



January 20, 2015

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

Re: Submissions 01-15: Certification Pursuant to Commission Rule 40.6 – Advisory Notices regarding Trading Procedures and Protocols, Credit Risk Filter Functionality and Block Trade Functionality

Dear Ms. Jurgens:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “Act”) and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (the “CFTC” or “Commission”), SwapEx, LLC (“SwapEx”) hereby notifies the Commission that it is providing certain advisory notices, listed below and attached as Exhibits A, B and C respectively, to SwapEx market participants and that it is certifying these notices:

1. Advisory Notice 01-15 – SwapEx Trading Procedures and Protocols;
2. Advisory Notice 02-15 – Credit Risk Filter Functionality; and
3. Advisory Notice 03-15 – Block Trade Functionality.

Although these notices contain explanatory information about systems already in effect, for purposes of Part 40, these notices should be deemed to be effective on February 3, 2015. SwapEx hereby certifies that: (i) these notices comply with the Act and the Commission’s regulations thereunder, and (ii) a notice and copy of this submission is being concurrently posted on SwapEx’s web site. There were no substantive opposing views to the amendments to the Rulebook.

In the event that you have questions, please contact the undersigned at (312) 798-65173025 or BJRegan@statestreet.com.

Sincerely,


Brian J. Regan
Chief Compliance Officer

Encl. (Exhibits A, B and C)

cc: Mark Schlegel, Division of Market Oversight

Exhibit A

Advisory Notice 01-15 – SwapEx Trading Procedures and Protocols

(see attached)



January 20, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: Advisory Notice 01-15 - SwapEx Trading Procedures and Protocols (SwapEx CFTC Submission #01-15)

SwapEx Rule 524 (Operation of the Trading System) provides a summary of the execution methods available on the Trading System, including the Order Book and Request for Quote functionalities. It also provides that "[a]dditional information with respect to the operation of the Trading System, the execution methods and credit and risk functionality is provided in the applicable user guide and other specific information that the Company may make available to Participants, Authorized Traders and Authorized Users." This Advisory Notice discusses SwapEx's current trading procedures and protocols and is intended to supplement the information contained in SwapEx Rule 524.

Capitalized terms used without definition herein shall have the meanings assigned to them in the SwapEx Rules.

Central Limit Order Book (CLOB)

Overview

SwapEx offers central limit order book functionality that is anonymous at the time of execution and matches orders based on a first-in-first-out basis using price/time priority following normal market conventions. For the most popular instruments, the CLOB supports continuous streaming liquidity. For other instruments, SwapEx supports CLOB trading through user-initiated Indications of Interest ("IoI"), enabling central limit order book functionality, as further detailed below, for more customized swap instruments.

Cleared Contracts executed over the CLOB will be delivered to supported Derivatives Clearing Organizations and names of the Participants (and, if applicable, Customers) who are party to the trade will not be revealed to the counterparty to the trade. In order for a Participant or Authorized Trader to participate in trading of Cleared Contracts, the applicable Participant must either be able to self-clear or the Participant or Authorized Trader must have authorization to submit swaps executed on the Trading System for clearing to at least one Clearing Firm.

At present, SwapEx does not list foreign exchange non-deliverable forward ("NDF") instruments eligible for clearing at a Derivatives Clearing Organization. Thus, currently all NDF trading is being done on a non-cleared basis so a Participant or Authorized Trader will only be able to trade NDFs on the CLOB with counterparties with whom it has established a credit relationship in the Trading System. For all NDF trades executed on the CLOB, SwapEx will disclose to each Participant that is counterparty to the trade, the name of the other counterparty to the trade after execution.

Standing CLOB

Market participants can access the Standing CLOB by using the front-end graphical user interface (GUI) presented by SwapEx or making use of an application program interface (API) enabling the Participant or Authorized Trader to customize its own interface for access to the Standing CLOB. All Orders on the Standing CLOB are delivered (pushed) in near real-time to all Authorized Users who are logged-in to the CLOB. Trades executed on the Standing CLOB are communicated via a ticker on the CLOB, which

publishes all transactions executed on the CLOB (without identifying the parties thereto) in near real-time. Participants and Authorized traders can trade on the Standing CLOB book by either taking liquidity (hitting/lifting bids and offers) or adding liquidity (working orders by placing orders into the book).

