



December 14, 2015

BY ELECTRONIC SUBMISSION

Melissa Jurgens
Office of the Secretariat
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Certification Pursuant to Commission Rule 40.6 – Rule Amendments (SwapEx CFTC Submission #09.15)

Dear Ms. Jurgens:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “Act”) and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (the “CFTC” or “Commission”), SwapEx, LLC (“SwapEx”, or the “Company”) hereby notifies the Commission that it has amended its Rulebook and that it is certifying those amendments. The Rulebook has been amended in response to questions, comments and guidance from the Commission. The amended Rulebook will become effective on December 30, 2015.

In addition, SwapEx previously submitted self-certification filings on the following three advisory notices that were submitted to the CFTC as rules and are now also being amended:

Advisory Notice 01-15-SwapEx Trading Procedures and Protocols;

Advisory Notice 02-15 (Credit Risk Filter Functionality); and

Advisory Notice 03-15 (Block Trade Functionality)

These advisory notices similarly are being amended in response to questions, comments and guidance from the Commission.

A concise explanation of the amendments to the Rulebook and their compliance with applicable provisions of the Act, including core principles and the Commission’s regulations, is attached hereto as Exhibit A. A clean copy of the amended Rulebook is attached hereto as Exhibit B, and a copy of the Rulebook marked to show changes against the version submitted to the Commission as part of the Rule certification on September 4, 2015, is attached hereto as Exhibit C. SwapEx hereby certifies that: (i) the amended Rulebook complies with the Act and the Commission’s regulations thereunder, and (ii) a notice and copy of this submission is being concurrently posted on SwapEx’s web site. There were no substantive opposing views to the amendments to the Rulebook.

In the event that you have questions, please contact the undersigned at (312) 798-6517 or BJRegan@statestreet.com.

Sincerely,

A handwritten signature in black ink that reads "Brian J. Regan". The signature is written in a cursive style with a large, prominent "B" and "R".

Brian J. Regan
Chief Compliance Officer

Encl. (Exhibits A, B and C and
clean and redline versions
of referenced advisory notices)



December 14, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: Advisory Notice 01-15 - SwapEx Trading Procedures and Protocols (SwapEx CFTC Submission #09-15)

SwapEx Rule 524 (Operation of the Trading System) provides a summary of the execution methods available on the Trading System, including the Order Book and Request for Quote functionalities. It also provides that “[a]dditional information with respect to the operation of the Trading System, the execution methods and credit and risk functionality is provided in the applicable user guide and other specific information that the Company may make available to Participants, Authorized Traders and Authorized Users.” This Advisory Notice provides additional information to the Advisory Notice 01-15 – SwapEx Procedures and Protocols (SwapEx CFTC Submission #01-15) (as amended and restated by SwapEx CFTC Submission #07-15, the “Existing Advisory Notice 01-15”) which described trading procedures and protocols of the Trading System and supplemented the information contained in SwapEx Rule 524. This notice amends and restates the Existing Advisory Notice 01-15 to supplement it with further information regarding the method of execution rules for the Trading System.

Capitalized terms used without definition herein shall have the meanings assigned to them in the SwapEx, LLC Rulebook (as amended from time to time, the “Rulebook”).

Central Limit Order Book (CLOB)

Overview

The Trading System offers central limit order book functionality (the “CLOB”) that is anonymous at the time of execution. The matching priority with respect to an acceptance of any price quote is based on price and, if prices are identical, then firm orders will be given priority over indicative prices and then on a “first in, first out” basis. All instruments listed in the product specifications set forth in Chapter 11 of the Rulebook are available for trading on the CLOB. For the most popular instruments, the CLOB supports continuous streaming liquidity (the “Standing CLOB”). For other instruments, the Trading System supports CLOB trading through user-initiated Indications of Interest (“IoI”), enabling CLOB functionality, as further detailed below, for more customized swap instruments.

Cleared Contracts executed over the CLOB will be delivered to supported Derivatives Clearing Organizations and names of the Participants, Authorized Traders and/or Customers) who are party to the trade will not be revealed to the counterparty to the trade. In order for a Participant or Authorized Trader to participate in trading of Cleared Contracts, the applicable Participant must either be able to self-clear or the Participant or Authorized Trader must have authorization to submit swaps executed on the Trading System for clearing to at least one Clearing Firm.

For a Permitted Transaction that is not a Cleared Contract, the Trading System will only match an Order with quotes on the CLOB for such instrument from market participants if both market participants have indicated to the Company in writing they are willing to transact with each other and, if a credit relationship has been established as permitted under Rule 524(c) between market participants, they have available credit. The Trading System will only match an Order for a Cleared Contract, with quotes for such instruments from other market participants who have clearing arrangements at the same Derivatives Clearing Organization for such instrument and have available credit. For all transactions in Permitted

Transactions that are not Cleared Contracts that are executed on the CLOB, the Trading System will disclose to each Participant and/or Authorized Trader that is counterparty to the trade, the name of the other counterparty to the trade after execution. For Cleared Contracts that are executed on the CLOB, the Trading System will not disclose the name of any party to its counterparty before or after execution.

For an Order to be successfully submitted to the CLOB, the Authorized User needs to be properly authenticated and provide the information tagged as relevant for CLOB trading listed in Appendices 1 and 2. Certain of this information is stored as static data within the Trading System, while the remainder of this information must be entered by the Authorized User on an order by order basis.

Standing CLOB

Market participants can access the Standing CLOB by using the front-end graphical user interface (GUI) made available by the Company or by making use of an application programming interface (API) enabling the Participant or Authorized Trader to customize its own interface for access to the Standing CLOB. All Orders on the Standing CLOB are delivered (pushed) in near real-time to all Authorized Users who are logged-in to the CLOB. Trades executed on the Standing CLOB are communicated via a ticker on the CLOB (the "CLOB Ticker"), which publishes all transactions executed on the CLOB (without identifying the parties thereto) in near real-time. Participants and Authorized traders can trade on the Standing CLOB book by either taking liquidity (hitting/lifting bids and offers) or adding liquidity (placing orders into the book).

Indication of Interest ("Iol")

Market participants can access the Iol functionality on the CLOB by using the front-end graphical user interface (GUI) made available by the Company. Market participants can raise an Iol, which will be communicated to all Authorized Users who are logged-in to the CLOB via the GUI and simultaneously will establish a spontaneous CLOB instance accessible to Authorized Users who are logged-in to the CLOB via the GUI that will continue in existence until the end of the trading day. When submitting an IOI, an Authorized User can define the currency pair as well as the value date and fixing date. All Orders submitted via the Iol functionality are delivered (pushed) in near real-time to all Authorized Users who are logged-in to the CLOB via the GUI. Executed trades resulting from an Order submitted via the Iol functionality are communicated to all Authorized Users logged-in to the CLOB via the GUI via the CLOB Ticker. Once a spontaneous Iol has been created, all Authorized Users who are logged-in to the CLOB via the GUI may add liquidity in response to the Iol or, conversely, take liquidity on the CLOB generated by the Iol.

