



NFX US COMMODITIES MIGRATION PLAN

Background

In October 2019, Nasdaq made the strategic decision to sell its U.S. based commodities futures business, Nasdaq Futures, Inc. (NFX), to EEX Group. The agreement seeks to transfer all existing Nasdaq open positions in U.S. Power, U.S. Henry Hub Natural Gas, Crude Oil, and Ferrous Metals to [EEX's Nodal Clear](#); and Dry Bulk Freight futures and options contracts to EEX's [European Commodity Clearing](#) (ECC). This transfer of open positions will occur via a series of migrations for each individual product set. The Dry Bulk Freight migration will also include two non-mandatory matching sessions prior to the final migration. NFX has suspended all contract tenors beyond existing open interest preventing additional trading and new positions from being opened. NFX will continue to provide daily and final settlement prices for all contracts until eventual delisting after all open interest is closed or migrated.

The purpose of this document is to describe how NFX customers, NFX Members, EEX General Clearing Members (GCMs), and EEX NonClearing Members (NCMs) should prepare for transacting on Nodal Exchange and EEX and the migration from NFX to EEX.

NFX Transfer Consents

NFX has provided each FCM with a Consent to Migration document that will provide for the FCM to consent to the following on behalf of its customers:

- The FCM consents to support the freight matching sessions and/or final migrations.
- The FCM consents to the disclosure of customer identifying information to Nodal Exchange/EEX to facilitate the freight matching sessions and all final migrations.
- The FCM consents to providing NFX with customer positions to facilitate the freight matching sessions and all final migrations of those positions to Nodal Exchange/EEX.

All customers should reach out to their FCM representative to confirm their consent to the migration. Customers will not be able to take part in the final migrations unless their FCM completes and executes the NFX Transfer Consent.

NFX asks that each NFX Member execute their consent as quickly as possible, but no later than January 17, 2020 in preparation for the final freight and power migrations. However, for those members planning to have customers participate in the December 12th freight matching session the consents need to be submitted no later than December 4th (the deadline for the matching session position submission is December 6th).

EEX/Nodal Onboarding

All customers that are not currently trading on EEX and/or Nodal must successfully onboard with an EEX GCM or as an EEX NCM, or US-based FCM that supports trading on Nodal Clear. Customers interested in closing their NFX positions and not taking part in the migration to EEX or Nodal, should contact the NFX team for information on how to effectively close positions.

All EEX onboarding questions should be directed to:

Richard Heath, Business Development

richard.heath@eex.com

Direct: +44 20 7862 7343

Please direct any Nodal Exchange onboarding questions to:

Energy Markets

markets@nodalexchange.com

703-962-9820

Power Contract Differences

Please note that the Nodal power contracts have the following differences from the NFX power contracts:

- NFX power contracts are fixed MWh contracts while the Nodal power contracts are MW-based. When the fixed MWh contracts are closed on NFX they will be converted into equivalent MW-based contracts that will be opened at Nodal during the matching sessions and final migration.
- The Nodal power contract final settlement date is 3 business days following the last trading day of the month while the NFX final settlement date is 7 business days following the last trading day of the month.
- The NFX PJM West Hub Calendar One Time Option (PMQ) is strictly automatic exercise while the Nodal equivalent allows for contrary instructions at the time of expiration.
- The NFX PJM West Hub Monthly Option (PJOQ) is an American-style option while the Nodal equivalent is a European option.

Matching Sessions

NFX and EEX plan to offer at least two matching sessions prior to a final migration for the Dry Bulk Freight product set only. The freight matching sessions are designed to help customers move their positions to EEX as efficiently as possible. Additional matching sessions could be scheduled based on customer demand.

Each freight matching session will run from Friday to Thursday. For the December 12th matching session, the deadline for customer position submission to EEX will be Friday, December 6th at COB London time. On Monday, December 9th EEX will match positions with offsetting, participating customers and then send the pending trades to each customer for their approval which must be provided by the EOD. Finally Thursday December 12th, the resulting block trades will be booked at NFX and the resulting, offsetting opening block trades at EEX. The futures positions will be booked at the previous day's NFX settlement price while the options positions will be booked at a premium of \$0.01/contract.

The Dry Bulk Freight matching sessions are scheduled for December 12th and January 15th. Please note that NFX will NOT be supporting the transfer of the existing Tanker futures. The limited Tanker open interest will need to be closed separately. Please contact your NFX Relationship Manager if you currently have Tanker positions that will need to be closed.

Final Migration and Matching Session Costs

- EEX and Nodal will waive ALL associated execution and clearing fees.
- NFX will waive ALL associated execution fees.
- OCC will continue to charge its standard \$0.055/contract fee for all transactions.

Final Freight Migration: January 27th- 31st

NFX and EEX plan to execute the final, full-scale freight migration during the week of January 27th. The below plan describes the various actions that will be required and executed each day during the migration. The migration will be for February 2020 freight contracts and beyond.

January 27th: Freight Migration – Day 1

At the close of business on Monday, January 27th, NFX will suspend all the freight futures and options on futures contracts to prevent any further trading. However, NFX will continue to settle all the freight futures and options on futures contracts daily until the contracts are eventually delisted once all the open interest has been moved.

NFX will request that FCMs provide all remaining customer and house NFX freight positions to NFX by the EOD on January 28th.

January 28th: Freight Migration – Day 2

NFX collects all remaining customer and house freight positions from the FCMs.

January 29th: Freight Migration – Day 3

NFX prepares to enter closing block trades to ALL remaining NFX freight positions based on the January 29th NFX settlement prices. The customer and house positions are shared with EEX.

NFX will send out a market notification that all freight block trades displayed on its market on January 30th are solely freight migration transactions.

January 30th: Freight Migration – Day 4

On the morning of Thursday, January 30th, EEX will parse the NFX freight open interest into transactions - each with an offsetting NFX freight customer. NFX will enter transactions to close all existing Customer, and FCM House positions. These trades will be executed as standard block trades.

Thursday morning EEX will enter opening transactions - each with an offsetting EEX freight customer – that will establish the same positions at EEX (while these positions will be equivalent, they will be considered new, opening trades and positions).

All of the futures block trades will be entered via EEX using the January 29th NFX settlement price that was used for the NFX closing transactions. All of the options on futures block trades will be entered at a price of \$0.01/ contract.

The NFX block trades will be executed as standard block trades and will flow through the standard NFX trade flow including the NFX market data feed. The block trades will settle through the standard EEX margin and settlement process based on January 30th prices from the Baltic Exchange.

January 31th: Freight Migration – Day 5

Subject to the successful reduction of position quantities through the OCC PCS process and the accurate reporting of Customer Gross Margin (CGM) position quantities, any excess collateral held at OCC may be withdrawn via standard collateral processing for closed NFX freight positions. Customers should contact their FCMs to determine when any excess collateral may be available for withdrawal.

All freight contracts that have no open interest will remain suspended and will eventually be delisted.

Additional Final Migrations: Henry Hub Natural Gas, Crude Oil, Ferrous Futures

NFX and Nodal will execute three additional final migrations using the same five day process described for freight for the following products sets:

- Power Futures and Options on Futures – February 3rd – 7th
- Henry Hub Natural Gas Futures and Options on Futures – March (exact date TBD)
- Crude Oil Futures and Option on Futures and Ferrous Futures – April (exact date TBD)