

In accordance with Commodity Futures Trading Commission ("Commission") Regulation § 40.2(a), Tradition SEF, Inc. ("TradSEF") hereby submits for Commission review a Revised Product Listing and Terms and Conditions of the Equity Asset Class, including: (1) Broad Market Index and Broad Market Basket Total Return Swaps, (2) Broad Market Index Variance Swaps, and (3) Broad Market Index Volatility Swaps.

This submission supersedes and replaces Tradition SEF's previous equity swap Product Listing.

1. General discussion of contracts and that they are swaps not readily susceptible to manipulation.
2. Discussion of Index Reference Prices
3. Terms and Conditions of Broad-Market Equity Index Swaps:
 - Total Return Swaps
 - Variance Swaps
 - Volatility Swaps
4. The intended listing date is January 17, 2014
5. Attached, please find a certification that: Concurrent with this submission, TradSEF is posting on its website: (a) a notice of pending certification of this Contract with the Commission; and (b) a copy of this submission; and (c) that the Products described in this submission comply with the Act and the Commission regulations thereunder.

Broad-Market Equity Index Swap Product Listing

Tradition SEF, Inc.

I. Discussion of contracts; not readily susceptible to manipulation

- **Index Selection:** Tradition SEF limits the indexes underlying its equity index swap offerings to well-established, publicly available third-party equity index market benchmarks. Tradition SEF believes that the size and liquidity of the cash market that underlies these indexes creates in each case a deliverable supply of underlying securities and volume of trading that would not make them easily susceptible to manipulation. Furthermore, Tradition SEF believes that the large number of participants in each market, and the calculation of each index being based on actual transaction data from major stock markets further limit the susceptibility of manipulation of these indexes. The broad-based equity indexes underlying swaps on Tradition SEF are the timeliest, recognized and reliable benchmarks for equity prices in their respective markets. The index levels are readily available and commercially acceptable as benchmarks for investors, portfolio managers and public policy makers. Tradition SEF believes that such benchmark indexes, which also underlie liquid index futures contracts on major Designated Contract Markets, and equity index exchange traded funds on stock exchanges, due to the large number of index members, ubiquity, and broad-market nature are not readily susceptible to manipulation. Furthermore, the associated index futures contracts and exchange traded funds offer a deep liquidity pool to hedge and risk-manage swaps based on such indexes' index.

Swap Contract Specifications: A discussion of Variance and Volatility Swaps: Equity Index Variance and volatility swaps pay out on the degree of stock price fluctuation, not the absolute level or direction of the underlying index. Tradition SEF believes that these swaps are by their nature less susceptible to manipulation because the payout on the swap is based on mathematical calculations of variance or volatility for indexes that represent effectively entire stock markets. For example, the buyer of the variance swap receives the actual realized variance

over the relevant period, and pays a fixed amount in return (generally based on the expected / historical variance). The buyer is buying implied variance and receives money from the seller if the realized is greater than the implied over the term period, or pays money to the seller if the realized is less than the implied buyer purchased.

- **Discussion of Index Reference Prices**

- **Standard and Poor's 500 Index "SPX S&P 500®"**

- The **Standard & Poor's 500® index**, is a stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The S&P 500 index components and their weightings are determined by S&P Dow Jones Indices. It is one of the most commonly followed equity indices and many consider it the best representation of the U.S. stock market as well as a bellwether for the U.S. economy. The S&P 500 was developed and continues to be maintained by S&P Dow Jones Indices, which is majority-owned by McGraw Hill Financial that publishes many stock market indices. It is a capitalization-weighted index meaning that the level of the index fluctuates with the market capitalization of its components. "S&P®", "S&P 500®" are copyrights of Standard and Poor's.

- **Standard and Poor's MidCap 400 Index "MID S&P 400®"**

- The S&P MidCap 400® provides investors with a benchmark for mid-sized companies. It is the most widely followed U.S. mid-cap index. To be included in the index, a stock must have a total market capitalization that ranges from roughly \$750 million to \$3.3 billion. It is a capitalization-weighted index meaning that the level of the index fluctuates with the market capitalization of its components. "S&P®", "S&P 400®" are copyrights of Standard and Poor's. Russell 2000
 - The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.. Copyright © Russell Investments 2013

- **Nasdaq 100**

- The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial securities listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.
Read more: <http://www.nasdaq.com/markets/indices/nasdaq-100.aspx#ixzz2q0hgdZ4j>