Request for Quote (RFQ) Functionality

Overview

The Trading System also supports two Request for Quote ("RFQ") execution styles for Permitted Transactions: Standard RFQ and Reverse RFQ. All trading through the Standard RFQ functionality and Reverse RFQ functionality is done on a fully-disclosed, attributed basis (i.e., a market participant that is party to a trade will be identified to the other market participant who is counterparty to the trade prior to execution).

For a request to be successfully submitted on the Trading System, the Authorized User needs to be properly authenticated and provide the information tagged as relevant for Standard RFQ or Reverse RFQ trading listed in Appendices 1 and 2. Certain of this information is stored as static data within the Trading System, while the remainder of this information must be entered by the Authorized User on an order by order basis.

Standard RFQ

Market participants can access the Standard RFQ functionality by using the front-end graphical user interface (GUI) made available by the Company or by making use of an application programming interface (API) enabling the Participant or Authorized Trader to customize its own interface for access to the Standard RFQ functionality. All instruments listed in the product specifications set forth in Chapter 11 of the Rulebook are available for trading via the Standard RFQ functionality. For Permitted Transactions that are not Cleared Contracts, a Taker (as defined below) may submit an RFQ composed of two Contracts for the same currency pair but with different fixing dates and maturity/valuation dates.

To initiate a Standard RFQ, an Authorized User must connect to the Trading System and select either the "Requests" tab (if the Authorized User is accessing the Trading System through a GUI) or submit a "Request" (if the Authorized User is accessing the Trading System through an API).

Through the Standard RFQ functionality, a Person (the "Taker") may submit an RFQ to certain other Persons (each a "Maker") to which all such Makers may respond. A Taker may submit an RFQ for a Cleared Contract through the Standard RFQ functionality to any or all Participants and/or Authorized Traders who have indicated to the Company in writing that they intend to act as "RFQ Makers" on the Standard RFQ functionality for such Cleared Contract; provided that the Taker and each such Participant or Authorized Trader have clearing arrangements at the same Derivatives Clearing Organization for such Cleared Contract and have available credit. A Taker may submit an RFQ for a Permitted Transaction that is not a Cleared Contract through the Standard RFQ functionality to any or all Participants and/or Authorized Traders, provided that both the Taker and each such Participant or Authorized Trader have indicated to the Company in writing they are willing to transact with each other via the Standard RFQ functionality and, if a credit relationship has been established as permitted under Rule 524(c) between the Taker and a Participant or Authorized Trader, there is available credit. RFQs submitted through the Standard RFQ are filled on an all or none basis.

Makers may choose to submit firm or indicative quotes via the Standard RFQ functionality. A Maker who provides an indicative quote in response to an RFQ in the Standard RFQ functionality is provided the opportunity, after a Taker has accepted such indicative price quote, to confirm that it remains willing to execute a transaction at that quoted rate. The Maker generally has no more than eight-seconds (the "Standard RFQ Review Period") in which to confirm or reject the acceptance of the transaction at the quoted rate. During the Standard RFQ Review Period, (1) the RFQ status will be set to "pending" and the Taker can no longer make any edits to it and (2) the Maker is not permitted to send the same price quote to any other market participant on the Trading System. If the quote provided is confirmed by the Maker prior to expiration of the applicable Standard RFQ Review Period, the status of the RFQ will be updated to reflect completion of the transaction at the quoted rate. If the Maker rejects or otherwise does not confirm acceptance of the transaction within the applicable Standard RFQ Review Period noted above, (1) the Trading System will not execute a transaction between the Maker and Taker and (2) the RFQ will resume and the Taker can select another quoted rate to accept.

Reverse RFQ

Market participants can access the Reverse RFQ functionality (1) to stream quotes by making use of an application programming interface (API) enabling the Participant or Authorized Trader to customize its own interface for access to the Reverse RFQ functionality or (2) to receive streamed quotes using the front-end graphical user interface (GUI) made available by the Company or by making use of an API enabling the Participant or Authorized Trader to customize its own interface for access to the Reverse RFQ functionality. The following instruments are available for Reverse RFQ Trading¹:

Currency Pair	Non-Cleared Tenors	Cleared Tenors
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¹ The Company may make changes to list of instruments for Reverse RFQ trading on an on-going basis.

USD/ARS	1M, 2M, 3M	N/A
USD/BRL	1M, 2M, 3M	N/A
USD/CLP	1M, 2M, 3M	N/A
USD/CNY	1M, 2M, 3M, 12M	N/A
USD/COP	1M, 2M, 3M	N/A
USD/IDR	1M, 2M, 3M	N/A
USD/KRW	1M, 2M, 3M	N/A
USD/MYR	1M, 2M, 3M	N/A
USD/PEN	1M, 2M, 3M	N/A
USD/PHP	1M, 2M, 3M	N/A
USD/RUB	1M, 2M, 3M	N/A
USD/THB	1M, 2M, 3M	N/A
USD/TWD	1M, 2M, 3M	N/A

Through the Reverse RFQ functionality, a market participant (the “Sender”) may stream quotes for certain Permitted Transactions that are not Cleared Contracts to any or all Participants and/or Authorized Traders (each a “Recipient”) provided that both the Sender and each such Participant or Authorized Trader have indicated to the Company in writing they are willing to transact with each other via the Reverse RFQ functionality and, if a credit relationship has been established as permitted under Rule 524(c) between the Sender and a Participant or Authorized Trader, there is available credit. To initiate a Reverse RFQ, the Sender must identify those Recipients to whom it will send quotes. A Recipient may accept a quote from the Sender by either accessing and responding to the outstanding quotes under the “Markets” tab (if the Authorized User is accessing the Trading System through a GUI) or submitting an “order” (if the Authorized User is accessing the Trading System through an API). Such acceptance will be communicated to the Sender, who then will have the opportunity to confirm that it remains willing to execute a transaction at that quoted rate. The Sender generally has no more than two-seconds for Reverse RFQ (the “Reverse RFQ Review Period”) in which to confirm or reject the acceptance of the transaction at the quoted rate. During the Reverse RFQ Review Period, (1) the RFQ status will be set to “pending” and the Recipient can no longer make any edits to it and (2) the Sender is not permitted to stream the same price quote to any other market participant on the Trading Platform. If the quote provided is confirmed by the Sender prior to expiration of the applicable Reverse RFQ Review Period, the status of the RFQ will be updated to reflect completion of the transaction at the quoted rate. If the Sender rejects or otherwise does not confirm acceptance of the transaction within the applicable Reverse RFQ Review Period noted above, the Trading System will not execute a transaction between the Sender and the Recipient of the quote. RFQs submitted through the Reverse RFQ functionality may be partially filled.

