

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional)

Date: April 15, 2016

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION

TeraExchange, LLC

FILING AS A: DCM SEF DCO SDR ECM/SPDC

TYPE OF FILING

• **Rules and Rule Amendments**

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

• **Products**

- Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

Rules 101, 201, 202, 205, 207, 211, 212, 213, 214, 301, 302, 310, 316, 401, 402, 403, 404, 406, 409, 410, 412, 503, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 601, 603, 604, 605, 606, 607, 608, 701, 703, 704, 705, 801, 802, 805, 807, 813, 814, 816, 817, 818, 821, 822, 823, 824, 902, 903, 904, 905, 906, 907, 908, 909, 910, 1001

DESCRIPTION

Amendments and additions to the TeraExchange, LLC Rulebook in response to comments and questions from the staff of the Commission, adding or modifying rules regarding the operation of and methods of accessing TeraExchange, and correcting certain technical and grammatical errors.

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April 15, 2016

VIA ELECTRONIC PORTAL

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

**Re: Certification under CFTC Regulation 40.6(a)
 TeraExchange, LLC – Rulebook Amendments**

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”), TeraExchange, LLC (“TeraExchange”) hereby notifies the Commission that it has amended its Rulebook. The Rulebook has been amended in response to comments and questions from the staff of the Commission, to add or modify rules regarding the operation of and methods of accessing TeraExchange, and to address certain technical and grammatical errors. The amended Rulebook will become effective on April 29, 2016 (based upon an acknowledged filing date of April 15, 2016).

A concise explanation of the amendments to the Rulebook is attached hereto as Exhibit A. A copy of the revised Rulebook marked to show changes against the Rulebook submitted to the Commission with an effective date of February 2, 2015, is attached hereto as Exhibit B, and a clean copy of the revised Rulebook is attached hereto as Exhibit C.

TeraExchange certifies that the amendments comply with the requirements of the Act and the Commission’s regulations thereunder. TeraExchange is not aware of any substantive opposing views expressed with respect to this filing and certifies that, concurrent with this filing, a copy of this submission was posted on the TeraExchange website and may be accessed at: www.teraexchange.com/RND.html. Confidential treatment is not requested.

Please contact the undersigned at 908-273-8200 or at crossman@teraexchange.com with any questions.

Sincerely,

Christopher Rossman

Christopher Rossman
Chief Compliance Officer

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Exhibit A

Pursuant to Commission Rule 40.6(a)(7)(v), the following chart provides a concise explanation and analysis of the operation, purpose, and effect of the added and amended Rules. The remaining Rule changes are technical changes in nature, the effects of which are apparent on their face.

RULE AMENDMENTS	EXPLANATION
Introduction	Updated Rulebook date and version number
Table of Contents	Updated Table of Contents based upon Rule amendments
Rule 101	<ul style="list-style-type: none"> • Amended defined term “Account Holder” to include the meaning of Customer and to include all other Persons who are counterparties to swaps executed on TeraExchange. • Amended defined term “Block Trade” for clarity. • Amended defined term “Bunched Orders” for correct Rule reference. • Amended defined term “Business Day” to mean the twenty-four-hour day, except Saturdays, Sundays and legal holidays. • Added defined term “Customer”. • Amended defined term “DCM” for clarity. • Removed defined term “Directed Order”. • Amended defined term “ECP” to reference definition in section 1a(18) of the Act. • Amended defined term “Executing Firm” to include reference to Customers. • Added defined term “Independent Software Vendor” or “ISV”. • Amended defined term “Instrument” or “Tera Instrument” to include descriptive not readily susceptible to manipulation in compliance with CFTC Regulation 37.300. • Added defined term “Member”. • Amended defined term “No-Bust Range” to include Rule reference. • Amended defined term “Order Book” to include reference to CFTC Regulation 37.3(a)(3), to clarify that all market participants have access and to clarify use for all instruments. • Removed defined term “Package Transaction”. • Amended defined term “Participant” to cover all Persons having been granted access and Trading Privileges to TeraExchange, including Members, agents or any Person linked to a Participant through the use of a Trader ID. Adds clarification that an ISV cannot be a Participant.

