



TRADITION SEF, Inc.

Scot J. Halvorsen  
Secretary and Senior Regulatory Counsel  
Legal Department

August 5, 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. 2015-11**

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 August 19, 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.

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 Core Principles. In particular, Tradition SEF has determined that it is in compliance with Core Principle 1 (Compliance with Core Principles), Core Principle 2 (Compliance with Rules), Core Principle 4 (Monitoring of Trading and Trade Processing, Core Principle 5 (Ability to Obtain Information), Core Principle 8 (Emergency Authority) and Core Principle 12 (Conflicts of Interest), 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](mailto:scot.halvorsen@tradition.com). Please reference Tradition SEF Submission No. 2015-11 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**

<b>Rule</b>	<b>Rule Change</b>	<b>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.</b>
<b>Rule 101</b>	Tradition SEF has amended the definition of “emergency” to be more concise.	In compliance with Core Principle 8 (Emergency authority) and CFTC Regulation 37.800, Tradition SEF’s revised definition of “emergency” provides the types of events that constitute an emergency and would permit Tradition SEF to declare emergency rules if necessary.
<b>Rule 101</b>	Tradition SEF has added a new defined term: “Fixed Income Clearing Corporation” that has been introduced in the rulebook.	The addition of a new defined term adds greater certainty with regard to the rules, and Tradition SEF continues to comply with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules).
<b>Rule 208</b>	Tradition SEF has amended rules to clarify the procedures Tradition SEF would implement in the event of an emergency to adopt and enforce emergency rules.	The purpose of this rule amendment is to enhance legal certainty in the event of an emergency by having clear procedures that must be followed in such an event, in compliance with Core Principle 8 (Emergency authority) and CFTC Regulation 37.800.
<b>Rule 209</b>	Tradition SEF has amended its conflicts of interest rule to stipulate that Interested Persons are generally prohibited from participating in any deliberations or vote of the Board, any committee established by the Board, a Disciplinary Panel or an Appeal Panel.	The purpose of this rule is to make clear that Interested Persons are subject to requirements not only related to the Board but also to committees established by the Board, Disciplinary Panels and Appeal Panels, in accordance with the regulatory requirement to establish a process for resolving conflicts of interest. Tradition SEF continues to comply with Core Principle 12 (Conflicts of interest) and CFTC Regulation 37.1200.
<b>Rule 310</b>	Tradition SEF has amended Rule 310 to stipulate that Tradition SEF’s Participant Notices will be “in a form and manner that is reasonably designed to enable each Participant to become aware of and familiar with” such notices.	The purpose of this rule is to demonstrate that Tradition SEF will clearly provide Participant Notices to enable each Participant to become aware of notices and review such notices in compliance with Core Principle 2 (Compliance with rules).

