

## TRADITION SEF PLATFORM SUPPLEMENT 1

### “TRAD-X” INTEREST RATES

#### TRADING PLATFORM

#### (“Trad-X Platform”)

This Tradition SEF Platform Supplement to the Tradition SEF Rulebook, (the “**Rulebook**”) sets out the additional terms and conditions which shall apply exclusively to participation in and trading on the Platform and should be read in connection with the Rulebook.

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## TRADITION SEF PLATFORM SUPPLEMENT 1

### (Trad-X PLATFORM)

This Tradition SEF Platform Supplement 1 to the Tradition SEF Rulebook, (the “Rulebook”) sets out the additional terms and conditions which shall apply exclusively to participation in and trading on the Trad-X Platform (“Trad-X Platform”) and should be read in connection with the Rulebook. When used herein, the term Participant refers only to a Participant who has been granted Trading Privileges on the Trad-X Platform by Tradition SEF, and the terms Customer, Broker Firm, Authorized Trader and Authorized Broker refer only to such Persons who have been granted access to the Trad-X Platform by such Participant.

### DEFINITIONS

In addition to the Definitions as set forth in the Rulebook, the following Definitions shall be applicable to this Tradition SEF Platform Supplement 1.

“**Auction**” means the functionality promulgated on the Trad-X Platform for an Order matching facility and for defined periods to be determined by Tradition SEF in accordance with the Rules, during which Participants and Customers may submit Orders to the Auction Platform to be matched against other Orders, but provided that ongoing market data dissemination shall not be made in respect of submitted Orders, unless and until such Order is matched with another Order submitted to the Trad-X Platform.

“**BBO**” means Best Bid and Offer.

“**CCP Auction**” means an Auction run on a Auction Platform which involves the matching and execution of identical Swaps in opposing directions with opposing central counterparty Clearing Houses (CCPs), so as to allow Participants and Customers to reconcile outstanding positions in different CCPs and manage their collateral exposure with such CCPs.

“**CME**” means a Chicago Mercantile Exchange owned and operated Clearing House with which Tradition SEF has entered into a clearing access agreement that provides clearing and settlement services in relation to Swaps.

“**Combination Order**” means an Order which states that two or more Orders must be executed simultaneously.

“**Electronically Streamed Liquidity**” means Orders received by Tradition SEF via electronic means into the Trad-X Platform Order Book.

“**House Limit Function**” means the technological function in the Trad-X Platform which operates to provide Participants that are Clearing Firms with the ability to allocate a notional-based, daily, resettable limit that controls the maximum amount of cumulative notional value of Trades which a Participant that is a Clearing Firm can execute through the Trad-X Platform for its own account within a given Trading Day (the “**House Limit**”). As Trades are entered into, with such Clearing Firm as a counterparty, the notional value of the legs of such Trades are deducted from the Clearing Firm’s House Limit until such House Limit is exhausted, from which point Orders from that Clearing Firm will be blocked by the Platform. For the avoidance of doubt, if an Order is placed by a Clearing Firm which, if executed against, would breach the House Limit of such Participant, the Trad-X Platform will block such Order.

“**LCH**” means an LCH owned and operated Clearing House with which Tradition SEF has entered into a clearing access agreement that provides clearing and settlement services in relation to Swaps.

“**Order Input Collar**” means the technological function in the Trad-X Platform which operates to prevent an Order being entered into the Platform by a Participant or a Broker Firm acting on behalf of a Participant or Customer, and so reject such Order, where the Order is more than 5bps through the then current mid-price on the Trad-X Platform in the relevant tenor. In the absence of a then current mid-price on the Trad-X Platform, the 5bps will be measured by reference to the Trad-X Curve. For the avoidance of doubt, the Participants acknowledge that the Order Input Collar will not prevent Combination Orders which themselves would have been prevented by the Order Input Collar had they been entered initially by

the Participant but which instead are triggered by the entering of an initial order which is not itself prevented by the Order Input Collar.

**“Order Size Collar”** means the technological function in the Trad-X Platform which operates to prevent an Order being entered into the Platform by a Participant or a Broker Firm acting on behalf of a Participant or Customer, and so reject such Order, where the Order is more than the maximum size in the relevant product and tenor.

**“Trad-X Curve”** means the yield curve maintained and developed by the Trad-X Platform.

**“Trad-X Products”** means the Required Transactions and Permitted Transactions admitted to trading on the Trad-X Platform from time to time and as described in Appendix 1 to this Platform Supplement.

**“Trad-X Platform User Agreement”** means the Trad-X Platform User Agreement governing access by Participants to the Trad-X Platform.

**“Product Transaction”** or **“Trade”** means a matched Swap transaction in one of the Trad-X Products.

**CHAPTER S1-1  
RULES FOR INTEREST RATES ASSET CLASS.**

**RULE S1-101 Precedence of Rules**

For the avoidance of doubt, any Rule contained in this Product Supplement, to the extent that there is any conflict with the Tradition SEF Rulebook, shall take precedence over inconsistent provisions in the Rulebook when associated with business conducted on the Trad-X Platform.

