



TRADITION SEF, Inc.

Scot J. Halvorsen
Senior Regulatory Counsel and Secretary
Legal Department

January 12, 2016

VIA E-MAIL (submissions@cftc.gov)

Mr. Christopher Kirkpatrick
Office of the Secretariat
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. 2016-02**

Dear Mr. Kirkpatrick:

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 the (i) Tradition SEF Trad-X Interest Rate Swap Trading Platform Supplement, (ii) Tradition SEF Volbroker Currency Options Trading Platform Supplement, and (iii) StreamGlobal Credit Default Swap Trading Platform Supplement (collectively, the "Platform Supplements"), to be effective and implemented by Tradition SEF as of January 28, 2016, which is the first business day after the Commission's ten (10) business day review period. Attached as Exhibit B is a redlined version of the Platform Supplements reflecting the amendments described in this submission.

We have identified in Exhibit A the modified provisions of the Platform Supplements and compliance with the SEF core principles ("Core Principles") as set forth in Section 5h of the Act and Part 37 of the Commission's regulations promulgated thereunder.

Tradition SEF continues to comply with the Core Principles. In particular, Tradition SEF has determined that it is in compliance with Core Principle 1 (Compliance with Core Principles), Core Principle 2 (Compliance with Rules), Core Principle 4 (Monitoring of Trading and Trade Processing), Core Principle 8 (Emergency Authority), and Core Principle 14 (System Safeguards), as further described in the compliance chart provided in Exhibit A.

Tradition SEF hereby certifies that the amendments to the Platform Supplements comply with the Act and the Commission's regulations promulgated thereunder. No substantive opposing views were expressed that were not incorporated into the 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, <http://www.traditionsef.com/regulatory/>), concurrent with the filing of this submission with the Commission.

Should you require additional information related to this submission, please contact the undersigned at 212-377-2337 or scot.halvorsen@tradition.com. Please reference Tradition SEF Submission No. 2016-02 in any related correspondence.

Sincerely,



Scot J. Halvorsen
Senior Regulatory Counsel and Secretary

Attachments: Exhibit A – Compliance with Core Principles table
Exhibit B – Tradition SEF Platform Supplements (redline format)

EXHIBIT A

Compliance with Core Principles

Platform Supplement 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.
Volbroker Platform Supplement (Confidential Treatment Requested)		
S2-104(b) renumbered as (b)(1); deletion of (c) and (d)	Tradition SEF has deleted the condition to which a Broker Firm Participant must adhere to prevent redundancy with the Rules and has added order submission procedures. The order submission procedures describe that orders may be submitted manually by entering an order on the Platform GUI or by communicating with any SEF Execution Specialist by voice, IM or email. The procedures related to RFQ and voice work up have been deleted.	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.9, 37.100 and 37.200, Tradition SEF has clarified its rule to provide specific procedures relating to order submission methods.
S2-404	Tradition SEF has deleted this rule, "Bilateral Cancellation – Error Trades", in its entirety to avoid redundancy with the Rulebook.	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.100 and 37.200, Tradition SEF has deleted a redundant rules to prevent confusion and maintain clear, consistent rules.
S2-407	Tradition SEF has clarified that Tradition SEF will notify a Participant or Customer affected by disruptions to system operations and that the system will continue to be available to other Participants in the event that an individual Participant or Customer experiences an individual technical disruption.	In compliance with Core Principle 14 (System safeguards) and CFTC Regulation 37.1400, Tradition SEF has revised Rule S2-407 to provide market participants with information relating to Tradition SEF's risk program with respect to automated systems.
S2-408	Tradition SEF has amended this provision to identify the risk control mechanisms Tradition SEF maintains to prevent the potential risk of market disruptions. For example, risk control mechanisms include crossed market prevention, fat finger protection, two-step transaction verification mechanism for trade execution, and self-trading prevention.	In compliance with Core Principle 4 (Monitoring of trading and trade processing) and CFTC Regulation 37.405 (Risk controls for trading), Tradition SEF has amended the Platform Supplement to provide market participants with information relating to Tradition SEF's risk control mechanisms used to prevent and reduce the potential risk of market disruptions.

