



Tradition SEF, LLC

Participant Notice 25-02

Re: Tradition SEF - CFTC Submission No 2025-01, SOFR Spread-over Treasuries Liquidity Incentive Program (SLIP)

January 10, 2025

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

Authorized Representatives,

Tradition SEF, LLC (“Tradition SEF”) may from time to time introduce one or more programs that provide Participants or Customers with incentives for meeting pre-determined trading volume or liquidity thresholds. Pursuant to Tradition SEF Rule 536, Tradition SEF hereby provides notice of the introduction of a Spread-over Treasuries Liquidity Incentive Program (“SLIP”) for Spread-over Treasuries swaps indexed to the Secured Overnight Financing Rate (“SOFR”). SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities published daily by the Federal Reserve Bank of New York. The effective date for the commencement of the SLIP is January 27, 2025.

The objective of the SLIP is to incentivize liquidity provision to the Tradition SEF USD IRS order book. The incentive comes in the form of fee discounts applied to USD SOFR Spread-over Treasury swap transactions transacted on Tradition SEF, for the period stated below. SLIP does not affect underlying product pricing for USD SOFR swaps, or impact Tradition SEF’s ability to perform its trade practice and market surveillance obligations under the SEF Core Principles. The SEFs surveillance staff will monitor trading in SLIP’s products to prevent manipulative trading and market abuse. Additionally, the SEF has implemented systems to track SLIP participants’ obligations to ensure proper distribution of earned incentives. The incentives in the SLIP do not impact Tradition SEF’s order execution function.

Details of the SLIP will be distributed directly to Participant’s Authorized Representatives.

A request for confidential treatment for the SLIP has been submitted to the CFTC. Please note that the SLIP is considered confidential and is intended only for Tradition SEF Participants and Customers, and is not to be disseminated outside of a Participant’s or Customer’s organization.

TRADITION SEF, LLC SPREAD-OVER TREASURIES LIQUIDITY INCENTIVE PROGRAM FOR USD SOFR SWAPS DESCRIPTION

(To be considered in conjunction with the Tradition SEF Rulebook and Platform Supplements).

1. Liquidity Provider Eligibility:

[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]

2. SLIP Incentives:

[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]

3. Monitoring and Termination of SLIP Eligibility Status:

[REDACTED – CONFIDENTIAL TREATMENT REQUESTED]

4. SLIP Program Term:

Trade dates beginning January 27, 2025 through to and including April 26, 2025. The SLIP will automatically renew for consecutive three-month periods until further notice. An Eligible Liquidity Provider may opt out of the SLIP at any time.

Please contact us at the contact information below with any questions.

For SEF compliance or administrative questions please contact:

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

For Tradition SEF legal matters, please contact:

Bennett Kirschner, General Counsel: (212) 377-2337 or bennett.kirschner@tradition.com