



TRADITION SEF, Inc.

November 10, 2014

**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) Certification. Notification of Amendments to Tradition SEF, Inc. Fee Schedule. Tradition SEF Submission No. 14-21.**

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, Tradition SEF, Inc. ("Tradition SEF") hereby notifies the Commission of amendments to its fee schedule, to be effective and implemented by Tradition SEF on December 1, 2014.

Tradition SEF has amended the fee schedule to incorporate the addition of a new category of fees related to the introduction of a Broker Firm Participant to Tradition SEF by a Participant. A Broker Firm Participant is distinguished from a General Participant in that a Broker Firm Participant may enter orders or execute swaps on a Tradition SEF Platform on an agency basis on behalf of customers or other Participants or their customers but not for the Broker Firm Participant's proprietary account. We have identified in Exhibit A the modified fees and compliance with the SEF core principles ("Core Principles") as set forth in Section 5h of the Commodity Exchange Act and Part 37 of the Commission's regulations thereunder. The redlined fee schedule is attached hereto as Exhibit B. Tradition SEF has simultaneously submitted a request for confidential treatment for Exhibit B.

Tradition SEF continues to be in compliance with applicable provisions of the Act, including the Core Principles. In particular, Tradition SEF has determined that it is in compliance with Core Principles 1 (Compliance with Core Principles) and 2 (Compliance with Rules), as further described in the compliance chart provided in Exhibit A.

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,*



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e.g., <http://www.traditionsef.com/news/>), concurrent with the filing of this submission with the Commission.

Should you require additional information related to this submission, please contact the undersigned at 212-377-2337 or [scot.halvorsen@tradition.com](mailto:scot.halvorsen@tradition.com). Please reference Tradition SEF Submission No. 14-21 in any related correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Scot Halvorsen", is written over a horizontal line.

Scot Halvorsen

Senior Regulatory Counsel

Exhibit A

Exhibit B (Confidential treatment requested)



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**EXHIBIT A**  
**Amendments to Fee Schedule**

Rule	Change	Explanation and Analysis of the operation, purpose, and effect of the proposed rule or rule amendment and its compliance with applicable provisions of the Act, including core principles, and the Commission's regulations thereunder.
<b>Fee Schedule</b>	<p>The fee schedule has been amended to reflect the addition of a new category of fees related to the introduction of a Broker Firm Participant to Tradition SEF by a Participant. A Broker Firm Participant is distinguished from a General Participant in that a Broker Firm Participant may enter orders or execute swaps on a Tradition SEF Platform on an agency basis on behalf of customers or other Participants or their customers but not for the Broker Firm Participant's proprietary account.</p> <p>The fee schedule related to Broker Firm Participants has been divided into four categories:</p> <p>(1) A Category 1 Broker Firm Participant includes a Broker Firm Participant that is a bank, Swap Dealer, Investment Bank and/or is registered as an FCM.</p> <p>(2) A Category 2 Broker Firm Participant includes: (a) a Broker Firm Participant that is registered as an Introducing Broker or is a Broker with appropriate and/or equivalent regulatory status in a foreign jurisdiction but is not a bank, Swap Dealer, Investment Bank and/or is registered as an FCM; or (b) a Broker Firm Participant that operates out of a single location with no affiliated offices or entities in other locations and has no affiliation with a competing SEF to Tradition SEF.</p>	<p>The purpose of this addition is to ensure that brokers cannot access Tradition SEF without applying to be a Broker Firm Participant, consenting to becoming subject to the jurisdiction of Tradition SEF and paying fees in a similar manner as other Participants that have access to the SEF. The change to the fee schedule demonstrates Tradition SEF's adherence to open access principles. By preventing a broker to access the SEF without applying for access and paying fees for access, Tradition promotes a fair, transparent platform. The changes to the fee schedule comply with Core Principle 2 (Compliance with Rules) and specifically with CFTC Rule 37.202, which requires impartial access to the SEF and transparent criteria governing access that is applied in a fair and nondiscriminatory manner. CFTC Rule 37.202 also requires a SEF to require that an eligible contract participant ("ECP") consent to its jurisdiction before the ECP can access the SEF. By complying with Core Principle 2, Tradition SEF demonstrates its compliance with Core Principle 1 (Compliance with Core Principles) and CFTC Regulation 37.100, which requires that a SEF comply with any requirement that the CFTC may impose by rule or regulation.</p>



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(3) A Category 3 Broker Firm Participant includes: (a) a Broker Firm Participant that is registered as an Introducing Broker or is a Broker with appropriate and/or equivalent regulatory status in a foreign jurisdiction but is not a bank, Swap Dealer, Investment Bank and/or is registered as an FCM; or (b) a Broker Firm Participant that operates out of multiple locations and/or has affiliated entities in other regions.

(4) A Category 4 Broker Firm Participant includes: (a) a Broker Firm Participant that is registered as an Introducing Broker or is a Broker with appropriate and/or equivalent regulatory status in a foreign jurisdiction but is not a bank, Swap Dealer, Investment Bank and/or is registered as an FCM; or (b) a Broker Firm Participant that operates out of multiple locations and/or has affiliated entities in other regions and has an affiliation with a competing SEF to Tradition SEF.

An Authorized Agent acts on behalf of a Broker Firm Participant. An Authorized Agent is not a Broker Firm Participant and does not have direct access to a Platform to enter Orders or execute Swaps. Authorized Agents may only place orders indirectly via their sponsoring Broker Firm Participant's infrastructure with respect to SEF activity. Authorized Agents may not place Orders directly onto Tradition SEF. Authorized Agents are subject to the same fee methodology applicable to Broker Firm Participants in categories 2 through 4.



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**EXHIBIT B**  
**Redlined Fee Schedule**

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**EXHIBIT B IS SUBJECT TO A REQUEST FOR CONFIDENTIAL TREATMENT**