



April 1, 2016

**VIA ELECTRONIC PORTAL**

Office of the Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to FTSEF LLC Rulebook Rules 101 (Definitions), 202 (Board), 205 (Chief Compliance Officer Qualifications and Duties), 212 (Financial Resources), 301 (Eligibility Criteria for Becoming a Participant), 317 (External Employees), 401 (Real-Time Public Reporting), 402 (Regulatory Reporting), 403 (Maintenance of Books and Records by the SEF), 404 (Trade Confirmations), 405 (Audit Trail Program), 408 (Timely Publication of Trading Information), 409 (Errors and Omissions), (503 (Inspections by the SEF), 602 (Block Trades), 703 (Request for Quote Trading System (“RFQ Trading System”)), 924 (Pre-Execution Credit Checks), 1001 (General), 1003 (Disciplinary Panels), 1011 (Sanctions), 1012 (No Right to Appeal), 1013 (Summary Fines for Violations of the SEF Rules Regarding Timely Submission of Records), 1016 (Notice to the Respondent, the Regulatory Services Provider and the Public), and Chapter 13 (Contract Specifications)**

Dear Ladies and Gentlemen:

FTSEF LLC (“FTSEF”), pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), hereby notifies the CFTC that it is self-certifying amendments to the FTSEF Rulebook. More specifically, FTSEF is implementing new FTSEF Rules 212 (Financial Resources), 317 (External Employees), 409 (Errors and Omissions) and Chapter 13 (Contract Specifications), and amending FTSEF Rules 101 (Definitions), 202 (Board), 205 (Chief Compliance Officer Qualifications and Duties), 301 (Eligibility Criteria for Becoming a Participant), 401 (Real-Time Public Reporting), 402 (Regulatory Reporting), 403 (Maintenance of Books and Records by the SEF), 404 (Trade Confirmations), 405 (Audit Trail Program), 408, (Timely Publication of Trading Information), 503 (Inspections by the SEF), 602 (Block Trades), 703 (Request for Quote Trading System (“RFQ Trading System”)), 924 (Pre-Execution Credit Checks), (1001 (General), 1003 (Disciplinary Panels), 1011 (Sanctions), 1012 (No Right to Appeal), 1013 (Summary Fines for Violations of the SEF Rules Regarding Timely Submission of Records), and 1016 (Notice to the Respondent, the Regulatory Services Provider and the Public).

The proposed amendments are being made in order to make more explicit the requirements of CFTC Regulations Part 43 (Real-Time Public Reporting) and 45 (Swap Data Recordkeeping and Reporting Requirements), and also in connection with Requests for Information from CFTC Staff in considering FTSEF's application for full registration as a swap execution facility. The proposed amendments will be effective on Monday, April 18, 2016.

Pursuant to Section 5(c) of the CEA and CFTC Regulation 40.6(a), FTSEF certifies that the proposed amendments to the FTSEF Rulebook comply with the CEA and regulations thereunder. FTSEF is not aware of any substantive opposing views to the proposed amendments.

FTSEF certifies that this submission has been concurrently posted on the FTSEF website at [www.ftsef.com](http://www.ftsef.com).

If you have any questions concerning this submission, please contact me at 516-627-8993, ext 296 or [Carl.Schranz@flextrade.com](mailto:Carl.Schranz@flextrade.com).

Sincerely,



Carl Schranz

Attachments: Exhibit A – Explanation of FTSEF Rule Changes

Exhibit B – Revisions to the FTSEF Rulebook, Rules 101, 202, 205, 212, 301, 317, 401, 402, 403, 404, 405, 408, 409, 503, 602, 703, 924, 1001, 1003, 1011, 1012, 1013, 1016, and Chapter 13 (blacklined)

Exhibit C – Clean version of FTSEF Rulebook

**Exhibit A**

<b>Rule</b>	<b>Explanation of Amendment(s)</b>	<b>Applicable Core Principle and Commission Regulation</b>
<p><b>101</b></p>	<p>Definition section was amended to specifically state that all defined terms are consistent with terms as defined in CFTC Regulation § 43.2.</p> <p>The definition of Block Trade was amended to accurately reflect block trades as offered by FTSEF, and the reference to “Applicable Law” was changed to reference Part 43 of the Commission’s regulations.</p> <p>The definition of business day was amended to give more specificity.</p> <p>The definition of Confirmation Data was amended to give more specificity.</p> <p>The definition of Continuation Data was changed to conform with the regulations.</p> <p>The definition of Legal Entity Identifier referencing “Part 45 of the CFTC Regulations” was changed to “section 45.6 of the CFTC Regulations.”</p> <p>The definition of “Proprietary Data” or “Personal Information” was added.</p> <p>The definitions of “Reporting Counterparty” and “Reporting Party” were combined under the definition “Reporting Entity.”</p> <p>The definition of “Act” was included to mean the Commodity Exchange Act.</p> <p>The definition of “Central Limit Order Book” was included in a reference to Rule 702.</p> <p>The definitions of “External Employees,” “External Entities” and Secondment Agreement were included to provide more specificity to the rules.</p> <p>The definition of “Request for Quote Trading System” or “RFQ Trading System” was included to provide</p>	<p>CFTC Regulation § 43.2</p> <p>Core Principle 2 Conforming change 17 CFR Part 43</p> <p>CFTC Regulation § 45.1</p> <p>CFTC Regulation § 45.1</p> <p>CFTC Regulation § 45.1</p> <p>CFTC Regulation § 45.6</p> <p>Preamble, 17 CFR Part 37</p> <p>Conforming change</p> <p>Conforming change</p> <p>Conforming change</p> <p>Section 1a(28) of the CEA</p> <p>Conforming change</p>

