



Tradition SEF, Inc.

Notice to Participants 16-17

September 7, 2016

To : Tradition SEF Authorized Representatives
From : Tradition SEF Operations and Compliance

RE: Affirmations of Cleared Swaps and reminder of certain obligations of market participants pursuant to the Tradition SEF Rulebook.

Authorized Representatives:

Affirmations of Cleared Swaps:

Parties to Intended to be Cleared Swaps, and where applicable Broker Firm Participants introducing such trades to Tradition SEF, are reminded that Tradition SEF Rule 544 requires all Intended to be Cleared Swap transactions to be affirmed and released to clearing in the relevant SEF or third-party affirmation platform as soon as technologically practicable, but in no event later than ten (10) minutes after the execution of such Cleared Swap.

Note: Pursuant to CFTC guidance, sanctions and related disciplinary actions for violations of Rule 544 will become effective beginning September 15, 2016.

Reminder of Certain Obligations Pursuant to the Tradition SEF Rulebook:

Participants on Tradition SEF are subject to certain ongoing obligations under Tradition SEF rules.

Please be reminded of certain of these obligations as summarized below:

- 1) If acting on behalf of customers, under Rule 304, Participants must obtain representations and/or ensure that each of its Customers is an Eligible Contract Participant at all relevant times; must obtain representations and/or ensure that the Customer has and maintains all necessary regulatory approvals and/or licenses to access a Platform and enter into Swaps under Applicable Law; is not subject to any trading ban, prohibition or suspension issued by the CFTC or the NFA, or statutory disqualification under Section 8a(2) of the Act.
- 2) If Participant is subject to the U.S. Bank Secrecy Act, the USA PATRIOT Act and the regulations thereunder, or similar legislation in any jurisdiction, it has implemented a written anti-money laundering program that has been approved in writing by its senior management and is reasonably designed to promote and monitor its compliance with the applicable requirements of such laws and will screen Customers for compliance with economic or trade sanctions programs administered by OFAC or other relevant U.S. or non-U.S. authority, including screening Customer names against OFAC's List of Specially Designated Nationals and Blocked Persons.
- 3) Under to Rule 309 – Participants must name Authorized Representatives who will represent the Participant before Tradition SEF and its committees and receive notices on behalf of the Participant. This list must be kept current and updated accordingly with Tradition SEF. Requests



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for changes of individuals designated as Authorized Representatives made be made to TradSEFOB@Tradition.com.

- 4) Under Rules 308(a), 308(c) and 308(f), Participants must designate one or more Authorized Traders for itself and one or more Authorized Traders for each of its Customers that are granted direct access to a SEF Platform or System. Similarly, each Broker Firm Participant shall designate one or more Authorized Brokers or Authorized Agents to act on behalf of its Customers. Requests for changes of individuals designated as Authorized Traders must be made by an Authorized Representative and may be sent via email to TradSEFOB@Tradition.com.

Required Disclosures to Tradition SEF under Rule 404:

Participants must disclose to Tradition SEF certain legal or regulatory activity including, but not limited to:

- 1) Any refusal of admission to any Self-Regulatory Organization, SEF, Designated Contract Market or Derivatives Clearing Organization;
- 2) any expulsion, suspension or material fine (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant by any Self-Regulatory Organization;
- 3) any denial or withdrawal of any application for any registration or license by or from any Government Agency, and any revocation, suspension or conditioning of any registration or license granted by any Government Agency in relation to SEF Activity;
- 4) the commencement of any judicial or administrative proceeding against the Participant or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Government Agency in relation to SEF Activity;
- 5) any indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by, the Participant or (or, if the Participant is an entity, by any of its principals or senior officers) for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, futures contract, option, swap, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude; and
- 6) the Participant becoming the subject of an Insolvency Event.

Disclosures pursuant to Rule 404 may be emailed to MarketRegulationDept@tradition.com.

Please note that this summary of certain Tradition SEF rules is for illustrative purposes only and no reliance should be placed upon it. Participants and customers of participants should refer to the current version of the Tradition SEF Rulebook when determining rules applicable to such entities. A current version of the Tradition SEF Rulebook is available at www.traditionsef.com.

Thank you for your continued diligence regarding these obligations.



Tradition SEF, Inc.

For SEF administrative or compliance questions please contact:

Eric Earnhardt, CCO: (212) 791 3497 or eric.earnhardt@tradition-na.com

Jeff Mehan, CAO: (212) 943 4567 or jeff.mehan@tradition.com

For legal matters, please contact:

Scot Halvorsen, Sr. Regulatory Counsel: (212) 377 2337 or scot.halvorsen@tradition.com