



THOMSON REUTERS

Thomson Reuters (SEF) LLC
909 3rd Avenue, 10th Floor
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October 30, 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 13-05: 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 13, 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 in Submission 13-03 on October 16, 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 in Submission 13-03 on October 16, 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
<p><u>Rule 101</u></p> <ol style="list-style-type: none"> 1. Amended definition of “Account Manager.” 2. Amended definition of “Client.” 	<ol style="list-style-type: none"> 1. Clarification. 2. Clarification that the relationship between a Client and Account Manager can be memorialized in a stand-alone agreement or as part of a broader instrument.
<p><u>Rule 211(a)</u></p> <p>Clarified that the SEF may enter into information-sharing agreements with the CFTC and any Government Agency with jurisdiction over the SEF, as well as other markets (if necessary for the SEF to comply with its SRO obligations).</p>	<p>Core Principle 5</p> <p>Clarification.</p>
<p><u>Rule 301(b)</u></p> <p>Removed the requirement for an Intermediary Agreement to import all terms of the SEF Rules into every Swap executed for a Customer or Client.</p>	<p>Core Principle 2</p> <p>Revised to conform with market practice.</p>
<p><u>Rule 314</u></p> <p>Amended rule to state that a Participant’s withdrawal shall be effective immediately upon receipt of the withdrawal notice by the SEF, except as otherwise required by law or regulation or by request or order of a Government Agency.</p>	<p>Revised to conform with market practice.</p>

Amendment	Explanation
<p><u>Rule 501</u></p> <ol style="list-style-type: none"> 1. Amended rule so that only Participants, and not Authorized Persons, Clients and Customers, are liable for the trading losses, Orders and transactions effected on the Platform by such Participant. 2. Amended rule so that only Participants, and not Authorized Persons, Clients and Customers, are responsible for informing the SEF of material changes to information provided to the SEF by such Participant. 	<p>Core Principle 5</p> <ol style="list-style-type: none"> 1. Revised to conform with market practice. 2. Revised to conform with market practice.
<p><u>Rule 502(a)</u></p> <ol style="list-style-type: none"> 1. Amended subsection (3) to clarify the language and to state that Participants must only notify the SEF if it involuntarily withdrawals from membership in an SRO. 2. Amended subsection (4) to state that Participants must only notify the SEF if they receive any fines in excess of \$25,000 3. Amended subsection (4) to state that Participants must notify the SEF if they are subject to certain additional disciplinary actions or censures. 	<p>Core Principle 5</p> <ol style="list-style-type: none"> 1. Clarification. 2. Clarification. 3. Revised to conform with market practice.
<p><u>Rule 505(a)</u></p> <p>Amended cross-reference.</p>	<p>Amended to conform to changes made to Rule 501(a), above.</p>
<p><u>Rule 705(a)</u></p> <p>Changed “Confirmation” to defined term “SEF Confirmation.”</p>	<p>Clarification.</p>
<p><u>Rule 929(d)</u></p> <p>Changed the reference to Rule 929(e) to 929(d).</p>	<p>Correction of typo.</p>

Amendment	Explanation
<p><u>Rule 931(e)</u></p> <p>Reduced the SEF's total combined aggregate liability to \$10,000 for all losses suffered on a single day and \$25,000 for all losses suffered in a single calendar month.</p>	<p>Revised to conform with market practice.</p>
<p><u>Rule 1206</u></p> <p>Revised rules regarding ownership of market data to specify that the SEF shall have a non-exclusive, royalty free, worldwide, perpetual license to any Participant's Transaction Data, to use, distribute, or disclose for the benefit of the SEF and shall own all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in all derivative works based on Transaction Data to the extent that such derived data is truly a derivative of the Transaction Data.</p>	<p>Core Principles 1, 2 and 9</p> <p>Revision made to conform with market practice.</p>

EXHIBIT B Rulebook Amendments

Rule 101 Definitions

“*Account Manager*” means a Person other than an individual that acts as an agent ~~and attorney-in-fact~~ to buy or sell Swaps on the Platform in the name or on behalf of another Person. An Account Manager may also be a Participant.

“*Client*” means a Person that granted in writing (either stand-alone or as part of a broader instrument) to an Account Manager investment authority to enter Orders and execute Swaps on ~~the Platform on~~ behalf of and in the name of such Person.

