U.S. COMMODITY FUTURES TRADING COMMISSION

Ensuring the Integrity of the Futures & Swaps Markets

DCM Rules

Submitter Information

Organization Name NASDAQ Futures, Inc.	
Organization Type DCM	Organization Acronym NQF
Submitted By aaguayo	Email Address alejandro.aguayo@nasdaq.com

Cover Sheet

Submission Number 1806-1917-2622-78	Submission Date 6/19/2018 5:26:22 PM
Submission Type 40.6(a) Rule Certification	
☐	Request Confidential Treatment
Registered Entity Identifier Code SR-NFX-2018-32	
Submission Description Rule certification relating to block trade minimum quantity thresholds and reporting times NFX Dry Freight Futures and Options contracts.	
Rule Numbers Rulebook Appendix A	
Date of Intended Implementation 7/4/2018	

Documents

SR-NFX-2018-32 Rule Certification.docx
SR-NFX-2018-32 Exhibit A.docx

Request For Confidential Treatment - Detailed Written Justification

N/A

June 19, 2018

Nasdaq Futures, Inc.
FMC Tower, Level 8,
2929 Walnut Street
Philadelphia, PA 19104 / USA

business.nasdaq.com/futures

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

Rule Self-Certification: **Product and Rule Certification for New NFX Dry Freight Futures and Options Contracts**
Reference File: SR-NFX-2018-32

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and Section 40.6 of the Commission's regulations thereunder, NASDAQ Futures, Inc. ("NFX" or "Exchange") hereby submits rules relating to block trade minimum quantity thresholds and reporting times NFX Dry Freight Futures and Options contracts ("Dry Freight contracts"). The Exchange anticipates listing the Dry Freight Futures contracts beginning July 4, 2018, for trade date July 5, 2018. The Dry Freight Options contracts will list on July 5, 2018 for trade date July 6, 2018. The amendments proposed in this submission shall be effective on the listing date.

The name of each Dry Freight contract is listed below, followed by its symbol in parentheses:

- NFX C3 Dry Freight Capesize Voyage Route Financial Futures (C3AQ)
- NFX C4 Dry Freight Capesize Voyage Route Financial Futures (C4AQ)
- NFX C5 Dry Freight Capesize Voyage Route Financial Futures (C5AQ)
- NFX C7 Dry Freight Capesize Voyage Route Financial Futures (C7AQ)
- NFX CS4TC Capesize 4 T/C Average Financial Futures (CS4Q)
- NFX Options on NFX CS4TC Capesize 4/TC Average Financial Futures (C4Q)
- NFX CS5TC Capesize 5 T/C Average Financial Futures (CS5Q)
- NFX Options on NFX CS5TC Capesize 5 T/C Average Financial Futures (C5Q)
- NFX HS6TC Handysize 6 T/C Average Financial Futures (HS6Q)
- NFX Options on NFX HS6TC Handysize 6 T/C Average Financial Futures (H6Q)
- NFX PM4TC Panamax 4 T/C Average Financial Futures (PM4Q)
- NFX Options on NFX PM4TC Panamax 4 T/C Average Financial Futures (P4Q)
- NFX SM10TC Supramax 10 T/C Average Financial Futures (S10Q)
- NFX Options on NFX SM10TC Supramax 10 T/C Average Financial Futures (S0Q)
- NFX SM6TC Supramax 6 T/C Average Financial Futures (SM6Q)
- NFX Options on NFX SM6TC Supramax 6 T/C Average Financial Futures (S6Q)
- NFX P1A Panamax T/C Transatlantic RV Financial Futures (P1AQ)
- NFX P2A Panamax T/C Skaw Gibraltar - Far East Financial Futures (P2AQ)
- NFX P3A Panamax T/C Japan - S. Korea Trans Pacific R/V Financial Futures (P3AQ)

The rule amendments proposed herein are attached to this letter in Exhibit A which amends Rulebook Appendix A, Listed Contracts.[1]