**RULE S1-102 Designation of Clearing House**

LCH and CME each are designated as a Clearing House for the Trad-X Products and may, except as described in a Product Annex, clear all Product Transactions concluded in the Trad-X Platform until such time as they may be replaced or joined by another Clearing House pursuant to the terms of these Rules.

**RULE S1-103 The Trad-X Platform**

- (a) In order to satisfy the requirements described in Rule 704(c) of the Rulebook, Tradition SEF shall put in place and maintain the House Limits and Order Size Collar functionalities for the Trad-X Platform.
- (b) Order Entry
- (1) Electronic Orders. An Order may be submitted by electronic means directly to the Trad-X Platform Order Book by a Participant, a Customer authorized by a Participant, or by a Broker Firm authorized by a Participant to act on their behalf.
- (2) Non-Electronic Orders. An Order for a Permitted or Required Transaction, other than an Order described in (1) above, may be submitted by a Participant or Customer or a Broker Firm Participant that is authorized by such Participant or Customer to act on their behalf. Such orders may be submitted to the Trad-X Platform either directly through manual interaction with a Platform GUI or via communication with a SEF Execution Specialist by such means as voice, IM, or email.
- (3) Voice RFQ. A request for a response on an interest for a Required Transaction may be made by a Participant, or a Customer authorized by a Participant, or a Broker Firm Participant who is registered with the Tradition SEF and is authorized by a Participant or Customer to act on their behalf. Upon receipt of an RFQ the SEF Execution Specialist shall manage the RFQ process pursuant to Rule 507 of the Rulebook.
- (4) Voice Work-Up
- (i) At the point of execution of a Trade on the Trad-X Platform, either of the Participants or Customers who are counterparties to the Trade can request a work-up of the Trade at the same price and with the same terms as the Trade..
- (ii) Should one Participant or Customer request a work-up, the opposing Participant or Customer to the original Trade will be given priority in the work-up process on the basis that no existing Order in the Order Book presently meets the execution price of the original Trade.
- (iii) Should the opposing counterparty decline the opportunity to participate in the work-up process, and the work-up request is still valid, the offer of a work-up will be extended to all other Participants on the Trad-X Platform.
- (iv) Should no Participant in the Platform accept the offer of work-up, the work-up process at that point shall be terminated.
- (c) Subject to this Tradition SEF Platform Supplement 1 and as set out in associated Appendices contained herein and other relevant provisions of the Rules in the Rulebook, the Trad-X Platform will display all prices and automatically selects the best price in terms of highest bid and lowest offer prices and if there are two identical bid or offer prices then priority will strictly be given to the earlier price submitted to the Trad-X Platform. An Order is valid until removed either by the

Participant who submits it to the Trad-X Platform or at the end of the Trading Day. In accordance with Rule 505 of the Rulebook, when Product Transactions are matched in the Trad-X Platform by a 'bid' Order being matched against an 'offer' Order or an 'offer' Order being matched against a 'bid' Order, a Trade will be deemed executed between the parties to the Product Transaction upon the terms of the matched 'bid' and 'offer'. The point of matching of 'bid' and 'offer' by the Trad-X Platform shall be the definitive point at which there is an executed, valid and final Trade on the Trad-X Platform (subject to any other applicable provision of these Rules including, but not limited to, provisions dealing with error Trades). Following deemed execution of a Trade Tradition SEF shall submit the Product Transaction for clearing at a Clearing House in accordance with Chapter 7 of the Rulebook.

- (d) Parties to transactions in Trad-X Products shall remain anonymous prior to the matching of a Trade. Tradition SEF shall promptly, following matching of a cleared Trade on the Trad-X Platform, provide each Participant or Customer who is a party to such cleared Trade with electronic confirmations containing all relevant information on that Trade.
- (e) For bilateral uncleared transactions on the Trad-X Platform, Tradition SEF shall promptly, following matching of a bilateral uncleared Trade, provide each Participant or Customer who is a party to such uncleared Trade with electronic confirmations containing all relevant information on that Trade.

**CHAPTER S1-2  
PARTICIPATION IN THE PLATFORM**

**RULE S1-201 Application Procedure**

In addition to the Participant application process set forth in Rule 303 of the Rulebook, Participants shall be required to have in place a Trad-X Platform User Agreement

**RULE S1-202 Eligibility**

In addition to the Participant Criteria requirements set forth in Rule 302 of the Rulebook, an applicant to participate on the Trad-X Platform must have technical and organizational facilities sufficient (in the opinion of Tradition SEF) for the orderly settlement of Product transactions to be assured and must meet the technical requirements for connection to the Trad-X Platform. Tradition SEF must be satisfied that the applicant has or will have sufficiently completed conformance testing prior to conducting business on the Trad-X Platform.

**RULE S1-203 Duties and Responsibilities of Participants**

As set forth in Rule 402 of the Rulebook.

**RULE S1-204 Access to the Trad-X Platform**

As set forth in Chapter 3 of the Rulebook.