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	<ul style="list-style-type: none"> • Amended defined term “Person” to association, partnership, limited liability company, joint venture, trust, corporation or similar entity. • Amended defined term “Public Director” to correct Rule reference. • Amended defined term “Reference Price” for clarity. • Amended defined term “Reporting Counterparty” to provide general hierarchy for determining the Reporting Counterparty. • Amended defined term “Request for Quote” to include voice messaging, to provide reference to Rule, and to eliminate reference to variable liquidity in connection with Directed Order. • Added definition of “Required Swap Creation Data”. • Amended defined term “Trading Hours” for clarity. • Amended defined term “Trading Privileges” for clarity. • Removed defined term “Variable Liquidity Order” as TeraExchange does not currently offer. • Added defined term “Unique Product Identifier”. • Added defined term “Unique Swap Identifier”.
Rule 201	Updated to include requirement that at least 25%, and no fewer than two, Directors shall be Public Directors and to include requirement that Tera, within 30 days of election of Directors to the Board, file certain information with the Commission.
Rule 202	Updated to clarify that the Regulatory Oversight Committee shall consist of two Public Directors.
Rule 205	Updated to prevent an individual meeting certain disqualifying characteristics from serving on the Board of Directors or any other oversight, disciplinary or arbitration committee. Updated to add subsection (d) requiring Tera to submit to the CFTC a schedule of rules violations which constituted disciplinary offenses by persons serving on any committees or boards and to post such information on its website; (e) require Tera to provide notice of final disciplinary decisions to subject and CFTC within 30 days of a final decision; and (f) to file with the CFTC within 30 days of year-end a certified list of persons who have been removed from any committee or board.
Rule 207	Subsection (a) updated to require a majority Board vote to approve compensation of Chief Compliance Officer.
Rule 211	New Rule added to provide specific details on Maintenance of Books and Records in accordance with Commission Regulations; Specifies method and duration of records retention; Specifies all books and records shall be made available to the Commission, the DOJ, the SEC and any other prudential regulator in the form and manner requested by the Commission and at TeraExchange’s expense.

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Rule 212	Amended Rule numbering. Amended to include requirement that Tera shall enter into information sharing agreements or other arrangements or procedures necessary to perform proper market monitoring as required by the Commission, and that it will provide any information in its possession to the Commission upon its request.
Rule 213	Amended Rule numbering.
Rule 214	Amended Rule numbering.
Rule 301	Amended to include new Participant Eligibility Requirement that a Participant is not an ISV or automated trading system. Added requirement that any Participant that executes trades on TeraExchange has a duty to verify the status of such Account Holder or Customer as an ECP.
Rule 302	Amended to clarify that a Participant that authorizes a third party to trade for its account is considered controlled by the third party to whom trading authority has been assigned.
Rule 310	Amended to clarify all parties subject to Tera's jurisdiction and application of Tera Rules.
Rule 316	New Rule added to detail ECP and ISV access to TeraExchange.
Rule 401	Amended to broaden group of Persons required to provide information to TeraExchange upon request. New subsection (b) added to clarify Persons accessing TeraExchange must keep complete books and records of activity on Tera, in any commodity underlying any Instrument, activity in any index or instrument used as a reference price, and activity in related markets and must make such books and records available to Tera, its RSP and the Commission upon request.
Rule 402	Amended to require all Participants and related Persons under Tera's jurisdiction must make books and records available for inspection upon request.
Rule 403	Amended for grammatical correction
Rule 404	Amended to broaden scope of Persons subject to inspection by Tera and to allow for the copying or reproduction of any data to which Tera has access. Amended to make reference to CFTC No-Action Letter 15-68 with regard to certain audit trail requirements related to post-trade allocations.
Rule 406	Amended to require that all Participants must provide Tera with such financial information as it may reasonably require and must notify Tera immediately when it or an Account Holder or Customer ceases to be an ECP, an FCM, or when it ceases to satisfy the minimum financial requirements set forth in Regulation 1.17.
Rule 409	Amended to broaden scope of covered Persons and to require prior written instruction or authority before any Participant or Executing Firm may enter Orders or arrange Block Trades or Arranged Transactions. Corrects Rule references.

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Rule 410	Amended to require annual written verification of continued ECP status from all Participants, Customers and Account Holders.
Rule 412	Removed Rule 412 Information Regarding Orders.
Rule 412	Reserved Rule for future use.
Rule 503	Amended to include that Tera will publish a list of holidays.
Rule 506	New Rule added to provide descriptive information on Trading on the Order Book.
Rule 507	Amended Rule numbering. Amended to clarify price-time priority in the Order Book.
Rule 508	Amended Rule numbering. Amended to increase list and description of information required to be provided when entering electronic Order on TeraExchange via the Tera System or other such Tera approved application interface. Amended to provide specific details of Audit Trail Requirements, Participant duties to maintain such Audit Trail information or manage its maintenance by its customer under written agreement acceptable to Tera, and produce such information upon request. Amendment includes details on annual compliance verification of Tera's Audit Trail and recordkeeping requirements.
Rule 509	Amended Rule numbering. Amended to verify adoption of published position limits as necessary and appropriate.
Rule 510	Amended Rule numbering. Amended to provide descriptions of Limit and Market Orders, and to eliminate reference to Directed Orders, which are not currently being offered by TeraExchange.
Rule 511	Amended Rule numbering. Amended to require Bunched Orders be allocated and recorded in accordance with CFTC Regulation 1.35 and consistent with NFA Interpretive Notice 9029.
Rule 512	Amended Rule numbering.
Rule 513	Amended Rule numbering.
Rule 514	Amended Rule numbering. Amended to specify rules and requirements governing Block Trades, including: ECP status; calculation of minimum block size; qualifications of Persons authorized to aggregate different accounts to meet minimum block size; Block Trade election and SDR notification; required written consent; Block Trade reporting and timing; and, reliance upon No-Action Letter 15-60.
Rule 515	Amended Rule numbering. Amended to include Tera's right to cancel Trades outside on No-Bust Range; defines No-Bust Range as within 10% higher or lower than the price of last trade in a swap on that day or the prior day's settlement price.
Rule 516	Amended Rule numbering.
Rule 517	Amended Rule numbering.
Rule 518	Amended Rule numbering.
Rule 519	Amended Rule numbering. Amended to broaden and specify application to all Persons subject to Tera's jurisdiction.

