



THOMSON REUTERS

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**Submitted Via Portal**

Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

Re: Submission 15-05: Thomson Reuters (SEF) LLC – Amendments to Rulebook

Ladies and Gentlemen:

Pursuant to Commodity Futures Trading Commission (the “Commission”) Regulation 40.6(a), Thomson Reuters (SEF) LLC (“TR SEF”) hereby self-certifies the amendments to its Rulebook identified in Exhibit A. The Rulebook has been amended in response to comments and questions received from the Commission Staff. The amended Rulebook will become effective on January 6, 2015.

A concise explanation and analysis of the amendments to the Rulebook and their compliance with applicable provisions of the Commodity Exchange Act (the “CEA”) is attached hereto as Exhibit A, and the amendments showing changes against the version submitted to the Commission in Submission 15-04 on October 8, 2015, is attached hereto as Exhibit B.

TR SEF hereby certifies that: (i) the amended Rulebook complies with the CEA and the Commission’s regulations thereunder, and (ii) a notice and copy of this submission is being concurrently posted on TR SEF’s website. No substantive opposing views were expressed with respect to the amendments to the Rulebook.

Please contact me using the information below if you have any questions regarding these amendments to the Rulebook.

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Sincerely,



Wayne Pestone  
Chief Compliance Officer

cc: Nancy Markowitz, Deputy Director, Division of Market Oversight, Exchange and Data  
Repository Branch

Roger Smith, Special Counsel, Division of Market Oversight  
(Commodity Futures Trading Commission)

**EXHIBIT A**  
**Explanation and Analysis of Material Amendments**

**Summary:** The Rulebook has been amended in response to comments and questions received from the Commission Staff. The amendments showing changes against the version submitted to the Commission in Submission 15-04 on October 8, 2015, is attached hereto as Exhibit B.

Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Rulebook.

<b>Amendment and Explanation</b>	<b>Relevant Law, Regulation or Guidance</b>
<u>Table of Contents</u>  Removed reference to rule titled “Use of Participant Proprietary Data,” and conformed page references.	Conforming changes
<u>Table of Contents</u>  Removed reference to chapter regarding requirements for cleared swaps, and conformed page references.	Conforming change
<u>Chapter 1</u>  Added definition of “Appropriate Minimum Block Size.”	Core Principle 2
<u>Chapter 1</u>  Amended definition of “Block Trade” to reflect new definition of “Appropriate Minimum Block Size.”	Conforming change
<u>Chapter 1</u>  Removed definitions related to cleared swaps, including the following - <ul style="list-style-type: none"> <li>• “Clearing House”</li> <li>• “Clearing House Rules”</li> </ul>	Core Principle 2
<u>Chapter 1</u>  Revised definition of “Clearing Member” to refer to “Derivatives Clearing Organization.”	Conforming change

Amendment and Explanation	Relevant Law, Regulation or Guidance
<p><u>Chapter 1</u></p> <p>Revised definitions to remove references to, and terms and provisions related to, cleared swaps, including the following -</p> <ul style="list-style-type: none"> <li>• “Confirmation Data”</li> <li>• “Customer Account”</li> <li>• “Obligation”</li> <li>• “SEF Activity”</li> </ul>	Core Principle 2
<p><u>Chapter 1</u></p> <p>Added definition of “Derivatives Clearing Organization.”</p>	Core Principle 7
<p><u>Chapter 1</u></p> <p>Revised definition of “Emergency” to track language in CFTC Regulation 40.1(h).</p>	Core Principle 8
<p><u>Chapter 1</u></p> <p>Revised definition of “FXall Group” to reflect the entity name “FX Alliance, LLC.”</p>	Core Principle 2
<p><u>Chapter 1</u></p> <p>Added definition of “Pre-Execution Communication.”</p>	Core Principle 2
<p><u>Chapter 1</u></p> <p>Added definition of “Proprietary Data and Personal Information.”</p>	Core Principle 2
<p><u>Chapter 1</u></p> <p>Removed definitions related to Required Transactions, including the following -</p> <ul style="list-style-type: none"> <li>• “Required Number”</li> <li>• “Required Transactions”</li> </ul>	Core Principle 2

