

NOTICE OF LISTING OF PRODUCTS BY ICAP SEF (US) LLC FOR TRADING BY CERTIFICATION

1. This submission is made pursuant to CFTC Reg. 40.2(d) by ICAP SEF (US) LLC (the "SEF").
2. The products certified by this submission are the following class of swaps: iBoxx TRS (Total Return Swaps) (the "Contract").
3. Attached as Attachment A is a copy of the Contract's rules.
4. The SEF intends to make this submission of the class certification of the Contract effective on the day following submission pursuant to CFTC Reg. 40.2(a)(2).
5. Attached as Attachment B is a certification from the SEF that the Contract complies with the Commodity Exchange Act and CFTC Regulations, and that the SEF has posted a notice of pending product certification and a copy of this submission on its website concurrent with the filing of this submission with the Commission.
6. As required by Commission Regulation 40.2(a), the following concise explanation and analysis demonstrates that the Contract complies with the core principles of the Commodity Exchange Act for swap execution facilities, and in particular Core Principle 3, which provides that a swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation, in accordance with the applicable guidelines in Appendix C to Part 38 of the Commission's Regulations for contracts settled by cash settlement.

The Contract

The Contract is a cash-settled total return swap that allows a party to speculate on, or hedge risks associated with, the corporate bond markets as represented by one of the broad-based security indices published by Markit Group Limited ("Markit") (the "iBoxx Index"). One party to the Contract (the "Buyer") makes payments based on a set rate, either fixed or variable, that is agreed to at the commencement of the Contract to the other party (the "Seller") in order to gain exposure to the securities comprising the relevant iBoxx Index without having to purchase all of the securities comprising the index. The Buyer pays the fixed rate and any depreciation of the iBoxx Index to the Seller and in return receives the "total return" of the iBoxx Index from the Seller, which includes all income generated by the securities comprising the index as well as any appreciation of the index itself. All of the essential terms of the Contract, other than the payments contingent on the total return of the index, are agreed at the Effective Date.

Appendix C to Part 38—Demonstration of Compliance That a Contract is Not Readily Susceptible to Manipulation

Section (c) Contracts Settled by Cash Settlement

- (1) Calculation of Cash Settlement Price. One leg of the Contract will pay a fixed or floating set rate that is established at the Effective Date (e.g., LIBOR + 2%) and which will remain unchanged throughout the life of the Contract, as well as any depreciation of the iBoxx Index. The other leg of the Contract will pay the "total return" of the iBoxx Index, which includes the income paid by the securities comprising the index and any appreciation of the index. The calculation of the appreciation/depreciation of the iBoxx Index, also known as the "index return amount," as well as the amount due to be paid based on the income generated by the securities comprising the index, is governed by a standard set of rules and calculation procedures published by Markit (the "Markit Rules").¹
- (2) Contract Not Readily Susceptible to Manipulation. The Contract is not readily susceptible to manipulation for a number of reasons. The set rate payments made under the Contract are based on terms that are fixed at the Effective Date and the contingent payments are made by reference to the iBoxx Index and pursuant to the Markit Rules. Each iBoxx Index itself is comprised of a broad basket of corporate securities that have a cash market of considerable depth and liquidity, making manipulation very difficult to achieve. Each iBoxx Index is widely followed by numerous market participants and basing total return swaps on the iBoxx Index has been a longstanding and widely accepted practice. Additionally, the method of calculating the cash settlement price is set by the standard Markit Rules, which are widely used and generally accepted by market participants. Accordingly, the Contract is not easily susceptible to manipulation or price distortion because the method of determining the cash settlement price is based on terms that are fixed at the Effective Date of the Contract, a reliable reference index and well-established rule-based calculation procedures.
- (3) Independent Third-Party Index. The reference index used to determine the exchange of cash flows under the Contract is Markit's iBoxx Index. The iBoxx Index is based on comprehensive, well-established and transparent rules that govern, among other things, the selection of corporate bonds included in the index, the rebalancing of the index, and the

¹ See Markit iBoxx Bond Index Calculus (March 2014), available at: [https://www.markit.com/assets/en/docs/products/data/indices/bond-indices/iboxx-rules/documentation/Markit iBoxx Bond Index Calculus.pdf](https://www.markit.com/assets/en/docs/products/data/indices/bond-indices/iboxx-rules/documentation/Markit%20iBoxx%20Bond%20Index%20Calculus.pdf); Markit iBoxx Pricing Rules (March 2013), available at: <https://www.markit.com/assets/en/docs/products/data/indices/bond-indices/iboxx-rules/documentation/Markit%20iBoxx%20Pricing%20Rules.pdf>.

