

February 14, 2014

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

Re: *tpSEF Inc. – Regulation 40.6 Emergency 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 as described herein. The amended Rulebook will become effective as of the open of trading on Monday, February 17.

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) A concise explanation and analysis of the amended rules and their compliance with applicable provisions of the Act, attached as Exhibit B;
- (iii) The text of the amended rules marked to show changes from the prior version, attached as Exhibit C; and
- (iv) A copy of the Notice to Participants that will be distributed to tpSEF Participants that identifies those swaps that will be subject to an adjusted time delay under tpSEF Rule 4011, attached as Exhibit D.

tpSEF hereby certifies that the amendments comply with the requirements of the Act and Commission regulations thereunder. 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.

The amendments that are the subject of this submission are necessitated by the “made-available-to-trade” determinations that will be effective commencing on February 15. Many of the swap contracts covered by these determinations are listed and actively traded on tpSEF. Beginning February 17, certain of these swap contracts will become subject to the trade execution requirement under Section 2(h)(8) of the Act and will be traded on tpSEF as “Required Transactions” pursuant to CFTC regulation 37.9.

The first set of amendments is in response to CFTC Letter 14-12, issued on February 10 by the Commission’s Division of Market Oversight. This letter provides time-limited no-action relief to swap execution facilities from the execution requirements of CFTC regulation 37.9 for swaps that are components of package transactions. Immediate changes to tpSEF’s Rulebook are required in order for tpSEF and its participants to rely on the relief provided when trading commences in these swap contracts and the trade execution requirement would otherwise apply.

The second set of amendments relates to the adjustment of the 15-second time delay requirement under CFTC regulation 37.9(b), which applies only to Required Transactions. Regulation 37.9(b)(2) permits a swap execution facility to adjust the time period for the delay based on a swap’s liquidity or other product-specific considerations. tpSEF has become aware of other swap execution facilities having adjusted the time delay with respect to certain swap contracts that will become subject to the trade execution requirement. tpSEF agrees that, based on the liquidity of these contracts and the manner in which they trade, a shorter delay is appropriate. tpSEF notes that the justification for reducing a time delay applies to trading across markets. When a particular swap contract has been determined to be subject to an adjusted time delay on a particular swap execution facility, that adjustment should be applicable for trading of that contract on any swap execution facility. In order for trading to be conducted in a fair and consistent manner across trading venues on February 17, tpSEF is adjusting the time delay requirement under tpSEF Rule 4011 to correspond to the adjusted delays implemented by other swap execution facilities.


As discussed above, these amendments are precipitated by the implementation of the trade execution requirement that will be effective commencing February 15. The rule amendments in this self-certification address circumstances that may materially affect the performance of agreements, contracts, swaps or transactions at a critical time for trading in the swaps market. Due to the time sensitive nature of these amendments and their importance to the trading markets, this self-certification is being submitted as an emergency rule certification pursuant to CFTC regulation 40.6(a)(6).

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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

Enclosures

cc without enclosures:

Division of Market Oversight (Email: dmosubmissions@cftc.gov)
David Van Wagner (Email: dvanwagner@cftc.gov)
Nancy Markowitz (Email: nmarkowitz@cftc.gov)
Aaron Brodsky (Email: abrodsky@cftc.gov)
Swati Shah (Email: sshah@cftc.gov)

EXHIBIT B

Explanation of Amended Rules

Summary: tpSEF Inc. wishes to amend its Rulebook as provided below. 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.

Rule	Description of Revision	Relevant Core Principle
Coverpage	Changed Rulebook effective date.	N/A
Table of Contents	Conforming changes.	N/A
Rule 1000	Include a definition of Package Transaction.	N/A
Rule 4003	Exclude "Package Transactions" from the requirement to execute through the Order Book or RFQ. Make clarifying changes regarding End-User Transactions.	Core Principle 2
Rule 4011	Clarify requirements related to the time delay requirement for certain Required Transactions.	Core Principles 2, 3 and 4
Rule 4016	Remove requirement related to the execution of Block Trades in conformance with the Swap Specification. Clarify that parties to a Block Trade must produce satisfactory evidence that a Block Trade meets the requirements in Rule 4016 and Rule 8003 as opposed to Rule 4017.	Core Principles 2, 3 and 4
Rule 8001	Add Order entry requirements for Package Transactions.	Core Principle 2

EXHIBIT C

Amended Rules

Rule 1000 Definitions

“Package Transaction” means a transaction involving two or more instruments: (1) that is executed between two counterparties; (2) that is priced or quoted as one economic transaction with simultaneous execution of all components; (3) that has at least one component that is a swap that is a Required Transaction; and (4) where the execution of each component is contingent upon the execution of all other components.