## CHAPTER S1-3 TRADING RULES

### **RULE S1-301 Trading Days, Orders, Order Book and Clearing & Settlement**

Details of Trading Days, Orders, Order Book and clearing & settlement specifications for each Trad-X Product is set forth in this Supplement and the applicable Product Appendix.

### **RULE S1-302 Crossing of Pre-Arranged Customer Orders**

In connection with an Order for a Trad-X Product deemed to be a Required Transaction by the CFTC, an Authorized Trader or Authorized Broker acting on behalf of a Participant who seeks to execute against its Customer's Order, or seeks to execute two of its Customers' Orders against each other through the Order Book, following some form of pre-arrangement or pre-negotiation of such orders, must first enter the first party's Order, allow such Order to be exposed to the market for a minimum of fifteen (15) seconds, prior to entering the Pre-Arranged opposing Order. During the exposure period, all Tradition SEF Participants may transact on the first party's order.

### **RULE S1-303 Error Trades**

- (a) Product Transactions effected through the Trad-X Platform on behalf of a Participant or Customer by their Authorized Trader, or by their Broker Firm's Authorized Broker, or by a Tradition SEF Execution Specialist shall be binding on such Participant or Customer subject to Rule 538 of the Tradition SEF Rulebook or the Trad-X Platform User Agreement
- (b) Notwithstanding the foregoing, Tradition SEF may cancel a Trad-X Product Transaction in accordance with the policy set out in Rule S1-304.

### **RULE S1-304 System-Related Error Trades**

- (a) Tradition SEF may unilaterally cancel a Trad-X Product Transaction where such Product Transaction constitutes a "System-Related Error Trade".
- (b) For the purpose of this Rule S1-304, a System-Related Error Trade shall be deemed to have occurred where, due to a malfunction of the Trad-X Platform, a Trad-X Product Transaction is entered into:
  - (1) in the name of a Participant or Customer without the knowledge or authority of such a Participant or Customer;
  - (2) by Participant's or Customer's Authorized Trader, or by their Broker Firm's Authorized Broker, after a notification to disable such Authorized Trader's or Authorized Broker's access to the Trad-X Platform has been received by Tradition SEF in accordance with the applicable procedures set out in the Trad-X Platform User Agreement;
  - (3) as a result of an order entering the Trad-X Platform as a result of a failure of the Order Input Collar; or
  - (4) which is manifestly erroneous.
- (c) In the event that Tradition SEF becomes aware of a System-Related Error Trade or is notified by a Participant of a System-Related Error Trade in accordance with this Rule S1-304 and has determined to cancel a Trad-X Product transaction pursuant to this Rule S1-304, Tradition SEF shall issue a notice to all affected Participants specifying the affected counterparty(ies), Transaction details and timestamps (a "**System-Related Error Trade Cancellation Notice**"). In order for the procedures in this Rule S1-304 to apply, Tradition SEF must issue a System-Related Error Trade Cancellation Notice as soon as practicable following the System-Related Error Trade coming to its attention and, no later than two (2) hours before the end of the operating times for the applicable Clearing House (as may set forth in the rules and procedures of such Clearing House) on the Trading Day on which the System-Related Error Trade is alleged to have occurred.



- (d) Any notification relating to a System-Related Error Trade must be made by a Participant to Tradition SEF at least 30 minutes before the cut-off time for Tradition SEF to send the System-Related Error Trade Cancellation Notice as set out in paragraph (c):
- (1) by email to the Tradition SEF dedicated cancellation email address at **trading.operations@tradition-na.com** with a copy to **trading.operations@tradition.com** or, where communicated by phone, then confirmed by email promptly (and in any event no later than ten (10) minutes after the end of such phone communication); and
  - (2) all communications must be from a Participant's Authorized Representative.
- (e) All notifications from Participants relating to a System-Related Error Trade must contain:
- (1) Participant's primary contact details (name and direct line);
  - (2) all specific details of the Trade(s) ;
  - (3) timestamps for each Trade; and
  - (4) Participant's reason for considering the Trade to be a System-Related Error Trade.
- (f) Within thirty (30) minutes after the issue of a System-Related Error Trade Cancellation Notice by Tradition SEF, the Participants or Customers party to the relevant Product Transaction may, jointly, agree that the Product Transaction does not constitute a System-Related Error Trade (a "**Good Trade**"). Good Trades shall not be cancelled but all System-Related Error Trades shall be cancelled by Tradition SEF in accordance with this Rule S1-304.
- (g) Where a System-Related Error Trade is to be cancelled, then Tradition SEF shall notify the counterparty(ies) of the cancellation of the Trade, the Trade shall be cancelled and a cancellation notice sent out to all Participants in respect of each such cancelled Trade.
- (h) No handling charge will be payable in respect of a cancellation caused by a System-Related Error Trade.
- (i) If there is insufficient time in the Trading Day for any of the provisions of this Rule S1-304 to be carried out, Tradition SEF and the relevant Participants shall use all reasonable endeavors (including within and in accordance with the rules of the applicable Clearing House) to ensure that such procedures are completed prior to the commencement of trading on the next Trading Day or, if this is not possible, as soon as practicable after commencement of trading on the next Trading Day after the Trading Day on which the error event occurred.
- (j) Where a System-Related Error Trade relates to an order which forms part of a Combination Order, all orders that form part of that Combination Order shall be cancelled in accordance with the error trade process set out in this Rule S1-304.

