

# SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) 2013-18

Date: December 20, 2013

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

## ORGANIZATION

trueEX 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

Policies and Procedures related to Rule

## DESCRIPTION

Please see the attached letter and Exhibit 1 attached thereto.



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December 20, 2013

**Via E-Mail: [submissions@cftc.gov](mailto:submissions@cftc.gov)**

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: Policies and Procedures regarding Post-Trade Allocation of Bunched Orders and Related Rule Self-Certification. (trueEX LLC submission #2013-18).**

Dear Ms. Jurgens:

Pursuant to Commodity Futures Trading Commission (“CFTC”) Regulation 40.6(a), trueEX LLC (“trueEX” or the “Exchange”) self-certifies the Exchange policies and procedures (the “Policies and Procedures”) and Rule 548 regarding Bunched Orders and post-execution allocation of transactions to customer accounts included in the bunched order. Amended Table of Rulebook Amendments and Revisions and Rule 540 are attached as Exhibit 1 and the Policies and Procedures are attached as Exhibit 2. Please note that these Policies and Procedures will be made available separate from the trueEX rulebook on trueEX’s website.

Rule 548 and the Policies and Procedures will become effective on January 7, 2014. The Exchange certifies that Rule 548 and Policies and Procedures comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder, including, but not limited to CFTC Regulations 1.35, 1.73, SEF Core Principle 9 and CFTC Regulations 37.901, 38.10 and 45.3(e).

There were no substantive opposing views expressed by Board or committee members, members of the Exchange, or market participants that were not incorporated into Rule 548 and the Policies and Procedures. The Exchange certifies that this notice has been concurrently posted on the Exchange’s Website at <http://www.trueex.com/rules-and-notices>.

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

Sincerely,

A handwritten signature in cursive script that reads "Fran Kenck".

Fran Kenck

Chief Regulatory Officer/Chief Compliance Officer

cc: [dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov)  
[submissions@cftc.gov](mailto:submissions@cftc.gov)

# 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> <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> </ul> |

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|--------------------|--|
|                    | <ul style="list-style-type: none"> <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) vii</li> <li>• Rule 542 – updated language re: SDR reporting of block trades</li> <li>• Rule 619 – removed reference to “account” as a defined term</li> <li>• Rule 809 – amended language regarding clearing acceptance</li> <li>• Rule 1002(d)(xi)(C) – amended tick size</li> </ul> |
| September 20, 2013 | <ul style="list-style-type: none"> <li>• Rule 101 – revised rule citation of various defined terms; made distinction between DCM and SEF in certain defined terms; deleted definition of Contract Market, Trading System; added definition</li> </ul>  |