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Rule 520	Amended Rule numbering. Amended to broaden scope to include any Person subject to Tera's jurisdiction and to add trading against Account Holder or Customer Orders as a Fraudulent Act Prohibited.
Rule 521	Amended Rule numbering. Amended to broaden scope to include any Person subject to Tera's jurisdiction. Amended to correct Rule reference.
Rule 522	Amended Rule numbering. Amended Rule to prohibit market disruption caused by any Person subject to Tera's jurisdiction entering data or other information into the Tera System for the purposes of upsetting market equilibrium or creating a condition in which prices do not reflect fair value.
Rule 523	Amended Rule numbering. Added new Rule heading Disruptive Trading Practices Prohibited. Amended Rule to reference CEA definition and interpretive guidance on disruptive trade practices. Amended to broaden scope of application to include Authorized Trader, Executing Firm, and Account Holder or Customer of Participants.
Rule 524	Amended Rule numbering. Amended to broaden scope to include any Person subject to Tera's jurisdiction.
Rule 525	Amended Rule numbering. Amended to broaden scope to include any Person subject to Tera's jurisdiction and to include prohibition against knowingly omitting to state a material fact necessary in order to make any statements made, in light of the circumstance under which they were made, not misleading.
Rule 526	Amended Rule numbering. Amended to broaden scope to include any Person subject to Tera's jurisdiction.
Rule 527	Amended Rule numbering. Amended to broaden scope to include any Person subject to Tera's jurisdiction and to correct grammatical errors.
Rule 528	Amended Rule numbering. Amended to include reference to Customers of a Participant and to correct Rule reference.
Rule 529	Amended Rule numbering. Amended to broaden scope to include any Person subject to Tera's jurisdiction. Amended to provide specific exemption to prohibition against pre-discussed or Cross Trades for a broker or dealer executing against an Account Holder's Order for its own account or seeking to execute two Account Holders' Orders against one another subject to certain restrictions. Amended to allow for Cross Trade execution between two Participants executing for the same account, or for separate accounts of the same Beneficial Owner, provided the relevant Participants can demonstrate to Tera's satisfaction that there was no knowledge, coordination or prearrangement. Amended to prohibit entering pre-discussed Permitted Transaction or Cross Trade in a Permitted Transaction for illegal or improper purposes.

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Rule 530	Amended Rule numbering.
Rule 531	Amended Rule numbering. Amended to correct Rule reference.
Rule 532	Amended Rule numbering. Amended Rule heading to clarify voice assistance rather than voice execution. Amended to provide detail on counting RFQ recipients in the event Participants are affiliated or owned or controlled by the requestor.
Rule 533	Amended Rule numbering.
Rule 601	Amended to correct Rule reference.
Rule 603	New Rule requiring Participants that are not a Clearing Firm to obtain prior authorization from a Clearing Firm that will guarantee Participant's Transactions in Instruments that are intended to be cleared. Amended to provide for Clearing Firm revocation of any authorization granted or guarantee made.
Rule 604	Amended Rule numbering.
Rule 605	Amended Rule numbering.
Rule 606	Amended Rule numbering.
Rule 607	Amended Rule numbering. Amended to delete reference to Package Transactions, which are not currently offered by TeraExchange.
Rule 608	Amended Rule numbering. Amended to include reference to defined term Primary Economic Terms, CFTC Regulation 37.6(b), and CFTC No-Action Letter 16-25 regarding records of free standing agreements underlying uncleared transactions. Amended to state that the Trade Communication shall prevail in the event of conflict between Terms Incorporated by Reference and the Trade Communication. Requires counterparties to a transaction to provide Tera with any underlying previously negotiated freestanding agreements between the counterparties and that Tera, upon request by the CFTC, will provide same to the CFTC.
Rule 701	Grammatical correction.
Rule 703	Amended to include Customer or Account Holder of Participant and Authorized Trader to parties with obligation to create and maintain records of trading activity on Tera and related transactions. Added activity in any index or instrument used as a reference price as a related transaction and affirmed obligations to make records available upon request.
Rule 704	Amended to provide detailed information with respect to Tera receiving and reporting swap transaction and pricing data and Required Swap Creation Data to a SDR, including timestamping. Amended to prohibit disclosing swap transaction and pricing data prior to public dissemination by SDR. Amended to provide specific information required to be entered into Tera System for reporting purposes, including post-allocation recordkeeping requirements in reliance on No-Action Letter 15-68. Amended to

