

July 2, 2018

NFX QUOTE LIQUIDITY PROVISIONING PROGRAM

Introduction

Nasdaq Futures, Inc. (NFX or the Exchange), the designated contract market owned and operated by Nasdaq, is establishing a new Quote Liquidity Provisioning (QLP) program which will commence on July 2, 2018 for NFX Energy Futures and Options Products (Energy Products)¹ and will continue until January 31, 2019.

The purpose of the program is to support liquidity in the Energy Products by recruiting market participants to respond to Request for Quotes either in the Exchange Order Book or via off-Exchange brokered markets during market hours. A "Request for Quote" or "RFQ" means an indication of intent to buy or sell a specified quantity of a Contract. An RFQ in the Order Book must specify whether it is a buy or sell and the quantity interest in a Contract. A Request for Quote is not an Order. An RFQ in the off-Exchange market (Block Trade) does not have the requirement to specify whether it is a buy or sell and the quantity interest in a Contract. Market participants may respond at will to RFQs during market hours.

The Exchange seeks to maintain competitive bid/ask spreads across all forward Contract curves, in Intra-Commodity (Time) Spreads, and in Inter-Commodity Spreads. The QLP program will enhance price discovery in the less liquid Energy Products by permitting traditional (Proprietary Trading) and non-traditional liquidity providers (Institutional Customers) to actively participate in initiating the price discovery process in a Request for Quotes process for either on or off-Exchange transactions.

During the QLP program term, the Exchange will assess Screen Fees and Block Fees for the QLP Program based upon Section 2 below.

NFX invites Futures Participants, Authorized Customers, and Customers to apply for recognition under the QLP program (Recognized Quote Liquidity Providers, or RQLPs).

1. RQLP Requirements

RQLPs must be NFX Futures Participants, NFX Futures Participant's Authorized Customer, or an NFX Futures Participant's Customer capable of responding to RFQs on the commencement date of the program.

RQLPs will be able to use all functionality in the NFX Trading System, including Quotes, Orders Mass Quotes, Mass Quote Protection (MQP) and Self-Match Prevention functionality. An explanatory reference guide for these key concepts and services provided by NFX may be found here: business.nasdaq.com/futures.

¹ See NFX Rulebook Appendix A – Listed Contracts

2. RQLP Benefits

The Exchange will assess Block Fees for the QLP Program via the schedule below. The fee schedule is based on monthly Average Daily Volumes (ADV) for each calendar month and will be calculated by dividing each RQLP's total volume for the calendar month by the number trading days in the calendar month. All QLP Screen Fees will be assessed via the Standard Screen Fees on the Nasdaq Futures Fee Schedule which is available via the link below:

http://nasdaqphlx.cchwallstreet.com/NASDAQPHLXTools/PlatformViewer.asp?selectednode=chp_1_2_3&manual=%2Fnasdaqomxphlx%2Fafx%2Fphlx-brdtrade-rules%2F

QLP Block Fee Schedule

Tier 1: 8,000 < = \$0.20
Tier 2: 4,000 – 7,999 = \$0.25
Tier 3: 2,000 – 3,999 = \$0.30

ADV below Tier 3 will be charged at normal rates according to the Fee Schedule.

All QLP Power fees will be charged per the rates below:

	Screen Fee	Block Fee
Peak – 50MW (800 MWh)	\$1.50	\$1.50
Peak – 25MW (400 MWh)	\$0.80	\$0.80
Peak - 5MW (80MWh)	\$0.16	\$0.16
Peak - 1MW (16MWh)	\$0.01	\$0.01
Off-Peak – 50MWh	\$0.10	\$0.10
Off-Peak – 25MWh	\$0.03	\$0.03
Off-Peak - 5MWh	\$0.01	\$0.01
Off-Peak - 1MWh	\$0.00	\$0.00
PJOQ Options	\$1.50	\$1.50
PMQ Options	\$0.75	\$0.75

All QLP Dry Freight Fees will be charged via the rates below:

	Screen Fee	Block Fee
Dry Freight Futures and Options	\$1.95	\$1.95

3. Supervision of RQLP Performance

NFX reserves the right to suspend or terminate the benefits under this QLP Program with immediate effect if the RQLP is not operating if the RQLP fails to respond regularly to RFQs.

4. RQLP Selection Process and Appointment

Invitation

Futures Participants, Authorized Customers, and Customers are invited to contact Steve Sladoje at steve.sladoje@nasdaq.com to register their interest in participating in the QLP Program. The communication should include all relevant accounts that the QLP will use to transact from.

Recognition

RQLPs shall be notified of their recognition around one week after the application deadline. RQLPs will be engaged by NFX subject to its Rules and this notification. RQLP benefits and requirements will commence on July 2, 2018.

5. Qualifying Business

If a RQLP makes any changes to its trading or clearing arrangements, Clearing Futures Participant, Customer, or any other aspects of its operations reasonably required by NFX to manage this QLP program, then it is the responsibility of the RQLP to notify NFX of those changes in advance in order to ensure continuity of the RQLP's benefits.

6. Administration of Exchange Transaction Fee Charges

As stated above, during the QLP program term, the Exchange will assess Block Fees for the QLP program according to Section 2.

NFX reserves the right in its absolute discretion to terminate this QLP program by way of a Futures Trader Alert announcing it has filed with the CFTC for termination of the program.