

**UNITED STATES OF AMERICA**  
**Before the**  
**COMMODITY FUTURES TRADING COMMISSION**

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In the Matter of the Application of  
SpectrAxe LLC for  
Registration as a Swap Execution Facility

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**ORDER OF REGISTRATION**

SpectrAxe LLC (“SpectrAxe”), a Delaware limited liability company headquartered in New York, New York, has submitted to the Commodity Futures Trading Commission (“Commission”), pursuant to Section 5h of the Commodity Exchange Act (“Act”), 7 U.S.C. § 7b-3, and Commission regulation 37.3(b), 17 C.F.R. § 37.3(b), an application for registration as a swap execution facility, which includes submissions dated February 4, 2021, through October 7, 2022.

WHEREAS SpectrAxe represents that it will offer a proprietary electronic trading platform for the electronic execution of foreign exchange options, and will not be permitting or facilitating voice execution on its swap execution facility.

WHEREAS SpectrAxe will utilize a prime brokerage model for credit intermediation and settlement of transactions, and SpectrAxe will not be facilitating clearing of transactions and has not entered into a clearing agreement with a derivatives clearing organization.

WHEREAS SpectrAxe's rules do not permit trade intermediation on its swap execution facility by futures commission merchants or introducing brokers.

WHEREAS SpectrAxe represents that it will meet all the requirements for swap execution facility registration under Section 5h of the Act, 7 U.S.C. §7b-3, and remain subject to and compliant with all provisions of the Act and the Commission's regulations applicable to swap execution facilities, including self-regulatory responsibilities applicable to swap execution facilities under the Act and the Commission's regulations.

WHEREAS Commission staff reviewed and analyzed SpectrAxe's application for registration as a swap execution facility, including SpectrAxe's rules and all amendments thereto and representations made by SpectrAxe, to evaluate SpectrAxe's compliance with the core principles and corresponding regulations in accordance with Section 5h of the Act, 7 U.S.C. §7b-3.

Based upon the foregoing, the Commission FINDS that, as required by Section 5h of the Act, 7 U.S.C. §7b-3, and Commission regulation 37.3(b), 17 C.F.R. §37.3(b), SpectrAxe's application, subject to the conditions set forth below, has demonstrated SpectrAxe's compliance with the Act and the Commission's regulations applicable to swap execution facilities.

Therefore:

IT IS HEREBY ORDERED that, pursuant to Section 5h of the Act, 7 U.S.C. §7b-3 and Commission regulation 37.3(b)(6)(i), 17 C.F.R. § 37.3(b)(6)(i), that the application of SpectrAxe for registration as a swap execution facility is approved. The approval of SpectrAxe's application for registration as a swap execution facility is based on SpectrAxe's representations to the

Commission in its application, as shown in the application record, and subject to the following terms and conditions specified herein:

(1) SpectrAxe shall comply with all provisions of the Act and all requirements set forth in the Commission's regulations, as may be amended or adopted from time to time, that are applicable to swap execution facilities.

(2) When SpectrAxe issues a confirmation pursuant to Commission regulation 37.6(b), 17 C.F.R. § 37.6(b), which incorporates by reference terms from previously-negotiated freestanding agreements between the counterparties, in lieu of obtaining such agreements prior to execution, as required under Commission regulation 37.6(b), 17 C.F.R. § 37.6(b), and maintaining a copy of such agreements, as required under Commission regulations 37.1000, 37.1001 and 45.2(a), 17 C.F.R. § 37.6(b), 17 C.F.R. §§ 37.1000, 37.1001 and 45.2(a), SpectrAxe shall comply with the following conditions:

(i) SpectrAxe must have a rule in its rulebook requiring its confirmation to state, where applicable, that it incorporates by reference the terms of the underlying previously-negotiated freestanding agreements between the counterparties.

(ii) SpectrAxe must have a rule in its rulebook stating that in the event of any inconsistency between a SpectrAxe confirmation and the underlying previously-negotiated freestanding agreements, the terms of the SpectrAxe confirmation legally supersede any contradictory terms; SpectrAxe must also have a rule requiring SpectrAxe's confirmations to state the same.

(iii) SpectrAxe must have a rule in its rulebook requiring its participants to

provide copies of the underlying previously-negotiated freestanding agreements to SpectrAxe upon request.

(iv) SpectrAxe must have a rule in its rulebook requiring SpectrAxe to request from participants the underlying previously-negotiated freestanding agreements upon request from the Commission, and requiring SpectrAxe to furnish such documents to the Commission as soon as they are available.

This condition (2) shall expire on the later of the effective date or compliance date of any change to Commission regulations affecting the requirements stated above to obtain and maintain copies of previously-negotiated freestanding agreements between the counterparties that are incorporated by reference into confirmations issued pursuant to Commission regulation 37.6(b), 17 C.F.R. § 37.6(b).

(3) In lieu of complying with the 2020 Amendments<sup>1</sup> to Parts 43, 45, and 49 of the Commission's regulations, SpectrAxe must comply with the Parts 43, 45, and 49 regulations, 17 C.F.R. Parts 43, 45, and 49, that were in effect on January 1, 2021,<sup>2</sup> except that SpectrAxe need not report certain confirmation data pursuant to Commission regulation 45.3(a), 17 C.F.R. § 45.3(a), when such confirmation data is:

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<sup>1</sup> Final Rule, Swap Data Recordkeeping and Reporting Requirements, 85 Fed. Reg. 75503 (Nov. 25, 2020); Final Rule, Real-Time Public Reporting Requirements, 85 Fed. Reg. 75422 (Nov. 25, 2020); and Final Rule, Certain Swap Data Repository and Data Reporting Regulations, 85 Fed. Reg. 75601 (Nov. 25, 2020) (together the "Amendments").

<sup>2</sup> This treatment of SpectrAxe is consistent with that of currently-registered SEFs. *See* CFTC Letter No. 22-03, (Division of Data, January 31, 2022), available at <https://www.cftc.gov/csl/22-03/download>.

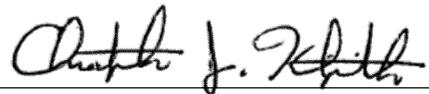
- (i) contained solely in the terms of the underlying agreements that are incorporated by reference in SpectrAxe's confirmation issued pursuant to Commission regulation 37.6(b), 17 C.F.R. § 37.6(b); and
- (ii) does not include primary economic terms data.

This condition (3) shall expire on December 5, 2022.

IT IS FINALLY ORDERED that this order of registration is based upon the representations made and supporting material provided to the Commission by SpectrAxe. Any changes to or omissions in the material facts or circumstances pursuant to which this order of registration is issued may require a new or amended order. The Commission may condition, suspend, terminate, or otherwise restrict the terms of this order of registration, as appropriate and as permitted by law, on its own motion.

Issued in Washington, D.C. on this 5th day of December, 2022.

By the Commission



Christopher J. Kirkpatrick  
Secretary of the Commission