



September 30, 2013

17 C.F.R. §40.2

Ms. Melissa Jurgens
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

RE: Notice of Listing under Self Certification Five Physically Delivered U.S. Treasury Futures Contracts

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission (“Commission”) Regulation 40.2, ELX Futures, L.P. (“ELX”) hereby notifies the Commission of ELX’s certification that ELX will list for trading its U.S. Dollar Flex Tenor Spot Starting Cash Interest Rate Swaps Cleared at LCH. Clearnet LTD Swapclear (“USD IRS”). ELX intends to list the USD IRS for trading October 2, 2013.

The terms and conditions of the USD IRS are consistent with the swaps accepting for clearing by LCH Clearnet LTD Swapclear (“Swapclear”) The new contracts are being introduced to expand on the existing product list at ELX and to provide an opportunity for its customers to trade interest rate swaps on a DCM.

The new contracts follow commonly accepted terms in the existing cash market with respect to contract size and listing cycle. All USD IRS have a notional value of \$1,000,000. ELX USD IRS are cleared by Swapclear and will be listed on the ELX electronic trading system and will be available for trading during normal business hours which are detailed below in Table 1. Trading hours are adjusted from time to time to accommodate holiday schedules.

Table 1

	Trade Date MONDAY	Trade Date TUESDAY	Trade Date WEDNESDAY	Trade Date THURSDAY	Trade Date FRIDAY
Pre-Open	5:45 p.m. Sun	5:45 p.m. Mon	5:45 p.m. Tue	5:45 p.m. Wed	5:45 p.m. Thu
Open	6:00 p.m. Sun	6:00 p.m. Mon	6:00 p.m. Tue	6:00 p.m. Wed	6:00 p.m. Thu
Close	5:00 p.m. Mon	5:00 p.m. Tue	5:00 p.m. Wed	5:00 p.m. Thu	5:00 p.m. Fri

The terms and conditions for the new contracts are contained in new rules IX-1001 and include provisions for accountability that apply volumetric levels and require that positions for both USD IRS and Eurodollar be aggregated for purposes of determining if an account is within the prescribed levels. The new rule language including the terms and conditions are provided in this submission as Appendix A.

ELX has reviewed the designated contract market core principles as set forth in the Commodity Exchange Act and has determined that listing of USD IRS complies with relevant provisions including, but not limited to the following:

- **Prevention of Market Disruption, Compliance with Rules and Protection of Market Participants:** Trading in the USD IRS will be subject to all ELX Rules including ELX Rule Chapter IV Trading Standards, Chapter V Obligations of Exchange Users, and Chapter VI Business Conduct. These chapters include necessary rules and procedures to ensure the effectiveness of ELX's audit trail and compliance programs and prohibitions on market manipulation, disruptions, fraudulent acts and other abuse and disruptive practices. Activity in the USD IRS will be subject to extensive monitoring and surveillance. The Compliance Department has the authority to exercise investigatory and enforcement power in the event that potential rule violations are identified.
- **Contracts not Readily Subject to Manipulation:** The new contract is not readily subject to manipulation due to the liquidity and robustness in the underlying cash market and the methodology for index calculation. Recent enhancements in oversight of BBA Libor rates further support the ability of ELX to conclude that the contract is not readily subject to manipulation.
- **Availability of General Information and Daily Publication of Trading Information:** ELX publishes information on the contract's specification on its website, and will provide daily trading volume and price information.
- **Financial Integrity of Contracts:** All contracts traded on the Exchange will be cleared by the Swapclear which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- **Execution of Transactions:** The new contract will be listed for electronic trading on the ELX system which provides for competitive and open execution of transactions.
- **Trade Information:** All required trade information is included in the audit trail and is sufficient for the Compliance Department to monitor for rule violations.
- **Disciplinary Procedures:** Chapter VII of the ELX rulebook contains provisions that allow ELX to discipline, suspend or expel members or market participants that violate the rules. Trading in the USD IRS will be subject to the rules in Chapter VII which give ELX the authority to enforce its rules.
- **Dispute Resolution:** Disputes with respect to trading in this contract will be subject to the arbitration provisions set forth in Chapter VIII of the ELX rulebook.

Additionally, ELX includes as Appendix B, its demonstration of compliance with the requirements of 17 C.F.R. 38.8.

