

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 22-493

Organization: NEX SEF Limited ("NEX SEF")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 11/16/22 Filing Description: Initial Listing of New Taiwan Dollar (TWD) Non-Deliverable Interest Rate Swap Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input 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:

New Product

Please note only ONE product per Submission.

- | | | |
|-------------------------------------|---------------------------------------|------------|
| <input checked="" 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 |

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:

November 16, 2022

VIA ELECTRONIC PORTAL

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

**Re: CFTC Regulation 40.2(a) Certification. Initial Listing of New Taiwan Dollar (TWD)
Non-Deliverable Interest Rate Swap Contract.
NEX SEF Submission No. 22-493**

Dear Mr. Kirkpatrick:

NEX SEF Limited ("NEX SEF"), a registered Swap Execution Facility ("SEF"), is certifying to the Commodity Futures Trading Commission ("CFTC" or "Commission") the initial listing of the New Taiwan dollar (TWD) Non-Deliverable Interest Rate Swap contract (the "Contract") for trading effective on November 21, 2022.

Specifically, NEX SEF is adopting amendments to Rule 802(4) ("Non-Deliverable Swaps") to facilitate the listing the Contract for trading. Exhibit A below sets forth Rule 802(4) with additions underscored.

NEX SEF reviewed the SEF core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that listing the Contract may have some bearing on the following Core Principles:

- **Compliance with Rules:** Trading in the Contract will be subject to all Rules of NEX SEF, 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.
- **Swaps Not Readily Subject to Manipulation:** The Contract is not readily subject to manipulation because of the underlying market and reliance on a well administered index. Further analysis of this matter is set forth on Appendix B attached hereto.
- **Availability to Obtain Information:** NEX SEF will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume and price information for the Contract. In addition, NEX SEF will advise the marketplace of the launch of the Contract by releasing a notice to its participants.
- **Timely Publication of Trading Information:** NEX SEF will publish contract trading volumes and price information daily on its website.
- **Monitoring of Trading and Trade Processing:** Trading in the Contract will be subject to the Rules of NEX SEF which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any contract listed for trading on NEX SEF, trading

activity in the trading activity in the Contract will be subject to monitoring and surveillance by NEX SEF's market regulation staff.

- **Timely Publication of Trading Information:** NEX SEF will publish contract trading volumes and price information daily on its website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), NEX SEF hereby certifies that listing the Contract and the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the 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 212-299-2000 or via email at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A: NEX SEF Rulebook - Rule 802(4) (blackline format)

Appendix A

NEX SEF Rulebook (additions underscored)

Rule 802(4) — Non Deliverable Swaps

An ND IRS trade has many trade terms. For example, notional amount, fixed interest rate, floating rate, reference rate, holiday convention, etc. The deal is agreed on the basis that net settlement will be made in USD, or another fully convertible currency, to reflect any differential between the agreed fixed rate and the actual floating rate on the settlement dates. ND IRS are quoted as Offer/Bid. For ND IRS the fixed leg is quoted, hence it is Fixed Income Swap.

ND IRS

- An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate (most often the LIBOR, SOFR). The interest rate cash flows are net settled in a major currency on fixing date. A company will typically use interest rate swaps to limit or manage exposure to fluctuations in interest rates, or to obtain a marginally lower interest rate than it would have been able to get without the swap.
- Interest rate swaps are simply the exchange of one set of cash flows (based on interest rate specifications) for another. Because they trade OTC, they are really just contracts set up between two or more parties, and thus can be customized in any number of ways.

Currencies	
MYR	CNY
KRW	THB
<u>TWD</u>	

Specifications

Trading Conventions

- 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

- The terms of Non Deliverable Swaps are based on a number of combinations of the criteria below.
 - Fixed Leg
 - Payment Frequency
 - Weekly, Monthly, Quarterly, Semi-Annually, or Annually
 - Day Count Convention
 - Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual/366, actual / actual
 - Holiday Calendar
 - Applied in accordance for the country currency denoted for the instrument
 - Business Day Convention
 - Modified following with adjustment to period end dates. Business days in this convention must be valid business days for the countries denoted by the currency. If not, it will be the next day that is a business day on both calendars.
 - Fixed Rate
 - The traded interest rate yield or basis points on Trade Date
 - Floating Leg
 - Reset Frequency

- Weekly, Monthly or Quarterly
- Day Count Convention
 - Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual/366, actual / actual
- Holiday Calendar
 - Applied in accordance for the country currency denoted for the instrument
- Business Day Convention
 - Modified Following with adjustment to period end dates. Business days in this convention must be valid business days for the countries denoted by the currency. If not, it will be the next day that is a business day on both calendars.
- Fixed Rate
 - The traded interest rate yield or basis points on Trade Date
- Interest Rate Benchmark
 - KLIBOR
 - SOFR
 - CNREPOFIX
 - KRW-CD-KSDA-Bloomberg
 - THBFIX
 - CNY-Fixing Repo Rate
 - KRW-CD 91D

Effective Date

- The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date or the Value Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

Trade Start Type

- Spot Starting.
 - A swap whose Effective Date is 2 business days from the Trade Date(T+2).
- Forward Starting
 - A swap whose Effective Date is anything after the Effective Date for a Spot Starting swap.

Maturity Date

- The final date until which Fixed and Floating amounts accrue

Tenor

- The duration of time from the Effective Date to the Maturity Date. Tenors of any duration, greater than 0 months to 3 months.

Roll Day Convention

- The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods.
 - For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date.
 - For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention
- Roll Day marks the start of a new interest accrual period, and is the date on which a ResetRate takes effect.

Trade Types

- The Platform may support the following trade types:
 - Outrights
 - 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.

Clearing

- Non Deliverable Swaps traded on NEX SEF are generally not cleared; however, Contracts for KRW and THB are clearable at the election of the counterparties on the Effective Date.