Appendix 1	Tradition SEF has revised item 3, currency options – order book, to clarify the way in which minimum transaction sizes are calculated by the order book based on currency pair. Orders below the minimum quantity for a currency pair will be rejected and a warning message will appear to provide the user with the minimum quantity necessary to continue with a transaction.	In compliance with Core Principle 2 (Compliance with rules) and CFTC Regulation 37.200, Tradition SEF has clarified its rules governing the operation of the SEF by specifying trading procedures to be used in entering and executing orders on the facility.
Appendix 2, Item 1(c)	Tradition SEF has amended the Currency Options Fixed Price Auction provision to describe how Tradition SEF establishes the fixed price for an auction.	In compliance with Core Principle 2 (Compliance with rules) and CFTC Regulation 37.200, Tradition SEF has amended Appendix 2 to clarify the terms and conditions of the swaps traded or processed on or through Tradition SEF and to specify trading procedures to be used in entering and executing orders traded or posted on the facility.
Appendix 2, Item 3	Tradition SEF has added new paragraph (a), to describe the order information required to be included in an order submission, and paragraph (b) to describe when limit orders will be accepted during a fixed price auction.	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.100 and 37.200, Tradition SEF has clarified its rule to provide specific procedures relating to order submission requirements.
Appendix 2, Item 4(a)	Tradition SEF has amended this provision to clarify that auction participants are prevented from viewing details of interests building in the Order Book prior to the initiation of the price-matching function of the auction or during the auction itself. Tradition SEF has amended the provision to provide that when orders are matched fully or partially the matched portion of the order will be removed from the Order Book. Tradition SEF has deleted a provision stipulating that there is no market data dissemination of orders entered into the system during an auction.	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.9, 37.100 and 37.200, Tradition SEF has clarified its rule related to the order book.
Trad-X Platform Supplement (Confidential Treatment Requested)		
S1-103	Tradition SEF has deleted the condition to which a Broker Firm Participant must adhere to prevent redundancy with the Rules and has added order submission procedures. The order submission	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.9, 37.100 and 37.200, Tradition SEF has

	<p>procedures describe that orders may be submitted manually by entering an order on the Platform GUI or by communicating with any SEF Execution Specialist by voice, IM or email. The procedures related to voice work up have been amended to provide that a Participant or Customer that is a counterparty to a trade may request a work up at the same price and with the same terms of the trade.</p>	<p>clarified its rule to provide specific procedures relating to order submission methods.</p>
S1-305	<p>Tradition SEF has added a new rule stipulating that Tradition SEF, in its discretion, may suspend trading in whole or with respect to one or more Financial Product types if such action is necessary in light of market conditions, and will lift such suspension when the reason for such suspension has ceased to exist, in its opinion. The rule describes that Tradition SEF will generally decide to suspend trading after the end of the main trading phase and will provide notice to market participants prior to the commencement of the following trading day. During a suspension, no new orders or prices may be entered unless Tradition SEF determines, on a case-by-case basis, to issue different instructions.</p>	<p>In compliance with Core Principle 4 (Monitoring of trading and trade processing) and 8 (Emergency authority) and CFTC Regulations 37.400, 37.401 and 37.800, Tradition SEF has added information regarding the suspension of trading.</p>
S1-306	<p>Tradition SEF has added a new rule describing that Tradition SEF will conduct market surveillance in accordance with the Rulebook and measures Tradition SEF will take during market or technical disruptions.</p>	<p>In compliance with Core Principles 4 (Monitoring of trading and trade processing) and 8 (Emergency authority) and CFTC Regulations 37.400, 37.401 and 37.800, Tradition SEF has added information regarding actions Tradition SEF may take during market or technical disruptions.</p>
Appendix 2	<p>Tradition SEF has deleted Appendix 2: USD Interest Rate Swaps Auctions in its entirety and has inserted rules pertinent to LCH and CME auctions, providing rules related to the way in which Participants may enter switch or spread orders in interest rate swaps between the CME and LCH clearinghouses.</p>	<p>In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.9, 37.100 and 37.200, Tradition SEF has clarified Appendix 2 to accurately reflect current practices at Tradition SEF relating to trade processing and LCH and CME auctions that occur daily.</p>

