

trueEX

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June 24, 2013

**Via E-Mail: [submissions@cftc.gov](mailto:submissions@cftc.gov)**

Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

CONFIDENTIAL TREATMENT  
REQUESTED

**RE: trueEX LLC Rule Amendment Self-Certification of Certain Rules, including Updated Table of Amendments/Revisions to Rulebook (trueEX LLC submission #2013-05)**

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, (the "Act") and Commission Regulation 40.6(a), trueEX, LLC ("trueEX" or the "Exchange") hereby submits to the Commodity Futures Trading Commission (the "Commission") certain amendments to the trueEX Rulebook summarized below. These Amendments will be effective on July 9, 2013.

**Summary of Amendments**

- **Updated Table of Amendments/Revisions to Rulebook** - reflecting changes below
- **Rule 101. Definitions** – Deleted Customer Account, Added Designated Self-Regulatory Organization, Amended Eligible Contract Participant, Amended footnote 1 relating to Public Participant
- **Rule 209(d) Chief Regulatory Officer** - added language
- **Rule 306 Applications.**– added 306(e)(iv) and renumbered subsequent subparagraphs.
- **Rule 309 Dues, Assessments and Fees.** – deleted language
- **Rule 402 Required Disclosures to the Exchange.** 402(a) – deleted language, 402(a)(iv)-deleted language, 402(v)-added language
- **Rule 403 Inspections by the Exchange.** 403(a)(ii) – added language
- **Rule 406 Authority to Impose Restrictions** . added language

- **Rule 523 Modification and Cancellation of Orders.** 523(c)-corrected transposition error
- **Rule 529 Position Limits And Exemptions**– deleted language and footnote 2 from 529(b)(i). Deleted sections re: aggregation.
- **Rule 533 Margin Requirements.** – deleted language
- **Rule 534 Trading System Access Restrictions.** – amended language
- **Rule 537 Limitation of Liability, No Warranties.** – amended language
- **Rule 539 Execution of Orders by the Trading System.** 539(c) – amended language
- **Rule 541 Trade Cancellations and Price Adjustments.** 541(b)(iii) – deleted language
- **Rule 545 Reporting Party.** 545(a) – amended language
- **Rule 801 Clearing of Contracts.** – amended language
- **Rule 802 Clearing House Rules.** – amended language
- **Rule 804 Settlement Prices; Publication of Trade Information** – amended language
- **Rule 805 Clearing Fees**– deleted rule
- **Rule 806 Transfers of Trades** – added 806(a)(iii)
- **Rule 809 Clearing Guarantee.** – added Rule 809(a), (b) and (c)
- **Rule 902 Post-Trade Processing** – amended language
- **Rule 904 Market Data** – inserted new section (b) and renumbered
- **Rule 1002 Standard Coupon & Standard Maturity (SCSM<sup>TM</sup>) Interest Rate Swap Contracts,** 1002(d)(iii) – added 3 year tenor, Rule 1002(d)(ix)(C) – updated table
- **Schedule 1002** – added 3 year tenor

The individual rule changes are attached to this submission as Exhibit 1. A redline of these rule changes is attached as Exhibit 2. Please note that trueEX is seeking confidential treatment of Exhibit 2.

If you have questions regarding this submission, please contact me at (312) 320-8934 or by email at fran@trueex.com.

Sincerely,



Fran Kenck  
Chief Regulatory Officer

cc: dmosubmissions@cftc.gov  
Alexis Hall-Bugg – Attorney, DMO

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**EXHIBIT 1**

Certain rulebook changes submitted June 24, 2013  
trueEX LLC submission #2013-05