	<p>more specificity to Rule 703.</p> <p>The definition of “Rule” was included to mean “SEF Rules.”</p> <p>The definition of “Legal Entity Identifier” was amended to specifically reference CFTC Regulation § 45.6.</p> <p>“SEF Market Data” was included as a reference to Rule 1201.</p>	<p>Conforming change</p> <p>CFTC Regulation § 45.6</p> <p>Conforming change</p>
<b>202</b>	<p>Rule describing board governance was amended to include requirements for board election and membership.</p>	<p>CFTC Regulation § 1.64(b)</p>
<b>205</b>	<p>Rule describing CCO duties was modified to include a process for resolving CCO conflicts of interest without the involvement of the CCO.</p> <p>Rule was amended to explicitly apply to Clients, Customers and Clearing Members.</p>	<p>Core Principle 2 Core Principle 5 Core Principle 15</p> <p>Conforming change</p>
<b>212</b>	<p>Rule 212 regarding financial resources was added to include requirements for calculating the SEF’s projected operating costs and issuing letters of credit.</p>	<p>Core Principle 13 CFTC Regulation § 37.1303</p>
<b>301</b>	<p>Rule describing eligibility criteria for participants was modified to include requirement that applicant not be subject to any economic or trade sanctions programs.</p>	<p>Core Principle 2 CFTC Regulation § 37.202</p>
<b>317</b>	<p>Rule regarding external employees was added to outline the duties and obligations of seconded employees and FTSEF’s policies for recognizing and resolving conflicts of interest involving external employees.</p>	<p>Core Principle 2</p>
<b>401</b>	<p>Rule regarding public reporting was amended to address timestamping and recordkeeping requirements for timestamps.</p> <p>Rule was amended to include specificity regarding reporting all required swap creation data for each swap executed as soon as technologically practicable. FTSEF included assurances that any fees or charges</p>	<p>Core Principle 10 CFTC Regulation § 43.3(h)(1) CFTC Regulation § 43.3(h)(4)</p> <p>CFTC Regulation § 45.3(a) Core Principle 9 17 CFR Part 43, Appendix A Core Principle 2</p>

	<p>assessed will be equitable and non-discriminatory.</p> <p>Rule was amended to address requirements regarding reporting swap transaction and pricing data to the SDR and reporting the notional or principal amount of any Block Trade to the SEF.</p> <p>Numbering was corrected and certain provisions concerning Part 45 of the Commission's regulations were moved to Rule 402.</p> <p>Rule was revised to include requirements regarding Participant's duty to notify FTSEF of the election to have a trade reported as a block trade, and the SEF's duty to notify the SDR of same.</p> <p>Rule was amended to reflect FTSEF's reliance on the no-action relief granted pursuant to CFTC Letter 15-24 regarding clerical errors.</p> <p>Rule was re-formatted and the order in which provisions were listed was amended to improve ease of readability.</p>	<p>CFTC Regulation §43.3(b)(3)(D)</p> <p>CFTC Regulation § 43.4(d)(2) CFTC Regulation § 43.4(f)(2)(ii)</p> <p>Conforming change</p> <p>CFTC Regulation § 43.6(g)(1)(i) CFTC Regulation 43.6(g)(1)(ii)</p> <p>15-24 ("DCO Clerical Error NAL")</p> <p>Conforming change</p>
402	<p>Rule was amended to include the requirement that the SEF use obtained information to identify the counterparty that is the reporting counterparty pursuant to the CEA and regulation 45.8, whenever possible.</p> <p>Rule was also amended to specifically require the SEF to report all swap creation data to a single SDR and to transmit to both counterparties the identity of the SDR and the USI for the swap created.</p> <p>Rule now specifically addresses the error and omission reporting requirements of regulation 45.14(a).</p> <p>References to Part 43 requirements were removed.</p>	<p>CFTC Regulation § 45.8(h)(1)</p> <p>CFTC Regulation § 45.3 CFTC Regulation § 45.5</p> <p>CFTC Regulation § 45.14(a)</p> <p>Conforming change</p>
403	<p>Rule was amended to include the requirement that the SEF keep full, complete, and systemic records with respect to swaps throughout the life of the swap and for a period of at least five years following the final termination of the swap.</p> <p>Rule now describes FTSEF's compliance with</p>	<p>Core Principle 10 CFTC Regulation § 45.2(a)</p> <p>CFTC Regulation §</p>

