



TRADITION SEF, Inc.

Scot J. Halvorsen
Secretary and Senior Regulatory Counsel
Legal Department

June 3, 2015

VIA E-MAIL (submissions@cftc.gov)

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

**RE: CFTC Regulation 40.6(a) Rule Certification. Notification of Amendments to Tradition SEF, Inc. Rulebook.
Tradition SEF Submission No. 2015-06**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (the "Act"), and Commodity Futures Trading Commission ("CFTC" or the "Commission") Regulation 40.6(a), Tradition SEF, Inc. ("Tradition SEF") hereby notifies the Commission of amendments to the Tradition SEF Rulebook (the "Rulebook"), to be effective and implemented by Tradition SEF as of June 18, 2015, which is the first business day after the Commission's ten (10) business day review period. Attached as Exhibit B is a redlined version of the Rulebook reflecting the amendments described in this submission.

Tradition SEF has amended Rule 404(a)(4) to provide an objective standard of "materiality" regarding notice requirements to Tradition SEF for fines imposed upon Participants, ISVs or Broker Firm Participants on behalf of Authorized Agents. Tradition SEF has also amended Rules 412 and 703 pursuant to CFTC No-Action Letter 15-25 (Relief for SEF Confirmation and Recordkeeping Requirements and Relief for Confirmation Data Reporting Requirements) and No-Action Letter 15-24 (Relief in Connection with Cleared Swaps with Operational or Clerical Errors Executed on a SEF), respectively. We have identified in Exhibit A the modified Rules and compliance with the SEF core principles ("Core Principles") as set forth in Section 5h of the Act and Part 37 of the Commission's regulations promulgated thereunder.

Tradition SEF continues to comply with the SEF core principles ("Core Principles") as set forth in Section 5h of the Act and Part 37 of the Commission's regulations thereunder. In particular, Tradition SEF has determined that it is in compliance with Core Principle 2 (Compliance with Rules) and Core Principle 10 (Recordkeeping and reporting), as further described in the compliance chart provided in Exhibit A.

Tradition SEF hereby certifies that the rule amendments comply with the Act and the Commission's regulations promulgated thereunder. No substantive opposing views were expressed that were not incorporated into the rule amendments. Tradition SEF hereby certifies that it has posted a notice of pending certification with the Commission and a copy of the submission on its website (*see*, <http://www.traditionsef.com/news/>), concurrent with the filing of this submission with the Commission.

Should you require additional information related to this submission, please contact the undersigned at 212-377-2337 or scot.halvorsen@tradition.com. Please reference Tradition SEF Submission No. 2015-06 in any related correspondence.

Sincerely,



Scot J. Halvorsen
Secretary and Senior Regulatory Counsel

Attachments: Exhibit A – Compliance with Core Principles table
Exhibit B – Tradition SEF Rulebook (redline format)

EXHIBIT A
Compliance with Core Principles

| Rule | Rule Change | Explanation and Analysis of the operation, purpose, and effect of the proposed rule or rule amendment and its compliance with applicable provisions of the Act, including core principles, and the Commission's regulations thereunder. |
|-----------------|---|---|
| Rule 404 | Tradition SEF has amended Rule 404(a)(4) to provide an objective standard of "materiality" regarding notice requirements to Tradition SEF for fines imposed upon Participants, ISVs, Broker Firm Participants or Authorized Agents. | The purpose of this amendment reduces the notification burden on participants of Tradition SEF. Tradition SEF continues to comply with Core Principle 1 (Compliance with Core Principles) and Core Principle 2 (Compliance with Rules). |
| Rule 412 | <p>Tradition SEF has amended Rule 412 to reflect the relief provided by CFTC No-Action Letter 15-25 under which the CFTC's Division of Market Oversight (the "Division") will not recommend enforcement action against a SEF that, without first obtaining copies of underlying previously-negotiated agreements between the counterparties to a non-cleared transaction, incorporates such agreements by reference in the trade confirmation required under Commission Regulation 37.6(b). Additionally, the Division will not recommend an enforcement action if a SEF fails to maintain copies of the incorporated underlying agreements as required under Commission Regulations 37.1000, 37.1001, and 45.2(a).</p> <p>The relief provided by CFTC No-Action Letter 15-25 is subject to several conditions that are reflected in the revisions to Rule 412.</p> | The purpose of the amendment to Rule 412 is to comply with CFTC No-Action Letter 15-25. Additionally, the revisions to Rule 412 demonstrate Tradition SEF's ongoing compliance with Commission Regulation 37.6(b) and Core Principle 10 (Recordkeeping and reporting) and, in particular, CFTC Regulation 45.2(a) (Swap recordkeeping). |
| Rule 703 | Tradition SEF has amended Rule 703 to reflect the relief provided by CFTC No-Action Letter 15-24 under which the CFTC's Division of Market Oversight and the Division of Clearing and Risk (together, the "Divisions") will not recommend that the Commission take any enforcement action against a SEF for failure to comply with Commission Regulation 37.9(a)(2), regarding methods of execution or to comply with Commission Regulation's 37.203 prohibition against pre-arranged trading if, after a trade has been rejected for clearing, a SEF permits a new | The purpose of the amendment to Rule 703 is to comply with CFTC No-Action Letter 15-24. Additionally, the revisions to Rule 703 demonstrate Tradition SEF's ongoing compliance with Commission Regulation 37.9(a)(2) and Core Principle 2 (Compliance with rules) and, in particular, CFTC Regulation 45.2(a) (Swap recordkeeping). |

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| | <p>trade, with terms and conditions that match the terms and conditions of the original trade, other than any such error and time of execution, to be submitted for clearing without having been executed pursuant to methods set forth in Commission Regulation 37.9(a)(2).</p> <p>The Divisions are also providing relief to a situation where an error is not discovered until after a swap has been cleared. Relief is provided to a SEF if, after a trade has been cleared and an error is discovered, the SEF permits a prearranged trade between the original parties that offsets the swaps carried on the DCO's books, without that trade having been executed pursuant to the methods required in Commission Regulation 37.9(a)(2). A SEF may also permit the original or intended counterparties to enter into a pre-arranged transaction that reflects the terms to which the parties mutually assented without that trade having been executed pursuant to the methods set forth in Commission Regulation 37.9(a)(2).</p> <p>The relief provided by CFTC No-Action Letter 15-24 is subject to several conditions that are reflected in the revisions to Rule 703.</p> | |
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EXHIBIT B
Redlined Rulebook

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