Rule 4003 Execution of Required Transactions

- (a) No Participant shall execute a Required Transaction other than via a Request for Quote or the Order Book unless such transaction is a Block Trade, a Package Transaction or an End-User Transaction. No Participant shall enter into an End-User Transaction unless it (or, if applicable, its Client or Customer) or its counterparty can claim an End-User Clearing Exemption. Upon request of SEF, a Participant shall submit to the SEF all documentation supporting its (or, if applicable, its Customer’s or Client’s) eligibility for the End-User Clearing Exemption.
- (b) Request for Quote:
- (1) The Request for Quote functionality allows a Participant (the “Requester”) to communicate an RFQ to buy or sell a Swap to the Required Number of Recipient Participants, to which all such Recipient Participants may respond. Upon consent of the Requester, the SEF will also provide the identity of the Requester to the Recipient Participants. Such RFQ may include response time instructions such as:
 - (i) cancel if no response in a timeframe specified by the Requester;
 - (ii) good-till-cancel; or
 - (iii) day.
 - (2) The SEF will communicate to a Requester any firm Resting Quotes for the Swap indicated in the RFQ that is posted on the Order Book together with any responses to the RFQ from the Recipient Participants (“Response”). The SEF will permit the Requester to execute against such firm Resting Quotes along with any Responses from a Recipient Participant that is at the same or better price as the price of offers received from the Requester.
 - (3) Permissible Responses to an RFQ may include:
 - (i) acceptance of the RFQ terms (if RFQ provides price and size);

- (ii) reject;
 - (iii) no response; and
 - (iv) price and/or size different from any specified in the RFQ.
 - (4) Failure of the SEF to broadcast any message in respect of a Transaction made on the SEF shall not invalidate any Transaction recorded by the SEF.
 - (5) Each Response to an RFQ will also specify a time for the Requester to reply (“Requester Reply”) to the Response. Upon expiration of the designated timeframe, the Recipient Participant may instruct the SEF to cancel the order upon expiration of the designated time limit or request the SEF to move the Response to the Order Book.
 - (6) Similar to the Response, a Requester Reply may include, as applicable:
 - (i) acceptance of Response terms;
 - (ii) reject;
 - (iii) no reply; and
 - (iv) price and/or size different from Response amount (if one is provided).
 - (7) If the Requester accepts the terms of the Response, the transaction will be executed on the SEF.
 - (8) If multiple Responses are accepted, the SEF will execute the transactions in order of price and time. If two or more Responses are accepted at the same time and price and are for Cleared Swaps, each Response will be allocated their pro rata share.
 - (9) Participants may modify or cancel an RFQ, Response, or Requester Reply at any time unless the receiving Participant has responded to the RFQ, Response, or Requester Reply.
 - (10) An RFQ for a specific Swap will be sent to at least the Required Number of Recipient Participants. A Participant is prohibited from sending an RFQ to less than the Required Number of Recipient Participants.
- (c) Order Book.
- (1) All Orders posted to the Order Book are firm.
 - (2) An acceptable Order must include a specific price and size.

- (3) Orders entered on the Order Book will be executed by price and time.
- (4) An acceptable Order will also indicate the time in force which may include the following:
 - (i) “Day” orders are only good for the Business Day and applicable Trading Hours in which they are entered.
 - (ii) “Fill-or-Kill” orders must be immediately executed for the entire size of the order or cancelled.
 - (iii) “Fill-and-Kill” orders are orders that if are not executed fully or partially the whole or the remaining quantity is cancelled automatically.
- (5) An Order placed on the Order Book may be canceled provided such Order has not been executed. The price or size of an order placed on the SEF that has not fully traded may be revised. If the size is reduced, the time priority originally assigned to the order does not change. Revising the price or increasing the size will change the order’s time priority in the queue to the time the SEF receives the revision. If the size of an order is decreased, the order will not lose its time priority.
- (6) When an Authorized Trader logs off, all of its Orders on the Order Book are terminated provided that the Authorized Trader is the owner of the order and has not entered the Order on behalf of another Participant. If for any reason the connection to the SEF is lost, all Orders entered from that location on the SEF are deactivated.

