

# SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: trueEX LLC

Organization Type: DCM

Registered Entity Identifier: 2015-03D

Submission Number: 1503-1912-2008-91

Submission Date: 03/19/15 12:20:08 PM

Submission Type: Rule - 40.6(a) Rule Certification

Submission Description: Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), trueEX LLC hereby submits to the U.S. Commodity Futures Trading Commission certain amendments to the trueEX Rulebook.

Rule Numbers: See attached letter.

March 19, 2015

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

Christopher J. Kirkpatrick  
 Secretary of the Commission  
 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 (trueEX LLC submission #2015-03D)**

Dear Mr. Kirkpatrick:

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 U.S. Commodity Futures Trading Commission (the “Commission”) certain amendments to the trueEX Rulebook summarized below.

Summary of Amendments

trueEX Rule	Nature of Amendment
<ul style="list-style-type: none"> <li>• Rule 101 – added definition of “Maturity Date” that correlates with Rule 1001(t)(iii).</li> <li>• Rule 101 – corrected rule reference for definition of “Material Relationship” to Core Principle 16(b)(2)(ii).</li> <li>• Rule 101 – added definition of “Request for Quote”.</li> <li>• Rule 101 – added definition of “Tenor” that correlates with Rule 1001(i).</li> </ul>	Drafting clarifications, corrections and/or deletion of unnecessary language, as noted.
<ul style="list-style-type: none"> <li>• Rule 203(b) – deleted as duplicative the provision that the Board shall approve the compensation of the CCO, which is already provided for in Rule 208(d)(ii)(B)</li> </ul>	Drafting clarifications, corrections and/or deletion of unnecessary language, as noted.
<ul style="list-style-type: none"> <li>• Rule 203(b) – deleted the provision that a vote of the majority of the Board is required to remove the CCO and added the provision in Rule 208(d)(ii)(B) that a majority vote of the Regulatory Oversight Committee is required to remove the CCO.</li> </ul>	Appendix B to Part 38, Guidance on, and Acceptable Practices in, Compliance with DCM Core Principle 16; SEF Core Principle 15 and CFTC Regulation 37.1501(c)(3)

<ul style="list-style-type: none"> <li>• Rule 208(d) – for ease of administration and to create consistency across the DCM and the SEF activities, language was added clarifying that the Regulatory Oversight Committee, and not the Board of Directors, oversees and supervises the Chief Compliance Officer and the Chief Regulatory Officer.</li> </ul>	<p>Appendix B to Part 38, Guidance on, and Acceptable Practices in, Compliance with DCM Core Principle 16; SEF Core Principle 15 and CFTC Regulation 37.1501(c)(2)</p>
<ul style="list-style-type: none"> <li>• Rule 209 – added provisions regarding the duties and responsibilities of the Chief Compliance Officer in accordance with CFTC Regulation 37.1501 and Core Principle 15.</li> </ul>	<p>SEF Core Principle 15 and CFTC Regulation 37.1501</p>
<ul style="list-style-type: none"> <li>• Rule 210(a) – added language clarifying that the Chief Regulatory Officer’s duties relate to the DCM and not the SEF.</li> </ul>	<p>Appendix B to Part 38, Guidance on, and Acceptable Practices in, Compliance with DCM Core Principle 16</p>
<ul style="list-style-type: none"> <li>• Rule 302(b) – added Rule 302(b) requiring Participants to promptly notify the Exchange in writing if it (or its customers for whom it accesses the Exchange) no longer qualifies as an Eligible Contract Participant pursuant to the requirements of Rule 302(a).</li> </ul>	<p>SEF Core Principle 7 and CFTC Regulation 37.703</p>
<ul style="list-style-type: none"> <li>• Rule 524(c)(ii) – because this Rule applies to anyone accessing the Exchange directly or indirectly, references to “Participant” were changed to “Person” to ensure this Rule applies to parties accessing the Exchange’s platform through indirect means.</li> </ul>	<p>CFTC Regulation 37.9</p>
<ul style="list-style-type: none"> <li>• Rule 524(c)(iii) – added clarifying language allowing Persons to engage in pre-execution communications for both Required and Permitted Transactions on the SEF Trading System.</li> </ul>	<p>CFTC Regulation 37.9</p>
<ul style="list-style-type: none"> <li>• Rule 524(c)(iv) – deleted as duplicative with Rule 546 (Written Record of the Terms of Transactions Executed on the Platform).</li> </ul>	<p>Drafting clarifications, corrections and/or deletion of unnecessary language, as noted.</p>

