



November 21, 2013

**BY ELECTRONIC MAIL: [submissions@cftc.gov](mailto: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: Commission Regulation 40.2(a) –  
Certification of Fixed-for-Floating Interest Rate Swaps and Overnight Index Swaps**

Dear Ms. Jurgens:

LatAm SEF, LLC ("LatAm") hereby notifies the Commodity Futures Trading Commission (the "Commission"), pursuant to Commission Regulation 40.2(a), that it is certifying fixed-for-floating interest rate swaps and overnight index swaps (each, a "Swap," and collectively, the "Swaps") for trading on LatAm's electronic trading system (the "Trading System").

LatAm will list the Swaps no earlier than November 25, 2013.

This submission letter contains the following attachments:

- The submission cover sheet.
- Attached as Exhibit A, a copy of the Swaps' rules, which includes a concise explanation and analysis of the Swaps. The Swaps' rules will be published as contract specifications on LatAm's website.
- Attached as Exhibit B, 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.

LatAm certifies that each Swap complies with the CEA and Commission Regulations thereunder. LatAm additionally certifies that it has concurrently posted a copy of this submission letter and attachments hereto on LatAm's website.\* \* \*



In the event that you have questions, please contact the undersigned at (646) 344-8990 or [sdunn@latamsef.com](mailto:sdunn@latamsef.com).

Sincerely,

/s/ Stephen Dunn  
Chief Executive Officer  
LatAm SEF, LLC

Attachments

## Exhibit A

### **LatAm SEF Product Specifications: Fixed-for-Floating Interest Rate Swaps**

#### **Descriptions**

A Fixed-for-Floating IRS is an Interest Rate Swap between two parties to exchange the cash flows of fixed-interest rate payments for floating interest rate payments related to a notional amount.

An Overnight Index Swap is an Interest Rate Swap for which settlement is in the form of periodic fixed interest payments and periodic floating interest payments based on an overnight rate being exchanged for a fixed interest rate over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount. Overnight index swaps are popular amongst financial institutions for the reason that the overnight index is considered to be a good indicator of the interbank credit markets, and less risky than other traditional interest rate spreads. The interest rate cash flows are net settled in a major currency on fixing date.

Currencies:

- ARS
- COL
- CLP
- MXN
- PER

The terms of Fixed-for-Floating Interest Rate Swaps are based on combinations of the criteria that follow.

#### **Trading Conventions**

- Buyer of swap “pays” fixed interest rate and “receives” floating interest rate.
- Seller of swap “receives” fixed interest rate and “pays” floating interest rate.

## Swap Leg Conventions

|                                |  |
|--------------------------------|--|
| <b>Fixed Leg</b>               |  |
| <b>Payment Frequency</b>       | Monthly, Quarterly, Semi-Annually, Annually  |
| <b>Day Count Conventions</b>   | Actual/360, Actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, Actual/366, Actual/Actual  |
| <b>Holiday Calendar</b>        | Applied in accordance for the country currency denoted for instrument  |
| <b>Business Day Convention</b> | Modified the following business day by rolling the payment date to the next business day for the country currencies denoted for the instrument unless doing so would cause the payment to be in the next calendar month, in which case the payment date is rolled to the previous business day(s). |
| <b>Fixed Rate</b>              | The traded interest rate yield or basis point.   |
| <b>Floating Leg</b>            |  |
| <b>Reset Frequency</b>         | 28-Day Roll, Monthly, Quarterly, Semi-Annually, Annually   |
| <b>Day Count Conventions</b>   | Actual/360, Actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, Actual/366, Actual/Actual  |
| <b>Holiday Calendar</b>        | Applied in accordance for the country currency denoted for instrument  |
| <b>Business Day Convention</b> | Modified the following business day by rolling the payment date to the next business day for the country currencies denoted for the instrument unless doing so would cause the payment to be in the next calendar month, in which case the payment date is rolled to the previous business day(s). |
| <b>Interest Rate Benchmark</b> | Argentine CER, Chilean Camara, Chilean Unido de Fonmento (UF), Colombian IBR, Colombian UVR, Mexican TIIE 28, Mexican UDI, Peruvian TIS, Peruvian VAC, US LIBOR (3m and 6m)  |

