



September 11, 2014

BY ELECTRONIC MAIL: submissions@cftc.gov

Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: Commission Regulation 40.2(a) – Certification of Agricultural Swaps
GFI Swaps Exchange LLC Submission # 14-0017**

Dear Ms. Jurgens:

GFI Swaps Exchange LLC (“GFI”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Regulation 40.2(a), that it is certifying an agricultural swap contract (“Agricultural Swaps”) for trading on GFI.

GFI will list Agricultural Swaps no earlier than September 12, 2014.

This letter includes the following attachments:

- The submission cover sheet.
- A concise explanation and analysis of Agricultural Swaps, attached as Exhibit A.
- A copy of the Agricultural Swaps rules, which will be published as contract specifications on GFI’s website in accordance with GFI Rule 1101, attached as Exhibit B.
- Attached as Exhibit C, a concise explanation and analysis of the contract’s compliance with applicable provisions of the Commodity Exchange Act (the “CEA”), including the Core Principles, and the Commission’s Regulations thereunder.

GFI certifies that the Agricultural Swaps contract complies with the CEA and Commission Regulations thereunder. GFI additionally certifies that it has concurrently posted a copy of this submission letter and the attachments hereto on GFI’s website.

* * *

Please contact the undersigned at (212) 968-2982 or daniel.glatter@gfigroup.com if you have any questions or you would otherwise like to discuss this further.

Sincerely,

/s/ Daniel E. Glatter
General Counsel
GFI Swaps Exchange LLC

Enclosure

Exhibit A

Below is a concise explanation of Agricultural Swaps:

Each Agricultural Swap is a derivative financial instrument that is styled as a cash-settled swap that allows a party to speculate on, or hedge risks associated with, the price of the following underlying agricultural commodity products: soybean meal (each, an “Underlying Commodity”). The counterparties to the Contract agree to exchange a fixed price on the Underlying Commodity and a floating price based on the corresponding futures contract of the Underlying Commodity. The Contract has several flexible terms, including: Underlying Commodity, Contract Size, Minimum Price Fluctuation, fixed Settlement Price, Effective that that Contract commences (which must be a Business Day), Maturity Date/Termination/End Date, Tenor, Trade Type and Payment Frequency. The Maturity Date may be any date chosen by the parties prior to the Expiration Date for the relevant futures contract and a Contract may also choose whether the floating price will be the price of the corresponding futures contract on a specified date or the average price during the tenor of the Contract. All of the material economic terms of the Contract, other than floating price, are agreed at the Effective Date.

For more information, the Agricultural Swaps’ contract specifications, including a list of applicable futures contracts, are attached as Exhibit B.

Exhibit B

GFI Contract Specifications

The terms and conditions of Agricultural Swaps incorporate by reference such credit and other terms as the parties may establish through pre-existing bilateral agreements. Agricultural Swaps have the following characteristics:

Contract Overview	An Agricultural Swap represents an agreement to exchange a stream of cash flows by reference to the difference between (i) a fixed price agreed by the parties and a floating rate based on a specified notional amount over a specified term to maturity.
Underlying Commodities	Soybean Meal.
Trade Date	As agreed by the parties.
Effective Date	The date on which the calculation of accrued obligations begins under the contract.
Notional Amount	As agreed by the parties for each relevant Underlying Commodity.
Settlement Date	As agreed by the parties.
Termination Date	As agreed by the parties.
Settlement Type	Cash.
Price Source	<u>Fixed price:</u> Soybean Meal: The equivalent futures contract listed for trading on the CBOT using the daily settlement price. <u>Floating price:</u> Based on the futures contract on specified settlement date as agreed to by the parties.
Fixed Price Payer	Party [A/B].
Floating Price Payer	Party [B/A].
Fixed Price	[currency] [amount in numerals] [per units of commodity], if applicable.
Floating Price	As agreed by the parties.
Minimum Price Fluctuation/Price Tick Size	The minimum price increment is quoted in increments of \$0.10 per contract.
Settlement Price	As agreed by the parties, measured in ten cents (\$0.10) per contract.

Tenor	The duration of the time from the Effective Date to the Termination Date.
Last Trading Day	Trading terminates at the close of business on the last business day of each contract month.
Trade Types	Outrights and Spread and Switch strategies.
Payment Frequency	As agreed by the parties, but either monthly, quarterly, semi-annually or annually.
Holiday Calendar	New York and London
Business Day Convention	As agreed by the parties, but must be any valid business day on both the New York and London calendars. If not, then it shall be the next day that is a business day on both the New York and London calendars.

Exhibit C

GFI has determined that the Agricultural Swaps certified herein relate to the following Core Principles:

Core Principle 2 – Compliance with Rules

Trading in Agricultural Swaps will be subject to the GFI Rulebook (the “Rules”), which prohibits abusive trading practices, including: acts detrimental to GFI (Rule 522) or that are inconsistent with just and equitable principles of trade (Rule 510), fraudulent acts (Rule 511), fictitious or non-competitive transactions (Rule 512), market manipulation (Rule 515), disruptive trading practices (Rule 516), misstatements (Rule 521), wash sales (Rule 531) and pre-negotiated or non-competitive trades, including money passes (Rule 533). Trading in these Agricultural Swaps will also be subject to Rules relating to protection of customers. *See* Rules 525-528.