Exhibit 1 - Amendments to Rulebook Appendix A, Listed Contracts

Block Trade Minimum Quantity Threshold and Reporting Times. Chapter IV, Section 11 of the Exchange's rulebook provides for execution of block trades and requires the Exchange to designate the contracts in which block trades shall be permitted and to determine the minimum quantity thresholds for such transactions. Section 11(F) requires Futures Participants to ensure that block trades are reported to the Exchange within the number of minutes of the time of execution (the "Reporting Window") specified in the rules for the particular contract.[2] The Dry Freight contracts are eligible for block trades. The block trade minimum quantity threshold is set at 5 contracts and the Reporting Window is set at 15 minutes. Spot month position limits for the Dry Freight contracts set forth on Exhibit B are consistent with those for comparable contracts listed by ICE Futures US.[3]

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[1] The Exchange is separately filing the 1st Line Options' terms and conditions in SR-NFX-2018-31 pursuant to Commission Rule 40.2. Certain additional language separately certified in SR-NFX-2018-32 is not duplicated in Exhibit A hereto but is instead, for purposes of brevity, represented by asterisks.

[2] See Rules Chapter IV, Section 11(F) provides: "Futures Participants must ensure that each Block Trade is reported to the Exchange within the number of minutes of the time of execution (the "Reporting Window") specified in the rules for the particular contract; except that Block Trades executed outside of Trading Hours must be reported within 15 minutes of the commencement of the next Open Session of a Trading Session for that Contract. If the Block Trade includes certain legs subject to a 5 minute Reporting Window and other legs subject to a 15 minute Reporting Window, the reporting requirement for the transaction will be 15 minutes. The report must include the Contract, contract month, price, quantity of the transaction, the respective Clearing Futures Participants, the time of execution, and, for Options on Futures, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market. Failure to timely and accurately report Block Trades may subject the Futures Participant to disciplinary action."

[3] See Rule X.08, Block Trade Minimum Quantity Threshold and Reporting Window for each of the new Dry Freight Futures and Options attached as Exhibit A. The block limit for transactions entered into Q-Port by NFX will initially be set at one contract. This limit is being set in order to allow NFX to transfer existing positions in identical Dry Freight contracts currently listed on Nasdaq Commodities Europe to NFX. NFX anticipates conducting the transfer of positions during the month of July 2018. Once NFX has finished the transfer of positions the block limit of one contract will be removed from the Rulebook. NFX will be the only entity that may utilize the one contract block threshold.

Screen Fees and Block Trade/EFRP Surcharges

The Screen Fee is a charge for Exchange execution fees. The Options Clearing Corporation ("OCC") will separately assess a clearing fee for all transactions submitted for clearing.[4] The Exchange will assess Screen Fees and Block Trade EFRP Fees of $2.95 for each contract. Former Direct Clearing Members of Nasdaq Commodities Europe will be assessed Screen and Block Trade/EFRP Fees of $1.95 each. NFX anticipates offering the Former Direct Clearing Member Fee schedule for one year, subject to change.

DCM Core Principles

The Exchange has reviewed the designated contract market core principles ("Core Principles") as set forth in the Act in connection with the amendments presented herein. Consistent with Core Principle 7 - Availability of General Information, the Exchange will post general information, including the NFX Rulebook as amended herein, on its website: business.nasdaq.com/futures.

With respect to the block trade amendments set forth in Exhibit A and Core Principle 9 - Execution of Transactions, the Dry Freight contracts will be listed for trading on the Exchange's electronic trading system as well as by submission as block trades and Exchange for Related Position transactions pursuant to Exchange rules. The Exchange's trading system provides a transparent, open and efficient mechanism to electronically execute trades in the Dry Freight contracts. Additionally, the new rules governing the trading hours and non-reviewable range of the New Contracts are the same as those governing existing energy futures contracts listed by the Exchange.

Certifications

There were no opposing views among NFX's Board of Directors, members or market participants. The Exchange hereby certifies that the rule amendments set forth herein comply with the Act and the Commission's regulations thereunder. The Exchange also certifies that notice of pending certification and a copy of this submission have been concurrently posted on the Exchange's website at business.nasdaq.com/futures.

