



February 25, 2015

**VIA ELECTRONIC PORTAL**

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

**Re: Commission Regulation 40.6(a) Rule Certification  
GFI Swaps Exchange LLC Submission # 15-0001 – Rulebook Amendments**

Dear Mr. Kirkpatrick:

GFI Swaps Exchange LLC (“GFI”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Section 5c(c) of the Commodity Exchange Act (the “CEA”) and Commission Regulation 40.6(a), that it is certifying the attached amendments to its Rulebook. The attached amendments will become effective on March 11, 2015.

A concise explanation and analysis of the amendments to the Rulebook and their compliance with applicable provisions of the CEA, including the Core Principles, and the Commission’s Regulations, is attached hereto as Exhibit A. Clean and marked copies of the Rulebook amendments are attached hereto as Exhibit B and Exhibit C, respectively.

GFI certifies that the Rulebook amendments comply with the CEA and Commission Regulations thereunder. GFI additionally certifies that it has concurrently posted a copy of this submission letter and the attachments hereto on GFI’s website at <http://gfigroup.com/markets/swaps-exchange/rules-notices.aspx>. There were no substantive opposing views to the amendments to the Rulebook.

Please contact the undersigned at (212) 968-2982 or [daniel.glatter@gfigroup.com](mailto:daniel.glatter@gfigroup.com) if you have any questions or you would otherwise like to discuss this further.

Sincerely,

/s/ Daniel E. Glatter

General Counsel  
GFI Swaps Exchange LLC

Enclosure

**Exhibit A**

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

<b>Rule</b>	<b>Explanation</b>	<b>Core Principle or other CEA Provision, Commission Regulation and/or Commission Staff Letter</b>
Rule 101 (“Package Transaction”)	Defines “Package Transaction” consistent with the definition set forth by the Commission.	CEA Section 2(h)(8) Regulations 37.3(a)(2) and 37.9 Commission Letter No. 14-137
Rule 207(d)	Clarifies that the Chief Compliance Officer has the authority to inspect the books and records of all Persons subject to GFI’s jurisdiction and the authority to require any such Person 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 with such prior reasonable advance notice as is practicable under the circumstances.	Core Principles 2, 5 and 15 Regulations 37.203(b) and 37.502
Rule 207(e)	Removes paragraph (e) from Rule 207.	Core Principle 15 Regulations 37.1500 and 37.1501
Rule 301(f)	Non-substantive revision.	N/A
Rule 313(e)	Provides that a Participant may voluntarily suspend its Participant status immediately upon notice to GFI and cessation of all trading activities. New Rule 313(e) additionally provides that the Participant will not incur any new liabilities to GFI during that period of its voluntary suspension.	Regulation 37.202
Rule 406(a)	Clarifies that the confirmation of all terms of a transaction takes place at the same time as execution.	Regulation 37.6(b)

Rule 508(e)	Clarifies that GFI will promptly record an RFQ that is not effected solely by electronic means in its audit trail.	Regulation 37.205
Rule 510	Clarifies that Rule 510 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 511	Clarifies that Rule 511 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 512	Clarifies that Rule 512 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 513	Clarifies that Rule 513 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 514	Clarifies that Rule 514 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 515	Clarifies that Rule 515 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 516	Clarifies that Rule 516 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 517	Clarifies that Rule 517 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 518	Clarifies that Rule 518 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 519	Clarifies that Rule 519 applies to any Person subject to an access denial, suspension, expulsion or other restriction imposed by GFI.	Core Principle 2 Regulation 37.203
Rule 521	Clarifies that Rule 521 applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.203
Rule 522	Prohibits any Person subject to GFI's jurisdiction from engaging in any act that is detrimental to GFI's operations or self-regulatory function or GFI's ability to	Core Principle 2 Regulation 37.203