#### **Rule S1-305 Suspension of Trading**

- a) Tradition SEF may at any time suspend trading in whole or in respect of one or more Financial Product types, if it in its discretion considers such action necessary having regard to market conditions. Tradition SEF shall revoke the suspension of trading in whole or in respect of one or more Financial Product types if, in its opinion, the reason for such suspension has ceased to exist.
- b) The decision of Tradition SEF regarding the suspension of trading of a Financial Product type is generally made after the end of the main trading phase and shall be made public to all Participants or Customers by electronic means prior to the commencement of the following Trading Day.

- c) If trading in specific Financial Product types is suspended in whole or in part, no new orders or prices may be entered in respect of such Financial Product type for the duration of the suspension. Tradition SEF may, in the event of a suspension of trading, issue different instructions on a case-by-case basis.

#### **Rule S1-306 Market Surveillance & Operations**

- a) Tradition SEF shall perform surveillance pursuant to the Rulebook and the Tradition SEF Compliance and Surveillance Manual.
- b) Tradition SEF shall enforce compliance with these Rules and may take all measures necessary to ensure orderly trading and the smooth operation of the System.
- c) In order to ensure orderly system functionality, the commencement of trading may, at the order of Tradition SEF, be postponed for the entire System or trading hours may be extended or shortened accordingly.
- d) In the event of technical problems, Tradition SEF may, for individual or all Participants or Customers, temporarily suspend access to or trading in the System.
- e) In the event of measures being taken which materially affect the operation of the System, the Participants or Customers affected thereby shall, to the extent possible, be promptly notified via the System or, in the case of a system failure, by other suitable electronic means.
- f) If participation in trading on the Trad-X Platform is not possible to individual Participants or Customers due to individual technical disruptions, the System shall continue to be available to other trading Participants or Customers.

## APPENDIX 1 - TRAD-X PRODUCTS: USD INTEREST RATE SWAPS

### 1 Interest Rate Swaps – product types

- (1) The following product types shall be eligible for admission to and capable of being traded on the Trad-X Platform and may be modified by Tradition SEF from time to time:
- (a) **USD Spread Over** these are the combination spot dated interest rates swaps 1 to 50 years Semi-Annual bond basis (30/360) on the fixed side versus 3 mth LIBOR (reference page LIBOR01) on the floating side dealt with of a hedge of benchmark treasuries of corresponding size; and
  - (b) **USD Interest Rate Swaps** 1 to 50 years Semi-Annual bond basis (30/360) on the fixed side versus 3 mth LIBOR (reference page LIBOR01) on the floating side;

### 2 USD Interest Rate Swaps – Credit Matrix Risk Based Limit Management Functionality

- (1) The Trad-X Platform shall provide a risk-based management tool (the “**Credit Matrix**”) to provide functionality for Participants to manage, in accordance with this paragraph 2, risk limits in respect of its trading activities on the Trad-X Platform and/or the trading activities of its Customers.
- (2) Full details and functional descriptions of the Credit Matrix is available to Participants of Tradition SEF and can be made available in the form of the Trad-X technical document entitled “*Trad-X Member Management Console*” (version 1.2 dated 26 March 2014 as may be updated from time to time by Tradition).
- (3) By way of summary, the Credit Matrix shall provide the following functionality:

**[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]**

### 3 USD Interest Rate Swaps - Orders

- (1) Prices can be offered for certain Order types (as indicated on the Trad-X Platform website), which shall remain valid, until changed or cancelled by the Participant or Customer. Unless the Participant or Customer elects otherwise, orders entered in the Trad-X Platform and not matched will be automatically cancelled at the end of the Trading Day.
- (2) **Order Types and Price Conditions**
- (a) **Limit:** The order will be executed at a price that is no worse than that specified by the Participant or Customer.
  - (b) **Market:** The order will execute against any available orders in the opposite side of the book, on a price-time priority, until the order is fully executed or all liquidity exhausted, whichever comes first. Persistent market orders (i.e. Day, GTC, etc) will not be accepted. For the avoidance of doubt, market orders will only be accepted if their Time In Force is FOK/IOC.
  - (c) **Linked:** The orders will be priced with reference to the yield of a benchmark treasury plus/minus a spread specified by the Participant or Customer. Linked orders cannot be FOK/IOC.
  - (d) **Trade at Settlement (“TAS”):** Is an order for a fixed volume in a contract, at a price or premium equal to the daily settlement price or index fixing price, or a specified differential above or below the daily settlement price or index fixing price, for the contract on a

trading day. The actual TAS transaction price or premium is determined subsequent to the transaction, based upon the daily settlement price or index fixing price of the contract.