Appendix 1 – Static Information for trading on the Trading System, by functionality type

Field Name	Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	CLOB
Legal Entity Identifier of Participant	X	X	X
CFTC Registration Status of Participant	X	X	X
U.S. Person Status of Participant	X	X	X
Financial Entity Status of Participant	X	X	X
CTI Code	X	X	X
Whether Trades will be allocated	X	X	X

Appendix 2 – Order Specific Information required to be entered into the system for trading on the Trading System, by functionality type

Field Name	Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	CLOB
Currency pair	Authorized User must select from the list of listed products		
Tenor	An Authorized User can submit a request with either a standard value date (1 month, etc.), or a customized value date	An Authorized User can select an instrument with a standard tenor from a list of pre-defined instruments available in the Trading System	An Authorized User can: (a) Select an instrument with a standard tenor from a list of pre-defined instruments available in the Trading System or an instrument with a customized value date created that day by another Authorized User; (b) Create an instrument with a customized value date ("Indication of Interest") which will be listed in the CLOB from the time entered until 5 pm ET on the day entered, allowing any Authorized Users to submit an Order for that particular instrument.

Field Name	Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	CLOB
Fixing Date	An Authorized User can submit a request with either a standard fixing date, or a customized fixing date.	An Authorized User can select an instrument with a standard tenor from a list of pre-defined instruments available in the Trading System	An Authorized User can: (a) Select an instrument with a standard fixing date from a list of pre-defined instruments available in the Trading System or an instrument with a customized fixing date created that day by another Authorized User; (b) Create an instrument with a customized fixing date ("Indication of Interest") which will be listed in the CLOB from the time entered until 5 pm ET on the day entered, allowing any Authorized Users to submit an Order for that particular instrument.
Size	An Authorized User must enter into the Trading System, for each RFQ or Order, either the base or terms quantity.		
Bid or Offer	An Authorized User can enter a request asking for a response from RFQ Maker(s) expressed as a bid, an offer, or both a bid and offer. Additionally, an Authorized User can ask RFQ Makers(s) for both a bid and an offer, but limit their own actions to select one or the other	The Authorized User must select the side of the order.	

Field Name	Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	CLOB
Rate	N/A	The Authorized User must input a price for the order; except that, for a market order, the ability to input a price in the Trading System is suppressed as the order will be automatically matched with the best available price on the CLOB / Reverse RFQ.	The Authorized User must input a price for the Order; except that, for a market order, the ability to input a price in the Trading System is suppressed as the Order will be automatically matched with the best available price on the CLOB / Reverse RFQ.
Order type	N/A	Market: a Market Order is an order to buy or sell an instrument at the market bid or offer rate. Limit (default option): a Limit Order is an order to buy or sell an instrument at a rate (the limit rate) that you specify (or better).	
Expiry type	N/A	Good until Cancel Order (default option): Once the order is placed, it will remain in the market until executed or cancelled. IOC (Immediate or Cancelled): Once the order is placed, if it is not immediately executed it will be cancelled. Timed: Once the order is placed, it expires in a defined number of seconds. Custom: LDN-Once the order is placed, it will expire at close of London market on a date that the Authorized User selects; NY-Once the order is placed, it will expire at close of New York market on a date that the Authorized User selects; SGP-Once the order is placed, it will expire at close of Singapore market on a date that the Authorized User selects; TOK-Once the order is placed, it will expire at close of Tokyo market on a date that the Authorized User selects; CD (Custom Date)-to configure a custom date, the Authorized User must determine the date and time of the order's expiration.	

Field Name	Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	CLOB
Fill type	N/A	Partial fills allowed (default option) or not; Minimum Fill amount (blank by default)	
Allocations ¹	When specified, the Derivatives Clearing Organization and Clearing Firm information is required at the allocation level.	N/A	N/A
Legal Entity of Trade Counterparty ²	X	X	X
Derivatives Clearing Organization ³	X	N/A ⁴	X
Clearing Firm ³	X	N/A ⁴	X

¹ Optional field whose purpose is solely for transactions intended to be cleared.

² If an Authorized User is permissioned to trade for multiple legal entities, such Authorized User must select the legal entity for which it is trading at the time the Authorized User submits the RFQ or order. The Trading System maintains, as static data, the list of legal entities for which a particular Authorized User is permissioned to trade.

³ Only required for transactions intended to be cleared. If an Authorized User is authorized to submit trades on behalf of a Participant, Authorized Trader or Customer for clearing to multiple Derivatives Clearing Organizations and / or Clearing Firms, the Authorized User must select the applicable Derivatives Clearing Organization and/or Clearing Firm at the time the order is submitted. The Trading System maintains, as static data, the list of Derivatives Clearing Organizations to which a particular Authorized User is authorized to submit trades for clearing. Although the Company currently only offers instruments that are not intended to be cleared or are available for clearing at LCH.Clearnet Limited, it intends to support the trading of instruments cleared at other Derivatives Clearing Organizations in the future.

⁴ Reverse RFQ functionality currently does not support instruments that are intended to be cleared.



December 14, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: Advisory Notice 02-15 - Credit Risk Filter Functionality (SwapEx CFTC Submission #09-15)

This Advisory Notice amends and restates Advisory Notice 02-15: Credit Risk Filter Functionality (SwapEx Submission 01-15).

SwapEx, LLC ("SwapEx") makes available, either directly or via a third-party credit hub, functionality designed to assist Participants and/or Authorized Traders in monitoring and ensuring adherence to applicable credit limits (the "Credit Risk Filter Functionality"). Below is a summary of the two types of Credit Risk Filter Functionality that SwapEx makes available: Push Credit Limit Functionality and Ping Credit Limit Functionality. Capitalized terms used without definition herein shall have the meanings assigned to them in the SwapEx Rules.

Under the Push Credit Limit Functionality, as further described in Section 1, SwapEx maintains, in the Trading System credit exposure limit information provided by (1) Clearing Firms for each Participant, Authorized Trader and/or Customer (each a "Clearing Firm Customer") that such Clearing Firm has authorized to submit swaps executed on SwapEx to it for clearing and (2) Participants or Authorized Traders, as applicable, for their specified counterparties.

Under the Ping Credit Limit Functionality, as further described in Section 2, the Clearing Firm will maintain credit exposure limit information for its Clearing Firm Customers at a third-party credit hub to which SwapEx has access for purposes of verifying credit availability. SwapEx (a) requires use of the Push Credit Limit Functionality (i) to the extent that a counterparty elects to establish a credit limit, for all swap transactions that are not intended to be cleared ("Uncleared Swaps") and (ii) for all transactions in Cleared Contracts conducted via the Order Book functionality and (b) permits use of either the Push Credit Limit Functionality or Ping Credit Limit Functionality for transactions in Cleared Contracts conducted via the Standard RFQ Functionality.

1. Push Credit Limit Functionality

In order to utilize the Push Credit Risk Functionality on the Trading System for Uncleared Swaps, a Participant or Authorized Trader can either (1) communicate to SwapEx in writing on the SwapEx onboarding form the credit exposure limits that it wants the Trading System to maintain for each of its counterparties and the SwapEx support group will enter such information into the Trading System or (2) request in writing on the SwapEx onboarding form that SwapEx permission certain of its Authorized Users to enter / modify limits directly in the Trading System.

