



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of
Market Oversight

CFTC Letter No. 14-105
No-Action
August 11, 2014
Division of Market Oversight

Richard Swift
Chief Executive Officer
Yieldbroker Pty Limited
Level 12, 130 Pitt Street
Sydney, NSW 2000, Australia

Re: Conditional Time-Limited No-Action Relief with Regard to Section 5h(a)(1) of the Commodity Exchange Act and Commission Regulation 37.3(a)(1)

Dear Mr. Swift:

On December 20, 2013, the Division of Market Oversight (“DMO” or “Division”) of the Commodity Futures Trading Commission (“Commission”) issued CFTC No-Action Letter No. 13-76 (“December 2013 Letter”)¹ granting time-limited conditional relief to Yieldbroker Pty Limited (“Yieldbroker”). Pursuant to the December 2013 Letter, DMO would not recommend to the Commission that it commence an enforcement action against Yieldbroker for violation of section 5h(a)(1) of the Commodity Exchange Act (the “Act”)² or Commission Regulation 37.3(a)(1),³ or against any other market participant that uses or has other relationships with Yieldbroker, based on Yieldbroker’s failure to register as a SEF, until May 15, 2014. On May 14, 2014, DMO issued No-Action Letter 14-70 extending the conditional no-action relief granted to Yieldbroker through August 15, 2014.⁴

In order to ensure that Yieldbroker’s business activities continue not to be unduly disrupted, the Division believes it is appropriate to extend conditional no-action relief to Yieldbroker with regard to Section 5h(a)(1) of the Commodity Exchange Act and Commission Regulation 37.3(a)(1) until November 15, 2014. Such no-action relief shall remain contingent on Yieldbroker’s satisfaction of the six conditions listed in the December 2013 Letter throughout

¹ See CFTC No-Action Letter No. 13-76 (December 20, 2013), available at <http://www.cftc.gov/ucm/groups/public/@lrlettergeneral/documents/letter/13-76.pdf>.

² 7 U.S.C. 7b-3(a)(1).

³ 17 CFR 37.3(a)(1).

⁴ See CFTC No-Action Letter No. 14-70 (May 14, 2014), available at <http://www.cftc.gov/ucm/groups/public/@lrlettergeneral/documents/letter/14-70.pdf>.

the time-limited relief period.⁵ The Division continues to believe that predicating Yieldbroker's relief upon satisfaction of these conditions will help foster pre- and post-trade transparency on, and impartial access to, Yieldbroker's trading platform during the relief period.

This letter, and the no-action position taken herein, represents the views of DMO only, and does not necessarily represent the positions or views of the Commission or of any other division or office of the Commission. The no-action positions announced herein do not excuse Yieldbroker from compliance with any other applicable requirements of the Act or the Commission's regulations thereunder. As with all no-action letters, DMO retains the authority to condition further, modify, suspend, terminate or otherwise restrict the terms of the no-action relief provided herein, in its discretion.

If you have any questions concerning this correspondence, please contact David Van Wagner, Chief Counsel, Division of Market Oversight, at (202) 418-5481 or dvanwagner@cftc.gov, or David Pepper, Attorney Advisor, Division of Market Oversight, at (202) 418-5565 or dpepper@cftc.gov.

Sincerely,

Vincent McGonagle
Director, Division of Market Oversight

⁵ No-action relief for Yieldbroker will continue to be predicated on Yieldbroker's satisfaction of the following conditions specified in the December 2013 Letter:

1. Yieldbroker will not offer trading on its platform in any product that is subject to the trade execution mandate, pursuant to Section 2(h)(8) of the Act, during the relief period.
2. Yieldbroker will only offer trading in Australian dollar-denominated interest rate swaps on its platform during the relief period.
3. Yieldbroker will maintain its AML license and will remain an exchange in good standing with ASIC and other applicable regulators.
4. Yieldbroker must provide impartial access to its platform consistent with the requirements of Commission regulation 37.202(a) and with any Commission- or Commission staff-issued guidance and interpretations thereto.
5. Yieldbroker must at all times maintain an "order book" that complies with Commission regulation 37.3(a)(3).
6. Yieldbroker must provide notice to its participants that each swap transaction executed on or pursuant to the rules of its platform during the period of relief provided herein is not occurring on a registered SEF and that the counterparties to such Off-facility swaps may have swap data reporting obligations pursuant to parts 43 and 45 of the Commission's regulations. Additionally, Yieldbroker will undertake to monitor that any trade that is reportable under part 45 that is executed on its platform has been assigned a unique swap identifier ("USI") and has therefore been reported to a provisionally-registered or registered swap data repository ("SDR").

These six conditions are the only conditions upon which the relief provided to Yieldbroker by this letter is predicated.