**trueEX LLC DCM Rulebook Amendments**

**Amendments/Revisions to Rulebook**

Effective Date	Amendment(s) and/or Revision(s)
September 7, 2012	Rulebook approved by the CFTC as part of trueEX DCM application
March 11, 2013	Added Chapter 10, Rule 1001 as self certification of Fixed for Floating Interest Rate Swaps
April 8, 2013	<ul style="list-style-type: none"><li>• Amended Rule 404(a) re: Minimum Financial Requirements</li><li>• Added Rule 410 re: Customer Funds and Securities</li><li>• Removed date on cover of Rulebook</li><li>• Added Table of Amendments/Revisions to Rulebook (after Table of Contents)</li><li>• Amended Rule 541(a)(1) re: trade cancellations</li></ul>
May 1, 2013	<ul style="list-style-type: none"><li>• Added Rule 1002. Standard Coupon &amp; Standard Maturity (SCSM™) interest rate swaps</li></ul>
July 9, 2013	<ul style="list-style-type: none"><li>• Definitions – Deleted Customer Account, Added Designated Self Regulatory Organization, Amended Eligible Contract Participant, Amended footnote 1 relating to Public Participant</li><li>• Amended Rule 209(d) Chief Regulatory Officer (added language)</li><li>• Amended Rule 306(e) – added (iv) and renumber subsequent subparagraphs.</li><li>• Amended Rule 309 – deleted language</li><li>• Amended 402(a) – deleted language, 402(a)(iv)-deleted language, 402(v)-added language</li><li>• Rule 403(a)(ii) – added language</li><li>• Rule 406 – added language</li><li>• Rule 523(c)-corrected transposition error</li><li>• Rule 529 – deleted language and footnote 2 from 529(b)(i). Deleted sections re: aggregation.</li><li>• Rule 533 – deleted language</li><li>• Rule 534 – amended language</li></ul>

	<ul style="list-style-type: none"> <li>• Rule 537 – amended language</li> <li>• Rule 539(c) – amended language</li> <li>• Rule 541(b)(iii) – deleted language</li> <li>• Rule 545(a) – amended language</li> <li>• Rule 801– amended language</li> <li>• Rule 802– amended language</li> <li>• Rule 804– amended language</li> <li>• Rule 805 – deleted rule</li> <li>• Rule 806 – added Rule 806(a)(iii)</li> <li>• Rule 809 – added Rule 809(a), (b) and (c)</li> <li>• Rule 902 – amended language</li> <li>• Rule 904 – inserted new section (b) and renumbered</li> <li>• Rule 1002(d)(iii) – added 3 year tenor</li> <li>• Rule 1002(d)(ix)(C) – updated table</li> <li>• Schedule 1002 – added 3 year tenor</li> </ul>
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**RULE 101. Definitions**

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“Designated Self-Regulatory Organization” shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation § 1.3(ff)

“Eligible Contract Participant” has the meaning set forth in Section 1a(18) of the CEA and CFTC Regulation 1.3(m),

Amend footnote 1 below related to definition of Public Participant:

[NTD: Pending final version of Conflicts of Interest Notice of Proposed Rulemaking.]

**RULE 209. Chief Regulatory Officer.**

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(d) The Chief Regulatory Officer shall have the authority to inspect the books and records of all Participants in connection with their Exchange Activity and the authority to require any such entity to appear before him or her and produce its books and records and answer questions regarding alleged violations of RULES, at the time, place and in the manner it designates. The Chief Regulatory Officer may also delegate such authority to staff of the Exchange Regulation Department.

**RULE 306. Applications.**

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(e) *Applications for Clearing Firms:* Any applicant desiring to become a Clearing Firm shall:

(i) submit to the Exchange a complete application form in the manner prescribed by the Exchange;

(ii) enter into a user license agreement with each relevant Clearing House, if applicable;

(iii) agree in writing to abide by the Rules of the Exchange and Applicable Law;

(iv) agree in writing that it shall fulfill its guaranty and clearing obligations in accordance with Rule 809 with respect to every Order placed, and/or Transaction that is submitted to the Exchange (A) by a Participant or Customer for which the Clearing Firm is providing clearing services with respect to such Order or Transaction, and which (B) falls within the credit thresholds established by the Clearing Firm and submitted by the Clearing Firm to the Exchange with respect to such Participant or Customer, as applicable.

(v) agree to assist the Exchange in any investigation into potential violations of Obligations or Applicable Law which occur through or with respect to any Transaction cleared by a Clearing Firm; provided that such assistance must be timely and may include, but not be limited to, the Clearing Firm and any of its Supervised Persons being required to produce documents, to answer questions from the Exchange, or to appear in connection with an investigation;

(vi) agree to, upon request by the Exchange, suspend or terminate a Subject Person's access if the Exchange determines that the actions of such Subject Person threaten the integrity or liquidity of any Contract or violate any Obligation of such Subject Person or Applicable Law, or if the Subject Person fails to cooperate in an Investigation;

(vii) maintain all required and necessary regulatory approvals or licenses to operate as a Clearing Firm;

(viii) employ practices to monitor and enforce compliance with risk limits for Participants;

(ix) provide such information and documentation as may be requested by the Exchange, and follow the procedures established by the Exchange. Additionally, any Clearing Firm organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third

party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement;

(x) require that each Participant and Customer for which it effects transactions or provides clearing services submit to the Exchange's jurisdiction by agreement;

(xi) agree that in the event of a default that occurs or has occurred in relation to a Clearing Firm with open positions in any Contract in a proprietary or customer account, each other Clearing Firm shall cooperate with each relevant Clearing House, using commercially reasonable efforts, to accept the transfer of positions in such Contracts.

