



September 30, 2013

BY ELECTRONIC 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: SwapEx Submission 02-13: Certification Pursuant to Commission Regulation 40.2(a) of Non-Deliverable Foreign Exchange Forwards and Foreign Currency Swaps

Dear Ms. Jurgens:

SwapEx, LLC ("SwapEx") hereby notifies the Commodity Futures Trading Commission (the "Commission" or "CFTC"), pursuant to Commission Regulation 40.2(a), that it is certifying 13 non-deliverable forwards ("NDFs") for trading on SwapEx's electronic trading system (the "Trading System"). Specifically, SwapEx certifies NDFs in the following foreign exchange ("FX") pairs: USD/ARS; USD/BRL; USD/CLP; USD/CNY; USD/COP; USD/IDR; USD/INR; USD/KRW; USD/MYR; USD/PEN; USD/PHP; USD/RUB; and USD/TWD.

The intended listing date of the NDFs (each, a "Swap," and collectively, the "Swaps") is October 2, 2013.

This submission letter contains the following attachments:

- The submission cover sheet.
- Attached as Exhibit A, a concise explanation and analysis of the Swaps.
- Attached as Exhibit B, a copy of the rules for the Swaps, which will be published as contract specifications on SwapEx's website in accordance with SwapEx Rule 901(c).
- Attached as Exhibit C, a concise explanation and analysis of the Swaps' compliance with applicable provisions of the Commodity Exchange Act (the "CEA"), including the Core Principles, and the Commission's Regulations thereunder.

SwapEx certifies that each Swap complies with the CEA and Commission Regulations thereunder. SwapEx additionally certifies that it has concurrently posted a copy of this submission letter and attachments hereto on SwapEx's website at <http://www.swapex.com/swapex/rules-policies-and-notice/recent-rule-filings-cftc/>.

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In the event that you have questions, please contact the undersigned at (212) 259-3025 or at BJRegan@statestreet.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brian J. Regan". The signature is fluid and cursive, with the first name "Brian" and last name "Regan" clearly distinguishable.

Brian J. Regan
Chief Compliance Officer

Exhibit A

Below is a concise explanation and analysis of the Swaps:

Non-Deliverable Forwards

SwapEx hereby certifies 13 NDFs in the following FX pairs: USD/ARS; USD/BRL; USD/CLP; USD/CNY; USD/COP; USD/IDR; USD/INR; USD/KRW; USD/MYR; USD/PEN; USD/PHP; USD/RUB; and USD/TWD. Each NDF is a cash-settled swap with notional amounts down to single currency units traded against deliverable counter currencies. Such Swaps are structured as forward outright, even swaps (amount of currency is the same for each leg) or uneven swaps (amount of currency varies for each leg), with standard or custom fixing dates.

For more information, the contract specifications for the Swaps are attached as Exhibit B.

Exhibit B

SwapEx Contract Specifications

The Non-Deliverable Forward contract specifications are as follows:

Custom Date Non-Deliverable Forwards

Contract Structure	Notional amounts down to single currency units traded against deliverable counter currencies. Forward Outrights. Standard or Custom Fixing Dates
Trading Hours	Trading hours consecutive from 5:00 p.m. EST on Sunday through to Friday at 5:00 p.m. EST. Each day at 5:00 p.m. EST, SwapEx rolls the trade date.
Reference Currency (i.e., Non-deliverable currency)	ARS – Argentine Peso BRL – Brazilian Real CLP – Chilean Peso CNY – Chinese Renminbi COP – Colombian Peso IDR – Indonesian Rupiah INR – Indian Rupee KRW – South Korean Won MYR – Malaysian Ringgit PEN – Peruvian Nuevo Sol PHP – Philippine Peso RUB – Russian Ruble TWD – Taiwan Dollar
Settlement Currency	USD
Underlying Swap Tenor	The duration of time from the Effective Date to the Fixing Date. Subject to specific end date defined by user or SwapEx
Forward Rate	Currency exchange rate expressed as the amount of Reference Currency per unit of Settlement Currency. Rate negotiated at the time of execution
Contract Size	Minimum contract size is \$1.
Effective Date	The date on which the parties enter into the contract.

Maturity / Valuation Date	The date specified in the contract when the trade will be cash settled
Fixing Dates	The date at which the difference between the prevailing market exchange rate and the agreed upon exchange rate is calculated. The Fixing Date is defined by the counterparties at the time of entering into the contract.
Last Trading Day for Defined (Fixed) Tenors	The last day on which the contract can be traded is the New York business day preceding the Maturity Date
Settlement Procedure	Bilateral settlement performed in settlement currency
Quoting Convention	A currency pair is the quotation of the relative value of a currency unit against the unit of another currency in the foreign exchange market. SwapEx follows the market convention to determine which is the base currency and which is the term currency in terms of quoting convention. NDFs can be quoted up to 6 decimal places.

In addition to the above, all of the template terms for the confirmation of an NDF transaction in the currency pair that is the subject of a particular Contract, as the term Contract is defined in SwapEx's rules, as recommended by EMTA, Inc. ("**EMTA**") or a recognized successor (such template terms in effect on the Effective Date and published and available at www.emta.org or any successor website, the "Relevant EMTA Template") shall apply to such Contract. For the avoidance of doubt, if the Relevant EMTA template becomes effective after the Effective Date of a Contract, such Relevant EMTA Template shall not apply to or amend the terms of such Contract.

