FCMs
- Option exercise charge \$1/line item (strike) regardless of number of contracts
- Cash settlement of all contracts
- Highly competitive fee model – zero trading/clearing for 9 months then \$0.60 or lower
- Open API (FIX) using state-of-the-art Genium INET technology
- Matching engine located in Chicago alongside competitors
- Commitment of broad group of market participants to establish day one liquidity
- Commitment of market makers to ensure tight spreads
- No exchange execution or OCC clearing fees for the first 9 months

WHY TRADE ENERGY FUTURES ON NFX? /

- **Commitment to Innovation**
NFX enables simplified execution of a broad range of hedging strategies and contingent trades, as well as registration of both Central Order Book (COB) and off-order book trades on one integrated platform..
- **Global Commodities Player**
Nasdaq is already well established in the European commodities space in freight, seafood, and power. NFX brings this proven model to the U.S. as an extension of Nasdaq's commodities strategy and commitment to the commodities industry.
- **Competitive Price Structure**
Pricing will be based on a simple and transparent fee model that offers substantial reductions compared to current market practice.
- **Open Access**
NFX is vendor agnostic which allows it to partner with a wide range of ISVs so that traders do not have to change behavior to access the exchange. Nasdaq is working closely with leading vendors to provide state-of-the-art, innovative front-end trading solutions that address the differing needs of market participants.

- **Transparent Operations**

NFX partners with ISVs for access while also allowing traders to code directly to the exchange. NFX has a simple product fee schedule that is posted on its website and sent to customers. As an additional measure of transparency, all trades are cleared by The Options Clearing Corporation (OCC) will rather than with NFX itself.

- **Horizontal Clearing Solution**

Cost-efficient clearing solution provided by The Options Clearing Corporation an organization with more than 40 years' experience clearing derivatives. This horizontal clearing model also uncouples the vertically integrated exchange and clearing house for a clearing model designed with the best interest of the end-customer in mind.

- **Risk Management**

Trading Participants (Proprietary Trading Firms) can set various Pre-Trade risk limits to control their house trading activity and the trading activity of their clients at the Trading Participant account level, including prevention of potentially erroneous transactions and Pre-Trade checks of trade reported transactions.

- **Complex Strategies Efficiency**

The NFX Trading System supports the trading of Complex Strategies also referred to as Combination Orders by the Exchange, which will trade in a separate Combination Order Book. The Exchange will list popular Combinations Orders and traders may create their own custom or tailor made combination (TMC) for Futures and/or Options combinations.

- **Preserve Broker / Customer Relations**

An Off-Exchange Reporting Broker may access the Trading System directly for the purpose of submitting voice-brokered customer transactions (Block Trades or Exchange for Related Position transactions).

- **Technology Leadership**

The NFX Trading System processes trades in microseconds (millionths of a second), and not milliseconds (thousandths of a second); a first-mover in technology advancement for the futures industry. This allows Nasdaq to leverage technological advances to transfer cost savings to customers.

- **Invested in Long-Term Market Strategy**

As NFX is part of Nasdaq's larger commodities strategy, they are committed to playing an active role in the futures space. By partnering with ISVs and FCMs, NFX is integrating itself into the futures community while helping to improve market access and facilitate overall market growth. Through the NFX fee structure, Nasdaq looks to bring growth and stability to the marketplace.

- **Futures Community Insight**

NFX relies heavily on feedback from the market and has a Market Advisory Committee which is composed of industry leaders including banks, FCMs, trading firms and Inter Dealer Brokers. Through this committee, NFX is able to listen to the futures trading community to create an exchange that better tailored to meet their needs.

For More information

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