In order to utilize the Push Credit Risk Functionality on the Trading System for Cleared Swaps:

(1) for SwapEx Participants who self-clear, the Participant must communicate to SwapEx in writing on the SwapEx onboarding form the credit exposure limits it wants the Trading System to maintain for it and the SwapEx support group will enter such information into the Trading System; and

(2) for Clearing Firms who clear for Clearing Firm Customers, the Clearing Firm must inform SwapEx in writing on the SwapEx onboarding form for Clearing Firms of the credit exposure limit

that it wants the Trading System to maintain for each of its Clearing Firm Customers and the SwapEx support group will enter such information into the Trading System.

Credit exposure limits maintained on the Trading System are expressed in United States dollars (USD). Positions in any non-USD currencies are converted to USD using one of the two following methods. If USD is one of the currencies for the applicable transaction, the SwapEx system will utilize the filled rate. If neither currency for the applicable transaction is USD, the SwapEx system will utilize an indicative rate; which will be sourced from either an available executed rate from the SwapEx system or a rate from an external source.

For limits that are expressed as "ACCUMULATED", the credit used will equal the sum of all currency positions of the applicable market participant on the Trading System. For limits that are expressed as "NETTED", the credit used will equal the maximum of (A) the sum of all the long positions (by currency) of the applicable market participant in the Trading System, and (B) the sum of all short positions (by currency) of the applicable market participant in the Trading System.

For trading via SwapEx's Order Book or Reverse Request for Quote functionality, at the time of a match within the Trading System, the Trading system verifies whether such match would cause any applicable credit exposure limit maintained in the Trading System to be exceeded. If the match would cause any such credit exposure limit to be exceeded, the match will not result in a trade, and the bid or offer that caused the violation will be cancelled.

For Standard Request for Quote negotiations, the applicable credit exposure limits are checked:

- (1) at the time of submission of the request for quote, and
- (2) each time that the requestor selects a quote for execution.

When a market participant has used 80% of a credit exposure limit applicable to it, an automated email will be sent to all credit notification email addresses that are entered into the SwapEx system for that credit relationship. In general, SwapEx staff will endeavor to obtain notification email addresses for the entity to whom the limit is applicable as well as the entity that is setting the credit exposure limit.

Additionally, in the event that a match would result in a breach of a credit exposure limit, an automated email will be sent, concurrently with the bid or offer getting cancelled, to all credit notification email addresses that are entered into the SwapEx system for that credit relationship.

2. Ping Credit Limit Functionality

If a Clearing Firm elects to use the Ping Credit Limit Functionality for Standard RFQ trading, the Clearing Firm will be required to maintain its credit exposure limits at a third-party credit hub to which SwapEx has access. For Standard Request for Quote negotiations, SwapEx will send a request to the third-party credit hub for approval (i.e., verification that credit is available) of a transaction at the time of submission of the request for quote. SwapEx will only allow a request to be sent to the selected recipient after it has received approval from the third-party credit hub. If the third-party credit hub rejects the request (or any component of the request when pre-trade allocations are specified), SwapEx will reject the request for quote in its entirety.



December 14, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: Advisory Notice 03-2015 – Block Trade Functionality (SwapEx CFTC Submission #09.15)

This Advisory Notice amends and restates Advisory Notice 03-2015 – Block Trade Functionality (CFTC Submission Filing # 01.15).

This advisory notice confirms that SwapEx does not currently have the functionality to permit a market participant to designate a transaction in any of SwapEx's listed instruments as a Block Trade.

As background, SwapEx Rule 601(a) provides that "[b]lock Trades shall be permitted to the extent consistent with CFTC Regulations and these Rules." For a trade to be executed and reported by a swap execution facility ("SEF") as a block trade (as defined in CFTC Regulation 43.2), (i) such trade must, among other things, "occur away" from SwapEx's Trading System, pursuant to CFTC Regulation 43.2 and (ii) the counterparties to the trade must notify the SEF of their "election to have the [trade] treated as a block trade" as set forth in CFTC Regulation 43.6(g)(1)(i).

SwapEx does not currently have available functionality to accept trades executed outside of its Trading System. On September 19, 2014, the Division of Market Oversight of the CFTC issued CFTC Letter No. 14-118, granting temporary no-action relief until December 15, 2015 from the "occurs away" requirement to allow block trades that are intended to be cleared to be traded on a SEF's non-order book trading platforms.

However, this no-action relief was limited to swaps that are "intended to be cleared" (i.e., swaps that are of a type accepted for clearing by a Derivatives Clearing Organization, and intended to be submitted for clearing contemporaneously with execution). It did not provide relief from the requirement that a block trade involving a Permitted Transaction must "occur away" from the SEF's trading systems in order to be treated as a block trade. Therefore, SwapEx cannot currently permit any trade in any of SwapEx's listed uncleared non-deliverable foreign exchange forward instruments to be executed as a Block Trade. Moreover, SwapEx does not currently have available functionality to accept an election from the counterparties to a trade that the trade is intended to be treated as a block trade. Therefore, SwapEx cannot currently permit any trade in any of SwapEx's listed instruments to be executed as a Block Trade.

SwapEx will provide a notice to Participants if and when it is able to accept Block Trades.



~~July 13~~December 14, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: **Advisory Notice 01-15 - SwapEx Trading Procedures and Protocols (SwapEx CFTC Submission #~~0709~~-15)**

SwapEx Rule 524 (Operation of the Trading System) provides a summary of the execution methods available on the Trading System, including the Order Book and Request for Quote functionalities. It also provides that “[a]dditional information with respect to the operation of the Trading System, the execution methods and credit and risk functionality is provided in the applicable user guide and other specific information that the Company may make available to Participants, Authorized Traders and Authorized Users.” This Advisory Notice provides additional information to the Advisory Notice #01-15 – SwapEx Procedures and Protocols (SwapEx CFTC Submission #01-15) (as amended and restated by SwapEx CFTC Submission #07-15, the “Existing Advisory Notice 01-15”) which described ~~SwapEx’s~~ trading procedures and protocols of the Trading System and supplemented the information contained in SwapEx Rule 524. This notice amends and restates the Existing Advisory Notice #01-15 to supplement it with further information regarding the ~~methods~~method of execution rules ~~on SwapEx for the Trading System~~.

Capitalized terms used without definition herein shall have the meanings assigned to them in the SwapEx Rules, LLC Rulebook (as amended from time to time, the “Rulebook”).

Central Limit Order Book (CLOB)

Overview

~~SwapEx~~The Trading System offers central limit order book functionality (the “CLOB”) that is anonymous at the time of execution. The matching priority with respect to an acceptance of any price quote is based on price and matches, if prices are identical, then firm orders based on will be given priority over indicative prices and then on a “first-in-, first-out” basis using price/time priority following normal market conventions. All instruments listed in the product specifications set forth in Chapter 11 of the Rulebook are available for trading on the CLOB. For the most popular instruments, the CLOB supports continuous streaming liquidity (the “Standing CLOB”). For other instruments, ~~SwapEx~~the Trading System supports CLOB trading through user-initiated Indications of Interest (“IoI”), enabling ~~central limit order book~~CLOB functionality, as further detailed below, for more customized swap instruments.

