

# SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) 2013-10R Date: August 30, 2013

**IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.**

(Confidential treatment requested for Exhibit 2 only)

**ORGANIZATION** trueEX LLC

**FILING AS A:**  DCM  SEF  DCO  SDR  ECM/SPDC

**TYPE OF FILING**

**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**

**RULE NUMBERS**

See attached letter.

**DESCRIPTION**

**DESCRIPTION**

See attached letter. This is a resubmission of 2013-10 due to formatting issues of hyperlinks in Exhibit 1 in the original submission.

August 30, 2013

**Via E-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: trueEX LLC Rule Amendment Self-Certification of Certain Rules, including Updated Table of Amendments/Revisions to Rulebook (trueEX LLC submission #2013-10R)**

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, (the "Act") and Commission Regulation 40.6(a), trueEX, LLC ("trueEX" or the "Exchange") hereby submits to the Commodity Futures Trading Commission (the "Commission") certain amendments to the trueEX Rulebook summarized below. These Amendments will be effective on September 13, 2013. This is a resubmission of trueEX submission 2013-10 due to formatting issues with hyperlinks in Exhibit 1.

**Summary of Amendments**

|   |   |
|---|---|
| <ul style="list-style-type: none"><li>• <b>Updated Table of Amendments/Revisions to Rulebook</b> - reflecting changes below</li></ul>   |   |
| <ul style="list-style-type: none"><li>• <b>Rule 101</b> – amended definitions of Authorized Representative, CTI, and User ID, revised regulation citation of Major Swap Participant</li></ul> | Clarification; correction of typos                    |
| <ul style="list-style-type: none"><li>• <b>Rule 302</b> – removed reference to "account" as a defined term</li></ul>  | Clarification   |
| <ul style="list-style-type: none"><li>• <b>Rule 304(e)</b> – added language re: risk limits for direct access customers</li></ul>   | Core Principle 11, CFTC Regulation 38.607             |
| <ul style="list-style-type: none"><li>• <b>Rule 306(c)(v)</b> – amended to add jurisdiction requirement for customers</li></ul>   | Core Principle 2, CFTC Regulation 38.151              |
| <ul style="list-style-type: none"><li>• <b>Rule 306(d)</b> - removed guarantee language</li></ul>   | Edit related to amendment of Rule 809 for consistency |
| <ul style="list-style-type: none"><li>• <b>Rule 306(e)</b> – amended language in (e)(iv), deleted (d)(x) and (d)(xi)</li></ul>  | Redundant requirements                                |

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|--|---|
| • <b>Rule 507</b> – removed language re exchange for related positions                           | Clarification; correction of typos                    |
| • <b>Rule 520</b> – removed reference to “account” as a defined term                             | Clarification   |
| • <b>Rule 528</b> – amended language (typo) and removed reference to “account” as a defined term | Clarification; correction of typos                    |
| • <b>Rule 534</b> – amended language to reference clearing arrangements of Clearing Firms        | Edit related to amendment of Rule 809 for consistency |
| • <b>Rule 538</b> – clarification regarding who can contact Control Desk                         | Clarification   |
| • <b>Rule 541</b> – amended (e) and added (k)  | Core Principle 11, CFTC Regulation 38.601             |
| • <b>Rule 542</b> – updated language re: SDR reporting of block trade                            | CFTC Regulation 43.5                                  |
| • <b>Rule 619</b> – removed reference to “account” as a defined term                             | Clarification   |
| • <b>Rule 809</b> – amended language regarding clearing acceptance                               | Core Principle 11, CFTC Regulation 38.601             |
| • <b>Rule 1002(d)(xi)(C)</b> – amended tick size   | CFTC Regulation 38.4                                  |

The individual rule changes are attached to this submission as Exhibit 1. A redline of these rule changes is attached as Exhibit 2. Please note that trueEX is seeking confidential treatment of Exhibit 2 and asks that you take appropriate steps to keep it confidential and restrict its distribution

trueEX certifies that these rules comply with the Act and the Commission’s regulations thereunder. trueEX’s analysis of the operation, purpose and effect of the proposed rule changes and their compliance with the Act, core principles and Commission’s regulations thereunder is included in the table above.

There were no substantive opposing views to these rule changes by the trueEX governing board or market participants. Furthermore, trueEX certifies that this certification has been concurrently posted on the Exchange’s Web site at <http://www.trueex.com/rules-and-notice>.