Rule 211 Information-Sharing Agreements

- (a) The SEF may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments related to the Contracts trade. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the SEF may:
- (1) provide market surveillance reports to the CFTC, any Government Agency with jurisdiction over the SEF or, as necessary for the SEF to comply with its SRO obligations, to other markets;
 - (2) share information and documents concerning current and former Participants with the CFTC, any Government Agency with jurisdiction over the SEF or, as necessary for the SEF to comply with its SRO obligations, to other markets;
 - (3) share information and documents concerning ongoing and completed investigations with the CFTC, any Government Agency with jurisdiction over the SEF or, as necessary for the SEF to comply with its SRO obligations to other markets; and/or
 - (4) require its current or former Participants to provide information and documents to the SEF at the request of ~~other markets with which the SEF has an information-sharing agreement or other arrangements or procedures~~ the CFTC, any Government Agency with jurisdiction over the SEF or, as necessary for the SEF to comply with its SRO obligations, other markets.
- (b) The SEF may enter into any information sharing arrangement with any Person or body (including, without limitation, the CFTC, the NFA, any Self-Regulatory Organization, any exchange, market, or clearing organization, or foreign regulatory authority) if the SEF

considers such arrangement to be in furtherance of the SEF's purpose or duties under the SEF Rules or any law or regulation.

Rule 301 Criteria for Becoming a Participant

(b) No Participant, including a Participant that is an Account Manager, shall carry an account for a Customer or enter an Order in the name of or on behalf of a Client unless the Participant has entered into an Intermediary Agreement with such Customer or Client, which must, at a minimum:

(1) contain a representation from the Customer or Client that the Customer or Client is an Eligible Contract Participant at the time of execution of any Swap on or subject to the rules of the SEF;

(2) contain a requirement that each Customer or Client become a Participant or consent to the jurisdiction of the SEF in connection with and with respect to any Swap executed for or on behalf of such Customer or Client on or subject to the rules of the SEF; and

~~(3) import into every Swap executed for the Customer or Client all the terms of the SEF Rules insofar as they are applicable to that Swap; and~~

(3) ~~(4)~~ obligate the Customer or Client to provide the SEF and its agents, including its Regulatory Services Provider, access to all books and records, staff and other information necessary for monitoring and enforcement of the SEF Rules.

Rule 314 Withdrawal of Participant

(a) To withdraw from the SEF, a Participant must notify the SEF following the procedures established by the SEF. Except as otherwise required by law or regulation or by request or order of a Government Agency, such withdrawal will be effective immediately upon receipt of the withdrawal by the SEF.

~~(b) The SEF may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if the SEF considers it necessary for the protection of other Participants or otherwise in the interests of the SEF.~~

~~(c) Based on the information provided to, and other information gathered by, the SEF regarding a Participant's withdrawal request, the SEF will determine whether to (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; and/or (iii) impose any terms or conditions before or after the effective date of withdrawal.~~

~~(d) If the SEF refuses to accept a Participant's withdrawal request or postpones the effective date of withdrawal of a Participant, the SEF may waive the obligation to pay some or all of the fees, costs and charges that the SEF would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.~~

(b) ~~(e) When~~Upon the SEF ~~accepts~~effectiveness of 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.

Rule 501 Duties and Responsibilities of Participants

(a) Each Participant shall (and shall cause all of its Authorized Persons and Clients or Customers, if applicable to):

- (1) use the Platform in a responsible manner and not for any improper purpose;
- (2) use the Platform only to conduct SEF Activity;
- (3) conduct all SEF Activity in a manner consistent with SEF Rules and Obligations;
- (1) comply with all SEF Rules and Obligations and act in a manner consistent with each SEF Rule and Obligation;
- (2) comply with all rules of the Regulatory Service Provider, if any, to the extent applicable to it, and act in a manner consistent with the rules of the Regulatory Service Provider, if any, to the extent applicable;
- (3) observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or attempting to conduct any SEF Activity, or any aspect of any business connected with or concerning the SEF;
- (4) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the SEF or in response to any SEF Proceeding;
- (5) employ practices to monitor and enforce compliance with risk limits; and

(6) keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records of its SEF Activity and his or her activity in the underlying commodity and related derivatives markets, and all books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the SEF Rules, for at least five (5) years, and make such books and records available for inspection by a representative of the SEF, the Regulatory Service Provider, the CFTC or the United States Securities and Exchange Commission.