Cleared Contracts executed over the CLOB will be delivered to supported Derivatives Clearing Organizations and names of the Participants ~~(and, if applicable, Authorized Traders and/or~~ Customers) who are party to the trade will not be revealed to the counterparty to the trade. In order for a Participant or Authorized Trader to participate in trading of Cleared Contracts, the applicable Participant must either be able to self-clear or the Participant or Authorized Trader must have authorization to submit swaps executed on the Trading System for clearing to at least one Clearing Firm.

~~At present, SwapEx lists both foreign exchange non-deliverable forward (“NDF”) instruments eligible for clearing at For a Derivatives Clearing Organization as well as NDFs traded on Permitted Transaction that is not a non-cleared basis. With respect to uncleared NDFs, a Participant or Authorized Trader Cleared Contract, the Trading System will only be able to match an Order with quotes on the CLOB for such instrument from market participants if both market participants have indicated to the Company in writing they are willing to trade such NDFs on the CLOB with counterparties transact with whom it has established~~

~~each other and, if a credit relationship in the~~has been established as permitted under Rule 524(c) between market participants, they have available credit. The Trading System. With respect to cleared NDFs, a Participant or Authorized Trader will be able to trade such NDFs, through the intermediation of a Clearing Firm, ~~on only match~~ an anonymous basis Order for a Cleared Contract, with quotes for such instruments from other Participants and/or Authorized Traders market participants who also have a Clearing Firm accepting trades for ~~have~~ clearing from them, or who self-clear, ~~on arrangements at~~ the same Derivatives Clearing Organization. ~~for such instrument and have available credit.~~ For all NDF trade transactions in Permitted Transactions that are not Cleared Contracts that are executed on the CLOB ~~on a non-cleared basis, SwapEx, the Trading System~~ will disclose to each Participant ~~and/or Authorized Trader~~ that is counterparty to the trade, the name of the other counterparty to the trade after execution ~~whereas order book trading on a cleared basis.~~ For Cleared Contracts that are executed on the CLOB, the Trading System will remain anonymous post-trade for both counterparties ~~not disclose the name of any party to its counterparty before or after execution.~~

For an ~~order~~Order to be successfully submitted to the ~~Order Book on SwapEx~~CLOB, the Authorized User needs to be properly authenticated and provide the information tagged as relevant for ~~Order Book Trading~~CLOB trading listed in Appendices 1 and 2. Certain of this information is stored as static data within the ~~SwapEx system~~Trading System, while the remainder of this information must be entered by the Authorized User on an order by order basis.

~~All instruments listed in SwapEx's product specifications⁴ are available for Order Book Trading.~~

Standing CLOB

Market participants can access the Standing CLOB by using the front-end graphical user interface (GUI) made available by ~~SwapEx~~the Company or by making use of an application ~~program~~programming interface (API) enabling the Participant or Authorized Trader to customize its own interface for access to the Standing CLOB. All Orders on the Standing CLOB are delivered (pushed) in near real-time to all Authorized Users who are logged-in to the CLOB. Trades executed on the Standing CLOB are communicated via a ticker on the CLOB, ~~(the "CLOB Ticker")~~, which publishes all transactions executed on the CLOB (without identifying the parties thereto) in near real-time. Participants and Authorized traders can trade on the Standing CLOB book by either taking liquidity (hitting/lifting bids and offers) or adding liquidity (placing orders into the book).

Indication of Interest ("Iol")

Market participants can access the Iol functionality on the CLOB by using the front-end graphical user interface (GUI) ~~only made available by the Company.~~ Market participants can raise an Iol, which will be communicated to all Authorized Users who are logged-in to the CLOB via the GUI and simultaneously will establish a spontaneous CLOB instance accessible to Authorized Users who are logged-in to the CLOB via the GUI that will continue in existence until the end of the trading day. When submitting an IOI, an Authorized User can define the currency pair as well as the value date and fixing date. All ~~Iol~~Orders submitted via the Iol functionality are delivered (pushed) in near real-time to all Authorized Users who are logged-in to the CLOB via the GUI. Executed trades resulting from an ~~Iol~~Order submitted via the Iol functionality are communicated to all Authorized Users logged-in to the CLOB via the GUI ~~on a ticker, which publishes all transactions executed as a result of Iols on via~~ the CLOB ~~(without identifying the parties thereto) in near real-time~~Ticker. Once a spontaneous Iol has been created, all Authorized Users who are logged-in to the CLOB via the GUI may add liquidity in response to the ~~request~~Iol or, conversely, take liquidity on the ~~order book~~CLOB generated by the Iol.

⁴ Available at: <http://www.swapex.com/swapex/rules-policies-and-notice/contract-types/>

Request for Quote (RFQ) Functionality

SwapEx Overview

The Trading System also supports two Request for Quote ('RFQ') ("RFQ") execution styles for Permitted Transactions: Standard RFQ and Reverse RFQ. ~~Listed NDF instruments can be traded through Standard RFQ or Reverse RFQ.~~ All trading through the Standard RFQ functionality and Reverse RFQ functionality is done on a fully-disclosed, attributed basis (i.e., ~~the parties to the trade must have an established relationship with one another as identified to SwapEx in order to trade with one another and~~ a market participant that is party to a trade will be identified to the other market participant who is counterparty to the trade prior to execution).

For a request to be successfully submitted on SwapEx the Trading System, the Authorized User needs to be properly authenticated and provide the information tagged as relevant for Standard RFQ or Reverse RFQ Trading trading listed in Appendices 1 and 2. Certain of this information is stored as static data within the SwapEx system Trading System, while the remainder of this information must be entered by the Authorized User on an order by order basis. ~~A liquidity provider who provides a quote in response to a request for quote in the Standard RFQ functionality or who streams quotes through the Reverse RFQ functionality is provided the opportunity, after a counterparty has accepted a price quote, to confirm that it remains willing to execute a transaction at that quoted rate. Therefore, such quoted rate may be considered "indicative". The liquidity provider generally has no more than eight seconds for Standard RFQ or two seconds for Reverse RFQ (each, a "review period") in which to confirm or reject the acceptance of the transaction at the quoted rate. During the review period, (1) the RFQ status will be set to "pending" and the liquidity taking Authorized User can no longer make any edits to it and (2) the liquidity provider is not permitted to stream the same price quote to any other Authorized User on the Trading Platform. If the quote provided is confirmed by the liquidity provider prior to expiration of the applicable review period, the status of the RFQ will be updated to reflect completion at the transaction at the quoted rate. If the liquidity provider rejects or otherwise does not confirm acceptance of the transaction within the applicable review period noted above, (1) the Trading System will not execute a transaction between the liquidity provider and the recipient of the quote and (2) the RFQ will resume and the party seeking the quote can select another quoted rate to accept.~~