Indication of Interest (“Iol”)

Market participants can access the Iol functionality on the CLOB by using the front-end graphical user interface (GUI) only. Market participants can raise an Iol, which will be communicated to all Authorized Users who are logged-in to the CLOB via the GUI and simultaneously will establish a spontaneous CLOB instance accessible to Authorized Users who are logged-in to the CLOB via the GUI that will continue in existence until the end of the trading day. When submitting an IOI, an Authorized User can define the currency pair as well as the value date and fixing date. All Iol Orders are delivered (pushed) in near real-time to all Authorized Users who are logged-in to the CLOB via the GUI. Executed trades resulting from an Iol are communicated to all Authorized Users logged-in to the CLOB via the GUI on a ticker, which publishes all transactions executed as a result of Iols on the CLOB (without identifying the parties thereto) in near real-time. Once a spontaneous Iol has been created, all Authorized Users who are logged-in to the CLOB via the GUI may add liquidity in response to the request or, conversely, take liquidity on the order book generated by the Iol.

Request for Quote (RFQ) Functionality

SwapEx also supports two Request for Quote ('RFQ') execution styles: Standard RFQ and Reverse RFQ. Listed interest rate swap instruments can be traded through Standard RFQ and listed NDF instruments can be traded through Standard RFQ or Reverse RFQ. All trading through the Standard RFQ functionality and Reverse RFQ functionality is done on a fully-disclosed, attributed basis (i.e., the parties to the trade must have an established relationship on SwapEx in order to trade with one another and a market participant that is party to a trade will be identified to the other market participant who is counterparty to the trade prior to execution).

Standard RFQ

Through the Standard RFQ functionality, SwapEx allows a market participant to submit a request for quote to certain other market participants with whom the requestor has an established trading relationship on SwapEx. RFQs submitted through the Standard RFQ are filled on an all or none basis.

Reverse RFQ

Through the Reverse RFQ functionality, (1) a market participant (sender) may stream quotes to certain other market participants (the recipients) who have an established trading relationship with the sender on SwapEx, (2) the recipient of such quote may accept a quote from the sender, and (3) such acceptance will be communicated to the sender, who then will be entitled to accept or reject the trade. RFQs submitted through the Reverse RFQ functionality may be partially filled.

Exhibit B

Advisory Notice 02-15 – Credit Risk Filter Functionality

(see attached)



January 20, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: Advisory Notice 02-15: Credit Risk Filter Functionality (SwapEx Submission 01-15)

SwapEx, LLC ("SwapEx") makes available, either directly or via a third-party credit hub, functionality designed to assist Participants and/or Authorized Traders in monitoring and ensuring adherence to applicable credit limits (the "Credit Risk Filter Functionality"). Below is a summary of the two types of Credit Risk Filter Functionality that SwapEx makes available: Push Credit Limit Functionality and Ping Credit Limit Functionality. Capitalized terms used without definition herein shall have the meanings assigned to them in the SwapEx Rules.

Under the Push Credit Limit Functionality, as further described in Section 1, SwapEx maintains, in the Trading System credit exposure limit information provided by (1) Clearing Firms for each Participant, Authorized Trader and/or Customer (each a "Clearing Firm Customer") that such Clearing Firm has authorized to submit swaps executed on SwapEx to it for clearing and (2) Participants or Authorized Traders, as applicable, for their specified counterparties.

Under the Ping Credit Limit Functionality, as further described in Section 2, the Clearing Firm will maintain credit exposure limit information for its Clearing Firm Customers at a third-party credit hub to which SwapEx has access for purposes of verifying credit availability. SwapEx requires use of the Push Credit Limit Functionality for all swap transactions that are not intended to be cleared ("Uncleared Swaps") and all transactions in Cleared Contracts conducted via the Order Book functionality or Reverse Request for Quote Functionality and permits use of either the Push Credit Limit Functionality or Ping Credit Limit Functionality for transactions in Cleared Contracts conducted via the Standard RFQ Functionality.

1. Push Credit Limit Functionality

In order to utilize the Push Credit Risk Functionality on the Trading System for Uncleared Swaps, a Participant or Authorized Trader can either (1) communicate to SwapEx in writing on the SwapEx onboarding form the credit exposure limits that it wants the Trading System to maintain for each of its counterparties and the SwapEx support group will enter such information into the Trading System or (2) request in writing on the SwapEx onboarding form that SwapEx permission certain of its Authorized Users to enter / modify limits directly in the Trading System.

In order to utilize the Push Credit Risk Functionality on the Trading System for Cleared Swaps:

(1) for SwapEx Participants who self-clear, the Participant must communicate to SwapEx in writing on the SwapEx onboarding form the credit exposure limits it wants the Trading System to maintain for it and the SwapEx support group will enter such information into the Trading System; and

(2) for Clearing Firms who clear for Clearing Firm Customers, the Clearing Firm must inform SwapEx in writing on the SwapEx onboarding form for Clearing Firms of the credit exposure limit

that it wants the Trading System to maintain for each of its Clearing Firm Customers and the SwapEx support group will enter such information into the Trading System.

