

July 11, 2016

Submitted via CFTC Portal

Division of Market Oversight
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: ICAP SEF (US) LLC – Regulation 40.6 Rule Certification

Ladies and Gentlemen:

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”), ICAP SEF (US) LLC (“ICAP SEF”) hereby notifies the Commission that it has amended its Rulebook, specifically Rule 204(i), Rule 502(c), Rule 516 and the Definitions, and that it is self-certifying the issuance of ICAP Market Regulation Advisory Notice 2016-4 (“MRAN 2016-4”). The Rulebook has been amended to reflect the Commission’s guidance on straight-through processing set forth in Commission Letter 15-67.

A concise explanation and analysis of the amendments to the Rulebook and of the issuance of MRAN 2016-7 and, in each case, their compliance with applicable provisions of the Act and the Commission’s regulations thereunder is attached hereto as Exhibit A. A clean copy of the amended Rulebook exclusive of confidential Chapter 9 is attached hereto as Exhibit B and a copy of the Rulebook exclusive of confidential Chapter 9 marked to show changes against the version submitted to the Commission in ICAP-2016-R-5 is attached hereto as Exhibit C. A copy of MRAN 2016-4 is attached hereto as Exhibit D.

The amendments and MRAN 2016-4 will become effective on August 1, 2016. ICAP SEF certifies that the amendments and the issuance of MRAN 2016-4 comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. ICAP SEF has reviewed the swap execution facility core principles (“Core Principles”) as set forth in the Commodity Exchange Act and has determined that the amendments and MRAN 2016-4 impact the Core Principles identified in Exhibit A.

ICAP SEF 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 ICAP SEF website and may be accessed at: <http://www.icap.com/what-we-do/global-broking/sef.aspx>.

Please contact the undersigned at (212) 341-9193 with any questions regarding this matter.

Very truly yours,



Gregory Compa
Chief Compliance Officer

ICAP SEF (US) LLC
1100 Plaza Five
Jersey City, NJ 07311

Exhibit A

Explanation and Analysis

On December 21, 2015 the Commission published Letter 15-67, which provides supplemental guidance on the straight-through processing of swaps, including the requirement that the SEF develop rules and procedures so a Cleared Contract may be accepted or rejected for clearing as quickly after execution as would be technologically practicable if fully automated systems were used (“AQATP”). In order to meet the AQATP standard, Letter 15-67 mandates that a Cleared Contract must be routed to and received by the relevant DCO no more than 10 minutes after execution on the SEF, although a longer period is permissible in the event errors in the Cleared Contract are discovered and corrected. The letter also notes that Cleared Contracts may be routed directly to a DCO or through an Affirmation Hub. In preparation for the August 1, 2016 compliance date set forth in Letter 15-67, the SEF has amended its Rulebook to set forth new Rules designed to meet the 10 minute AQATP standard and prepared MRAN 2016-7 to explain the new Rules to Participants, each as discussed below.

1. Rule 204(i) has been added to the Rulebook to require the SEF to route Cleared Contracts to the relevant DCO no later than 10 minutes after execution, either directly to the DCO or through an Affirmation Hub. Where an Affirmation Hub is used, Rule 204(i) requires Participants and Customers to Affirm, within the 10 minute AQATP standard required by Letter 15-67, any Cleared Contract executed as a Pre-Arranged Cross (other than those resulting from Bids/Offers generated by a Bulk Risk Mitigation Service) or with the assistance of an Execution Specialist. All other Cleared Contracts (including those resulting from Bids/Offers generated by a Bulk Risk Mitigation Service) will be marked by the SEF for “autoprocessing,” which means the Cleared Contract will be automatically submitted to the DCO by the Affirmation Hub without providing Participants or Customers the opportunity to Affirm the Cleared Contract. Because the SEF’s procedures are designed to send a Cleared Contract to the Affirmation Hub immediately after execution, Rule 204(i) is designed to ensure the 10 minute AQATP standard is met for each Cleared Contract, regardless of whether a Participant must Affirm a Cleared Contract or the Cleared Contract is marked for autoprocessing. Failure by a Participant or Customer to meet the 10 minute AQATP standard will be a Violation, unless the SEF determines the failure was due to errors or delays caused by the SEF or an Execution Specialist. Violations of Rule 204(i) may be subject to the formal disciplinary procedures set forth in Chapter 5 of the Rulebook, or to new Rule 516, which provides for summary fines as discussed below. The Definitions have been amended to add definitions of “Affirm,” “Affirmation Hub” and “Bulk Risk Mitigation Service,” which are used in Rule 204(i).

The amendments are consistent with Core Principle 2 and Letter 15-67.

2. Investigations of alleged Violations of Rule 204(i) will be conducted in accordance with existing Rule 502. However, new Rule 516 has been added to provide the Chief Compliance Officer with the authority to impose summary fines on Participants and Customers that have failed to Affirm a Cleared Contract within the 10 minute AQATP standard required by Rule 204(i). Any Participant that is an Intermediary may be held responsible for a Violation of Rule 204(i) by its Customer. Rule 516 sets forth procedures for notifying a Participant or Customer that a summary fine will be imposed and permits the Participant or Customer to contest the summary fine, in which case the alleged Violation shall be subject to the formal disciplinary procedures set forth in the existing provisions of Chapter 5, and not governed by Rule 516. The authority to impose summary fines does not prevent the Chief Compliance Officer from instead submitting a Violation of Rule 204(i) to the Review Panel in accordance with the existing formal disciplinary provisions of Chapter 5. Additionally, in the event a Participant or Customer has received aggregate summary fines up to the maximum amount permitted by Rule 516, the Chief Compliance Officer may then submit any additional Violations of Rule 204(i) to the Review Panel in accordance with the existing formal disciplinary provisions of Chapter 5, which may result in additional sanctions beyond the summary fines. The imposition of summary fines pursuant to Rule 516 is designed to increase compliance with Rule 204(i), and thereby increase the SEF’s ability to ensure the 10 minute

AQATP standard is met. Rule 502(c) has been amended to reference the new summary fine procedures set forth in Rule 516.

The amendments are consistent with Core Principle 2 and Letter 15-67.

3. MRAN 2016-4 notifies Participants that the Rulebook has been amended to comply with Letter 15-67. MRAN 2016-4 explains the new Rules in an easy to understand “FAQ” format, which together with the distribution of the revised Rulebook, enhances the SEF’s ability to ensure the 10 minute AQATP standard is achieved for Cleared Contracts, as well as the SEF’s ability to enforce trading and participation Rules in compliance with Core Principle 2. MRAN 2016-4 also reminds Participants that the SEF has visibility into the audit trail of post execution trade processing and will use this information when reviewing market activity to identify and investigate any potential Violations. This enhances the SEF’s procedures for trade processing of swaps on the SEF in compliance with Core Principle 4.

MRAN 2016-4 is consistent with Core Principles 2 and 4 and Letter 15-67.