- **Dow Jones 30**

- The **Dow Jones Industrial Average®**, also called the **Dow 30**, or simply the **Dow** is owned by S&P Dow Jones Indices, which is majority owned by McGraw-Hill Financial, it is the most notable of the Dow Averages, of which the first (non-industrial) was first published on February 16, 1885. It is an index that shows how 30 large publicly owned companies based in the United States have traded during a standard trading session in the stock market. The average is price-weighted, and to compensate for the effects of stock splits and other adjustments, it is currently a scaled average. The value of the Dow is not the actual average of the prices of its component stocks, but rather the sum of the component prices divided by a divisor, which changes whenever one of the

component stocks has a stock split or stock dividend, so as to generate a consistent value for the index. Since the divisor is currently less than one, the value of the index is larger than the sum of the component prices.

- Eurostoxx 50
 - The EURO STOXX 50 Index®, designed by STOXX Ltd., is the leading Blue-chip index for the Eurozone, provides a Blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The index futures and options on the Euro Stoxx 50, traded on Eurex, are among the most liquid such products in Europe and the world. The EURO STOXX 50 Index® is licensed to financial institutions to serve as underlying for a wide range of investment products such as Exchange Traded Funds (ETF), Futures and Options, and structured products worldwide. © Copyright STOXX Ltd.

- FTSE 100
 - The FTSE 100® is a market-capitalization weighted index of UK-listed blue chip companies. The index is part of the FTSE UK Series and is designed to measure the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity. FTSE 100 constituents are all traded on the London Stock Exchange's SETS trading system. ©FTSE Group

- FTSE MIB
 - The **FTSE MIB®** (Milano Italia Borsa) is the benchmark stock market index for the Borsa Italiana, the Italian national stock exchange. The index consists of the 40 most-traded stock classes on the exchange. The index is administered by FTSE Group, which is 100% owned by the Borsa Italiana's parent company London Stock Exchange Group. ©FTSE Group.

- AEX Index
 - The **AEX index®**, derived from **Amsterdam Exchange index**, is a stock market index composed of Dutch companies that trade on NYSE Euronext Amsterdam, formerly known as the *Amsterdam Stock Exchange*. Started in 1983, the index is composed of a maximum of 25 of the most actively traded securities on the exchange. It is one of the main national indices of the stock exchange group NYSE Euronext. ©NYSE Euronext

- OMX Index
 - The OMX Stockholm 30 Index® consists of the 30 most actively traded stocks on the Stockholm Stock Exchange and is a market weighted price index. The composition of the OMXS30 index is revised twice a year. The index was developed with a base level of 125 as of September 30, 1986. Effective on April 27, 1998 there was a 4-1 split of the index value. ©NASDAQ OMX

- SMI Swiss Index
 - The Swiss Market Index (SMI® Family), which is the best-known SIX Swiss Exchange index comprises the 50 largest and most liquid stocks in the Swiss equity market. It represents about 85% of the free-float capitalization of the Swiss equity market. The blue-chip index SMI® is the most significant equity index in Switzerland. The SMI® Family is calculated using the Laspeyres method with the weighted arithmetic mean of a defined number of securities issues. The index level is calculated by dividing the market capitalization of all securities included in the index by a divisor..Detailed calculation methodology can be found at: http://www.six-swiss-exchange.com/index_info/online/share_indices/smi/smifamily_rules_en.pdf. ©SIX Group Ltd.

- DAX 30

- The DAX 30® is a total return blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. Prices are taken from the electronic Xetra trading system. According to Deutsche Börse, the operator of Xetra, DAX measures the performance of the Prime Standard's 30 largest German companies in terms of order book volume and market capitalization. It is the equivalent of the FT 30 and the Dow Jones Industrial Average, and because of its small selection it does not necessarily represent the vitality of the economy as whole. The Base date for the DAX is 30 December 1987 and it was started from a base value of 1,000. The Xetra system calculates the index after every 1 second since January 1, 2006. ©Deutsche Borse AG
- CAC 40 Index
 - The CAC 40®, the most widely-used indicator of the Paris market, reflects the performance of the 40 largest equities listed in France, measured by free-float market capitalization and liquidity. The index was developed with a base level of 1,000 as of December 31, 1987. ©NYSE Euronext
- NKY Nikkei 225
 - The Nikkei 225®, more commonly called the Nikkei, the Nikkei index, or the Nikkei Stock Average, is a stock market index for the Tokyo Stock Exchange (TSE). It has been calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. Currently, the Nikkei is the most widely quoted average of Japanese equities, similar to the Dow Jones Industrial Average.. © Nihon Keizai Shimbun
- HSI Hang Seng Index
 - The Hang Seng Index® (abbreviated: HSI) is a freefloat-adjusted market capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong. These 48 constituent companies represent about 60% of capitalization of the Hong Kong Stock Exchange. HSI was started on November 24, 1969, and is currently compiled and maintained by Hang Seng Indexes Company Limited, which is a wholly owned subsidiary of Hang Seng Bank. © Hang Seng Indexes Company Limited