- (e) Disregard Tape (“DRT”): Absent any restrictions, a DRT (Not-Held Order) means any Order giving a Person complete discretion over price and time in execution of an Order, including discretion to execute all, some or none of this Order.
  - (f) Split the Spread Order (“Split the Spread”): Enables Participants or Customers to Split the Spread of bid and offer prices and trade at the mid-point between two Participant’s opposing Limit Orders, thereby allowing Participants to “meet in the middle” of the bid-offer spread.
- (3) **Time In Force:**
- (a) Day: The order will be valid during the current normal trading session only.
  - (b) GTD: The order will participate in all normal trading sessions incurred until and including the specified date. The order is cancelled at the end of the Trading Day on which it was submitted.
  - (c) GTT: The order will participate in all normal trading sessions until the date-time specified is reached, at which time the order will be cancelled, even if the current (active) trading session has not finished. The order is cancelled at the end of the Trading Day on which it was submitted.
  - (d) GTC: The order will participate in all normal trading sessions until cancelled by the Participant. The order is cancelled at the end of the Trading Day on which it was submitted.
  - (e) IOC: All or part of the order will be executed immediately upon receipt. Any portions not executed immediately will be automatically cancelled.
  - (f) FOK: The order will be executed in full immediately upon receipt, or cancelled. For the avoidance of doubt, if the order is not executable in full and immediately it will be cancelled, but full executions may be achieved through more than one fill.
  - (g) Split the Spread: A Participant or Customer can enable a Split the Spread flag with their Limit bid or offer in the Order Book. If the best opposing Limit bid or offer has also enabled a Split the Spread flag on the order, Trad-X will match the Split the Spread Orders by filling half of the matching Order size at the bid level and half the Order size at the offer level. This creates an average price for the resulting transaction in the middle of the bid-offer spread. Split the Spread Order flags are invisible to the market except to the Participant or Customer entering the Split the Spread Order. Split the Spread functionality will only operate when a market is being quoted at a width of the market’s minimum price fluctuation.
- (4) **In relation to this paragraph 3, note that:**
- (a) Orders priced at the market will only be accepted if their “Time In Force” is FOK or IOC;
  - (b) Orders priced at a Limit Price will be accepted with any of the above “Time In Force” values, including IOC/FOK; and
  - (c) Linked orders will only be accepted if they have a “Time In Force of Day”, “GTD”, “GTT” or “GTC”.
- 4 USD Interest Rate Swaps - Order Book**
- (1) The Order Book contains all Orders entered in the Trad-X Platform by Participants, Customers, SEF Execution professionals or Broker Firms acting on behalf of Participants or Customers.

Participants, Customers or Broker Firms may view in the Order Book all orders per term, and Trad-X Product Transactions including information as to the contract size at point of execution. Subject to the operational characteristics set forth in Rule S1-103 of this Trad-X Platform Supplement, if an Order is matched it will be removed from the queue and only live Orders will be shown in the Trad-X Platform. Orders not matched by the end of the Trading Day will be cancelled and Participants and Customers must therefore re-enter their Orders into the Trad-X Platform on the following Trading Day or specify the period of time they would like the Order to remain in the Trad-X Platform when entering the Order.

- (2) Notwithstanding the default price/time priority rule set out in Rule S1-103(b) of this Trad-X Platform Supplement, the Trad-X Platform operates a “**Spread Over Stack Priority**” rule, to reward Participants and Customers in relation to USD Spread Over trading.
- (3) The Spread Over Stack Priority rule has the following characteristics:

**[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]**

- (4) **[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]**

## **5 USD Interest Rate Swaps - Clearing and Settlement**

- (1) The Trad-X Platform operates on the basis that Trad-X Product transactions shall be effected only between Participants or Customers who have met the Participant or Customer criteria and completed the Participant or Customer application process as set out in Rules 302, 304 and 305 of the Rulebook successfully.
- (2) The Trad-X Platform functions enable the Participants and Customers to negotiate the contract components of the relevant Trad-X Product transaction.
- (3) To the extent permitted by Applicable Law, both Participants or Customers, as applicable, to a matched Product transaction may, jointly, instruct a clearing connectivity provider to route such Product transactions to direct bilateral settlement between such Participants or Customers, as applicable, and not for clearing via a Clearing House.

## **6 USD Interest Rate Swaps - Trading Days and timings**

- (1) Trading on the Trad-X Platform for USD Interest Rate Swaps shall take place on each Business Day, other than such days deemed to be New York holidays. Tradition SEF reserves the right to determine additional Trading Days after prior announcement thereof to the Participants. For the purposes of this Rule 6.1, “**Business Day**” is every weekday that is not a holiday in New York.
- (2) Trading on the Trad-X Platform will be available between 03.00 and 17.00 (EST) or for such other periods as may be determined by Tradition SEF as set forth in a Participant Notice.