<ul style="list-style-type: none"> <li>• Rule 537(b) – added a provision limiting the liability of the Exchange in certain circumstances, which is standard industry practice and exhibits good business judgment.</li> </ul>	<p>Drafting clarification.</p>
<ul style="list-style-type: none"> <li>• Rule 539(c) – in accordance with CFTC Regulation 37.9(a)(2), language was added clarifying that execution of Required Transactions through the enumerated methods excludes Block Trades.</li> </ul>	<p>CFTC Regulation 37.9(a)(2)</p>
<ul style="list-style-type: none"> <li>• 541(g) – amended the no bust range for Interest Rate Swap, USD Semi Bond was as approved by the trueEX Trading Protocols Committee.</li> <li>• Rule 541(g) – language was added regarding the no bust range for Interest Rate Swap, USD MAC, which has been approved by the trueEX Trading Protocols Committee.</li> </ul>	<p>DCM Core Principle 2 and CFTC Regulation 38.157; SEF Core Principle 2 and CFTC Regulation 37.203(e)</p>
<ul style="list-style-type: none"> <li>• Rule 542(c) – an erroneous reference to the definition of Block Trade in CFTC Regulation 43.6 was deleted; the correct reference can be found in the Block Trade definition in Rule 101 (Definitions).</li> </ul>	<p>Drafting clarifications, corrections and/or deletion of unnecessary language, as noted.</p>
<ul style="list-style-type: none"> <li>• Rule 1001(t)(iii) – added language clarifying that for a Transaction that is terminating an existing Contract, the Maturity Date of the Contract shall be its remaining time to maturity and not the original Tenor of the Contract.</li> </ul>	<p>Drafting clarifications, corrections and/or deletion of unnecessary language, as noted.</p>

Each rule amendment summarized above is detailed in the redlined excerpts of the Exchange’s Rulebook attached as Exhibit A to this letter.

trueEX certifies that these rules amendments 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 expressed by the trueEX governing board or market participants to the rule amendments.

trueEX certifies that this certification has been concurrently posted on the Exchange’s Web Site at <http://www.trueex.com/rules-and-notice>. These amendments will be effective on April 2, 2015.

If you have questions regarding this notice, please contact me at (646) 787-8705 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 Compliance Officer/Chief Regulatory Officer

## Exhibit A

### Rule 101. Definitions

When used in this Rulebook the following terms shall have the respective meanings as follows:

“Maturity Date” has the meaning set forth in Rule 1001(h).

“Material Relationship”, with respect to a Director, has the meaning set forth in Appendix B to CFTC Part 38, Core Principle 16 ~~of section 5(d) of the CEA, §(b)(2)(ii).~~

“Request for Quote” or “RFQ” has the meaning set forth in Rule 539(b)(i).

“Tenor” has the meaning set forth in Rule 1001(i).

### Rule 203. Officers

~~(b) The Board shall approve the compensation of the Chief Compliance Officer and the vote of the majority of the Board is required to remove the Chief Compliance Officer.~~

The Exchange shall notify the CFTC of the appointment or removal of the Chief Compliance Officer within two Business Days of such appointment or removal.

### Rule 208. Regulatory Oversight Committee

(d) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority and responsibility to:

...

(ii) Oversee all facets of the regulatory program, including:

...

(B) Reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination (by majority vote in the case of the Chief Compliance Officer or Chief Regulatory Officer), and compensation of regulatory personnel, including the Chief Compliance Officer and the Chief Regulatory Officer;

(C) Supervising the Chief Compliance Officer and the Chief Regulatory Officer of the Exchange, each of whom will report directly to the Regulatory Oversight Committee;

### Rule 209. Chief Compliance Officer

(a) The Chief Compliance Officer shall report directly to, and shall be supervised by, the Board/Regulatory Oversight Committee. The Chief Compliance Officer shall meet with the Board at least annually and with the Regulatory Oversight Committee at least quarterly. The Chief Compliance Officer shall provide any information regarding the Exchange’s regulatory program that is requested by the Board or the Regulatory Oversight Committee.

(b) The Chief Compliance Officer shall have the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for Chief Compliance Officers under the applicable CFTC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff acting at the direction in furtherance of the Chief Compliance Officer's obligations.