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[4] OCC options exercise fees and any other OCC fees remain the responsibility of Clearing Futures Participants.

If you require any additional information regarding the submission, please contact Aravind Menon at (301) 978-8416 or aravind.menon@nasdaq.com. Please refer to SR-NFX-2018-32 in any related correspondence.

Regards,

Rick Beaman
Chief Executive Officer

Attachments:

Exhibit A: Amendments to Rulebook Appendix A – Listed Contracts

Rulebook Appendix A - Listed Contracts

Introduction

* * * * *

	OIL AND REFINED PRODUCTS – No Change
	NATURAL GAS PRODUCTS – No Change
	POWER CONTRACTS – No Change
	PETROCHEMICALS PRODUCTS – No Change
	FERROUS METALS – No Change
	TANKER FREIGHT – No Change
	DRY FREIGHT
*****	
1300	NFX C3 Dry Freight Capesize Voyage Route Financial Futures (C3AQ)
1301	NFX C4 Dry Freight Capesize Voyage Route Financial Futures (C4AQ)
1302	NFX C5 Dry Freight Capesize Voyage Route Financial Futures (C5AQ)
1303	NFX C7 Dry Freight Capesize Voyage Route Financial Futures (C7AQ)
1304	NFX CS4TC Capesize 4 T/C Average Financial Futures (CS4Q)
1304A	NFX Options on NFX CS4TC Capesize 4 T/C Average Financial Futures (C4Q)
1305	NFX CS5TC Capesize 5 T/C Average Financial Futures (CS5Q)
1305A	NFX Options on NFX CS5TC Capesize 5 T/C Average Financial Futures (C5Q)
1306	NFX HS6TC Handysize 6 T/C Average Financial Futures (HS6Q)
1306A	NFX Options on NFX HS6TC Handysize 6 T/C Average Financial Futures (H6Q)
1307	NFX PM4TC Panamax 4 T/C Average Financial Futures (PM4Q)
1307A	NFX Options on NFX PM4TC Panamax 4 T/C Average Financial Futures (P4Q)
1308	NFX SM10TC Supramax 10 T/C Average Financial Futures (S10Q)
1308A	NFX Options on NFX SM10TC Supramax 10 T/C Average Financial Futures (S0Q)
1309	NFX SM6TC Supramax 6 T/C Average Financial Futures (SM6Q)
1309A	NFX Options on NFX SM6TC Supramax 6 T/C Average Financial Futures (S6Q)
1310	NFX P1A Panamax T/C Transatlantic RV Financial Futures (P1AQ)
1311	NFX P2A Panamax T/C Skaw Gibraltar - Far East Financial Futures (P2AQ)

1312	NFX P3A Panamax T/C Japan - S. Korea Trans Pacific R/V Financial Futures (P3AQ)

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Chapter 1300. NFX C3 Dry Freight Capesize Voyage Route Financial Futures (C3AQ)

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1300.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1301. NFX C4 Dry Freight Capesize Voyage Route Financial Futures (C4AQ)

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1301.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1302. NFX C5 Dry Freight Capesize Voyage Route Financial Futures (C5AQ)

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1302.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

Chapter 1303. NFX C7 Dry Freight Capesize Voyage Route Financial Futures (C7AQ)

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1303.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

Chapter 1304. NFX CS4TC Capesize 4 T/C Average Financial Futures (CS4Q)

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1304.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1304A. NFX Options on NFX CS4TC Capesize 4 T/C Average Financial Futures (C4Q)

*****

1304A.10 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1305. NFX CS5TC Capesize 5 T/C Average Financial Futures (CS5Q)

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1305.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted

by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1305A. NFX Options on NFX CS5TC Capesize 5 T/C Average Financial Futures (C5Q)

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1305A.10 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1306. NFX HS6TC Handysize 6 T/C Avereage Financial Futures (HS6Q)

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1306.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1306A. NFX Options on HS6TC Handysize 6 T/C Average Financial Futures (H6Q)

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1306A.08 Daily Settlement Prices

Pursuant to Chapter V, Section III, the daily settlement price shall be equal to the daily settlement price for the corresponding NFX HS6TC Handysize 6 T/C Average Financial Futures (HS6Q). If the daily settlement price described in the previous sentence is unavailable the Exchange may in its sole discretion establish a daily settlement price that it deems to be a fair and reasonable reflection of the market.

