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July 18, 2013

Via E-Mail: submissions@cftc.gov

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

RE: trueEX LLC Rule Amendment Self-Certification of Certain Rules, including Updated Table of Amendments/Revisions to Rulebook, and trueEX Designated Market Maker Program (trueEX LLC submission #2013-06)

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, (the "Act") and Commission Regulation §40.6(a), trueEX LLC ("trueEX" or the "Exchange") hereby:

- (a) submits to the Commodity Futures Trading Commission (the "Commission") certain amendments to the trueEX Rulebook (the "Amendments") as summarized below;
and
- (b) notifies the Commission of the commencement of a trueEX Designated Market Maker Program (the "DMM") with respect to certain interest rate swaps that will be listed for trading by the Exchange.

The Amendments are attached to this submission as Exhibit A and the terms of the DMM are set forth in Exhibit B. The Amendments and the DMM will be effective August 1, 2013.

Summary of Amendments

- **Updated Table of Amendments/Revisions to Rulebook** - reflecting changes below
- **Rule 101. Definitions** - remove reference to an undefined term and revise the definition of certain other terms
- **Rule 313. Communications between the Exchange and Participants** - revise timing within which Clearing Member and Participant must update contact information



- **Rule 402. Required Disclosures to the Exchange** – amendment to the type of information that must be disclosed to the Exchange Regulation Department
- **Rule 403. Inspections by the Exchange** – amendment to request for information in connection with inspections
- **Rule 529. Position Limits And Exemptions** – amendment to position limits
- **Rule 530. Position Accountability** – amendment to position accountability levels
- **Rule 531. Reports of Large Position** – deleted and reserved
- **Rule 532. Position Limit, Position Accountability and Reportable Level Table** – deleted and reserved
- **Rule 805. [Reserved]** - text deleted
- **Rule 1001. Fixed for Floating Interest Rate Swap Contracts** – revision of the block trade reporting time and sizes and corrected section reference

The Exchange certifies that a notice of pending certification with the Commission and a copy of this submission has been concurrently posted on the Exchange's website and that the Amendments and DMM each comply with the Act and the Commission's regulations thereunder. The Exchange is not aware of any substantive opposing views to the Amendments or the DMM.

If you have questions regarding this submission, please contact me at (312) 320-8934 or by email at fran@trueex.com.

Sincerely,

A handwritten signature in cursive script that reads "Fran Kenck".

Fran Kenck
Chief Regulatory Officer

cc: dmosubmissions@cftc.gov
Roger Smith, Attorney Advisor, rsmith@cftc.gov, DMO

EXHIBIT A

Amendments/Revisions to Rulebook

Effective Date	Amendment(s) and/or Revision(s)
September 7, 2012	Rulebook approved by the CFTC as part of trueEX DCM application
March 11, 2013	Added Chapter 10, Rule 1001 as self certification of Fixed for Floating Interest Rate Swaps
April 8, 2013	<ul style="list-style-type: none"> • Amended Rule 404(a) re: Minimum Financial Requirements • Added Rule 410 re: Customer Funds and Securities • Removed date on cover of Rulebook • Added Table of Amendments/Revisions to Rulebook (after Table of Contents) • Amended Rule 541(a)(1) re: trade cancellations
May 1, 2013	<ul style="list-style-type: none"> • Added Rule 1002. Standard Coupon & Standard Maturity (SCSM™) interest rate swaps
July 9, 2013	<ul style="list-style-type: none"> • Definitions – Deleted Customer Account, Added Designated Self Regulatory Organization, Amended Eligible Contract Participant, Amended footnote 1 relating to Public Participant • Amended Rule 209(d) Chief Regulatory Office (added language) • Amended Rule 306(e) – added (iv) and renumber subsequent subparagraphs. • Amended Rule 309 – deleted language • Amended 402(a) – deleted language, 402(a)(iv)-deleted language, 402(v)-added language • Rule 403(a)(ii) – added language • Rule 406 – added language • Rule 523(c)-corrected transposition error • Rule 529 – deleted language and footnote 2 from 529(b)(i). Deleted sections re: aggregation. • Rule 533 – deleted language • Rule 534 – amended language • Rule 537 – amended language • Rule 539(c) – amended language • Rule 541(b)(iii) – deleted language • Rule 545(a) – amended language • Rule 801– amended language • Rule 802– amended language • Rule 804– amended language • Rule 805 – deleted rule • Rule 806 – added Rule 806(a)(iii) • Rule 809 – added Rule 809(a), (b) and (c)