calculation procedures and timing of the pricing of the index and bond income.² The iBoxx Index is widely accepted by market participants as a reliable index. The SEF believes that Markit is impartial, employs appropriate safeguards against manipulation to protect the value of the iBoxx Index, and uses business practices that minimize the opportunity or incentive to manipulate the reference index associated with the Contract's exchange of cash flows. Furthermore, the development and management of the iBoxx Index is rules-based, therefore making it difficult for individuals or entities to change the selection process of the securities and the calculation of amounts due under the Contract. The iBoxx Index is a broad-based index comprised of a broad category of corporate debt securities that further make the index not readily susceptible to manipulation. To the extent that the SEF's Market Regulation Department determines that there is reason to suspect manipulation or attempted manipulation with respect to the Contract that involves the iBoxx Index, it will so inform Markit and will seek to share information as necessary to investigate the potential manipulation or attempted manipulation.

(4) Contract Terms and Conditions. The essential terms and conditions of the Contract are attached as Attachment A.

- **Commodity Characteristics**. The terms and conditions of the Contract specify that the Contract is based on the securities that comprise the iBoxx Index.
- **Contract Size and Trading Unit**. The size of the Contract is consistent with customary transactions in the market.
- **Cash Settlement Procedure**. The cash settlement procedures and an explanation of how the Contract is not readily susceptible to manipulation are described above.
- **Pricing Basis and Minimum Price Fluctuation**. As agreed to between the parties.
- **Maximum Price Fluctuation Limits**. As agreed to between the parties.
- **Last Trading Day**. The last trading day for a Contract is the Maturity Date of the Contract, which is set by the counterparties.
- **Trading Months**. The Maturity Date of the Contract is agreed to between the parties and based on their risk management needs. The Maturity Date may be in any calendar month.
- **Speculative Limits**. None are currently required by the Commission. If and to the extent the Commission imposes speculative limits on the Contract, the limits imposed by the SEF will be the same.
- **Reportable Levels**. None are currently required by the Commission. If and to the extent the Commission imposes a reporting requirement based on reportable levels of the Contract imposed by the Commission, the reportable levels imposed by the SEF will be the same.
- **Trading Hours**. Trading hours are 07:00 – 16:00 (ET) Monday to Friday.

* * *

In addition to the foregoing, the SEF's predecessor brokers have experience executing trades in this Contract, and in their experience it is not readily susceptible to being manipulated. Furthermore, the SEF has adopted rules in its Rulebook prohibiting any Participant or Customer from engaging in manipulative trading activity and the SEF is required to, and will, monitor all trading on the SEF in

² See e.g., Markit iBoxx Rules – Liquid, available at: <https://www.markit.com/en/products/data/indices/bond-indices/iboxx/rules-liquid.page>.

order to identify any such manipulative activity. The SEF has authority to impose on its Participants and Customers fines and disciplinary sanctions in the event that such manipulative activity has occurred.

7. As required by Commission Regulation 40.2(d), the following demonstrates that the Contract qualifies for class certification:

(a) Each particular swap within the certified class of swaps is based upon an excluded commodity specified in Commission Regulation 40.2(d)(1). Specially, the excluded commodity for each is a "return" that is not based in substantial part on the value of a narrow group of commodities not described in section 1a(19)(i) of the Act.

(b) Each particular swap within the certified class is based upon an excluded commodity with an identical pricing source, formula, procedure and methodology for calculating reference prices and payment obligations. The pricing source is Markit, and the formula, procedure and methodology for calculating reference prices and payment obligations is in the Markit Rules cited in Attachment B.

(c) The pricing source, formula, procedure and methodology for calculating reference prices and payment obligations for each particular swap within the certified class of swaps is identical to the pricing source, formula, procedure and methodology for calculating reference prices and payment obligations for the iBoxx TRS swaps previously submitted to the Commission as ICAP-2014-P-11 in the certification attached as Attachment C.

(d) Each particular swap within the certified class of swap is based upon an excluded commodity involving an identical currency, *i.e.*, all swaps in the class are settled in U.S. dollars.