## Effective Date

The first date from which floating interest amounts accrue, also referred to as the "Start Date" and the "Value Date." The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

## Trade Start Type

- Spot Starting - A swap whose Effective Date is 2 business days from the Trade Date (T+2).
- Forward Starting - A swap whose Effective Date is after the Effective Date for a Spot Starting swap.
- Same Day Starting - A swap whose Effective Date is the same as the Trade Date (T+0).

## Maturity Date

The final date until which Fixed and Floating amounts accrue.

## **Tenor**

The Tenor is the IRS's duration of time from the Effective Date to the Maturity Date. Tenors range in duration greater than 0 years to 50 years.

- Listed Tenors, also known as On-the-Run, are whole calendar year Spot Starting Contracts with a Tenor of 1 through 60 years.
- Other Tenors, also known as Off-the-Run, means any partial year Tenor (Months, Weeks, Days).

## **Roll Day Convention**

The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods.

For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect.

## **Floating Reset Dates**

The Floating Reset Dates are utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the contract. Except in the case of a Stub Period, the Reset Date is aligned with the floating rate frequency as determined.

## **First Period Fixing Date**

For Spot Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.

For Forward Starting swaps, the Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the first floating payment date, taking into account agreed non-working days.

## **Stub Period Rate**

For swaps with partial year Tenors, an interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first or last Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period. This can be applied either at the start ("Front") or end ("Back") of that period.

## **Trade Types**

The Platform may support the following trade types:

- Outrights - An Outright swap is a swap where one party is the payer of the fixed rate and the receiver of the floating rate, and the other party is the receiver of the fixed rate and the payer of the floating rate.
- Switches or Spreads - The simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2-year by 10-year).
- Butterflies - A combination of two spreads/switches (e.g. 2-year by 5-year by 10-year).

**Contract Size**

Minimum notional size is dependent on currency and tenor.

**Minimum Price Fluctuation**

- Outrights - The interest rate yield is quoted in increments of a minimum of .000025 (1/40th of a basis point).
- Spreads and Butterflies - Quoted in basis points dependent in multiples of the increments of the underlying Outrights

**Final Settlement Price**

Multiple payments take place during the term of the swap. Settlement price used for the periodic exchange of fixed and floating payments is based on the following factors:

- Fixed Leg - Payment amount on the fixed leg is based on the traded price and notional amounts of the swap on Trade Date. Payment timing on the fixed leg is based on the Payment Frequency, Day Count Convention, Business Day Convention, and Roll Day.
- Floating Leg - Payment on the floating leg is based on the Interest Rate and notional amounts of the swap. Payments on the floating leg are based on the Payment Frequency, Day Count Convention, Business Day Convention, Roll Day Convention and Floating Reset Dates.

## List of Fixed/Floating Interest Rate Swaps

### Argentine CER (Inflation) Interest Rate Swaps

The plain vanilla swap, fixed CER (an Argentine floating inflation index) versus floating 6-Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Semi-Annually (1-year to 30-year)
- Fixed/Floating Rate Day Count Convention: 30/360
- Holiday Calendar: Buenos Aires and New York combined
- Business Day Convention: When a swap matures on a Buenos Aires or New York holiday, payment date is rolled forward to the next business day, unless month-end, in which case payment date is rolled back to the previous business day.

### Argentine Cross Currency Interest Rate Swaps

The plain vanilla swap, fixed Argentine versus floating 6-Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Semi-Annually (1-year to 30-year)
- Fixed/Floating Rate Day Count Convention: 30/360
- Holiday Calendar: Buenos Aires and New York combined
- Business Day Convention: When a swap matures on a Buenos Aires or New York holiday, payment date is rolled forward to the next business day, unless month-end, in which case payment date is rolled back to the previous business day.

