

GFI Swaps Exchange LLC
Rule Implementation Submission 2022-01
February 28, 2022

1. The texts of the amended Rules are appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation for these rules is ten business days following the filing of this submission.
3. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act (“Act”), and the Commission’s regulations thereunder; and (2) concurrent with this submission, GFI Swaps Exchange LLC posted on its website: (i) a notice of pending certification of the rule amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of each of the amended rules appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rules. The attached amendments are cumulative and in response to suggestions and guidance from the staff during the course of the staff review of the GFI Swaps Exchange LLC application for registration as a Swap Execution Facility. These amendments are either:

- (1) technical corrections to align the rules more closely with the language of Commission Rules; and/or
- (2) amendments made in response to guidance of Commission staff.

The following chart identifies the changed rules and notes the effect of the change and an explanation of the operation, purpose, and effect of the change.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT

Rule	Rule Title	Effect
101	Definitions	Remove definition not currently utilized.
201	Board	Amend rule to include reference to Commission Rule 1.64(b)(1) and (b)(3).
202	Officers	Amend the rule to detail the titles of the Officers of the Facility and remove subsets of rules not currently utilized.
206	Committees	Amend rule to clarify how the Public Directors of the Regulatory Oversight Committee are appointed and remove subsets of rules not currently utilized.
709	Disciplinary Panel	Amend rule to clarify how the members of the Disciplinary Panel are appointed.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6

I hereby certify that:

- (1) the amended Rules above comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, GFI Swaps Exchange LLC posted on its website:
 - (a) a notice of pending certification of the above Rules with the Commission;
 - and (b) a copy of this submission

Kenneth Sklover

By: Kenneth Sklover
Title: Chief Compliance Officer
Date: February 28, 2022

GFI Swaps Exchange LLC Rules

“**Fixing**” has the meaning ascribed to it in Rule 508(a)(ii).

“**Fixing Price**” means a mid-market price determined by the Company through the application of an algorithm to firm quotes submitted by Participants and Sponsored Access Firms during a timed period.

“**Group ID**” means the unique identifier that is assigned by the Company to each Trading Group.

“**IB Participant**” means a Participant that is registered with the CFTC as an introducing broker.

“**Independent Software Vendor**” or “**ISV**” means a Person that makes available to Participants and Sponsored Access Firms a system or platform offering smart order routing, front-end trading applications, an aggregator platform or a combination of the foregoing. An ISV also may be a Participant that makes such a system or platform available to its Customers.

“**Indication of Interest**” means a non-firm expression of trading interest transmitted by a Participant, Sponsored Access Firm or Registered Trader that reflects price, together with side of the market (buy or sell) and/or quantity.

“**Initiator**” means the Registered Trader, the execution of whose resting bid or offer resulted in a transaction triggering a JTT session.

“**ISDA**” means the International Swaps and Derivatives Association, Inc.

“**Join the Trade**” or “**JTT**” has the meaning given to it in Rule 507(b).

“**Matching**” has the meaning ascribed to it in Rule 508(a)(iv).

“**Mid-Market Level**” has the meaning given to it in Rule 508A.

“**NFA**” means the National Futures Association.

~~“**Nominating Committee**” means the committee of the Board constituted pursuant to Rule 205.~~

“**Officer**” has the meaning given to it in Rule 202(a).

“**Operating Agreement**” means the Limited Liability Company Agreement of the Company, as it may be amended or restated from time to time.

“**Order**” means any bid or offer to buy or sell a Swap pursuant to the Rules, and includes any modification to or cancellation of such a bid or offer, but does not include a Request for Quote, a counteroffer to an RFQ, or an Indication of Interest.

“**Order Book**” means, with respect to a particular Swap, the book of Orders

maintained by the Trading Platform with respect to such Swap.

CHAPTER 2 GOVERNANCE

201. Board

The Board shall have all the powers and authority permitted by law, the Facility's Rules and its formation Partnership Agreement. The Board of Directors shall be appointed by the general partner of GFI Swaps Exchange LLC. The Board shall be composed in accordance with the standards set forth in Commission Rule 1.64(b)(1) and (b)(3), which are incorporated herein by reference.

~~(a) — Unless otherwise specified by the Board, all Rules and amendments thereto from time to time adopted by the Board will become effective on such date (after any required filing with, or approval thereof by, the CFTC) as may be determined by the Board.~~

~~(b) — The Board will determine which Swaps are available from time to time for trading subject to the Rules, and will approve Rules containing specifications for such Swaps; provided that the Board may delegate the authority to approve such Rules to a Company committee or to one or more officers of the Company; provided, further, that certifications or applications with respect to such Rules will be submitted to the CFTC as required by Applicable Law and any regulations thereunder.~~

~~(c) — The Board's membership shall fairly represent the diversity of interests at the Company, and at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.~~

~~(d) — To qualify as a Public Director, an individual must be found, by action of the Board, to have no material relationship with the Company. The Board shall make such finding upon the nomination or appointment of the Director and as often as necessary in light of all circumstances relevant to such Director, but in no case less frequently than annually. For these purposes, a "material relationship" is one that could reasonably be expected to affect the independent judgment or decision-making of the Director. A Director shall be considered to have a "material relationship" with the Company if any of the following circumstances exist or have existed within the past year:~~

