

**BGC Derivative Markets, L.P**  
**Rule Implementation Submission 2015-08**  
**August 21, 2015**

1. The texts of the amended Rules are appended as Attachment A. Any additions are underlined and any deletions are struck through. Only amended sections of rules are included. Text that is not being amended is indicated by \* \* \* \* \* for full sections and \* \* \* for subsections.
2. The date of intended implementation for these rules is ten business days following the filing of this submission.
3. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act (“Act”), and the Commission’s regulations thereunder; and (2) concurrent with this submission, BGC Derivative Markets, L.P. (“BGCDMLP”) posted on its website: (i) a notice of pending certification of the rule amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of each of the amended rules appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

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CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND  
EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE  
PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE  
COMMISSION’S REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rules. The attached amendments are in response to suggestions and guidance from the staff during the course of the staff review of the BGCDMLP application for registration as a Swap Execution Facility. These amendments are either:

- (1) technical corrections to align the rules more closely with the language of Commission Rules; and/or
- (2) amendments made in response to guidance of Commission staff.

The following chart identifies the changed rules and notes the effect of the change and an explanation of the operation, purpose, and effect of the change.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND  
EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE  
PROVISIONS OF THE ACT

Rule	Rule Title	Effect
101	Definitions	Adds definitions of “Pre-execution Communication,” “Proprietary Data or Personal Information” in response to staff request and amends definition of “Supervised Person” to conform to other rule provisions.
210(a)	Chief Compliance Officer	Amends Rule 210(a) to clarify that CCO reports to the senior officer.
309(c)	Market Data	Conforming change to capitalize the now defined term “Proprietary Data or Personal Information.”
313	Independent Software Vendor	As requested by staff adds rule addressing ISV eligibility requirements and makes clear that user of an ISV must have been granted Trading Privileges.  Makes clear that BGC will charge comparable fees to ECPs and ISVs that receive comparable access to services from the SEF.
501(a)	Required Transactions; Execution	As requested by the staff, makes explicit that Required Transactions may be executed through each type of trading functionality or facility provided by the Electronic Order Book or Voice Functionality/
502(a)	Permitted Transactions; Execution	As requested by staff, adds that each Required Transaction may be executed through any of the functionalities
503(d)	Trading Hours for Required and Permitted Transactions	As requested by staff, adds paragraph (d) detailing the actual trading hours.
505(a)(ii)	Pre-Execution Discussions and Cross Trades	As requested by staff makes reference to requirements of criteria in Rule 37.9(b)(2) for altering 15 second delay.
509	Limitation of Size of Orders	As requested by staff adds rules making clear that the electronic trading system includes maximum sizes on orders.
510(a) and (c)	Block Trades	As requested by staff, amends to make it clear that Block Trade sizes are the same

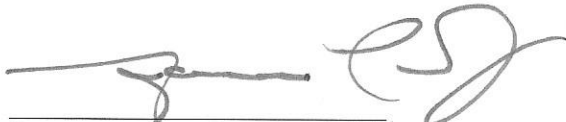
		level as provided in 17 C.F.R. Appendix F to Part 43, that pre-trade credit check are required for block trades, and the treatment of contracts that are rejected from clearing provisions also apply to Block Trades.
513	Package Transactions	As requested by staff, adds rule on Package Transactions that includes reference to reliance on No-Action Letter 14-137.
514	Trade Cancellations and Price Adjustments	Renumbered Rule 606 to Rule 514 and amended paragraph (a) to apply to transactions made using any trading functionality. Amended the review process, clarifying what information must be included in a request to cancel an erroneous trade and makes clear that the decision is by the CCO or the CCO's delegee. Adds procedure relating trade cancellation of improper trade.
515	Error Trade	Adds rule to address error trades, particularly the four scenarios and procedures included under CFTC NAL 15-24.
602(a) and (b)	Trade Execution via Electronic Order Book	Amends paragraph (a) make clear that trading on the electronic Order Book is anonymous and amended to codify current SEF practice that in work-up separate transactions are not aggregated as a single transaction.
603(a)(iii)	Orders – In General	As requested by staff, adds specificity with regard to information included in an Order.
604(b)	Confirmations for Uncleared Transactions	As requested by staff, adds sub-paragraph specifying that Participants must provide underlying documentation relating to uncleared transactions to the Facility and that Facility must request such documents from Participants if requested by the CFTC.
606	Reserved	Rule 606 renumbered as Rule 514.
703(e)	Order Types	As requested by staff, conforming amendment to add Order types with respect to Voice trading.