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	provide clarity in reporting party determinations and the process for correcting data reported to SDR.
Rule 705	Amended to clarify transaction enforceability and requirement that Tera provide a Written record of all Principal Economic Terms of each Transaction to serve as confirmation of all terms of the Transaction at the time of execution.
Rule 801	Amended to add broad scope of Persons subject to Tera's jurisdiction and disciplinary rules and requiring cooperation with Tera, its agents, and its RSP in any inquiry, investigation, audit, examination or proceeding relating to Transactions entered on Tera.
Rule 802	Amended to require Compliance Department investigation of any matter within Tera's disciplinary jurisdiction upon request by the CFTC or upon receipt of information providing a reasonable basis.
Rule 805	Amended to provide that a Review Panel may be convened at the CCO's discretion and adds Review Panel duty to determine whether commencing disciplinary proceedings is warranted. Requires Review Panel to take action within 30 days of receipt of a completed investigation report. Subsection detailing the composition and management of Review Panel added.
Rule 807	Amended to correct Rule reference.
Rule 813	Amended to clarify that the CCO will appoint a Hearing Panel, comprised of three individuals at least one of which would qualify as a Public Director, to make findings and impose sanctions. Provides other Hearing Panel composition and management details. Provides for outsourcing Hearing Panel functions to RSP, with Tera retaining exclusive authority in all substantive decisions. Requires documentation of instances where Tera acts differently from recommendations by RSP. Sets 10-day time limit for respondent to seek to disqualify any individual on a Hearing Panel.
Rule 814	Amended to require that Hearing Panel procedures not be too informal so as to deny a fair hearing.
Rule 816	Amended to add that a record of a hearing will be transcribed if the decision of the Hearing Panel is appealed pursuant to Tera's Rules and if the decision is reviewed by the CFTC.
Rule 817	Amended to require that Tera serve a copy of an order of disciplinary proceedings on the respondent and provide notice to the CFTC via the NFA BASIC system within 30 days of the final decision of the Hearing Panel.
Rule 818	Amended to state that sanctions shall be commensurate with violations and sufficient to deter recidivism or similar violations, shall take into account respondent's disciplinary history and, in the event of demonstrated customer harm shall include full restitution when possible. Amended to allow for fines up to

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	\$100,000 or such other amount as Tera determines to be equitable and just.
Rule 821	Amended to require the Compliance Department to provide Written notice to a Participant of any fine to be imposed within 30 days of a decision to impose a fine against a Participant.
Rule 822	Amended to require the Compliance Department to provide Written notice to any party against whom any summary suspension or other summary action will be taken within 30 days of the decision to take summary action.
Rule 823	Amended to clarify that a suspended or terminated Participant remains subject to Tera Rules and must cooperate with Tera, its agents, and the RSP in any inquiry, investigation, audit, examination or other proceeding or action.
Rule 824	Amended to require Tera make certain public disclosures, for five consecutive business days, detailing any suspensions, expulsions, fines or other disciplinary actions and maintain and make available for public inspection a record of the information contained in any disciplinary action notice.
Rule 902	Added missing Rule heading Errors
Rule 903	New Rule added to provide details on Cleared Error Trades in reliance on No-Action Letter 15-24, including the process to correct and report offsetting trade and counterparty consent to correction efforts.
Rule 904	Amended Rule numbering.
Rule 905	Amended Rule numbering.
Rule 906	Amended Rule numbering. Amended to correct reference to Tera System and to correct Rule references.
Rule 907	Amended Rule numbering.
Rule 908	Amended Rule numbering. Amended to correct Rule references.
Rule 909	Amended Rule numbering. Amended to correct Rule references. Amended to clarify that limitations on liability shall not protect any party for which there has been a final determination to have engaged in fraud or willful misconduct and that limitations on liability are subject to the Act and Regulations promulgated thereunder.
Rule 910	Amended Rule numbering.
Rule 1001	Amended to include reference to Annex B listing Instruments available for trading on Tera.
Annex A	Annex A added to provide reporting party tie-breaker logic.
Annex B	Annex B added to provide product terms and conditions.