



162 5th Avenue, Suite 902
New York, New York 10010
(646) 786-8520
www.trueex.com

September 11, 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 (trueEX LLC submission #2013-11)

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 submits to the Commodity Futures Trading Commission (the “Commission”) certain amendments to the trueEX Rulebook summarized below.

Summary of Amendments

TrueEX Rule	Nature of Amendment
<ul style="list-style-type: none">• Updated Table of Amendments/Revisions to Rulebook - reflecting changes below	
<ul style="list-style-type: none">• Rule 101 – amended definitions of the term “Clearing House” and “Emergency”	Drafting Clarification
<ul style="list-style-type: none">• Rule 306(c) – amended trading privilege criteria regarding clearing relationships	Drafting Clarification
<ul style="list-style-type: none">• Rule 306(e) – amended Clearing Firm criteria; removed superfluous language	Drafting Clarification
<ul style="list-style-type: none">• Rule 525(b) – removed reference to the term “Clearing Firm” in the provision addressing liability for negligence	Drafting Clarification
<ul style="list-style-type: none">• Rule 539(b) – extended prior status quo for an additional year	Core Principle 7; 38.400 & 38.401

<ul style="list-style-type: none"> • Rule 541(e)(ii) – replaced reference to the term “Clearing Firm” with reference to the term “Participant” 	Drafting Clarification
<ul style="list-style-type: none"> • Rule 802(b) – removed requirement that Clearing Firm post performance bonds with the relevant Clearing House 	Redundant requirement
<ul style="list-style-type: none"> • Rule 808 – deleted revocation of Clearing Authorization: Trade Nullification 	Made at request of CFTC
<ul style="list-style-type: none"> • Rule 809 – clarifying scope of the Clearing Firm’s obligation to accept trades 	Drafting Clarification

Each rule amendment summarized above is detailed in Exhibit 1 attached to this letter.

Pursuant to the letter dated September 25, 2012, which accompanied the Commission’s Order designating trueEX as a Designated Contract Market (“DCM”), we are extending the effectiveness of the order prioritization rule set forth in 539(b) for an additional year. trueEX has made this amendment because it was not operating as a live market for the first year of its designation.

trueEX certifies that these rules comply with the Act and the Commission’s regulations thereunder. trueEX’s analysis of the operation, purpose and effect of the proposed rule changes and their compliance with the Act, core principles and Commission’s regulations thereunder is included in the table above.

No substantive opposing views to these rule amendments were expressed by the trueEX governing board or market participants. Furthermore, trueEX certifies that this certification has been concurrently posted on the Exchange’s Web site at <http://www.trueex.com/rules-and-notice>. These Amendments will be effective on September 25, 2013.

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



Fran Kenck
Chief Regulatory Officer

Exhibit 1

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) • Rule 902 – amended language

	<ul style="list-style-type: none"> • 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
August 1, 2013	<ul style="list-style-type: none"> • Rule 101 – amended language • Rule 313 – amended language • Rule 402(a)(i) – amended language, Rule 402(a)(ii) – amended language • Rule 403 – amended language • Rule 529 – amended language • Rule 530 – amended language • Rule 531 – Deleted and reserved • Rule 532 – Deleted and reserved • Rule 805 – delete language • Rule 1001(o)(iii) – revise section reference, Rule 1001(t) – amended table
August 15, 2013	<ul style="list-style-type: none"> • Rule 1001(b) – revised Trading Hours • Rule 1002(b) – revised Trading Hours
September 13, 2013	<ul style="list-style-type: none"> • Rule 101 – amended definitions, formatting revision, revise regulation citation • Rule 302 – removed defined term • Rule 304(e) – added language • Rule 306 – amended language • Rule 402 – amended language • Rule 507 – amended language • Rule 520 – amended language • Rule 528 – amended language • Rule 534 – amended language • Rule 541 – amended language • Rule 542 – amended language • Rule 619 – amended language • Rule 802 – formatting revision • Rule 809 – amended language • Rule 1002(d)(xi)(C) – amended language
<u>September 25, 2013</u>	<ul style="list-style-type: none"> • <u>Rule 101 – amended definition</u> • <u>Rule 306(c) & (e) – amended language</u> • <u>Rule 525 – amended language</u> • <u>Rule 539(b) – amended language</u> • <u>Rule 541 – amended language</u> • <u>Rule 802 – rule deleted</u> • <u>Rule 808 – rule deleted</u> • <u>Rule 809(b) – amended language</u>

RULE 101. Definitions

... “Clearing House” means ~~those any clearing house~~ Derivative Clearing Organizations registered with the Commission as such, which have an agreement with the Exchange to provide a derivatives clearing organization with open access rules that the Exchange designates in the future to provide clearing services with respect to any or all ~~of the~~ Contracts. ...

...“Emergency” means the occurrences or circumstances which, in the opinion of the Board, or a designee duly authorized by the Board to issue such an opinion, require immediate action, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, whether the need for intervention arises exclusively from the DCM’s market or as part of a coordinated, cross-market intervention, including the following:

(i) any circumstance that may materially affect the performance of a Contract, including any failure of the Trading System or the clearing system of a Clearing House;

(ii) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other Contract Market, Clearing House, board of trade, or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on the Exchange or the settlement legality or enforceability of any Contract;

(iii) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract;

(iv) any circumstance that may have a severe, adverse effect upon the functions and facilities of the Exchange, including, but not limited to, acts of God, fire, flood, earthquake, hurricane or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Trading System, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;

(v) the bankruptcy or insolvency of any Participant or Clearing Firm or the imposition of any injunction or other restraint by any government agency, Clearing House, court or arbitrator upon a Participant ~~Clearing Firm~~, which may affect the ability of a ~~Clearing Firm~~ Participant to trade in or perform on a Contract;

(vi) any circumstance in which it appears to the Board, or a designee duly authorized by the Board to issue such an opinion, that a Clearing Firm or any other Person:

(A) has failed to perform on a Contract;

(B) is insolvent; or

(C) is in a financial or operational condition or is conducting business such that the Clearing Firm or Person cannot be permitted to continue in business without jeopardizing the safety of Customer funds, Participants, other Clearing Firms, the Exchange or a Clearing House; or

(vii) any other unusual, unforeseeable or adverse circumstance as determined by the Exchange.