702a(c)	Trade Execution via RFQ Functionality	As requested by staff, clarifies that RFQ can be sent to all.
702a(f)	Trade Execution via RFQ Functionality	As requested by staff, clarifies that RFQ requester may make a counter request.
805(b)	Trades Rejected for Clearing	Conforming amendment to make clear that this rule does not supersede Error trade procedures of Rule 515.
908	Abusive Trading Practices Prohibited	As requested by the staff, amended to specify that the term “disruptive trading practice,” includes any trading practice described in Section 4c(a)(5) of the CEA or in interpretive guidance issued by the CFTC.
1010(b)	Decision	As requested by the staff, add rule referring to procedures provided in CFTC Rule 9.11 and Performance of Certain Functions by NFA with Respect to 9.11 Guidance.
1101(d)	Penalties	New section provides that each Participant will be responsible for paying any fine or other amount imposed on but not paid by any of its Supervised Persons or Customers.

**CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY  
EXCHANGE ACT, 7 U.S.C. §7A-2 AND COMMODITY FUTURES TRADING  
COMMISSION RULE 40.6, 17 C.F.R. §40.6**

I hereby certify that:

- (1) the foregoing Rule amendments comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, BGC Derivative Markets, L.P. posted on its website:
  - (a) a notice of pending certification of the above Rules with the Commission; and (b) a copy of this submission



By: JAMES CAWLEY

Title: CEO

Date: 8/28/15

ATTACHMENT A—TEXT OF RULE AMENDMENTS

**PART 1. Meaning of Terms**

**101. Definitions.**

\* \* \* \* \*

**“Pre-execution Communication”** means on or more communications between market participants for the purpose of discerning interest in the execution of a transaction prior to exposure of such market participants’ Orders (i.e., price, size and other terms) to the Facility.

**“Proprietary Data or Personal Information”** for the purpose of Rule 309(c) means information that would separately disclose business transactions, market positions, or the trade secrets of a Participant or Authorized Customer or provide non-public information about a natural person.”

**“Supervised Persons”** means any directors, officers, agents, or employees (including any Authorized Traders) of any Participant ~~or Authorized Customer.~~

**PART 2. GOVERNANCE.**

**210. Chief Compliance Officer.**

(a) The Chief Executive Officer shall appoint the Chief Compliance Officer to whom the Chief Compliance Office shall report. The Chief Compliance Officer shall meet with the Board of Directors at least annually and with the Regulatory Oversight Committee at least quarterly. The Chief Compliance Officer may only be removed by the vote of a majority of the Board of Directors.

\* \* \* \* \*

## PART 3. Participants.

### 309. Market Data

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- (c) Unless a Participant provides written notice to the General Counsel of the Facility, such writing may be electronic, the Facility may not use for business or marketing purposes Proprietary Data or Personal Information that has been collected or received from such Participant or from any of its Sponsored Participants, Brokers, employees, agents, vendors and their Affiliates and other Persons affiliated with any of the foregoing for the purpose of fulfilling the Facility's regulatory obligations. *Provided however*, the Facility may share such Proprietary Data or Personal Information with one or more registered entities (as such term is defined in Commission Regulations) where necessary for regulatory purposes. Access to the Facility will not be conditioned upon the consent to use such Proprietary Data or Personal Information for business or marketing purposes and no Person shall be denied access to the Facility as a consequence of refusal to submitting such notice to the Facility.

\* \* \* \* \*

### 313. Independent Software Vendor.

- (a) An independent software vendor ("ISV") may apply to connect to the Facility, and shall be permitted to do so by the Facility, provided that the ISV meets the following criteria initially and on a continuing basis:
- (i) the ISV applies for connection privileges on a form prescribed by the Facility and provides such supporting documentation as required by the Facility;
  - (ii) the ISV satisfies the definition of Eligible Contract Participant;
  - (iii) the ISV shall be duly organized, existing and in good standing under the laws of its jurisdiction of organization;
  - (iv) the ISV shall have good commercial standing and business experience;
  - (v) the ISV shall have adequate financial resources and credit as reasonably determined by the Facility;
  - (vi) the ISV shall, where relevant, be registered, licensed or otherwise permitted to do business as an ISV;
  - (vii) the ISV shall have such operational capabilities (including without limitation such hardware, software, communications systems and staffing)

as the Facility may from time to time determine is appropriate in view of such ISV's anticipated activities;

- (viii) the ISV shall meet any other criteria that the Facility may from time to time prescribe.
- (b) An ISV that is connected to the Facility must pay fees as provided under the conditions set forth in Rule 307. Comparable fees shall be set forth for comparable access to, or services from, the Facility.
- (c) For the avoidance of doubt, any Person accessing the Facility through an ISV must have been granted Trading Privileges on the Facility under Rule 305 or Rule 306.