Standard RFQ

~~Through the Standard RFQ functionality, SwapEx allows a market participant to submit a request for quote to certain other market participants with whom the requestor has an established trading relationship on SwapEx. Market participants can access the Standard RFQ functionality by using the front-end graphical user interface (GUI) made available by the Company or by making use of an application programming interface (API) enabling the Participant or Authorized Trader to customize its own interface for access to the Standard RFQ functionality. All instruments listed in the product specifications set forth in Chapter 11 of the Rulebook are available for trading via the Standard RFQ functionality. For Permitted Transactions that are not Cleared Contracts, a Taker (as defined below) may submit an RFQ composed of two Contracts for the same currency pair but with different fixing dates and maturity/valuation dates.~~

~~RFQs submitted through the Standard RFQ are filled on an all or none basis.~~

To initiate a ~~standard~~Standard RFQ, an Authorized User must connect to the Trading System and select either the "Requests" tab (if the Authorized User is accessing the Trading System through a Graphical User Interface GUI) or submit a "Request" (if the Authorized User is accessing the Trading System through an Application Program Interface API).

Through the Standard RFQ functionality, a Person (the "Taker") may submit an RFQ to certain other Persons (each a "Maker") to which all such Makers may respond. A Taker may submit an RFQ for a Cleared Contract through the Standard RFQ functionality to any or all Participants and/or Authorized Traders who have indicated to the Company in writing that they intend to act as "RFQ Makers" on the Standard RFQ functionality for such Cleared Contract; provided that the Taker and each such Participant or Authorized Trader have clearing arrangements at the same Derivatives Clearing Organization for such Cleared Contract and have available credit. A Taker may submit an RFQ for a Permitted Transaction that is not a Cleared Contract through the Standard RFQ functionality to any or all Participants and/or Authorized Traders, provided that both the Taker and each such Participant or Authorized Trader have indicated to the Company in writing they are willing to transact with each other via the Standard RFQ functionality and, if a credit relationship has been established as permitted under Rule 524(c) between the Taker and a Participant or Authorized Trader, there is available credit. RFQs submitted through the Standard RFQ are filled on an all or none basis.

Makers may choose to submit firm or indicative quotes via the Standard RFQ functionality. A Maker who provides an indicative quote in response to an RFQ in the Standard RFQ functionality is provided the opportunity, after a Taker has accepted such indicative price quote, to confirm that it remains willing to execute a transaction at that quoted rate. The Maker generally has no more than eight-seconds (the "Standard RFQ Review Period") in which to confirm or reject the acceptance of the transaction at the quoted rate. During the Standard RFQ Review Period, (1) the RFQ status will be set to "pending" and the Taker can no longer make any edits to it and (2) the Maker is not permitted to send the same price quote to any other market participant on the Trading System. If the quote provided is confirmed by the Maker prior to expiration of the applicable Standard RFQ Review Period, the status of the RFQ will be updated to reflect completion of the transaction at the quoted rate. If the Maker rejects or otherwise does not confirm acceptance of the transaction within the applicable Standard RFQ Review Period noted above, (1) the Trading System will not execute a transaction between the Maker and Taker and (2) the RFQ will resume and the Taker can select another quoted rate to accept.

~~Reverse RFQ~~All instruments listed in SwapEx's product specifications² are available for Standard RFQ Trading.

~~Reverse RFQ~~

Through the Reverse RFQ functionality, (1) a market participant (sender) may stream quotes to certain other market participants (the recipients) who have an established trading relationship with the sender on SwapEx, (2) the recipient of such quote may accept a quote from the sender, and (3) such acceptance will be communicated to the sender, who then will be entitled to accept or reject the trade.

Market participants can access the Reverse RFQ functionality (1) to stream quotes by making use of an application programming interface (API) enabling the Participant or Authorized Trader to customize its own interface for access to the Reverse RFQ functionality or (2) to receive streamed quotes using the front-end graphical user interface (GUI) made available by the Company or by making use of an API enabling the Participant or Authorized Trader to customize its own interface for access to the Reverse RFQ functionality. ~~RFQs submitted through the Reverse RFQ functionality may be partially filled.~~

To initiate a Reverse RFQ, the sender must identify those subscribers to whom it will send quotes. To respond to a Reverse RFQ, an Authorized User must either access and respond to the outstanding quotes under the "Markets" tab (if the Authorized User is accessing the Trading System through a Graphical User Interface) or submit an "Order" (if the Authorized User is accessing the Trading System through an Application Program Interface).

² Available at: <http://www.swapex.com/swapex/rules-policies-and-notice/contract-types/>

The following instruments are available for Reverse RFQ Trading³:

Currency Pair	Non-Cleared Tenors	Cleared Tenors
USD/ARS	1M, 2M, 3M	N/A
USD/BRL	1M, 2M, 3M	N/A
USD/CLP	1M, 2M, 3M	N/A
USD/CNY	1M, 2M, 3M, 12M	N/A
USD/COP	1M, 2M, 3M	N/A
USD/IDR	1M, 2M, 3M	N/A
USD/KRW	1M, 2M, 3M	N/A
USD/MYR	1M, 2M, 3M	N/A
USD/PEN	1M, 2M, 3M	N/A
USD/PHP	1M, 2M, 3M	N/A
USD/RUB	1M, 2M, 3M	N/A
USD/THB	1M, 2M, 3M	N/A
USD/TWD	1M, 2M, 3M	N/A

Through the Reverse RFQ functionality, a market participant (the "Sender") may stream quotes for certain Permitted Transactions that are not Cleared Contracts to any or all Participants and/or Authorized Traders (each a "Recipient") provided that both the Sender and each such Participant or Authorized Trader have indicated to the Company in writing they are willing to transact with each other via the Reverse RFQ functionality and, if a credit relationship has been established as permitted under Rule 524(c) between the Sender and a Participant or Authorized Trader, there is available credit. To initiate a Reverse RFQ, the Sender must identify those Recipients to whom it will send quotes. A Recipient may accept a quote from the Sender by either accessing and responding to the outstanding quotes under the "Markets" tab (if the Authorized User is accessing the Trading System through a GUI) or submitting an "order" (if the Authorized User is accessing the Trading System through an API). Such acceptance will be communicated to the Sender, who then will have the opportunity to confirm that it remains willing to execute a transaction at that quoted rate. The Sender generally has no more than two-seconds for Reverse RFQ (the "Reverse RFQ Review Period") in which to confirm or reject the acceptance of the transaction at the quoted rate. During the Reverse RFQ Review Period, (1) the RFQ status will be set to "pending" and the Recipient can no longer make any edits to it and (2) the Sender is not permitted to stream the same price quote to any other market participant on the Trading Platform. If the quote provided is confirmed by the Sender prior to expiration of the applicable Reverse RFQ Review Period, the status of the RFQ will be updated to reflect completion of the transaction at the quoted rate. If the Sender rejects or otherwise does not confirm acceptance of the transaction within the applicable Reverse RFQ Review Period noted above, the Trading System will not execute a transaction between the Sender and the Recipient of the quote. RFQs submitted through the Reverse RFQ functionality may be partially filled.