### Chilean CLF Fixed/Camara Floating Rate CCY OIS

CLF is an Inflation currency derived from the Inflation Index called UF. This swap can be called UF vs. Camara or CLF vs. Camara as both UF & CLF are synonymous. This swap can be considered a Cross Currency Swap because the floating rate is CLP Camara (CLP TNA) against the Inflation Index currency on the fixed side. This swap trades from 1 month up to 18 months zero coupon (at maturity) with maturity on the 9th day of the correspondent month up to 1 year. From 1 year and longer, it follows a semi-annual frequency on regular swap dates conventions.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Zero Coupon from 1-month to 18-months and Semi-Annually for 2 years and longer
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: Santiago and New York combined
- Business Day Convention: Modified Following

### Chilean CLP Fixed/Camara Floating Rate OIS

“Camara” is an overnight index calculated on a daily basis by an official entity (ABIF) based on the overnight lending rate published by the Chilean Central Bank. The swap is quoted with both fixed and floating side payment frequency of bullet (at maturity) for trades of 1-month to 18-months or semi-annually for 2 years to 30 years.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Zero Coupon from 1-month to 18-months and Semi-Annually for 2 years and longer
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: Santiago and New York combined
- Business Day Convention: Modified Following

### Colombian Cross-Currency Interest Rate Swaps

The plain vanilla swap, fixed Colombian versus floating 6-Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Semi-Annually (1-year to 30-year)
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: Bogota and New York combined
- Business Day Convention: When a swap matures on a Bogota or New York holiday, payment date is rolled forward to the next business day, unless month-end, in which case payment date is rolled back to the previous business day.

### Colombia IBR (Colombian Interest Rate Swaps)

The plain vanilla swap, fixed Colombian versus IBR (which is a Colombian floating overnight lending rate) is quoted with both fixed and floating side payment frequencies of bullet (at maturity) for trades of 1-month to 18-months, or quarterly, 2-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Bullet (1-month to 18-month), Quarterly (2-year to 30-year)
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: Bogota
- Business Day Convention: When a swap matures on a Bogota or New York holiday, payment date is rolled forward to the next business day, unless month-end, in which case payment date is rolled back to the previous business day.



### Colombian Interest Rate Swaps

The plain vanilla swap, fixed Colombian versus IBR (a Colombian floating overnight lending rate) is quoted with both fixed and floating side payment frequencies of bullet (at maturity) for trades of 1-month to 18-months, or quarterly, 2-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Bullet (1-month to 18-month), Quarterly (2-year to 30-year)
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: Bogota and New York combined
- Business Day Convention: When a swap matures on a Bogota or New York holiday, payment date is rolled forward to the next business day, unless month-end, in which case payment date is rolled back to the previous business day.

### Colombian UVR (Inflation) Interest Rate Swaps

The plain vanilla swap, fixed UVR (a Colombian floating inflation index) versus floating 6-Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Semi-Annually (1-year to 30-year)
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: Bogota and New York combined
- Business Day Convention: When a swap matures on a Bogota or New York holiday, payment date is rolled forward to the next business day, unless month-end, in which case payment date is rolled back to the previous business day.

### Mexican CCY UDI/Libor Basis Swaps

The Mexican UDI/LIBOR swap involves an exchange of USD floating rate for MXN real rate (fixed-rate plus inflation). The quotes represent the fixed rate that is paid in MXN adjusted for UDI.

#### Fixed Rate UDI Leg:

- Payment Frequency: Semi-annual
- Day Count Convention: ACT/360
- Holiday Calendar: Mexico City and New York combined
- Business Day Convention: Modified Following

#### Floating Rate TIIE Leg:

- Payment Frequency: Semi-annual
- Day Count Convention: ACT/360
- Holiday Calendar: Mexico City and New York combined
- Business Day Convention: Modified Following

### Mexican UDI/TIIE Swaps (Fixed/Float)

The Unidad de Inversion (Investment Unit) or UDI is a price-level adjusting unit of account of real constant value which eliminates the inflation effect. UDIs are numerical units of measurement for credit instruments. The value of the UDI changes every day and is calculated based on the inflation information from the previous two weeks, which is calculated and published by the central bank of Mexico, Banco de Mexico.

