



TRADITION SEF, Inc.

June 25, 2014

VIA E-MAIL (submissions@cftc.gov)

Ms. Melissa Jurgens
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

RE: CFTC Regulation 40.6(a) Rule Certification. Notification of Amendments to Tradition SEF, Inc. Rulebook. Tradition SEF Submission No. 14-18.

Dear Ms. Jurgens:

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(a), Tradition SEF, Inc. ("Tradition SEF") hereby notifies the Commission of amendments to its Rulebook, to be effective and implemented by Tradition as of July 11, 2014, which is the day after the Commission's ten-business day review period. Attached as Exhibit B is a redlined Rulebook reflecting the amendments described in this submission.

Tradition SEF has amended the Rules to reflect the deletion of the "new trade, old terms" procedures in Rule 703, applicable to Cleared Swaps. On October 25, 2013, the Commission issued no-action relief that permitted a SEF to provide such procedures in its rulebook.¹ The relief expires on June 30, 2014. Tradition SEF is submitting the amendment as a self-certification under CFTC Regulation 40.6(a) to prevent uncertainty to market participants. Similar relief, however, will continue to apply to Cleared Swaps that are components of Package transactions. Accordingly, Tradition SEF has amended the Rules to provide a definition for the term "Package" and to reflect that Cleared Swaps that are components of Package transactions that are rejected from clearing may be resubmitted for clearing pursuant to the conditions set forth in Rule 703.

Tradition SEF continues to comply with the SEF core principles ("Core Principles") as set forth in Section 5h of the Act and Part 37 of the Commission's regulations thereunder. In particular, Tradition SEF has determined that it is in compliance with Core Principle 2 (Compliance with Rules) and Core

¹ Time Limited No-Action Relief for Swap Execution Facilities from Compliance with Certain Requirements of Commission Regulation 37.9(a)(2) and 37.203(a), Division of Clearing and Risk and Division of Market Oversight of the CFTC, CFTC Letter No. 13-66 (Oct. 25, 2013).



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Principle 7 (Financial Integrity of Transactions), as further described in the compliance chart provided in Exhibit A.

Tradition SEF hereby certifies that the rule amendments comply with the Act and the Commission's regulations thereunder. No substantive opposing views were expressed that were not incorporated into the rule amendments. Tradition SEF hereby certifies that it has posted a notice of pending certification with the Commission and a copy of the submission on its website (*see, e.g.,* <http://www.traditionsef.com/news/>), concurrent with the filing of this submission with the Commission.

Should you require additional information related to this submission, please contact the undersigned at 212-943-4567 or jeff.mehan@tradition.com or Eric Earnhardt, CCO at 212-791-3497 or eric.earnhardt@tradition-na.com. Please reference Tradition SEF Submission No. 14-18 in any related correspondence.

Sincerely,

Jeff Mehan

Chief Administrative Officer

Exhibit A

Exhibit B



TRADITION SEF, Inc.

EXHIBIT A
Compliance with Core Principles

Rule	Rule Change	Explanation and Analysis of the operation, purpose, and effect of the proposed rule or rule amendment and its compliance with applicable provisions of the Act, including core principles, and the Commission’s regulations thereunder.
Rule 101	Tradition SEF has added a definition of the term “Package”, which largely mirrors the Commission’s definition of package transaction in CFTC No-Action Letter No. 14-12 (Feb. 10, 2014).	The purpose of this addition is to clarify when certain obligations arise. For example, a Participant must enter into the appropriate clearing arrangement for certain components of a Package transaction. The addition of this definition demonstrates Tradition SEF’s ongoing compliance with Core Principle 7 (Financial Integrity of Transactions) and, in particular, CFTC Regulation 37.701 (Required Clearing).
Rule 703	Tradition SEF has amended Rule 703 to eliminate references to the permissibility of Participants submitting “new trade, old terms” transactions for all Cleared Swaps and to clarify that these provisions of the Rule apply to Cleared Swaps that are components of Package transactions. The rule has been amended to reflect the 60 minute timeframe by which a Participant must resubmit the Cleared Swap component of a Package transaction, as set forth in the CFTC’s guidance, to clearly describe when a Cleared Swap that has been rejected from clearing must be resubmitted to Tradition SEF or a clearing firm. Tradition SEF has added subparagraph (d) to Rule 703, which stipulates that when one or more Cleared Swap components of a Package transaction is rejected from clearing, the non-Swap component(s) of the Package transaction are deemed void ab initio.	The purpose of these amendments is to clearly explain to Participants that when a Cleared Swap is rejected from clearing, the non-Swap component(s) of the Package transaction are also deemed to be void ab initio. The rule amendments demonstrate Tradition SEF’s ongoing compliance with Core Principle 7 (Financial Integrity of Transactions) and, in particular, CFTC Regulation 37.701 (Required Clearing). Tradition SEF continues to comply with Core Principle 2 (Compliance with Rules) by establishing rules governing the operation of the SEF, including rules related to access to the SEF and trade practice as required by CFTC Regulation 37.201(b)(2)-(3), and by establishing rules explaining when a transaction is deemed void ab initio and governing the operation of the SEF.



TRADITION SEF, Inc.

EXHIBIT B
Redlined Rulebook

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