#### **RULE 309. Dues, Assessments and Fees**

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(b) Each Participant agrees to pay such dues, assessments, and fees as are published by the Exchange on the Web Site. Each Participant agrees to pay such dues, assessments, and fees when due.

#### **RULE 402. Required Disclosures to the Exchange**

(a) Each Participant shall (and shall cause its Supervised Persons to) notify the Exchange Regulation Department upon becoming aware of any of the following events:

(i) any change to the contact information provided to the Exchange by such Participant or any of its Supervised Persons;

(ii) any damage to, or failure or inadequacy of, the systems, facilities or equipment used to effect transactions or perform financial obligations under or in connection with Contracts of such Participant.

(iii) any refusal of admission to such Participant or any Supervised Person of such Participant in any Self-Regulatory Organization, designated contract market, Derivatives Clearing Organization or swap execution facility;

(iv) Any withdrawal from membership by such Participant or or any Supervised Person of such Participant, in any Self-Regulatory Organization, designated contract market, Derivatives Clearing Organization or swap execution facility;

(v) any expulsion, suspension or fine in excess of \$5,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on such Participant, or any Supervised Person of such Participant or by any Self-Regulatory Organization, designated contract market, Derivatives Clearing Organization or swap execution facility with the exception of fines relating to floor conduct, floor recordkeeping, or decorum, in which case the disclosure threshold shall be in excess of \$10,000;

(vi) any denial or withdrawal of any application for any registration or license submitted by such Participant or any Supervised Person of such Participant, by or from any Government Agency or Self-Regulatory Organization, and any revocation, suspension or conditioning of any registration or license granted by any governmental or agency Self-Regulatory Organization;

(vii) the commencement of any judicial or administrative proceeding against such Participant or any Supervised Person of such Participant, or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) by any Government Agency or Self-Regulatory Organization with respect to such Participant or any Supervised Person of such Participant;

(viii) any indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by, such Participant or any Supervised Person of such Participant (or, if such Participant is an entity, by any of its principals or senior officers) for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, futures contract, option, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude; and

(ix) such Participant becoming the subject of a petition for bankruptcy, liquidation, dissolution, winding up, conservatorship, receivership, trusteeship or a similar action.

#### **RULE 403. Inspections by the Exchange**

(a) The Exchange and the Regulatory Services Provider, acting directly or through authorized representatives, shall have the right, in connection with determining whether all Rules and Obligations are being, will be, or have been complied with by each Participant to:

(i) inspect systems, equipment and software operated by such Participant in connection with Exchange Activity, wherever located;

(ii) access the systems, equipment, software referenced in (i) above, and the premises on which such systems, equipment, and software are located, any data in connection with Exchange Activity stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange, without prior notice to such Participant; and

(iii) copy or reproduce any data to which the Exchange has access under this Rule.

**RULE 406. Authority to Impose Restrictions**

Whenever a Participant or Clearing Firm is subject to the early warning requirements set forth in CFTC Regulation § 1.12, the Exchange may impose such conditions or restrictions on the business and operations of such Subject Person as the Exchange may deem necessary or appropriate for the protection of any Clearing Firm, Participant, Customer, or the Exchange. Any such conditions or restrictions would be imposed in consultation and cooperation with the Participant's or Clearing Firm's Designated Self-Regulatory Organization and other SROs of which it is a member.

**RULE 523. Modification and Cancellation of Orders**

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(c) A Block Trade automatically expires after 5 minutes if such Order has not been reported to the Exchange pursuant to Rule 542(b).