	enforce its Rules. Revised Rule 522 additionally clarifies that no Person subject to GFI's jurisdiction may access the Trading Platform in any way which could be expected to bring disrepute upon such Person or GFI.	
Rule 534	Clarifies that an Order that gives a Sponsored Access Firm solely time and price discretion is not subject to Rule 534.	Core Principle 2 Regulation 37.203
Rule 701(a)	Provides that all Persons within GFI's jurisdiction will not be subject to Chapter 7 for failing to comply with the rules of a DCO unless the DCO has commenced an action or proceeding for a violation of its own rules.	Core Principle 2 Regulation 37.206
Rule 702(c)	Clarifies that Rule 702(c) applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulations 37.203 and 37.206
Rule 712(f)	Clarifies that Rule 712(f) applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.206 Appendix B to Part 37
Rule 714(a)	Clarifies that Rule 714(a) applies to all Persons subject to GFI's jurisdiction. Revised Rule 714(a) additionally provides that GFI may issue further guidance from time to time to provide additional clarity regarding sanctions. The remaining revision is non-substantive.	Core Principle 2 Regulation 37.206 Appendix B to Part 37
Rule 714(b)(vii)	Clarifies that Rule 714(b)(vii) applies to all Persons subject to GFI's jurisdiction.	Core Principle 2 Regulation 37.206 Appendix B to Part 37
Rule 714(c)	Clarifies that GFI may fine a Person subject to GFI's jurisdiction for each violation of the Rules in an amount not less than \$1000 nor more than \$100,000.	Core Principle 2 Regulation 37.206 Appendix B to Part 37

## Exhibit B

### **101. Definitions**

...

“**Package Transaction**” means a transaction involving two or more instruments: (i) that is executed between two or more counterparties; (ii) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; (iii) that has at least one component that is a Required Transaction; and (iv) where the execution of each component is contingent upon the execution of all other components.

...

### **207. Chief Compliance Officer**

...

(d) The Chief Compliance Officer shall have the authority to inspect the books and records of all Persons subject to the jurisdiction of the Company and the authority to require any such Person 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 with such prior reasonable advance notice as is practicable under the circumstances. The Chief Compliance Officer may also delegate such authority to the Compliance Department.

### **301. Access to the Trading Platform**

...

(f) The access rights of a Participant or Sponsored Access Firm hereunder may not be transferred, assigned, sold or leased. Participants and Sponsored Access Firms will not be limited liability company members of the Company and will not obtain any equity or other interest in the Company, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Company or otherwise.

...

### **313. Withdrawal of Participant**

...

(e) Notwithstanding the foregoing, a Participant may voluntarily suspend its Participant status immediately upon notice to the Company and cessation of trading activities. The Participant shall incur no new liability during that period of its voluntary suspension.

#### **406. Confirmations**

(a) The Company shall provide each counterparty to a Swap with a written record of all of the terms of the Swap, which record shall serve as a confirmation of the Swap and which shall legally supersede any previous agreement between the parties to such Swap relating to the terms thereof. The confirmation of all terms of the transaction shall take place at the same time as execution, and shall be issued to the counterparties as soon as technologically practicable thereafter.

...

#### **508. Request for Quote**

...

(e) The Company shall promptly record an RFQ that is not effected solely by electronic means in the Company's audit trail.

#### **510. Rule Violations**

It shall be prohibited for a Person subject to the jurisdiction of the Company to violate any Rule of the Company or any agreement made with the Company, or to engage in fraud, dishonorable or dishonest conduct, or conduct which is inconsistent with just and equitable principles of trade. No Person shall take action or direct another to take action based on nonpublic information regarding Orders, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this Rule.

#### **511. Fraudulent Acts Prohibited**

No Person subject to the jurisdiction of the Company shall engage in any fraudulent act or any scheme to defraud, deceive, trick or mislead in connection with or related to any Company activity.

#### **512. Fictitious or Noncompetitive Transactions Prohibited**

No Person subject to the jurisdiction of the Company shall create a fictitious transaction or a noncompetitive transaction (except, in the case of a noncompetitive transaction, as otherwise authorized by the Rules) or execute such an Order with knowledge of its nature.

#### **513. Fraudulent or Misleading Communications**

No Person subject to the jurisdiction of the Company shall make any fraudulent or misleading communications relating to any transaction in a Swap.

#### **514. Market Disruption Prohibited**

Orders entered into the Trading Platform for the purpose of upsetting the equilibrium of the market in any Swap or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Person subject to the Company's jurisdiction who makes or assists in entering any such Order with knowledge of its purpose or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order shall be deemed to have engaged in an act detrimental to the Company.

#### **515. Market Manipulation Prohibited**

No Person subject to the jurisdiction of the Company shall manipulate or attempt to manipulate the market in any Swap or engage in manipulative or disruptive trading practices prohibited by the CEA or CFTC Regulations.

