

NOTICE TO MEMBERS

TO: NFX Members and Member Organizations
FROM: NASDAQ OMX Futures Exchange
DATE: November 9, 2009
RE: IDEX USD Forward Start Interest Rate Swap Futures Margin Notice

Summary

This NFX Notice To Members is being issued in anticipation of the listing on the NASDAQ OMX Futures Exchange (“NFX”) of IDEX USD Forward Start Interest Rate Swap Futures Contracts (“FSS”) to be traded on the IDEX XT Electronic Trading System and cleared by International Derivatives Clearinghouse LLC.

Pursuant to NFX Rule F11, Customer Margin, NFX is publishing the minimum initial and maintenance margin rates for IDEX USD Forward Start Interest Rate Swap Futures Contracts. NFX will adopt minimum margin requirements prescribed by the International Derivatives Clearinghouse (“IDCH”).

Initial Margin

IDCH will determine initial margin by creating thirteen time buckets, expressed in years (2-10 years, 15 years, 20 years, 25 years and 30 years). For each time bucket, a time series analysis of the daily, end-of-day clean price will be performed over the preceding 125 trading days. The result of the time series analysis will be multiplied by three standard deviations and analyzed over three periods: 30 days, 90 days and 125 days. The largest result will be considered as the initial margin, rounded up to the nearest \$100, for the upcoming period. However, should the aforementioned analysis show that the calculated margin level was exceeded in the previous 125 trading day period, IDCH will use that observation, rounded up to the nearest \$100, as the initial margin amount. For contracts that fall between buckets, i.e. a 27 year interest rate swap future, the next highest level will be used as initial margin (in this case the 30 year initial margin).

IDCH will determine initial margin for FSS futures by treating them as IDEX Interest Rate Swap Futures calendar spreads, which would be subject to SPAN risk methodology. The time-to-maturity date and time-to-effective date are both assigned time buckets, which are used to determine the initial margin charge. For example, a 2-Year swap that begins in 2 years (a 2-by-2 FSS) is assigned a time-to-maturity bucket of 4 years and a time-to-effective bucket of 2 years. Accordingly, buying a 2-by-2 FSS is economically equivalent to buying a 4-Year IRS swap and selling a 2-Year IRS swap.

Maintenance Margin

IDCH will calculate variation margin by revaluing each individual contract against a proprietary curve (“IDCH Discount Curve”). The components of the variation margin will be the sum of the clean price and net accruals of each contract.

Please direct any questions concerning this Notice to Daniel Carrigan, Senior Managing Director, at 215-496-5017, or Michael Dundon, Managing Director, IDCH, at 646-867-2528.