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|--------------------|--|
|                    | <p>of Chief Compliance Officer, DCM Trading System, Designated Contract Market, End-User Clearing Exception, End-User Transaction, Permitted Transaction, Platform, Required Transaction, SEF Trading System</p> <ul style="list-style-type: none"> <li>• Use of defined term Platform, DCM Trading System and SEF Trading System clarified throughout rulebook</li> <li>• Rule references updated throughout as a result of renumbering</li> <li>• Rule 203 – Amended to include reference to Chief Compliance Officer</li> <li>• Rule 209 – added rule regarding Chief Compliance Officer</li> <li>• Remainder of chapter 2 renumbered</li> <li>• Rule 214 – added references to Rule 214 to include Chief Compliance Officer</li> <li>• Rule 401 – Added ECP requirement to trade on SEF Trading System</li> <li>• Rule 529 – Amended language</li> <li>• Rule 530 – Amended language</li> <li>• Rule 531 – deleted rule</li> <li>• Rule 532 – deleted rule</li> <li>• Remainder of Chapter 5 renumbered</li> <li>• Rule 537 (formerly 539) – language amended to include Required Transactions. SEF Trading System functionality (RFQ)</li> <li>• Rule 538 – added Rule regarding Permitted Transactions</li> <li>• Rule 545 – added Rule regarding Confirmations</li> <li>• Rule 603 thru 607, 609, 610, 616, 617, 618, – added reference to Chief Compliance Officer</li> <li>• Rule 703 – added reference to DCM only</li> <li>• Rule 801 – amended rule to reference required clearing.</li> </ul> |
| September 25, 2013 | <ul style="list-style-type: none"> <li>• Rule 101 – amended definition</li> <li>• Rule 306(c) &amp; (e) – amended language</li> <li>• Rule 525 – amended language</li> <li>• Rule 539(b) – amended language</li> <li>• Rule 541 – amended language</li> <li>• Rule 802 – rule deleted</li> <li>• Rule 808 – rule deleted</li> <li>• Rule 809(b) – amended language</li> </ul>  |
| November 1, 2013   | <ul style="list-style-type: none"> <li>• Rule 304(d) – clarifying revisions</li> <li>• Rule 304(e) – rule added</li> </ul>   |
| November 4, 2013   | <ul style="list-style-type: none"> <li>• Rule 1001 – Included additional currencies and related attributes for each currency.</li> <li>• Schedules 1001 (a), (b) and (c) and Schedule 1002 moved from Rulebook to trueEX website</li> </ul>  |
| January 7, 2014    | <ul style="list-style-type: none"> <li>• Rule 101 – amended definitions of “Emergency” and “DCM Trading System”</li> <li>• Rule 201 – typographical correction</li> </ul>  |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>• Rule 214 – amendment to remove redundant language</li> <li>• Rule 304 – conforming amendment to account for the possibility of uncleared Transactions</li> <li>• Rule 306(e)(iv) – amendment to confirm to previously revised rule 809 (See September 13, 2013 amendments)</li> <li>• Rule 401 – amendment to remove redundant language</li> <li>• Rule 403 – amendment clarifying what information is subject to inspection by the Exchange</li> <li>• Rule 410 – clarifying amendment</li> <li>• Rule 507 – clarifying amendment</li> <li>• Rule 510 – rule deleted</li> <li>• Rule 513 – clarifying amendment</li> <li>• Rule 524 - clarifying amendment regarding crossing orders</li> <li>• Rule 525 – amending standard of care for handling of Customer Orders; clarifying amendment</li> <li>• Rule 537 – typographical correction; clarifying amendment</li> <li>• Rule 539 – consolidation of rule addressing order execution</li> <li>• Rule 540 – rule deleted and incorporated into rule 539; subsequent rules renumbered</li> <li>• Rule 601 – amendment clarifying liability for Supervised Persons</li> <li>• Rule 809(b) &amp; (d) – typographical correction; removing rule addressing clearing acceptance for give-ups</li> <li>• Rule 903 – clarifying amendment</li> <li>• Rule 904 – typographical correction</li> </ul> |
| <p><a href="#">January 7, 2014</a></p> | <ul style="list-style-type: none"> <li>• <a href="#">Rule 101 – added definition of “Bunched Order”</a></li> <li>• <a href="#">Added Rule 548 Orders Eligible for Post-Execution Allocation</a></li> </ul>  |

**RULE 101. Definitions**

“Bunched Order” is a single Order entered on the Platform on behalf of multiple Customers.

**RULE 548. Orders Eligible for Post-Execution Allocation**

(a) No Participant shall enter a Bunched Order unless at the time of entering such Bunched Order, such Participant:

- (i) (A) is within at least one of the categories of entities enumerated in CFTC Regulation 1.35(b)(5)(i); or

(B) has been granted written investment discretion with regard to the Customer accounts to which Participant will allocate the Transaction that results from such Bunched Order;

(ii) has an agreement in place with the Clearing Firm or Clearing Firms of such Customers on whose behalf the Bunch Order is being placed requiring Participant to screen the orders of its Customers for compliance with the risk-limits established by the relevant Clearing Firm of each such Customer pursuant to CFTC Regulation 1.73; and

(iii) has clearing arrangements in place with a Clearing Firm establishing an account for the clearing of Transactions resulting from Bunched Orders after it is executed but before it is allocated to the relevant Customer accounts.

(b) All Bunched Orders and Transactions resulting from Bunched Orders must be allocated and recorded in accordance with CFTC Regulation 1.35 and consistent with the principles of NFA's Interpretative Notice 9029 related to Compliance Rule 2-10 as amended from time to time, and as if its terms applied to swaps.

(c) Participants that are eligible to execute Bunched Orders pursuant to subsection (a) of this Rule shall identify the account established pursuant to paragraph (a)(iii) of this Rule as the account through which the resulting Transactions are intended to be cleared.

(d) Participants shall provide allocation instructions to the Clearing Firm that has agreed to accept the Bunched Order for clearing, and Clearing Firm shall affirm such allocation instructions as soon as practicable after the Bunched Order is filled, but in any event no later than 30 minutes prior to the relevant Clearing House's trade submission deadline for the business day the Bunched Order is executed.