Amendment and Explanation	Relevant Law, Regulation or Guidance
<p><u>Rule 210(b)(6)</u></p> <p>Revised to eliminate redundant reference to “material” in relation to conflicts of interest involving a Director, Officer, Disciplinary Panel Member or Other Person.</p>	Core Principle 12
<p><u>Rule 211(b)</u></p> <p>Revised to remove reference to “clearing organization” and include reference to “Derivatives Clearing Organization.”</p>	Conforming change
<p><u>Rule 301(d)-(h)</u></p> <p>Removed references to, and terms and provisions related to, cleared swaps.</p>	Core Principle 2
<p><u>Rule 301(i)</u></p> <p>Revised to provide for impartial enforcement of any decision to allow, deny, suspend, or permanently bar a Participant’s access to the Platform.</p>	Core Principle 2
<p><u>Rule 302(a)(2)-(3)</u></p> <p>Removed references to, and terms and provisions related to, cleared swaps.</p>	Core Principle 2
<p><u>Rule 302(e)</u></p> <p>Revised to provide for impartial enforcement of any decision to deny, condition or terminate the Participant status of any Person.</p>	Core Principle 2
<p><u>Rule 303</u></p> <p>Revised rule title to eliminate limitation to trading privileges “of a Participant.”</p>	Core Principle 2
<p><u>Rule 303(c)</u></p> <p>Added provision that “[a]ny Person that has been granted Trading Privileges is a member of the SEF for purposes of the CEA.”</p>	Core Principle 2

Amendment and Explanation	Relevant Law, Regulation or Guidance
<p><u>Rule 304(a)</u></p> <p>Revised to provide for impartial enforcement of any decision to revoke, suspend, limit, condition, restrict or qualify a Participant’s Trading Privileges and/or ability to access the Platform.</p>	<p>Core Principle 2</p>
<p><u>Rule 304(b)</u></p> <p>Removed references to, and terms and provisions related to, cleared swaps.</p>	<p>Core Principle 2</p>
<p><u>Rule 401(a)(4)</u></p> <p>Revised to require that reporting of transaction and pricing data to the DTCC pursuant to CFTC Regulation Part 43 must include “an actual description of the underlying assets.”</p>	<p>Core Principle 10</p>
<p><u>Rule 402(b)(2)</u></p> <p>Removed references to, and terms and provisions related to, cleared swaps.</p>	<p>Core Principle 2</p>
<p><u>Rule 404(a)</u></p> <p>Amended section (a) to provide that the “SEF will confirm each transaction at the same time as Execution of the Transaction,” and to clarify that the Trade Communication must contain “all of the terms of the Transaction,” and will serve as notice to Participants that the Transaction has been executed.</p> <p>Removed references to, and terms and provisions related to, cleared swaps.</p>	<p>CFTC Regulation 37.6(b)</p> <p>Core Principle 2</p>
<p><u>Rule 404(a)(1)</u></p> <p>Revised former section (a)(1)(i) to refer to “previously-negotiated freestanding agreements between the counterparties ... which are incorporated by reference in the Trade Communication.”</p>	<p>CFTC Regulation 37.6(b)</p>

Amendment and Explanation	Relevant Law, Regulation or Guidance
<p><u>Rule 404(a)(2)</u></p> <p>Revised former section (a)(1)(ii) to provide that “the Trade Communication shall state that it incorporates by reference the Terms Incorporated by Reference.”</p>	CFTC Regulation 37.6(b)
<p><u>Rule 404(a)(3)</u></p> <p>Revised former section (a)(1)(iii) to provide that the “Trade Communication shall legally supersede any contradictory terms in the Terms Incorporated by Reference” and that the Trade Communication shall state this.</p>	CFTC Regulation 37.6(b)
<p><u>Rule 407</u></p> <p>Removed duplicative rule regarding use of participant proprietary data (see TR SEF Rule 1206).</p>	Core Principle 2
<p><u>Rule 504(b)</u></p> <p>Removed terms and provisions related to cleared swaps.</p>	Core Principle 2
<p><u>Rule 505(a)(1)</u></p> <p>Clarified that CFTC Regulations §§ 1.31 and 1.35 apply to all Persons granted Trading Privileges.</p>	Core Principle 4
<p><u>Rule 505(c)(1)</u></p> <p>Clarified that the recordkeeping obligations contained in TR SEF Rule 505(c)(1) apply to all market participants (<i>i.e.</i>, Participants, Customers and Clients) pursuant to CFTC Regulations §§ 1.31 and 37.404.</p>	Core Principle 4
<p><u>Rule 513(a)</u></p> <p>Amended to require persons to report discrepancies, errors, omissions, cancellations or amendments as soon as technologically practicable after discovery.</p>	Core Principle 5