ELX ELX Futures has received no opposing views regarding introduction of the USD IRS.

ELX hereby certifies to the CFTC, that the USD IRS comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder and that a notice of the filing of this submission and a public copy of this submission has been posted on ELX's website.

If you have any questions on this matter, please call me at (212) 610-3639.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'R' followed by a horizontal line extending to the right.

Richard Jaycobs
Chief Executive Officer
ELX Futures, L.P.

IX-1001 U.S. Dollar Flex Tenor Spot Starting Cash Interest Rate Swaps Cleared at L CH. Clearnet LTD Swapclear (“Swapclear”)

(a) Scope of Chapter. This section is limited in application solely to trading in U.S. Dollar Interest Rate Swaps Cleared at Swapclear. The procedures for any matter not specifically discussed herein shall be governed by the Rules of the Exchange.

(b) Contract Overview U.S. Dollar Fixed for Floating Interest Rate Swaps of periodic fixed interest payments and periodic floating interest payments based on an interest rate benchmark over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount. There is no optionality or conditional notional amounts. Additionally:

(i) Start Date/Effective Date. The first date from which fixed and floating interest amounts accrue is spot starting, that is, two business days from trade date, using the modified following convention and respecting London and New York Holiday calendars.

(ii) End Date/Maturity Date. The final date until which Fixed and Floating amounts accrue is start date plus tenor, modified following and respecting London and New York Holiday calendars.

(iii) Buyer/Payer. Pays fixed leg interest rate and receives floating leg interest rate.

(iv) Seller/Receiver. Receives fixed leg interest rate and pays floating leg interest rate.

(v) Fixed Leg. Semi-annual payment frequency, 30/360 day count, following New York and London holiday calendars, modified following with adjustment to period end dates.

(vi) Floating Leg. Quarterly payment Frequency, 3 month USD LIBOR, Actual/360 day count, following New York and London holiday calendars, modified following with adjustment to period end dates.

(vii) Roll Date Convention. The date used for determining all fixed and floating reset dates is the same date of the month as the Start Date, except where the start date is the 31st day of the month whereby the Roll Date is then the end of each month where a payment is due. Roll Date marks the start of a new

interest accrual period, and is the date on which a Reset Rate takes effect.

(viii) Floating Reset Dates. Date utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the contract is two business days prior to the Roll Date for that interest accrual period.

(ix) First Period Fixing Date. The Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.

(c) Contract Size. Minimum notional size of \$1,000,000.

(d) Quote Convention. The traded fixed interest rate in basis points on Trade Date. For example, a rate of 1.25 percent would be quoted as 125.

(e) Minimum Price Increment. One basis point.

(f) Trading Symbol. Key economic terms for each contract are specified in Trading Symbol including base currency, clearinghouse, term and fixed/floating parameters. Each contract symbol will specify the (1) swap clearinghouse for delivery (L=LCH); (2) the term of the swap (M=Months , Y= Years); (3) the swap fixed/floating parameters (e.g. USD Fixed semi-annual bond basis 30/360 vs. floating 3M USD Libor Act/360.) For example, "L-2Ysb v3M USL" represents LCH cleared, two year, semi-annual bond basis (30/360) vs. three month USD LIBOR.

(g) Last Trading Day. The last trading day for each start date and end date combination prescribed by tenor is the close of business on Trade Date.

(h) Trading and Delivery Eligibility. Limited to Eligible Contract Participants (ECPs) per Section 1a(18) of the Commodity Exchange Act and registered with LCH.Clearnet Swapclear London as, or via, a Swapclear Clearing Member.

(i) Position Accountability. Aggregate net long or net short trade volume of 50,000 contracts in all tenors.

(j) Large Trader Reporting Level. Daily net long or net short trade volume of 10,000 contracts in all tenors.

Demonstration under 17 C.F.R. §38.8

In order to comply with the requirements of 17 C.F.R. §38.8 ELX Futures, L.P. (“ELX”) has taken the steps necessary to obtain a USI namespace and provides the following written demonstration detailing how ELX as a designated contract market is addressing its self-regulatory obligations and is fulfilling its statutory and regulatory obligations with respect to swap transactions, under 17 C.F.R. 38.8.

ELX has submitted a request to CFTC staff requesting its USI namespace so that it can properly generate valid USI. ELX anticipates receiving this prior to the potential closing of certain functions at the CFTC due to a government shut down and has/plans to request no action relief in the event it doesn’t receive the USI namespace prior to the government shut down.