## **PART 5 MISCELLANEOUS.**

### **501. Required Transactions**

- (a) **Execution.** Required Transactions, except for Block Trades which shall be traded in accordance with Rule 510, shall be matched via the Electronic Order Book in accordance with the provisions of Rule 602, through Voice Functionality in accordance with Rule 702, or through the Request for Quote System in accordance with the provisions of Rule 702a. Each Required Transaction may be executed through any of the foregoing functionalities.

\* \* \* \* \*

### **502. Permitted Transactions**

- (a) **Execution.**
  - (i) Permitted Transactions shall be matched via the Electronic Order Book in accordance with the provisions of Rule 602, through Voice Functionality in accordance with Rule 702, or through the Request for Quote System in accordance with the provisions of Rule 702a. Each Permitted Transaction may be executed through any of the foregoing functionalities.
  - (ii) Permitted Transactions that are not matched by the Facility, having been entered into or confirmed and reported to the Facility subject to the provisions of Rule 512, shall be recorded as a transaction executed subject to the rules of the Facility. Each cleared or uncleared Permitted Transaction may be executed under the provisions of Rule 512.

\* \* \* \* \*



**503. Trading Hours for Required and Permitted Transactions.**

\* \* \* \* \*

(d) The Facility is operational 24 hours a day, Sunday 17:50 to Friday 18:00, except for holidays as notified by the Facility. Trading via the Electronic Trading Order Book under Part 6 of these Rules (including electronic Request for Quotes) and trading under Rule 512 is available during those times. Trading via Voice Functionality shall be available from 6:00 to 18:00 Monday through Friday, 364 days a year. Each Business Day begins at 17:50 Sunday to Thursday and ends at 17:50 Monday to Friday.

**505. Pre-Execution Discussions and Cross Trades.**

(a) \* \* \*

(i) \* \* \*

(ii) the Person waits for at least 15 seconds (or such other time as the Facility may publish from time to time for particular contracts based upon liquidity or such other product-specific considerations as may be permitted under Commission Rule 37.9(b)(2)) after the initial Order is submitted to the Trading System or Execution Specialist before submitting the opposite side; and

\* \* \* \* \*

**509. Limitation of Size of Orders.-Reserved**

In order to avoid error, the Electronic Trading System will prevent a Participant, an Authorized Customer, and their respective Authorized Traders from trading over a specified size, per side, per transaction and per Swap. Such size controls are not cumulative and may be exceed through the entry of multiple Orders. No size limitation exists for voice transactions, Requests for Quotes under Part 702a of these Rules, or Block Trades under Rule 510.

**510. Block Trades.**

(a) The Facility may designate any Swap as eligible for privately negotiated transactions, or "Block Trades," under this Rule and has ~~shall~~ determined the minimum size thresholds for the Swaps in which Block Trades are permitted to be the same level as provided in 17 C.F.R. Appendix F to Part 43. ~~(which shall not be lower than the minimum established by the Commission).~~ In determining the minimum size threshold, the Facility shall take into consideration (to the extent available) the size distribution of transactions in the Swap and all other information relevant to transaction size in the relevant Swap.

\* \* \* \* \*

(c) \* \* \*

(i) \* \* \*

(vi) a Block Trade shall be subject to the provisions of Rule 501(d), Rule 502(b), Rule 805(b) and Rule 805(c).

\* \* \* \* \*

**513. Package Transactions.**

A package transaction is a multi-leg transaction priced or quoted as one economic transaction, involving at least one Swap. For all package transactions, the Facility's audit trail records shall identify the Swap transaction(s) as being priced under the procedures of this Rule. The Swap leg or legs of a package transaction may be executed by the Facility subject to the following conditions.

(a). U.S. Dollar Swap Spread.