Attachment A

SEF Rule 802 (4)

Product Descriptions – iBoxx TRS

iBoxx TRS

Contract Specification	Details
Product Description	The Contract is a total return swap where one party (the “Buyer”) is obliged to pay a predetermined set rate, fixed or variable, to the other party (the “Seller”) in exchange for the notional-based return performance of any of the Markit iBoxx indices.
Quotation	As agreed to between the parties.
Units of Trading	Contract(s)
Expiration Date	Trading shall cease at the end of the last day of the contract designated settlement period.
Settlement Terms	Cash settled. a) Buyer (Payer): receives appreciation and income of the index; pays depreciation of, if any, the index; pays a fixed rate of interest of a rate of interest plus a differential on the underlying notional amount of the contract, as agreed to between the parties. b) Seller (Receiver): pays appreciation and income of the index; receives depreciation of, if any, the index; receives a fixed rate of interest or a rate of interest plus a differential on the underlying notional amount of the contract, as agreed to between the parties.
Minimum Price Fluctuation/Price Tick Size	As agreed to between the parties.
Settlement Price	The settlement price will be the price agreed at the commencement of the contract, measured in increments of the applicable minimum price fluctuation.
Contract Size	1 contract, incremental size is 1 contract.
Effective Date	As agreed to between the parties.
Maturity Date	The Maturity Date may also be referred to as the Termination Date or End Date; as agreed to between the parties.
Tenor	The duration of the time from the Effective Date to the Maturity Date; as agreed to between the parties.
Trade Types	Contracts can be traded as one of the following trade type: a) Outright b) Spread (calendar and/or between indices)
Last Trading Day	Trading terminates at the close of business on the last business day of each contract month.
Trading Months	All months.

Product Descriptions – iBoxx TRS

Contract Specification	Details
Trading Hours	07:00 – 16:00 (ET) Monday to Friday
Swap Leg Conventions	<ul style="list-style-type: none">a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annuallyb) Holiday Calendar: New York and Londonc) Business Day Convention: Modified Following.d) Business Days: If settlement is in GBP or EUR, London and TARGET2, and if USD, New York.d) Set Rate: The agreed rate of the product traded.
Speculative Limits	No speculative limits are currently required.
Reportable Levels	No reportable levels are currently applicable.

ATTACHMENT B – CERTIFICATION PURSUANT TO CFTC REGULATION 40.2

The undersigned hereby certifies that each product described in this submission complies with the Commodity Exchange Act and the CFTC Regulations thereunder, and that concurrent with the filing of this submission with the Commission, ICAP SEF (US) LLC will be posting on its website, prior to 8:00 a.m. on April 22, 2014, a copy of this submission and a notice of pending product certification of this product with the Commission.

ICAP SEF (US) LLC

A handwritten signature in black ink, appearing to read "Gregory Compa", with a long horizontal flourish extending to the right.

By: Gregory Compa

Title: Chief Compliance Officer

Date: April 21, 2014

Attachment C
ICAP-2014-P-11
iBoxx TRS

SUBMISSION COVER SHEET

Registered Entity Identifier Code: ICAP-2014-P-11 Date: 3/10/2014

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION

ICAP SEF (US) LLC

FILING AS A: DCM SEF DCO SDR ECM/SPDC

TYPE OF FILING

• **Rules and Rule Amendments**

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

• **Products**

- Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

SEF Rule 805 (13)(b)

DESCRIPTION

Total Return Swaps – iBoxx TRS

NOTICE OF LISTING OF PRODUCTS BY ICAP SEF (US) LLC FOR TRADING BY CERTIFICATION

1. This submission is made pursuant to CFTC Reg. 40.2 by ICAP SEF (US) LLC (the "SEF").
2. The products certified by this submission are the following Total Return Swaps: iBoxx TRS (the "Contract").
3. Attached as Attachment A is a copy of the Contract's rules.
4. The SEF intends to make this submission of the certification of the Contract effective on the day following submission pursuant to CFTC Reg. 40.2(a)(2).
5. Attached as Attachment B is a certification from the SEF that the Contract complies with the Commodity Exchange Act and CFTC Regulations, and that the SEF has posted a notice of pending product certification and a copy of this submission on its website concurrent with the filing of this submission with the Commission.
6. As required by Commission Regulation 40.2(a), the following concise explanation and analysis demonstrates that the Contract complies with the core principles of the Commodity Exchange Act for swap execution facilities, and in particular Core Principle 3, which provides that a swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation, in accordance with the applicable guidelines in Appendix C to Part 38 of the Commission's Regulations for contracts settled by cash settlement and options thereon.

