2 N. LaSalle St.
Suite 1400
Chicago, IL 60602

VIA ELECTRONIC MAIL

August 2, 2019

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

Re: Seed SEF LLC Rule Submission – Amending Various Rules Related to Execution and Settlement of Transactions (SCXS Submission #19-001)

Dear Mr. Kirkpatrick:

Pursuant to section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act"), and § 40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission ("CFTC" or the "Commission") under the Act, Seed SEF LLC ("Seed SEF" or "SCXS") hereby submits the following rule changes, which will become effective on August 19, 2019. Seed SEF is making the following changes to the Seed SEF Rulebook (the "Rulebook"):

- Rule 101 (Definitions)
  - This rule is being amended to add various definitions that will be used within contract specifications for products to be listed on Seed SEF.
- Rule 604 (Trading on the CLOB)
  - This rule is being amended to remove the requirement that market participants must have executed a bilateral credit arrangement with the counterparty in order for the participant's CLOB orders to be executable against such counterparty.
- Rule 701 (Settlement Schedule)
  - This rule is being amended to remove references to specific settlement times because such details will be provided in the Contract Specifications for each Contract to be listed on Seed SEF.
- Rule 704 (Default)
  - This rule is being amended primarily to update the procedures surrounding a default event.

Seed SEF certifies that the proposed rule amendments comply with the Act and Commission regulations thereunder. The proposed rule amendments support Core Principle 2 in that they establish the rules related to trading swaps listed on the SEF. Seed SEF certifies that it has posted a copy of this submission letter and Exhibit A on Seed SEF's publicly available website here: https://seedcx.zendesk.com. Seed SEF is not aware of any substantive opposing views to the proposed rule amendments.

*   *   *

If you have any questions or comments related to this filing, please feel free to contact me by telephone at (855) 744-7333 Ext: 108 or through e-mail at waseem@seedcx.com.

Respectfully Submitted,

Waseem Barazi
Chief Compliance Officer and General Counsel
Seed SEF LLC
waseem@seedcx.com
(855) 744-7333 Ext: 108

<u>**EXHIBIT A**</u>

Rule 101. Definitions

Daily Settlement Price means the settlement price for a Swap calculated by or on behalf of Seed SEF in accordance with the Contract Specifications

Default Amount means, for a Defaulting Participant ~~that is a Counterparty to a financially-settled Transaction~~, the payment amount that has not been met for one of its Transaction Obligations. It is the difference between the Defaulting Participant's total Initial Margin Obligation, Variation Margin Obligation or Final Settlement Obligation and the amount that is available for settlement or that is successfully settled.

Default Event has the meaning set forth in Rule 704.

Defaulting Participant has the meaning set forth in Rule ~~705~~704.

Initial Margin means the collateral that has been posted by a Participant for a Transaction.

Initial Margin Requirement means the collateral amount that must be posted to execute a Transaction of quantity one in a Contract, calculated in accordance with Contract Specifications.

Initial Margin Obligation means the collateral amount that must be posted or collected due to a Transaction in a Contract, calculated in accordance with Contract Specifications.

Settlement Date means the date on which all Final Settlement Obligations must be paid, as specified in the Contract Specifications.

Transaction Obligations means any and all Initial Margin Obligations, Variation Margin Obligations and Final Settlement Obligations due for a particular Transaction.

Variation Margin means amounts that have been posted to or collected from a Counterparty for a Transaction.

Variation Margin Obligation means the amount that must be posted or collected to a Counterparty as a result of a change in value of a Transaction since the trade was executed, or the last time such amount was posted or collected, calculated in accordance with Contract Specifications.

*   *   *

Rule 604. Trading on the CLOB

1. Except as provided in, and in accordance with, Rule 608, all Transactions on Seed SEF will be matched and executed through the operation of the CLOB.
2. Trading on the CLOB remains open throughout the Seed Business Day. ~~Executable Orders shall be displayed separately in the Order Book with respect to Swaps. Only Bids (Offers) of a counterparty that has previously established an acceptable bilateral credit arrangement with the Participant will be executable on the CLOB.~~ All Orders in the CLOB are anonymous. Orders are entered into the CLOB by Participants or their agents.
3. The CLOB matches Orders using an automated matching algorithm. Bids and Offers are matched on the basis of price/time priority; that is, an Order at a better price will always have priority over an Order at an inferior price and older Orders will have priority over newer Orders at the same price; provided however, a Bid (Offer) for a Swap can only be matched against an Offer (Bid) for the same Swap~~, but only with a counterparty who has previously arranged acceptable bilateral settlement~~

~~arrangements~~. All ~~counterparties~~ Participants must have available credit in order for their Bid or Offer to be entered into the CLOB.