**Rule 529. Position Limits And Exemptions**

(a) The position limit levels applicable to those Contracts with position limits are set forth in the Table in **Error! Reference source not found..**

(b) A Person seeking an exemption from position limits must apply to the Exchange Regulation Department on forms provided by the Exchange. In order to obtain an exemption from position limits, a Person must:

(i) Provide a description of the exemption sought, including whether the exemption is for bona fide hedging transaction as described in CFTC Regulation § 1.3(z)(1) or any other applicable CFTC Regulation;

Deleted footnote 2 from Rule 529(b)(i)

...

(h) *Eligible Exemptions.* The Exchange Regulation Department may grant exemptions from position limits (including with respect to bona fide hedge positions as defined by CFTC Regulation § 1.3(z)(1) or any other applicable CFTC Regulation, and arbitrage, intracommodity spread and intercommodity spread positions).

(i) *Violations.*

(i) No Person shall exceed the position limits set forth in the Rules, unless an exemption is granted by the Exchange Regulation Department.

(ii) The Exchange Regulation Department and the Trading Protocol Committee shall have the authority to enforce the Rules regarding position limits.

(iii) Any Person making a bid or offer that would, if accepted, cause such Person to exceed the applicable position limits shall be in violation of this 0.

(iv) A Clearing Firm shall not be in violation of this Rule if it carries positions for a Customer in excess of the applicable position limits for such reasonable period of time, generally not exceeding one Business Day, as the Clearing Firm may require to investigate and liquidate the excess Customer positions.

(v) A Customer who exceeds the position limits as a result of maintaining positions at more than one Clearing Firm shall be deemed to have waived confidentiality regarding its positions and the identity of the Clearing Firms at which they are maintained. A Clearing Firm carrying such positions shall not be in violation of this Rule if, upon notification by the Exchange Regulation Department, it liquidates its pro rata share of the position in excess of the limits or otherwise ensures the Customer is in compliance with the limits within a reasonable period of time, generally not exceeding one Business Day.

(vi) *Violations, Sanctions and Appeals.*

(A) *First Violation.* The first position limit violation by a Participant will, at a minimum, result in a warning letter issued by the Exchange Regulation Department, with a copy provided to the carrying Clearing Firm(s). In circumstances where the carrying Clearing Firm has also committed a position limit violation as set forth in this 0 by carrying such positions, a warning letter will be issued to the Clearing Firm(s).

(B) *Second Violation, Sanctions and Appeals.*

(1) A second position limit violation by a Participant within 24 months of the issuance of a warning letter will result in the imposition of an automatic fine by the Exchange Regulation Department to the Participant as set forth below and the issuance of a cease and desist order.

(2) The automatic fine for a position exceeding the applicable limit by up to 25% shall be \$5,000.

(3) The automatic fine for a position exceeding the applicable limit by more than 25% shall be \$15,000.

(C) *Referral to the Chief Regulatory Officer.*

(1) Any third or subsequent position limit violation within 24 months of the issuance of a warning letter shall be referred by the Exchange Regulation Department to the Chief Regulatory Officer for consideration of the issuance of charges.

(2) Notwithstanding anything in this 0(k)(vi) to the contrary, the Exchange Regulation Department, in its sole discretion, may refer any position limit violation it deems egregious to the Chief Regulatory Officer for consideration of the issuance of charges.

(D) *Appeal.* Parties may, within 10 Business Days of being provided notice of sanctions issued pursuant to this section, request an appeal to the Trading Protocol Committee.

(1) Upon receiving a written request for appeal, the Trading Protocol Committee shall determine solely upon the written request for appeal and any written response of the Exchange Regulation Department, whether there is a reasonable basis to conclude that the appellant might be able to meet one of the standards identified in 0(k)(vi)(D)(2) that would permit the Trading Protocol Committee to set aside, modify or amend the appealed decision. If the chair determines that such a reasonable basis exists, a hearing will be held. The Trading Protocol Committee's determination of whether to hold a hearing on an appeal shall be final. If a hearing is held the chair shall allow the filing of briefs in connection with the appeal.

(2) The Trading Protocol Committee shall not set aside, modify or amend the appealed decision unless it determines that the decision was:

a. Arbitrary, capricious, or an abuse of the Exchange Regulation Department's discretion;

b. In excess of the Exchange Regulation Department's authority or jurisdiction; or

c. Based on a clearly erroneous application or interpretation of Rules.