The Contract

The Contract is a cash-settled total return swap that allows a party to speculate on, or hedge risks associated with, the corporate bond markets as represented by one of the broad-based security indices published by Markit Group Limited ("Markit") and listed on Attachment A (the "iBoxx Index"). One party to the Contract (the "Buyer") makes payments based on a set rate, either fixed or variable, that is agreed to at the commencement of the Contract to the other party (the "Seller") in order to gain exposure to the securities comprising the relevant iBoxx Index without having to purchase all of the securities comprising the index. The Buyer pays the fixed rate and any depreciation of the iBoxx Index to the Seller and in return receives the "total return" of the iBoxx Index from the Seller, which includes all income generated by the securities comprising the index as well as any appreciation of the index itself. All of the essential terms of the Contract, other than the payments contingent on the total return of the index, are agreed at the Effective Date.

Appendix C to Part 38—Demonstration of Compliance That a Contract is Not Readily Susceptible to Manipulation

Section (c) Contracts Settled by Cash Settlement

- (1) Calculation of Cash Settlement Price. One leg of the Contract will pay a fixed or floating set rate that is established at the Effective Date (e.g., LIBOR + 2%) and which will remain unchanged throughout the life of the Contract, as well as any depreciation of the iBoxx Index. The other leg of the Contract will pay the "total return" of the iBoxx Index, which includes the income paid by the securities comprising the index and any appreciation of the index. The calculation of the appreciation/depreciation of the iBoxx Index, also known as the "index return amount," as well as the amount due to be paid based on the income generated by the securities comprising the index, is governed by a standard set of rules and calculation procedures published by Markit (the "Markit Rules").¹
- (2) Contract Not Readily Susceptible to Manipulation. The Contract is not readily susceptible to manipulation for a number of reasons. The set rate payments made under the Contract are based on terms that are fixed at the Effective Date and the contingent payments are made by reference to the iBoxx Index and pursuant to the Markit Rules. The iBoxx Index itself is comprised of a broad basket of corporate securities that have a cash market of considerable depth and liquidity, making manipulation very difficult to achieve. The iBoxx Index is widely followed by numerous market participants and basing total return swaps on the iBoxx Index has been a longstanding and widely accepted practice. Additionally, the method of calculating the cash settlement price is set by the standard Markit Rules, which are widely used and generally accepted by market participants. Accordingly, the Contract is not easily susceptible to manipulation or price distortion because the method of determining the cash settlement price is based on terms that are fixed at the Effective Date of the Contract, a reliable reference index and well-established rule-based calculation procedures.
- (3) Independent Third-Party Index. The reference index used to determine the exchange of cash flows under the Contract is Markit's iBoxx Index. The iBoxx Index is based on comprehensive, well-established and transparent rules that govern, among other things, the selection of corporate bonds included in the index, the rebalancing of the index and the

¹ See Markit iBoxx Bond Index Calculus (March 2014), available at: https://www.markit.com/assets/en/docs/products/data/indices/bond-indices/iboxx-rules/documentation/Markit_iBoxx_Bond_Index_Calculus.pdf; Markit iBoxx Pricing Rules (March 2013), available at: <https://www.markit.com/assets/en/docs/products/data/indices/bond-indices/iboxx-rules/documentation/Markit%20iBoxx%20Pricing%20Rules.pdf>.

calculation procedures and timing of the pricing of the index and bond income.² The iBoxx Index is widely accepted by market participants as a reliable index. The SEF believes that Markit is impartial, employs appropriate safeguards against manipulation to protect the value of the iBoxx Index, and uses business practices that minimize the opportunity or incentive to manipulate the reference index associated with the Contract's exchange of cash flows. Furthermore, the development and management of the iBoxx Index is rules-based, therefore making it difficult for individuals or entities to change the selection process of the securities and the calculation of amounts due under the Contract. The iBoxx Index is a broad-based index comprised of a broad category of corporate debt securities that further make the index not readily susceptible to manipulation. To the extent that the SEF's Market Regulation Department determines that there is reason to suspect manipulation or attempted manipulation with respect to the Contract that involves the iBoxx Index, it will so inform Markit and will seek to share information as necessary to investigate the potential manipulation or attempted manipulation.

(4) Contract Terms and Conditions. The essential terms and conditions of the Contract are attached as Attachment A.