³ SwapExThe Company may make changes to list of instruments for Reverse RFQ trading on an on-going basis.

Appendix 1 – Static Information for trading on SwapExthe Trading System, by functionality type

Field Name	Required for Trading Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	Order Book CLOB
Legal Entity Identifier of Participant	X	X	X
CFTC Registration Status of Participant	X	X	X
U.S. Person Status of Participant	X	X	X
Financial Entity Status of Participant	X	X	X
CTI Code	X	X	X
Whether Trades will be allocated	X	X	X

Appendix 2 – Order Specific Information required to be entered into the system for trading on SwapEx the Trading System, by functionality type

Field Name	Required for Trading Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	Order Book CLOB
Currency pair	Authorized User must select from the list of SwapEx listed products		
Tenor	An Authorized User can submit a request with either a standard value date (1 month, etc.), or a customized value date	An Authorized User can select an instrument with a standard tenor from a list of pre-defined instrument instruments available in the Trading System	An Authorized User can: (a) Select an instrument with a standard tenor from a list of pre-defined instruments available in the Trading System or an instrument with a customized value date created that day by another Authorized User; (b) Create an instrument with a customized value date (("Indication of Interest") Interest") which will be listed in the Order Book CLOB from the time entered until 5 pm ET on the day entered, allowing any Authorized Users to submit an Order for that particular instrument.

Field Name	Required for Trading Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	Order Book CLOB
Fixing Date	An Authorized User can submit a request with either a standard fixing date, or a customized fixing date.	An Authorized User can select an instrument with a standard tenor from a list of pre-defined instrument instruments available in the Trading System	An Authorized User can: (a) Select an instrument with a standard fixing date from a list of pre-defined instruments available in the Trading System or an instrument with a customized fixing date created that day by another Authorized User; (b) Create an instrument with a customized fixing date (("Indication of Interest") Interest") which will be listed in the Order Book CLOB from the time entered until 5 pm ET on the day entered, allowing any Authorized Users to submit an Order for that particular instrument.
Size	An Authorized User must enter into the Trading System, for each RFQ or Order, either the base or terms quantity.		
Bid or Offer	An Authorized User can enter a request asking for a response from RFQ Maker(s) expressed as a Bid bid, an Offer offer, or both a bid and offer. Additionally, an Authorized User can ask RFQ Makers(s) for both a bid and an offer, but limit their own actions to select one or the other	The Authorized User must select the side of the Order order.	

Field Name	Required for Trading Information required to be provided for trading		
	Standard RFQ	Reverse RFQ	Order Book CLOB
Rate	N/A	The Authorized User must input a price for the Order order; except that, for a market order, the ability to input a price in the Trading System is suppressed as the Order order will be automatically matched with the best available price on the Order Book CLOB / Reverse RFQ.	The Authorized User must input a price for the Order; except that, for a market order, the ability to input a price in the Trading System is suppressed as the Order will be automatically matched with the best available price on the Order Book CLOB / Reverse RFQ.
Order type	N/A	<p>Market: a Market Order is an order to buy or sell an instrument at the market bid or offer rate.</p> <p>Limit (default option): a Limit Order is an order to buy or sell an instrument at a rate (the limit rate) that you specify (or better).</p>	
Expiry type	N/A	<p>Good until Cancel Order (default option): Once the order is placed, it will remain in the market until executed or cancelled; ;</p> <p>IOC (Immediate or Cancelled): Once the order is placed, if it is not immediately executed it will be cancelled; ;</p> <p>Timed: Once the order is placed, it expires in a defined number of seconds; ;</p> <p>Custom:</p> <p>LDN-Once the order is placed, it will expire at close of London market on a date that the Authorized User selects; ;</p> <p>NY-Once the order is placed, it will expire at close of New York market on a date that the Authorized User selects; ;</p> <p>SGP-Once the order is placed, it will expire at close of Singapore market on a date that the Authorized User selects; ;</p> <p>TOK-Once the order is placed, it will expire at close of Tokyo market on a date that the Authorized User selects; ;</p> <p>CD (Custom Date) ;-) to configure a custom date, the Authorized User must determine the date and time of the order's expiration.</p>	

Field Name	Required for Trading <u>Information required to be provided for trading</u>		
	Standard RFQ	Reverse RFQ	Order Book <u>CLOB</u>
Fill type	N/A	Partial fills allowed (default option) or not; Minimum Fill amount (blank by default)	
Allocations ⁴ <u>Allocations</u> ¹	When specified, the Derivatives Clearing Organization and Clearing Firm information is required at the allocation level.	N/A	N/A
Legal Entity of Trade Counterparty ⁵	X	X	X
Derivatives Clearing Organization ⁶	X	N/A ⁴	X
Clearing Firm ⁷ <u>Firm</u> ³	X	N/A ⁴	X

⁴ ~~Optional field whose purpose is solely for transactions intended to be cleared~~

⁵¹ Optional field whose purpose is solely for transactions intended to be cleared.

² If an Authorized User is permissioned to trade for multiple legal entities, such Authorized User must select the legal entity for which it is trading at the time the Authorized User submits the RFQ or order. The Trading System maintains, as static data, the list of legal entities for which a particular Authorized User is permissioned to trade.

⁶³ Only required for transactions intended to be cleared. If an Authorized User is authorized to submit trades on behalf of a Participant, Authorized Trader or Customer for clearing to multiple Derivatives Clearing Organizations and / or Clearing Firms, the Authorized User must select the applicable Derivatives Clearing Organization and/or Clearing Firm at the time the order is submitted. The Trading System maintains, as static data, the list of Derivatives Clearing Organizations to which a particular Authorized User is authorized to submit trades for clearing.

Although SwapEx the Company currently only offers instruments that are not intended to be cleared or are available for clearing at LCH-Clearnet Limited ~~or uncleared~~, it intends to support the trading of instruments cleared at other Derivatives Clearing Organizations in the future.

⁴ Reverse RFQ functionality currently does not support instruments that are intended to be cleared.

⁷ ibid



~~January 20~~December 14, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: ~~Advisory Notice 02-15: Update on SwapEx Procedures (- Credit Risk Filter Functionality (SwapEx CFTC Submission #09-15)~~

~~This Advisory Notice amends and restates Advisory Notice 02-15: Credit Risk Filter Functionality (SwapEx Submission 01-15))~~

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SwapEx, LLC ("SwapEx") makes available, either directly or via a third-party credit hub, functionality designed to assist Participants and/or Authorized Traders in monitoring and ensuring adherence to applicable credit limits (the "Credit Risk Filter Functionality"). Below is a summary of the two types of Credit Risk Filter Functionality that SwapEx makes available: Push Credit Limit Functionality and Ping Credit Limit Functionality. Capitalized terms used without definition herein shall have the meanings assigned to them in the SwapEx Rules.