*Post-Execution Allocation Protocols  
January 7, 2014*

*Capitalized terms in this policy that are not defined herein shall have the meaning assigned to them in the trueEX Rulebook (as amended from time to time).*

## Table of Contents

|          |   |          |
|----------|---|----------|
| <b>1</b> | <b>Post-Execution Allocation</b> .....                            | <b>3</b> |
| 1.1      | <b>SUMMARY</b> .....  | <b>3</b> |
| 1.2      | <b>PARTICIPANT ELIGIBILITY REQUIREMENTS</b> .....                 | <b>4</b> |
| 1.2.1    | REGULATORY REQUIREMENTS.....                                      | 4        |
| 1.2.2    | SUSPENSE ACCOUNT.....   | 4        |
| 1.3      | <b>EXECUTING BUNCHED ORDERS &amp; DIRECTING ALLOCATIONS</b> ..... | <b>4</b> |
| 1.3.1    | ENTRY OF BUNCHED ORDERS FOR POST-EXECUTION ALLOCATION.....        | 4        |
| 1.3.2    | BUNCHED ORDER ALLOCATION.....                                     | 54       |
| 1.4      | <b>POST-ALLOCATION PROCESSING PROCEDURES</b> .....                | <b>5</b> |
| 1.4.1    | REPORTING THE INITIAL TRANSACTION.....                            | 5        |
| 1.4.2    | REPORTING ALLOCATIONS.....  | 5        |

# 1 POST-EXECUTION ALLOCATION

## 1.1 SUMMARY

Participants may use trueEX's allocation tool offered through Portfolio Terminations and Compactions ("PTC") application (such tool, the "**PTC Allocation Tool**") to allocate either (i) a Transaction resulting from a Bunched Order executed on the trueEX Platform, or (ii) a swap transaction executed on an execution venue other than trueEX to the accounts of their Customers. Consistent with Applicable Law, Participants that are eligible to enter Bunched Orders and/or allocate Transactions are not required to identify each Customer's clearing account on the Bunched Order at the time of order entry giving such Participants the benefit of efficient execution and allocation of Transactions while complying with Applicable Law.

The Exchange has developed these Allocation Protocols ("**Allocation Protocols**") to describe the conditions under which Participants are eligible to and the Exchange's protocols for processing post-allocations of Bunched Orders.

These Allocation Protocols describe:

- (a) Participant eligibility requirements for entering Bunched Orders on the Platform;
- (b) using the PTC Allocation Tool to allocate Transactions that have been executed on or subject to the rules of the trueEX Platform or swap transactions that have not been executed on or subject to the rules of the trueEX Platform;
- (c) the process by which Participants may authorize their Clearing Firms to use the PTC Allocation Tool to direct post-execution allocation for Transactions executed on trueEX or swap transactions executed on an execution venue other than trueEX<sup>1</sup>; and
- (d) the Exchange's post-execution allocation Transaction processing procedures.

Capitalized terms not defined in these Allocation Protocols shall have the meaning given to them in the trueEX Rulebook. In the event of any conflict between

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<sup>1</sup> trueEX does not provide any representations or warranties, express or implied, with respect to the (a) regulatory treatment of Off-trueEX Transactions, (b) regulatory compliance or eligibility of the parties that execute Off-trueEX Transactions, or (c) Participants' or the relevant party's eligibility to allocate Off-trueEX Transactions on a post-execution basis using the PTC Allocation Tool. trueEX disclaims any and all liability for any loss, damage, cost or expense resulting from any parties' failure to comply with applicable regulations regarding post-execution allocation of Off-trueEX Transactions using the PTC Allocation Tool or the regulatory compliance or eligibility of the parties that have executed Off-trueEX Transactions. An "Off-trueEX Transaction" is a swap transaction that was not executed the trueEX Platform or pursuant to trueEX Rules.

the terms of these Allocation Protocols and the Rulebook, the terms of these Allocation Protocols shall govern.

## **1.2 PARTICIPANT ELIGIBILITY REQUIREMENTS**

### **1.2.1 REGULATORY REQUIREMENTS**

Participants are eligible to enter a Bunched Order on the Platform or instruct a Clearing Firm to allocate a Transaction to the accounts of its Customers using the PTC Allocation Tool if, prior to the Bunched Order entry or delivering allocation instructions to a Clearing Firm, as the case may be, Participant:

- (a) is at least one of the entities enumerated in CFTC Regulation 1.35(b)(5)(i); or
- (b) has been granted written investment discretion with regard to the Customer accounts to which Participant intends an allocation to be directed.