- (i) U.S. Dollar Swap Spread is a transaction in a U.S. Dollar Swap traded as a spread price between a U.S. Treasury security transaction and the Swap. U.S. Dollar Swaps are available for trading as a spread transaction via:
- (A) the Electronic Order Book under Rule 602(a) of the Rules, including but not limited to Electronic Order Book Trading Session (Rule 602(a)), Volume Clear Trading (Rule 602(b)), Volume Match Trading Facility (Rule 602(c), and Assisted Order Entry (Rule 607),
  - (B) Voice Functionality under Part 7, including but not limited to Regular Voice Trading Facility (Rule 703(a)), Voice Work-up (Rule 703(a)(v)), Technology-Assisted Voice Trading Facility (703(b)), Volume Match Voice Trading Facility (Rule 703(c)(ii) of the Rules;
  - (C) Pre-execution discussed and crossed trades under Rule 505, and
  - (D) Request for Quotes under Part 7a of the Rules.
- (ii) In a U.S. Dollar Swap Spread, a buyer (seller) enter Bids (Offers) for a U.S. Dollar Swap based upon a spread value and transaction size. When entering a Bid (Offer) such Orders shall be subject to the pre-trade credit check under Rule 501(d). Upon a buyer and seller being matched by the Facility, the Facility notifies them of the prevailing cash market price for the indicated Treasury security, identifies each to the other (if not already so identified), and executes a U.S. Dollar Interest Rate Swap between the Participants at a price calculated by the Facility derived from the prevailing cash market price for the Treasury security which has been communicated to the parties and the matched spread value. The parties to the Swap subsequently enter into a separate cash market transaction bilaterally for the Treasury security at the prevailing cash market price.
- (iii) For the avoidance of doubt, the Facility takes no part in facilitating cash market Treasury security transactions. However, nothing in these Rules prohibits parties to the Swap from using the Facility's affiliated broker-dealer to assist in arranging the cash market transaction in Treasury securities related to their U.S. Dollar Swap Spread transaction. In this regard, the Facility's affiliated broker-dealer stands ready to enter into a cash market Treasury security transaction with each of the original parties to the Dollar Swap Spread where the parties do not enter into a transaction for the offer or sale of the Treasury security with each other.
- (b) MAT/MAT. A MAT/MAT package consists of two (or more) Required Transaction legs of the same Swap but of different tenors, traded based upon the spread value of the defined relationship of the legs. When entering a Bid (Offer)

such Orders shall be subject to the pre-trade credit check under Rule 501(d). A MAT/MAT package can be traded via any of the functionalities or facilities provided in paragraph (a)(i)(A),(B) and (C) of this Rule. Upon being matched based upon the spread value, the Facility executes the two legs of the transaction at a price calculated by the Facility derived from the prevailing price for the shorter tenor leg.

(c) MAT/Non-MAT (Cleared). A MAT/Non-MAT (Cleared) package consists of at least one Required Transaction and one (or more) cleared Permitted Transaction based upon the spread value of the defined relationship of the legs. When entering a Bid (Offer) such Orders shall be subject to the pre-trade credit check under Rule 501(d). A MAT/Non-MAT (Cleared) package can be traded via any of the functionalities or facilities provided in paragraph (a)(i)(A),(B) and (C) of this Rule. Upon being matched based upon the spread value, the Facility executes the two legs of the transaction at a price calculated by the Facility derived from the prevailing price for the Required Transaction leg.

(d) MAT/Non-MAT (Uncleared). Until February 12, 2016, or such later time as the relief in CFTC Letter No. 14-137 may be extended, a package transaction consisting of one or more Swaps that include both a Required Transaction and an uncleared Permitted Transaction shall be subject to the procedures of Rule 512.

(e) MAT/Non-Swap Instruments. Until February 12, 2016, or such later time as the relief in CFTC Letter No. 14-137 may be extended, the Required Transaction leg or legs of a package transaction that consists of one or more Required Transaction and one or more non-Swap instrument, shall be subject to the procedures of Rule 512; provided however, this provision shall not apply to U.S. Dollar Spreads which shall be subject to the procedures of paragraph (a).

(i) The Broker, when reporting the Swap leg of the package to the Facility for execution shall also include the trade details of the non-Swap leg or legs of the package.

(f) Non-MAT(uncleared)/Non-MAT(uncleared). A Non-MAT(uncleared)/Non-MAT(uncleared) package consists of two or more uncleared Permitted Transactions and shall be subject to the procedures of Rule 512.

(g) Non-MAT(uncleared)/Non-MAT(cleared). A Non-MAT(uncleared)/Non-MAT(cleared) package consists of two or more Permitted Transactions and shall be subject to the procedures of Rule 512.