II. Terms and Conditions

General:

- Equity Index Swaps traded on Tradition SEF are not cleared.
- Equity Index Swap trades are reported in accordance with SDR requirements.
- Minimum and Incremental Prices:
 - There is no minimum price for a contract.
 - There is no minimum incremental price for a contract

(1) Total Return Swaps (TRS) and Price Return Swaps (PRS):

A broad market equity index total return swap is a product which allows the ability to gain exposure to the returns of a broad market equity index, or broad-market custom basket of equities ("equity leg") in exchange for payment or receipt of regular fixed or floating payments ("floating leg") usually interest based, plus a differential.

Trade types:

Total Return Swap (TRS) – The calculation of the value of which the equity leg is based will be the appreciation/depreciation of the underlying equity leg plus any returns due from the components of underlying index.

Price Return Swap (PRS) – The calculation of the value of which the equity index leg is based will be the appreciation/depreciation of the underlying equity index leg.

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| Contract Description | A contract to pay or receive regular fixed or floating interest payments on a notional amount of an equity index in exchange for the notional based return performance of an equity index. | |
| Available Underlying Indexes | Index | Currency |
| | SPX S&P 500 | USD |
| | RTY Russell 2000 | USD |
| | NDX Nasdaq 100 | USD |
| | DIA Dow Jones 30 | USD |
| | MID S&P Mid 400 | USD |
| | Eurostoxx 50 | EUR |
| | FTSE FTSE 100 | GBP |
| | FTSE MIB | EUR |
| | AEX Index | EUR |
| | OMX Index | SEK |
| | SMI Swiss Index | CHF |
| | DAX 30 | EUR |
| | CAC 40 Index | EUR |
| | NKY Nikkei 225 | JPY |
| | HSI Hang Seng Index | HKD |
| | Custom Baskets | Currency of underlying equities in basket. |

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| Contract Size | 1 unit, incremental size is 1 unit |
| Tenor | As agreed by Participants, 1 day to 50 years. |
| Trade Date | Date which trade terms are agreed. |
| Trade Types | Outrights, Spreads: Equity swap in one index versus an equity swap in another |
| Trade Start Types | Immediate and delayed start |
| Quote Conventions | Quoted in bps as a spread or fixed rate. |
| Trading Hours | Trading Hours of Tradition SEF |
| Settlement | Cash settlement based on floating rate schedule. |
| Settlement Payments | <p>An equity index TRS Payor of LIBOR / Receiver of Index Return receives appreciation and dividends of the index / pays depreciation of, if any, on index, and pays a rate of interest plus a differential on the underlying notional amount of the TRS.</p> <p>An Equity Index TRS Receiver of LIBOR / Payer of Index Return pays appreciation and dividends of the index / receives depreciation of, if any, on index, and receives a rate of interest plus a differential on the underlying notional amount of the TRS.</p> |
| Payment Frequency | Determined by agreed Libor (3m, 6m, etc.) or agreed fixed rate frequency. |
| Day Count | Act/360 |
| Maturity | As agreed by Participants; any maturity up to 50 years. |
| Notional Amount | Any amount as agreed by Participants. |
| Leg Conventions | Floating Leg - Cashflow: xM LIBOR + Spread or an agreed fixed rate Equity Leg - Notional x (% increase of equity index over floating rate period) |
| Business Day Convention | As agreed by Participants. |
| Breaks/Resets | As agreed by counterparties. |
| Minimum and Incremental Price | There is no minimum price or incremental price for a contract. |

