



## Tradition SEF, Inc.

### Notice to Participants 16-14

July 15, 2016

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

### **AMENDMENT TO TRADITION SEF RULEBOOK CFTC SUBMISSION NO. 2016-04**

#### **Authorized Representatives:**

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, Tradition SEF, Inc. (“Tradition SEF”) has filed CFTC Submission No. 2016-04, Tradition SEF Rule 544, with the Commission to amend Tradition SEF Rulebook effective as of August 1, 2016.

Tradition SEF has posted a copy of CFTC Submission No. 2016-04, a notice of pending certification with the Commission, and clean and redline versions of the Tradition SEF Rulebook to its website at <http://www.traditionsef.com/regulatory/>, concurrent with the filing of this submission with the Commission.

Tradition SEF Rule 544 complies with CFTC Letter No. 15-67 (Straight Through Processing and Affirmation of SEF Cleared Swaps), dated December 21, 2015 (the “Letter”), and CFTC Staff Guidance on Swaps Straight-Through Processing, dated September 26, 2013, which requires cleared swap trades to be routed “as quickly after execution as would be technologically practicable if fully automated systems were used” (“AQATP”). The Letter further clarifies that the AQATP standard may be met if cleared swaps are routed to and received by the relevant DCO no more than ten (10) minutes after the execution of the trade, effective August 1, 2016.

#### **Text of Tradition SEF Rule 544:**

#### **RULE 544 Affirmations of Cleared Swaps**

- (a) The parties to a Cleared Swap transaction shall affirm and release such transactions 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.
- (b) Failure by a party to affirm a Cleared Swap routed through a third-party affirmation platform within such ten (10) minute time period required by this Rule 544 shall be a violation of the Rule; provided that:
  - (1) such failure shall be a violation only by the party that failed to affirm the Cleared Swap in accordance with this Rule; and



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- (2) no such failure shall be a violation where the failure was substantially the result of, as determined in the SEF's discretion, any errors or delays caused by the SEF or any third-party market infrastructure provider.

### **Effectiveness of Disciplinary Action:**

Violations of Rule 544 are subject to Tradition SEF's disciplinary process contained in Chapter 6 of the Tradition SEF Rulebook and the Tradition SEF Sanction Guidelines. Pursuant to CFTC guidance, sanctions and related disciplinary actions for violations of Rule 544 are effective beginning September 15, 2016.

### **Performance Data Available:**

Tradition SEF intends to provide market participants with timely performance data reports with respect to their individual activity in affirmations of cleared swap transactions pursuant to Rule 544. Such reports will be issued to the Authorized Representative of each market participant. Should you wish any other individuals at your institution to receive the reports, please email a request including a name and email address for the additional individuals to [TradSEFOB@tradition.com](mailto:TradSEFOB@tradition.com).

For questions specific to operational matters regarding implementation of Rule 544, please contact Diana Kapanadze at (212) 238-5908 or at [diana.kapanadze@tradition.com](mailto:diana.kapanadze@tradition.com).

Tradition SEF, through its submission to the CFTC, certifies that the rule amendments comply with the Act and the Commission's regulations promulgated thereunder.

For SEF administrative or compliance questions please contact:

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

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

For legal matters, please contact:

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