

## NOTICE TO MEMBERS

**TO:** NFX Members and Member Organizations

**FROM:** NASDAQ OMX Futures Exchange

**DATE:** August 10, 2010

**RE:** SR-NFX-2010-08

---

On August 6, 2010 the NASDAQ OMX Futures Exchange (“NFX” or the “Exchange”) filed with the Commodity Futures Trading Commission SR-NFX-2010-08 which sets forth rules for the following new NFX futures contracts (together, the “New IDEX Contracts”):

- IDEX USD Defined Roll Interest Rate Swap Futures (Rules 1901 - 1904)
- IDEX USD Forward Start Defined Roll Interest Rate Swap Futures (Rules 1911 - 1914)

The Exchange is also making a conforming amendment to expand the definition of “Contract” in Rule F2 to reflect the listing of the new contracts. The new rules and amendment, effective August 10, 2010, are attached.

Pursuant to the new rules, the Exchange at any given time may make available for trading one or more series of the above New IDEX Contracts. The Exchange shall make known the availability for trading of any such contract on the International Derivatives Clearing Group website, [www.IDCG.com](http://www.IDCG.com), prior to the commencement of trading.

The new contracts will trade on the IDEX XT Electronic Trading System pursuant to NFX Rules F1 – F37, the IDEX XT Electronic Trading Rules. Trading Hours for the new contracts will be from 7:00 AM Eastern Time to 5:00 PM Eastern Time.

Questions concerning the New IDEX Contracts should be directed to Daniel Carrigan, Senior Managing Director, at (215) 496-5017.

New language is underlined; deletions are crossed out

***Rules of NASDAQ OMX Futures Exchange, Inc.***

\* \* \* \* \*

***IDEX USD Defined Roll Interest Rate Swap Futures (Rules 1901 - 1904)***

***Rule 1901. Clearing Corporation Rules***

*The Rules in this Section shall be applicable to the trading on the Exchange of IDEX USD Defined Roll Interest Rate Swap Futures cleared by the International Derivatives Clearinghouse, LLC ("Clearinghouse"), the terms and conditions of such contracts and settlement thereof, and other matters relating to such contracts. The IDEX USD Defined Roll Interest Rate Swap Futures shall trade on the IDEX XT Trading System including EFS transactions executed by means of the IDEX SwapDrop Portal pursuant to the rules applicable to that system.*

***Rule 1902. Contract Specifications***

*Description: The IDEX USD Defined Roll Interest Rate Swap Futures are futures on United States dollar-denominated interest rate swaps with a notional value of \$100,000 and requiring the exchange of periodic payments of semi-annual fixed rate payments based on the futures price in exchange for quarterly floating rate payments based on the 3-month US Dollar London Interbank Offered Rate (the "USD LIBOR"). The periodic Interest Payment Dates will only fall on the third Wednesday of March, June, September or December.*

*Ticker Symbols: Base Example = OISYYYYMMDD. YYYYMMDD refers to the unadjusted Maturity Date of the series.*

*Contract Listings: The Exchange at any given time may list for trading IDEX USD Defined Roll Interest Rate Swap Futures having annual maturities from one to thirty years (with one year comprising 365 days, or 366 days for leap years), with one contract of IDEX USD Defined Roll Interest Rate Swap Futures maturing on the third Wednesday of March, June, September, and December. The Effective Date and Maturity Date of each individual IDEX USD Defined Roll Interest Rate Swaps Futures shall be established by the Exchange on the date each such contract is listed by the Exchange. The Exchange shall make known the listing of any contract on its website or the Clearinghouse website (www.idcg.com) prior to the commencement of trading.*

*Trading Hours: 7:00 AM to 5:00 PM Eastern Time ("ET") Monday – Friday.*

*Trading Platform: IDEX XT Trade Match Engine.*

*Effective Date: Will be the third Wednesday of March, June, September or December, adjusted by the Modified Following Business Day Convention for London and New York as specified on the listing of any individual IDEX USD Defined Roll Interest Rate Swap Futures by the Exchange.*

Maturity Date: Will be the third Wednesday of the month of the Effective Date a whole number of years after the Effective Date, adjusted by the Modified Following Business Day Convention for London and New York.

Reset Date: Will be 2 London Business Days preceding the start of the floating rate interest accrual period.

