

# Tradition SEF, Inc.

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## Participant Notice ~~145-2618~~ – ~~Introduction~~ Amendment of USD CME/LCH CCP Auctions Announcement Timing on Trad-X Interest Rate Swap Platform

~~December 15~~ June 9, 2014~~5~~

**To** : Tradition SEF Authorized Representatives  
**From** : Tradition SEF Operations and Compliance

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Authorized Representatives,

Tradition SEF ~~will be introducing~~ has amended the timing of the communication of the price of the auction for its Central Counterparty (CCP) auctions ~~on Wednesday, December 17, 2014, that CCP Auctions~~ allow Participants and Customers to enter ~~block size~~ orders to negotiate “switch” (or “spread”) trades in interest rate swaps (IRS) between LCH Clearnet (LCH) and CME Clearing (CME) CCPs. The auction prices will be quoted on the basis between the fixed rate of the LCH cleared swap and the fixed rate of the CME cleared swap.

The CCP auctions will be conducted in ~~accordance with~~ the following ~~protocols~~ manner and in conjunction with the Tradition SEF Rulebook and Trad-X Product Platform Supplement. ~~(Note: Other than the timing of the auction price announcement, the process is unchanged):~~

### **REMINDER: USD CME/LCH CCP Auctions on Trad-X – protocols:**

- USD CME/LCH CCP Auctions start every Wednesday at day @ 10:30AM NYC time.
- The ~~first~~ session runs for 5 minutes ~~followed by a 5 minutes break. The second session runs for 5 minutes. Third session under same timing.~~
- The auction will use IMM swap structure to facilitate compression at CCP level.
- IMM swap: Start date on the first future contract date, IMM rolls and IMM end date.
- The “execution price” ~~of the auction~~ is the basis ~~in~~ between the fixed rate (Actual\_360) of the LCH cleared IMM swap and the fixed rate (Actual\_360) of the CME cleared ~~swap~~ IMM swap. Price of the first session will be communicated to participants by email before the auction process commences.
- ~~Price of the first session will be communicated to participants by email the previous day.~~

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- ~~If at the end of this session on any maturity there is more than 5 times the minimum execution size left on a side, then execution price will be moved 1/20<sup>th</sup> of a basis point up/down accordingly for the second session.~~ The auction prices will be generated from TIRS (Tradition's Bloomberg run reference page for this product) indicative mid markets just before the auction's start.
- Orders may be amended or cancelled during the auction sessions.
- Multiple buy and seller orders for the same auction are permitted.
- Minimum execution sizes are the following :
  - 2 IMM(CME) v 2 IMM(LCH) – ~~5~~100MM
  - 3 IMM(CME) v 3 IMM(LCH) –~~25~~100MM
  - 5 IMM(CME) v 5 IMM(LCH) –~~25~~100MM
  - 7 IMM(CME) v 7 IMM(LCH) –~~2~~100MM
  - 10 IMM(CME) v 10 IMM(LCH) –~~2~~100MM
  - 12 IMM(CME) v 12 IMM(LCH) –~~1~~150MM
  - 15 IMM(CME) v 15 IMM(LCH) –~~1~~150MM
  - 20 IMM(CME) v 20 IMM(LCH) –~~1~~150MM
  - 30 IMM(CME) v 30 IMM(LCH) –~~1~~150MM
- Trade unit tick sizes ~~is~~are in the increments of the above minimum execution sizes.
- Orders will be instantly matched on a first come, first served basis (Standard “Order Book” protocol).
- The LCH cleared IMM swap will be executed at ~~the Mid Market rate displayed in the CLOB from mid-market directly calculated from the~~ Trad-X CLOB at the time of ~~the~~ execution.
- Orders will be matched either partially (in minimum size) or fully and will remain in the Order Book awaiting the match until they are cancelled by the user or cancelled automatically at the end of the auction session.
- Trades will be reported immediately into the ~~Trad-X~~ public Trad-X blotter.
- SEF ~~e~~Confirmations will be sent to trading counterparties via Markitwire.
- The auction service is fully integrated with the Trad-X Credit Matrix, ~~for~~ pre-trade credit checking.

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- Access ~~will be~~ provided to all ~~Trad X participants if~~ SEF Participants authorized to trade this product if or when requested.
- Orders can be submitted directly or via SEF Execution Specialist.
- Auction ~~Execution Fee: 0.02bp NPV on one leg.~~ execution fee is set forth in the current Tradition SEF Fee Schedule.

Tool tip over- tab- to- view- Auct iosta rt- and- end-	Auction Price	In	istance with auction system related issues please contact Trading Operations at <a href="mailto:tradingoperations@tradition-na.com">tradingoperations@tradition-na.com</a> or call +1 (212) 238 5930
	Auction Description	at	Tradition SEF at the numbers below if you have any questions.
	Auctions Indicator- to access Auctions- Window		administrative or compliance questions, please contact:
Imbalance- indicator		Earnhardt, CCO	: (212) 791 3497 or <a href="mailto:eric.earnhardt@tradition-na.com">eric.earnhardt@tradition-na.com</a>
		Mehan, CAO	: (212) 943 4567 or <a href="mailto:jeff.mehan@tradition.com">jeff.mehan@tradition.com</a>

For Tradition SEF legal ~~questions~~ matters, please contact:

**Scot Halvorsen, Senior Regulatory Counsel:** (212) 377 2337 or [Scot.Halvorsen@tradition.com](mailto:Scot.Halvorsen@tradition.com) [scot.halvorsen@tradition.com](http://scot.halvorsen@tradition.com)

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Statistics:	
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Total changes	136
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