## **7 Order Management**

- (1) Trad-X’s operations team will have the authorization to cancel unmatched orders on behalf of a Participant or Customer, following authorization from that Participant’s Authorized Trader or an Authorized Broker acting on behalf of the Participant or Customer, in accordance with the Rules from time to time.
- (2) SEF Execution Specialists cannot be held responsible for delays in carrying out a request by a Participant or Broker Firm that results in the Trade being filled electronically or a Trade being missed. The SEF Execution Specialists will use reasonable endeavors to fill the request in a responsible and timely manner.

- (3) A voice Order from a Participant's Authorized Trader or a Broker Firm acting on behalf of a Participant or Customer to a SEF Execution Specialists to interact with a resting Bid or Offer in the Order Book (hybrid order) will not, in itself, be a guarantee to Trade. The SEF Execution Specialists will use reasonable endeavors to get the order filled.
- (4) Wherever possible the Participant or Broker Firm acting on behalf of a Participant or Customer should specify rate, direction and size when submitting a voice order to be executed electronically. In the event that a size or rate is not specified a voice Order to hit the electronic price will result in the SEF Execution Specialists hitting the best bid or taking the best offer in following sizes:  
  
**[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]**
- (5) Minimum size on electronic orders are as set forth in Appendix 3 of this Trad-X Product Supplement.
- (6) Spread Over Trades – Treasuries are automatically chosen to be crossed at the offer side of the treasury with the IRS rate being calculated automatically (to 5 decimal places). Lot sizes are calculated using standard market convention. Treasury details will be included on Markitwire confirmation for processing. For the avoidance of doubt, no Treasuries will be Traded on the Trad-X Platform and all Treasuries Trades will occur on different venues.
- (7) For default duration ratios on butterflies and spreads, all Participants agree to use Trad-X default duration calculator which is rounded down to the nearest USD 1 million.
- (8) It is the Participants sole responsibility to monitor its own Electronically Streamed Liquidity.
- (9) Trad-X midpoint calculation – midpoints used by the Trad-X Platform will be calculated using the middle of the best bid/best offer spread regardless of size weighting.
- (10) Rounding decimal places – The Trad-X Platform cannot modify orders submitted by Participants and require submission of orders with no more than 5 decimal places in 0.00125 increments except that for Spread Over Trades minimum increments will be 0.0025.
- (11) All electronic Trades conducted on the Trad-X Platform will be identified on Markitwire by TRAD ESTP.(LDN) or TRAD ESNY (NYC).

## APPENDIX 2 - TRAD-X PRODUCTS: USD INTEREST RATE SWAPS AUCTIONS

### 1 CME/LCH CCP Auctions – timings, characteristics and process

- (1) CCP Auctions allow Participants and Customers to enter orders to negotiate “switch” (or “spread”) trades in interest rate swaps (IRS) between LCH Clearnet (LCH) and CME Clearing (CME) CCPs. The auction prices will be quoted on the basis between the fixed rate of the LCH cleared swap and the fixed rate of the CME cleared swap.
- (2) The CCP auctions will be conducted in the following manner and in conjunction with the Tradition SEF Rulebook:
- (3) USD CME/LCH CCP Auctions on Trad-X protocols:
  - (a) USD CME/LCH CCP Auctions start every day @ 10:30AM NYC time.
  - (b) The session runs for 5 minutes.
  - (c) The auction will use IMM swap structure to facilitate compression at CCP level.
  - (d) IMM swap: Start date on the first future contract date, IMM rolls and IMM end date.
  - (e) The “execution price” is the basis between the fixed rate (Actual\_360) of the LCH cleared IMM swap and the fixed rate (Actual\_360) of the CME cleared IMM swap.
  - (f) Price of the first session will be communicated to participants by email before the auction process commences.
  - (g) The auction prices will be generated from TIRS (Tradition’s reference page on Bloomberg for this product) indicative mid markets just before the auction’s start.
  - (h) Orders may be amended or cancelled during the auction session.
  - (i) Multiple buy and seller orders for the same auction are permitted.
  - (j) Minimum execution sizes are the following:

2 IMM(CME) v 2 IMM(LCH) – 100MM  
 3 IMM(CME) v 3 IMM(LCH) – 100MM  
 5 IMM(CME) v 5 IMM(LCH) – 100MM  
 7 IMM(CME) v 7 IMM(LCH) – 100MM  
 10 IMM(CME) v 10 IMM(LCH) – 100MM  
 12 IMM(CME) v 12 IMM(LCH) – 100MM  
 15 IMM(CME) v 15 IMM(LCH) – 100MM  
 20 IMM(CME) v 20 IMM(LCH) – 100MM

30 IMM(CME) v 30 IMM(LCH) – 100MM

- (k) Trade unit tick sizes are in the increments of the above minimum execution sizes.
- (l) Orders will be instantly matched on a first come, first served basis (Standard “Order Book” protocol).
- (m) The LCH cleared IMM swap will be executed at mid-market directly calculated from the Trad-X CLOB at the time of execution.
- (n) Orders will be matched either partially (in minimum size) or fully and will remain in the Order Book awaiting the match until they are cancelled by the user or cancelled automatically at the end of the auction session.
- (o) Trades will be reported immediately into the public Trad-X blotter.
- (p) SEF Confirmations will be sent to trading counterparties via Markitwire.
- (q) The auction service is fully integrated with the Trad-X Credit Matrix for pre-trade credit checking.
- (r) Access is provided to all SEF Participants authorized to trade this product if or when requested.
- (s) Orders can be submitted directly or via SEF Execution Specialist.

