

# SUBMISSION COVER SHEET

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): \_\_\_\_\_

Organization: SpectrAxe LLC

Filing as a:  DCM  SEF  DCO  SDR Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 03/20/2023 Filing Description:

In accordance with Commission Regulation 40.6(a), this is a submission by SpectrAxe LLC ("SpectrAxe") of amendments to its Rulebook for the reasons listed in Attachment A to this filing.

**SPECIFY FILING TYPE** Please note only ONE choice allowed per Submission.

## Organization Rules and Rule Amendments

- |  |            |
|--|------------|
| <input checked="" type="checkbox"/> Certification            | § 40.6(a)  |
| <input type="checkbox"/> Approval                            | § 40.5(a)  |
| <input type="checkbox"/> Notification                        | § 40.6(d)  |
| <input type="checkbox"/> Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: Rules 502 and 503

## New Product

Please note only ONE product per Submission.

- |  |            |
|--|------------|
| <input type="checkbox"/> Certification                         | § 40.2(a)  |
| <input type="checkbox"/> Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> Approval                              | § 40.3(a)  |
| <input type="checkbox"/> Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> Swap Submission                       | § 39.5     |

Official Product Name: \_\_\_\_\_

## Product Terms and Conditions (product related Rules and Rule Amendments)

- |  |                      |
|--|----------------------|
| <input type="checkbox"/> Certification   | § 40.6(a)            |
| <input type="checkbox"/> Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> Approval  | § 40.5(a)            |
| <input type="checkbox"/> Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> Approval Security Futures                               | § 41.24(b)           |
| <input type="checkbox"/> Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> "Non-Material Agricultural Rule Change"                 | § 40.4(b)(5)         |
| <input type="checkbox"/> Notification  | § 40.6(d)            |

Official Name(s) of Product(s) Affected: \_\_\_\_\_

Rule Numbers: \_\_\_\_\_



March 20, 2023

***Submitted via CFTC Portal***

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

Re: SpectrAxe LLC – Amendment of Rulebook (Rules 502 and 503)

Dear Mr. Kirkpatrick:

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 “Commission”), SpectrAxe LLC (“SpectrAxe”) hereby submits amendments to its Rulebook related to the above-captioned Rules (the “Amended Rules”). Specifically, the Rulebook has been amended as detailed in Attachment A.

The amendments will become effective on April 3, 2023, no fewer than ten business days from the date hereof.

In connection with this submission, SpectrAxe hereby notifies the Commission that:

1. SpectrAxe certifies that it has posted a notice of this pending certification with the Commission and a copy of this submission on SpectrAxe’s website, including redlines of the Amended Rules, which are attached hereto as Attachment B, and a copy of the Amended Rules, which are attached hereto as Attachment C;
2. SpectrAxe certifies that the Amended Rules comply with the Act and the Commission’s regulations thereunder; and
3. No substantive opposing views with respect to the Amended Rules were expressed to SpectrAxe by its governing board or committee members, members of SpectrAxe or market participants.

\* \* \*

Should you have questions regarding this submission, please do not hesitate to contact Cheryl L. Isaac, K&L Gates, LLP at +1-202-778-9089 or Cheryl.Isaac@klgates.com, or the undersigned at +1-212-651-3186 or bflaster@spectraxe.com.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bradley Flaster".

Bradley Flaster  
Chief Compliance Officer  
SpectrAxe

**Attachment A**

Explanation of Changes

Rule	Description of Change	Explanation of Change
502 (Required Notices)	Sections (ii) through (viii) under Rule 502(b) were re-included.	<p>SpectrAxe received a request by the Commission to re-include these provisions in the Rulebook.</p> <p>This change does not directly implicate the Core Principles.</p>
503 (Books and Records; Cooperation in Proceedings)	References to Authorized Users and Client Accounts were re-included.	<p>SpectrAxe received a request by the Commission to re-include references to Authorized Users and Client Accounts.</p> <p>This change does not directly implicate the Core Principles.</p>

Mr. Christopher J. Kirkpatrick  
Commodity Futures Trading Commission  
March 20, 2023

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**Attachment B**

Redline Versions of the Amended Rules  
(Rules 502 and 503)

#### **417. Message Traffic**

The Company may at any time restrict or establish utilization fees in respect of Message Traffic, either with respect to all or any Participants and Authorized Users in order to safeguard the security or operations of the SEF, or to preserve market integrity, fair and orderly trading, or if otherwise in the public interest.

