



THOMSON REUTERS

Thomson Reuters (SEF) LLC
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October 16, 2013

VIA EMAIL

Ms. Melissa Jurgens
Assistant Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
Via email: submissions@cftc.gov

Re: Submission 13-03: Thomson Reuters (SEF) LLC – Amendments to Rulebook

Dear Ms. Jurgens:

Pursuant to Commodity Futures Trading Commission (the “Commission”) Regulation 40.6(a), Thomson Reuters (SEF) LLC (“TR SEF”) hereby self-certifies the amendments to its Rulebook identified in Exhibit A. The Rulebook has been amended in response to comments and questions received from: (i) Commission staff and (ii) potential users of TR SEF’s swap execution facility (“SEF”). The amended Rulebook will become effective on November 1, 2013.

A concise explanation and analysis of the amendments to the Rulebook and their compliance with applicable provisions of the Commodity Exchange Act (the “CEA”) is attached hereto as Exhibit A, and the amendments showing changes against the version submitted to the Commission on September 26, 2013, is attached hereto as Exhibit B.

TR SEF hereby certifies that: (i) the amended Rulebook complies with the CEA and the Commission’s regulations thereunder, and (ii) a notice and copy of this submission is being concurrently posted on TR SEF’s website. No substantive opposing views were expressed with respect to the amendments to the Rulebook.

Please contact Wayne Pestone or Peter Y. Malyshev using the information below if you have any questions regarding this application.

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Sincerely,



Wayne Pestone
Chief Compliance Officer

cc: Nancy Markowitz, Deputy Director, Division of Market Oversight, Exchange and Data
Repository Branch
(Commodity Futures Trading Commission)

Peter Y. Malyshev
Jonathan T. Ammons
(Latham & Watkins LLP)

EXHIBIT A

Explanation and Analysis

Summary: The Rulebook has been amended in response to comments and questions received from: (i) Commission staff and (ii) potential users of TR SEF's SEF. The amendments showing changes against the version submitted to the Commission on September 26, 2013, is attached hereto as Exhibit B.

Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Rulebook.

Amendment	Explanation
<u>Rule 101</u> 1. Amended definition of "Authorized Person" to include a computer or system accessing the SEF. 2. Added definition of "Creation Data." 3. Corrected typo in definition of "Disciplinary Panel."	1. Clarification. 2. Clarification. 3. Correction of typo.
<u>Rule 207(c)</u> Corrected typo.	Correction of typo.
<u>Rule 209(d)</u> Amended the rule to add that the SEF will use reasonable efforts to coordinate with any DCO that has cleared the Swap and any other Swap Execution Facilities where such Swap is traded prior to mandating the liquidation or transfer of such Swap.	Core Principle 8 Added to conform with market practice requiring SEFs to coordinate with other self-regulatory organizations before liquidating or transferring open positions.
<u>Rule 314(e)</u> Amended rule to enable the SEF to terminate Trading Privileges prior to formally accepting a Participant's withdrawal when necessary.	Response to industry comments.

Amendment	Explanation
<u>Rule 502(a)</u> 1. Revised to limit application of required disclosures to events related to a Participant's conduct or participation on the SEF. 2. Removed sub-sections (5) and (6), which required Participants to notify the Market Regulation Department upon certain events.	Core Principle 5 1. Clarification 2. Removed sub-sections to conform with market practice of not requiring notification from Participants related to denials or withdrawals of applications submitted to government agencies or the commencement of judicial or administrative proceedings.
<u>Rule 503(c)</u> Clarified that the Market Regulation Department may only examine the books and records of Participants, Customers or Clients that relate to SEF Activity.	Clarification.
<u>Rule 510(c)</u> Changed "FCM" to defined term "Futures Commission Merchant"	Clarification.
<u>Rule 801(e)</u> Revised language regarding Clearing Member guarantees of transactions executed on the SEF.	Core Principle 7 Response to guidance from CFTC staff.
<u>Rule 801(h)</u> 1. Corrected typo. 2. Revised language regarding Swaps that are submitted for clearing but which fail to clear so that such Swaps will be void <i>ab initio</i> .	Core Principle 7 1. Correction of typo. 2. Response to guidance from CFTC staff.
<u>Rule 917</u> Revised language so that the rule regarding priority of Customer Orders only applies if an un-submitted Customer Order is based on the same Contract and with the same fixing date or expiration date as a Contract intended to be submitted for a Participant's own account, an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority.	Core Principle 4 Revised to conform with market practice.
<u>Rule 924(c)</u> Corrected typos	Correction of typos.