(c) The Chief Compliance Officer's duties shall include:

(i) Overseeing and reviewing the compliance of the SEF Trading System with § 5h of the CEA and any CFTC Regulations;

(ii) In consultation with the Board or the senior officer of the Exchange, resolving any conflicts of interest that may arise, ~~and~~ including:

(A) Conflicts between business considerations and compliance requirements;

(B) Conflicts between business considerations and the requirement that the SEF provide fair, open and impartial access as set forth in CFTC Regulation § 37.202; ~~and~~

nd;

(C) Conflicts between the Exchange's management and members of the Board.

(iii) Establishing and administering written policies and procedures reasonably designed to prevent violation of the CEA and the CFTC Regulations;

(iv) Taking reasonable steps to ensure compliance with the CEA and the CFTC Regulations;

(v) Establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through compliance office reviews, look-backs, internal or external audit findings, self-reported errors, or validated complaints;

(vi) Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues;

(vii) Establishing and administering a compliance manual designed to promote compliance with the applicable laws, Rules and regulations and a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct;

(viii) Supervising the Exchange's self-regulatory program with respect to trade practice surveillance; market surveillance; real-time market monitoring; compliance with audit trail requirements; enforcement and disciplinary proceedings; audits, examinations and other regulatory responsibilities with respect to Subject Persons (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements);

(ix) Supervising the effectiveness and sufficiency of any regulatory services provided to the Exchange by a regulatory service provider in accordance with CFTC Regulation § 37.204;

(x) Preparing, signing and filing the annual compliance report of the SEF Trading System, which report shall, at a minimum, contain the following information covering the time period since the end of the period covered by the previously filed annual compliance report:

(A) A description of the written policies and procedures, including the code of ethics and conflict of interest policies for the SEF Trading System;

(B) A review the applicable CFTC Regulations and core principles of § 5h of the CEA, that, with respect to each, (1) identifies the policies and procedures that are designed to ensure compliance with such CFTC Regulations and core principles, (2) provides a self-assessment to the effectiveness of these policies and procedures, and (iii) discusses areas for improvement and recommends potential or prospective changes or improvements to its compliance program and resources;

(C) A list any material changes to such policies and procedures since the last annual compliance report;

(D) A description the financial, managerial, and operational resources set aside for compliance with respect to the CEA and CFTC Regulations, including a description of the Exchange's self-regulatory program's staffing and structure, a catalogue of investigations and disciplinary actions taken since the last annual compliance report, and a review of the performance of disciplinary committees and panels;

(E) A description of any material compliance matters, including noncompliance issues identified through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint, and an explanation of how they were resolved; and

(F) A certification by the Chief Compliance Officer that to the best of his or her knowledge and reasonable belief, and under penalty of law, the annual compliance report is accurate and complete.

(xi) Providing the annual compliance report to the Board for its review prior to submitting the report to the CFTC, and ensuring the submission of the report to the Board and any subsequent discussion of the report is recorded in the Board minutes as evidence of compliance;

(xii) Submitting the annual compliance report to the CFTC electronically no later than 60 calendar days after the end of the Exchange's fiscal year, concurrently with the filing of the fourth fiscal quarter financial report pursuant to CFTC Regulation § 37.1306; and

(xiii) Filing with the CFTC, promptly upon discovery of any material error or omission made in a previously filed annual compliance report, an amendment to correct the material error or omission, which amendment shall include a certification by the Chief Compliance Officer that to the best of his or her knowledge and reasonable belief, and under penalty of law, the annual compliance report, as amended, is accurate and complete.

~~Preparing and filing the annual compliance report of the SEF Trading System. Such report shall: (i) describe written policies and procedures, including the code of ethics and conflict of interest policies for the SEF Trading System; (ii) review the applicable CFTC Regulations and core principles of section 5h of the CEA, and with respect to each, identify the policies and procedures that are designed to ensure compliance with such CFTC Regulations and core principles, assess the effectiveness of such policy and/or procedure, and discuss any areas of improvement; (iii) list any material changes to such policies and procedures since the last annual report; (iv) describe the financial, managerial, and operational resources set aside for compliance; and (v) describe any material non-compliance issues.~~

**Rule 210. Chief Regulatory Officer**

(a) It shall be the duty of the Chief Regulatory Officer to enforce the Rules with respect to the DCM Trading System.



**Rule 302. Participants**

(b) A Participant must promptly notify the Exchange in writing if any of the statements in Rule 302(a) cease to be true for such Participant or if a Customer or Client of the Participant ceases to be an Eligible Contract Participant.