(b) Each Participant shall:

(1) ~~(10)~~ be fully liable for all trading losses, all Orders, all transactions in Contracts effected by such Participant, all transactions effected on the Platform and for any use of the Platform made by Participant or the Participant's Authorized Persons, and all trades even if the Orders received via the Platform: (1) were entered as a result of a failure in the security controls and/or credit controls, other than due to the gross negligence of the SEF; or (2) were entered by an unknown or unauthorized user;

~~(11) employ practices to monitor and enforce compliance with risk limits;~~

(2) ~~(12)~~ be responsible for promptly informing the SEF of any material changes to the information provided to the SEF by the Participant pursuant to Rule 301; ~~and.~~

~~(13) keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records of its SEF Activity and his or her activity in the underlying commodity and related derivatives markets, and all books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the SEF Rules, for at least five (5) years, and make such books and records available for inspection by a representative of the SEF, the Regulatory Service Provider, the CFTC or the United States Securities and Exchange Commission.~~

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:

(3) any refusal of admission ~~to~~, or involuntary withdrawal byof the Participant ~~of any application~~ for membership in, any Self-Regulatory Organization, Contract Market or Derivatives Clearing Organization;

(4) any expulsion, suspension or fine in excess of ~~\$5,000~~25,000, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant

by any Self-Regulatory Organization, [Contract Market or Derivatives Clearing Organization](#) or, with respect to SEF Activity, any relevant Government Agency;

Rule 505 Recordkeeping Requirements

(a) In General.

- (1) Each Participant must maintain or cause to be maintained records for all books and records required to be maintained in accordance with Applicable Law, including the SEF Rule 501(a)(~~4~~[10](#)).

Rule 705 Confirmation Procedures and Records.

- (a) Each completed Transaction shall be confirmed by a [SEF](#) Confirmation to each Participant party thereto by technical means as specified in the SEF Rules and in the form and format set forth in Rule 404.

Rule 929 Risk Controls for Trading

- (d) ~~(e)~~—The SEF shall have the right to take any action to reduce the potential of market disruption, including but not limited to, market restrictions that pause or halt trading in market conditions prescribed by the SEF if such action is in the best interest of the swap markets.

Rule 931 LIMITATION OF LIABILITY, NO WARRANTIES

- (e) THE DISCLAIMING PARTY OR DISCLAIMING PARTIES, MAY, IN ITS SOLE DISCRETION, ASSUME RESPONSIBILITY FOR DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE GROSS NEGLIGENCE OF THE SEF STAFF AND/OR ORDER STATUS ERRORS PROVIDED BY THE SEF OR A SEF SYSTEM, EQUIPMENT, SERVICE OR FACILITY. NOTWITHSTANDING THE ABOVE, i) THE SEF'S TOTAL COMBINED AGGREGATE OBLIGATIONS SHALL NOT EXCEED ~~\$25,000~~[10,000](#) FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE DAY; ~~\$100,000~~[25,000](#) FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$500,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. ANY DISPUTED CLAIM

PURSUANT TO THIS PARAGRAPH (e) MUST BE ARBITRATED PURSUANT TO CHAPTER 11.

Rule 1206 Market Data and Intellectual Property

(a) Subject to each Participant's rights in Participant's own data as set forth in the Participant Documentation, the SEF shall have a non-exclusive, royalty free, worldwide, perpetual license to any Participant's Transaction Data, to use, distribute, or disclose for the benefit of the SEF and shall own all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in all derivative works based on Transaction Data to the extent that such derived data is truly a derivative of the Transaction Data.

~~(a) All Participants and all employees, agents, vendors, and other Persons affiliated with the foregoing understand and acknowledge that the SEF has a proprietary interest in:~~

~~(1) the price and quantity data from each and every transaction executed on the Platform, including the time at which the transaction was executed or submitted to the SEF;~~

~~(2) the price and quantity data for each and every bid and offer submitted for entry into the Platform, including the time at which the bid and offer was entered into the Platform;~~

~~(3) any data and information derived from Rules 1206(a)(1) and (2) and the format and presentation thereof; and~~

~~(4) the transmission and dissemination of the data and information to Participants any publisher of the data or information with whom the SEF has a written agreement, and any other Persons.~~

(b) Participant shall not, without the SEF's prior written consent, directly or indirectly, sell, redistribute, or facilitate redistribution of, all or any portion of the Transaction Data ~~on the Platform~~ to any third party; provided, however, that such consent shall not be required for (i) redistributing, or facilitating the redistribution of Transaction Data, (ii) copying, reproduction or re-transmission of information that is generally available to the public free of charge, (iii) use of any part of the data on the Platform for administrative, regulatory or reporting purposes of the Participant, (iv) the solicitation and entry of orders for trades on the Platform, or (v) the provision of indicative valuations to Participant's counterparties.