	<p>37.1501(g)(1) and (2), including each relevant subsection and references “45.2 or any other section of the CEA.”</p> <p>Rule was amended to specifically require the SEF to keep records readily accessible via real time electronic access throughout the life of the swap and for two years following the final termination of the swap and to make such records available for inspection upon request.</p>	<p>37.1501(g)(1)-(2) CFTC Regulation § 45.2(e)(1)</p> <p>Core Principle 5 CFTC Regulation § 45.2(h)</p>
<b>404</b>	<p>Rule was amended to reflect FTSEF’s reliance on the no-action relief granted pursuant to CFTC Letter 16-25 regarding trade confirmations.</p>	<p>Core Principle 4 16-25 (“Trade Confirmation NAL”)</p>
<b>405</b>	<p>References to indications of interest were removed.</p> <p>Rule was amended to reflect FTSEF’s reliance on the no-action relief granted pursuant to CFTC Letter 15-68 regarding post-trade allocations.</p> <p>FTSEF included the names of the systems that the SEF uses for its electronic transaction history database and electronic analysis capability.</p> <p>In order to elaborate on FTSEF’s data retention policies, “original source documents” was defined and reference was made to Core Principle 10 and CFTC Regulation Part 37, Subpart K pursuant to Regulation § 37.205(b)(4).</p>	<p>Conforming change</p> <p>15-68 (“Post-Trade Allocation NAL”)</p> <p>CFTC Regulation § 37.205(b)(2)-(b)(3)</p> <p>Core Principle 2 Core Principle 10 CFTC Regulation Part 37</p>
<b>408</b>	<p>Rule was amended to include assurance that information can be accessed through FTSEF’s website without the need to register, log in, prove a user name or obtain a password.</p>	<p>CFTC Regulation § 37.900</p>
<b>409</b>	<p>Information from Rule 401 was added to new Rule 409 to provide clearer and more specific instructions regarding errors and omissions.</p>	<p>Core Principle 10 Part 45, Appendix 1</p>
<b>503</b>	<p>Rule regarding inspections by the SEF was amended to explicitly apply to Clients, Customers and Clearing Members.</p>	<p>Core Principle 2 Core Principle 5 Conforming change</p>
<b>602</b>	<p>Reference was added to appendices B, D, E, and F to Part 43 after “CFTC Regulation § 43.6.”</p> <p>Rule was amended to make it clear that FTSEF will</p>	<p>CFTC Regulation § 43.6, Appendices B, D, E and F</p> <p>15-60 (“Block Trade NAL”)</p>

	<p>only allow block trades that are executed on the SEF's RFQ system, pursuant to, and subject to the conditions of, CFTC No-Action Letter 15-60, expiring November 15, 2016.</p> <p>Rule was amended to reflect FTSEF's reliance on the no-action relief granted pursuant to CFTC Letter 15-60 regarding block trades.</p> <p>Reference to "applicable minimum threshold" was changed to "appropriate minimum block size, as defined in Part 43 of the Commission's regulations."</p>	<p>15-60 ("Block Trade NAL")</p> <p>17 CFR Part 43</p>
<b>703</b>	Rule regarding RFQ trading system was amended to include the requirement that counter requests on RFQs must go to a minimum of 3 unaffiliated counterparties.	<p>Core Principle 2</p> <p>Core Principle 3</p> <p>CFTC Regulation § 37.9</p>
<b>924</b>	Rule regarding pre-execution credit checks was amended to specifically refer to FTSEF's NDF contracts.	<p>Core Principle 6</p> <p>Conforming change</p>
<b>1001</b>	Rule was amended to explicitly apply to Clients, Customers and Clearing Members.	<p>Conforming change</p> <p>Core Principle 2</p>
<b>1003</b>	<p>Rule regarding disciplinary panels was amended to include specification regarding number and make-up of members on hearing and review panels.</p> <p>Rule was amended in order to comply with Regulation § 37.206(b), which states that disciplinary panels "shall not include any members of the swap execution facility's compliance staff or any person involved in adjudicating any other stage of the same proceeding."</p>	<p>Core Principle 2</p> <p>CFTC Regulation § 37.206(b)</p>
<b>1011</b>	Rule regarding sanctions was amended to explicitly apply to Clients, Customers and Clearing Members.	<p>Conforming change</p> <p>Core Principle 2</p>
<b>1012</b>	Rule regarding no right to appeal was amended to include caveat that participants are entitled to the appeal process outlined in CFTC Regulation Part 9.	CFTC Regulation Part 9
<b>1013</b>	Rule regarding summary fines was amended to explicitly apply to Participants and outline finable violations and maximum amount of fine.	Core Principle 2
<b>1016</b>	Rule regarding notice was amended to provide that, upon rendering a final decision regarding a disciplinary or access denial action, the SEF shall,	CFTC Regulation § 9.11

	within thirty days thereafter, provide written notice of such action to the person against whom the action was taken.	
<b>Chapter 13</b>	Chapter 13 was added to outline FTSEF's NDF contract specifications	CFTC Regulation § 40.2