Periodic Payments: Periodic payments on the IDEX USD Defined Roll Interest Rate Swap Futures will be made on a semi-annual basis for the fixed rate payments, and on a quarterly basis for the floating rate payments. Each Interest Payment Date in the IDEX USD Defined Roll Interest Rate Swap Futures will be defined by the Effective Date, the Maturity Date, and the payment frequency of the fixed or floating side as appropriate, adjusted by the Modified Following Business Day convention for New York and London.

The Start Date of the first fixed rate interest accrual period will be the Effective Date for the series, subsequent interest accrual period Start Dates will be the third Wednesday of the month which is six months after the previous interest accrual period Start Date.

The End Date of the first fixed rate interest accrual period will be the third Wednesday of the month which is six months after the Effective Date, subsequent interest accrual period End Dates will be the third Wednesday of the month which is six months after the previous interest accrual period End Date up until the Maturity Date of the series.

All dates will be adjusted by the Modified Following Business Day convention for New York and London.

The Interest Payment Date of any interest accrual period is the End Date of the same interest accrual period.

The Start Date of the first floating rate interest accrual period will be the Effective Date for the series, subsequent interest accrual period Start Dates will be the third Wednesday of the month which is three months after the previous interest accrual period Start Date.

The End Date of the first floating rate interest accrual period will be the third Wednesday of the month which is three months after the Effective Date, subsequent interest accrual period End Dates will be the third Wednesday of the month which is three months after the previous interest accrual period End Date up until the Maturity Date of the series.

All dates will be adjusted by the Modified Following Business Day convention for New York and London.

Floating Rate Payment: The floating rate payment for a given interest accrual period shall be an amount equal to the Notional Value multiplied by the USD LIBOR setting multiplied by the Actual/360 Interest accrual Year Fraction.

Fixed Rate Payment: The fixed rate payment for a given interest accrual period shall be equal to the notional value multiplied by the fixed rate multiplied by the 30/360 Interest accrual Year Fraction.

Minimum Price Increments: The price of the IDEX USD Defined Roll Interest Rate Swap Futures contract is the traded yield of the fixed rate portion of the swap. Minimum price intervals are

expressed in terms of the interest rate on the fixed rate portion of the IDEX USD Defined Roll Interest Rate Swap Futures contracts. The minimum price interval is .001 for contracts traded on the IDEX XT trading system and .00001 for contracts established by means of EFS through the SwapDrop Portal.

Daily Settlement Price: The Daily Settlement Price of an open contract is its Net Present Value. The Net Present Value of each open position is valued by the Clearinghouse at the end of each trading day by valuing each leg of the cash flows of the contract (fixed and floating) according to discount factors generated by the IDEX Curve. Notwithstanding the preceding sentence, the Clearinghouse may, in its sole discretion, establish a Daily Settlement Price that is a fair and appropriate reflection of the market.

Last Trading Day: The Last Trading Day for any individual IDEX USD Defined Roll Interest Rate Swap Futures contract is the business day preceding that contract's Maturity Date. For purposes of this rule, a business day is any day on which the Exchange is open for the trading of IDEX USD Swap Futures contracts.

Position Accountability: A person owning or controlling more than 3,000 contracts net long or net short in all contract series combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information, if applicable.

Large Trader Reporting: Pursuant to Commission Regulation Section 15.03 and Part 17 of the Commission's Regulations, the position level that is required to be reported to the Exchange and Commission is any open position in a particular IDEX USD Defined Roll Interest Rate Swap Futures contract series at the close of trading on any trading day equal to or in excess of twenty-five on either side of the market.

Clearinghouse: International Derivatives Clearinghouse, LLC.

Contract Modifications: Specifications are fixed as of the first day of trading of a contract. If any U.S. government agency or body with authority issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

No-Break Range: Pursuant to Rule F26, The "No Break Range" for any contract shall be any price within a range bounded by the "fair market value" of such contract at the time the transaction occurred plus or minus the market movement covered by one-third of the initial margin required for such contract. For these purposes fair market value shall be determined by the Exchange based on trading activity in the contract at the time of the dispute or by surveying at least three market participants not involved in the transaction in question.

Final Settlement Date: The Final Settlement Date shall be the Final Payment Date of each individual IDEX USD Defined Roll Interest Rate Swap Future. Clearing Members holding open positions in an IDEX USD Defined Roll Interest Rate Swap Future at the termination of trading in that contract shall make payment to or receive payment from the Clearinghouse in accordance with

normal variation and performance bond procedures based on the net of the fixed and floating rate interest payment of the last interest accrual period.

