



TRADITION SEF, Inc.

April 15, 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) Certification. Notification of Amendments to Tradition SEF, Inc. Rulebook. Tradition SEF Submission No. 14-0002.

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, Tradition SEF, Inc. ("Tradition SEF") hereby notifies the Commission of amendments to its Rulebook, to be effective and implemented by Tradition as of April 30, 2014, which is the day after the tenth business day of the Commission's review period.

We have identified in Exhibit A the rule changes and our continued compliance with applicable provisions of the Act, including the SEF core principles ("Core Principles") as set forth in Section 5h of the Commodity Exchange Act and Part 37 of the Commission's regulations thereunder. The changes to the rules are identified in the redlined rulebook, attached as Exhibit B.

Tradition hereby certifies that the rule amendments comply with the Commodity Exchange Act and the Commission's regulations thereunder. No substantive opposing views were expressed that were not incorporated into the rule amendments. Tradition 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.



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Should you require additional information related to this submission, please contact the undersigned at 212-791-3497 or eric.earnhardt@tradition-na.com. Please reference Tradition Submission No. 14-0002 in any related correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Earnhardt", written over a horizontal line.

Eric Earnhardt
Chief Compliance Officer

Attachments: Exhibits A and B

Exhibit A
Amendments to Rulebook

Rule	Rule Change	Explanation and Analysis of the Order, Purpose, and Scope of the proposed rule, the amendment parameters, quantities, and applicable provisions of the Act, amending core principles, and the Core Principles, and any other relevant information.
101: Definitions	Addition of new defined terms: "Intermediated Access," "Direct Customer Access," "Breakage Agreement."	New defined terms have been added to correspond to the prohibition on breakage agreements and in relation to other Tradition SEF documentation where such terms are used. These rule amendments are in compliance with CP 1 (Compliance with Core Principles).
506: Order Types; Submissions and Procedures	Addition of "Trade at Settlement," a type of order.	CP 4 (Monitoring of Trading and Trade Processing) and CFTC Regulation 37.400 are impacted by this new type of order. The rule amendment clearly demonstrates to market participants the types of permissible orders that can be executed on or through Tradition SEF's Platform, in compliance with the core principles and CFTC regulations.
512: Swap Data Reporting	Deletion of the reference to CFTC No-Action Letter No. 13-55 (the relief in which has expired) and the related exclusion from reporting of swaps in the equity asset class.	CP 1 (Compliance with Core Principles), in general, is impacted by this rule amendment. CP 9 (Timely publication of trading information) and CFTC Regulation 37.901, which requires a SEF to report swap data as required under parts 43 and 45 of the CFTC's regulations, are impacted by this rule amendment because the no-action relief for reporting equity asset class swaps to an SDR has expired. Accordingly, Tradition SEF has updated its rules to reflect accurate SDR reporting in accordance with the core principles.
513: Correction or Cancellation of Swap Data	Addition of procedures Tradition SEF will follow in the event that it learns of errors or omissions in Swap transaction or pricing data reported with respect to such Swap. Tradition will submit corrected data to the appropriate SDR and, in the event that the error or omission is related to a Cleared Swap, Tradition will notify the Clearing Firm and may apply the procedures in Rule 703.	CP 4 (Monitoring of Trading and Trade Processing) and paragraph (a)(5) of the Guidance to CP 4 are impacted by the additions of these procedures. The guidance recommends clear error-trade policies, and the rule amendment enhances Tradition SEF's current policies by describing actions that it will take under certain circumstances, in compliance with the core principles and related guidance.



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<p>517: Fictitious, Wash, Accommodation or Non-Competitive Transactions Prohibited</p>	<p>Addition of new requirements for trades between Affiliates.</p>	<p>CP 2 (Compliance with Rules), in general, is impacted by these new requirements, because the requirements are intended to prevent abusive trade practices.</p> <p>CP 4 (Monitoring of Trading and Trade Processing) and CFTC Regulation 37.400 are impacted by this new rule, which clearly describes trading procedures to be used in entering and executing orders traded on or through Tradition SEF's Platform.</p>
<p>538: Error Trade Policy for Tradition SEF Errors</p>	<p>New rule detailing Participant or Customer liability when such Participant or Customer mishandles an Order or RFQ or who executes an Order or RFQ in error.</p>	<p>CP 4 (Monitoring of Trading and Trade Processing) and CFTC Regulation 37.400 are impacted by this new rule, which clearly describes trading procedures to be used in entering and executing orders traded on or through Tradition SEF's Platform and the consequences related to orders or RFQs that are mishandled or executed in error. The new rule ensures that the Rulebook thoroughly explains trading procedures.</p>
<p>701: Cleared Swaps</p>	<p>Addition of express prohibition on Participants or Customers requiring a Breakage Agreement from any other Participant or Customer as a condition of trading.</p>	<p>Tradition SEF added this prohibition in accordance with the September 26, 2013 CFTC Staff Guidance, which states that the imposition of Breakage Agreements would be "an impairment to impartial access to SEFs." Accordingly, Tradition SEF has amended its rulebook to prohibit the imposition of such agreements. This rule amendment impacts CP 2 (Compliance with Rules) and, specifically, CFTC Regulation 37.203, which requires a SEF to provide any ECP and ISV with impartial access to its markets and market services. This rule amendment adheres to the CEA, CFTC regulations and Staff Guidance by making it clear that Tradition SEF provides impartial access to ECPs and ISVs.</p>



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Rule	Rule Changes	Explanation and Amendment of the Rule from Rule 703(a) and 703(b) of the Proposed Rule, and the amendments to the Rule, are intended to be consistent with the provisions of the Act, regarding core principles, and the amendments to the Rule, are intended to be consistent with the Act.
703(a): Cleared Swaps Not Accepted for Clearing	Minor changes have been made to this rule to make clear that once Tradition SEF receives a rejection notice with respect to a Cleared Swap, Tradition SEF shall notify the relevant SDR.	<p>CP 7 (Financial Integrity of Transactions) and related CFTC regulations, which govern transactions that are required to be cleared, are impacted by this rule. The rule discusses the procedures Tradition SEF will follow when a Cleared Swap is rejected from clearing, which procedures are designed to ensure the financial integrity of transactions.</p> <p>CP 9 (Timely publication of trading information) and CFTC Regulation 37.901, which requires a SEF to report swap data as required under parts 43 and 45 of the CFTC's regulations, are impacted by this rule amendment because it makes clear that Tradition SEF will report to an SDR when Cleared Swaps have been rejected. The rule amendment ensures accurate reporting of Cleared Swaps. Accordingly, Tradition SEF has updated its rules to reflect accurate SDR reporting in accordance with the core principles.</p>
Throughout	Housekeeping revisions to correct minor grammatical errors or for purposes of consistent use of defined terms.	CP 1 (Compliance with Core Principles), in general, is impacted by these housekeeping revisions.

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