**Rule 524. Pre-arranged, Pre-Execution Communications and Non-competitive Trades Prohibited**

(c) Pre-arranged Trades and Pre-Execution Communications. A ~~Participant~~Person may engage in pre-execution communications or arrange the purchase or sale of a Contract, subject to the following conditions.

...

(ii) Permitted Transactions on the SEF Trading System. A ~~Participant~~Person may arrange with another ~~Person~~Participant for the execution of a Contract listed on the SEF Trading System, prior to submitting the details of such Contract to the SEF Trading System; provided that:

...

(iii) Required Transactions and Permitted Transactions on the SEF Trading System. A Person may engage in pre-execution communications, directly or indirectly, with one or more other Persons with regard to a RFQ for a Contract using the RFQ functionality of the SEF Trading System.

~~The Exchange shall generate and deliver to each Participant a written record of the details of the Contract that is executed subject to the Rule 524(e)(ii) as soon as technologically practicable after Contract details are verified on the SEF Trading System by the Participant responsible for verifying such details. The written record generated and delivered to the each Participant according to this Rule shall legally supersede any previous agreement between the parties regarding any of the details contained in such written record and shall serve as a confirmation of such details.~~

~~Each party to a Contract that is subject to this Rule 524(e) shall be responsible for ensuring that the execution of such Contract complies with Applicable Law.~~

**Rule 537. Limitation of Liability, No Warranties**

(b) UNLESS THE EXCHANGE OR A TRUEEX PARTY HAS BEEN FINALLY ADJUDICATED BY A COURT OF COMPETENT JURISDICTION TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, THE EXCHANGE'S AND ANY TRUEEX PARTY'S TOTAL COMBINED AGGREGATE LIABILITIES SHALL NOT EXCEED \$100,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS ON A SINGLE DAY; \$200,000 FOR ALL LOSSES SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$1,000,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS IN A SINGLE CALENDAR YEAR. IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY OR SINGLE MONTH CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE

LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD. IN NO EVENT SHALL THE TOTAL COMBINED AGGREGATE LIABILITY OF THE EXCHANGE AND ANY TRUEEX PARTY, FOR ALL CLAIMS ARISING OUT OF ANY FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS OR ANY OTHER CAUSES IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE EXCHANGE'S SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING THE SEF TRADING SYSTEM AND THE DCM TRADING SYSTEM, OR THE NEGLIGENCE OF THE EXCHANGE OR ANY TRUEEX PARTY, EXCEED \$1,000,000 IN ANY GIVEN CALENDAR YEAR.

**Rule 539. Execution of Orders**

(c) Execution on the Platform of a Required Transaction, other than a Block Trade executed pursuant to Rule 542, shall occur through one of the following methods:

- (i) a RFQ on the SEF Trading System in accordance with Rule 539(b)(ii);
- (ii) matching of an Order on the order book of the DCM Trading System or a customized order book on the SEF Trading System; or
- (iii) as otherwise permitted by Applicable Law and adopted as an acceptable execution method by the Exchange.

**Rule 541. Trade Cancellations and Price Adjustments**

(g) Exchange No Bust Ranges.

<b>Contract</b>	<b>No Bust Range</b>
Interest Rate Swap, <u>USD Semi Bond</u>	The price equivalent of <del>one five (51)</del> basis points from the determination of fair market value by the Board or a designee of the Board.
<u>Interest Rate Swap, USD MAC (Market Agreed Coupon)</u>	<u>The price equivalent of one (1) point (percent of par) to be equivalent with 1basis point for USD Semi Bond</u>

**Rule 542. Block Trades**

(c) A Participant shall not execute any order on behalf of its Customer or Client by means of a Block Trade unless such Participant has received prior written instruction or consent from its Customer or Client to execute Block Trades, on behalf of that Customer or Client. Such instruction or consent may be provided in the power of attorney or similar document by which the Client provides the Participant with discretionary trading authority or the authority to direct the trading in its account. A Participant shall not aggregate the orders of different Clients to satisfy the minimum threshold size unless such Participant is one of the persons for which aggregation is permissible pursuant to CFTC Regulation § 43.6(h).

**Rule 1001. Fixed for Floating Interest Rate Swap Contracts**

(iii) Terminations. When executing a Transaction that is terminating an existing Contract, the Maturity Date of the Contract shall be its remaining time to maturity and not the original Tenor of the Contract.