As with all swaps listed for trading on the Trading Platform, trading activity in Agricultural Swaps will be subject to monitoring and surveillance by GFI’s Compliance Department. GFI has the authority to exercise its investigatory and enforcement power where potential Rule violations are identified. *See* Chapter 7 of the Rules.

Pursuant to Rule 601(a)(i), each Agricultural Swap executed as a block trade must be for the quantity that is equal to or in excess of the applicable minimum block size for such contract set forth in Commission Regulations.

Core Principle 3 – Swaps Not Readily Susceptible to Manipulation

Agricultural Swaps are not readily susceptible to manipulation for a number of reasons. First, the value of payments made pursuant to the terms of the Agricultural Swaps is determined primarily by reference to the futures contract listed by a designated contract market. As designated contract markets, they must maintain rules, policies and procedures in compliance with the CEA and Commission Regulations thereunder, including rules that minimize the opportunity to manipulate the cash-settlement price of their contracts.

The price of the Underlying Commodity contract is based on the settlement price that is established by a designated contract market, including the CBOT, in conjunction with the applicable designated clearing organization. All such information is publicly available on the relevant designated contract market’s website. Furthermore, all of the settlement and closing prices are based on transactions conducted by market participants on the exchange, and are therefore subject to oversight by the exchanges’ market regulation departments. In this manner, the Reference Prices are not readily susceptible to manipulation because the Reference Prices that are established have the following characteristics: (i) they are derived from a cash market that has considerable depth and liquidity resulting from the involvement of numerous institutional participants; (ii) the way in which the Reference Price is calculated is well documented by the CBOT and is well understood by swap market participants; (iii) the way in which the Reference Price is calculated involves appropriate computational procedures that eliminate or reduce the impact of potentially unrepresentative data; (iv) the Reference Price is commonly used in the swap markets and futures markets; (v) information about the Reference Price is publicly and readily available; (vi) the Reference Price is administered and published by

a reputable organization that is subject to oversight and regulation by the Commodity Futures Trading Commission; and (vii) many active participants in the relevant cash market are entities that are subject to regulation. Furthermore, should the SEF's Compliance Department determine that there is reason to suspect manipulation or attempted manipulation of the Reference Price that involves the underlying futures contract, it will so inform the relevant designated contract market and will seek to share information with such designated contract market as necessary to investigate the potential manipulation or attempted manipulation.

Core Principle 4 – Monitoring of Trading and Trade Processing

Chapter 5 of the Rules prohibits traders from manipulating, distorting the price of, and disrupting the cash settlement process of swaps traded on GFI, which would include Agricultural Swaps. Such Rules are enforced by the Compliance Department.

Core Principle 5 – Ability to Obtain Information

Pursuant to the Rules, GFI will have the ability and authority to obtain sufficient information for Agricultural Swaps to allow GFI to fully perform its operational, risk management, governance and regulatory functions and requirements under Part 37 of Commission Regulations.

Core Principle 6 – Position Limits or Accountability

Rule 536 allows GFI to adopt position accountability levels for “required transactions,” as such term is defined in Commission Regulations. As a “permitted transaction” (as defined in Commission Regulations) that is not readily susceptible to manipulation (*see* Core Principle 3 above), GFI has elected not to set position accountability levels for Agricultural Swaps at this time.

Core Principle 7 – Financial Integrity of Transactions

Agricultural Swaps Options that the counterparties elect to submit for clearing through a derivatives clearing organization (a “DCO”) will be submitted to that DCO by GFI. *See* Rules 302(a)(ii), 304(c)(i) and 1002. Agricultural Swaps that the parties elect not to clear may be entered into only by GFI Participants and Sponsored Access Firms who have entered into swap trading relationship documentation in compliance with the requirements of Applicable Law. *See* Rule 1003.

Core Principle 8 – Emergency Authority

Pursuant to Rule 911, GFI may take necessary or appropriate actions in response to an Emergency, including the following: (i) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part); (ii) ordering the liquidation of swaps or the reduction of positions, in consultation with relevant DCO if practicable; (iii) and imposing or modifying trading limits, price limits or position limits.

Core Principle 9 – Timely Publication of Trading Information

In accordance with Part 16 of Commission Regulations, GFI will publish daily information on Agricultural Swaps regarding volume, price ranges and open interest (based on non-cancelled bids, non-cancelled offers, and sales) subject to such prices accurately reflecting market conditions. *See* Rule 409.

GFI will submit electronic reports of all primary economic terms data for each Agricultural Swap to a registered swap data repository immediately following execution of such Agricultural Swap. *See* Rule 540. All such reports will meet the standards set out in Commission Regulation 45.3, including the requirement to produce a unique swap identifier for each transaction. GFI will also issue confirmations of transactions pursuant to Rule 406.