(j) If a hearing is held, the Trading Protocol Committee shall issue a written decision which shall include a statement of findings with respect to the decision from which the appeal was taken and the Trading Protocol Committee's determination that such initial decision is affirmed, set aside, modified or amended in whole or in part and, with respect to any initial decision that is not affirmed in whole, the Trading Protocol Committee's determination of the order or penalty to be imposed, if any, and the effective date. The decision of the Trading Protocol Committee shall be final and may not be appealed.

**RULE 533. Margin Requirements**

A Participant must comply with all margin requirements established by each relevant Clearing House and by each relevant Clearing Firm, if applicable.

**RULE 534. Trading System Access Restrictions**

(a) All Participants permitted to connect to the Trading System, must be guaranteed by a Clearing Firm that assumes financial responsibility the Transactions for such Participant and its Customers, if applicable, pursuant to Rule 809. If the Participant's Customer clears its Transactions through a Clearing Firm other than the Participant, the Customer's Clearing Firm must agree to assume financial responsibility for all Transactions effected by or through the Participant for that Customer.

**RULE 537. Limitation of Liability, No Warranties**

EXCEPT AS OTHERWISE PROVIDED:

(1) IN THIS RULEBOOK; OR

(2) IN ANY WRITTEN AGREEMENT IN EFFECT BETWEEN THE EXCHANGE AND ANY PARTICIPANT, CUSTOMER, SUBJECT PERSON OR OTHER PARTY ACCESSING THE TRADING SYSTEM, EXCHANGE SERVICES OR EXCHANGE IN WHICH THE PARTIES AGREE TO SUPERSEDE THE TERMS OF THIS RULE 537,

(a) SUBJECT TO CLAUSES (e) AND (f) OF THIS RULE 537, EXCEPT IN INSTANCES WHERE A PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 537(a)), NEITHER THE EXCHANGE, ITS SUBSIDIARIES AND AFFILIATES, NOR ANY TECHNOLOGY SERVICE PROVIDER OR CONTRACTOR PROVIDING SERVICES TO THE EXCHANGE, NOR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, NOR ANY OF THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS,

MEMBERS, PARTNERS, MANAGERS, AGENTS OR SUPPLIERS PROVIDING SERVICES TO THE EXCHANGE (EACH, A "TRUEEX PARTY") SHALL BE LIABLE TO ANY PERSON OR ENTITY FOR:

(i) ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, THE COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY, CORRUPTION OR LOSS OF DATA) ARISING FROM OR IN CONNECTION WITH, IN EACH CASE:

- a. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, ERROR, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE PROVISION, PERFORMANCE, MAINTENANCE, OR USE OF, THE TRADING SYSTEM, WEBSITE, ANY INFORMATION OR SERVICES PROVIDED BY THE EXCHANGE OR ANY FACILITIES OR TECHNOLOGY USED TO SUPPORT THE TRADING SYSTEM, WEBSITE, EXCHANGE OR EXCHANGE SERVICES INCLUDING, WITHOUT LIMITATION, ANY FAILURE TO PROVIDE ALL OR ANY PART OF THE TRADING SYSTEM, OR ANY INABILITY OF ANY PERSON TO VIEW, ENTER, EXECUTE OR CANCEL ORDERS OR TRANSACTIONS IN WHOLE OR IN PART;
- b. ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE, THE TRADING SYSTEM OR ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES, ANY ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, PRICE REPORTING SYSTEMS, AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, SERVERS, SOFTWARE, HARDWARE, AND FIRMWARE, WHETHER SUCH ERRORS OR INACCURACIES ARE A RESULT OF ANY ACTION OR INACTION OF A TRUEEX PARTY OR AN INDEPENDENT THIRD PARTY;
- c. THE CREDITWORTHINESS OF ANY PARTICIPANT OR CUSTOMER;
- d. ACTS OR OMISSIONS OF ANY SUBJECT PERSON, AUTHORIZED TRADER, AUTHORIZED BROKER,

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AUTHORIZED REPRESENTATIVE, OR CUSTOMER THEREOF; OR

- e. ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

THE FOREGOING SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE AND REGARDLESS OF WHETHER THE EXCHANGE HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED, THE POSSIBILITY OF SUCH LOSSES, DAMAGES, COSTS OR EXPENSES.