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Chapter 1307. NFX PM4TC Panamax 4 T/C Average Financial Futures (PM4Q)

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1307.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1307A. NFX Options on NFX PM4TC Panamax 4 T/C Average Financial Futures (P4Q)

*****

1307A.10 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1308. NFX SM10TC Supramax 10 T/C Average Financial Futures (S10Q)

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1308.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1308A. NFX Options on NFX SM10TC Supramax 10 T/C Average Financial Futures (S10Q)

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1308A.10 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1309. NFX SM6TC Supramax 6 T/C Average Financial Futures (SM6Q)

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1309.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1309A. NFX Options on NFX SM6TC Supramax 6 T/C Average Financial Futures (S6Q)

*****

1309A.10 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1310. NFX P1A Panamax T/C Transatlantic RV Financial Futures (P1AQ)

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1310.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1311. NFX P2A Panamax T/C Skaw Gibraltar - Far East Financial Futures (P2AQ)

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1311.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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Chapter 1312. NFX P3A Panamax T/C Japan - S. Korea Trans Pacific R/V Financial Futures (P3AQ)

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1312.08 Block Trade Minimum Quantity Threshold and Reporting Window

Pursuant to Chapter IV, Section 10, block trades shall be permitted with a minimum quantity threshold of 5 Contracts and the Reporting Window shall be 15 Minutes. Block trades submitted by NFX migrating open Dry Freight contract positions from Nasdaq Commodities Europe will be subject to a one contract minimum quantity threshold.

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FEE SCHEDULE

CHAPTER	Dry FREIGHT (***) (****)	STANDARD SCREEN FEE	STANDARD BLOCK/EFRP FEE	FORMER NASDAQ COMMODITIES DIRECT CLEARING MEMBERS
1300	NFX C3 Dry Freight Capesize Voyage Route Financial Futures (C3AQ)	$2.95	$2.95	$1.95
1301	NFX C4 Dry Freight Capesize Voyage Route Financial Futures (C4AQ)	$2.95	$2.95	$1.95
1302	NFX C5 Dry Freight Capesize Voyage Route Financial Futures (C5AQ)	$2.95	$2.95	$1.95
1303	NFX C7 Dry Freight Capesize Voyage Route Financial Futures (C7AQ)	$2.95	$2.95	$1.95
1304	NFX CS4TC Capesize 4 T/C Average Financial Futures (CS4Q)	$3.95	$3.95	$1.95
1304A	NFX Options on NFX CS4TC Capesize 4 T/C Average Financial Futures (C4Q)	$3.95	$3.95	$1.95
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1309	NFX SM6TC Supramax 6 T/C Average Financial Futures (SM6Q)	$3.95	$3.95	$1.95
1309A	NFX Options on NFX SM6TC Supramax 6 T/C Average Financial Futures (S6Q)	$3.95	$3.95	$1.95
1310	NFX P1A Panamax T/C Transatlantic RV Financial Futures (P1AQ)	$2.95	$2.95	$1.95
1311	NFX P2A Panamax T/C Skaw Gibraltar - Far East Financial Futures (P2AQ)	$2.95	$2.95	$1.95
1312	NFX P3A Panamax T/C Japan - S. Korea Trans Pacific R/V Financial Futures (P3AQ)	$2.95	$2.95	$1.95

***	Dry Freight Multi-Leg Trade Rebate - 50% of total fee
	Calendar Spreads
	Options Strategies
	Quarterly Strip > 30 contracts per month
	Half a year Strip > 30 contracts per month
	Cal Strip > 30 contracts per month
****	Dry Freight Volume Above Threshold Rebate
	0-1000: 0%
	1001-2000: 20%
	2000+: 40%