	<ul style="list-style-type: none"> • Rule 902 – amended language • Rule 904 – inserted new section (b) and renumbered • Rule 1002(d)(iii) – added 3 year tenor • Rule 1002(d)(ix)(C) – updated table • Schedule 1002 – added 3 year tenor
<u>August 1, 2013</u>	<ul style="list-style-type: none"> • <u>Rule 101 – amended language</u> • <u>Rule 313 – amended language</u> • <u>Rule 402(a)(i) – amended language, Rule 402(a)(ii) – amended language</u> • <u>Rule 403 – amended language</u> • <u>Rule 529 – amended language</u> • <u>Rule 530 – amended language</u> • <u>Rule 531 – Deleted and reserved</u> • <u>Rule 532 – Deleted and reserved</u> • <u>Rule 805 – delete language</u> • <u>Rule 1001(o)(iii) – revise section reference, Rule 1001(t) – amended table</u>

RULE 101. Definitions

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“Customer” means a person that has a current trading relationship and/or clearing relationship for Contracts with a Participant and/or Clearing Firm, as applicable ~~has the meaning set forth in CFTC Regulation § 1.3(k).~~

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“LCH” means LCH.Clearnet- Limited

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“Order Qualifiers” means the following Order qualifiers supported by the DCM Trading System, which may only be used during Trading Hours:

(a) “Iceberg”, in reference to an Order, means that such Order shall be divided into a displayed portion and a reserve portion. An Iceberg Order shall be divided between the displayed portion and the reserve portion in accordance with a fixed display size designated by the Iceberg Order. Only the displayed portion of an Iceberg Order shall be visible to those with Trading Privileges and eligible for matching. When a displayed portion is fully matched, any remaining reserve portion shall be re-divided into a displayed portion and reserve portion. The reserve portion of an Iceberg Order shall not be displayed nor will any indicator be contained in the market data stream to expose its presence. ~~Iceberg Order qualifiers may be used in combination with Good Until Time Order qualifiers.~~

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Comment [A1]: Good Until Time is not functionality that is available at this time. Therefore, reference to it is being deleted.

RULE 313. Communications between the Exchange and Participants

(a) Each Clearing Member and Participant must provide the Exchange with its current electronic mail address and telephone number and the electronic mail address and telephone number of (1) in the case of a Participant, any person who may use a Firm ID assigned to such Participant or and (2) in the case of a Clearing Firm, any person who may set risk controls with respect to any Participant for which such Clearing Firm provides clearing services with respect to Contracts. Each Clearing Member and Participant ~~must promptly~~ immediately

~~(and in any event within 24 hours)~~ update the contact information described in this (a) whenever it changes.

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RULE 402. Required Disclosures to the Exchange

(a) Each Participant shall (and shall cause its Supervised Persons to) notify the Exchange Regulation Department upon becoming aware of any of the following events:

(i) any change to the contact information provided to the Exchange by such Participant the registration documentation that forms a part of the relevant Participation Documentation or any of its Supervised Persons, including but not limited to the regulatory contact and the Authorized Contact of Participant;

(ii) any material damage to, or failure or inadequacy of, the systems, facilities or equipment used to effect transactions or perform financial obligations under or in connection with Contracts of such Participant.

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RULE 403. Inspections by the Exchange

(a) The Exchange and the Regulatory Services Provider, acting directly or through authorized representatives, shall have the right, in connection with determining whether all Rules and Obligations are being, will be, or have been complied with by each Participant to:

(i) inspect systems, equipment and software operated by such Participant in connection with Exchange Activity, wherever located;

~~(ii)~~ access the systems, equipment, software referenced in (i) above, and the premises on which such systems, equipment, and software are located, any data in connection with Exchange Activity stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange, without prior notice to such Participant; and

(iii) copy or reproduce any data to which the Exchange has access under this Rule.

(b) Each Participant shall provide the Regulatory Services Provider with the same access to their books and records and offices as they are required to provide the Exchange under the Rules and Applicable Law.

(c) The Exchange Regulation Department may require a Participant to furnish (periodically or on a particular occasion) information relating to the Exchange Activity of such Participant or any of its Customers to the Exchange or the Regulatory Service Provider. For each Participant or any of its Customers, such information includes its or any of its Customers

open trading positions and Contracts to which it or any of its Customers is a party, as well as all trading activity in the commodity underlying any Contracts and related derivatives markets, as well as all books and records, files, documents and other materials relating to the foregoing.

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RULE 529 Position Limits And Exemptions

~~(a) The position limit levels applicable to those Contracts with Exchange may establish position limits are set forth in the Table in Rule 532 for any Contract.~~

Comment [A2]: trueEX will address the details regarding limits, accountability and large trader reporting via notices to participants. The notices will lay out the actual limits and procedures and format for reporting this information to trueEX and NFA.

