



## Tradition SEF, Inc.

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### Participant Notice 18-06 Reminder of Certain Obligations of Tradition SEF Market Participants

May 14, 2018

**To:** Tradition SEF Authorized Representatives

**From:** Tradition SEF Legal and Compliance

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Participants of Tradition SEF are subject to certain ongoing obligations pursuant to CFTC rules and regulations and the Tradition SEF Rulebook.

Below is a summary of certain of such obligations of Tradition SEF's Participants. Terms used herein, but not defined herein, have the meanings ascribed to them in the Tradition SEF Rulebook.

- 1) **Tradition SEF Rule 544:** 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.
- 2) **Tradition SEF Rule 304:** 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. Additionally Participants are subject to the U.S. Bank Secrecy Act, the USA PATRIOT Act and the regulations thereunder, or similar legislation in any jurisdiction, they shall implement 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) **Tradition SEF Rule 309:** Participants must name Authorized Representatives who will represent the Participant before Tradition SEF and its committees, communicate with and receive notices on behalf of the Participant. This list must be kept current and updated accordingly with Tradition SEF. Requests for changes of individuals designated as Authorized Representatives can be sent to [TradSEFOB@Tradition.com](mailto:TradSEFOB@Tradition.com).
- 4) **Tradition SEF Rule 308:** 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



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must be made by an Authorized Representative and may be sent via email to [TradSEFOB@Tradition.com](mailto: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; or
- 6) the Participant becoming the subject of an Insolvency Event.

Disclosures pursuant to Rule 404 may be emailed to [MarketRegulationDept@tradition.com](mailto: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](http://www.traditionsef.com).

Thank you for your continued diligence regarding these obligations.

For SEF compliance or administrative 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)