



Tradition SEF, Inc.

Scot J. Halvorsen
Senior Regulatory Counsel and Secretary
Legal Department

August 19, 2016

VIA E-MAIL (submissions@cftc.gov)

Mr. Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Emergency Rule Certification.
Amendments to Tradition SEF, Inc.'s Trad-X Interest Rate Swap (IRS) Platform
Supplement.
Tradition SEF Submission No. 2016-05 (CONFIDENTIAL TREATMENT REQUESTED).**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (the "Act"), and Commodity Futures Trading Commission ("CFTC" or the "Commission") Regulation 40.6(a), Tradition SEF, Inc. ("Tradition SEF") hereby notifies the Commission that it is amending its Trad-X Interest Rate Swap (IRS) trading platform supplement (the "Platform Supplement"), effective as of August 15, 2016. Tradition SEF has simultaneously submitted a request for confidential treatment for the amendments and certain other provisions of the Platform Supplement.

Tradition SEF has amended Appendix 3 (USD Interest Rate Products Minimum Order Size) of the Platform Supplement to revise the minimum order sizes applied to USD interest rate swap semi bond transactions in the Trad-X Platform. The flattening of the USD interest rate curve has caused a situation where the underlying amounts mathematically necessary to enter into delta neutral USD IRS butterfly and curve trades have, in certain instances, fallen below the minimum USD order sizes acceptable in the Trad-X Platform. Such underlying amounts are currently based on a rounding model where implied orders generated from implied butterfly or spread orders below minimum order size are rounded to market accepted "social" transaction sizes (*e.g.*, rounded to the nearest \$5 million or \$10 million increment). Accordingly, the minimum order sizes applied to USD interest rate swap semi bond swaps in the Trad-X Platform will no longer be rounded to social sizes.

Tradition SEF believes that changes to the minimum order sizes require immediate action to maintain fair and orderly trading, and if unchanged would have a severe, adverse effect of the functioning of Tradition SEF. Implied orders generated for butterfly and curve spread transactions that do not meet minimum size requirements, due to the changed (reduced) hedge ratios calculated based on the flattened USD interest rate curve, may not match in the Trad-X Platform with opposing orders because they may not meet current minimum sizes. This may create a situation whereby markets are persistently locked on price, but do not trade. Additionally, eliminating the rounding of orders to rounded social sizes to meet minimum transaction sizes will allow for increased accuracy in matching hedge ratios for butterfly and curve transactions.

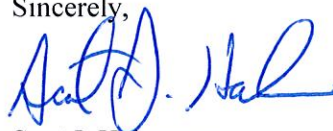
Pursuant to Commission Regulation 40.8, Tradition SEF hereby makes the Platform Supplement attached hereto as Exhibit A publicly available. Tradition SEF has simultaneously submitted a request for confidential treatment to the Commission for Appendix 3 of the Platform Supplement and certain provisions that are identified on Exhibit A as “Redacted – Confidential Treatment Requested.” A copy of that request for confidential treatment is included with this submission.

A notice detailing these minimum order size changes has been sent to Trad-X participants.

Tradition SEF continues to be in compliance with applicable provisions of the Act, including the Core Principles. Tradition SEF hereby certifies that the rule amendments comply with the Commodity Exchange Act and the Commission’s regulations thereunder. No substantive opposing views were expressed that were not incorporated into the rule amendments. Tradition SEF hereby certifies that it has posted a notice of pending certification with the Commission and a copy of the submission on its website (see <http://www.traditionsef.com/regulatory/>), concurrent with the filing of this submission with the Commission.

Should you require additional information related to this submission, please contact the undersigned at (212) 337-2337 or scot.halvorsen@tradition.com. Please reference Tradition SEF Submission No. 2016-05 in any related correspondence.

Sincerely,



Scot J. Halvorsen
Senior Regulatory Counsel and Secretary

Exhibit A

Tradition SEF Trad-X Interest Rate Swap (IRS) Trading Platform Supplement