Appendices 3 and 5	Tradition SEF has deleted Appendices 3 (USD Interest Rate Products Minimum Order Sizes) and 5 (EUR Interest Rate Swap Auctions) in their entirety because these services are not currently being offered.	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.100 and 37.200, Tradition SEF has clarified the rules to accurately reflect current practices.
StreamGlobal Platform Supplement		
S3-104(b)	Tradition SEF has amended this provision to clarify that non-electronic orders may be entered manually through the Platform GUI or by communicating with a SEF Execution Specialist by voice, IM or email.	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.9, 37.100 and 37.200, Tradition SEF has clarified its rule to provide specific procedures relating to order submission methods.
S3-406	Tradition SEF has divided and renumbered paragraph 5 as paragraphs 5 and 6.	In compliance with Core Principle 1 (Compliance with core principles) and CFTC Regulation 37.100, Tradition SEF has clarified its rules.
S3-407	Tradition SEF has added a new rule to identify the risk control mechanisms Tradition SEF maintains to prevent the potential risk of market disruptions. For example, risk control mechanisms include house limit/pre-order credit check, replicated orders, fat finger protection, order input collar, self-trading prevention, and a kill switch.	In compliance with Core Principle 4 (Monitoring of trading and trade processing) and CFTC Regulation 37.405 (Risk controls for trading), Tradition SEF has amended the Platform Supplement to provide market participants with information relating to Tradition SEF's risk control mechanisms used to prevent and reduce the potential risk of market disruptions.
Appendix 1, S3-408	In light of the addition of Rule S3-407, Tradition SEF has deleted a portion of S3-408 to prevent this Rule from being redundant with Rule S3-407.	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.100 and 37.200, Tradition SEF has deleted a portion of Rule S3-408 to prevent confusion and maintain clear, consistent rules.
Appendix 1, S3-409(e)	Tradition SEF has divided and renumbered paragraph (c) as paragraphs (c) and (d), and has added a new paragraph (e), which sets forth the default or minimum sizes for credit default swaps (index and rolls).	In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.100 and 37.200, Tradition SEF has clarified its rules by stipulating order sizes for credit default swaps.

<p>Appendix 2, S3-412(c)</p>	<p>Tradition SEF has amended this provision to describe the way in which Tradition SEF establishes the fixed price for fixed price auctions.</p>	<p>In compliance with Core Principle 2 (Compliance with rules) and CFTC Regulation 37.200, Tradition SEF has amended Appendix 2 to clarify the terms and conditions of the swaps traded or processed on or through Tradition SEF and to specify trading procedures to be used in entering and executing orders traded or posted on the facility.</p>
<p>Appendix 2, S3-414(a)-(b)</p>	<p>Tradition SEF has amended paragraph (a) to stipulate the order information that is required in order submissions, and to add a new paragraph (b) to describe when limit orders will be accepted during a fixed price auction.</p>	<p>In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.100 and 37.200, Tradition SEF has clarified its rule to provide specific procedures relating to order submission requirements.</p>
<p>Appendix 2, S3-415(a)</p>	<p>Tradition SEF has amended this provision to clarify that auction participants are prevented from viewing details of interests building in the Order Book prior to the initiation of the price-matching function of the auction or during the auction itself. Tradition SEF has amended the provision to provide that when orders are matched fully or partially the matched portion of the order will be removed from the Order Book. Tradition SEF has deleted a provision stipulating that there is no market data dissemination of orders entered into the system during an auction.</p>	<p>In compliance with Core Principles 1 (Compliance with core principles) and 2 (Compliance with rules) and CFTC Regulations 37.9, 37.100 and 37.200, Tradition SEF has clarified its rule related to the order book.</p>

EXHIBIT B
Redlined Platform Supplements

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