



TRADITION SEF, Inc.

December 12, 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. Rulebook. Tradition SEF Submission No. 14-22.

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 Rulebook, to be effective and implemented by Tradition as of December 29, 2014.

Tradition SEF has amended the Rules to add greater specificity related to swap data reporting obligations and a new defined term "authorized agent" and to amend the block trade rule and error trade policy, among other minor changes. We have identified in Exhibit A the modified Rules 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. Exhibit B contains a redlined Rulebook.

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), 2 (Compliance with Rules), 7 (Financial Integrity of Transactions) and 9 (Timely Publication of Trading Information), 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, e.g., <http://www.traditionsef.com/news/>), concurrent with the filing of this submission with the Commission.



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Should you require additional information related to this submission, please contact the undersigned at 212-377-2337 or scot.halvorsen@tradition.com. Please reference Tradition SEF Submission No. 14-22 in any related correspondence.

Sincerely,

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

Scot Halvorsen

Senior Regulatory Counsel

Exhibit A

Exhibit B



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EXHIBIT A
Amendments to Rulebook

Rule	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.
Rule 101	Modifications to "Reporting Counterparty", "Direct Customer Access" and "Authorized Broker", "Regulatory Data" definitions; addition of "Authorized Agent" definition.	The purpose of these amendments is to clarify that: (1) the definition of Reporting Counterparty has the same meaning as such term has in Part 45 of the CFTC's regulations; (2) Direct Customer Access is available through Tradition SEF's graphical user interface; (3) to incorporate the concept of Authorized Agent into the definition of "Authorized Broker"; and (4) the definition of "Regulatory Data" is consistent with the CFTC's definition of such term as defined in CFTC Regulation 37.7. The purpose of the new defined term "Authorized Agent" is to ensure that these types of agency relationships with Broker Firm Participants become subject to Tradition SEF's rules and to incorporate the concept of Authorized Agents into the Rules as appropriate. By clarifying existing defined terms and adding a new defined term to account for a business practice that is used by Broker Firm Participants, Tradition SEF is in compliance with Core Principle 1 (Compliance with Core Principles). Specifically, Tradition SEF is in compliance with CFTC Regulation 37.100, which requires that a SEF comply with any requirement that the CFTC may impose by rule or regulation.
Rule 303(a)(5)	Amendment to Participant Application Process eliminating the obligation for applicants to provide Tradition SEF with a copy of a service of process agent agreement where applicable.	The purpose of this amendment reduces the burden on Participants to provide information to Tradition SEF that is not necessary. Tradition SEF continues to comply with Core Principle 1 (Compliance with Core Principles) and Core Principle 2 (Compliance with Rules).
Rule 308	Amendment to reflect that Broker Firm Participants may have Authorized Agents who indirectly access the SEF Platform in	The purpose of this amendment is to enable indirect access to the SEF Platform to users with relationships with Broker Firm Participants. Tradition SEF is in compliance with Core Principle 2 (Compliance with Rules) and CFTC Regulation 37.202, Access



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	<p>addition to Authorized Traders who directly access the SEF Platform. The rule has been amended to incorporate the concept of Authorized Agent where applicable.</p>	<p>Requirements, which requires a SEF to provide any ECP or ISV with impartial access to the SEF markets and market services. Tradition SEF also continues to comply with CFTC Regulation 37.200, which requires a SEF to establish and enforce compliance with any of its rules and to establish rules governing the operation of the SEF. Tradition’s amendments clarify the operation of the SEF and allow for broader market participation on the SEF Platform.</p>
Rule 404	<p>Amendment to remove the notification requirement of any withdrawal of membership from another exchange.</p>	<p>The purpose of this amendment reduces the notification burden on Participants. Tradition SEF continues to comply with Core Principle 1 (Compliance with Core Principles) and Core Principle 2 (Compliance with Rules).</p>
Rule 509	<p>Amendment to Rule to provide that Tradition SEF relies on the relief in CFTC No-Action Letter No. 14-118 and to amend the “applicable minimum threshold” for block trades to the “appropriate minimum block size” as set forth by the CFTC.</p>	<p>The purpose of this amendment is to provide specific rules about block trades by adding the CFTC’s definition of applicable minimum threshold and no-action letter number 14-118. Tradition SEF continues to comply with Core Principle 2 (Compliance with Rules) by establishing rules governing the operation of the SEF, including rules related to access to the SEF as required by CFTC Regulation 37.201(b)(2). CFTC Regulations 37.200(c) and 37.201(a) require a SEF to establish rules relating to trading procedures for block trades. Tradition SEF continues to be in compliance with this regulation.</p>
Rule 512(a)-(b)	<p>Amendment to reflect that Tradition SEF reports all creation and continuation data to the same swap data repository (“SDR”). Tradition SEF has also added a list of SDRs to which Tradition SEF reports swap data.</p>	<p>The purpose of this Rule amendment is to add specificity regarding swap data reporting and the swap data repositories to which Tradition SEF reports swap data. The amendment demonstrates Tradition SEF’s compliance with Core Principle 9 (Timely Publication of Trading Information). CFTC Regulation 37.901 requires a SEF to report to an SDR in accordance with Parts 43 and 45. Tradition SEF continues to be in compliance with Core Principle 9 and CFTC Regulation 37.901.</p>
Rule 513	<p>Addition of the prohibition on participants from submitting or agreeing to submit a cancellation or correction of a swap for the purpose of re-reporting swap data to</p>	<p>The purpose of this addition to Rule 513 is to make clear that a Participant must adhere to CFTC Regulation 43.3(e)(2) when entering into Swaps. CFTC Regulation 43.3(e)(2) provides that “[r]eporting parties, registered swap execution facilities, designated contract markets and registered swap data repositories shall not submit</p>