(2) Variance Swaps:

| Contract Description | The variance swap is a product that is used to take a direct view on the volatility of a broad-based security index. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Index | Currency | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SPX S&P 500 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RTY Russell 2000 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NDX Nasdaq 100 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DIA Dow Jones 30 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MID S&P Mid 400 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Eurostoxx 50 | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FTSE FTSE 100 | GBP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FTSE MIB | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AEX Index | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| OMX Index | SEK | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SMI Swiss Index | CHF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DAX 30 | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CAC 40 Index | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NKY Nikkei 225 | JPY | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HSI Hang Seng Index | HKD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Custom Baskets | Currency of underlying equities in basket. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contract Size | Variance Swap contracts are quoted in "Vega" amounts. The minimum contract size is 1,000 of the currency of which the underlying index settles in. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenor | Tenors of any duration greater than 0 years and less than 50 years. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade Types | Capped – The maximum payout of the contract is capped at an agreed price. Uncapped – There is no maximum payout on the contract. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade Start Types | Immediate – The observation period of the swap begins immediately. Forward – The observation period of the swap begins on an agreed-upon date in the future. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quote Conventions | BPS – Vega; Variance Swap contracts are quoted in volatility percentage points. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trading Hours | Tradition SEF trading hours. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expiration Date | This is the date on which the swap expires, and the date upon which the final rate of volatility shall be calculated on using the detailed formula. [As agreed by the counterparties. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Settlement | <p>Variance swaps are cash settled. If the difference between the realized Variance and the Variance Strike is positive, then the seller pays the difference to the buyer. If the difference between the realized Variance and the Variance Strike is negative, then the buyer pays the difference to the seller.</p> <p>Settlement of a Variance Swap occurs after the expiration date and in line with the settlement convention of the underlying equity index.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Settlement Payments | Payment Date: T+2 (adjustments according to Following Business Days Conventions) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minimum Price or Incremental Price | There is no minimum price or incremental price for a Variance Swap contract. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payment Frequency | One time | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Payments Exchange | The buyer of a variance swap pays a fixed rate (the Variance Strike) in exchange for a payout based on the daily realized variance. The seller of a variance swap receives a fixed rate (the Variance Strike) in exchange for a payout based on the daily realized variance. |
| Day Count | Business Days Per Year = 252 |
| Notional Amount | Minimum size 1 contract |
| Leg Conventions | Floating Leg Rate - The realized variance rate that is calculated on the expiration date. Fixed Leg Rate - The agreed fixed rate of Variance (Traded Price). |
| Observation Start Date | This is an agreed trading day of the underlying either on or an agreed number of days after the date on which the contract is agreed. |
| Number of Observations (N) | The number of observations will be the number of trading days of the underlying index between the observation start date and the expiration date. |
| Business Day Convention | The "Target Following" business day convention will apply (if any date is a non-business day, the date is moved forward to the next business day). |
| Minimum and Incremental Price | Variance Swap contracts are quoted in volatility percentage points. There is no minimum price or minimum incremental price for a Variance Swap contract. |
| Applicable Formula | <p>Variance Calculation Formula - The final realized rate of variance shall be calculated using the following formula:</p> <p>Actually realized Daily Volatility is defined according to the following formula;</p> $100 \times \sqrt{\frac{\sum_{i=1}^m \left[\ln\left(\frac{P_{i+1}}{P_i}\right) \right]^2}{n}} \times \sqrt{\text{Business Days Per Year}}$ <p>where, n = Number of Observations, meaning the number of days that, as of the Trade Date, are expected to be Scheduled Trading Days for the period from the Trade Date to, and including, the Scheduled Valuation Date; m = n, unless there is a market disruption event P_i = the daily closing price of the on the ith business day starting on the day following Trade Date (i=2), and P_m shall be equal to the Closing Level of the on the Final Valuation Date. If the Final Valuation Date is a listed option expiration date, then P_m is equal to the expiration print. Business Days Per Year = 252</p> |
| Market Disruption | A Market Disruption event is triggered if member shares of the Index which account for 20 percent or more of capitalization of the Index are not trading. If a Market Disruption occurs on a business day, then that day will be omitted from the series P _i , so that m is reduced by one, but no corresponding adjustment will be made to the count n of business days. |