Rule 4011 Simultaneous Buy and Sell Orders For Different Beneficial Owners

(a) With respect to Required Transactions (other than Block Trades and Package Transactions), a Participant that seeks to execute against a Customer’s Order, or a Participant or Introducing Broker that seeks to execute two Customers’ Orders against each other, in either case through the Order Book following some form of pre-arrangement or pre-negotiation, must:

- (1) in the case of an execution by a Participant as principal against a Customer Order, enter the Customer Order into the Order Book as a firm quote at least-expose one side of the transaction for a minimum of 15 seconds (or such lesser time as determined by the SEF from time to time-by the SEF)-to the other Participants before entering its Order into the , the Participant displaying one side of the transaction can execute the other side of the transaction against its own Order Book quote; or
- (2) in the case of an execution of two Customers’ Orders against each other, enter one Order into the Order Book as a firm quote at least the second side of the

~~transaction (whether for the Participant's own account or for a second Customer) can be submitted for execution. The Participant must display one side of the transaction as a firm quote on the Order Book. If the Order is not executed by another Participant after 15 seconds (or such lesser time as determined by the SEF from time to time by the SEF) before entering the other Order into the Order Book.~~

- (b) To the extent the SEF determines to adjust the 15-second time delay requirement described in Rule 4011(a) above with respect to any Swap, the SEF will publish a Notice to Participants specifying the adjusted time delay applicable to that Swap.

Rule 4016 Block Trades

The following shall govern all Block Trades in Swaps:

- (a) All Block Trades, unless otherwise exempted by a Rule, must be in the form of a written or electronic record that complies with the requirements set forth in Rule 8003.
- (b) Each buy or sell Order underlying a Block Trade must (1) state explicitly that it is to be, or may be, executed by means of a Block Trade, (2) be for a quantity that is equal to or in excess of the applicable minimum block size set forth in CFTC regulations and as may be specified from time to time by the SEF and (3) comply with any other applicable CFTC regulations governing Block Trades.
- (c) A Participant must receive instructions from a Customer or obtain the Customer's prior consent before entering into a Block Trade with that Customer.
- (d) Except as may otherwise be permitted by Applicable Law, Participants shall not aggregate Orders across multiple Trading Accounts or multiple Participants in order to meet any applicable minimum size for a Block Trade.
- (e) Each party to a Block Trade shall comply with all applicable the SEF Rules other than those which by their terms only apply to trading through the SEF.
- (f) Block Trades must be submitted to the SEF in a manner prescribed from time to time by the SEF. Persons entering into a Block Trade must agree upon which party shall be responsible for reporting all terms of the Block Trade to the SEF. All Block Trades must be reported to the SEF by that party as soon as practicable after the completion of negotiations, but may not be submitted any later than 15 minutes prior to the end of trading with respect to the underlying Swap.
- (g) The SEF will review the information submitted by the Participant(s) for the Block Trade and will report the Block Trade as required by applicable CFTC regulations if the details are complete and accurate in accordance with this Rule.
- (h) Any Block Trade in violation of these requirements shall constitute conduct which is inconsistent with just and equitable principles of trade.

- ~~(i) Notwithstanding anything to the contrary in this Rule, a Block Trade may only be executed with respect to Swaps for which such transactions are expressly permitted by the applicable Swap Specifications.~~
- (i) Upon request by the SEF, each party to a Block Trade shall produce satisfactory evidence that the Block Trade meets the requirements set forth in this Rule 40174016 and Rule 8003.

Rule 8001 Order Information

- (a) Each Authorized Trader entering an Order with respect to any Swap traded on the SEF must include with the Order, without limitation:
- (1) the User ID;
 - (2) the Participant ID;
 - (3) the price or yield, quantity, maturity or expiration date;
 - (4) the price and quantity;
 - (5) side of the Order;
 - (6) the CTI code;
 - (7) Trading Accounts and other relevant account(s);
 - (8) the Legal Entity Identifier of the Participant placing the Order, if available;
 - (9) a yes/no indication of whether the Participant or Client is a Swap Dealer with respect to the Swap with respect to which the Order is placed;
 - (10) a yes/no indication of whether the Participant or Client is a Major Swap Participant with respect to the Swap with respect to which the Order is placed;
 - (11) a yes/no indication of whether the Participant or Client is a Financial Entity;
 - (12) a yes/no indication of whether the Participant or Client is a U.S. person;
 - (13) an indication that a Swap is an inter-affiliate Swap that should not be subject to the real-time reporting requirements; or
 - (14) if the Swap will be allocated:
 - (i) an indication that the Swap will be allocated;
 - (ii) the Legal Entity Identifier of the Account Manager;

- (iii) account and Legal Entity Identifier for each Client that will receive allocations;
- (iv) an indication of whether the Swap is a post-allocation Swap; and
- (v) if the Swap is a post-allocation Swap, the unique Swap identifier of the original transaction between the Reporting Counterparty and the agent;

(15) a yes/no indication of whether the Order is part of a Package Transaction; and

(16) if the Order is part of a Package Transaction, a description of the Transaction.