#### **418. Work-Up Protocol**

The Company may adopt rules and implement trading protocols from time to time to allow Participants to engage in work-up sessions following the execution of trades pursuant to Rule 404 and as may be permitted by CFTC Regulations.

### **CHAPTER 5. OBLIGATIONS OF PARTICIPANTS, PFIs AND THEIR AUTHORIZED USERS**

#### **501. Duties and Responsibilities of Participants and their Authorized Users**

- (a) Each Participant and its Authorized Users, shall:
  - (i) use the SEF in a responsible manner and not for any improper purpose;
  - (ii) use the SEF only to conduct business that is subject to these Rules and in a manner consistent with these Rules;
  - (iii) comply with these Rules, submit to the jurisdiction of the Company to enforce these Rules and act in a manner consistent with these Rules;
  - (iv) observe high standards of market conduct, fair dealing, and just and equitable principles of trade while conducting or seeking to conduct any business connected with or concerning the Company;
  - (v) not knowingly mislead or conceal any material fact or matter required to be disclosed in any dealings or filings with the Company or in connection with a disciplinary proceeding; and
  - (vi) keep all User IDs, account numbers and passwords related to the SEF confidential.
- (b) Participants shall comply with all applicable anti-spoofing policies for Swaps which the Company posts on the SEF or sets forth in Notices to Participants from time to time.

#### **502. Required Notices**

- (a) Each Participant shall promptly notify the CCO upon becoming aware of any of the following events, in each case, with respect to the Participant's status, and

the status of its Authorized Users, which relates to or may affect its or their participation or conduct on the SEF:

- (i) any material changes to information provided to the Company in connection with an application for Participant or Authorized User status;
  - (ii) any refusal of admission to any self-regulatory organization, or withdrawal of an application for membership or participant status in a self-regulatory organization, by the Participant or any of its Authorized Users;
  - (iii) any expulsion, suspension or fine in excess of \$50,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant or any of its Authorized Users, by any self-regulatory organization;
  - (iv) any denial or withdrawal of an application for registration or license with respect to the Participant or any of its Authorized Users by or from any government agency or self-regulatory organization, and any revocation, suspension or conditioning of a registration or license granted by any government agency or self-regulatory organization to the Participant or any of its respective Authorized Users;
  - (v) the commencement of any judicial or administrative proceeding against the Participant or any of its respective Authorized Users by a government agency or the imposition of a fine in excess of \$50,000, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any government agency or self-regulatory organization;
  - (vi) the indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by the Participant or any of its Authorized Users, senior officers or principals for any felony or for any misdemeanor involving, arising from, or related to, the purchase or sale of any Swap or other financial instrument, or involving or arising from fraud or moral turpitude;
  - (vii) the bankruptcy or insolvency of the Participant or any of its Affiliates; and
  - (viii) the failure of any Participant to be an Eligible Contract Participant.
- (b) Each PFI shall promptly notify the CCO upon becoming aware of any [of the following events, in each case, with respect to the PFI's status, and the status of its Authorized Users, which relates to or may affect its or their participation or conduct on the SEF:](#)

- (i) any material changes to ~~the~~ information provided to the Company in connection with the information provided to the Company in the PFI Facilitation Agreement;
  - (ii) any refusal of admission to any self-regulatory organization, or withdrawal of an application for membership or participant status in a self-regulatory organization, by the PFI or any of its Authorized Users;
  - (iii) any expulsion, suspension or fine in excess of \$250,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the PFI or any of its Authorized Users, by any self-regulatory organization;
  - (iv) any denial or withdrawal of an application for registration or license with respect to the PFI or any of its Authorized Users by or from any government agency or self-regulatory organization, and any revocation, suspension or conditioning of a registration or license granted by any government agency or self-regulatory organization to the PFI or any of its respective Authorized Users;
  - (v) the commencement of any judicial or administrative proceeding against the PFI or any of its respective Authorized Users by a government agency or the imposition of a fine in excess of \$250,000, denial of Trading Privileges, cease and desist order, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any government agency or self-regulatory organization;
  - (vi) the indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by the PFI or any of its Authorized Users, senior officers or principals for any felony or for any misdemeanor involving, arising from, or related to, the purchase or sale of any Swap or other financial instrument, or involving or arising from fraud or moral turpitude;
  - (vii) the bankruptcy or insolvency of the PFI or any of its Affiliates; and
  - (viii) the failure of any PFI to be an Eligible Contract Participant.
- (c) Each Participant and PFI shall promptly notify the Company upon becoming aware of an error or omission in swap transaction and pricing data, including Required Swap Creation Data, for a Trade by contacting the Company pursuant to Rule 407. Participants must promptly notify their PFI of the error or omission if they become aware of the error or omission first. PFIs must promptly notify their Participants of the error or omission if they become aware of the error or omission first.