The Mexican UDI/TIIE Swap is an inflation index swapped for 28-day TIIE. It involves an exchange of MXN for UDI denominated debt (i.e., nominal floating rate for real fixed rate). Quotes represent the fixed rate that is paid in MXN adjusted for UDI for nominal floating TIIE.

#### Fixed Rate UDI Leg:

- Payment Frequency: 182-day roll
- Day Count Convention: ACT/360
- Holiday Calendar: Mexico City and New York combined
- Business Day Convention: Following

#### Floating Rate TIIE Leg:

- Payment Frequency: 28-day roll
- Day Count Convention: ACT/360
- Holiday Calendar: Mexico City and New York combined
- Business Day Convention: Following

### Mexican TIIE IRS (Fixed/Float)

The Mexican TIIE Interest Rate Swap is referenced to the 28-day Interbank Equilibrium Interest Rate (TIIE). The Mexican TIIE IRS are traded and listed according to the number of coupons or interest rate revisions every 28 days during 3, 6, and 9 month as well as 1, 2 and up to 20 years. The nomenclature commonly used is the number of coupons followed by "x1". In the market they range from 3x1, 6x1, 9x1, 13x1 and so on until 260x1. The stream exchange is the payment of a fixed interest rate for floating rate referenced to the 28-day TIIE.

- Value: T+1
- Fixed/Floating Rate Payment Frequency: 28-day Rolls
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: Mexico City
- Business Day Convention: When a 28-day period ends on a Mexico City holiday, payment date is rolled forward to the next business day.

### Peruvian Cross Currency Interest Rate Swaps

The plain vanilla swap, fixed Peruvian versus floating 6-Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Semi-Annually (1-year to 30-year)
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: NY and Lima combined
- Business Day Convention: When a swap matures on a NY or Lima holiday, payment date is rolled forward to the next business day, unless month-end, in which case payment date is rolled back to the previous business day.

### Peruvian Interest Rate Swaps

The plain vanilla swap, fixed Peru versus TIS (which is a Peruvian floating overnight lending rate) is quoted with both fixed and floating side payment frequencies of bullet (at maturity) for trades of 1-month to 11-months, or quarterly, 1-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Bullet (1-month to 11-month), Quarterly (1-year to 30-year)
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: NY and Lima combined
- Business Day Convention: When a swap matures on a NY or Lima holiday, payment date is rolled forward to the next business day, unless month-end, in which case payment date is rolled back to the previous business day.

### Peruvian VAC (Inflation) Interest Rate Swaps

The plain vanilla swap, fixed VAC ("Valor Adquisitivo Constante", the Peruvian floating inflation index) versus floating 6-Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1-year through 30-year.

- Value: T+2
- Fixed/Floating Rate Payment Frequency: Semi-Annually (1-year to 30-year)
- Fixed/Floating Rate Day Count Convention: ACT/360
- Holiday Calendar: NY and Lima combined
- Business Day Convention: When a swap matures on a NY or Lima holiday, payment date is rolled forward to the next good business day, unless month-end, in which case payment date is rolled back to the previous business day.

## **Exhibit B**

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

### **Core Principle 2 – Compliance with Rules**

Trading in Swaps will be subject to the LatAm Rulebook (the "Rules"), which prohibits abusive trading practices and other illicit behavior, including misuse of the Trading System (Rule 705), conduct that is inconsistent with just and equitable principles of trade (Rule 704), fraudulent acts (Rule 707), fictitious transactions (Rule 707), market manipulation (Rule 707), disruptive trading practices (Rule 707), misstatements (Rule 707), wash sales (Rule 707), pre-negotiated or non-competitive trades, including money passes (Rule 707) and improper cross-trading (Rule 707). Trading in these swaps will also be subject to Rules relating to protection of customers. See Chapter 7 of the Rules.

