



December 14, 2015

To: SwapEx Participants

From: SwapEx, LLC

Re: Advisory Notice 03-2015 – Block Trade Functionality (SwapEx CFTC Submission #09.15)

This Advisory Notice amends and restates Advisory Notice 03-2015 – Block Trade Functionality (CFTC Submission Filing # 01.15).

This advisory notice confirms that SwapEx does not currently have the functionality to permit a market participant to designate a transaction in any of SwapEx's listed instruments as a Block Trade.

As background, SwapEx Rule 601(a) provides that "[b]lock Trades shall be permitted to the extent consistent with CFTC Regulations and these Rules." For a trade to be executed and reported by a swap execution facility ("SEF") as a block trade (as defined in CFTC Regulation 43.2), (i) such trade must, among other things, "occur away" from SwapEx's Trading System, pursuant to CFTC Regulation 43.2 and (ii) the counterparties to the trade must notify the SEF of their "election to have the [trade] treated as a block trade" as set forth in CFTC Regulation 43.6(g)(1)(i).

SwapEx does not currently have available functionality to accept trades executed outside of its Trading System. On September 19, 2014, the Division of Market Oversight of the CFTC issued CFTC Letter No. 14-118, granting temporary no-action relief until December 15, 2015 from the "occurs away" requirement to allow block trades that are intended to be cleared to be traded on a SEF's non-order book trading platforms.

However, this no-action relief was limited to swaps that are "intended to be cleared" (i.e., swaps that are of a type accepted for clearing by a Derivatives Clearing Organization, and intended to be submitted for clearing contemporaneously with execution). It did not provide relief from the requirement that a block trade involving a Permitted Transaction must "occur away" from the SEF's trading systems in order to be treated as a block trade. Therefore, SwapEx cannot currently permit any trade in any of SwapEx's listed uncleared non-deliverable foreign exchange forward instruments to be executed as a Block Trade. Moreover, SwapEx does not currently have available functionality to accept an election from the counterparties to a trade that the trade is intended to be treated as a block trade. Therefore, SwapEx cannot currently permit any trade in any of SwapEx's listed instruments to be executed as a Block Trade.

SwapEx will provide a notice to Participants if and when it is able to accept Block Trades.