If you have questions regarding this submission, please contact me at (312) 320-8934 or by email at [fran@trueex.com](mailto:fran@trueex.com). Sincerely,



Fran Kenck  
Chief Regulatory Officer

cc: [dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov)  
Roger Smith – Attorney Advisor, DMO

# Exhibit 1

## Amendments/Revisions to Rulebook

| Effective Date    | Amendment(s) and/or Revision(s)  |
|-------------------|--|
| September 7, 2012 | Rulebook approved by the CFTC as part of trueEX DCM application  |
| March 11, 2013    | Added Chapter 10, Rule 1001 as self certification of Fixed for Floating Interest Rate Swaps  |
| April 8, 2013     | <ul style="list-style-type: none"> <li>• Amended Rule 404(a) re: Minimum Financial Requirements</li> <li>• Added Rule 410 re: Customer Funds and Securities</li> <li>• Removed date on cover of Rulebook</li> <li>• Added Table of Amendments/Revisions to Rulebook (after Table of Contents)</li> <li>• Amended Rule 541(a)(1) re: trade cancellations</li> </ul>   |
| May 1, 2013       | <ul style="list-style-type: none"> <li>• Added Rule 1002. Standard Coupon &amp; Standard Maturity (SCSM™) interest rate swaps</li> </ul>   |
| July 9, 2013      | <ul style="list-style-type: none"> <li>• Definitions – Deleted Customer Account, Added Designated Self Regulatory Organization, Amended Eligible Contract Participant, Amended footnote 1 relating to Public Participant</li> <li>• Amended Rule 209(d) Chief Regulatory Office (added language)</li> <li>• Amended Rule 306(e) – added (iv) and renumber subsequent subparagraphs.</li> <li>• Amended Rule 309 – deleted language</li> <li>• Amended 402(a) – deleted language, 402(a)(iv)-deleted language, 402(v)-added language</li> <li>• Rule 403(a)(ii) – added language</li> <li>• Rule 406 – added language</li> <li>• Rule 523(c)-corrected transposition error</li> <li>• Rule 529 – deleted language and footnote 2 from 529(b)(i). Deleted sections re: aggregation.</li> <li>• Rule 533 – deleted language</li> <li>• Rule 534 – amended language</li> <li>• Rule 537 – amended language</li> <li>• Rule 539(c) – amended language</li> <li>• Rule 541(b)(iii) – deleted language</li> <li>• Rule 545(a) – amended language</li> <li>• Rule 801– amended language</li> <li>• Rule 802– amended language</li> <li>• Rule 804– amended language</li> <li>• Rule 805 – deleted rule</li> <li>• Rule 806 – added Rule 806(a)(iii)</li> </ul> |

|                    |   |
|--------------------|---|
|                    | <ul style="list-style-type: none"> <li>• Rule 809 – added Rule 809(a), (b) and (c)</li> <li>• Rule 902 – amended language</li> <li>• Rule 904 – inserted new section (b) and renumbered</li> <li>• Rule 1002(d)(iii) – added 3 year tenor</li> <li>• Rule 1002(d)(ix)(C) – updated table</li> <li>• Schedule 1002 – added 3 year tenor</li> </ul>   |
| August 1, 2013     | <ul style="list-style-type: none"> <li>• Rule 101 – amended language</li> <li>• Rule 313 – amended language</li> <li>• Rule 402(a)(i) – amended language, Rule 402(a)(ii) – amended language</li> <li>• Rule 403 – amended language</li> <li>• Rule 529 – amended language</li> <li>• Rule 530 – amended language</li> <li>• Rule 531 – Deleted and reserved</li> <li>• Rule 532 – Deleted and reserved</li> <li>• Rule 805 – delete language</li> <li>• Rule 1001(o)(iii) – revise section reference, Rule 1001(t) – amended table</li> </ul>  |
| August 15, 2013    | <ul style="list-style-type: none"> <li>• Rule 1001(b) – revised Trading Hours</li> <li>• Rule 1002(b) – revised Trading Hours</li> </ul>  |
| September 13, 2013 | <ul style="list-style-type: none"> <li>• Rule 101 – amended definitions of Authorized Representative, CTI, and User ID, revised regulation citation of Major Swap Participant</li> <li>• Rule 302 – removed reference to “account” as a defined term</li> <li>• Rule 304(e) – added language re: risk limits for direct access customers</li> <li>• Rule 306(c)(v) – amended to add jurisdiction requirement for customers</li> <li>• Rule 306(d) - removed guarantee language</li> <li>• Rule 306(e) – amended language in (e)(iv), deleted (d)(x) and (d)(xi)</li> <li>• Rule 507 – removed language re exchange for related positions</li> <li>• Rule 520 – removed reference to “account” as a defined term</li> <li>• Rule 528 – amended language (typo) and removed reference to “account” as a defined term</li> <li>• Rule 534 – amended language to reference clearing arrangements of Clearing Firms</li> <li>• Rule 538 – clarification regarding who can contact Control Desk</li> <li>• Rule 541 – amended (e) and added (k)</li> <li>• Rule 542 – updated language re: SDR reporting of block trades</li> </ul> |