<b>Amendment and Explanation</b>	<b>Relevant Law, Regulation or Guidance</b>
<p><u>Rule 513(d)</u></p> <p>Added section (d) to provide that “Reports or notices of canceled or amended Transactions described in this Rule 513 may be provided to the SEF using the electronic cancellation and amendment tool, if available, or by contacting SEF support.”</p>	<p>Core Principle 5</p>
<p><u>Rule 601</u></p> <p>Removed reference to, and terms and provisions related to, Required Transactions and clarified that TR SEF supports trading of Permitted Transactions not intended to be cleared.</p>	<p>Core Principle 2</p>
<p><u>Rule 602(a)</u></p> <p>Removed provision stating that TR SEF would establish block sizes by reference to the CFTC’s established block size thresholds.</p>	<p>Core Principle 2</p>
<p><u>Rule 602(c)</u></p> <p>Added references to new defined term “Appropriate Minimum Block Size.”</p>	<p>Conforming changes</p>

Amendment and Explanation	Relevant Law, Regulation or Guidance
<p><u>Rule 702</u></p> <p>Removed references to, and terms and provisions related to, cleared swaps.</p> <p>Added provisions regarding the Central Limit Order Book (“CLOB”), as follows -</p> <ul style="list-style-type: none"> <li>• Revised section (a) to provide that when a Participant enters a bid or offer on the CLOB, other Participants are notified that the bid or offer is placed by the bid or offer appearing on the CLOB.</li> <li>• Revised section (c) to provide that the CLOB can only match quotes by Participants who have an agreement governing the execution and settlement of swaps.</li> <li>• Added section (d) regarding anonymous CLOB orders.</li> <li>• Added section (e) regarding the types of Orders supported by the CLOB.</li> <li>• Added section (f) regarding Time in Force values supported by the CLOB.</li> <li>• Added section (g) explaining how to enter a bid or offer into the CLOB.</li> <li>• Added section (h) requiring each Participant to submit certain information upon entering an Order on the CLOB.</li> </ul>	<p>Core Principle 2</p> <p>Core Principle 4</p>
<p><u>Rule 703</u></p> <p>Removed references to, and terms and provisions related to, Required Transactions and cleared swaps.</p>	<p>Core Principle 2</p>
<p><u>Rule 703(a)</u></p> <p>Added provision stating that the RFQ Platform is a fully disclosed trading system.</p>	<p>Core Principle 2</p>
<p><u>Rule 703(e)(1)</u></p> <p>Revised to require Participants to submit certain information upon initiating an RFQ.</p>	<p>Core Principle 4</p>

<b>Amendment and Explanation</b>	<b>Relevant Law, Regulation or Guidance</b>
<p><u>Rule 703(e)(3)</u></p> <p>Revised to provide that responsive quotes to RFQs are indicative in that they are a solicitation of an offer to deal.</p>	Core Principle 4
<p><u>Rule 704</u></p> <p>Removed references to, and terms and provisions related to, cleared swaps and Required Transactions.</p>	Core Principle 2
<p><u>Rule 704(a)</u></p> <p>Added provision that the RFS Platform is a fully disclosed trading system.</p>	Core Principle 2
<p><u>Rule 704(d)</u></p> <p>Added clarification that for the RFS Platform, Participants must have an agreement governing the execution and settlement of Swaps.</p>	Core Principle 2
<p><u>Rule 704(f)(1)</u></p> <p>Added description of the information that a Participant must include when initiating an RFS.</p>	Core Principle 4
<p><u>Rule 704(f)(2)</u></p> <p>Added provision that the requestor can choose either a “Day” order or an “immediate or cancel” order for Time in Force.</p>	Core Principle 4
<p><u>Rule 705(b)</u></p> <p>Removed references to, and terms and provisions related to, Required Transactions.</p>	Core Principle 2
<p><u>Chapter 8</u></p> <p>Removed chapter, which related to cleared swaps.</p>	Core Principle 2