(h) For all package transactions, the Facility's audit trail records shall identify the Swap transaction(s) as being priced under the procedures of this Rule 513.z

**603514.** Trade Cancellations and Price Adjustments.

- (a) **Trade Cancellation Authority.** The Facility's trade cancellation policy authorizes the Board, through its designee the Chief Compliance Officer (or the Chief Compliance Officer's delegate) (the "Designee"), to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Facility Electronic Order Book or by Electronic Trading System defects. Notwithstanding any other provision of this Rule, the Designee may adjust trade prices or cancel any trade executed through the Facility Electronic Order Book if the Designee determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market; provided, however, that any such determination by the Designee (if other than the Chief Compliance Officer) will be subject to review by the Chief Compliance Officer if the Designee determines such review to be necessary or appropriate. Subject to the immediately preceding sentence, the decision of the Designee shall be final. Any trade price adjustment or trade cancellation shall be made subject to the standards of this Rule 514606, such standards being clear, fair, and publicly available. Any determination made under this Rule 514-606 to adjust any trade price or cancel any trade shall be announced to the market by a message from the Control Desk or such other method as the Facility shall provide.
- (b) **Review of Trades.** The Designee may review a trade based on its analysis of market conditions or a request for review by a user of the Facility Electronic Trading System.
- (c) **Request for Review.** A request for review must be made within 20 minutes—a reasonable time period from the execution of the trade. The request may be verbal, with a writing (which may be electronic) to follow within one hour from the execution of the trade. The request must specify the trade details, the time of its occurrence, the desired outcome (amend or cancel) and the reason for such a request, including whether due to erroneous trading or improper trading. For trades claimed to be improper, the requestor must detail the basis on which the trade should be considered improper and the reason supporting the cancellation or amendment of such a trade. The written request must be countersigned by the customer desk head or a business individual with supervisory authority for the requestor. The Facility will make its determination based upon the request for review.
- (d) The Designee shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the Designee will promptly notify the counterparties and issue an alert to all Participants, Authorized Traders and Authorized Customers on the Facility Electronic Trading System indicating that the trade is under review. The Designee, in his or her discretion, may also notify the Compliance department of the requestor.

In the case of Swaps determined by the Designee to be illiquid, the Designee may initiate a review up to 20 minutes after the execution of the trade, and has the authority, but not the obligation, to review trades reported more than 20 minutes

~~following execution if it determines that the trade price was significantly out of line with fair value prevailing at the time of the transaction.~~

In the course of its review of any trade, the Designee may, but is not obligated to, inform any of the parties to the trade of the identity and contact information of any other party to the trade.

(e) **Trade Cancellation or Amendment—Improper Trades.** The Designee's decision on whether to cancel or amend a trade claimed to be improper shall be made under the following procedure:

- (i) Upon receiving a written request to cancel or amend an improper trade, the Designee, in the Designee's discretion, may offer the counterparty an opportunity to respond to the reasons cited in the written request that the trade was improper and to provide an explanation why the trade should not be considered to be improper; provided however, the counterparty shall not have a right to view the written request if the Designee shall in his or her discretion determine that the contents or identity of the requestor should not be disclosed.
- (ii) The Designee, upon reviewing the written request for cancellation or amendment of an improper trade and any statement of the counterparty to the requestor will determine whether the trade on its face violated Applicable Law or these Rules and whether the trade affected the integrity of the market, including but not limited to whether the trade had a material adverse effect on market prices or orderly trading in the market.
- (iii) The Designee shall communicate his or her determination to the parties whether to cancel or amend the trade or to let the trade stand, and shall communicate his determination to the market.
- (iv) Upon a determination by the Designee that a trade shall be cancelled or amended the Facility shall implement the decision. The cancelled or amended trade price will be reflected as cancelled in the Facility's official record of time and sales.
- (v) Issues of liability in cases where reasonable out-of-pocket losses have been incurred by Persons whose trades were cancelled or amended will be determined by the Designee based upon all relevant facts and circumstances, including the conduct of the respective parties.
  - (A) A claim for a loss pursuant to this Rule must be submitted to the Facility, on a Facility claim form, within five Business Days of the cancelled or amended trade giving rise to the claim. The Facility shall reject any claim that is not permitted by this Rule and such decision shall be final. All claims which are not rejected by the

Facility shall be forwarded to the party responsible for the Order(s) that resulted in the cancelled or amended trade and that party shall, within ten Business Days of receipt of the claim, admit or deny responsibility in whole or in part.