4. Trading on the CLOB begins at the opening time.
5. A Trade is executed on the CLOB when the price of a bid (offer) equals or is greater (less) than the price of an offer (bid) for the same Contract.
6. Details of each Transaction executed on the CLOB or subject to Seed SEF's Rules will be recorded by Seed SEF, and a Confirmation of the Transaction will be displayed on the Platform for each Authorized Trader who is a party to the Transaction.
7. Failure of Seed SEF to broadcast any message in respect of a Transaction on Seed SEF or subject to the Rules shall not invalidate such Transaction.
8. In the event that the Platform or any part of the Platform fails, Seed SEF's determination that a Transaction has or has not been made shall be conclusive and binding.

*   *   *

Rule 701. Settlement Schedule

1. All Contracts mature on the Settlement Date ~~(T)~~, which is specified in the Contract Specifications.
2. Contracts can be traded up to and on the Last Trading Date, as specified in the Contract Specifications~~Settlement Date, so the Last Trading Day will be the Settlement Date (T)~~.
3. Transaction Obligations shall be calculated in accordance with the Contract Specifications.
~~2.~~4. Once calculated and finalized, payments and collections will be made on a schedule defined in the Contract Specifications to the fullest extent possible, via a licensed transfer mechanism as set forth in Rule 703.
~~3.~~5. ~~By no later than one hour before the close of the Settlement Date, t~~The full amount of the Final Settlement Obligation must be ready for delivery on the Settlement Date and at the time specified in the Contract Specifications.
~~4. At close on the Settlement Date, Final Settlement Obligations will be finalized and the transfer will be executed to the fullest extent possible via a licensed transfer mechanism as per Rule 703.~~
~~5.~~6. Failure to fulfill ~~the Final Settlement~~ any Transaction Obligation by either party shall trigger a ~~default~~ Default ~~scenario~~Event, which shall be resolved as per Rule 704. Any unused Initial Margin after concluding the default procedure in Rule 704 shall be returned to the Participant (the Defaulting Participant) that contributed it.

*   *   *

Rule 704. Default

1. If either party cannot fulfill their ~~Final Settlement~~Transaction Obligations in ~~their~~its entirety according to the settlement schedule set forth in Rule 701, such party will be a Defaulting Participant and such event a Default Event.
2. As soon as the Defaulting Participant realizes that it cannot fulfill its ~~Final Settlement~~Transaction Obligations, it must immediately provide Seed SEF with written notice stating that the Transaction~~Final Settlement~~ Obligations will not be fully settled, and the Default Amount or Default Quantity. Alternatively, if Seed SEF becomes aware of a potential Default Event by a Participant, Seed SEF may utilize its Emergency Actions to declare a Default Event and such Participant a Defaulting Participant.
3. Upon declaring a Default Event~~receipt of such notice from the Defaulting Participant~~, Seed SEF will provide ~~such~~ notice to the Non-Defaulting Participant that another Participant has defaulted and shall also provide notice to all authorized Delivery Facilities to trigger Default Settlement Procedures.
4. The Default Settlement Procedures for any Contract are as follows:
    a. Any Initial Margin contributed by a Defaulting Participant for a particular Transaction shall be made available for use in covering such Defaulting Participant's ~~Final Settlement~~Transaction Obligations in such Transaction, but only for such Transaction.

b. For a Transaction that has not yet reached the Settlement Date, but for which there is an outstanding Variation Margin Obligation, the Non-Defaulting Participant shall recoup up to the Default Amount from the Defaulting Participant's Initial Margin.

4.c. For a Transaction that has reached the Settlement Date, but for which there is an outstanding Final Settlement Obligation:

5.i. For If the Contract is physically-settled Contracts:

a.1. Seed SEF, or its Calculation Agent at the request of Seed SEF, shall publish the Default Settlement Price and the Default Final Settlement Obligation to both Counterparties.

b.2. If the Non-Defaulting Participant is owed the Default Final Settlement Obligation, it will recoup such amount from the Defaulting Participant's Initial Margin.

c.3. If the Non-Defaulting Participant owes the Default Final Settlement Obligation, the Non-Defaulting Participant must pay the Default Final Settlement Obligation to the Defaulting Participant.

6.ii. For If the Contract is financially-settled Contracts, the Non-Defaulting Participant shall recoup up to the Default Amount from the Defaulting Participant's Initial Margin.

7.5. In the event that the Variation Margin Obligation or Default Final Settlement Obligation cannot be recouped from the Defaulting Participant's Initial Margin, the Defaulting Participant shall remain liable for such amount.

8.6. Failure to fulfill Transaction Final Settlement Obligations, or inform Seed SEF of an impeding failure in accordance with subparagraph 2 of this Rule, may be deemed an act detrimental to the interest or welfare of Seed SEF.

9.7. The Defaulting Participant may face disciplinary action as described in Chapter 8.

*   *   *