



June 02, 2017

BY ELECTRONIC SUBMISSION

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

Re: SwapEx CFTC Submission 02-17: Certification Pursuant to Commission Rule 40.6 – Rule Amendments

Dear Mr. Kirkpatrick:

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 the Commission’s issuance of CFTC No-Action Letter 17-27. The amended Rulebook will become effective on June 16, 2017.

A concise explanation of the amendment to the Rulebook and its 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 Rule is attached hereto as Exhibit B, and a copy of the Rule marked to show changes against the version submitted to the Commission as part of the Rule certification on September 15, 2016, 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,


Brian J. Regan
Chief Compliance Officer

Encl. (Exhibits A, B and C)

Exhibit A

Explanation of Amendments to SwapEx Rulebook

Capitalized terms used but not defined herein have the meanings assigned to them in the Rulebook.

Amendment	Explanation
<u>Rule 526(a)(2)</u> Amended to update the reference to the applicable CFTC No-Action Letter	CFTC No-Action Letter 17-27 (issued May 30, 2017)

Exhibit B

Rulebook (clean)

Rule 526. Trade Cancellations, Error Correction and Price Adjustments

(a) Cancellation and Error Correction with respect to Cleared Contracts.

(1) Except as provided in Rule 526(a)(2) below, if a transaction is submitted to, but not accepted for clearing by, a Derivatives Clearing Organization, such transaction shall be deemed to be void *ab initio* following receipt of a clearing rejection notice from the Derivatives Clearing Organization and neither of the parties thereto nor the Company shall have any further responsibility for such transaction under these Rules.

(2) Pursuant to the CFTC No-Action Letter No. 17-27 and for so long as the applicable relief provided therein is effective:

(i) If the Company determines that a transaction is rejected from clearing by a Derivatives Clearing Organization because of a clerical or operational error or omission by the Company or by one of the counterparties to the transaction or its agent, a new transaction, with terms and conditions that match the terms and conditions of the original transaction, other than any such error or omission and time of execution, may be executed and submitted for clearing without having been executed pursuant to the methods set forth in CFTC Regulation 37.9(a)(2). If the Company is able to identify and determine how to correct the error or omission, it may execute the new transaction without obtaining the consent of the counterparties. If the Company is unable to determine how to correct the error or omission, the Company, at its election, may either (x) seek guidance from the counterparties with respect to how to correct the error, after which the Company may then correct the error with the consent of both counterparties, or (y) elect not to correct the error, in which case the transaction will be treated as void *ab initio* and shall be cancelled by the Company. Execution of a new trade and resubmission of such trade to clearing pursuant to this Rule 526(a)(2)(i) must occur as quickly as technologically practicable after the relevant Clearing Firm(s) receipt of notice of the rejection by the Derivatives Clearing Organization, but, in any event, no later than sixty (60) minutes from issuance of such notice. If the resubmitted transaction is rejected from clearing, such transaction will be void *ab initio* and shall be cancelled by the Company. The counterparties may not resubmit a new transaction a second time. The procedure set forth in this Rule 526(a)(2)(i) is not available with respect to transactions that are rejected from clearing for credit reasons.

(ii) If a clerical or operational error or omission made by the Company, one of the counterparties to a transaction or its agent is not discovered until after a transaction has been cleared, the Company may permit the original

counterparties to the transaction to enter into a prearranged transaction that offsets the transaction carried on the books of the relevant Derivatives Clearing Organization, without such transaction having to be executed pursuant to the methods required in CFTC Regulation 37.9(a)(2). The Company may also permit the original counterparties (or, if the wrong legal entity was assigned as a counterparty to the original transaction, the intended counterparties) to enter into a prearranged transaction that corrects the errors in the original transaction, without such transaction having to be executed pursuant to the methods required in CFTC Regulation 37.9(a)(2). Any transactions executed pursuant to this Rule 526(a)(2)(ii) must be executed and submitted for clearing not later than three days after the original, erroneous transaction was executed.

(3) No Participant, Authorized Trader or Customer or prospective Participant, Authorized Trader or Customer may enforce a Breakage Agreement with another Participant, Authorized Trader or Customer, or require such an agreement as a condition to trading with such other Participant, Authorized Trader or Customer on or pursuant to the Rules in respect of a Cleared Contract.

Exhibit C

Rulebook (Redline to effective Rulebook)

Rule 526. Trade Cancellations, Error Correction and Price Adjustments

(a) Cancellation and Error Correction with respect to Cleared Contracts.

(1) Except as provided in Rule 526(a)(2) below, if a transaction is submitted to, but not accepted for clearing by, a Derivatives Clearing Organization, such transaction shall be deemed to be void *ab initio* following receipt of a clearing rejection notice from the Derivatives Clearing Organization and neither of the parties thereto nor the Company shall have any further responsibility for such transaction under these Rules.

(2) Pursuant to the CFTC No-Action Letter No. ~~16-58~~[17-27](#) and for so long as the applicable relief provided therein is effective:

(i) If the Company determines that a transaction is rejected from clearing by a Derivatives Clearing Organization because of a clerical or operational error or omission by the Company or by one of the counterparties to the transaction or its agent, a new transaction, with terms and conditions that match the terms and conditions of the original transaction, other than any such error or omission and time of execution, may be executed and submitted for clearing without having been executed pursuant to the methods set forth in CFTC Regulation 37.9(a)(2). If the Company is able to identify and determine how to correct the error or omission, it may execute the new transaction without obtaining the consent of the counterparties. If the Company is unable to determine how to correct the error or omission, the Company, at its election, may either (x) seek guidance from the counterparties with respect to how to correct the error, after which the Company may then correct the error with the consent of both counterparties, or (y) elect not to correct the error, in which case the transaction will be treated as void *ab initio* and shall be cancelled by the Company. Execution of a new trade and resubmission of such trade to clearing pursuant to this Rule 526(a)(2)(i) must occur as quickly as technologically practicable after the relevant Clearing Firm(s) receipt of notice of the rejection by the Derivatives Clearing Organization, but, in any event, no later than sixty (60) minutes from issuance of such notice. If the resubmitted transaction is rejected from clearing, such transaction will be void *ab initio* and shall be cancelled by the Company. The counterparties may not resubmit a new transaction a second time. The procedure set forth in this Rule 526(a)(2)(i) is not available with respect to transactions that are rejected from clearing for credit reasons.

(ii) If a clerical or operational error or omission made by the Company, one of the counterparties to a transaction or its agent is not discovered until after a transaction has been cleared, the Company may permit the original

counterparties to the transaction to enter into a prearranged transaction that offsets the transaction carried on the books of the relevant Derivatives Clearing Organization, without such transaction having to be executed pursuant to the methods required in CFTC Regulation 37.9(a)(2). The Company may also permit the original counterparties (or, if the wrong legal entity was assigned as a counterparty to the original transaction, the intended counterparties) to enter into a prearranged transaction that corrects the errors in the original transaction, without such transaction having to be executed pursuant to the methods required in CFTC Regulation 37.9(a)(2). Any transactions executed pursuant to this Rule 526(a)(2)(ii) must be executed and submitted for clearing not later than three days after the original, erroneous transaction was executed.

(b) No Participant, Authorized Trader or Customer or prospective Participant, Authorized Trader or Customer may enforce a Breakage Agreement with another Participant, Authorized Trader or Customer, or require such an agreement as a condition to trading with such other Participant, Authorized Trader or Customer on or pursuant to the Rules in respect of a Cleared Contract.