The following Regulatory Compliance Tables and narrative demonstrate how ELX fulfills its regulatory obligations with respect to swap transactions under 17 C.F.R. §38.8.

With the exception of the requirement that swaps be reported to a swaps data repository and associated reporting and recordkeeping provisions, the swaps traded on ELX are subject to all of the same requirements that would have applied if they had been listed and traded as futures/. That is, the same systems with respect to trade practice, market and financial surveillance are equally applicable to trading of these swaps

The following narratives and compliance charts demonstrate that ELX is fulfilling its self-regulatory obligations as a designated contract market (“DCM”) that lists swaps for trading. In this regard, it should be noted that ELX was designated as a contract market in 2009 and that its operations were thoroughly reviewed during the course of its designation and in subsequent rule enforcement reviews and Part 38 request.

The following Regulatory Compliance Table includes each regulation in Part 38 that applies specifically to a DCM listing swaps for trading. It is followed by a Regulatory Compliance Table that demonstrates that EELX meets generally the DCM Core Principles with respect to operation of a DCM insofar as it lists swaps for trading.

Swaps-related Regulations that Apply to Designated Contract Markets—Part 38

CFTC Rule Number	Rule Text	Explanation
§ 38.8	(a) A designated contract market that lists for the first time a swap contract for trading on its contract market must, either prior to or at the time of such listing, file with the Commission a written demonstration detailing how the designated contract market is addressing its self-regulatory obligations and is fulfilling its statutory and regulatory obligations with respect to swap transactions.	<p>ELX (“ELX”) certified to the Commission under Commission Rule 40.6 the terms of its swap contracts on September 30, 2013. The rule submission notes that the contracts are considered to be swaps by the Commission.</p> <p>The rule certification describes the class of swaps to be traded on ELX (interest rates swaps).</p> <p>In addition, ELX is aware that it is required to report such swaps to a swaps data repository and has taken steps to do so in preparation for the listing.</p>
	(b)(1) Prior to listing swaps for trading on or through a designated contract market, each designated contract market must obtain from the Commission a unique, alphanumeric code assigned to the designated contract market by the Commission for the purpose of identifying the designated contract market with respect to unique swap identifier creation. (2) Each designated contract market must generate and assign a unique swap identifier at, or as soon as technologically practicable following, the time of execution of the swap, in a manner consistent with the requirements of part 45.	ELX has submitted a request for a namespace ID to satisfy the requirements.
38.9 Boards of trade operating	(a) A board of trade that operates a designated contract market and that intends to also operate a	Not relevant –ELX does not operate a SEF.

Appendix B
 Demonstration of DCM Compliance to List Swaps

CFTC Rule Number	Rule Text	Explanation
both a designated contract market and a swap execution facility (17 CFR § 38.9)	swap execution facility must separately register, pursuant to the swap execution facility registration requirements set forth in part 37 of this chapter, and on an ongoing basis, comply with the core principles under section 5h of the Act, and the swap execution facility rules under part 37 of this chapter.	
	(b) A board of trade that operates both a designated contract market and a swap execution facility, and that uses the same electronic trade execution system for executing and trading swaps that it uses in its capacity as a designated contract market, must clearly identify to market participants for each swap whether the execution or trading of such swap is taking place on the designated contract market or on the swap execution facility.	Not relevant –ELX does not operate a SEF.
38.10. Reporting of swaps traded on a DCM	With respect to swaps traded on and or pursuant to the rules of a designated contract market, each designated contract market must maintain and report specified swap data as provided under parts 43 and 45 of this chapter.	ELX will report information as provided under Parts 43 and 45 to a swaps data repository (DTCC) beginning with the launch of trading in these instruments.

Appendix B
 Demonstration of DCM Compliance to List Swaps

The following Regulatory Compliance Table addresses the Core Principles that apply generally to a DCM in relation to ELX’s listing of swaps on the DCM.