Glossary:

30/360 Interest accrual Year Fraction means the number of days in the interest accrual period in respect of which payment is being made (assuming 30 day months) divided by 360, calculated on a formula basis as follows:

$$\frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

Where:

Y1 is the year, expressed as a number, in which the start date of the interest accrual period falls.

Y2 is the year, expressed as a number, in which the end date of the interest accrual period falls.

M1 is the calendar month, expressed as a number, in which the start date of the interest accrual period falls.

M2 is the calendar month, expressed as a number, in which the end date of the interest accrual period falls.

D1 is the first calendar day expressed as a number, of the interest accrual period, unless such a number would be 31, in which case D1 will be 30.

D2 is the last calendar day, expressed as a number, of the interest accrual period, unless such a number would be 31 and D1 is greater than 29, in which case D2 will be 30.

Actual/360 Interest accrual Year Fraction means the actual number of days in the interest accrual period in respect of which payment is being made divided by 360.

Business Day means a day in which the banking system is open to settle payments in the locations listed.

Effective Date means the date on which interest begins to accrue in the first interest accrual period.

End Date means the date on which an interest accrual period ends.

Interest Payment Date means a day on which interest is paid.

Maturity Date means the day the final net coupon is paid. The accumulated unrealized Profit and Loss (P/L) that is attributable to the accruing coupon moves from unrealized Open Trade Equity (OTE) to realized Profit and Loss (Cash).

Modified Following Business Day Convention means the date will be adjusted to be the first following day that is a Business Day in the locations listed unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day in the locations listed.

Reset Date means the day on which the value of 3 Month Libor is observed so that it can be applied to the next floating interest accrual period.

Start Date means the date on which an interest accrual period begins.

Week Day means any calendar day which is not a Saturday or Sunday.

**Rule 1903. Margin Requirements**

Pursuant to Rule F11, Customer Margin, the Exchange will publish the minimum initial and maintenance margin rates and other requirements for IDEX USD Defined Roll Interest Rate Swap Futures through Notices to Members or other appropriate means.

**Rule 1904. Transfer of Contracts to New Exchange**

IDEX USD Defined Roll Interest Rate Swap Futures may be delisted by the Exchange and upon such delisting, be listed by another designated contract market, derivatives transaction execution facility, or exempt board of trade (each a "New Exchange"). IDEX USD Defined Roll Interest Rate Swap Futures shall become subject to the rules of the New Exchange upon the transfer of the listing for trading of such contracts from the Exchange to the New Exchange.

**IDEX USD Forward Start Defined Roll Interest Rate Swap Futures (Rules 1911 - 1914)**

**Rule 1911. Clearing Corporation Rules**

The Rules in this Section shall be applicable to the trading on the Exchange of IDEX USD Forward Start Defined Roll Interest Rate Swap Futures cleared by the International Derivatives Clearinghouse, LLC ("Clearinghouse"), the terms and conditions of such contracts and settlement thereof, and other matters relating to such contracts. The IDEX USD Forward Start Defined Roll Interest Rate Swap Futures shall trade on the IDEX XT Trading System including EFS transactions executed by means of the IDEX SwapDrop Portal pursuant to the rules applicable to that system.

**Rule 1912. Contract Specifications**

Description: The IDEX USD Forward Start Defined Roll Interest Rate Swap Futures are futures on United States dollar-denominated interest rate swaps with a notional value of \$100,000, and a deferred Effective Date, requiring the exchange of periodic payments of semi-annual fixed rate payments based on the futures price in exchange for quarterly floating rate payments based on the 3-month US Dollar London Interbank Offered Rate (the "USD LIBOR"). The periodic Interest Payment Dates will only fall on the third Wednesday of March, June, September or December.

Ticker Symbols: Base Example = QFSYYYYMMDDyNN. YYYYMMDD refers to the unadjusted Maturity Date of the series. yNN refers to contract duration in years.

Contract Listings: The Exchange at any given time may list for trading IDEX USD Forward Start Defined Roll Interest Rate Swap Futures having terms from one to twenty nine years and a Maturity Date not longer than thirty years (with one year comprising 365 days, or 366 days for leap years).

with one contract of IDEX USD Forward Start Defined Roll Interest Rate Swap Futures maturing on the third Wednesday of March, June, September, and December. The Effective Date and Maturity Date of each individual IDEX USD Forward Start Defined Roll Interest Rate Swap Futures shall be established by the Exchange on the date each such contract is listed by the Exchange. The Exchange shall make known the listing of any contract on its website or the Clearinghouse website ([www.idcg.com](http://www.idcg.com)) prior to the commencement of trading.

