

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-331

Organization: NEX SEF Limited ("NEX SEF")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/28/23 Filing Description: Amendments to Chapter 5 ("Rule Enforcement") and Rule 901 ("System Protocols") of the NEX SEF Limited Rulebook (Form SEF Exhibit M) and the Trade Practice Review Program of the NEX SEF Compliance Manual (Form SEF Exhibit O3)

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: See filing.

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

Official Product Name:

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/> | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> | Approval  | § 40.5(a)            |
| <input type="checkbox"/> | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> | Approval Security Futures                               | § 41.24(c)           |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change"                 | § 40.4(b)(5)         |
| <input type="checkbox"/> | Notification  | § 40.6(d)            |

Official Name(s) of Product(s) Affected: Rule Numbers:

July 28, 2023

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to Chapter 5 (“Rule Enforcement”) and Rule 901 (“System Protocols”) of the NEX SEF Limited Rulebook (Form SEF Exhibit M) and the Trade Practice Review Program of the NEX SEF Compliance Manual (Form SEF Exhibit O3).  
NEX SEF Submission No. 23-331**

Dear Mr. Kirkpatrick:

NEX SEF Limited (“NEX SEF”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to Chapter 5 (“Rule Enforcement”) and Rule 901 (“System Protocols”) of the NEX SEF Rulebook and the Trade Practice Review Program of NEX SEF Compliance Manual (Form SEF Exhibit O3) (collectively, the “Rule Amendments”) effective on August 14, 2023.

Specifically, the Rule Amendments are as follows:

1. NEX SEF Rulebook (Form SEF Exhibit M)
  - Amendments to Chapter 5 (“Rule Enforcement”) to amend the title of the Hearing Panel Chairperson to Hearing Panel Chair, clarify the contents of the written decision and what information is submitted to the National Futures Association (“NFA”) via Background Affiliation Status Information Center (“BASIC”) as well as other administrative corrections to Chapter 5;
  - Amendments to Rule 901 (“System Protocols”) to include a change to the matching algorithm for certain NDF currency pairs, by prioritizing orders with shown quantities greater than a pre-defined threshold for matching at a given price level; and
  - Various formatting corrections.
2. Trade Practice Review Program (Form SEF Exhibit O3)
  - Amendments to the Trade Practice Review Program to reflect certain staff changes and to clarify the responsibilities of the NEX SEF Market Regulation Department.

NEX SEF reviewed the Swap Execution Facility core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on Core Principles:

- **Core Principle 2 – Compliance with Rules:** Amendments to the NEX SEF Rulebook are intended to update its Rulebook such that NEX SEF will continue to enforce trading, trade processing, and participation rules that will deter abuses and have the capacity to investigate, detect rule violations and enforce those rules. The NEX SEF will remain in compliance with this core principle as a result of the amendments.

- **Core Principle 4 – Monitoring of Trade and Trade Processing:** Amendments to the Trade Review Program are clerical in nature and will not impact NEX SEF’s ability to detect and prevent manipulation, price distortions, or settlement processes.

Pursuant to Commission Regulation 37.3(b)(3), once a SEF is registered as such with the Commission, any amendments to Form SEF must be filed as a submission under Part 40 of the Commission’s regulations or as otherwise specified by the Commission.<sup>1</sup> The Rule Amendments serve to amend previous NEX SEF submissions. As a result, NEX SEF is certifying the Rule Amendments to comply with the requirements set forth by the Commission’s Regulation.

Appendix A through Appendix B provides amendments to the NEX SEF Rulebook under separate cover in blackline format and clean, respectively. Appendix C provides amendments to the Trade Practice Review Program under separate cover in blackline format (confidential treatment requested for Appendix C).

Pursuant to Section 5c(c) of the Act and Regulations 37.3(b)3 and 40.6(a), NEX SEF hereby certifies that the Rule Amendments comply with the Act, as amended, and the Commission’s regulations thereunder. There were no substantive opposing views to this proposal.

NEX SEF certifies that this submission has been concurrently posted on its website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please contact the undersigned at 212-299-2200 or via email at [CEGSubmissionInquiry@cmegroup.com](mailto:CEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: NEX SEF Rulebook (Form SEF Exhibit M) (blacklined version)  
Appendix B: NEX SEF Rulebook (Form SEF Exhibit M) (clean version)  
Appendix C: NEX SEF Trade Practice Review Procedures (Form SEF Exhibit O3)  
(blacklined version) (Confidential Treatment Requested)

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<sup>1</sup> See 78 Fed. Reg. 33476, at 33485 (June 4, 2013).  
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## **Appendix A**

### **NEX SEF Rulebook**

(additions underscored; deletions ~~overstruck~~)  
(provided under separate cover)

**Appendix B**

**NEX SEF Rulebook**

(clean, provided under separate cover)

**Appendix C**

**(CONFIDENTIAL TREATMENT REQUESTED)**

**NEX SEF Trade Practice Review Program  
of Compliance Manual  
(Form SEF Exhibit O3)**

(provided under separate cover)