As with all swaps listed for trading on the Trading System, trading activity in Swaps will be subject to monitoring and surveillance by LatAm's Market Operations and Compliance Departments. LatAm has the authority to exercise its investigatory and enforcement power where potential Rule violations are identified. See Chapter 8 of the Rules.

Pursuant to Rule 510, each Swap executed as a block trade must be for the quantity that is equal to or in excess of the applicable minimum block size for such Swap set forth in Commission Regulations.

### **Core Principle 3 – Swaps Not Readily Susceptible to Manipulation**

The value of payments made pursuant to the terms of each Swap are determined primarily by referencing the following: U.S. dollar LIBOR; Argentine Coeficiente de Estabilización de Referencia ("CER"); Chilean Índice de Cámara Promedio; Chilean Unido de Fomento ("UF"); Colombian Indicador Bancario de Referencia ("IBR"); Colombian Unidad de valor real ("UVR"); MXN-TIIE-Banxico; Mexican Unidades de Inversión ("UDI"); Peruvian TIS; or Peruvian Valor Adquisitivo Constante ("VAC").

In each case, the reference price is not readily susceptible to manipulation because it has the following characteristics: (i) it is derived from a cash market that has considerable depth and liquidity resulting from the involvement of numerous institutional participants; (ii) the way in which the reference price is calculated is well documented and well understood by swap market participants; (iii) it is commonly used in the swap markets; (iv) information about the reference price is publicly and readily available; (v) the reference price is administered and published by a reputable organization; and (vi) many active participants in the relevant cash market are entities that are subject to regulation.

Below is a brief description of each index:

#### **USD LIBOR**

Currently, LIBOR is administered by BBA Libor Ltd. and the rate is calculated by Thomson Reuters, using specific guidelines. To calculate LIBOR, which is a "trimmed mean," Thomson Reuters collects the perceived rate daily from each of the contributor banks, discards the highest and lowest contributions (the top and bottom quartiles), and then uses the middle two quartiles. Both BBA Libor Ltd. and Thomson Reuters are separately regulated by the Financial Conduct Authority ("FCA").

Recently, concerns have been raised with respect to the reliability of LIBOR as a reference price. As a result, British regulators and BBA Libor Ltd., the current administrator of LIBOR, have taken steps to increase the robustness of the LIBOR process and inspire greater confidence in its reliability. These steps include:

- Completion of a comprehensive review of LIBOR which resulted in a report with recommendations, entitled the "Wheatley Review of LIBOR" ("Wheatley Report");
- Establishment of an Interim LIBOR Oversight Committee ("ILOC") to oversee the management of LIBOR, as required by the FCA regulations and recommended by the Wheatley Report;
- Enactment of regulation which makes the administration of LIBOR a "regulated activity" under the Financial Services and Markets Act 2000;
- (Ongoing) streamlining of the number of LIBOR currencies and maturities;
- Initiation of the practice of publishing individual LIBOR submissions after three months in order to reduce the potential for submitters to attempt manipulation;
- Establishment of the Hogg Tendering Advisory Committee ("Hogg Committee") to recommend new institutions to oversee LIBOR;
- Approval of an upcoming transfer of the administration of LIBOR to NYSE Euronext Rates Administration Limited, the bidder recommended by the Hogg Committee;
- Confirmation by the FCA of the "Interim Code of Conduct for Contributing Banks" as Industry Guidance; and
- Establishment of a Whistleblowing Policy for LIBOR, as approved by the ILOC, which outlines how any concerns about perceived irregularities in conduct related to the administration of LIBOR and/or LIBOR submissions could be raised.

As British regulators and the current LIBOR administrator make these and other changes to improve the robustness of LIBOR, LIBOR remains a widely used and relied upon benchmark.

#### Argentine CER

The Reference Stabilization Coefficient (CER) is a daily adjustment rate, which is prepared by the Central Bank of Argentina. This indicator is based upon the daily rate of change in consumer price index published by the National Institute of Statistics and Census of the Ministry of Economy of the Nation.