- ii. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS RULE 537, THE EXCHANGE SHALL NOT BE LIABLE TO ANY PARTY FOR ANY DAMAGES, COSTS, LOSSES OR EXPENSES AND THE PARTICIPANT, CUSTOMER OR SUBJECT PERSON (AS THE CASE MAY BE) SHALL INDEMNIFY, PROTECT AND HOLD THE EXCHANGE AND ANY TRUEEX PARTY HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, COSTS OR EXPENSES BASED UPON, OR IN CONNECTION WITH ANY CLAIM BY A THIRD PARTY BASED UPON THE PARTICIPANT'S, CUSTOMER'S OR SUBJECT PERSON'S DELAY, OMISSION, SUSPENSION, INACCURACY, ERRORS OR TIMELINESS OR OTHER ACTS OR OMISSIONS IN RESPECT OF TRANSACTIONS OR ANY RELATED DATA, INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH QUOTES, BIDS, OFFERS OR OTHER PRICE INFORMATION PROVIDED IN CONNECTION WITH OR RELATING TO ANY TRANSACTION.
- iii. NEITHER THE EXCHANGE NOR ANY TRUEEX PARTIES MAKE ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS RELATING TO THE EXCHANGE, THE TRADING SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE TRADING SYSTEM, INCLUDING, WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE EXCHANGE WILL PROVIDE ALL SERVICES ON AN "AS IS" AND "AS AVAILABLE" BASIS AT THE SOLE RISK OF THE PARTICIPANT, CUSTOMER, OR OTHER SUBJECT PERSON, AS THE CASE MAY BE. FURTHERMORE, THE EXCHANGE DOES NOT GUARANTEE OR MAKE ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE VALIDITY, SEQUENCE, TIMELINESS, COMPLETENESS, ACCURACY OR CONTINUED AVAILABILITY OF ANY INFORMATION OR DATA MADE

AVAILABLE ON OR THROUGH THE EXCHANGE. THE EXCHANGE SHALL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE TRADING SYSTEM OR OTHERWISE. EACH PARTICIPANT, CUSTOMER, OR OTHER SUBJECT PERSON ACKNOWLEDGES AND AGREES THAT NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SERVES OR SHALL SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH PARTICIPANT, CUSTOMER, OR OTHER SUBJECT PERSON, AS THE CASE MAY BE, NOR SHALL ANY OF THEM BE DEEMED TO ACT AS AN ADVISOR OR FIDUCIARY OF ANY PARTICIPANT, CUSTOMER, OR OTHER SUBJECT PERSON, AS THE CASE MAY BE.

- iv. ANY DISPUTE ARISING OUT OF THE USE OF THE TRADING SYSTEM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE TRADING SYSTEM TO WHICH THE EXCHANGE OR ANY TRUEEX PARTY IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY ACTIONS, ARBITRATIONS, SUITS OR PROCEEDINGS SHALL BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE. ANY SUCH ACTION, SUIT OR PROCEEDING MUST BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.
- v. UNDER NO CIRCUMSTANCES WILL ANY TRUEEX PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES.

**NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 537 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.**

**RULE 539. Execution of Orders by the Trading System**

(c) *TRADEON Sessions:* A TRADEON Session will start for a Contract if an Order and a contra-Order are matched for that Contract (a "Matched Session"). Each Matched Session shall, if any Order for the relevant Contract remains unmatched at the end of such session, be followed by a new session (a "Continuing Session" and together with a Matched Session, a "TRADEON Session"). Each TRADEON Session lasts for typically ten seconds. Orders in the Contract subject to a TRADEON Session will only

be matched at the "Market Equilibrium Price", which is the price at which a trade was executed in the Matched Session. In the event that a trade executed in the Matched Session is a sweep of the order book in which a trade is executed at multiple prices, the Market Equilibrium Price shall be the worst price from the perspective of the aggressor.

#### **RULE 541. Trade Cancellations and Price Adjustments**

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##### **(b) *Review of Trades.***

(i) The Board or a designee of the Board may determine to review a trade based on its independent analysis of market activity or upon request for review by a user of the Trading System. A request for review must be made within 15 minutes of the execution of the trade.

(ii) The Board or a designee of the Board shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the Board or a designee of the Board deems it to be appropriate, the Board or a designee of the Board may determine, in its sole discretion, that a trade shall not be subject to review.

#### **RULE 545. Reporting Party**

(a) For the purpose of reporting swaps data to the SDR required by Part 45 of the CFTC Regulations, the reporting party will be established pursuant to CFTC Regulation 45.8.