- **Commodity Characteristics.** The terms and conditions of the Contract specify that the Contract is based on the securities that comprise the iBoxx Index.
- **Contract Size and Trading Unit.** The size of the Contract is consistent with customary transactions in the market.
- **Cash Settlement Procedure.** The cash settlement procedures and an explanation of how the Contract is not readily susceptible to manipulation are described above.
- **Pricing Basis and Minimum Price Fluctuation.** As agreed to between the parties.
- **Maximum Price Fluctuation Limits.** As agreed to between the parties.
- **Last Trading Day.** The last trading day for a Contract is the Maturity Date of the Contract, which is set by the counterparties.
- **Trading Months.** The Maturity Date of the Contract is agreed to between the parties and based on their risk management needs. The Maturity Date may be in any calendar month.
- **Speculative Limits.** None are currently required by the Commission. If and to the extent the Commission imposes speculative limits on the Contract, the limits imposed by the SEF will be the same.
- **Reportable Levels.** None are currently required by the Commission. If and to the extent the Commission imposes a reporting requirement based on reportable levels of the Contract imposed by the Commission, the reportable levels imposed by the SEF will be the same.
- **Trading Hours.** Trading hours are 07:00 – 16:00 (ET) Monday to Friday.

* * *

In addition to the foregoing, the SEF's predecessor brokers have experience executing trades in this Contract, and in their experience it is not readily susceptible to being manipulated. Furthermore, the SEF has adopted rules in its Rulebook prohibiting any Participant or Customer from engaging in manipulative trading activity and the SEF is required to, and will, monitor all trading on the SEF in

² See Markit iBoxx Rules – Liquid, available at: <https://www.markit.com/en/products/data/indices/bond-indices/iboxx/rules-liquid.page>.

order to identify any such manipulative activity. The SEF has authority to impose on its Participants and Customers fines and disciplinary sanctions in the event that such manipulative activity has occurred.

Attachment A

SEF Rule 805 (13)(b)

Product Descriptions – iBoxx TRS

iBoxx TRS

Contract Specification	Details
Product Description	<p>The Contract is a total return swap where one party (the "Buyer") is obliged to pay a predetermined set rate, fixed or variable, to the other party (the "Seller") in exchange for the notional-based return performance of one of the following indices:</p> <ul style="list-style-type: none">Markit iBoxx EUR CorporatesMarkit iBoxx EUR Liquid HYMarkit iBoxx GBP CorporatesMarkit iBoxx USD Domestic CorporatesMarkit iBoxx USD Liquid HY
Quotation	As agreed to between the parties.
Units of Trading	Contract(s)
Expiration Date	Trading shall cease at the end of the last day of the contract designated settlement period.
Settlement Terms	<p>Cash settled.</p> <p>a) Buyer (Payer): receives appreciation and income of the index; pays depreciation of, if any, the index; pays a fixed rate of interest of a rate of interest plus a differential on the underlying notional amount of the contract, as agreed to between the parties.</p> <p>b) Seller (Receiver): pays appreciation and income of the index; receives depreciation of, if any, the index; receives a fixed rate of interest or a rate of interest plus a differential on the underlying notional amount of the contract, as agreed to between the parties.</p>
Minimum Price Fluctuation/Price Tick Size	As agreed to between the parties.
Settlement Price	The settlement price will be the price agreed at the commencement of the contract, measured in increments of the applicable minimum price fluctuation.
Contract Size	1 contract, incremental size is 1 contract.
Effective Date	As agreed to between the parties.
Maturity Date	The Maturity Date may also be referred to as the Termination Date or End Date; as agreed to between the parties.
Tenor	The duration of the time from the Effective Date to the Maturity Date; as agreed to between the parties.
Trade Types	<p>Contracts can be traded as one of the following trade type:</p> <ul style="list-style-type: none">a) Outrightb) Spread (calendar and/or between indices)

Product Descriptions – iBoxx TRS

Contract Specification

Details

Last Trading Day	Trading terminates at the close of business on the last business day of each contract month.
Trading Months	All months.
Trading Hours	07:00 – 16:00 (ET) Monday to Friday
Swap Leg Conventions	<ul style="list-style-type: none">a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annuallyb) Holiday Calendar: New York and Londonc) Business Day Convention: Modified Following.d) Business Days: If settlement is in GBP or EUR, London and TARGET2, and if USD, New York.d) Set Rate: The agreed rate of the product traded.
Speculative Limits	No speculative limits are currently required.
Reportable Levels	No reportable levels are currently applicable.

ATTACHMENT B – CERTIFICATION PURSUANT TO CFTC REGULATION 40.2

The undersigned hereby certifies that each product described in this submission complies with the Commodity Exchange Act and the CFTC Regulations thereunder, and that concurrent with the filing of this submission with the Commission, ICAP SEF (US) LLC will be posting on its website, prior to 8:00 a.m. on March 11, 2014, a copy of this submission and a notice of pending product certification of this product with the Commission.

ICAP SEF (US) LLC

A handwritten signature in black ink, appearing to read 'Gregory Compa', is written over a horizontal line.

By: Gregory Compa
Title: Chief Compliance Officer
Date: March 10, 2014