Credit exposure limits maintained on the Trading System are expressed in United States dollars (USD). Positions in any non-USD currencies are converted to USD using one of the two following methods. If USD is one of the currencies for the applicable transaction, the SwapEx system will utilize the filled rate. If neither currency for the applicable transaction is USD, the SwapEx system will utilize an indicative rate; which will be sourced from either an available executed rate from the SwapEx system or a rate from an external source.

For limits that are expressed as "ACCUMULATED", the credit used will equal the sum of all currency positions of the applicable market participant on the Trading System. For limits that are expressed as "NETTED", the credit used will equal the maximum of (A) the sum of all the long positions (by currency) of the applicable market participant in the Trading System, and(B) the sum of all short positions (by currency) of the applicable market participant in the Trading System.

For trading via SwapEx's Order Book or Reverse Request for Quote functionality, at the time of a match within the Trading System, the Trading system verifies whether such match would cause any applicable credit exposure limit maintained in the Trading System to be exceeded. If the match would cause any such credit exposure limit to be exceeded, the match will not result in a trade, and the bid or offer that caused the violation will be cancelled.

For Standard Request for Quote negotiations, the applicable credit exposure limits are checked:

- (1) at the time of submission of the request for quote, and
- (2) each time that the requestor selects a quote for execution.

When a market participant has used 80% of a credit exposure limit applicable to it, an automated email will be sent to all credit notification email addresses that are entered into the SwapEx system for that credit relationship. In general, SwapEx staff will endeavor to obtain notification email addresses for the entity to whom the limit is applicable as well as the entity that is setting the credit exposure limit.

Additionally, in the event that a match would result in a breach of a credit exposure limit, an automated email will be sent, concurrently with the bid or offer getting cancelled, to all credit notification email addresses that are entered into the SwapEx system for that credit relationship.

2. Ping Credit Limit Functionality

If a Clearing Firm elects to use the Ping Credit Limit Functionality for Standard RFQ trading, the Clearing Firm will be required to maintain its credit exposure limits at a third-party credit hub to which SwapEx has access. For Standard Request for Quote negotiations, SwapEx will send a request to the third-party credit hub for approval (i.e., verification that credit is available) of a transaction at the time of submission of the request for quote. SwapEx will only allow a request to be sent to the selected recipient after it has received approval from the third-party credit hub. If the third-party credit hub rejects the request (or any component of the request when pre-trade allocations are specified), SwapEx will reject the request for quote in its entirety.

Exhibit C

Advisory Notice 03-15 – Block Trade Functionality

(see attached)



January 20, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: Advisory Notice 03-2015 – Block Trade Functionality (CFTC Submission Filing # 01.15)

This advisory notice confirms that SwapEx does not currently have the functionality to permit a market participant to designate a transaction in any of SwapEx's listed instruments as a Block Trade.

As background, SwapEx Rule 601(a) provides that "[b]lock Trades shall be permitted to the extent consistent with CFTC Regulations and these Rules." For a trade to be executed and reported by a swap execution facility ("SEF") as a block trade (as defined in CFTC Regulation 43.2), (i) such trade must, among other things, "occur away" from SwapEx's Trading System, pursuant to CFTC Regulation 43.2 and (ii) the counterparties to the trade must notify the SEF of their "election to have the [trade] treated as a block trade" as set forth in CFTC Regulation 43.6(g)(1)(i).

SwapEx does not currently have available functionality to accept trades executed outside of its Trading System and, as such, SwapEx Rule 601(b)(4) requires that Block Trades be executed on the Trading System. On September 19, 2014, the Division of Market Oversight of the CFTC issued CFTC Letter No. 14-118, granting temporary no-action relief until December 15, 2015 from the "occurs away" requirement to allow block trades that are intended to be cleared to be traded on a SEF's non-order book trading platforms.

However, this no-action relief was limited to swaps that are "intended to be cleared" (i.e., swaps that are of a type accepted for clearing by a Derivatives Clearing Organization, and intended to be submitted for clearing contemporaneously with execution). It did not provide relief from the requirement that a block trade involving a Permitted Transaction must "occur away" from the SEF's trading systems in order to be treated as a block trade. Therefore, SwapEx cannot currently permit any trade in any of SwapEx's listed non-deliverable foreign exchange forward instruments to be executed as a Block Trade. Moreover, SwapEx does not currently have available functionality to accept an election from the counterparties to a trade that the trade is intended to be treated as a block trade. Therefore, SwapEx cannot currently permit any trade in any of SwapEx's listed instruments to be executed as a Block Trade.

SwapEx will provide a notice to Participants if and when it is able to accept Block Trades.