|  |   |
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|--|---|

**RULE 101. Definitions**

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“Authorized Representative” means any natural person who is an employee of a Participant or Clearing Firm authorized by that Participant or Clearing Firm to represent such entity in Exchange matters pursuant to Rule 310.

“CTI” means customer type indicator and has the meaning set forth in Rule 522(d).

“Major Swap Participant” shall have the meaning assigned in Section 1.3(hhh) of the CFTC’s Regulations.

“User ID” means the unique identifier used by the Exchange to identify each natural person that accesses the System.

...

**RULE 302 Participants**

Each Participant shall have the right to access electronically the Trading System, including the right to place Orders for each of its Proprietary Accounts and Customer accounts provided that such Participant is eligible for and has applied and received Trading Privileges.

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**RULE 304. Clearing Firms**

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(e) A Clearing Firm that is an FCM and has agreed to accept for clearing Transactions that are executed by a Participant trading on the Exchange for its own account shall use the risk controls provided by the Exchange to set risk limits for each such Customer or Participant, as applicable. A Clearing Firm shall not be required to use the risk controls provided by the Exchange to set risk limits for Customers, if the Transactions of such Customer are executed on the Exchange solely by a Participant on behalf of Customer.

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## **RULE 306 Applications**

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(c) *Applications for Participants:* Each Person applying to become a Participant shall:

(i) enter into an Exchange Participation Agreement with the Exchange;

(ii) become a Clearing Firm or establish a clearing relationship with a Clearing Firm;

(iii) ensure that the documentation required under 0 has been received by the Exchange;

(iv) if such Participant is organized or located outside of the United States, enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement; and

(v) if such Participant will effect transactions on the Exchange on behalf of its Customers, require that each such Customer submit to the Exchange's jurisdiction by agreement.

(d) *Applications for Authorized Traders, Authorized Broker:* Applications for Trading Privileges for Authorized Traders and Authorized Brokers must be authorized by a Participant .

(e) *Applications for Clearing Firms:* Any applicant desiring to become a Clearing Firm shall:

(i) submit to the Exchange a complete application form in the manner prescribed by the Exchange;

(ii) enter into a user license agreement with each relevant Clearing House, if applicable;

(iii) agree in writing to abide by the Rules of the Exchange and Applicable Law;

(iv) agree in writing that it shall fulfill its obligations set forth in Rule 809 with respect to every Order placed, and/or Transaction that is submitted to the Exchange (A) by a Participant or Customer for which the Clearing Firm is providing clearing services with respect to such Order or Transaction, and which (B) falls within the risk thresholds established by the Clearing Firm and submitted by the Clearing Firm to the Exchange with respect to such Participant or Customer, as applicable.

...

(viii) employ practices to monitor and enforce compliance with risk limits for Participants; and

(ix) provide such information and documentation as may be requested by the Exchange, and follow the procedures established by the Exchange. Additionally, any Clearing Firm organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement.

#### **RULE 507. Market Disruption Prohibited**

No Subject Person shall engage in any trading, practice, or conduct that violates bids or offers, or demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, or is, is of the character of, or is commonly known to the trade as, “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution), as described in Section 4c of the CEA. Disruptive trading practices shall include any Exchange Activity that (a) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, (b) consists of placing one or more Order with an intent to cancel such Order(s) prior to execution, (c) submitting or cancelling Orders with an intent to overload the Trading System, (d) submitting or cancelling bids or offers with an intent to delay another person’s execution of trades, or (e) submitting or cancelling multiple bids or offers to create an appearance of false market depth; provided, however, that these clauses (a) through (e) shall not apply to Block Trades.

