

NOTICE OF SUMMARY ACTION

June 3, 2016

VIA ELECTRONIC MAIL

Mr. Steve Vjestica
Mr. Peter Weston
Beaufort House
15 St. Botolph Street
London EC3A 7QX

Dear Mr. Vjestica and Mr. Weston:

As the Authorized Representative and Compliance Representative of TFS Derivatives Ltd., you are receiving this Notice of Summary Action as a result of a trading review conducted into your firm's pre-arranged trade execution procedures. Pursuant to Regulation 37.201(b) of the Commodity Exchange Act ("CEA"), Tradition SEF ("TSEF") must enforce compliance with its Rules. In accordance with CFTC Regulation 37.9(b)(1), TSEF Rule 529(b)(3) requires a fifteen (15) second delay between entering the first and second orders of a pre-negotiated required transaction.

In reference to NFA Inquiry Letters dated January 14, 2016, April 13, 2016 and April 14, 2016 TSEF has found that TFS Derivatives Ltd. may have violated Rule 529(b)(3) in 3 instances by not exposing the first side of a pre-arranged transaction for the required 15 seconds. The violations relate to the following three (3) trades:

- Deal ID 1010000286N0AIR00000000151216020210000001-2– Trade Date December 16, 2015
- Deal ID 1010000286N0AIR000000000160307020210000006– Trade Date March 7, 2016
- Deal ID 1010000286N0AIR00000000160413020810000001-3– Trade Date April 13, 2016

In all three of the above instances, the deal was pre-negotiated prior to the orders being entered into the Order Book. However, the first order was not exposed for the required minimum 15 seconds prior to entry of the matching contra order.

On May 11, 2016 TSEF issued a payment of violation for the same rule. As a result of these findings, TSEF is imposing a summary fine in accordance with TSEF Rule 617. TFS Derivatives Ltd. is ordered to remit \$2,000 to TSEF, effective June 16, 2016.

Please remit payment to:

TD Bank
90 5th Ave
New York NY 10011
ABA# 026 013 673
Acct# 428 544 4843
Acct Name Tradition SEF Inc

TFSD is forewarned that failure to pay a fine in the above amount or make a timely appeal may result in further fines and/or prohibition from trading on any electronic trading and clearing platforms owned or controlled by TSEF.

Notwithstanding TSEF Rules 616 and 617, TFSD waives any further right to appeal the findings to TSEF's Appeal Panel or to the CFTC.

Continuation of this conduct may be cause for TSEF to impose further sanctions, including a warning, fines or denial of access, on TFS Derivatives Ltd. This letter does not preclude TSEF from taking enforcement action based upon the conduct described herein. Please note CFTC Regulations prohibit TSEF from issuing more than one warning letter per rolling 12-month period for the same violation. Please feel free to contact me if you have any questions.

Sincerely,

Eric Earnhardt
Chief Compliance Officer
Tradition SEF, Inc.