~~(a) — A Person seeking an exemption from position limits must apply to the Exchange Regulation Department on forms Except as otherwise provided by the Exchange. In order to obtain an exemption from position limits, a Person must:~~

~~(i) — Provide a description of the exemption sought Rules, no Person, including whether the exemption is for bona fide hedging transaction as described in CFTC Regulation § 1.3(z)(1) or any other applicable CFTC Regulation;~~

~~(ii) — Provide a complete and accurate explanation of the underlying exposure related to the exemption request;~~

~~(iii) — Agree to promptly provide, upon request by the Exchange Regulation Department, information or documentation regarding the Person's financial condition;~~

~~(iv) — Agree to comply with all terms, conditions or limitations imposed by the Exchange Regulation Department with respect to the exemption;~~

~~(v) — Agree that the Exchange Regulation Department may modify or revoke the exemption at any time;~~

~~(vi) — Agree to initiate and liquidate positions in an orderly manner; and~~

~~(vii) — Agree to promptly submit a supplemental statement to the Exchange Regulation Department whenever there is a material change to the information provided in the most recent application.~~

~~(e) — A Person intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Exchange Regulation Department prior to exceeding such limits. Notwithstanding the foregoing, a Person who establishes an exemption eligible a Participant, may hold or control a position in excess of such position limits and files the required application with the Exchange Regulation Department shall a Participant may not be in violation of this Rule 529 provided the filing occurs within one (1) Business Day after assuming the maintain a position.~~

~~(d) — In the event the positions in excess of the limits are not deemed to be exemption eligible, the applicant will be in violation of speculative limits for the period of time in which the excess positions remained open.~~

~~(e) — The Exchange Regulation Department shall, on the basis of the application and any requested supplemental information, determine whether an exemption from position limits shall be granted. The Exchange Regulation Department may approve,~~

deny, condition or limit any exemption request based on factors deemed by the Exchange Regulation Department to be relevant, including, but not limited to, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner.

~~(f) — Nothing in this Rule 529 shall in any way limit:~~

~~(i) — the authority of the Exchange to take Emergency Action; or~~

~~(ii) — the authority of the Exchange Regulation Department to review at any time the positions owned or controlled by any Person and to direct that such position be reduced to the position limit provided for in Rule 532.~~

~~(g) — A Person who has received written authorization from the Exchange Regulation Department for an exemption from position limits must annually file an updated application on the date which is one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.~~

~~(h) — *Eligible Exemptions.* The Exchange Regulation Department may grant exemptions from position limits (including with respect to bona fide hedge positions as defined by CFTC Regulation § 1.3(z)(1) or any other applicable CFTC Regulation, and arbitrage, intracommodity spread and intercommodity spread positions).~~

~~(i) — *Violations.*~~

~~(i) — No Person shall exceed the position limits set forth in the Rules, unless an exemption is granted by the Exchange Regulation Department.~~

~~(ii) — The Exchange Regulation Department and the Trading Protocol Committee shall have the authority to enforce the Rules regarding position limits.~~

~~(iii) — Any Person making a bid or offer that would, if accepted, cause such Person to exceed the applicable position limits shall be in violation of this Rule 529.~~

~~(iv) — A Clearing Firm shall not be in violation of this Rule if it carries positions for limits for a Customer in excess of the applicable position limits for such reasonable period of time, generally not exceeding one Business Day, as the Clearing Firm may require to investigate and liquidate the excess Customer positions.~~

~~(v) — A Customer who exceeds the position limits as a result of maintaining positions at more than one Clearing Firm shall be deemed to have waived confidentiality regarding its positions and the identity of the Clearing Firms at which they are maintained. A Clearing Firm carrying such positions shall not be in violation of this Rule if, upon notification by the Exchange Regulation Department, it liquidates its pro rata share of the position in excess of the limits or otherwise ensures the Customer is in compliance with the limits within a reasonable period of time, generally not exceeding one Business Day.~~

~~(vi) — *Violations, Sanctions and Appeals.*~~

(A) *First Violation.* The first position limit violation by a Participant will, at a minimum, result in a warning letter issued by the Exchange Regulation Department, with a copy provided to the carrying Clearing Firm(s). In circumstances where the carrying Clearing Firm has also committed a position limit violation as set forth in this Rule 529 by carrying such positions, a warning letter will be issued to the Clearing Firm(s).