Amendment	Explanation
<p><u>Rule 1206</u></p> <p>Added new rules regarding ownership of market data.</p>	<p>Core Principles 1, 2 and 9</p> <p>New sections are added in response to industry comments regarding ownership of data, and to clarify that the SEF retains all right, title and interest in and to the SEF, and all components thereof.</p>

EXHIBIT B

Rulebook Amendments

Rule 101 Definitions

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“**Authorized Person**” means an employee or other person under Participant’s control designated by Participant or one of Participant’s administrators to be able to access and use the Platform and SEF Services on Participant’s behalf pursuant to Rule 306. An Authorized Person can also mean a computer or system accessing the SEF via a program interface on behalf of such Participant.

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“**Creation Data**” has the meaning ascribed to the term “Required swap creation data” in CFTC Regulation § 45.1.

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“**Disciplinary Panel**” means the panel appointed by the Board at the recommendation of the Chief Compliance Officer to act in an adjudicative role and ~~fulfill~~fulfill various adjudicative responsibilities and duties described in Chapter 10.

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Rule 207 Regulatory Oversight Committee

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- (c) The Regulatory Oversight Committee shall oversee the SEF’s regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to ~~fulfill~~fulfill its mandate. It shall make such recommendations to the Board as will, in its judgment; best promote the interests of the SEF. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the SEF Rules and as the Board may delegate to it from time to time.

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Rule 209 Emergency Rules

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- (d) In situations where a Swap is traded on more than one Swap Execution Facility, emergency action to liquidate or transfer open interest must be directed, or agreed to, by the CFTC or CFTC staff, and the SEF will use reasonable efforts to coordinate with any Derivatives Clearing Organization that has cleared the Swap and any other Swap Execution Facilities where such Swap is traded prior to mandating the liquidation or transfer of such Swap.

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Rule 314 Withdrawal of Participant

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- (e) When the SEF accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including, without limitation, the Trading Privileges and ability to access the Platform) immediately. The SEF may suspend Trading Privileges prior to termination if necessary to appropriately effectuate termination. The accepted withdrawal of a Participant shall not affect the rights of the SEF under the SEF Rules or relieve the former Participant of its Obligations under the SEF Rules, to perform all contracts involving any Contracts entered into by such, or to pay any the SEF fees, costs, or charges incurred, before the withdrawal. Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the SEF Rules, the Obligations and the jurisdiction of the SEF for acts done and omissions made while a Participant, and must cooperate in any SEF Proceeding under Chapter 10 as if the withdrawn Participant were still a Participant.

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Rule 502 Required Disclosures to the SEF

- (a) Each Participant shall immediately notify the Market Regulation Department upon becoming aware of any of the following events, in each case, with respect to the Participant's status which relates to or may affect its participation or conduct on the SEF:

* * *

~~(5) any denial or withdrawal of any application for any registration or license by or from any Governmental Agency, and any revocation, suspension or conditioning of any registration or license granted by any Governmental Agency;~~

~~(6) the commencement of any judicial or administrative proceeding against the Participant or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Governmental Agency;~~

(5) ~~(7)~~ any indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by, the Participant (or, if the Participant is an entity, by any of its principals or senior officers) for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, swap, Futures contract, Option, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude;

(6) ~~(8)~~ the Participant becoming the subject of a petition for bankruptcy;

(7) ~~(9)~~ the appointment of a receiver, trustee or administrator for the Participant;

(8) ~~(10)~~ the presentment of a petition, or the passing of a resolution, for the winding-up of Participant;

(9) ~~(11)~~ the commencement of proceedings for the dissolution of Participant; or

(10) ~~(12)~~ the occurrence of an event of insolvency with respect to the Participant.

Rule 503 Inspections by the SEF

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- (c) The Market Regulation Department may examine (periodically or on a particular occasion) the books and records of any Participant or any Customer or Client of a Participant that relate to SEF Activity.

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Rule 510 Disclosure Requirements; Know Your Counterparty Requirements

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- (c) Participants that are ~~FCMs~~ Futures Commission Merchants must verify that each of their Customers are Eligible Contract Participants.

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Rule 801 Clearing Required

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- (e) All Participants that are not direct Clearing Members executing Required Transactions must be guaranteed by a Clearing Member that assumes financial responsibility for clearing any transactions ~~or~~ executed by the Participant on the SEF that have satisfied the Clearing Member's credit limits and risk controls. Such guarantee is effective only until such time that the Clearing House accepts the transaction. With respect to transactions given up to other Clearing Members, such guarantee is effective only until such time that the other Clearing Member accepts the trade. A trade given up to another Clearing Member will be deemed to have been accepted by such Clearing Member if the trade is not rejected by the close of business on the business day following the trade date. The acceptance of a trade by a Clearing Member shall not relieve any Participant or Clearing Member of the duty to act in accordance with the SEF Rules.

