

February 24, 2014

Paul M. Architzel

Via electronic mail to secretary@cftc.gov

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Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street NW
Washington, D.C. 20581

Re: TeraExchange, LLC – Rule 40.6 certification of amended rules

Dear Secretary Jurgens:

On behalf of our client TeraExchange, LLC (“TeraExchange”), 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”), we hereby submit the certification of TeraExchange of amendments to the TeraExchange Rulebook. We understand that, absent contrary action by the Commission, these amendments will become effective ten business days after filing of this submission.

Attached, please find the submission cover sheet and supplemental information required pursuant to Commission Rule 40.6.

Please do not hesitate to contact me with any questions.

Respectfully submitted,



Paul M. Architzel

Cc: Leonard T. Nuara, TeraExchange
Nancy Markowitz, DMO
Mark Schlegel
Jasmine Lee

TeraExchange, LLC
Rule Implementation Submission 2014-02
February 24, 2014

1. The texts of the amended Rules are appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation for these rules is ten business days following the filing of this submission.
3. Attached, please find a certification that: (1) these rules comply with the Act, and the Commission's regulations thereunder; and (2) concurrent with this submission, TeraExchange posted on its website: (i) a notice of pending certification of the rule amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of each of the amended rules appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

**CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND
EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE
PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE
COMMISSION'S REGULATIONS THEREUNDER**

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the added and amended rules. As noted above, these added and amended rules clarify the requirement that persons initiating or executing transactions on or subject to the rules, directly or through an intermediary, consent to the jurisdiction of Tera. The rules also clarify the definition of "Block Trade" and make the following typographical corrections, Rules 310 and 410 included a paragraph signal with no text, and the word "Affiliate" has been capitalized wherever it appears.

The following chart identifies the changed rules and the reason for, and effect of, the rule change.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT

Rule	Rule Title	Summary of Rule Change	Effect
101	Definitions	Amend definition of "Block Trades"	<ul style="list-style-type: none"> • Conform definition to that in Commission Regulation 43.2.
310	Application of Tera Rules and Jurisdiction	Clarify consent of persons to jurisdiction of TeraExchange	<ul style="list-style-type: none"> • Clarify conformity with guidance February 10, 2014 Division of Market Oversight Guidance on Swap Execution Facility Jurisdiction.
513(b)	Block Trades	Change "executed" to "entered"	<ul style="list-style-type: none"> • Clarify that Block Trades are entered onto, rather than executed on, TeraExchange.
818	Sanctions	Specify that maximum fine for rule violation is \$10,000	<ul style="list-style-type: none"> • Amend maximum monetary sanction amount in order to more closely align with practice on other SEFs.

Attachment A

Additions are underlined, deletions are struck through

Rule 101 Definitions

“Block Trade” means ~~a single transaction for the purchase or sale of not less than than the number of Instruments authorized by Tera under~~ shall have the same meaning as in Commission Rule 43.2, 17 C.F.R. § 43.2.

Rule 310 Application of Tera Rules and Jurisdiction

(a) * * *

(e) Any Person initiating or executing a transaction on or subject to the rules of Tera directly or through an intermediary, and any person for whose benefit such a transaction has been initiated or executed, and without any need for any further action, undertaking or agreement, consents to the jurisdiction of Tera.

Rule 513 Block Trades

(a) * * *

(b) Block Trades must be ~~executed~~ entered using the Tera System in a manner prescribed from time to time by Tera.

(c) * * * * *

Rule 818 Sanctions

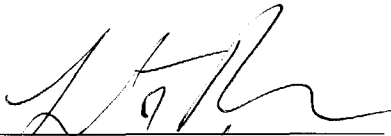
(a) * * *

(b) Tera may impose a fine of up to \$1,000,000, ~~or such other amount Tera determines in its sole discretion to be equitable and just under the circumstances,~~ \$10,000 for each violation of a Tera Rule. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. Tera has sole discretion to select the bank on whose quotations to base the prime rate.

**CERTIFICATIONS PURSUANT TO SECTION 5c OF
THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2
AND COMMODITY FUTURES TRADING
COMMISSION RULE 40.6, 17 C.F.R. §40.6**

I hereby certify that:

- (1) the amended Rules above comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, TeraExchange, LLC posted on its website: (a) a notice of pending certification of the above Rules with the Commission; and (b) a copy of this submission



By: Leonard T. Nuara
Title: President & COO
Date: February 24, 2014