#### **RULE 801. Clearing of Contracts**

All Contracts transacted on the Exchange must be cleared. Such Contracts shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the Rules specifically provided in this **Error! Reference source not found.**

#### **RULE 802. Clearing House Rules**

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(b) Clearing Firms must post performance bonds with the relevant Clearing House as set forth in its Clearing House Rules and must call for performance bonds from their Customers at a level no less than that established by Clearing House Rules. All performance bond collateral must be in a form acceptable to the Clearing House pursuant to its Clearing House Rules.

**RULE 804. Settlement Prices; Publication of Trade Information**

Each Clearing House will determine the Settlement Price for Contracts. For each Contract, the Exchange shall ensure that the appropriate Clearing House receives all information necessary to enable it to determine such Settlement Prices. The Settlement Price of each Contract shall be determined by the relevant Clearing House in accordance with its Clearing House Rules; provided that, if more than one Clearing House is designated for the same Contract, the Exchange shall publish the settlement price for that Contract as determined by each Clearing House.

The Exchange shall daily publish information regarding volume, price ranges (based on non-cancelled bids, non-cancelled offers, and trades) subject to such prices accurately reflecting market conditions within the discretion of the Exchange, and opening and closing prices; the Exchange shall also publish, on a daily basis, the total quantity of block trades that are included in the total volume of trading. Information on settlement prices and open interest, if applicable, shall be provided by the relevant Clearing House.

**RULE 805. [RESERVED]**

**RULE 806. Transfers of Trades**

(a) Subject to the limitations of **Error! Reference source not found.**, existing trades may be transferred either on the books of a Clearing Firm or from one Clearing Firm to another Clearing Firm provided:

(i) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same; or

(ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two Business Days after the trade date; or

(iii) the transfer constitutes a transfer of positions from a Customer to a the Clearing Firm's house account in the event of a Customer default.

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**Rule 809. Clearing Guarantee**

(a) Each Participant that desires to enter into Transactions for itself or for its Customers must obtain prior authorization from a Clearing Firm who shall guarantee such Transactions. If a Participant's Customer clears its Transactions through a Clearing Firm other than the Participant, the Customer's Clearing Firm must agree to guarantee and assume financial responsibility for all Transactions effected by or through the Participant for that Customer.

(b) The Clearing Firm providing the guarantee assumes financial responsibility for all Transactions that fall within the credit limits and risk controls established by the Clearing Firm, until such time the Clearing Firm disables the Participant's or Customer's (as applicable) ability to enter into any additional Transactions. Disabling or suspending the Customer, users and/or credit limits is effective upon receipt of acknowledgment that the message was received by the Trading System. With respect to Transactions given up to other Clearing Firms, such guarantee is effective until such time that the receiving Clearing Firm accepts the trade. If the receiving Clearing Firm does not accept the Transaction, financial responsibility for the Transaction will remain with the Participant's Clearing Firm that initially approved the Transaction.

(c) A Clearing Firm may at any time revoke the guarantee made by it to any Participant or Customer of such Participant, with respect to any future Transactions, by providing written notice of such revocation to the Exchange. For the avoidance of doubt, Clearing Firm's guarantee with respect to Transactions effected prior to such revocation will remain in effect until the Participant or Customer (as applicable) has liquidated or transferred all positions and funds to another Clearing Firm. The revocation will be effective with respect to new Transactions.

#### **Rule 902. Post-Trade Processing**

Subject Persons shall permit the Exchange to share with certain third-party post-transactional processing provider, including but not limited to swap data repositories, regulatory service providers, Clearing House routing services, or post-trade allocation systems used by the Exchange, all market data and information that is necessary to support the post-trade processing and confirmation of Trades.

#### **RULE 904. Market Data**

(b) Notwithstanding anything in Rule 904(a), Participant shall maintain a proprietary interest in any non-public and proprietary bid, offer or other Transaction

information that has been entered on the Trading System or otherwise provided to the Exchange by Participant in connection with any bid, offer or Transaction except to the extent that such information has been aggregated, anonymized or otherwise compiled and presented in a manner such that any data made publicly available by the Exchange do not directly reference or identify, and could not reasonably be linked back to, a given bid, offer, Transaction, Participant, agent, vendor, or other Person affiliated with the foregoing.