...

RULE 306. Applications

... (c) *Applications for Participants:* Each Person applying to become a Participant shall:

(i) enter into an Exchange Participation Agreement with the Exchange;

(ii) ~~become~~ a Clearing House member who is eligible to clear the Contract(s) that such Person will execute on the Exchange at such Clearing Firm House, or establish a clearing relationship with a Clearing Firm;

(iii) ensure that the documentation required under Rule 304 has been received by the Exchange;

(iv) if such Participant is organized or located outside of the United States, enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement; and

(v) if such Participant will effect transactions on the Exchange on behalf of its Customers, require that each such Customer submit to the Exchange's jurisdiction by agreement. ...

... (e) *Applications for Clearing Firms:* Any applicant desiring to become a Clearing Firm shall:

(i) submit to the Exchange a complete application form in the manner prescribed by the Exchange;

(ii) enter into a user license agreement with each relevant Clearing House, if applicable;

(iii) agree in writing to abide by the Rules of the Exchange and Applicable Law;

(iv) agree in writing that it shall fulfill its obligations set forth in Rule 809 ~~with respect to every Order placed, and/or Transaction that is submitted to the Exchange (A) by a Participant or Customer for which the Clearing Firm is providing clearing services with respect to such Order or Transaction, and which (B) falls within the risk thresholds established by the Clearing Firm and submitted by the Clearing Firm to the Exchange with respect to such Participant or Customer, as applicable.~~

(v) agree to assist the Exchange in any investigation into potential violations of Obligations or Applicable Law which occur through or with respect to any Transaction cleared by a Clearing Firm; provided that such assistance must be

timely and may include, but not be limited to, the Clearing Firm and any of its Supervised Persons being required to produce documents, to answer questions from the Exchange, or to appear in connection with an investigation; ...

RULE 525. Responsibility For Customer Orders

... (b) *Liability for Negligence.* A Participant may not adjust the price at which an Order was executed or be held responsible for executing or failing to execute an Order unless such Participant was negligent or is settling a bona-fide dispute regarding negligence. A Participant may not compel an adjustment from another Participant in the absence of a bona-fide dispute regarding negligence. Participants ~~and Clearing Firms~~ shall document all adjustments. Participants ~~and Clearing Firms~~ shall make and retain a record which contains the date the adjustment was received, the name of the Participant making the adjustment, the account to which the adjustment was credited, the amount of the adjustment, the Order number and the reason for the adjustment. Such records must be provided to the Exchange Regulation Department upon request. ...

RULE 539. Execution of Orders by the Trading System

... (b) Except as provided in Rule 539(c), as among resting Orders at the same price, the algorithm will identify the resting Order to be matched against by length of time such Order has been resting. For the first two years following the date of the Exchange's designation as a Contract Market, any decrease or increase to the size of a resting Order will not affect the priority of such Order. An Iceberg Order will not be treated as a resting Order eligible to be matched, except to the extent of its displayable portion. ...

RULE 541. Trade Cancellations and Price Adjustments

... (e) *Liability for Losses Resulting from Price Adjustments or Cancellations.*

(i) A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted; provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.

(ii) A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the ~~Clearing Firm~~ Participant through which the trade was submitted for clearing. Such party shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability. ...

RULE 802. Clearing House Rules

(a) The clearing services provided by a Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including rights and obligations in respect of clearing and settlement, variation payments

and performance at maturity), shall be governed by the Clearing House Rules of such Clearing House.

~~(b) — Clearing Firms must post performance bonds with the relevant Clearing House as set forth in its Clearing House Rules and must call for performance bonds from their Customers at a level no less than that established by Clearing House Rules. All performance bond collateral must be in a form acceptable to the Clearing House pursuant to its Clearing House Rules.~~

(e)(b) The Clearing House Rules shall prevail in the event of any conflict or inconsistency between these Rules and such Clearing House Rules with respect to any responsibilities or obligations of a Clearing Firm under such Clearing House Rules. Each Clearing Firm is bound by the Clearing House Rules of any Clearing House in which such Clearing Firm has a clearing membership.

RULE 808. ~~[RESERVED]Revocation of Clearing Authorization: Trade Nullification~~

~~In the event that a Clearing House terminates a Clearing Firm's authorization, the Exchange shall nullify and cancel any trade to be cleared by such Clearing House that is guaranteed by such Clearing Firm after the Exchange actually receives and processes notice of such termination at the price at which the nullified transaction was executed. The Exchange shall process such notice promptly, but in any event within one Business Day of actually receiving written notice.~~

RULE 809. Clearing Acceptance

... (b) Until such time as Clearing Firm or Exchange suspends or terminates the ability of Participant or Customer, as applicable, to enter into Transactions on the Platform as described in paragraph (c) below, each Clearing Firm that has been designated by a Participant or Customer, as applicable, on the Platform as the Clearing Firm through which a Transaction is intended to be cleared shall accept for clearing all Transactions that satisfy the risk controls set by the Clearing Firm pursuant to the clearing arrangements between Clearing Firm and such Participant or Customer, as applicable, as of the time such Transaction was executed. ...