EXHIBIT D

NOTICE TO PARTICIPANTS

TO: tpSEF Participants
FROM: tpSEF Inc.
RE: Adjustment to Time Delay Requirement under tpSEF Rule 4011
DATE: February 17, 2014

Pursuant to CFTC Regulation 37.9(b)(2) and tpSEF Rule 4011, tpSEF has determined to adjust the 15-second time delay requirement under tpSEF Rule 4011 for the swap contracts listed below. This Notice is being delivered to inform you that, beginning on the relevant effective date specified below, the applicable time delay for these contracts will be 5 seconds.

Fixed-to-Floating Interest Rate Swap (USD)				
Effective Date	Feb. 15	Feb. 15	Feb. 26	Feb. 26
Currency	U.S. Dollar (USD)	U.S. Dollar (USD)	U.S. Dollar (USD)	U.S. Dollar (USD)
Floating Rate Indexes	USD LIBOR	USD LIBOR	USD LIBOR (3M only)	USD LIBOR (3M only)
Trade Start Type	Spot Starting (T+2)	Forward Starting on IMM Date (next two IMM dates)	Spot Starting (T+2)	Forward Starting on IMM Date (next two IMM dates)
Optionality	No	No	No	No
Fixed Leg				
Payment Frequency	Semi-Annual, Annual	Semi-Annual, Annual	Semi-Annual (30/360 Day Count only) Annual (Actual/360 Day Count only)	Semi-Annual (30/360 Day Count only) Annual (Actual/360 Day Count only)
Day Count Convention	30/360, Actual/360	30/360, Actual/360	30/360 (Semi-Annual payments only) Actual/360 (Annual payments only)	30/360 (Semi-Annual payments only) Actual/360 (Annual payments only)
Floating Leg				
Reset Frequency	Quarterly, Semi-Annual	Quarterly, Semi-Annual	Quarterly only	Quarterly only
Day Count Convention	Actual/360	Actual/360	Actual/360	Actual/360
Dual Currencies	No	No	No	No
Notional	Fixed Notional	Fixed Notional	Fixed Notional	Fixed Notional
Fixed Rate	Par	Par	Par	Par
Tenors	2, 3, 5, 7, 10, 12, 15, 20, 30 years	2, 3, 5, 7, 10, 12, 15, 20, 30 years	4, 6 years	4, 6 years

Fixed-to-Floating Interest Rate Swap (Non-USD)			
Effective Date	Feb. 15	Feb. 26	Feb. 26
Currency	Euro (EUR)	Euro (EUR)	Sterling (GBP)
Floating Rate Indexes	EURIBOR	EURIBOR	GBP LIBOR
Trade Start Type	Spot Starting (T+2)	Spot Starting (T+2)	Spot Starting (T+0)
Optionality	No	No	No
Fixed Leg			
Payment Frequency	Semi-Annual, Annual	Annual only	Quarterly, Semi-Annual
Day Count Convention	30/360, Actual/360	30/360 only	Actual/365F
Floating Leg			
Reset Frequency	Quarterly, Semi-Annual	Quarterly, Semi-Annual	Quarterly, Semi-Annual
Day Count Convention	Actual/360	Actual/360	Actual/365F
Dual Currencies	No	No	No
Notional	Fixed Notional	Fixed Notional	Fixed Notional
Fixed Rate	Par	Par	Par
Tenors	2, 3, 5, 7, 10, 15, 20, 30 years	4, 6 years	2, 3, 4, 5, 6, 7, 10, 15, 20, 30 years

Untranching Credit Default Swap Indices	
Effective Date	Feb. 26
Reference Entities	Corporate
Region	North America
Indices	CDX.NA.IG CDX.NA.HY
Tenor	CDX.NA.IG 5Y CDX.NA.HY 5Y
Applicable Series	At any time, the then-current on-the-run series and the preceding series that was replaced by the current one.

If you have any questions about this Notice, please contact Brian Donnelly, Chief Compliance Officer, at (201) 984-6956 or by email at bddonnelly@tullettprebon.com or Mark Campbell, Chief Operating Officer, at (201) 557-5786 or by email at mcampbell@tpsef.com.

PLEASE CONSULT TPSEF'S RULEBOOK FOR MORE INFORMATION REGARDING THE TRADING OF SWAPS ON TPSEF. A COPY OF TPSEF'S RULEBOOK IS AVAILABLE AT: http://www.tullettprebon.com/swap_execution_facility/rulebook.aspx.