



Tradition SEF, Inc.

October 10, 2013

Ms. Melissa Jurgens
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

RE: Tradition SEF Representation in Connection with Notice of Intent to Rely On Time-Limited No-Action Relief Provided by CFTC Letter No. 13-62 from Requirement to Comply with Commission Regulation 37.702(b)

Dear Ms. Jurgens:

Tradition SEF, Inc., a temporarily registered swap execution facility, ("SEF") intends to avail itself of the relief available to SEFs under CFTC Letter No. 13-62

In connection therewith, Tradition SEF, Inc. represents that it is undertaking all steps necessary to fully comply with 37.702(b), and is undertaking all steps necessary to facilitate full compliance with 1.73(a)(2)(i) and (a)(2)(ii), in accordance with the Staff Guidance on Swaps Straight Through Processing dated September 26, 2013

If you have any questions regarding these representations please contact me at 212 791 3497 or by email at eric.earnhardt@tradition-na.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Earnhardt", written over a light blue horizontal line.

Eric Earnhardt
Chief Compliance Officer

cc: Nancy Markowitz, Deputy Director
Division of Market Oversight



Tradition SEF, Inc.

October 10, 2013

via email to: submissions@cftc.gov

Ms. Melissa Jurgens
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

RE: Regulation 40.6(a) Emergency Rule Certification
Tradition SEF, Inc. Submission #13-0001: Rulebook Amendments

Dear Ms. Jurgens:

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") Tradition SEF, Inc., hereby files the attached amendments to its Rules. The Rules are being amended to comply with the conditions for the time-limited no-action relief provided in CFTC Letter No. 13-62.

A copy of Rules 703 and 704 marked to show changes against the current Rules 703 and 704 are attached as Exhibit A.

The amendments to Rules 703 and 704 are being filed as an emergency rule certification because the terms of CFTC Letter No. 13-62 require that the rules contemplated by the relief must be filed no later than October 10, 2012, and pursuant to the ORDER OF THE COMMODITY FUTURES TRADING COMMISSION RELATING TO THE CONTINUATION, SHUTDOWN, AND RESUMPTION OF CERTAIN COMMISSION OPERATIONS IN THE EVENT OF A LAPSE IN APPROPRIATIONS, issued on September 27, 2013, the review period for all rule amendments, except for emergency rule filings made by a registered entity pursuant to Commission Regulation 40.6(a), will be tolled during the shutdown.

The amendment to Rules 703 and 704 are intended to enable Tradition SEF, Inc. to satisfy one of the two conditions for time limited relief under CFTC Letter No. 13-62 for Temporarily Registered Swap Execution Facilities from Requirement to Comply with Commission Regulation 37.702(b) and to comply with the clarification provided in Staff Guidance on Swaps Straight Through Processing issued on September 26, 2013 (the "Staff Guidance") regarding the treatment of swaps that are rejected from clearing. . The rule amendments are necessary for Tradition SEF, Inc. to comply with Commission Regulation 37.702(b) by enabling straight through processing and to facilitate full compliance with Commission Regulation 1.73(a)(2)(i) and (a)(2)(ii), enabling pre-execution screening by Clearing FCMs in accordance with the Staff Guidance . Tradition SEF, Inc. hereby certifies that: (i) the amended Rules 703 and 704 comply with the Act and the Commission's regulations there under; and (ii) a notice and copy of this submission is being concurrently posted on Tradition SEF, Inc.'s web site. There have been no substantive opposing views to these rule amendments expressed by the board, committee members, Participants or other market participants.

This amendment will become effective on October 10, 2013.



Tradition SEF, Inc.

If you have any questions please contact me on the details below or contact Jeff Mehan on 212 943 4567 or via email at jeff.mehan@tradition.com.

Sincerely,

A handwritten signature in cursive script that reads "Eric Earnhardt".

Eric Earnhardt
Chief Compliance Officer
212 791 3497
eric.earnhardt@tradition-na.com



Tradition SEF, Inc.

Exhibit A

RULE 703 Cleared Swaps Not Accepted for Clearing

[(a) —] If a Cleared Swap is submitted to, but not accepted for clearing by, a Derivatives Clearing [House] Organization within the time set forth in the rules of such Derivatives Clearing [House, then-] Organization, then it shall be void *ab initio* and Tradition SEF shall notify the relevant Swap Data Repository that the Cleared Swap was not accepted for clearing. For the avoidance of doubt, a Cleared Swap that is not accepted for clearing pursuant to this Rule will nonetheless be within the meaning of SEF Activity for purposes of the Rules.

[(1) — if the parties to such Cleared Swap have in effect an Execution Agreement applicable to such Cleared Swap, the rights and obligations of the parties shall be determined by the terms of such Execution Agreement and Tradition SEF shall have no further responsibility with respect to such Cleared Swap.]

[(2) — if the parties to such Cleared Swap do not have in effect an Execution Agreement applicable to such Cleared Swap, the Swap shall be void and as such, neither of the counterparties to the Swap or Tradition SEF shall have any further responsibility relating to the Swap.]

[(b) — Tradition SEF shall notify the relevant Swap Data Repository that the Cleared Swap was not accepted for clearing.]

[RULE 704 Credit] RULE 704 Credit Checks - Pre-Execution Credit Check

[Tradition SEF will not perform a pre-trade credit check on any Swap on the basis that, as set forth in Rule 704, Participants and Customers that are Non-Clearing Firms shall have a Clearing Firm guarantee their obligations with respect to each Order and Swap effected on a Platform. Participants on the Tradition SEF Platform(s) have the right to pre-trade block inter alia any counterparty with which they do not have an Execution Agreement in place.]

(a) Prior to entering any Order for a Cleared Swap, each Participant that is acting for its own account shall ensure that it has sufficient credit with the Clearing Firm to which any resulting Swap will be submitted for clearing at the relevant Derivatives

Clearing Organization. In the event that there is insufficient credit, the Participant may not enter such Order.

(b) Prior to entering or permitting the entry of any Order for a Customer for a Cleared Swap, each Participant or Broker Firm shall ensure that its Customer has sufficient credit with the Customer's Clearing Firm to which any resulting Swap will be submitted for clearing at the relevant Derivatives Clearing Organization. In the event that there is insufficient credit, the Participant or Broker Firm may not enter or permit the entry of such Order.

(c) Tradition SEF will take steps to facilitate pre-execution credit checks by Clearing Firms and will issue notices to Clearing Firms, Participants and Broker Firms relating thereto. Consistent with and to the extent required by CFTC Regulations, each Clearing Firm that is a Participant shall establish risk-based limits for its proprietary account. Each Clearing Firm, whether or not a Participant, shall establish risk-based limits for each Customer account. Except to the extent otherwise permitted by CFTC Regulations:

(1) such risk-based limits shall be based on position size, order size, margin requirements, or similar factors;

(2) a Clearing Firm shall use automated means to screen Orders that it has authorized a Participant or Broker Firm to execute electronically; and

(3) a Clearing Firm shall establish and maintain systems of risk controls reasonably designed to ensure compliance with such risk-based limits for all other Orders.