DCM Core Principles; General Application to Swaps Listed on DCM

<p>Core Principle 1 (17 CFR § 38.100)</p>	<p>(a) In general. To be designated, to maintain a designation, as a contract market, a board of trade shall comply with: (1) Any core principle described in Section 5(d) of the Act, and (2) Any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act</p> <p>(b) Reasonable discretion of the contract market. Unless otherwise determined by the Commission by rule or regulation, a board of trade described in paragraph (a) of this section shall have reasonable discretion in establishing the manner in which the board of trade complies with the core principles described in this subsection.</p>	<p>No distinction between futures and swaps.</p>
<p>Core Principle 2 (17 CFR § 38.150)</p>	<p>(a) In general. The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including:</p> <p>(1) Access requirements;</p> <p>(2) The terms and conditions of any contracts to be traded on the contract market; and</p> <p>(3) Rules prohibiting abusive trade practices on the contract market.</p> <p>(b) Capacity of contract market. The board of trade shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.</p> <p>(c) Requirement of rules. The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this section, including the capacity to carry out such international information-sharing agreements, as the Commission may require.</p>	<p>Discipline and Enforcement of ELX Rules provided under Chapter VII of its Rulebook; no distinction between futures and swaps. No distinction with respect to trade practice, market and financial surveillance in respect of swaps listed for trading.</p>

Appendix B
Demonstration of DCM Compliance to List Swaps

<p>Core Principle 3 (17 CFR § 38.200)</p>	<p>The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.</p>	<p>ELX has certified the U.S. Dollar Flex Tenor Spot Starting Cash Interest Rate Swaps Cleared at London Clearinghouse to the Commission under Commission Rule 40.6. See, ELX New Contract Submissions 2013-001.</p>
<p>Core Principle 4 (17 CFR § 38.250)</p>	<p>The board of trade shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through market surveillance, compliance, and enforcement practices and procedures, including:</p> <p>(a) Methods for conducting real-time monitoring of trading; and (b) Comprehensive and accurate trade reconstructions</p>	<p>ELX conducts real time monitoring of trades and maintains a system for comprehensive and accurate trade construction. trade practice, market and financial surveillance are conducted by staff and/or through a Regulatory Services Provider; no distinction between futures and swaps.</p>
<p>Core Principle 5 (17 CFR § 38.300)</p>	<p>To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators. For any contract that is subject to a position limitation established by the Commission, pursuant to section 4a(a), the board of trade shall set the position limitation of the board of trade at a level not higher than the position limitation established by the Commission.</p>	<p>ELX has certified the U.S. Dollar Flex Tenor Spot Starting Cash Interest Rate Swaps Cleared at London Clearinghouse to the Commission under Commission Rule 40.6. See, ELX New Contract Submissions 2013-001.</p>
<p>Core Principle 6 (17 CFR § 38.350)</p>	<p>The board of trade, in consultation or cooperation with the Commission, shall adopt rules to provide for the exercise of emergency authority, as is necessary and appropriate, including the authority:</p> <p>(a) To liquidate or transfer open positions in any contract (b) To suspend or curtail trading in any contract; and (c) To require</p>	<p>See ELX Rule IV-20; no distinction with respect to swaps.</p>

Appendix B
Demonstration of DCM Compliance to List Swaps

	market participants in any contract to meet special margin requirements	
Core Principle 7 (17 CFR § 38.400)	The board of trade shall make available to market authorities, market participants, and the public accurate information concerning: (a) The terms and conditions of the contracts of the contract market; and contract market, and (b) (1) The rules, regulations and mechanisms for executing transactions on or through the facilities of the contract market, and (2) The rules and specifications describing the operation of the contract market's: (i) Electronic matching platform, or (ii) Trade execution facility.	Rule book and other regulatory information available on the ELX website. No distinction between futures and swaps.
Core Principle 8 (17 CFR § 38.450)	The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.	ELX Rule IV-3. Publication of Trading Information. ELX does so. ELX meets the provisions of 17 CFR Part 16.
Core Principle 9 (17 CFR § 38.500)	The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade. The rules of the board of trade may authorize, for bona fide business purposes: (a) Transfer trades or office trades; (b) An exchange of: (1) Futures in connection with a cash commodity transaction; (2) Futures for cash commodities; or (3) Futures for swaps; or	ELX Chapter IV. Trading Standards. ELX does not distinguish between futures and swaps with respect to swaps.
Core Principle 10 (17 CFR § 38.550)	The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information: (a) To assist in the prevention of customer and market abuses; and (b) To provide evidence of any violations of the rules of the contract market.	No distinction between futures and swaps with the exception that swap information is being reported to the swaps data repository. ELX maintains a full audit trail which is the same for either futures or swaps and has available through a Regulatory