#### Chilean Indice de Cámara Promedio

The Indice de Cámara Promedio is an overnight index calculated on a daily basis by the Asociación de Bancos e Instituciones Financieras based on the overnight lending rate published by the Banco Central de Chile.

### Chilean UF

The Chilean UF is a lagged daily interpolation of the monthly consumer price index as determined and published by the Banco Central de Chile. The UFs within a given calendar month depend upon the consumer price index for each of the three preceding months.

### Colombian IBR

The Colombian IBR is a benchmark interest rate denominated in Colombian pesos as determined by the Banco de la Republica de Colombia and published daily. The Colombian IBR is calculated from the contributions of multiple participating banks. The rates quoted are the nominal rate at which these entities are willing to both pay and receive funds for the respective term.

### Colombian UVR

The Colombian UVR is calculated and published by the Banco de la Republica de Colombia. The UVR is certified by the Banco de la Republica de Colombia and reflects the purchasing power based on the variation of the consumer price index during the calendar month preceding the month of the beginning of the calculation period. The UVR is a unit of account used to calculate the cost of home loans that allows financial institutions to maintain the purchasing power of money borrowed.

### MXN-TIIE-Banxico

The TIIE is a representative rate for all credit operations among banks. Banco de México calculates the TIIE for 28-day maturities on a daily basis. The TIIE is calculated based on all the rates presented by the surveyed banks. When the difference between the highest and lowest bid exceeds a certain range, the two banks that presented these positions must deposit and/or take on credit from Banco de México at its bid rate. Specifically, the commercial bank that presented a lower rate of interest has to generate a deposit at Banco de México while the bank that presented a higher rate must take on credit from Banco de México.

### Mexican UDI

The UDI is the Mexican inflation unit; published daily, it is based on changes in consumer price index, as determined by the Banco de México. Banco de México publishes UDI in Mexico's Official Gazette, in pesos, for each day of the month. Banco de México publishes no later than day 10 of each month, the investment unit's value in pesos for the period from day 11 to 25 of the corresponding month, and no later than day 25 of each month, the investment unit's value for the period from day 26 of the corresponding month to day 10 of the immediate following month.

### Peruvian TIS

The TIS is the Peruvian floating overnight lending rate. In calculating the overnight interbank interest rate, Banco Central de Reserva del Perú considers loans conducted and reported by banks on the same day of the operation. The average interest rate will be published by Banco Central de Reserva del Perú on every business day at 5:00 pm, and is expressed in terms annual effective with two decimals.

### Peruvian VAC

The VAC is the Peruvian floating inflation index. Banco Central de Reserva del Perú publishes this index, which is based on changes in consumer price index.

### **Core Principle 4 – Monitoring of Trading and Trade Processing**

Chapter 7 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 Compliance Department.

### **Core Principle 5 – Ability to Obtain Information**

Pursuant to the Rules, LatAm will have the ability and authority to obtain sufficient information for each Swap to allow LatAm 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**

Rule 708 allows LatAm to adopt position limits or position accountability levels for swaps listed on the Trading System. Pursuant to Rule 708(3), LatAm will not set position accountability levels for the Swaps listed in this filing because the Swaps are not subject to the trade execution requirement in Section 2(h)(8) of the CEA.

### **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 601.

### **Core Principle 9 – Timely Publication of Trading Information**

In accordance with Part 16 of Commission Regulations, LatAm will publish daily information on its website regarding volume, price ranges, open interest and settlement prices (based on non-cancelled bids, non-cancelled offers, and sales). LatAm will also publish on its website on a daily basis the total quantity of block trades that are included in the total volume of trading. Information on settlement prices and open interest shall be provided, as applicable, by the relevant DCO. See Rule 413.

LatAm will submit electronic reports of all required swap creation data for each swap to a registered swap data repository immediately following execution of such swap. See Rule 903. 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. LatAm will also issue confirmations of transactions pursuant to Rule 515.