

# SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: trueEX LLC

Organization Type: SEF

Registered Entity Identifier: 2016-03S

Submission Number: 1606-1402-5946-34

Submission Date: 06/14/16 02:59:46 AM

Submission Type: Rule - 40.6(a) Rule Certification

Submission Description:

This is an EMERGENCY RULE CERTIFICATION to incorporate the reference to CFTC no-action letter 16-58 and the new expiration date, and to remove reference to CFTC no-action letter 15-24 and its June 15, 2016 expiration.

Rule Numbers: 541 There is no option for an emergency rule certification. The intended effective date is June 16, 2016 as allowed per CFTC Regulation 40.6(a)(6). The intended effective date is NOT June 28, 2016

June 14, 2016

**Submission via CFTC Web Portal**

Christopher J. Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: Emergency Rule Certification Pursuant to Regulation 40.6(a)(6)  
(trueEX LLC Submission #2016-03S)**

Dear Mr. Kirkpatrick:

trueEX LLC (the “trueEX”) is submitting this rulebook certification to amend trueEX Rule 541 as a result of the No-Action Letter (“NAL”) 16-58 issued by the Commodity Futures Trading Commission (“CFTC”) to extend relief granted with respect to the correction of clerical, administrative or operational errors. NAL 16-58 was issued on June 10, 2016 and replaces NAL 15-24 expiring at 11:59 p.m. on June 15, 2016. Because the timing of the issuance of NAL 16-58 and the expiration of NAL 15-24 imposes a limitation of implementing these rule changes under a 10 business day self-certification, trueEX is submitting this rulebook amendment as an Emergency Rule Certification pursuant to CFTC Regulation 40.6(a)(6). The amendment to trueEX Rule 541 is detailed in Exhibit A attached to this letter.

trueEX certifies that this rule amendment complies 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 described above.

There are no substantive opposing views to these rule amendments expressed 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>. This amendment will be effective on June 16, 2016.

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,



Fran Kenck  
Chief Regulatory Officer  
Chief Compliance Officer

## EXHIBIT A

### RULE 541. Trade Errors, Corrections and Cancellations

#### (a) Authority Over Trade Corrections and Cancellations

(i) The CCO, CRO or Chief Operating Officer of the Exchange is authorized by the Board (“Authorized Person”) to approve the cancellation of and/or the correction of Transactions if rejected for clearing by the applicable Clearing House (“Rejected Trades”) or if an error is reported to the Exchange after a trade has cleared (“Error Trades”). As provided for in CFTC No-Action Letter ~~15-2416-58~~ expiring the earlier of 11:59 pm (Eastern Time) June 15, 2017 or the effective date of revised Commission regulations that establish a permanent solution to addressing clerical or operational errors, on June 15, 2016, the Authorized Person may approve the cancellation and/or correction for Rejected Trades and Error Trades for certain clerical or operational errors made by a Participant or Direct Access Customer, or by the Exchange, including Platform malfunction or defects.

(ii) The Exchange must make an affirmative finding that a clerical or operational error of the type described in CFTC No-Action Letter ~~15-2416-58~~ occurred in order for the Transaction to be eligible for cancellation and/or correction pursuant to the terms of CFTC No-Action Letter ~~15-2416-58~~.

(iii) Notwithstanding any other provisions of this Rule 541, the Authorized Person may approve the cancellation and/or correction of any Error Trade or elect not to cancel an Error Trade if it determines such action is necessary to mitigate market disrupting events or otherwise has a material, adverse effect on the integrity of the market or the Exchange.

(iv) All decisions of the Authorized Person under this Rule 541 shall be final.

(b) Rejected Trades. All Rejected Trades will be void ab initio and will be canceled by the Exchange. However, pursuant to the terms of No-Action Letter ~~15-2416-58~~, any Rejected Trade that fails to clear due to certain clerical or operational errors made by a Participant or Direct Access Customer or by the Exchange, including Platform malfunction or defects; or is part a Package Transaction in which individual legs fail to clear for insufficient credit due to the sequencing of the submission of the legs for clearing, is eligible for correction. Rejected Trades may be corrected by executing a pre-arranged trade with the terms and conditions that match the original trade, corrected for the error that caused the rejection (“New Trade”), provided the following conditions are met:

(i) If the Exchange is able to determine how to correct the error, it will do so without obtaining consent from the counterparties.

(ii) If the Exchange is unable to determine how to correct an error, it will seek guidance from the counterparties and implement such guidance with the consent of both counterparties, or elect not to fix the error.

(iii) The New Trade must be executed and submitted for clearing as soon as technologically practicable after receipt of notice of the Rejected Trade, but in any event no later than one hour from receipt of the rejection notice. The Exchange will facilitate the execution of the New Trade on the DCM Trading System to preserve the anonymity of the parties. Execution of the New Trade on the SEF Trading System will be either by the counterparties or the Exchange, as agreed.