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- (h) The SEF shall submit each Swap that is required to be or is intended to be cleared to the applicable Clearing House. If a Swap ~~if~~ is submitted for clearing and is rejected or fails to clear for ~~any reason~~ credit reasons, the Participants that executed the Swap shall attempt to re-submit such Swap for clearing for 5 minutes. If such Swap is not accepted for clearing after 5 minutes, ~~then:~~ or fails to clear for any other reason, then such swap shall be void ab initio; provided, however, that Swaps originally executed without an intent to clear shall not be void ab initio if they are subsequently submitted for clearing and fail to clear for any reason.

~~(1) If the Participants that executed the Swap have an existing bilateral agreement in place governing the settlement procedures for a swap that fails to clear, including but not limited to the FIA ISDA Cleared Derivatives Execution Agreement, then the Participants shall settle such Swap according to the terms of that agreement; provided, however, that this Rule 801(h)(1) shall not apply to any Swaps executed on the CLOB.~~

~~(2) If the Participants that executed the Swap do not have an existing bilateral agreement in place governing the settlement procedures for a swap that fails to clear or if the Swap was executed on the CLOB, then the Participants shall settle such Swap according to the terms set forth in Section 4 of the FIA ISDA Cleared Derivatives Execution Agreement (2012 Version 1.1). If one of the Participants that executed the Swap is a Swap Dealer, that Participant shall be Party A for purposes of Section 4 of the FIA ISDA Cleared Derivatives Execution Agreement (2012 Version 1.1).~~

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Rule 917 Priority of Customers' Orders

No Participant shall enter an Order into the Platform for his own account, an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an Order allowing discretion as to time and price, when such Participant is in possession of any un-submitted Customer Order based on the same Contract and with the same fixing date or expiration date and that the Platform is capable of accepting.

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Rule 924 Position Limits

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- (c) Position limits shall apply to (i) all positions in accounts for ~~with~~which any Person, by power of attorney or otherwise, directly or indirectly ~~holds~~holds positions or controls trading, and (ii) positions held by two or more Persons acting pursuant to an express or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.

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Rule 1206 Market Data and Intellectual Property

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- (c) Notwithstanding Rule 1206(b), any Transaction Data that Participant generates and provides to the SEF in connection with Transactions shall be treated as the non-exclusive property of Participant and the SEF, each of whom shall have the right to use, sell, retransmit and/or redistribute such Transaction Data~~;~~ provided, however, that the SEF shall not use (or permit other parties to use) Transaction Data to replicate or reverse engineer Participant's trading strategies and shall not sell, retransmit or redistribute Transaction Data unless such Transaction Data is anonymized, except in each case as

required by Applicable Law and/or any agreements that the SEF has entered into with Derivatives Clearing Organization(s).

- (d) The SEF will not use for business or marketing purposes any proprietary data or personal information collected or received from or on behalf of any Person for the purpose of fulfilling the SEF's regulatory obligations.
- (e) The SEF may share such proprietary data or personal information with one or more registered entities (as such term is defined in CFTC Regulations) (e.g., SDR, Derivatives Clearing Organization, etc.) in accordance with Applicable Law.
- (f) Each Participant, and other Persons affiliated with the Participant hereby acknowledges and agrees that the SEF may disclose and disseminate Creation Data pursuant to these Rules.
- (g) Each Participant, and other Persons affiliated with any of the foregoing hereby acknowledges and agrees that the SEF owns and shall retain all right, title and interest in and to the SEF, all components thereof, including without limitation all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation all registered or unregistered, as applicable copyright, trade mark, service mark, trade secret, trade name, data or database rights, design rights, moral rights, inventions, whether or not capable or protection by patent or registration, rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, patent, and other intellectual property and ownership rights, including applications for the grant of any of the same, in or to the SEF and all other related proprietary rights of the SEF and/or any of its affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind transmitted by means of any of the foregoing, "Proprietary Information"). Each Participant, on behalf of itself and each of its affiliates and other Persons affiliated with any of the foregoing, further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of the SEF. Each Participant acknowledges and agrees that it shall not, and shall not permit its affiliates and other Persons affiliated with any of the foregoing to, reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of the SEF or the Proprietary Information. Each Participant further agrees to, and agrees to cause each of its affiliates and other Persons affiliated with any of the foregoing to, keep the Proprietary Information confidential and not to transfer, rent, lease, loan, sell or distribute, directly or indirectly, all or any portion of the SEF or any Proprietary Information.