(B) To the extent that liability is admitted, payment shall be made within ten Business Days. To the extent liability is denied, the claim shall be resolved by and pursuant to the arbitration rules of the NFA or such other self-regulatory organization as the parties may agree in accordance with the procedures of Part 11 of the Rules.

(f) Trade Price Adjustment and Cancellation Process—Erroneous Trades. The Designee will first determine whether the trade price is within the “No Review Range.” During fast market conditions, upon the release of significant news, or in other circumstances in which the Designee determines it is appropriate, and upon consultation with the Chief Compliance Officer, may without prior notice, temporarily increase the published No Review Range, up to an amount that is double the published range.

(i) *Information considered*. In applying the No Review Range, the Designee shall determine the market price for that Swap immediately before the trade under review (the “Market Price”). The Designee may consider any relevant information, including the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on the Facility Electronic Trading System, of the same or a related Swap, a better bid or offer price, a more recent price in a related Swap or related Swap tenor; the price of the same or related Swap established in reported voice facilitated trading and any other factors that the Designee deems relevant.

\* \* \* \* \*

(i) Claim Process. A claim for a loss pursuant to this Rule must be submitted to the Facility, on a Facility claim form, within five Business Days of the price-adjusted trade giving rise to the claim. The Facility shall reject any claim that is not permitted by this Rule and such decision shall be final. All claims which are not rejected by the Facility shall be forwarded to the party responsible for the Order(s) that resulted in a price adjustment. Such party shall, within ten Business Days of receipt of the claim, admit or deny responsibility in whole or in part.

To the extent that liability is admitted, payment shall be made within ten Business Days. To the extent liability is denied, the claim shall be resolved by and pursuant to the arbitration rules of the NFA or such other self-regulatory organization as the parties may agree in accordance with the procedures of Part 11 of the Rules.

(j) \* \* \* \* \*

- (k) **Transfer Trades.** Positions that result from a trade determined by the Designee to be outside the No Review Range that cannot be cancelled because the trade was not reported within twenty five minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a “Transfer Trade”). The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the Designee to be inside the No Review Range may not be reversed using a Transfer Trade.
- (l) **Arbitration of Disputes Regarding Transfer Trade.** If a party does not agree to transfer a position pursuant to Rule 5144(jh), any other party to the trade pursuant to Rule 901 may file an arbitration claim in accordance with the procedures of Part 11 of the Rules against the Person representing the other side of the trade. Written notice of such claim must be provided to the Facility within five Business Days of the execution of the trade. Failure to file the claim within five Business Days shall be deemed a waiver of all claims. The arbitration claim will be conducted in accordance with the procedures of Part 11 of the Rules.
- (m) \* \* \*
- (ii) the trade adjustment must be within the range of the high and low of the previous day’s price range.
- (iii) \* \* \*
- (v) the parties to the adjusted trade must report it to the Facility Electronic Trading System using a Transfer Trade not later than the close of business on the Business Day after the trade occurred.

**515. Error Trades**

- (a) Scope. Until June 15, 2016, or such later time as the relief in CFTC Letter No. 15-24 shall be extended, this Rule 515 shall apply where an operational or clerical error or omission made by the Facility, one of the counterparties, or an agent of the counterparty, causes a trade to be rejected from clearing, where one leg of a Package Transaction is rejected from clearing due to the sequencing of the submission of the legs (“Rejected Error Trade”), or is identified after the trade has been cleared (“Cleared Error Trade”)(together “Error Trades”). Legs of a Package Transaction that have been accepted for clearing are not within the scope of this Rule.
- (b) Rejected Error Trades. Upon an affirmative finding by the Facility that a trade has been rejected due to an error or an erroneous term other than for reasons of credit, the Rejected Error Trade shall be considered to be void ab initio and the Facility may execute a new trade with the original terms but for the correction of the erroneous terms and submit the new trade to the applicable DCO as quickly as technologically possible, but in no event in more than 1 hour from the notice of rejection from



clearing. The new trade shall be subject to the procedures of Rule 501(d) or Rule 502(b), as applicable. Any new trade which is also rejected is considered to be void ab initio and may not be submitted again.

