

October 10, 2013

Submitted via CFTC Portal

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

tpSEF Inc.
101 Hudson Street
Jersey City
NJ 07302-3908
USA

tel +1 201 557 5000
fax +1 201 557 5995

web www.tullettprebon.com

Re: tpSEF Inc. – Regulation 40.6 Rule Certification

To Whom it May Concern:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “Act”) and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (the “Commission”), tpSEF Inc. (“tpSEF”), a temporarily registered swap execution facility, hereby notifies the Commission that it has amended its Rulebook in response to CFTC Letter 13-62. The amended Rulebook will become effective as provided in Section 40.6(a) as modified by the Order of the Commission Relating to the Continuation, Shutdown, and Resumption of Certain Commission Operations in the Event of a Lapse in Appropriations (78 Fed. Reg. 60260 (Oct. 1, 2013)). The date of intended implementation of these amendments is no earlier than 10 days from the first business day following the resumption of Commission operations.

Pursuant to Commission regulation 40.6, this submission includes:

- (i) A copy of the submission cover sheet in accordance with the instructions in Appendix D of Part 40 of the Commission’s regulations, attached as Exhibit A;
- (ii) The text of the amended rules – specifically Rule 4013 and Rule 4017 – marked to show changes from the prior version, attached as Exhibit C; and
- (iii) A concise explanation and analysis of the amended rules and their compliance with applicable provisions of the Act, attached as Exhibit B.

tpSEF hereby certifies that the amendments comply with the requirements of the Act and Commission regulations thereunder. Consistent with CFTC Letter 13-62, tpSEF hereby represents that it is undertaking all steps necessary to fully comply with Commission regulation 37.702(b), and is undertaking all steps necessary to facilitate full compliance with Commission regulation 1.73(a)(2)(i) and (a)(2)(ii), in accordance with the September 26 Staff Guidance on Swaps Straight-Through Processing.

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tpSEF is not aware of any substantive opposing views expressed with respect to this filing and certifies that, concurrent with this filing, a copy of this submission was posted on tpSEF's website.

Please contact the undersigned at (201) 984-6956 or by email at bddonnelly@tullettprebon.com with any questions regarding this matter.

Very truly yours,

tpSEF Inc.

By: 

Name: Brian D. Donnelly

Title: Chief Compliance Officer

Cc: Division of Market Oversight (Email: dmosubmissions@cftc.gov)
Richard A. Shilts (Email: rshilts@CFTC.gov)
David Van Wagner (Email: dvanwagner@cftc.gov)
Nancy Markowitz (Email: nmarkowitz@cftc.gov)
Amir Zaidi (Email: azaidi@cftc.gov)
Aaron Brodsky (Email: abrodsky@cftc.gov)
Swati Shah (Email: sshah@cftc.gov)

EXHIBIT A

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional)

Date: October 10, 2013

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION | tpSEF Inc.

FILING AS A: DCM SEF DCO SDR ECM/SPDC

TYPE OF FILING

• **Rules and Rule Amendments**

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

• **Products**

- Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

Rule 4013 and Rule 4017

DESCRIPTION

This submission contains a self-certification by tpSEF Inc. (“tpSEF”) of amendments to Rules 4013 and 4017 of its Rulebook. These amendments are in response to CFTC Letter 13-62. Specifically, tpSEF is amending its rules to provide as follows: (i) a transaction in a cleared swap will be deemed accepted for, or rejected from, clearing upon timely receipt of appropriate notification; (ii) transactions rejected from clearing are void *ab initio* for purposes of the SEF’s rules; and (iii) breakage agreements are not a condition to obtaining access to the SEF. tpSEF is also amending its rules to set forth the process for facilitation of pre-execution credit checks.

EXHIBIT B

Summary: The Rulebook has been amended in response to CFTC Letter 13-62. The text of the amended rules marked to show changes from the prior version is attached as Exhibit C.

Capitalized terms used but not defined herein have the meanings assigned to them in the Rulebook.