Under the Push Credit Limit Functionality, as further described in Section 1, SwapEx maintains, in the Trading System credit exposure limit information provided by (1) Clearing Firms for each Participant, Authorized Trader and/or Customer (each a "Clearing Firm Customer") that such Clearing Firm has authorized to submit swaps executed on SwapEx to it for clearing and (2) Participants or Authorized Traders, as applicable, for their specified counterparties.

Under the Ping Credit Limit Functionality, as further described in Section 2, the Clearing Firm will maintain credit exposure limit information for its Clearing Firm Customers at a third-party credit hub to which SwapEx has access for purposes of verifying credit availability. SwapEx (a) requires use of the Push Credit Limit Functionality (i) to the extent that a counterparty elects to establish a credit limit, for all swap transactions that are not intended to be cleared ("Uncleared Swaps") and (ii) for all transactions in Cleared Contracts conducted via the Order Book functionality ~~or Reverse Request for Quote Functionality and~~ and (b) permits use of either the Push Credit Limit Functionality or Ping Credit Limit Functionality for transactions in Cleared Contracts conducted via the Standard RFQ Functionality.

1. Push Credit Limit Functionality

In order to utilize the Push Credit Risk Functionality on the Trading System for Uncleared Swaps, a Participant or Authorized Trader can either (1) communicate to SwapEx in writing on the SwapEx onboarding form the credit exposure limits that it wants the Trading System to maintain for each of its counterparties and the SwapEx support group will enter such information into the Trading System or (2) request in writing on the SwapEx onboarding form that SwapEx permission certain of its Authorized Users to enter / modify limits directly in the Trading System.

In order to utilize the Push Credit Risk Functionality on the Trading System for Cleared Swaps:

- (1) for SwapEx Participants who self-clear, the Participant must communicate to SwapEx in writing on the SwapEx onboarding form the credit exposure limits it wants the Trading System

to maintain for it and the SwapEx support group will enter such information into the Trading System; and

(2) for Clearing Firms who clear for Clearing Firm Customers, the Clearing Firm must inform SwapEx in writing on the SwapEx onboarding form for Clearing Firms of the credit exposure limit that it wants the Trading System to maintain for each of its Clearing Firm Customers and the SwapEx support group will enter such information into the Trading System.

Credit exposure limits maintained on the Trading System are expressed in United States dollars (USD). Positions in any non-USD currencies are converted to USD using one of the two following methods. If USD is one of the currencies for the applicable transaction, the SwapEx system will utilize the filled rate. If neither currency for the applicable transaction is USD, the SwapEx system will utilize an indicative rate; which will be sourced from either an available executed rate from the SwapEx system or a rate from an external source.

For limits that are expressed as "ACCUMULATED", the credit used will equal the sum of all currency positions of the applicable market participant on the Trading System. For limits that are expressed as "NETTED", the credit used will equal the maximum of (-A) the sum of all the long positions (by currency) of the applicable market participant in the Trading System, and (-B) the sum of all short positions (by currency) of the applicable market participant in the Trading System.

For trading via SwapEx's Order Book or Reverse Request for Quote functionality, at the time of a match within the Trading System, the Trading system verifies whether such match would cause any applicable credit exposure limit maintained in the Trading System to be exceeded. If the match would cause any such credit exposure limit to be exceeded, the match will not result in a trade, and the bid or offer that caused the violation will be cancelled.

For Standard Request for Quote negotiations, the applicable credit exposure limits are checked:

- (1) at the time of submission of the request for quote, and
- (2) each time that the requestor selects a quote for execution.

When a market participant has used 80% of a credit exposure limit applicable to it, an automated email will be sent to all credit notification email addresses that are entered into the SwapEx system for that credit relationship. In general, SwapEx staff will endeavor to obtain notification email addresses for the entity to whom the limit is applicable as well as the entity that is setting the credit exposure limit.

Additionally, in the event that a match would result in a breach of a credit exposure limit, an automated email will be sent, concurrently with the bid or offer getting cancelled, to all credit notification email addresses that are entered into the SwapEx system for that credit relationship.

2. Ping Credit Limit Functionality

If a Clearing Firm elects to use the Ping Credit Limit Functionality for Standard RFQ trading, the Clearing Firm will be required to maintain its credit exposure limits at a third-party credit hub to which SwapEx has access. For Standard Request for Quote negotiations, SwapEx will send a request to the third-party credit hub for approval (i.e., verification that credit is available) of a transaction at the time of submission of the request for quote. SwapEx will only allow a request to be sent to the selected recipient after it has received approval from the third-party credit hub. If the third-party credit hub

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[December 14, 2015](#)

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rejects the request (or any component of the request when pre-trade allocations are specified), SwapEx will reject the request for quote in its entirety.

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~~January 20~~December 14, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: Advisory Notice 03-2015 – Block Trade Functionality (SwapEx CFTC Submission Filing # 04#09,15)

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[This Advisory Notice amends and restates Advisory Notice 03-2015 – Block Trade Functionality \(CFTC Submission Filing # 01.15\).](#)

This advisory notice confirms that SwapEx does not currently have the functionality to permit a market participant to designate a transaction in any of SwapEx's listed instruments as a Block Trade.

As background, SwapEx Rule 601(a) provides that "[b]lock Trades shall be permitted to the extent consistent with CFTC Regulations and these Rules." For a trade to be executed and reported by a swap execution facility ("SEF") as a block trade (as defined in CFTC Regulation 43.2), (i) such trade must, among other things, "occur away" from SwapEx's Trading System, pursuant to CFTC Regulation 43.2 and (ii) the counterparties to the trade must notify the SEF of their "election to have the [trade] treated as a block trade" as set forth in CFTC Regulation 43.6(g)(1)(i).

SwapEx does not currently have available functionality to accept trades executed outside of its Trading System ~~and, as such, SwapEx Rule 601(b)(4) requires that Block Trades be executed on the Trading System.~~ On September 19, 2014, the Division of Market Oversight of the CFTC issued CFTC Letter No. 14-118, granting temporary no-action relief until December 15, 2015 from the "occurs away" requirement to allow block trades that are intended to be cleared to be traded on a SEF's non-order book trading platforms.

However, this no-action relief was limited to swaps that are "intended to be cleared" (i.e., swaps that are of a type accepted for clearing by a Derivatives Clearing Organization, and intended to be submitted for clearing contemporaneously with execution). It did not provide relief from the requirement that a block trade involving a Permitted Transaction must "occur away" from the SEF's trading systems in order to be treated as a block trade. Therefore, SwapEx cannot currently permit any trade in any of SwapEx's listed ~~uncleared~~ non-deliverable foreign exchange forward instruments to be executed as a Block Trade. Moreover, SwapEx does not currently have available functionality to accept an election from the counterparties to a trade that the trade is intended to be treated as a block trade. Therefore, SwapEx cannot currently permit any trade in any of SwapEx's listed instruments to be executed as a Block Trade.

SwapEx will provide a notice to Participants if and when it is able to accept Block Trades.