~~(B) — *Second Violation, Sanctions and Appeals.*~~

~~(1)(b) A second position limit violation by a Participant within 24 months of the issuance of a warning letter will result in the imposition of an automatic fine by the Exchange Regulation Department to the if such Participant as set forth below and the issuance of a cease and desist order knows, or with reasonable care should know, that such position will cause such Customer to exceed the applicable position limits.~~

~~(2) — The automatic fine for a position exceeding the applicable limit by up to 25% shall be \$5,000.~~

~~(3) — The automatic fine for a position exceeding the applicable limit by more than 25% shall be \$15,000.~~

~~(C) — *Referral to the Chief Regulatory Officer.*~~

~~(c) Any third or subsequent position limit violation within 24 months of the issuance of a warning letter shall be~~ Position limits shall apply to (i) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading, and (ii) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.

~~(1) — Any Person seeking an exemption from the position limits referred by the to above must file an application with the Exchange Regulation Department to the Chief Regulatory Officer for consideration of in the manner and within the issuance of charges.~~

~~(2) — Notwithstanding anything in this Rule 529(k)(vi) to the contrary, time limits prescribed by the Exchange Regulation Department, in its sole discretion, may refer any position limit violation it deems egregious to the Chief Regulatory Officer for consideration of the issuance of charges.~~

~~(D) — *Appeal.* Parties may, within 10 Business Days of being provided notice of sanctions issued pursuant to this section, request an appeal to the Trading Protocol Committee.~~

(1) Upon receiving a written request for appeal, the Trading Protocol Committee shall determine solely upon the written request for appeal and any written response of the Exchange Regulation Department, shall notify the applicant whether there is a reasonable basis to conclude that the appellant might be able to meet one of the standards identified in Rule 529(k)(vi)(D)(2) that would permit the Trading Protocol Committee to set aside, modify or amend the appealed decision. If the chair determines that such a reasonable basis exists, a hearing will be held. The Trading Protocol Committee's determination of the exemption has been approved and whether to hold a hearing on an appeal shall be final. If a hearing is held the chair shall allow the filing of briefs in connection with the appeal.

(2) The Trading Protocol Committee shall not set aside, modify or amend the appealed decision unless it determines that the decision was:

a. Arbitrary, capricious, or an abuse of the Exchange Regulation Department's discretion;

b. (d) In excess has imposed any limitations or conditions on the exemption. The decision of the Exchange Regulation Department's authority or jurisdiction; or shall be final.

e. Based on a clearly erroneous application or interpretation of Rules.

(j) If a hearing is held, the Trading Protocol Committee shall issue a written decision which shall include a statement of findings with respect to the decision from which the appeal was taken and the Trading Protocol Committee's determination that such initial decision is affirmed, set aside, modified or amended in whole or in part and, with respect to any initial decision that is not affirmed in whole, the Trading Protocol Committee's determination of the order or penalty to be imposed, if any, and the effective date. The decision of the Trading Protocol Committee shall be final and may not be appealed.

RULE 530. Position Accountability

(a) A The Exchange may establish a position accountability level for any Contract. Any Person, including a Participant, who holds owns or controls, or Clearing Firm that carries for another Person, aggregate positions Contracts in excess of those specified in the Position Accountability column in the Table in Rule 532, applicable position accountability level shall:

(i) Provide, in a timely manner upon request by provide to the Exchange Regulation Department, at its request any information regarding the nature of the position, trading strategy, and or hedging information activities, if applicable.

~~(ii) — Be deemed to have consented, when so, and if ordered by the Exchange, shall not to further increase the positions which exceed the levels specified in the Position Accountability column in the Table in Rule 532 size of any such position.~~

~~(iii) — Initiate or liquidate such positions in an orderly manner.~~

(b) For purposes of this ~~Rule~~, all positions in accounts for which a ~~Participant~~ Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such ~~Participant~~ Person. The provisions of this ~~Rule~~ shall apply to positions held by two or more ~~Participants~~ Persons acting pursuant to an expressed or implied agreement or understanding, ~~the same~~ as if the positions were held by ~~or the trading of the positions was controlled by~~ a single ~~Participant~~ Person.