**AUCTION EXECUTION FEE IS SET FORTH IN THE CURRENT TRADITION SEF FEE SCHEDULE.**



**APPENDIX 3 – USD INTEREST RATE PRODUCTS MINIMUM ORDER SIZES**

Minimum sizes are as set forth below and maybe changed from time to time by Tradition SEF.

**[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]**

**APPENDIX 4 – TRAD-X PRODUCTS: EURO INTEREST RATE SWAPS****1 Interest Rate Swaps – product types**

- (1) The following product types shall be eligible for admission to and capable of being traded on the Platform:
- (a) Euro interest rates swaps 1 to 50 years annual bond basis (30/360) on the fixed side versus 3 mth EURIBOR (reference page EURIBOR01) on the floating side;
  - (b) Euro interest rates swaps 1 to 50 years annual bond basis (30/360) on the fixed side versus 6 mth EURIBOR (reference page EURIBOR01) on the floating side;
  - (c) 3mth v 6mth single currency basis spreads 1 to 50 years (traded as two swaps described above) with the spread between the fixed rates representing the spread dealt;
  - (d) BUND, BOBL and SCHATZ spreads are cockdated Euro interest swaps annual bond basis (30/360) on the fixed side versus 6 mth EURIBOR (reference page EURIBOR01) dated from the maturity of the futures contract maturing on the maturity of the “Cheapest To Deliver” of the contract (“Stub” at the front) dealt with a futures hedge of corresponding size, quoting the front two contracts.

**2 EUR Interest Rate Swaps – Risk Based Limit Management Functionality**

Same as Appendix 1, Rule 2.

**3 EUR Interest Rate Swaps - Orders**

As per Appendix 1, Rule 3.

**4 EUR Interest Rate Swaps - Order Book**

The Order Book contains all Orders entered in the Trad-X Platform by Participants, Customers, SEF Execution Professionals or Broker Firms acting on behalf of Participants or Customers. Participants, Customers or Broker Firms may view in the Order Book all orders per term, and Trad-X Product Transactions including information as to the contract size at point of execution. If an Order is matched it will be removed from the queue and only live Orders will be shown in the Trad-X Platform. Orders not matched by the end of the Trading Day will be cancelled and Participants and Customers must therefore re-enter their Orders into the Trad-X Platform on the following Trading Day or specify the period of time they would like the Order to remain in the Trad-X Platform when entering the Order.

**5 EUR Interest Rate Swaps - Clearing and Settlement**

As per Appendix 1, Rule 6.

## 6 Interest Rate Swaps - Trading Days and timings

- (1) Trading on the Platform for Euro Interest Rate Swaps shall take place on each Business Day, other than TARGET holidays. Tradition SEF reserves the right to determine additional Trading Days after prior announcement thereof to the Members. For the purposes of this Rule 6.1, “**Business Day**” means every weekday that is not a TARGET holiday.
- (2) Trading on the Trad-X Platform will be available between 02.30 and 12.00 (EST) or for such other periods as may be determined by Tradition SEF as set forth in a Participant Notice.

## 7 EUR Interest Rate Swaps – Order Management

- (1) Trad-X’s operations team or SEF Execution Specialists will have the authorization to cancel unmatched orders on behalf of a Participant or Customer, following authorization from that Participant’s Authorized Trader or an Authorized Broker acting on behalf of the Participant or Customer, in accordance with the Rules from time to time.
- (2) SEF Execution Specialists cannot be held responsible for delays in carrying out a request by a Participant or Broker Firm that results in the Trade being filled electronically or a Trade being missed. The SEF Execution Specialists will use reasonable endeavors to fill the request in a responsible and timely manner.
- (3) A voice Order from a Participant’s Authorized Trader or a Broker Firm acting on behalf of a Participant or Customer to a SEF Execution Specialists to interact with a resting Bid or Offer in the Order Book (hybrid order) will not, in itself, be a guarantee to Trade. The SEF Execution Specialists will use reasonable endeavors to get the order filled.
- (4) Wherever possible the Participant or Broker Firm acting on behalf of a Participant or Customer should specify rate, direction and size when submitting a voice order to be executed electronically. In the event that a size or rate is not specified a voice Order to hit the electronic price will result in the SEF Execution Specialists hitting the best bid or taking the best offer in following sizes:

### [REDACTED – CONFIDENTIAL TREATMENT REQUESTED]

- (5) Minimum size on electronic orders will be Euro 10 million.
- (6) Futures spreads (Bund/Bobl/Schatz) – futures crosses are automatically executed at the bid side of the futures contract and swap rate calculated automatically (to 5 decimal places) using the standard conversion factor. Lot size is calculated using standard market convention. Futures trades will be sent for manual processing to agree all details.
- (7) For default duration ratios on butterflies and spreads, all Participants agree to use Trad-X default duration calculator which is rounded down to the nearest Euro 0.1million.
- (8) It is the Participants sole responsibility to monitor its own Electronically Streamed Liquidity.
- (9) Trad-X midpoint calculation – midpoints used by the Trad-X Platform will be calculated using the middle of the best bid/best offer spread regardless of size weighting.
- (10) Rounding decimal places – The Trad-X Platform cannot modify orders submitted by Participants and require submission of orders with no more than 4 decimal places in 0.0005 increments.