#### **516. Front Running; Disruptive Trading Practices Prohibited**

No Person subject to the jurisdiction of the Company shall engage in front running or in any trading practice or conduct that constitutes a "disruptive trading practice," as such term is described in Section 4c(a)(5) of the CEA or in interpretive guidance issued by the CFTC. A Person shall not be deemed to be violating bids or offers, as used in Section 4c(a)(5) of the CEA or in interpretive guidance issued by the CFTC, to the extent such Person: (i) initiates or responds to an RFQ in accordance with Rule 508, or (ii) enters or executes an Order to buy a Cleared Swap specified for a particular DCO at a price that is higher than the lowest available offer or to sell a Cleared Swap specified for a particular DCO at a price that is lower than the highest available bid, if such lower offer or higher bid is for a Swap that is not a Cleared Swap or for a Cleared Swap that is to be cleared by another DCO.

#### **517. Adherence to Law**

No Person subject to the jurisdiction of the Company shall engage in conduct in violation of the Rules or the rules of the Derivatives Clearing Organization (insofar as the rules of the DCO relate to the reporting or clearance of any transaction in Swaps).

#### **518. Good Faith Bids and Offers**

No Person subject to the jurisdiction of the Company shall knowingly enter, or cause to be entered, bids or offers into the Trading Platform other than in good faith for the purpose of executing bona fide transactions.

#### **519. Disciplinary Procedures**

All access denials, suspensions, expulsions and other restrictions imposed upon a Person by the Company pursuant to Company disciplinary procedures shall restrict, with equal force and effect, access to, and use of, the Trading Platform.

**521. Prohibition of Misstatements**

No Person subject to the jurisdiction of the Company shall make any knowing misstatement of a material fact to the Company, any Company Official, or any committee or Company panel.

**522. Acts Detrimental to Company Prohibited**

No Person subject to the jurisdiction of the Company shall engage in any act that is detrimental to the Company’s operations or self-regulatory function or the Company’s ability to enforce its Rules. No Person subject to the jurisdiction of the Company shall access the Trading Platform in any way which could be expected to bring disrepute upon such Person or the Company. Without limiting the generality of the foregoing, it shall be deemed an act detrimental to the Company to (i) permit unauthorized use of the Trading Platform; (ii) assist any Person in obtaining unauthorized access to the Trading Platform; (iii) trade on the Trading Platform without an agreement and an established account with a Clearing Firm (with the exception of Uncleared Swaps); (iv) alter the equipment associated with the Trading Platform (except with the Company’s consent); (v) interfere with the operation of the Trading Platform; (vi) intercept or interfere with information provided thereby; or (vii) in any way use the Trading Platform in a manner contrary to the Rules.

**534. Discretionary Orders**

No Participant or Sponsored Access Firm shall submit a discretionary Order to the Trading Platform for the account of another Person without the prior specific written consent of such other Person to the exercise of such discretion. An Order that gives a Participant or Sponsored Access Firm solely time and price discretion shall not be subject to this Rule.

**701. General**

(a) All Persons within the Company’s jurisdiction are subject to this Chapter 7 if they are alleged to have violated, to have aided and abetted a violation of or to be violating any Rule of the Company or any provision of Applicable Law for which the Company possesses disciplinary jurisdiction (with the exception of Rule 401(a)(iv) unless the Derivatives Clearing Organization has commenced an action or proceeding for a violation of its own rules).

...

**702. Inquiries and Investigation**

...

(c) Each Person subject to the Company’s jurisdiction:

...



## **712. Conducting Hearings of Disciplinary Proceedings**

...

(f) The Disciplinary Panel may summarily impose sanctions on any Person within the Company's jurisdiction whose actions impede the progress of a hearing.

...

## **714. Sanctions**

(a) After notice and opportunity for hearing in accordance with these Rules, the Company will impose sanctions if a Person subject to the Company's jurisdiction is found to have violated the Rules. Disciplinary sanctions imposed by the Company shall be commensurate with the violations committed, and shall be clearly sufficient to deter recidivism or similar violations by other market participants. The respondent's disciplinary history will be taken into account in determining the appropriate sanction. In addition to this Rule 714, the Company may issue further guidance from time to time to provide additional clarity regarding sanctions.

(b) ...

(vii) expulsion or termination of a Person subject to the Company's jurisdiction; or

...

(c) The Company may fine a Person subject to the Company's jurisdiction for each violation of the Rules in an amount not less than \$1000 nor more than \$100,000. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, a Sponsored Access Firm or Registered Trader that is authorized by such Participant.

## Exhibit C

### 101. Definitions

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“Package Transaction” means a transaction involving two or more instruments: (i) that is executed between two or more counterparties; (ii) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; (iii) that has at least one component that is a Required Transaction; and (iv) where the execution of each component is contingent upon the execution of all other components.