Amendment	Explanation
<p><u>Rule 4013</u></p> <p>Amended 4013(c) to provide that a Transaction in a Cleared Swap will be deemed accepted for, or rejected from, clearing upon timely receipt of appropriate notification.</p> <p>Amended 4013(e) to provide that Transactions rejected for clearing are void <i>ab initio</i> for purposes of the SEF's rules.</p> <p>Amended 4013(f) to provide that breakage agreements are not a condition to obtaining access to the SEF.</p>	<p>Response to CFTC Letter 13-62</p> <p>Core Principle 2 (Compliance with Rules)</p> <p>Core Principle 7 (Financial Integrity of Transactions)</p>
<p><u>Rule 4017</u></p> <p>Amended 4017 to set forth the process for facilitation of pre-execution credit checks.</p>	<p>Response to CFTC Letter 13-62</p> <p>Core Principle 2 (Compliance with Rules)</p> <p>Core Principle 7 (Financial Integrity of Transactions)</p> <p>CFTC regulation 37.702(b)</p>

EXHIBIT C

Amended Rules

Rule 4013 Clearing and Other Arrangements

- (a) Each Cleared Swap shall be cleared through the DCO indicated in the Swap Specification in accordance with the CEA and the CFTC regulations.
- (b) For each Cleared Swap a Participant expects to enter into via the SEF or subject to the SEF Rules, the Participant or a Client or Customer of the Participant must establish a clearing account with the DCO designated in the Swap ~~Specifications~~Specification for such Cleared Swap or with a Clearing Member of such DCO.
- (c) All Transactions in Cleared Swaps by a Participant or its Client or Customer must be guaranteed by a Clearing Member of such DCO that assumes financial responsibility for the Cleared Swaps of such Participant, Client or Customer ~~(each such Participant, Client or Customer, a “Guaranteed Person”). Such guarantee is effective only until such time that the Clearing Member accepts the Transaction.~~ A Transaction will be deemed to have been accepted ~~by such Clearing Member if the Transaction is not rejected by the close of business on the Business Day following the Transaction date~~for, or rejected from, clearing upon timely receipt of appropriate notice in accordance with Applicable Law from the DCO, the Clearing Member or a credit hub or similar facility on behalf of either of them. The acceptance of a Transaction ~~by a Clearing Member~~for clearing shall not relieve any Participant, Client or Customer of the duty to act in good faith and with reasonable care and diligence.
- (d) Promptly upon the execution of each Transaction in a Cleared Swap, the SEF shall submit the Transaction to the relevant DCO either directly or through the applicable Clearing Member(s).
- (e) ~~(d) The SEF shall submit each Transaction to the applicable Clearing Member. If the Trade is rejected by the Clearing Member and the Trade is not reconciled within ninety (90) minutes of execution, the Trade will be canceled and the~~Any Transaction in a Cleared Swap that is not accepted for clearing in accordance with Rule 4013(c) above will be canceled and shall be deemed void *ab initio* for purposes of the SEF rules. The SEF shall have the right to (i) suspend Trading Privileges of the Participant or Participants that executed the ~~Trade~~rejected Transaction or the account of the Client or Customer on whose behalf ~~the Participant~~it was executed ~~the Transaction that was rejected or, or (ii) take any other action permitted by the SEF Rules. The SEF will report the cancellation of the Transaction as required by Part 43 and Part 45 of the CFTC regulations.~~
- (f) ~~(e) Any Participant placing an Order with respect to a Swap that is not a Cleared Swap shall have entered into an agreement governing the execution of the Swap with the prospective counterparty to such Swap prior to placing such Order. It is not a condition imposed by the SEF that any Participant be subject to a breakage agreement.~~

- (g) ~~(f)~~-A Participant may enter into an Uncleared Swap only with a counterparty with which such Participant or Sponsored Access Firm has swap trading relationship documentation that meets the requirements of Applicable Law. The Participant shall provide any information requested by the SEF in the processing and settlement of such Uncleared Swaps.

Rule 4017 Pre-Execution Credit Checks

- (a) At the time of submitting an Order for any Cleared Swap, a Participant must designate a Clearing Member to clear the Transaction (which may be the Participant if it is a Clearing Member). Except as provided in Rule 4017(b), prior to the execution of any Order for a Cleared Swap, the SEF will ~~verify that the Person in the name and on behalf of which the Order is placed has a sufficient credit or trading limit with the Clearing Member to which the resulting Transaction will be submitted for clearing. If the credit or trading limit is not sufficient for the execution of the Order as determined and communicated by the Clearing Member to the SEF~~ facilitate pre-execution screening by or on behalf of the designated Clearing Member. Upon receiving confirmation that the Order satisfies the Clearing Member's pre-execution limits, the SEF will accept the Order for execution. Unless it promptly receives such confirmation, the SEF will cancel the Order.
- (b) The SEF will not ~~conduct~~ facilitate pre-execution credit ~~verifications~~ checks provided by Rule 4017(a) for any Order placed by an Account Manager. ~~The SEF will notify the Participant to which the Order is addressed (the "Recipient") that pre-trade checks were not conducted and the Recipient shall have the right to accept or reject such Order in its sole discretion~~ for which one or more Clients have not been designated.