- (c) Cleared Error Trades. Upon an affirmative finding by the Facility that a trade is being carried on the books of a DCO in error, a trade to offset the Swaps carried in error on the books of the DCO shall be executed by the Facility and a new transaction shall be executed by the Facility with the original terms of the Cleared Error Trade but for the correction of the erroneous terms. Such correcting trades must be executed and submitted for clearing no later than three days from the execution of the Cleared Error Trade. The new trade shall be subject to the procedures of Rule 501(d) or Rule 502(b), as applicable.
- (d) Consent to correction of Error Trades. In the event that an error comes to the attention of the Facility, the Facility may correct obvious errors under the procedures of paragraph (b) or (c) of this Rule 515 without the consent or knowledge of the counterparties to the transaction. In the event that the Facility is unable to determine how to correct an Error Trade on its face, the Facility shall inform the counterparties to the trade and request their assistance in determining the nature and the substance of the error. The Facility may not correct such non-obvious errors unless the parties shall agree.
- (e) Reporting. The Facility shall report the following to an SDR as soon as technologically practicable after the original trade is rejected by the DCO:
  - (i) Cancellation of the original trade under part 43 of the Commission's rules;
  - (ii) A Part 45 termination indicating that the original trade is void ab initio; and
  - (iii) Swap transaction data pursuant to Parts 43 and 45 for the newly executed trade(s).

## **Part 6. TRADING VIA ELECTRONIC ORDER BOOK.**

### **602. Trade Execution via Electronic Order Book.**

\* \* \*

- (a) *Electronic Order Book Trading Session.* The Electronic Order Book Trading Session is a trading session that remains open throughout the Business Day. Except as expressly provided for by these Rules, all Orders are matched by the action of one Participant hitting (lifting) a displayed Bid (Offer) or by the Electronic Order Book matching electronically two passive orders that occur at the same price. The Electronic Order Book will display Orders anonymously based upon price/time priority, so that an Order at a better price will always have priority over Orders at inferior prices and resting Orders at the same price will be displayed on a time

priority basis. Transactions in the Electronic Order Book Trading Session are based upon executable and indicative Orders.

\* \* \* \* \*

(b) \* \* \*

(i) \* \* \*

- (ii) the Electronic Trading System on behalf of the Participant shall query the parties in the order in which their Bids (Offers) were executed. The Participant enters a request to the Electronic Trading System for additional volume which shall remain open with each such contra-counterparty party for the number of seconds specified by the Electronic Trading System, which number may vary according by category or class of Swap. Once the time has expired for the original executing parties, all market Participants may be then matched with contra-requests for additional volume of transactions. Separate transactions entered into during the work-up process will not be confirmed or reported as a single aggregate transaction.

\* \* \* \* \*

### 603. Orders.

(a) \* \* \*

(i) \* \* \*

- (iii) each Order entered into the Electronic Trading System must be in the form and contain the information the Facility requires, including, but not limited to, Order type, size, side, price (if applicable), and the applicable Commission Customer Type Indicator (CTI) Code. Any Order not complying with Facility requirements shall not be accepted.

\* \* \* \* \*

### 604. Confirmations and Objections.

\* \* \* \* \*

(b) \* \* \*

- (i) Participants must provide to the Facility a copy of the underlying previously-negotiated freestanding agreements (Terms Incorporated by Reference) upon the Facility's request.
- (ii) The Facility must request from one or more Participant the underlying previously-negotiated freestanding agreements upon request from the Commission and the Facility must furnish such documents to the Commission as soon as such documents are available.

\* \* \* \* \*

[Rule 606 is removed and reserved.]

Rule 606. Reserved.

## **Part 7. TRADING VIA VOICE FUNCTIONALITY.**

### **703. Voice Trading Facility.**

\* \* \* \* \*

**(e) Order Types.** The following Orders may be entered by a Participant verbally to an Execution Specialist. Such Orders shall include the information the Facility requires, including, but not limited to, Order type, size, side, price (if applicable), and the applicable Commission Customer Type Indicator (CTI) Code. Any Order not complying with Facility requirements shall not be accepted by the Execution Specialist. Voice Functionality Orders include:

(i) Good until Bettered Orders. ("GTB"). A good-until-bettered order is an order to buy or sell a stated amount of a Swap or strategy to be executed at the displayed price until bettered by another order (whether from the original participant or another) or until the order is cancelled by the Participant or System.

(ii) Limit Orders. A limit order is an order to buy or sell a stated amount of a Swap or strategy to be executed at the price stated in the order or better, such that the order will persist and not be removed even if bettered and will remain until executed or cancelled by the Participant, Authorized Customer, Authorized Trader or Execution Specialist.