(iv) If the New Trade is also rejected for clearing, it is void ab initio and the parties will not be provided a second opportunity to correct the error.

(v) The Exchange will submit to the SDR as soon as technologically practicable upon cancellation of the Rejected Trade a cancellation and termination indicating that the Rejected Trade is void ab initio, and the New Trade as required under Parts 43 and 45 of the CFTC Regulations.

(c) Error Trades. Pursuant to CFTC No-Action Letter [15-2416-58](#), an Error Trade is eligible to be corrected by executing a pre-arranged trade between the original parties to the Error Trade that reverses the Error Trade (“Offset Trade”) and executing a New Trade.

(i) Error Types. For the purposes of this Rule, Error Trades consist of three types:

(A) Clerical or operational error (non-economic) caused by one of the counterparties.

(B) Clerical or operational error (economic) caused by one of the counterparties.

(C) Clerical or operational error, including Platform malfunction caused by the Exchange.

(ii) Cancellation/Correction Eligibility.

(A) An Error Trade that contains a clerical or operational error made by one of the counterparties that does not impact the economic terms of the Transaction, including incorrect account identification or incorrect Clearing Firm, may be corrected by executing an Offset Trade and a New Trade. The Exchange does not require consent of both parties in order to correct the Error Trade.

(B) An Error Trade that contains a clerical or operational error made by one of the counterparties to the Transaction that impacts the economic terms of the Transaction will not be cancelled. For the purposes of this rule, errors that impact the economic terms of the Transaction are deemed to be notional amount, tenor, and price/rate on the DCM Trading System, and all terms that are identified in Chapter 10 of this Rulebook for the applicable Contract on the SEF Trading System. Provided, however, that if the counterparty that is not responsible for the error consents to cancellation of the Error Trade, an Offset Trade may be executed to reverse the transaction. A New Trade with corrected terms may be executed only if mutually agreed by both parties.

(C) A Transaction that is executed as a result of Platform malfunction or any clerical or operational error caused by the Exchange is deemed to be an Error Trade and may be canceled by means of an Offset Trade. If the error has no economic impact and the Exchange is able to determine how to correct the error, the Exchange may correct the error without consent from the counterparties by executing a New Trade. If the error has an economic impact, both counterparties must consent if they wish the Transaction to stand as executed or if they wish to execute a New Trade to correct the error.

Notwithstanding the foregoing provisions of (A), (B), and (C) above, an Error Trade may also be canceled and/or corrected directly by the Clearing House if permitted by the relevant Clearing House.

(iii) Any action to cancel and/or to correct an Error Trade shall be made no later than three business days after the Error Trade was executed.

(iv) The Exchange will submit to the SDR as soon as technologically practicable upon execution the Offset Trade and the New Trade as required under Parts 43 and 45 of the CFTC Regulations.

(d) Notification and Review

(i) Rejected Trades. Immediately upon receipt of notification of rejection directly from the Clearing House, the Exchange will notify both counterparties to the trade immediately upon receipt of the rejection. If eligible for correction and resubmission, the process described in 541(b) above will be followed.

(ii) Error Trades.

(A) Errors due to Platform malfunction or other error caused by the Exchange, the Exchange will notify the counterparties immediately upon the discovery of such error.

(B) DCM Trading System. If an Error Trade is due to an error by one of the counterparties to the Transaction and is related to an error in notional amount, tenor or price/rate of a Transaction executed on the DCM Trading System, the Exchange must be notified within 30 minutes of the time of execution. Notification can be made by either of the counterparties or by their respective Clearing Firms.

(C) Any other error discovered by the counterparties must be communicated to the Exchange within a reasonable time after discovery of such error, but in any event must be made timely to allow for cancellation and/or correction of the Error Trade within the three business day timeframe allowed by CFTC No-Action Letter [15-2416-58](#).

(e) Execution Methods. As provided for in CFTC No-Action Letter [15-2416-58](#), an Offset Trade or New Trade that that is executed to cancel and/or correct a Rejected Trader or Error Trade, are allowed to be executed without being executed pursuant to the methods set forth in Commission Regulations 37.9(a)(2) and 38.500.

(f) Liability For Cancelled or Corrected Trades

(i) The Exchange shall not be liable for any costs, loss, damage, expense or fees related to Rejected Trades, Offset Trades and New Trades executed pursuant to this Rule 541 that result from errors not caused by the Exchange.

(ii) The Exchange does not require breakage agreements as a condition of trading on its Platform and expressly prohibits all Persons from requiring breakage agreements with other Persons as a condition of trading with each other on the Platform.