<b>Rule 405</b>	Tradition SEF has amended Rule 405 to stipulate that Participants or Customers must provide to a Regulatory Services Provider access to books and records and offices as they are required to provide under Tradition SEF's rulebook (in addition to Applicable Law and applicable regulations).	The purpose of this rule is to ensure that Regulatory Services Providers have access to a Participant's or Customer's books, records and offices. By establishing rules that allow Tradition SEF and a Regulatory Services Provider to access a Participant's or Customer's books, records or offices, Tradition SEF complies with Core Principle 5 (Ability to obtain information) and CFTC Regulations 37.500-501.
<b>Rule 506</b>	Tradition SEF has amended Rule 506 to include the types of information that must be included with each Order, such as: the price or yield; quantity; underlying product, instrument or index; maturity or expiration month or date of the instrument to be traded; an account identifier; for Options, put or call (or strategy) and strike price; Order submitter's entity name (counterparty) and, the Order submitter's Authorized Trader's or Broker' User ID.	The purpose of this rule amendment is to ensure that a person who submits Orders on Tradition SEF's platform include adequate information with each Order to identify the swap in accordance with Core Principle 4 (Monitoring of trading and trade processing) and CFTC Regulation 37.400(a), which requires a SEF to establish rules detailing the trading procedures to be used in entering and executing orders traded on or through a SEF.
<b>Rule 507</b>	Tradition SEF has amended Rule 507, Request for Quote, to clarify that RFQs may be initiated or responded to through electronic methods or communications with a SEF Execution Specialist and to permit cancellations of an RFQ by a requestor. The rule amendment requires responses to RFQs to be for a firm quantity and price.	The purpose of this rule amendment is to clarify Tradition SEF's RFQ procedures to provide specific information about the way in which RFQs may be initiated and responded to, and to requestors to cancel their RFQs pursuant to Tradition SEF's rule. The rule amendment is in compliance with Core Principle 4 (Monitoring of trading and trade processing) and CFTC Regulation 37.400(a), which requires a SEF to establish rules detailing the trading procedures to be used in entering and executing orders traded on or through a SEF.
<b>Rule 512</b>	Tradition SEF has amended Rule 512, Swap Data Reporting, to provide notice to Tradition SEF market participants that Tradition SEF may disclose Swap transaction and pricing data relating to publicly reportable Swap transactions to the market participants of Tradition SEF, prior to the public dissemination of such data by a registered SDR, but no earlier than the transmittal of such data to a registered SDR for public dissemination.	The purpose of this rule amendment is to clearly inform Tradition SEF market participants that it may disclose Swap transaction and pricing data relating to publicly reportable Swap transactions to the market participants of Tradition SEF, prior to the public dissemination of such data by a registered SDR. By making these clarifications, Tradition SEF complies with CFTC Regulation 43.3(b)(3).

<p><b>Rule 541</b></p>	<p>Tradition SEF has added a new rule titled “New Counterparty Anonymity” to describe the anonymity of various types of trades. For example, trades executed directly on Tradition SEF through a Platform or SEF Execution Specialist is anonymous before the trade is executed. The rule provides details about when counterparty information would be exchanged after a trade is executed for other types of trades. The rule also provides clarity on when counterparty identities would be exchanged for pre-arranged transactions or block trades.</p>	<p>The purpose of this rule is to provide to Participants and Customers details about when they would be required to exchange their name and identity with a counterparty to a transaction executed on or through Tradition SEF. By stipulating when counterparty identification exchanges must occur, Tradition SEF continues to comply with Core Principles 2 (Compliance with rules) and 4 (Monitoring of trading and trade processing) and CFTC Regulation 37.200(c), which requires a SEF to “[e]stablish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades.”</p>
<p><b>Rule 707</b></p>	<p>Tradition SEF has added a new rule titled Package Transactions” that provides information about executing package transactions with a cleared swap and another cleared swap, an uncleared swap or a futures contract, among others.</p>	<p>The purpose of this rule amendment is to specify the way in which a leg of a package transaction may be executed on Tradition SEF, in compliance with Core Principle 4 (Monitoring of trading and trade processing) and CFTC Regulation 37.400(a), which requires a SEF to establish rules detailing the trading procedures to be used in entering and executing orders traded on or through a SEF.</p>
<p><b>Rule 802</b></p>	<p>Tradition SEF has revised the market data rule to stipulate that Tradition SEF owns all rights, title and interest, database rights and trade secret rights in and to all trade data and related information submitted in connection with trading on the facility. Except under certain circumstances, regulatory data may not be publicly disclosed.</p>	<p>The purpose of the clarifications made by this rule amendment is to clearly inform Participants the way in which regulatory data may be used by Tradition SEF. By making these clarifications, Tradition SEF complies with Core Principle 1 (Compliance with core principles) and CFTC Regulation 37.7.</p>
<p><b>Rule 901</b></p>	<p>Tradition SEF has revised Rule 901 to modify the wording of the previous rule and to stipulate that contract specifications will be incorporated in Appendices to the rulebook.</p>	<p>The purpose of this rule amendment is to provide product specification information directly in the rulebook’s appendices. Tradition SEF continues to comply with Core Principle 2 (Compliance with core principles) and CFTC Regulation 37.201(b)(1), which requires a SEF to establish rules including the terms and conditions of any swaps traded or processed on or through a SEF.</p>

**EXHIBIT B**  
**Redlined Rulebook**

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