Exhibit C

SwapEx has determined that the Swaps certified herein bear upon the following Core Principles:

Core Principle 2 – Compliance with Rules

Trading in the Swaps will be subject to the SwapEx Rulebook (the “Rules”), which prohibits abusive trading practices, including: acts detrimental to SwapEx or that are inconsistent with just and equitable principles of trade (Rule 503), fraudulent acts (Rule 504), fictitious or non-competitive transactions (Rule 505), market manipulation (Rule 506), disruptive trading practices (Rule 507), misstatements (Rule 508), misuse of the trading system (Rule 509), wash sales (Rule 514) and pre-negotiated or non-competitive trades, including money passes (Rule 515). Trading in these Swaps will also be subject to Rules relating to protection of customers. *See* Rules 511-513, 516, 517.

As with all Swaps listed for trading on the Trading System, trading activity in the Swaps will be subject to monitoring and surveillance by SwapEx’s Market Regulation Department. SwapEx has the authority to exercise its investigatory and enforcement power where potential Rule violations are identified. *See* Chapter 7 of the Rules.

Core Principle 3 – Swaps Not Readily Susceptible to Manipulation

NDFs are cash-settled currency swaps between two counterparties used to either hedge or speculate against currencies where exchange controls in a particular country make it difficult to trade in the spot market directly. No exchange of the underlying currency occurs. Instead, the contracts are settled in U.S. dollars, the most widely traded currency in the world.

The cash settlement price for an NDF is determined on the Fixing Date. On the Fixing Date, the parties will identify the spot FX rate (the “Spot Rate”) for the currency pair of such NDF. The Spot Rate is expressed as Reference Currency per unit of Settlement Currency. The Relevant EMTA Template for a given NDF identifies the Spot Rate to be used, which in many cases is a rate determined by the Central Bank of the Reference Currency jurisdiction. The Spot Rates are widely available from a number of market utilities, including Bloomberg and Reuters. The parties will then calculate the difference between the Forward Rate and the Spot Rate and multiply that difference by the notional amount of the contract to determine the cash settlement amount. The cash settlement amount will be due on the Maturity/Valuation Date. This method for calculating the settlement price of the contract is a common, widely-used and widely accepted method of calculating the cash settlement of NDF contracts.

As noted above, there is no exchange of the underlying currency and the Swaps are settled in U.S. dollars based on a reference price that is publicly available on a timely basis. The reliability of the reference price is reflected through the wide acceptance of the Relevant EMTA Templates in the FX marketplace. As such, Swaps listed by SwapEx will not be readily susceptible to manipulation.

Core Principle 4 – Monitoring of Trading and Trade Processing

Chapter 5 of the Rules prohibits traders from manipulating, distorting the price of, and disrupting the cash settlement process of the Swaps. Such Rules are enforced by the Market Regulation Department.

Core Principle 5 – Ability to Obtain Information

Pursuant to the Rules, SwapEx will have the ability and authority to obtain sufficient information for each Swap to allow SwapEx to fully perform its operational, risk management, governance and regulatory functions and requirements under Part 37 of Commission Regulations.

Core Principle 6 – Position Limits or Accountability

As provided in Rule 523, the position accountability levels for the Swaps will be \$100 billion for NDFs. SwapEx's Rules relating to position limits, position accountability and aggregation standards are reproduced below:

Rule 519. Position Accountability

A Person who holds or controls aggregate positions in excess of the position accountability levels set forth in Rule 523 shall:

- (a) upon request by the Market Regulation Department, provide in a timely manner information regarding the nature of the position, trading strategy, and hedging information, if applicable;
- (b) when so ordered by the Market Regulation Department, liquidate or not further increase positions that exceed the position accountability levels specified in Rule 523; and
- (c) initiate and/or liquidate any such positions in an orderly manner.

Rule 520. Position Limits

(a) The Company may establish position limits for one or more Contracts, and grant exemptions from position limits, in accordance with CFTC Regulations. A Person seeking an exemption from position limits must apply to the Market Regulation Department in the form and manner required by the Company.

(b) A Person who exceeds a position limit 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 those positions are maintained.

Rule 521. Position Information

(a) Without limiting any other rights of the Company under these Rules or otherwise, the Company shall have the right to request position and trading information in respect of a

given Contract from any Participant, Authorized Trader, Authorized User or Customer that has a position in such Contract at or above the applicable level set out in Rule 523.

(b) The Company may obtain the position and trading information required under paragraph (a) through an information-sharing agreement entered into pursuant to Rule 907.

Rule 522. Aggregation of Positions

For purposes of Rules 519, 520 and 521, positions in Contracts shall be aggregated in accordance with CFTC Regulations.

Rule 523. Position Limits and Position Accountability Levels

The position limits and position accountability levels for Contracts are as follows.

Contracts	Position Accountability Level	Position Limit Level
Interest Rate Swaps	\$250 billion	N/A
Non-deliverable Foreign Exchange Forwards	\$100 billion	N/A

Core Principle 7 – Financial Integrity of Transactions

All Swaps that are required to be cleared pursuant to Section 2(h) of the CEA or that are voluntarily cleared by the counterparties will be submitted for clearing through a DCO. *See* Rule 1002.

Core Principle 9 – Timely Publication of Trading Information

In accordance with Part 16 of Commission Regulations, SwapEx will publish daily market volume data reports for each Swap (or class of Swap) in terms of notional value. In addition, SwapEx will publish for each trading day, by tenor of the Swap, the opening price and the high and low prices. SwapEx will publish a settlement price for each such Swap except that, in the case of swaps listed for clearing by a DCO, the applicable settlement price will be the settlement price established by the DCO. *See* Rule 407.

SwapEx will submit electronic reports of all primary economic terms data for each Swap to a registered swap data repository immediately following execution of such Swap. *See* Rule 528. All such reports will meet the standards set out in Commission Regulation 45.3, including the requirement to produce a unique swap identifier for each transaction. SwapEx will also issue confirmations of transactions pursuant to Rule 525.