### **1.2.2 SUSPENSE ACCOUNT**

Participants that execute Bunched Orders must have established with a Clearing Firm (“**Initial Clearing Firm**”) an account dedicated to clearing Transactions that are intended to be allocated after execution (“**Suspense Account**”<sup>2</sup>). Participant must provide the Exchange with Suspense Account details that are necessary for the Exchange to onboard the Suspense Account to the Platform or as otherwise required by the Terms. [Under no circumstances may Participant establish a Suspense Account solely in the name of any Customer or Customers.

## **1.3 EXECUTING BUNCHED ORDERS & DIRECTING ALLOCATIONS**

### **1.3.1 ENTRY OF BUNCHED ORDERS FOR POST-EXECUTION ALLOCATION**

Eligible Participants may enter a Bunched Order on either the SEF Trading System or DCM Trading System, and in either case, must have (a) indicated their intent to allocate the resulting Transaction, and (b) identified the Suspense Account through which the resulting Transaction will be cleared prior to its allocation, in each case (a) and (b), at the time of Bunched Order entry.

Participants identify the Suspense Account to which Transactions resulting from Bunched Orders may be sent at the time of their account setup on trueEX, and may choose to indicate their intent to allocate as a default setting at the time of account setup. Regardless of whether Participants have indicated their intent to allocate as a default setting, Participants may always indicate their intent to allocate on an Order-by-Order basis at the time of Bunched Order entry.

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<sup>2</sup> Participants and Clearing Firms may refer to this account by another name such as holding account, headline account, allocation account, etc. For the purposes of these procedures, trueEX refers to such account as a Suspense Account.

### **1.3.2 BUNCHED ORDER ALLOCATION**

Eligible Participants may allocate Transactions executed on the SEF Trading System, the DCM Trading System or transactions executed elsewhere by utilizing the Exchange's PTC Allocation Tool offered on its SEF Trading System. Participants initiate the allocation process by delivering Transaction details and allocation instructions to their Initial Clearing Firm. Allocation instructions will divide the notional amount of the Transaction and allocate each resulting fraction to separate Customer clearing accounts (each such fraction, a "**Line Item**"), which may be a clearing account established at the Initial Clearing Firm or another FCM.

To execute the allocation instructions, the Initial Clearing Firm must upload the relevant file to the PTC Allocation Tool on the SEF Trading System, select the Participant on whose behalf allocations are being directed and confirm the allocation details when prompted. Once the Initial Clearing Firm confirms the details of the allocation on the PTC Allocation Tool, the SEF Trading System sends an electronic message containing the details of the allocation instructions to the relevant Clearing House. The Clearing House will return an electronic message indicating whether each fraction of the allocated Transaction is accepted or rejecting for clearing. The clearing status of each line item will be displayed in the user interface of both the Clearing Firm and Participant.

Subject to the terms of any agreement between Participant and Initial Clearing Firm providing for a shorter period of time, Participant must provide allocation instructions to Clearing Firm as soon as practicable after the entire transaction is executed, but in any event, no later than 30 minutes prior to the relevant Clearing House's trade submission deadline for the business day that the Transaction or swap transaction is executed. The failure of any portion of an allocated Transaction to be accepted for clearing or allocated in accordance with the allocation instructions delivered from Initial Clearing Firm will be governed exclusively by the clearing arrangements or other relevant documentation in place between Participant and the Initial Clearing Firm.

## **1.4 POST-ALLOCATION PROCESSING PROCEDURES**

### **1.4.1 REPORTING THE INITIAL TRANSACTION**

As soon as technologically practicable after execution of a Bunched Order, the Exchange will create a unique swap identifier ("**USI**") for the resulting Transaction, and report the primary economic terms ("**PET**") of the Transaction, including the USI of that Transaction to the SDR pursuant to CFTC Regulation. The Exchange will also transmit the unique swap identifier to the Participant and the counterparty to the Transaction promptly after its execution.

### **1.4.2 REPORTING ALLOCATIONS**

Pursuant to CFTC Regulation, a unique swap identifier must be created for each Line Item and required swap creation data of each Line Item must be reported

to the same SDR as the unallocated Transaction. The Exchange reports the data of the initial, unallocated Transaction resulting from a Bunched Order as required by applicable CFTC Regulation. The Exchange will not be responsible and disclaims all liability for reporting swap data related to the swaps that result from allocation instructions to an SDR or creating USIs for swaps that result from allocation instructions. The Exchange will endeavor to transmit the USI of any swap that results from allocation instructions if it receives the same from the relevant Clearing House. Each of the counterparties should independently review and verify all data associated with their Transactions and allocations.