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(d) The Chief Compliance Officer shall have the authority to inspect the books and records of all ~~Participants and Sponsored Access Firms~~ Persons subject to the jurisdiction of the Company and the authority to require any ~~Participant, Sponsored Access Firm or Registered Trader~~ such Person 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 with such prior reasonable advance notice as is practicable under the circumstances. The Chief Compliance Officer may also delegate such authority to the Compliance Department.

~~(e) — The Chief Compliance Officer shall resolve any conflict of interest pursuant to Rule 205 in consultation with the Regulatory Oversight Committee.~~

### 301. Access to the Trading Platform

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(f) The access rights of a Participant or Sponsored Access Firm hereunder may not be transferred, assigned, sold or leased. Participants and Sponsored Access Firms will not be limited liability company members of the Company and will not obtain any equity or other interest in the Company, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Company or otherwise.

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#### **508. Request for Quote**

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(e) The Company shall ~~reflect~~promptly record an RFQ that is not effected solely by electronic means in the Company's audit trail ~~promptly after the receipt of any responses to such RFQ.~~

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#### **521. Prohibition of Misstatements**

No ~~Participant or any of its Sponsored Access Firms or Registered Traders~~ Person subject to the jurisdiction of the Company shall make any knowing misstatement of a material fact to the Company, any Company Official, or any committee or Company panel.

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No ~~Participant or any of its Sponsored Access Firms or Registered Traders~~ Person subject to the jurisdiction of the Company shall engage in any act that is detrimental to the Company ~~or's operations or self-regulatory function or the Company's ability to enforce its Rules.~~ No Person subject to the jurisdiction of the Company shall access the Trading Platform in any way which could be expected to bring disrepute upon such ~~Participant, Sponsored Access Firm or Registered Trader,~~ Person or the Company. Without limiting the generality of the foregoing, it shall be deemed an act detrimental to the Company to (i) permit unauthorized use of the Trading Platform; (ii) assist any Person in obtaining unauthorized access to the Trading Platform; (iii) trade on the Trading Platform without an agreement and an established account with a Clearing Firm (with the exception of Uncleared Swaps); (iv) alter the equipment associated with the Trading Platform (except with the Company's consent); (v) interfere with the operation of the Trading Platform; (vi) intercept or interfere with information provided thereby; or (vii) in any way use the Trading Platform in a manner contrary to the Rules.

#### **534. Discretionary Orders**

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#### **701. General**

(a) ~~Participants, Sponsored Access Firms, Registered Traders and other~~ All Persons within the Company's jurisdiction are subject to this Chapter 7 if they are alleged to have violated, to have aided and abetted a violation of or to be violating any Rule of the Company or any provision of Applicable Law for which the Company possesses disciplinary jurisdiction (with the exception of Rule 401(a)(iv) unless the Derivatives Clearing Organization has commenced an action or proceeding for a violation of its own rules).

...

## 702. Inquiries and Investigation

...

(c) Each ~~Participant, Sponsored Access Firm, Registered Trader and any other~~ Person subject to the Company's jurisdiction:

...

## 712. Conducting Hearings of Disciplinary Proceedings

...

(f) The Disciplinary Panel may summarily impose sanctions on any ~~Participant, Sponsored Access Firm or Registered Trader, or other~~ Person within the Company's jurisdiction whose actions impede the progress of a hearing.

...

## 714. Sanctions

(a) After notice and opportunity for hearing in accordance with these Rules, the Company will impose sanctions if a ~~Participant, Sponsored Access Firm or Registered Trader, or other Person within~~ Person subject to the Company's jurisdiction is found to have violated the Rules. Disciplinary sanctions imposed by the Company shall be commensurate with the violations committed, and shall be clearly sufficient to deter recidivism or similar violations by other market participants. ~~In addition, the~~ The respondent's disciplinary history will be taken into account in determining the appropriate sanction. In addition to this Rule 714, the Company may issue further guidance from time to time to provide additional clarity regarding sanctions.

(b) ...

(vii) expulsion or termination of a ~~Participant, Sponsored Access Firm, Registered Trader or other~~ Person ~~within~~ subject to the Company's jurisdiction; or

...

(c) The Company may fine a ~~Participant, Sponsored Access Firm or Registered Trader~~ Person subject to the Company's jurisdiction for each violation of the Rules in an amount not less than \$1000 nor more than \$100,000. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, a Sponsored Access Firm or Registered Trader that is authorized by such Participant.