Amendment and Explanation	Relevant Law, Regulation or Guidance
<p><u>Rule 909</u></p> <p>Revised to refer to description of “disruptive trading practice” in CEA section 4c(a)(5) and interpretive guidance issued by CFTC.</p>	Core Principle 2
<p><u>Rule 915</u></p> <p>Removed references to, and terms and provisions related to, cleared swaps.</p>	Core Principle 2
<p><u>Rule 920</u></p> <p>Removed rule, which related to Required Transactions.</p>	Core Principle 2
<p><u>Rule 921(b)</u></p> <p>Revised to clarify that restrictions on pre-arranged purchases and sales and on noncompetitive trades do not prohibit communications described in the newly-defined term “Pre-Execution Communication.”</p>	Core Principle 2
<p><u>Rule 924</u> (<i>See Note below</i>)</p> <p>Revised to provide that the SEF shall adopt, as is necessary and appropriate, position limitations or position accountability levels for each Contract listed on the Platform.</p>	Core Principle 6
<p><u>Rule 928</u></p> <p>Removed references to, and terms and provisions related to, cleared swaps.</p>	Core Principle 2
<p><u>Rule 929(b)</u></p> <p>Revised to specify that the SEF reserves the right to modify or adjust trade prices, or cancel any Transaction, to mitigate market disrupting events caused by malfunctions in the SEF’s systems or the Platform or by errors in orders submitted by Participants, Clients or Customers.</p>	Core Principle 4

Amendment and Explanation	Relevant Law, Regulation or Guidance
<p><u>Rule 929(d)</u></p> <p>Added provision that a SEF decision to modify or adjust trade prices, or cancel a Transaction, will be made as soon as practicable, and that the SEF shall provide certain notifications to Participants and the Swap Data Repository as soon as practicable. Also provides that the SEF may consider any information it determines to be relevant in deciding whether or not to modify or adjust trade prices or cancel a Transaction.</p>	Core Principle 4
<p><u>Rule 929(f)</u></p> <p>Added provision stating that the SEF sets a default order size limit for all Orders submitted to the Platform, which it may adjust from time to time, and that Participants can set lower limits.</p>	Core Principle 4
<p><u>Rule 1001</u></p> <p>Removed terms and provisions related to cleared swaps.</p>	Core Principle 2
<p><u>Rule 1002(c)(1)</u></p> <p>Revised to confirm that no more than one warning letter may be issued per rolling 12-month period for the same violation by the same Person.</p>	Core Principle 2
<p><u>Rule 1003(a)(2)</u></p> <p>Revised to specify that each Disciplinary Panel will represent the interests of a diversity of Participants, that no member of the Market Regulation Department involved in adjudicating any other stage of a proceeding shall participate in a Disciplinary Panel for such proceeding, and that a Disciplinary Panel shall have at least one panelist who is not a Participant or an employee of a Participant with respect to certain disciplinary actions.</p>	Core Principle 2

