



TRADITION SEF, LLC

Bennett Kirschner
General Counsel and Secretary

May 19, 2023

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 40.2 and 40.6(a) Certification. Request for New Product Certification of Tradition SEF's Interest Rate and Credit Swap Asset Classes Product Listings and non-substantive changes to IRS Product Listing

Tradition SEF Submission No. 2023-01

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") Regulations 40.2 and 40.6(a), Tradition SEF, LLC ("Tradition SEF" or "The SEF") hereby notifies the Commission of revisions to the following:

- 1) its Interest Rate Swap Asset Class Product Listing Terms and Conditions (the "IRS Product Listing Terms and Conditions") with respect to the addition of the following interest rate index underlying the interest rate swaps offered for trading: CAD Overnight Repo Rate Average (CORRA); and
- 2) the addition of the following index as a benchmark for credit swaps offered for trading: Markit® iBoxx USD Liquid Investment Grade (IG Index) Credit Index.

Redlined versions of Tradition SEF Rulebook Appendix A and Appendix B are attached hereto as Exhibit A and Exhibit B to reflect the changes. The effective date for these additions and revisions is June 5, 2023.

Please note that Tradition SEF Submission No. 2023-01 includes the following revisions to the IRS Product Listing and Terms and Conditions:

Appendix A, "General Information":

- The statistics associated with Interest Rate Swaps has been updated.
- Canadian Overnight Repo Rate Average (CORRA) has been added to Section 2 of the Product List within Appendix A to the Tradition SEF Rulebook.
- Clearing information for the designated clearing organizations associated with Canadian Overnight Repo Rate Average (CORRA) swaps has been added to Section 5 of Appendix A to the Tradition SEF Rulebook.
- Reference to Canadian Overnight Repo Rate Average (CORRA) has been added to Section 6 within Appendix A to the Tradition SEF Rulebook.
- Reference to Canadian Overnight Repo Rate Average (CORRA) has been added to Table 2 within Appendix A to the Tradition SEF Rulebook detailing the available currencies and the current publisher associated with each of the aforementioned reference indexes.
- Reference to Markit® iBoxx USD Liquid Investment Grade (IG Index) has been added to Section 1 of Appendix B of the Tradition SEF Rulebook.
- Reference to Markit® iBoxx USD Liquid Investment Grade (IG Index) has been added to Section 2 of Appendix B of the Tradition SEF Rulebook.
- Reference to Markit® iBoxx USD Liquid Investment Grade (IG Index) has been added to table 4.b within Section 4 of Appendix B of the Tradition SEF Rulebook.
- Reference to Markit® iBoxx USD Liquid Investment Grade (IG Index) TRS has been added to Appendix B of the Tradition SEF Rulebook.

Tradition SEF hereby certifies compliance with applicable provisions of the Act, including 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 promulgated thereunder. In particular, the products listed in this submission adhere to Core Principles 3 (“Swaps Not Readily Susceptible to Manipulation”) and 7 (“Financial Integrity of Transactions”) and CFTC Rules 37.300-301 and 37.700-37.702.

Herein, Tradition SEF demonstrates that the contracts listed for trading on Tradition SEF are not readily susceptible to manipulation as follows:

CAD CORRA Swaps:

The following is a description of the Canadian Overnight Repo Rate Average (CORRA):

The Canadian Overnight Repo Rate Average (CORRA) is a measure of the cost of overnight general collateral funding in Canadian dollars using Government of Canada (GoC) treasury bills and bonds as collateral for repurchase transactions (repos). The Bank of Canada calculates CORRA based on transaction-level repo data that Canadian government securities distributors, including primary dealers, and the six largest federally regulated financial institutions in Canada submit to the Investment Industry Regulatory Organization of Canada (IIROC) through the Market Trade Reporting System (MTRS). This approach makes CORRA robust, reliable and representative, similar to overnight risk-free

reference rates published by other central banks. It also aligns CORRA with the Principles for Financial Benchmarks published by the International Organization of Securities Commissions.

The CORRA calculation methodology was developed under the guidance of the Canadian Alternative Reference Rate Working Group (CARR), representing a wide range of market participants. It was also informed by CARR's public consultations, held February to April 2019, on the methodology enhancements.

IG Index Swaps:

The following is a description of Markit® iBoxx USD Liquid Investment Grade (IG Index):

Markit® iBoxx USD Liquid Investment Grade (IG Index) The iBoxx USD Liquid Investment Grade IG Index is not readily susceptible to manipulation. Swaps indexed to the iBoxx IG Index trade on multiple SEFs. The Markit iBoxx USD Liquid Investment Grade Index is designed to reflect the performance of US Dollar (USD) denominated investment grade corporate debt. The index consists of investment grade USD denominated bonds issued by corporate issuers from developed countries and contains solely fixed-rate bonds whose cash flow can be determined in advance. All bonds in the Markit iBoxx IG Index must have an iBoxx rating of investment grade. Ratings from the following three credit rating agencies are considered for the calculation of the iBoxx Rating: Fitch Ratings; Moody's Investor Service; S&P Global Ratings Investment grade is defined as BBB- or higher from Fitch Ratings and S&P Global Ratings and Baa3 or higher from Moody's Investor Service. The Total Return Swap format underlying bonds is weighted by market capitalization, with an issuer cap of 3% of index composition. The Markit iBoxx IG Index is rebalanced once a month at the month-end. The Markit iBoxx USD Liquid Investment Grade IG Index uses multi-source prices. The development and management of the iBoxx Indexes is rules-based, therefore making it difficult for individuals or entities to change selection practices for purposes of manipulation.

Tradition SEF hereby certifies that the products comply with the Commodity Exchange Act and the Commission's regulations promulgated thereunder. No substantive opposing views were expressed that were not incorporated into the product 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/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 bennett.kirschner@tradition.com. Please reference Tradition SEF Submission No. 2022-02 in any related correspondence.

Sincerely,

Bennett Kirschner
General Counsel and Secretary

Att.
Exhibit A
Exhibit B

EXHIBITS

- A) Appendix A to Tradition SEF Rulebook
Interest Rate Swap Product Listing**
- B) Appendix B to Tradition SEF Rulebook
Credit Swap Product Listing**