

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-449

Organization: NEX SEF Limited ("NEX SEF")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/27/23 **Filing Description:** Amendments to NEX SEF Rule 802(7) ("Overnight Index Swaps") (Form SEF Exhibit M)

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers:

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

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

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

Official Name(s) of Product(s) Affected: See filing.

Rule Numbers: See filing.

October 27, 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 NEX SEF Rule 802(7) (“Overnight Index Swaps”) (Form SEF Exhibit M).
NEX SEF Submission No. 23-449**

NEX SEF Limited (“NEX SEF”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to NEX SEF Rule 802(7) (“Overnight Index Swaps”) effective on November 13, 2023.

Specifically, NEX SEF is amending Rule 802(7) to include “Prior Starting,” a new category of “Trade Start Type” for overnight index swaps (collectively, the “Rule Amendments”).

Currently, Rule 802(7) provides for two (2) trade start types: “Spot Starting” and “Forward Starting.” The Rule Amendments shall provide, pursuant to the inclusion of “Spot Starting,” that the effective date of an overnight index swap can occur prior to the trade date. NEX SEF is implementing the Rule Amendments to afford its underlying customers a mechanism to better align transactions in connection with risk mitigation with related open futures positions.

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 the following Core Principles:

Core Principle 2 – Compliance with Rules: CEA Section 5h(f)(2)(A) requires a swap execution facility to establish and enforce compliance with its rules. The CFTC has implemented this statutory requirement by adopting CFTC Regulation 37.203(a), which requires a swap execution facility to prohibit manipulative or disruptive trading practices prohibited by the CEA or by the Commission pursuant to Commission regulation. The Rule Amendments are intended to assist NEX SEF in ensuring that its market participants comply with its rules and NEX SEF remains in compliance with CFTC Regulation 37.203(a) and the Core Principles.

Core Principle 4 – Monitoring of Trading and Trade Processing: CEA Section 5h(f)(4)(A) requires swap execution facility to establish trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility. The Rule Amendments outline updated contract specifications with respect to trade processing on NEX SEF, and accordingly, the Rule Amendments are in compliance with this Core Principle.

Appendix A, attached hereto, provides amendments to the NEX SEF Rule 802(7) in blackline format.

Pursuant to Section 5c(c) of the CEA 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 the CME Group 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 (312) 466-7478 or via email at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – NEX SEF Rule 802(7) (blackline format)

Appendix A
(additions underscored)

Rule 802 (7) — Overnight Index Swaps

| Contract Specification | Details | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|---|----------------------|-----|-----|-----|-----|--|--|-----|-----|-----|-----|-----|-----|-----|--|--|--|--|--|--|--|
| Product Description | An Overnight Index Swap is an interest rate swap for which settlement is in the form of one fixed interest payment and one floating interest payment based on a measure of an overnight index over every day of the payment period. These payments are exchanged based on a notional amount. | | | | | | | | | | | | | | | | | | | | | |
| Currencies | <table border="1" style="margin: auto;"> <thead> <tr> <th colspan="7">Available Currencies</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">USD</td> <td style="text-align: center;">GBP</td> <td style="text-align: center;">CHF</td> <td style="text-align: center;">EUR</td> <td style="text-align: center;">CAD</td> <td style="text-align: center;">SGP</td> <td style="text-align: center;">JPY</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | Available Currencies | | | | | | | USD | GBP | CHF | EUR | CAD | SGP | JPY | | | | | | | |
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| USD | GBP | CHF | EUR | CAD | SGP | JPY | | | | | | | | | | | | | | | | |
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| Trading Conventions | <ul style="list-style-type: none"> ○ Buyer (Payer) pays fixed interest rate and receives floating interest rate. ○ Seller (Receiver) receives fixed interest rate and pays floating interest rate. | | | | | | | | | | | | | | | | | | | | | |
| Swap Leg Conventions | <ul style="list-style-type: none"> ○ The terms of Overnight Index Swaps are based on a number of combinations of the criteria below. <ul style="list-style-type: none"> ▪ Fixed Leg <ul style="list-style-type: none"> • Payment Frequency <ul style="list-style-type: none"> ○ Term and Annual • Day Count Convention <ul style="list-style-type: none"> ○ Money Market Basis (actual/360) for USD, CHF, and EUR; Actual/365(fixed) for GBP, SGP, CAD and JPY • Holiday Calendar <ul style="list-style-type: none"> ○ Applied in accordance with the country relating to the currency of the Contract. • Business Day Convention <ul style="list-style-type: none"> ○ Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the holiday calendars of that country. If not, it will be the next day that is a business day on both calendars. • Fixed Rate <ul style="list-style-type: none"> ○ The traded interest rate yield or basis points on the trade date. ▪ Floating Leg <ul style="list-style-type: none"> • Payment Frequency <ul style="list-style-type: none"> ○ Term and Annual • Reset Frequency <ul style="list-style-type: none"> ○ Daily • Day Count Convention <ul style="list-style-type: none"> ○ Money Market Basis (actual/360) for USD, CHF, and EUR; Actual/365(fixed) for GBP, SGP, CAD and JPY. • Holiday Calendar <ul style="list-style-type: none"> ○ Applied in accordance with the country relating to the currency of the Contract. • Business Day Convention <ul style="list-style-type: none"> ○ Modified Following with adjustment to period end dates. Business days in this convention must be valid | | | | | | | | | | | | | | | | | | | | | |

