

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 23-442 (1 of 2)

Organization: NEX SEF Limited ("NEX SEF")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/24/23 Filing Description: Initial listing of Korean Won (KRW) and Taiwan Dollar (TWD) Options Contracts

**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:**

**Rule Numbers:**

October 24, 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 40.2(a) Certification. Initial listing of the Korean Won (KRW) and Taiwan Dollar (TWD) Option Contracts.  
NEX SEF Submission No. 23-442 (1 of 2)**

Dear Mr. Kirkpatrick:

NEX SEF Limited (“NEX SEF”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the Korean Won (KRW) and Taiwan Dollar (TWD) foreign exchange (“FX”) option contracts (the “Contracts”) for trading effective November 13, 2023.

NEX SEF is amending Rule 803(1) (“Foreign Exchange Options”) to provide the specifications of the Contracts (collectively, the “Rule Amendments”).

**Core Principle Analysis**

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:** Trading in the Contracts will be subject to all NEX SEF Rules, including the rules on trading procedures set forth in Chapter 3 of its rulebook, the prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in Chapter 4 of its rulebook, and the dispute resolution and arbitration procedures of Chapter 5 of its rulebook. As with all products listed for trading on NEX SEF, trading activity in the Contracts will be subject to monitoring and surveillance by NEX SEF’s market regulation staff, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

**Core Principle 3 - Swaps Not Readily Subject to Manipulation:** The Contracts are not readily subject to manipulation because of the underlying market and reliance on a well administered index.

**Core Principle 4 – Monitoring of Trading and Trade Processing:** Trading in the Contracts will be subject to the NEX SEF rules (“Rulebook”) which include prohibitions on manipulation and price distortion.

**Core Principle 9 – Timely Publication of Trading Information:** NEX SEF will publish trading volumes and price information in the Contracts daily on its website.

**Core Principle 10 - Recordkeeping and Reporting:** All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

Appendix A, attached hereto, provides amendments to the NEX SEF Rule 803(1) in blackline format.

Pursuant to Section 5c(c) of the CEA and Regulation 40.2(a), NEX SEF hereby certifies that the Contracts 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](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – NEX SEF Rule 803(1) (blackline format)

**Appendix A**  
(additions underscored)

**Products — Rule 803:**

(1) Foreign Exchange Options (FX Options)

Contract Specification	Details																																																																																								
Product Description	FX Option: a transaction in which the buyer has the right, but not the obligation, to buy (call option) or sell (put option) a fixed amount of foreign exchange at a fixed exchange rate agreed by the parties for a specified time period.																																																																																								
Reference & Settlement Currencies	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #d3d3d3;">Reference Currency</th> <th style="background-color: #d3d3d3;">Counter Currency</th> <th style="background-color: #d3d3d3;">Settlement Currency</th> <th style="background-color: #d3d3d3;">Units of Trading</th> </tr> </thead> <tbody> <tr><td>EUR</td><td>USD</td><td>USD</td><td>EUR</td></tr> <tr><td>GBP</td><td>USD</td><td>USD</td><td>GBP</td></tr> <tr><td>EUR</td><td>GBP</td><td>GBP</td><td>EUR</td></tr> <tr><td>USD</td><td>JPY</td><td>USD</td><td>USD</td></tr> <tr><td>EUR</td><td>JPY</td><td>EUR</td><td>EUR</td></tr> <tr><td>USD</td><td>CHF</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>CAD</td><td>CAD</td><td>USD</td></tr> <tr><td>AUD</td><td>USD</td><td>AUD</td><td>AUD</td></tr> <tr><td>USD</td><td>MXN</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>CNH</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>INR</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>SGD</td><td>USD</td><td>USD</td></tr> <tr><td>NZD</td><td>USD</td><td>NZD</td><td>NZD</td></tr> <tr><td>USD</td><td>HKD</td><td>USD</td><td>USD</td></tr> <tr><td>BRL</td><td>USD</td><td>USD</td><td>USD</td></tr> <tr><td>MXN</td><td>USD</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>ZAR</td><td>USD</td><td>USD</td></tr> <tr><td>EUR</td><td>SEK</td><td>EUR</td><td>EUR</td></tr> <tr><td>EUR</td><td>CHF</td><td>EUR</td><td>EUR</td></tr> <tr><td><u>USD</u></td><td><u>KRW</u></td><td><u>USD</u></td><td><u>USD</u></td></tr> <tr><td><u>USD</u></td><td><u>TWD</u></td><td><u>USD</u></td><td><u>USD</u></td></tr> </tbody> </table>	Reference Currency	Counter Currency	Settlement Currency	Units of Trading	EUR	USD	USD	EUR	GBP	USD	USD	GBP	EUR	GBP	GBP	EUR	USD	JPY	USD	USD	EUR	JPY	EUR	EUR	USD	CHF	USD	USD	USD	CAD	CAD	USD	AUD	USD	AUD	AUD	USD	MXN	USD	USD	USD	CNH	USD	USD	USD	INR	USD	USD	USD	SGD	USD	USD	NZD	USD	NZD	NZD	USD	HKD	USD	USD	BRL	USD	USD	USD	MXN	USD	USD	USD	USD	ZAR	USD	USD	EUR	SEK	EUR	EUR	EUR	CHF	EUR	EUR	<u>USD</u>	<u>KRW</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>TWD</u>	<u>USD</u>	<u>USD</u>
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Notional Amount	As agreed by the parties																																																																																								
Option Style	American and European																																																																																								
Option Premium	As agreed by the parties																																																																																								
Premium Payment	Spot date relative to option trade date																																																																																								
Trading Hours	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)
Quotation	The price quotation is determined as a decimal number with up to five decimal places
Units of Trading	See current currency list above.
Expiration Date and Time	As agreed by the parties
Settlement Terms	Bilateral settlement performed in Settlement Currency
Settlement Date	Settlement Date – Spot date relative to Expiration Date (if option is exercised)
Minimum Price Fluctuation/Price Tick Size	The minimum price change is 0.0001
Settlement Price	N/A
Strike Prices	As agreed by the parties
Contract Size	As agreed by the parties
Maturity Date	As agreed by the parties
Exercise	Manual. Exercise decision is determined by the buyer of the option.
Last Trading Day / Time	Not Applicable
Trading Conventions	<ul style="list-style-type: none"> <li>a. Buyer of the option has the right, but not the obligation to buy (call option) or sell (put option) the Reference Currency</li> <li>b. Seller of the option must sell (call) or buy (put) the Reference Currency if exercised by the option buyer</li> </ul>
Block Size	1 million notional units of Reference Currency; 2 million units minimum trade size
Position Limits	Not Applicable
Reportable Levels	All FX Option trades are reported
Clearing	FX Options are not cleared