Participants and PFIs must correct the error or omission by submitting the corrected or completed data to the SEF as required by CFTC Regulation 43.3(e) (Method and Timing for Real-Time Public Reporting) or applicable no-action relief issued by the CFTC.

### 503. Books and Records; Cooperation in Proceedings

- (a) Each Participant ~~and~~ PFI, Authorized User, and Client Account shall prepare and keep current all books, ledgers and other similar records (including, but not limited to, records of any such Person's activity in the index or instrument used as a reference price, the underlying commodity, and related derivatives markets), in the manner prescribed by the CEA, CFTC Regulations and these Rules and shall prepare and keep current such other books and records and adopt such forms as the Company may from time to time prescribe. Such books and records shall be made available to the Company and its authorized representatives, upon request during regular business hours, and the Company agrees to adhere to reasonable logical and physical access and security procedures of such Participant ~~or~~ PFI, Authorized User, and Client Account and, with respect to the CFTC, the Department of Justice and their respective authorized representatives, upon request in accordance with Applicable Law including CFTC Regulations 37.203 (Rule Enforcement Program) and 37.404 (Ability to Obtain Information).
- (b) Upon reasonable prior notice, the Company may require a Participant ~~or~~ PFI, Authorized User, or Client Account to furnish ~~any such~~ information ~~previously not provided to the Company~~ concerning the Participant's ~~or~~ PFI's, Authorized User's, and Client Account's business that is subject to these Rules as the Company deems necessary to enable it to perform its obligations under Applicable Law, including CFTC Regulations 37.203 (Rule Enforcement Program) and 37.404 (Ability to Obtain Information), including information relating to (i) Trades entered into pursuant to the rules of the SEF, including the information required under CFTC Regulation 37.404(b); and (ii) information requested by a government agency relating to the Company and/or the Company's compliance with Applicable Law that the Company believes is maintained by, or otherwise in the possession of, a Participant ~~or~~ PFI, Authorized User, or Client Account.
- (c) All data and information provided to or obtained by the Company pursuant to this Rule 503 shall be subject to the confidentiality provisions in Rule 1106.

### 504. System Security

Each Participant and PFI shall (a) be solely responsible for controlling and monitoring the use of all User IDs issued to it and its Authorized Users by the Company, (b) ensure that each Person accessing the SEF using such User IDs is assigned a unique



**Attachment C**

Copy of the Amended Rules  
(Rules 502 and 503)

**Rule 502. Required Notices**

- (a) Each Participant shall promptly notify the CCO upon becoming aware of any of the following events, in each case, with respect to the Participant's status, and the status of its Authorized Users, which relates to or may affect its or their participation or conduct on the SEF:
- (i) any material changes to information provided to the Company in connection with an application for Participant or Authorized User status;
  - (ii) any refusal of admission to any self-regulatory organization, or withdrawal of an application for membership or participant status in a self-regulatory organization, by the Participant or any of its Authorized Users;
  - (iii) any expulsion, suspension or fine in excess of \$50,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant or any of its Authorized Users, by any self-regulatory organization;
  - (iv) any denial or withdrawal of an application for registration or license with respect to the Participant or any of its Authorized Users by or from any government agency or self-regulatory organization, and any revocation, suspension or conditioning of a registration or license granted by any government agency or self-regulatory organization to the Participant or any of its respective Authorized Users;
  - (v) the commencement of any judicial or administrative proceeding against the Participant or any of its respective Authorized Users by a government agency or the imposition of a fine in excess of \$50,000, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any government agency or self-regulatory organization;
  - (vi) the indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by the Participant or any of its Authorized Users, senior officers or principals for any felony or for any misdemeanor involving, arising from, or related to, the purchase or sale of any Swap or other financial instrument, or involving or arising from fraud or moral turpitude;
  - (vii) the bankruptcy or insolvency of the Participant or any of its Affiliates; and
  - (viii) the failure of any Participant to be an Eligible Contract Participant.