#### **RULE 520 Simultaneous Buy And Sell Orders For Different Beneficial Owners**

(a) No Person shall enter through the Trading System into a pre-discussed transaction for illegal or improper purposes (including, without limitation, any conduct prohibited by Chapter 4 or Chapter 5 of these Rules) or knowingly assume on its own behalf or on behalf of a Customer account the opposite side of its own Order or its Customer’s Order (a “Cross Trade”), except (i) in the case of transactions effected pursuant to 0, (ii) where the Person is entering into both sides of a Customer Order on a non-discretionary basis, or (iii) the Person (A) has obtained prior written blanket or transaction specific consent has been obtained in respect of any relevant Customer; and (B) waits for a reasonable period of time, which shall be presumed to be not less than 5 seconds, after the initial Order is submitted before submitting the opposite side Order.

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#### **RULE 528. Average Price System**

(a) *Application of Average Prices.* A proprietary average price system (“APS”) developed by a Participant or Clearing Firm allows a Participant or Clearing Firm to confirm to Customers an average price when multiple execution prices are received on an Order or series of Orders for the same instrument. An Order or series of Orders executed for the same instrument during the same trading day at more than one price may be averaged pursuant to the APS only if each Order is for the same account or group of accounts and for the same instrument.

(b) *Requirements for APS Trades.* The requirements enumerated below must be met when applying the APS to transactions:

(i) The Customer must have requested average price reporting.

(ii) Each individual trade must be submitted to the Exchange at the executed price.

(iii) A Participant or Clearing Firm must compute and confirm the weighted mathematical average price, as set forth in Section (c).

(iv) A Participant or Clearing Firm must possess the records to support the calculations and allocations to Customer accounts and must maintain these records pursuant to CFTC Regulations.

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#### **RULE 534 Trading System Access Restrictions**

(b) All Participants permitted to connect to the Trading System, must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear Transactions for such Participant and its Customers, if applicable, pursuant to Rule 809. If the Participant’s Customer clears its Transactions through a Clearing Firm other than the Participant, the Customer must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear all Transactions effected by or through the Participant for that Customer.

#### **RULE 538. Control Desk**

(a) Customer Support.

(i) The control center of the Exchange ( the “Control Desk”) provides the Trading System customer support and problem management only to Clearing Firms and Participants.

(ii) In order to be eligible for Control Desk support, a Supervised Person must first be identified by the relevant Participant or Clearing Firm, as the case may be, as an authorized contact (“Authorized Contact”) with the Control Desk. The Control Desk provides customer support via a specified telephone number and during specified hours.

(iii) Control Desk employees may not always be available to assist Authorized Contacts.

(iv) Individuals other than Authorized Contacts and Persons with a User ID must contact a Participant’s or a Clearing Firm’s Authorized Contact to make support requests.

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#### **RULE 541 Trade Cancellations and Price Adjustments**

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(e) *Liability for Losses Resulting from Price Adjustments or Cancellations.*

(i) A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted; provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant’s failure to take reasonable actions to mitigate the loss.

(ii) A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the Clearing Firm through which the trade was submitted for clearing. Such party shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.

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(k) *Busting Trades That Have Not Been Accepted for Clearing.*

(i) The Board or a designee of the Board has the authority to bust any trade that is not accepted for clearing by either the relevant Clearing Firm or Clearing House after application of the Exchange’s policies and procedures on clearing certainty.

(ii) Notwithstanding anything to the contrary in this Rule 541, the Exchange’s policies and procedures on clearing certainty shall govern resolution of all issues involving trades that have been busted pursuant to Rule 541(k)(i). In

the event of any conflict or inconsistency between these Rules and the Exchange policies and procedures on clearing certainty, the policies and procedures on clearing certainty shall prevail solely with respect to trades that have been busted pursuant to Rule 541(k)(i).

**RULE 542 Block Trades**

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(a)

...

(vii) Block Trades must be reported to the Exchange in accordance with an approved reporting method. Block Trades reported to the Exchange will be reported to the SDR as soon as technologically practicable. The SDR will delay the public dissemination of swap transaction and pricing data relating to the Block Trade in accordance with the timeframe set forth in Part 43 of CFTC Regulation and Applicable Law.