Amendment and Explanation	Relevant Law, Regulation or Guidance
<p><u>Rule 1010(c)</u></p> <p>Added provision that the decision of a Hearing Panel will not become effective until at least 15 days after the notice provided for under TR SEF Rule 1010(b) is served on the respondent and a copy thereof is provided to the Market Regulation Department, except as provided for in CFTC Regulation § 9.12.</p>	Core Principle 2
<p><u>Rule 1014(a)</u></p> <p>Revised to provide that any decision to summarily suspend, revoke, limit, condition, restrict or qualify a SEF Market Participant's Trading Privileges and/or ability to otherwise access the Platform shall be impartially enforced.</p>	Core Principle 2
<p><u>Rule 1016(a)</u></p> <p>Revised to provide that the SEF shall provide written notice of a disciplinary action or access denial action within 30 days of such action becoming final to the Person against whom the action was taken, and to the CFTC, pursuant to CFTC Regulation § 9.11.</p>	Core Principle 2
<p><u>Rule 1016(b)</u></p> <p>Added to provide that disciplinary or access denial action taken by the SEF will not become effective until at least 15 days after the Rule 1016(a) notice is delivered to the Person disciplined or denied access, except as provided for in CFTC Regulation § 9.12.</p>	Core Principle 2
<p><u>Rule 1101</u></p> <p>Removed terms and provisions related to cleared swaps.</p>	Core Principle 2
<p><u>Rule 1201</u></p> <p>Revised to reflect that “designated contract markets” is no longer a defined term.</p>	Conforming change

Amendment and Explanation	Relevant Law, Regulation or Guidance
<u>Rule 1206(d)</u>  Revised to refer to newly-defined term “Proprietary Data or Personal Information.”	Conforming change
<u>Rule 1206(e)</u>  Revised to provide that the SEF may share Proprietary Data or Personal Information with one or more SEFs, designated contract markets, or the CFTC for regulatory purposes.	Core Principle 2
<u>Annex A</u>  Added Annex A setting forth Appropriate Minimum Block Sizes.	Core Principle 2

Note with respect to the amendments to TR SEF Rule 924:

Through discussion with Commission Staff and the Chief Compliance Officers from twenty-two temporarily registered SEFs, it was determined that each SEF would establish rules consistently regarding the setting of position limits and accountability levels. The language contained in TR SEF Rule 924 arose out of those discussions. As part of those discussions, twenty-one of the twenty-two SEFs submitted an explanatory discussion identifying a number of inherent limitations for a SEF to adopt position limits or accountability levels at this time for swaps, including the following:

- Position limits or accountability levels apply market-wide to an entity’s/trader’s overall position in a given swap, commodity or instrument subject to limits, and ownership and control provisions. To monitor an entity’s/trader’s positions and take action to enforce such a market-wide requirement, a SEF must have access to information about an entity’s/trader’s overall positions in the swap and underlying instrument or commodity, which it does not have.
- There are fundamental differences between futures and options on futures trading relative to swaps trading that seriously undermine the ability of SEFs to monitor and enforce position limits or accountability levels in a meaningful way:
  - A SEF only has information about swap transactions that take place on its execution venue and has no way of knowing whether a particular trade on its facility adds to an existing position or whether it offsets all or part of an existing position in that swap. Trades do not equate to positions.
  - A SEF does not know the size of the entity’s/trader’s overall position in that swap after the trade is executed and thus cannot ascertain whether the trader’s position is large relative to any position limit.

- There is no exclusivity of trading of swaps on SEFs. Unlike futures contracts, swaps can be fungible. A swap that is listed on one SEF can be (and currently is) listed and traded on other SEFs and designated contract markets (“DCMs”). Such swaps also may be (and currently are) traded bilaterally off-facility between counterparties away from any SEF or DCM. As a result, SEFs and DCMs listing swaps do not possess complete information about a trader’s position in any given swap.
- Position information would need to be supplied by non-SEF sources; market participants, swap data repositories, clearing houses and/or clearing firms.
- The position data delivery and collection process would be burdensome and costly as the aforementioned sources would be required to provide position information to multiple SEFs simultaneously to avoid information discrepancy, incurring a cost to produce the information, risk of incorrect management of “industry wide limits” and risking disclosure of confidential proprietary information.
- Certain market participants trade on multiple SEFs. As such, without a centralized reporting system, they would be overly burdened by requests from numerous SEFs (assuming consistent application of the Core Principle) for the same positions. Enforcement between the SEFs would prove difficult.
- The CFTC has not yet determined any position limits or accountability levels for swaps. Absent such guidance from the CFTC, a SEF’s limited access to overall market activity and entity positions, as described above, leaves it unable to perform the necessary analysis to set meaningful position limits or accountability levels.

**EXHIBIT B**  
**Rulebook Amendments**