**RULE 1002. Standard Coupon & Standard Maturity (SCSM™) Interest Rate Swap Contracts**

....

(d) Listing/Trading Conventions. The terms of a SCSM™ Swap are based on the criteria below.

...

(ii) Tenor. The duration of time from the Effective Date of the SCSM™ Swap to the Maturity Date. The Exchange may list Tenors of 1, 2, 3, 5, 7, 10, 15, 20 and 30 years for each Series.

...

(ix) Quoting convention.

(A) Outrights. An SCSM™ Swap will be quoted based on price, not yield, where 100 points equals par.

(B) Switches.

(1) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Minimum Price Increments.

Tenor	Minimum Price Increment (Outrights)	Minimum Price Increment (Switches)
1 year	.005 of a point	.002 of a point
2 year	.010 of a point	.005 of a point
3 year	.010 of a point	.005 of a point

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5 year	.025 of a point	.010 of a point
7 year	.025 of a point	.010 of a point
10 year	.025 of a point	.010 of a point
15 year	.050 of a point	.025 of a point
20 year	.050 of a point	.025 of a point
30 year	.050 of a point	.025 of a point

**Schedule 1002: Approved SCSM™ Swap Listings**

Currency	Tenors	Clearing House	Fixed Leg		Floating Leg			Trade Types			
			Payment Frequency	Day Count Convention	Interest Rate Benchmark	Reset Frequency	Day Count Convention	Outrights	Calendar Switches	Tenor Switches	Block Trades
USD	Years 1, 2, 3, 5, 7, 10, 15, 20 and 30	CME	Semi Annual	30/360	LIBOR	3 month	Actual/360	Y	N	N	Y <sup>1</sup>

<sup>1</sup>Outrights only

trueEX

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(646) 786-8520  
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June 24, 2013

Via E-Mail: FOIAsubmissions@cftc.gov

CONFIDENTIAL TREATMENT  
REQUESTED

Assistant Secretary of the Commission for FOIA Matters  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: FOIA Confidential Treatment Request: Petition Pursuant to Regulation 145.9(d)

To Whom It May Concern:

On this date, trueEX LLC ("trueEX") submitted by e-mail to [submissions@cftc.gov](mailto:submissions@cftc.gov), [dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov) and to Alexis Hall-Bugg of the Commodity Futures Trading Commission (the "Commission"), certain amendments for self-certification to the trueEX LLC Rulebook (referred to as "Confidential Material").

By this petition, trueEX requests confidential treatment pursuant to Section 145.9(d) of the Commission's regulations of the Confidential Material.

Pursuant to Sections 8(a) of the Act, and Commission Regulation § 145.9(d), trueEX requests confidential treatment of the Confidential Material on the grounds that disclosure of such materials would reveal trade secrets of trueEX and/or reveal confidential commercial information of trueEX. The Confidential Material is proprietary to trueEX and contains highly sensitive and confidential business and technology information; in addition to violating trueEX's proprietary rights, the disclosure of the Confidential Material would grant competitors an unfair competitive advantage and/or compromise the competitive advantages possessed by trueEX. Accordingly, trueEX has asked Ms. Hall and the recipients of [submissions@cftc.gov](mailto:submissions@cftc.gov) and [dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov) to take appropriate steps to keep the Confidential Material submitted to them confidential and to restrict the re-distribution of the Confidential Material.

Pursuant to Commission Regulation § 145.9(d)(5), trueEX hereby requests that the Confidential Material be afforded confidential treatment in perpetuity.

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trueEX

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trueEX requests that the Commission notify the undersigned immediately after receiving any FOIA request, any court order, subpoena, or summons seeking to access the Confidential Material in whole or in part. trueEX further requests notification (through the undersigned) in the event that the Commission intends to disclose the Confidential Materials in whole or in part to Congress or to any other governmental agency or unit pursuant to Section 8 of the CEA. trueEX does not waive its notification rights under Section 8(f) of the CEA with respect to any subpoena or summons with respect to the Confidential Materials in whole or in part.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 320-8934 or by email at [fran@trueex.com](mailto:fran@trueex.com).

Sincerely,



Fran Kenck  
Chief Regulatory Officer

cc: [submissions@cftc.gov](mailto:submissions@cftc.gov)  
[dmosubmission@cftc.gov](mailto:dmosubmission@cftc.gov)  
Alexis Hall-Bugg, Attorney-DMO