~~(i) — such Director is or was an Officer or an employee of the Company; or an officer or an employee of an Affiliate of the Company; or~~

~~(ii) — such Director is or was a Participant or Sponsored Access Firm, or a director, officer or employee of a Participant or Sponsored Access Firm.~~

~~(iii) — Any of the relationships set forth in paragraphs (i) and (ii) apply to the "immediate family" (i.e., the spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption) of such Director, or any person residing in the home of the Director or that of his or her "immediate family."~~

~~(e) The compensation of the Public Directors and other non-executive members of the Board shall not be linked to the business performance of the Company.~~

~~(f) — The Board shall have procedures, as may be further set forth in policies that the Company may adopt, to remove a member from the Board where the conduct of such member is likely to be prejudicial to the sound and prudent management of the Company.~~

~~(g) — The Board shall establish arrangements to permit consideration of the views of Participants in connection with the functioning of the Trading Platform and with additions or amendments to the Rules and shall make a description of such arrangements available to the public and to the CFTC.~~

202. Officers

~~The officers of the Facility shall have all the powers and authority provided in the Operating Agreement and these Rules and such other additional duties and powers as the Board may confer on them or any of them. The officers of the Facility shall consist of the Chief Executive Officer, Chief Financial Officer, General Counsel, Chief Compliance Officer and such other officers as the Board may appoint.~~

~~(h) — The Board shall appoint a Chief Executive Officer, a Chief Compliance Officer, and such other officers of the Company (each, an “Officer”) as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement.~~

~~(i) — Any Officer may also be a director, officer, partner or employee of the Company or any of its Affiliates.~~

~~(j) — The Officers shall have such powers and duties in the management of the Company as the Board may prescribe from time to time, subject to the terms of the Operating Agreement.~~

202.203. Eligibility

(a) No Person may serve as a Director, Officer or member of a Review Panel, Disciplinary Panel or Appeal Panel if the Person:

(i) was found within the past three years by a final decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction or the CFTC to have committed a disciplinary offense;

(ii) entered into a settlement agreement within the past three years in which any of the findings or, in absence of such findings, any of the acts charged, included a disciplinary offense;

(iii) is currently suspended from trading on any trading market, is suspended or expelled from membership with any Self-Regulatory Organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(A) a finding by a final decision of a Self-Regulatory

Organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a disciplinary offense; or

(B) a settlement agreement in which any of the findings or, in absence of such findings, any of the acts charged, included a disciplinary offense;

(b) The Company shall have a Regulatory Oversight Committee which shall consist entirely of Public Directors ~~appointed by the Board~~appointed by the Board (in the event of an even number of Public Directors in the ROC, the chair of the ROC shall have the tie breaker vote) and shall be responsible for reporting to the Board. In general, the Regulatory Oversight Committee shall assist the Board in monitoring the design, implementation and effectiveness of the Company's programs to promote and enforce compliance with Applicable Law and the Rules. More specifically, the Regulatory Oversight Committee shall:

(i) Monitor the sufficiency, effectiveness and independence of the Company's regulatory program; and

(ii) Oversee all facets of the regulatory program, including:

(A) trade practice and market surveillance; audits, examinations and other regulatory responsibilities with respect to Participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping and other requirements); and the conduct of investigations;

(B) reviewing the size and allocation of the regulatory budget and resources and the number, hiring, termination and compensation of regulatory personnel;

(C) reviewing the performance of the Chief Compliance Officer, who will report directly to the Regulatory Oversight Committee, and making recommendations with respect to such performance to the Board;

(D) recommending changes that would ensure fair, vigorous and effective regulation; and

(E) reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

~~(c) The Company shall have a Nominating Committee which shall consist of a majority of Public Directors and shall be responsible for reporting to the Board. The Nominating Committee shall (i) annually nominate directors for the class of directors standing for election at the annual meeting of the Company for that year; and (ii) periodically review the organization and governance structure of the Company, and make such recommendations to the Board with respect thereto as it may deem appropriate.~~

~~(d) The Company shall have a Participation Committee (the "Participation Committee") which shall consist of not less than thirty-five percent of Public Directors and shall be responsible for reporting to the Board. The Participation Committee shall:~~

~~(i) determine the eligibility standards and requirements for initial and continuing Participant status;~~

~~(ii) — approve Rules that would result in different categories or classes of Participants receiving access to the Company; and~~

~~(iii) — review appeals of staff denials of Participant applications.~~

~~— In reviewing appeals of staff denials of Participant applications, the Participation Committee shall not uphold any staff denial if the relevant application meets the standards and requirements prescribed by such Committee. The Participation Committee shall not, and shall not permit the Company to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly situated categories or classes of Participants.~~

~~(e) — One half of the members, including the ex officio members, shall constitute a quorum of each committee provided for in this Chapter, except for the Regulatory Oversight Committee. For the Regulatory Oversight Committee, a quorum for the transaction of business shall consist of one half of the committee members, including not less than 50 percent of the Public Directors serving as members of such committee. If at least 50 percent of the Public Directors committee members (i) are present at or (ii) have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting, the requirement that not less than 50 percent of the Public Directors committee members be present to constitute the quorum shall be deemed satisfied.~~

~~(f)(c)~~ Should Applicable Law establishing minimum thresholds relating to the number or percentage of Public Directors that must serve on the Board or any committee pursuant to this Rule 206 be amended, this Rule shall be deemed amended to comply with such Applicable Law without any further action of the Company to the extent permissible by law.