- (11) All electronic Trades conducted on the Trad-X Platform will be identified on Markitwire by TRAD ESTP.(LDN).

## APPENDIX 6 – TRAD-X PRODUCTS: STERLING INTEREST RATE SWAPS

### 1 **GBP Interest Rate Swaps – product types**

(1) The following product types shall be eligible for admission to and capable of being traded on the Trad-X Platform:

- (a) GBP 1y to 50y Semi/Semi and all combinations of spreads and 'flies;
- (b) GBP 1y to 50y 6v3s basis and all combinations of spreads and 'flies (done as a single basis (floating/floating) swap); and
- (c) GBP matched maturities of all liquid UK government gilts.

### 2 **GBP Interest Rate Swaps – Risk Based Limit Management Functionality**

(1) Same as Appendix 1, Rule 2.

### 3 **GBP Interest Rate Swaps - Orders**

As per Appendix 1, Rule 3.

### 4 **GBP Interest Rate Swaps - Order Book**

The Order Book contains all Orders entered in the Trad-X Platform by Participants, Customers, SEF Execution Professionals or Broker Firms acting on behalf of Participants or Customers. Participants, Customers or Broker Firms may view in the Order Book all orders per term, and Trad-X Product Transactions including information as to the contract size at point of execution. If an Order is matched it will be removed from the queue and only live Orders will be shown in the Trad-X Platform. Orders not matched by the end of the Trading Day will be cancelled and Participants and Customers must therefore re-enter their Orders into the Trad-X Platform on the following Trading Day or specify the period of time they would like the Order to remain in the Trad-X Platform when entering the Order.

### 5 **GBP Interest Rate Swaps - Clearing and Settlement**

As per Appendix 1, Rule 6.

### 6 **GBP Interest Rate Swaps - Trading Days and timings**

- (1) Trading on the Platform for Sterling Interest Rate Swaps shall take place on each Business Day, other than such days when NYSE Liffe or the Clearing House is closed for business. Tradition reserves the right to determine additional Trading Days after prior announcement thereof to the Participants. For the purposes of this Rule 6.1, "**Business Day**" means every weekday that is not a holiday in London.
- (2) Trading on the Platform will be available between 03:00 and 12:00 (EST) or for such other periods as may be determined by Tradition SEF as set forth in a Participant Notice.

**7 GBP Interest Rate Swaps – Order Management**

- (1) Trad-X's operations team will have the authorization to cancel unmatched orders on behalf of a Participant or Customer, following authorization from that Participant's Authorized Trader or an Authorized Broker acting on behalf of the Participant or Customer, in accordance with the Rules from time to time.
- (2) SEF Execution Specialists cannot be held responsible for delays in carrying out a request by a Participant or Broker Firm that results in the Trade being filled electronically or a Trade being missed. The SEF Execution Specialists will use reasonable endeavors to fill the request in a responsible and timely manner.
- (3) A voice Order from a Participant's Authorized Trader or a Broker Firm acting on behalf of a Participant or Customer to a SEF Execution Specialists to interact with a resting Bid or Offer in the Order Book (hybrid order) will not, in itself, be a guarantee to Trade. The SEF Execution Specialists will use reasonable endeavors to get the order filled.
- (4) Wherever possible the Participant or Broker Firm acting on behalf of a Participant or Customer should specify rate and size when submitting a voice order to be executed electronically. In the event that a size or rate is not specified a voice Order to hit the electronic price will result in the SEF Execution Specialists hitting the best bid or taking the best offer in following sizes:

**[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]**

- (5) Minimum size on electronic orders will be GBP 1 million.
- (6) For default duration ratios on butterflies and spreads, all Participants agree to use Trad-X default duration calculator which is rounded down to the nearest GBP 0.1 million.
- (7) It is the Participants sole responsibility to monitor its own Electronically Streamed Liquidity.
- (8) Trad-X midpoint calculation – midpoints used by the Trad-X Platform will be calculated using the middle of the best bid/best offer spread regardless of size weighting.
- (9) Rounding decimal places – The Trad-X Platform cannot modify orders submitted by Participants and require submission of orders with no more than 5 decimal places in 0.00125 increments.
- (10) All electronic Trades conducted on the Trad-X Platform will be identified on Markitwire by TRAD ESTP.(LDN).