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RULE 531. ~~[RESERVED]~~ Reports of Large Positions

~~(a) — Clearing Firms shall submit to the Exchange a daily report of all positions required to be reported as set forth in the Table in Rule 532.~~

~~(b) — Positions in Contracts at or above the reportable level prescribed in Rule 532 trigger reportable status. For a person in reportable status, all positions, regardless of size, in relevant Contracts must be reported.~~

~~(c) — All large trader reports shall be submitted in a form acceptable to the Exchange Regulation Department. The Exchange may require that more than one large trader report be submitted daily. The Regulatory Oversight Committee or the Exchange Regulation Department may require reports from any Clearing Firm on a lesser number of positions than reflected in the table in Rule 532.~~

~~(d) — Clearing Firms must provide the Exchange Regulation Department with the required CFTC Form 102 (“Identification of Special Accounts”) identifying the owner, any controlling parties and any additional required information for each reportable account. The form must be submitted to the Exchange Regulation Department no later than the business day following the date on which the account becomes reportable. Additionally, Clearing Firms must submit a revised form reflecting any material changes to the information previously provided to the Exchange Regulation Department within three business days of such changes becoming effective.~~

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RULE 532. ~~[RESERVED]~~ Position Limit, Position Accountability and Reportable Level Table

The reportable levels for all Contracts are set forth in the Position Limit and Reportable Level Table below (on a futures equivalent basis):

~~Position Limit and Reportable Level Table:~~

Contract Name	Maturity	Reportable Swap Level	Position Accountability	Position Limit
Interest Rate Swap	Up to 30 years	\$1.7 billion	\$20 billion	N/A

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RULE 805. [RESERVED]

~~Clearing fees shall be assessed against a Clearing Firm for each side of a transaction traded on, cleared by or processed through a Clearing House as such Clearing House may from time to time prescribe. Such clearing fees may be incorporated into the exchange fees assessed pursuant to Rule 309.~~

RULE 1001. Fixed for Floating Interest Rate Swap Contracts

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(o) Contract Size.

(i) On-the-Run. Minimum notional size of \$5 million USD or multiple thereof and increments of \$5 million USD depending on Tenor.

(ii) Off-the Run. Minimum notional size of \$1 million USD and increments of \$1,000 USD.

(iii) Block Trades. Minimum notional size as indicated in Rule 1001(t) and increments of \$1,000 USD.

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(t) Block Trades.

(i) Minimum Notional Sizes. The Exchange has established the following Block Trade Sizes:

Comment [A3]: This change reflects the new swap block sizes required by the CFTC effective July 30, 2013

<u>Initial Maturity greater than</u>	<u>Initial Maturity less than or equal to</u>	<u>Minimum Block Size (\$ Notional)</u>
<u>0 days</u>	<u>46 days</u>	<u>\$6.4 billion</u>
<u>46 days</u>	<u>3 months (107 days)</u>	<u>\$2.1 billion</u>
<u>3 months (107 days)</u>	<u>6 months (198 days)</u>	<u>\$1.2 billion</u>
<u>6 months (198 days)</u>	<u>1 year (381 days)</u>	<u>\$1.1 billion</u>
<u>1 year (381 days)</u>	<u>2 years (746 days)</u>	<u>\$460 million</u>
<u>2 years (746 days)</u>	<u>5 years (1,842 days)</u>	<u>\$240 million</u>
<u>5 years (1,842 days)</u>	<u>10 years (3,668 days)</u>	<u>\$170 million</u>
<u>10 years (3,668 days)</u>	<u>30 years (10,973 days)</u>	<u>\$120 million</u>
<u>30 years (10,973 days)</u>		<u>\$67 million</u>

Initial Maturity	Minimum Block Size (\$ Notional)
2 years	\$200 million
3 years	\$150 million
4 years, 5 years	\$100 million
6 years, 7 years, 8 years	\$75 million
9 years, 10 years, 12 years, 15 years, 20 years	\$50 million
25 years	\$25 million
30 years	\$25 million
Other Tenors (i.e. Off the Run)	\$25 million

EXHIBIT B

trueEX Designated Market Maker Program

Interest Rate Swaps

Program Purpose

The purpose of the program is to provide an incentive for participants to increase central limit order book liquidity in the products listed below.

Product Scope

Interest Rate Swaps within the following categories of contracts: outright, off-the-run (standard tenor or custom tenor) and curve trades.

Eligible Participants

Participants with an executed Designated Market Maker Schedule in place with the Exchange.

Program Term

The term begins on the date of Participant's execution of a Designated Market Maker Schedule and ends on the second anniversary of such date (the "Initial Term"). The Initial Term is followed by a rolling one-year renewal term.

Obligations

Participants must make 2-way markets in liquid sectors, with prices streamed 6 hours per day between the hours of 8:00 a.m. and 4:00 p.m. New York time. For each relevant sector, Participant's orders must meet certain size and spread requirements.

Program Incentives

- An Exchange fee waiver for each passive trades
- Pro rata share of revenue
- Rebates on Exchange fees paid for each aggressing trade

Monitoring and Termination of Status

The Exchange shall monitor trading activity and Participants' performance and shall retain the right to revoke Participants' status if it concludes from review that a Program Participant has failed to meet its obligations or no longer meets the eligibility requirements of this Program.