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	<p>gain or extend a delay in public dissemination of accurate swap transaction or pricing data or to otherwise evade reporting requirements.</p>	<p>or agree to submit a cancellation or correction for the purpose of re-reporting swap transaction and pricing data in order to gain or extend a delay in public dissemination of accurate swap transaction or pricing data or to otherwise evade the reporting requirements in this part.” The amendment demonstrates Tradition SEF’s compliance with Core Principle 1 (Compliance with Core Principles), Core Principle 2 (Compliance with Rules).</p>
<p>Rule 538</p>	<p>Amendment to rule to describe the error trade policy for potential errors caused by a Participant, Customer that is authorized by a Participant for Direct Customer Access to a Platform, including Broker Firm Participants acting on behalf of Customers.</p>	<p>The purpose of this rule amendment is to clearly stipulate the procedures that Participants must follow when a trade error that is suspected to have occurred may have been caused by a Participant, Customer or Broker Firm Participants. Core Principle 2 (Compliance with Rules) and, specifically, CFTC Regulations 37.200(c) and 37.201(a) require a SEF to establish rules relating to trading procedures. By incorporating rules related to trade errors, Tradition SEF continues to be in compliance with Core Principle 2 and related regulations.</p>
<p>Rule 539</p>	<p>Addition of new rule to describe the error trade policy for potential errors caused by Tradition SEF.</p>	<p>The purpose of the addition of this rule is to clearly stipulate the procedures that Participants must follow when a trade error that is suspected to have occurred may have been caused by Tradition SEF. The rule is separate and distinct from Rule 538 to make clear that the procedures are different depending on the entity that caused the trade error. Core Principle 2 (Compliance with Rules) and, specifically, CFTC Regulations 37.200(c) and 37.201(a) require a SEF to establish rules relating to trading procedures. By incorporating rules related to trade errors, Tradition SEF continues to be in compliance with Core Principle 2 and related regulations.</p>
<p>Rule 601</p>	<p>Amendment to clarify that Clearing Firms and FCMs are subject to Tradition SEF’s jurisdiction.</p>	<p>The purpose of this amendment is to make clear the types of entities that could fall within Tradition SEF’s jurisdiction if they violate the Rules. Tradition SEF continues to be in compliance with Core Principle 2 and related regulations. Tradition SEF continues to comply with the requirement of CFTC Regulation 37.203 by maintaining a rule enforcement program in accordance with the Core Principles and CFTC regulations.</p>



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Rule 703	Amendment to rule to provide a broader description of when a swap may be rejected from clearing in relation to when a Cleared Swap is void ab initio.	The purpose of this rule amendment is to clearly explain to Participants that a Cleared Swap may be rejected from clearing in a broader set of circumstances than the former rule, which stipulated that the rule applied when a Clearing Firm breached a credit limit at the relevant derivatives clearing organization. The rule amendment demonstrates Tradition SEF's ongoing compliance with Core Principle 7 (Financial Integrity of Transactions) and, in particular, CFTC Regulation 37.701 (Required Clearing). Tradition SEF continues to comply with Core Principle 2 (Compliance with Rules) by establishing rules governing the operation of the SEF, including rules related to access to the SEF and trade practice as required by CFTC Regulation 37.201(b)(2)-(3), and by establishing rules explaining when a transaction is deemed void ab initio and governing the operation of the SEF.
Rules 212, 308, 402, 403, 510, 514-522, 601, 615-617, 802, 807-808	Conforming rule amendments to incorporate the concept of Authorized Agent.	The conforming rule amendments throughout the Rulebook demonstrates Tradition SEF's compliance with Core Principle 1 (Compliance with Core Principles), Core Principle 2 (Compliance with Rules). CFTC Regulation 37.200(c) requires a SEF to establish rules governing the operation of the facility, including trading procedure rules. By establishing a rule that incorporates the new concept of Authorized Agent, Tradition SEF will operate efficiently and in accordance with CFTC regulations.



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EXHIBIT B
Redlined Rulebook

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