Trading Hours: 7:00 AM to 5:00 PM Eastern Time (“ET”) Monday – Friday.

Trading Platform: IDEX XT Trade Match Engine.

Effective Date: Will be the third Wednesday of March, June, September or December, adjusted by the Modified Following Business Day Convention for London and New York as specified on the listing of any individual IDEX USD Forward Start Defined Roll Interest Rate Swap Futures by the Exchange.

Maturity Date: Will be the third Wednesday of the month of the Effective Date a whole number of years after the Effective Date, adjusted by the Modified Following Business Day Convention for London and New York.

Reset Date: Will be 2 London Business Days preceding the start of the floating rate interest accrual period.

Periodic Payments: Periodic payments on the IDEX USD Forward Start Defined Roll Interest Rate Swap Futures will be made on a semi-annual basis for the fixed rate payments, and on a quarterly basis for the floating rate payments. Each Interest Payment Date in the IDEX USD Forward Start Defined Roll Interest Rate Swap Futures will be defined by the Effective Date, the Maturity Date, and the payment frequency of the fixed or floating side as appropriate, adjusted by the Modified Following Business Day convention for New York and London.

The Start Date of the first fixed rate interest accrual period will be the Effective Date for the series, subsequent interest accrual period Start Dates will be the third Wednesday of the month which is six months after the previous interest accrual period Start Date.

The End Date of the first fixed rate interest accrual period will be the third Wednesday of the month which is six months after the Effective Date, subsequent interest accrual period End Dates will be the third Wednesday of the month which is six months after the previous interest accrual period End Date up until the Maturity Date of the series.

All dates will be adjusted by the Modified Following Business Day convention for New York and London.

The Interest Payment Date of any interest accrual period is the End Date of the same interest accrual period.

The Start Date of the first floating rate interest accrual period will be the Effective Date for the series, subsequent interest accrual period Start Dates will be the third Wednesday of the month which is three months after the previous interest accrual period Start Date.

The End Date of the first floating rate interest accrual period will be the third Wednesday of the month which is three months after the Effective Date, subsequent interest accrual period End Dates will be the third Wednesday of the month which is three months after the previous interest accrual period End Date up until the Maturity Date of the series.

All dates will be adjusted by the Modified Following Business Day convention for New York and London.

Floating Rate Payment: The floating rate payment for a given interest accrual period shall be an amount equal to the Notional Value multiplied by the USD LIBOR setting multiplied by the Actual/360 Interest accrual Year Fraction.

Fixed Rate Payment: The fixed rate payment for a given interest accrual period shall be equal to the notional value multiplied by the fixed rate multiplied by the 30/360 Interest accrual Year Fraction.

Minimum Price Increments: The price of the IDEX USD Forward Start Defined Roll Interest Rate Swap Futures contract is the traded yield of the fixed rate portion of the swap. Minimum price intervals are expressed in terms of the interest rate on the fixed rate portion of the IDEX USD Forward Start Defined Roll Interest Rate Swap Futures contracts. The minimum price interval is .001 for contracts traded on the IDEX XT trading system and .00001 for contracts established by means of EFS through the SwapDrop Portal.

Daily Settlement Price: The Daily Settlement Price of an open contract is its Net Present Value. The Net Present Value of each open position is valued by the Clearinghouse at the end of each trading day by valuing each leg of the cash flows of the contract (fixed and floating) according to discount factors generated by the IDEX Curve. Notwithstanding the preceding sentence, the Clearinghouse may, in its sole discretion, establish a Daily Settlement Price that is a fair and appropriate reflection of the market.

Last Trading Day: The Last Trading Day for any individual IDEX USD Forward Start Defined Roll Interest Rate Swap Futures contract is the business day preceding that contract's Maturity Date. For purposes of this rule, a business day is any day on which the Exchange is open for the trading of IDEX USD Forward Start Swap Futures contracts.

Position Accountability: A person owning or controlling more than 3,000 contracts net long or net short in all contract series combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information, if applicable.