(iii) Fill and Kill (“FAK”) Orders. A FAK order is a request to buy or sell on the System at a specific price that, if matched by a contra order, will initiate a trade and may be matched immediately in its entirety or partially. If the size of the FAK order exceeds the amount initially executed the order will be worked in the System to the extent other contra orders become available until that transaction is concluded. If there is no contra order at the same price when the FAK is entered into the System the FAK order is withdrawn. This order type is deployed in both the order book and auction events.

(iv) the Good until Bettered and Limit Order types may also be used with the following Order attributes:

(A) One Cancels the Other (“OCO”). An OCO order provides the Participant with the ability to enter multiple Bids and/or Offers into the System where orders may be linked to each other so that if any one order is executed upon, the Participant’s remaining orders referenced to that instrument within a pre-selected set of instruments will be cancelled. Normally these sets are configured to be in groups of Bids or groups of Offers in specific product sets.

(B) All or None (“AON”). An AON order provides Participants with the ability to restrict execution to all of the chosen order size, or none at all, such that partial execution is disallowed. Users of AON as an order type may be bypassed in some order matching scenarios where the system cannot match with the AON order where the available volume is less than the minimum size restriction on the order but can match with other participants instead who may show orders in smaller amounts or be willing to accept partial fills.

(v) All Voice Orders shall remain open until executed, modified or withdrawn by the Participant, Authorized Customer, Authorized Trader or Execution Specialist entering the Order. All Orders cease to be active at the close of the Business Day.

## **Part 7a Trading Via Request for Quotes (“RFQ”) Functionality.**

### **702a. Trade Execution via RFQ Functionality.**

\* \* \* \* \*

(c) Participants will have equal priority in receiving the RFQ and in transmitting and in displaying or communicating their responses. A tradable response to an RFQ on a Required Swap requires, during the Commission-determined phase-in compliance period, that a minimum of two Participants, and thereafter, a minimum of three Participants, not affiliated with or controlled by the requestor or each other, receive the request. A minimum number of requests is not required for an RFQ on a Permitted Transaction. There is no maximum number of Participants that may be requested and an RFQ may be sent to all market participants.

\* \* \* \* \*

(f) The requestor has the ability to select the Bid or Offer against which to be matched from among the responding and the resting Bids or Offers. The requesting Participant may also show an Offer or Bid to all responders. Any of the responders may lift or hit the requestor's ~~Order~~. A requesting Participant may also show an Offer or Bid to a further minimum three number of Participants (which may include one or more of the responders to the initial request) subject to the provisions of paragraph (c)

\* \* \* \* \*

## **Part 8. CLEARING AND FINANCIAL INTEGRITY OF CONTRACTS.**

### **805. Trades Not Accepted for Clearing.**

\* \* \* \* \*

(b) **Trades Rejected for Clearing.** In the event that a Swap is rejected by the Clearing Organization to which it has been submitted, the Facility will so inform the Participants or Authorized Customers that are the counterparties to the trade. A trade for which the Facility has received a rejection notice from the Clearing Organization is void ab initio; provided however, nothing in this Rule shall supersede the procedures of Rule 515 which shall apply to Error Trades.

\* \* \* \* \*

## **Part 9. BUSINESS CONDUCT.**

### **908. Abusive Trading Practices Prohibited.**

No Participant, Authorized Customer or Customer shall engage in front-running, wash trading, pre-arranged trading, fraudulent trading, money passes, accommodation trading, any other manipulative activity prohibited by the Act or Commission regulation or disruptive trading practice (which includes any trading practice described in Section

4c(a)(5) of the Act or in applicable interpretive guidance issued by the Commission and in force at the time of the violation) prohibited by the Act or Commission regulation, or enter into non-competitive transactions on or subject to the Rules of the Facility except as otherwise authorized by these Rules, or execute any such Order on behalf of another with such knowledge of its nature.

## **Part 10. DISCIPLINARY PROCEEDINGS.**

### **1010. Decision.**

\* \* \* \* \*

(b) When a Decision under Rules 1010, 1015 or 1016 has become final, the Facility shall, within thirty days, provide a copy of such Decision by mail to the Division of Market Oversight at the Commission's headquarters address as provided under Commission Rule 9.11, or alternatively by electronically providing such information to the National Futures Association for entry into its Background Affiliation Status Information Center system.

### **1011. Penalties.**

\* \* \* \* \*

(d) Each Participant will be responsible for paying any fine or other amount imposed on but not paid by any of its Supervised Persons or Customers.