207. Chief Compliance Officer

(a) It shall be the duty of the Chief Compliance Officer to enforce the Rules.

(b) The Chief Compliance Officer shall have available at all times the resources of the Compliance Department and such other Company resources as may be necessary to conduct investigations of alleged Rule violations and market conditions.

(c) The Chief Compliance Officer shall report to, and shall be supervised by, the Regulatory Oversight Committee as provided in the Charter of the Regulatory Oversight Committee and, for all other purposes, shall report to and be supervised by the senior officer of the Company.

(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.

delivery, addressed to the respondent at the respondent's last known place of business or residence as reflected in the books and records of the Company.

708. Settlements

(a) At any time after a notice of charges has been issued, the respondent may propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement must contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Compliance Department. A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings, but must accept the jurisdiction of the Company over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed under such offer of settlement.

(b) The Disciplinary Panel may accept the offer of settlement, but may not alter the terms of a settlement offer unless the respondent or potential respondent agrees.

(c) If an offer of settlement is accepted, the Disciplinary Panel must issue a written decision specifying the Rule violations that the presiding panel has reason to believe were committed, including the basis or reasons for the presiding panel's conclusions, and any sanction to be imposed, which shall include full Customer restitution where Customer harm is demonstrated. Should an offer of settlement be accepted by the Disciplinary Panel without the agreement of the Compliance Department, such written decision must adequately support the Disciplinary Panel's acceptance of the settlement. If applicable, such written decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the Rule violations.

(d) The respondent or potential respondent may withdraw his or her offer of settlement at any time before final acceptance by the presiding panel.

(e) If the offer of settlement of a respondent or potential respondent is not accepted, fails to become final or is withdrawn before final acceptance by the presiding panel, the matter will proceed as if the offer had not been made and the offer (and all documents relating to it) will not become part of the record. Neither the respondent, the potential respondent, nor the Compliance Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, any disciplinary proceedings.

(f) Any accepted settlement agreement shall include a waiver by the respondent of all rights to appeal or otherwise challenge or contest the validity of the settlement offer.

709. Disciplinary Panel

(a) The ~~Board of Directors of the Facility~~ ~~Chief Compliance Officer~~ will appoint a Disciplinary Panel to conduct hearings in connection with any disciplinary proceedings authorized by the

Chief Compliance Officer or a Review Panel to make findings and impose sanctions pursuant to this Chapter 7.

(b) The Disciplinary Panel shall be comprised of three individuals, at least one of whom would qualify to serve as a Public Director in accordance with Commission Rule 1.3(ccc)(3). ~~Rule 201(d). In forming a Disciplinary Panel, the Chief Compliance Officer shall draw panel members from the individuals appointed by the Board as potential members of Disciplinary Panels. The chairman of the Disciplinary Panel shall be appointed by the Chief Compliance Officer.~~ A Disciplinary Panel shall be comprised of individuals with sufficiently different membership interests so as to ensure fairness and to prevent special treatment or preference for any person in the conduct of the Disciplinary Panel's responsibilities. No group or class of Participants may dominate or exercise disproportionate influence on a Disciplinary Panel, and no member of the Disciplinary Panel may participate in deliberations or voting on any matter in which he or she has a financial, personal or other direct interest. A Disciplinary Panel may not include any person involved in adjudicating any other stage of the same proceeding. If a vacancy shall occur on a Disciplinary Panel after it has begun its proceedings, the remaining members shall complete consideration and disposition of the matter. Once a Disciplinary Panel has determined the matter for which it was appointed and has notified the Secretary in writing of its decision, it shall be dissolved automatically. The Board may, at any time, remove any member of a Disciplinary Panel for cause.

(c) Any of the functions of the Company or the Disciplinary Panel under this Chapter 7 may be performed by a Regulatory Services Provider pursuant to a delegation of such functions by the Company, and references to the Disciplinary Panel or the Compliance Department, as appropriate, shall be deemed to be references to such Regulatory Services Provider. Nevertheless, the Company will retain exclusive authority in all substantive decisions made by the Regulatory Services Provider, including, but not limited to, denials of access to the Trading Platform for disciplinary reasons. The Company will document any instances where its actions differ from those recommended by the Regulatory Services Provider.

(d) Within ten days of being notified of the appointment of a Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 205(a)(i) or for any other reasonable grounds, by serving written notice on the Company's General Counsel and providing a copy thereof to the Disciplinary Panel. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The general counsel will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

710. Convening Hearings of Disciplinary Proceedings

(a) All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 717) will be conducted at a hearing before a Disciplinary Panel. A hearing will be conducted privately and confidentially unless the Disciplinary Panel