Large Trader Reporting: Pursuant to Commission Regulation Section 15.03 and Part 17 of the Commission's Regulations, the position level that is required to be reported to the Exchange and Commission is any open position in a particular IDEX USD Forward Start Defined Roll Interest Rate Swap Futures contract series at the close of trading on any trading day equal to or in excess of twenty-five on either side of the market.

Clearinghouse: International Derivatives Clearinghouse, LLC.

Contract Modifications: Specifications are fixed as of the first day of trading of a contract. If any U.S. government agency or body with authority issues an order, ruling, directive or law that



conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

No-Break Range: Pursuant to Rule F26, The "No Break Range" for any contract shall be any price within a range bounded by the "fair market value" of such contract at the time the transaction occurred plus or minus the market movement covered by one-third of the initial margin required for such contract. For these purposes fair market value shall be determined by the Exchange based on trading activity in the contract at the time of the dispute or by surveying at least three market participants not involved in the transaction in question.

Final Settlement Date: The Final Settlement Date shall be the Final Payment Date of each individual IDEX USD Forward Start Defined Roll Interest Rate Swap Future. Clearing Members holding open positions in a IDEX USD Forward Start Defined Roll Interest Rate Swap Future at the termination of trading in that contract shall make payment to or receive payment from the Clearinghouse in accordance with normal variation and performance bond procedures based on the net of the fixed and floating rate interest payment of the last interest accrual period.

Glossary:

30/360 Interest accrual Year Fraction means the number of days in the interest accrual period in respect of which payment is being made (assuming 30 day months) divided by 360, calculated on a formula basis as follows:

$$\frac{[360 \times (Y2-Y1)] + [30 \times (M2-M1)] + (D2-D1)}{360}$$

Where:

Y1 is the year, expressed as a number, in which the start date of the interest accrual period falls.

Y2 is the year, expressed as a number, in which the end date of the interest accrual period falls.

M1 is the calendar month, expressed as a number, in which the start date of the interest accrual period falls.

M2 is the calendar month, expressed as a number, in which the end date of the interest accrual period falls.

D1 is the first calendar day expressed as a number, of the interest accrual period, unless such a number would be 31, in which case D1 will be 30.

D2 is the last calendar day, expressed as a number, of the interest accrual period, unless such a number would be 31 and D1 is greater than 29, in which case D2 will be 30.

Actual/360 Interest accrual Year Fraction means the actual number of days in the interest accrual period in respect of which payment is being made divided by 360.

Business Day means a day in which the banking system is open to settle payments in the locations listed.

Effective Date means the date on which interest begins to accrue in the first interest accrual period.

End Date means the date on which an interest accrual period ends.

Interest Payment Date means a day on which interest is paid.

Maturity Date means the day the final net coupon is paid. The accumulated unrealized Profit and Loss (P/L) that is attributable to the accruing coupon moves from unrealized Open Trade Equity (OTE) to realized Profit and Loss (Cash).

Modified Following Business Day Convention means the date will be adjusted to be the first following day that is a Business Day in the locations listed unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day in the locations listed.

Reset Date means the day on which the value of 3 Month Libor is observed so that it can be applied to the next floating interest accrual period.

Start Date means the date on which an interest accrual period begins.

Week Day means any calendar day which is not a Saturday or Sunday.

**Rule 1913. Margin Requirements**

Pursuant to Rule F11, Customer Margin, the Exchange will publish the minimum initial and maintenance margin rates and other requirements for IDEX USD Forward Start Defined Roll Interest Rate Swap Futures through Notices to Members or other appropriate means.

**Rule 1914. Transfer of Contracts to New Exchange**

IDEX USD Forward Start Defined Roll Interest Rate Swap Futures may be delisted by the Exchange and upon such delisting, be listed by another designated contract market, derivatives transaction execution facility, or exempt board of trade (each a "New Exchange"). IDEX USD Forward Start Defined Roll Interest Rate Swap Futures shall become subject to the rules of the New Exchange upon the transfer of the listing for trading of such contracts from the Exchange to the New Exchange.

\* \* \* \* \*

**Rule F2. Definitions and Rules of Construction**

(a) When used in these Rules, these terms have the following meanings:

\* \* \* \* \*

**Contract.** The term "Contract" means any contract, agreement or transaction conforming to the contract specifications for futures contracts set forth in Rules 1501 through ~~1804~~1914 that are listed by the Exchange for trading through IDEX XT or executed through an EFS transaction using the IDEX SwapDrop Platform, in each case subject to the Rules.

\* \* \* \* \*