**RULE 617 Rights and Responsibilities after Suspension or Termination**

When a Subject Person's Trading Privileges or ability to otherwise access the Trading System are suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a Subject Person of the relevant type, enter Orders into the Trading System and receive rates for fees, costs, and charges and deposit margin that are conditional on its status as a Subject Person of the relevant type) will apply during the period of the suspension, except for the right such Subject Person to assert claims against others as provided in the Rules. Any suspension does not affect the rights of creditors of the Subject Person under the Rules or relieve the Subject Person of its, his or her Obligations (including Obligations to perform under any Contract to which such Subject Person is a party, or Obligations to pay any Exchange fees, costs, or charges incurred during the suspension). The Exchange may discipline a suspended Subject Person under this Chapter 6 for any violation by such Subject Person of its Obligations or any provision of Applicable Law committed by such Subject Person before, during or after the suspension.

When a Subject Person's status as a Clearing Firm, Participant, Authorized Trader, Authorized Broker or other Supervised Person has been terminated, or when the Trading Privileges or ability to otherwise access the Trading System of a Subject Person have been terminated, (i) all of such Subject Person's related rights will terminate, except for the right of such Subject Person to assert claims against others, as provided in the Rules, and (ii) the status, Trading Privileges or ability to otherwise access the Exchange of such Subject Person may only be reinstated by such Subject Person applying for such status, Trading Privileges or ability to otherwise access the Exchange pursuant to 0. Any such termination will not affect the rights of creditors of such Subject Person under the Rules.

The Exchange will not consider the application of a terminated Subject Person if such Subject Person continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

In the event of the suspension or revocation of a Participant's or Authorized Broker's Trading Privileges or ability to otherwise access the Trading System, the Exchange shall seek to facilitate the transfer of any Customer accounts held by such Participant or Authorized Broker to other Participants or Authorized Brokers, as the case may be, with Trading Privileges or ability to otherwise access the Trading System (as applicable).

#### **RULE 809 Clearing Acceptance**

(a) Each Participant that desires to enter into Transactions for itself or on behalf of its Customers or each Customer of Participant that desires to enter into Transactions for itself through such Participant, as the case may be, must have clearing arrangements in place with a Clearing Firm that apply to such Transactions.

(b) Until such time as Clearing Firm or Exchange suspends or terminates the ability of Participant or Customer, as applicable, to enter into Transactions on the Platform as described in paragraph (c) below, each Clearing Firm shall accept for clearing all Transactions that satisfy the risk controls set by the Clearing Firm pursuant to the clearing arrangements between Clearing Firm and such Participant or Customer, as applicable, as of the time such Transaction was executed.

(c) A Clearing Firm or the Exchange may at any time modify Participant's or Customer's risk controls set on the Platform by utilizing the Platform interface to change the applicable settings within the Platform. Such modification will be effective upon receipt by the Exchange's server of the electronic message generated by such change and the Exchange will send an electronic message to Clearing Firm, confirming that such suspension or modification is effective, as soon as technologically practicable.

(d) With respect to Transactions given-up to other Clearing Firms, the Clearing Firm who has been designated by a Participant or Customer as the Clearing Firm through which such Transaction is intended to be cleared shall accept such Transaction for clearing, subject to the risk controls established for such Participant or Customer, until such time that the Clearing Firm to whom such Transaction is being given-up accepts the Transaction for clearing. If the Clearing Firm to whom such Transaction is being given-up does not accept the Transaction for clearing, the clearing obligations for the Transaction will remain with the Participant's or Customer's Clearing Firm, as applicable, that initially accepted such the Transaction for clearing.

**RULE 1002. Standard Coupon & Standard Maturity (SCSM™) Interest Rate Swap Contracts**

...

(d) Listing/Trading Conventions. The terms of a SCSM™ Swap are based on the criteria below.

...

(ix) Quoting convention.

(A) Outrights. An SCSM™ Swap will be quoted based on price, not yield, where 100 points equals par.

(B) Switches.

(1) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Minimum Price Increments.

| Tenor   | Minimum Price Increment (Outrights) |
|---------|-------------------------------------|
| 1 year  | .001 of a point                     |
| 2 year  | .002 of a point                     |
| 3 year  | .002 of a point                     |
| 5 year  | .005 of a point                     |
| 7 year  | .005 of a point                     |
| 10 year | .01 of a point                      |
| 15 year | .01 of a point                      |
| 20 year | .02 of a point                      |
| 30 year | .02 of a point                      |

Minimum price increments for Switches will be the Outright minimum price increment of the shorter tenor of the Switch as indicated in the table above.

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**EXHIBIT 2**

Redline of certain rulebook changes submitted August 30, 2013  
trueEX LLC submission #2013-10

**Confidential Treatment Requested by trueEX, LLC  
Pursuant to 17 CFR 145.9**