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| | <p>business days on both the calendars for each country. If not, it will be the next day that is a business day on both respective country holiday calendars.</p> <ul style="list-style-type: none"> Interest Rate Benchmark <p><u>Index and Currency</u></p> <p>SONIA – GBP EuroSTR- EUR FedFunds- USD SOFR – USD CORRA – CAD SARON – CHF TONA – JPY SORA - SGP</p> |
| Effective Date | <ul style="list-style-type: none"> The date on which accrued obligations are calculated. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention. |
| Trade Start Type | <ul style="list-style-type: none"> <u>Prior Starting</u> – The Effective Date of the Contract occurs prior to the trade date. Spot Starting – The Effective Date of the Contract is the trade date. Forward Starting – The Effective Date of the Contract occurs after the trade date. |
| Maturity Date | <ul style="list-style-type: none"> The final date until which Fixed and Floating amounts accrue as agreed by the parties. The Maturity Date may also be referred to as the Termination Date or End Date. |
| Tenor | <ul style="list-style-type: none"> The duration of time from the Effective Date to the Maturity Date. |
| Floating Reset Dates | <ul style="list-style-type: none"> Dates utilized to determine the Floating Rate amount for the interest accrual period during the Tenor of the Contract. |
| Fixing Date | <ul style="list-style-type: none"> The Fixed Rate for the interest period is fixed on the Effective Date, and the Floating Rate for the interest period is determined on the Maturity Date by the daily compounded fixing rates from the Effective Date to the Maturity Date. |
| Trade Types | <ul style="list-style-type: none"> Outrights <ul style="list-style-type: none"> An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate. Switches also known as Spreads <ul style="list-style-type: none"> These are the simultaneous purchase and sale of two different Tenors of the yield curve. |
| Settlement Terms | <ul style="list-style-type: none"> Bilateral settlement is performed in USD, GBP, CHF, EUR, SGP, CAD or JPY. |
| Minimum and Incremental size | <ul style="list-style-type: none"> Minimum notional size is dependent on currency. Block Trades – Minimum notional size as stated by the Commission and increments are dependent on currency and tenor. |
| Minimum Price Fluctuation / Price Tick Size | <ul style="list-style-type: none"> The minimum price change is 0.00001 |
| Quoting Convention | <ul style="list-style-type: none"> Outrights are quoted in interest rate yield is dependent on currency. Spreads/Switches will be quoted in basis points dependent in multiples of the increments of the underlying Outrights. |

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| Last Trading Day / Time | <ul style="list-style-type: none"> • Close of business on Trade Date. |
| Trading Months | <ul style="list-style-type: none"> • Any calendar month. |
| Trading Hours | <ul style="list-style-type: none"> • Order Book: 24 Hours, beginning at 6:00 a.m. Wellington Time on Monday (5:00 p.m. UTC on Sunday during NZDT/6:00 p.m. UTC on Sunday during NZST) and ending at 5:00 p.m. New York Time on Friday (10:00 p.m. UTC during EST/9:00 p.m. UTC during EDT). • Voice RFQ: Not Available. • All Pre-Arranged Crosses: 24 Hours, beginning at 6:00 a.m. Wellington Time on Monday (5:00 p.m. UTC on Sunday during NZDT/6:00 p.m. UTC on Sunday during NZST) and ending at 5:00 p.m. New York Time on Friday (10:00 p.m. UTC during EST/9:00 p.m. UTC during EDT). |
| Settlement Date | <ul style="list-style-type: none"> • Settlement Date is the Maturity Date. |
| Contract Size | <ul style="list-style-type: none"> • As agreed by the parties. |
| Position Limits | <ul style="list-style-type: none"> • Not Applicable. |
| Reportable Levels | <ul style="list-style-type: none"> • Not Applicable. |
| Clearing | <ul style="list-style-type: none"> • Depending on eligibility, Overnight Index Swaps may be cleared at LCH.Clearnet, Eurex, CME and JSCC. |