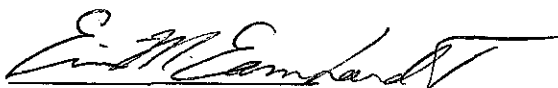
(3) Volatility Swaps

| Contract Description | A volatility swap is a swap on the future realized volatility of a given underlying asset. Volatility swaps allow trading of volatility of an asset directly, much as they would trade a price index. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Index | Currency | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SPX S&P 500 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RTY Russell 2000 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NDX Nasdaq 100 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DIA Dow Jones 30 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MID S&P Mid 400 | USD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Eurostoxx 50 | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FTSE FTSE 100 | GBP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FTSE MIB | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AEX Index | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| OMX Index | SEK | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SMI Swiss Index | CHF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DAX 30 | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CAC 40 Index | EUR | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NKY Nikkei 225 | JPY | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HSI Hang Seng Index | HKD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Custom Baskets | Currency of underlying equities in basket. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contract Size | The minimum contract size is 1,000 of the currency of which the underlying index settles in. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenor | Tenors of any duration greater than 0 years and less than 50 years. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade Types | Capped – The maximum payout of the contract is capped at an agreed price. Uncapped – There is no maximum payout on the contract. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade Start Types | Immediate – The observation period of the swap begins immediately. Forward – The observation period of the swap begins on an agreed-upon date in the future. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quote Conventions | volatility percentage points | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trading Hours | Operating hours of Tradition SEF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Settlement | <p>If Realized Volatility is greater than the Volatility Strike the Swap Seller pays Swap Buyer a final payment as follows: $\text{Vega Notional} * (\text{Realized Volatility} - \text{Volatility Strike})$</p> <p>If Realized Volatility less than Volatility Strike then Swap Buyer pays Swap Seller a final payment as follows: $\text{Vega Notional} * (\text{Realized Volatility} - \text{Volatility Strike})$</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Settlement Payments | Payment Date: T+2 (adjustments according to Following Business Days Conventions) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payment Frequency | One time | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payments Exchange | <p>If Realized Volatility > Volatility Strike, swap seller pays swap buyer a final payment as follows: $\text{Vega Notional} * (\text{Realized Volatility} - \text{Volatility Strike})$</p> <p>If Realized Volatility < Volatility Strike then swap buyer swap seller a final payment as follows: $\text{Vega Notional} * (\text{Realized Volatility} - \text{Volatility Strike})$</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Day Count | Business Days Per Year = 252 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Maturity | the date upon which the final rate of volatility shall be calculated on using the detailed formula |
| Notional Amount | Minimum size 1 contract |
| Leg Conventions | Floating Leg Rate - The realized volatility rate that is calculated on the expiration date. Fixed Leg Rate - The agreed fixed rate of Volatility (Traded Price). |
| Observation Start Date | This is an agreed trading day of the underlying either on or an agreed number of days after the date on which the contract is agreed. |
| Number of Observations (N) | The number of observations will be the number of trading days of the underlying index between the observation start date and the expiration date. |
| Business Day Convention | Business Days Per Year = 252 |
| Minimum and Incremental Price | There is no minimum price or minimum incremental price for a Variance Swap contract. |
| Applicable Formula | <p>Realized Volatility Actual realized Daily Volatility is defined according to the following formula; where,</p> $\sqrt{\frac{\sum_{i=1}^m [\ln(\frac{P_{i+1}}{P_i})]^2}{n}} \times \sqrt{\text{Business Days Per Year}} \times 100$ <p>n = Number of Observations, meaning the number of days that, as of the Trade Date, are expected to be Scheduled Trading Days for the period from the Trade Date to, and including, the Scheduled Valuation Date; m = n, unless there is a market disruption event Pi = the daily closing price of the underlying on the ith business day starting on the day following Trade Date (i=2), and Pm shall be equal to the Closing Level of the underlying on the Final Valuation Date. If the Final Valuation Date is a listed option expiration date, then Pm is equal to the expiration print. Future Price Valuation: Applicable. Business Days Per Year = 252</p> |
| Market Disruption | A Market Disruption event is triggered if member shares of the Index which account for 20 percent or more of capitalization of the Index are not trading. If a Market Disruption occurs on a business day, then that day will be omitted from the series Pi, so that m is reduced by one, but no corresponding adjustment will be made to the count n of business days. |

Certification pursuant to CFTC regulation 40.2

The undersigned hereby certifies that each product described in this submission complies with the Commodity Exchange Act and CFTC Regulations thereunder, and that concurrent with the filing of this submission to the Commission, Tradition SEF, Inc. will be posting on its website a copy of this submission and a notice of pending certification of these products with the Commission. By:



Eric Earnhardt,
Chief Compliance Officer
Date: January 15, 2014