Appendix B
Demonstration of DCM Compliance to List Swaps

		Services Provider, electronic analysis capability.
Core Principle 11 (17 CFR § 38.600)	The board of trade shall establish and enforce: (a) Rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization); and (b) Rules to ensure: (1) The financial integrity of any: (i) Futures commission merchant, and (ii) Introducing broker; and (2) The protection of customer funds.	There is no differentiation between swaps and futures on the exchange.
Core Principle 12 (17 CFR § 38.650)	The board of trade shall establish and enforce rules: (a) To protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and (b) To promote fair and equitable trading on the contract market	See the following ELX Rules: IV. Trading Standards; VI. Business Conduct; VII. Discipline and Enforcement. These apply equally to futures and swaps.
Core Principle 13 (17 CFR § 38.700)	The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.	See, ELX Rules VII-1(a). General (Chapter VII -Discipline and Enforcement); VII-14. Sanctions . These apply equally to futures and swaps.
Core Principle 14 (17 CFR § 38.750)	The board of trade shall establish and enforce rules regarding, and provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.	See ELX Rule VIII-1. Arbitration; No distinction between futures and swaps
Core Principle 15 (17 CFR § 38.800)	The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market,	II-6. Eligibility No distinction between futures and swaps.

Appendix B
Demonstration of DCM Compliance to List Swaps

	and any other person with direct access to the facility (including any party affiliated with any person described in this paragraph).	
Core Principle 16 (17 CFR § 38.850)	The board of trade shall establish and enforce rules: (a) To minimize conflicts of interest in the decision-making process of the contract market; and (b) To establish a process for resolving conflicts of interest described in paragraph (a) of this section.	See, III-3. Restrictions on Certain Persons Who Possess Material, Non-Public Information II-10. Conflicts of Interest No distinction between futures and swaps
Core Principle 17 (17 CFR § 38.900)	The governance arrangements of the board of trade shall be designed to permit consideration of the views of market participants.	II-1. Board. No distinction between futures and swaps.
Core Principle 18 (17 CFR § 38.950)	The board of trade shall maintain records of all activities relating to the business of the contract market: (a) In a form and manner that is acceptable to the Commission; and (b) For a period of at least 5 years.	See, V-1. Books and Records; Cooperation in Proceedings. Swaps data will be retained for the life of the swap plus 5 years.
Core Principle 19 (17 CFR § 38.1000)	Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall not: (a) Adopt any rule or taking any action that results in any unreasonable restraint of trade; or (b) Impose any material anticompetitive burden on trading on the contract market.	No distinction between futures and swaps.
Core Principle 20 (17 CFR § 38.1050)	Each designated contract market shall: (a) Establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity; (b) Establish and maintain	II-5. Regulatory Oversight Committee. IV-20. Emergencies. No distinction between futures and swaps

Appendix B
Demonstration of DCM Compliance to List Swaps

	emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the board of trade; and c) Periodically conduct tests to verify that backup resources are sufficient to ensure continued order processing and trade matching, transmission of matched orders to a designated clearing organization for clearing, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.	
Core Principle 21 (17 CFR § 38.1100)	(a) In General. The board of trade shall have adequate financial, operational, and managerial resources to discharge each responsibility of the board of trade.	No distinction between futures and swaps.
Core Principle 22 (17 CFR § 38.1150)	The board of trade, if a publicly traded company, shall endeavor to recruit individuals to serve on the board of directors and the other decision-making bodies (as determined by the Commission) of the board of trade from among, and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates.	Not relevant – not public company.
Core Principle 23 (17 CFR § 38.1200)	The board of trade shall keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange Commission.	ELX keeps records available for inspection by various authorized regulators.

ELX has certified the U.S. Dollar Flex Tenor Spot Starting Cash Interest Rate Swaps Cleared at London Clearinghouse to the Commission under Commission Rule 40.6. See, ELX New Contract Submissions 2013-001. As part of its certification of the contracts, ELX discussed its compliance as a DCM with Core Principles and Commission Rules related to the listing of these contracts.

Based on the foregoing, we believe that ELX has demonstrated that its listing and trading of swaps is consistent with the DCM Core Principles and Commission Regulations relating to DCMs listing for trading of swaps.