- (b) Each PFI shall promptly notify the CCO upon becoming aware of any of the following events, in each case, with respect to the PFI's status, and the status of its Authorized Users, which relates to or may affect its or their participation or conduct on the SEF:
- (i) any material changes to information provided to the Company in connection with the information provided to the Company in the PFI Facilitation Agreement;
  - (ii) any refusal of admission to any self-regulatory organization, or withdrawal of an application for membership or participant status in a self-regulatory organization, by the PFI or any of its Authorized Users;
  - (iii) any expulsion, suspension or fine in excess of \$250,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the PFI or any of its Authorized Users, by any self-regulatory organization;
  - (iv) any denial or withdrawal of an application for registration or license with respect to the PFI or any of its Authorized Users by or from any government agency or self-regulatory organization, and any revocation, suspension or conditioning of a registration or license granted by any government agency or self-regulatory organization to the PFI or any of its respective Authorized Users;
  - (v) the commencement of any judicial or administrative proceeding against the PFI or any of its respective Authorized Users by a government agency or the imposition of a fine in excess of \$250,000, denial of Trading Privileges, cease and desist order, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any government agency or self-regulatory organization;
  - (vi) the indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by the PFI or any of its Authorized Users, senior officers or principals for any felony or for any misdemeanor involving, arising from, or related to, the purchase or sale of any Swap or other financial instrument, or involving or arising from fraud or moral turpitude;
  - (vii) the bankruptcy or insolvency of the PFI or any of its Affiliates; and
  - (viii) the failure of any PFI to be an Eligible Contract Participant.
- (c) Each Participant and PFI shall promptly notify the Company upon becoming aware of an error or omission in swap transaction and pricing data, including Required Swap Creation Data, for a Trade by contacting the Company pursuant to Rule 407. Participants must promptly notify their PFI of the error or omission if they become aware of the error or omission first. PFIs must promptly notify their Participants of the error or omission if they become aware of the error or omission first.

Mr. Christopher J. Kirkpatrick  
Commodity Futures Trading Commission  
March 20, 2023

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Participants and PFIs must correct the error or omission by submitting the corrected or completed data to the SEF as required by CFTC Regulation 43.3(e) (Method and Timing for Real-Time Public Reporting) or applicable no-action relief issued by the CFTC.

**Rule 503. Books and Records; Cooperation in Proceedings**

- (a) Each Participant, PFI, Authorized User, and Client Account shall prepare and keep current all books, ledgers and other similar records (including, but not limited to, records of any such Person's activity in the index or instrument used as a reference price, the underlying commodity, and related derivatives markets), in the manner prescribed by the CEA, CFTC Regulations and these Rules and shall prepare and keep current such other books and records and adopt such forms as the Company may from time to time prescribe. Such books and records shall be made available to the Company and its authorized representatives, upon request during regular business hours, and the Company agrees to adhere to reasonable logical and physical access and security procedures of such Participant, PFI, Authorized User, and Client Account and, with respect to the CFTC, the Department of Justice and their respective authorized representatives, upon request in accordance with Applicable Law including CFTC Regulations 37.203 (Rule Enforcement Program) and 37.404 (Ability to Obtain Information).
- (b) Upon reasonable prior notice, the Company may require a Participant, PFI, Authorized User, or Client Account to furnish such information concerning the Participant's, PFI's, Authorized User's, and Client Account's business that is subject to these Rules as the Company deems necessary to enable it to perform its obligations under Applicable Law, including CFTC Regulations 37.203 (Rule Enforcement Program) and 37.404 (Ability to Obtain Information), including information relating to (i) Trades entered into pursuant to the rules of the SEF, including the information required under CFTC Regulation 37.404(b); and (ii) information requested by a government agency relating to the Company and/or the Company's compliance with Applicable Law that the Company believes is maintained by, or otherwise in the possession of, a Participant, PFI, Authorized User, or Client Account.
- (c) All data and information provided to or obtained by the Company pursuant to this Rule 503 shall be subject to the confidentiality provisions in Rule 1106.