

SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: trueEX LLC

Organization Type: SEF

Registered Entity Identifier: 2016-05S

Submission Number: 1608-2218-2718-33

Submission Date: 08/22/16 06:27:18 PM

Submission Type: Product Terms and Conditions - 40.6(a) Rule Certification

Submission Description: addition of 9 and 12 year tenor for MAC swaps

Official Name(s) of Product(s) Affected: Interest Rate Swaps - Market Agreed Coupon (MAC)

August 22, 2016

Via E-Mail: 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 Product Certification (trueEX LLC submission #2016-05S)

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”) this amendment to product terms and conditions as indicated below:

trueEX is amending Rule 1002(d) by adding 9 and 12 year tenors as listed tenors available for trading for MAC Swaps. Exhibit 1 contains the redlined amendment to Rule 1002.

trueEX certifies that this amendments complies with the Act and the Commission’s regulations thereunder. trueEX’s analysis of the operation, purpose and effect of the proposed rule change and its compliance with the Act, core principles and Commission’s regulations thereunder is included as Exhibit 2. 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-notices>. These amendments will be effective on September 6, 2016.

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

Sincerely,



Fran Kenck
Chief Compliance Officer/Chief Regulatory Officer

EXHIBIT 1

RULE 1002. Market Agreed Coupon (“MAC”) Interest Rate Swap Contracts

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

(i) Series. The Exchange will list four MAC Swap Series each year on a quarterly cycle, in connection with quarterly International Monetary Market (IMM) dates, in March, June, September and December. Each Series will be identified by the month and year of their applicable IMM start date.

Prior to December 2014:

(A) On-the-Run. The two most current Series will be listed concurrently for trading at any one time.

(B) Off-the-Run. After the Last Trading Day of an On-the-Run MAC Swap Series, the Series will be listed as Off-the-Run for one year after its Last Trading Day as an On-the-Run Swap. Transactions in Other Tenors (with the exception of Block Trades), are executed through the System’s Off-the-Run trading functionality. All such trades will be subject to the requirements of Exchange Rule 524(c).

From December 2014: Two Series will be available at any point in time, with a third Series being added in the month of the most current IMM date, as follows:

(A) Nearby and Second Series. The two most immediate (Nearby and Second) Series will be available concurrently for trading at any one time. Provided these swaps meet other made available to trade criteria, transactions in the Nearby and Second Series will represent Required Transactions.

(B) Third Series. The Exchange will list a Third Series in the month of the most current IMM date (for example, in October and November, the December and March Series will be available as the Nearby and Second Series, respectively. In December, the June Series will be listed as the Third Series concurrently with the December and March Series).

(ii) Tenor. The duration of time from the Effective Date of the MAC Swap to the Maturity Date. The Exchange may list Tenors of 1, 2, 3, 4, 5, 7, 9, 10, 12, 15, 20 and 30 years for each Series.

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EXHIBIT 2

The amendments to Rule 1002 apply to MAC contracts offered on both the DCM and SEF Trading Systems.

The Exchange has determined that the following Core Principles apply to these Contracts:

DCM and SEF Core Principle 2 – Compliance with Rules

- Chapter 3 of the trueEX Rulebook provides for the impartial access by Participants to the trueEX platform. This is overseen by the Exchange Access Committee (Rule 207). Under Rule 207 the “The Exchange Access Committee shall not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants”. In addition, under Rule 301, any person, directly or indirectly, initiating or executing a transaction in the any Contracts traded on the Exchange consents to the jurisdiction of the Exchange.
- Abusive trading practices in any Contracts traded on the Exchange are prohibited by Chapter 5 of the Rulebook. The Rulebook is enforced by the Exchange Regulation Department. Chapter 6 of the Rulebook sets forth the rules governing both the investigations and prosecutions of Rule violations. Pursuant to Rule 208, the Regulatory Oversight Committee ensures that the Exchange Regulation Department has sufficient resources to perform its obligations.
- Rule 403 provides the Exchange with the ability and authority to obtain any information necessary to perform its obligations under Core Principle 2 and the Exchange has the authority to share information with other markets under information-sharing agreements.

DCM and SEF Core Principle 3 – Contracts Not Readily Subject to Manipulation

- trueEX has established rules and an enforcement infrastructure to prevent the manipulation of the Contract. The trueEX Rulebook is available at <http://www.trueex.com/rules-and-notice>. See Chapter 5: Trading Practices and Business Conduct; Chapter 6: Disciplinary Rules. Exchange staff conduct real-time market surveillance, as well as T+1 surveillance and trade practice reviews.

DCM and SEF Core Principle 4 – Prevention of Market Distortion/SEF Core Principle 4 - Monitoring of Trading and Trade Processing

- Chapter 5 of the Rulebook prohibits Participants from manipulating, distorting the price of, and disrupting the settlement process of the any Contract traded on the Exchange. Rule 541 allows the Exchange to amend or cancel any trades as deemed necessary to prevent market distortion.

DCM Core Principle 7 – Availability of General Information

- The Exchange publishes on its website, www.trueex.com, and in its Rulebook (also on website) accurate information concerning the terms and conditions of any Contract traded on the Exchange. This includes Contracts available for trading on both the DCM and SEF Trading Systems.

DCM Core Principle 8/SEF Core Principle 9 – Daily/Timely Publication of Trading Information

- The Exchange shall publish on its website, www.trueex.com, information required by Part 16 of the CFTC Regulations within the required time frame. Settlement prices will be provided by the applicable clearinghouse. trueEX posts a link on its website to both CME and LCH.

DCM Core Principle 9– Execution of Transactions

- The Contracts shall be listed for trading on the trueEX Platform. Block trades in these Contracts (and all Contracts in Chapter 10 of the trueEX rulebook) must meet the minimum Block sizes established for swaps in Part 43 of the CFTC regulations.

DCM Core Principle 10/SEF Core Principle 2 – Trade Information

- All required trade information is included in the audit trail and is sufficient for the Exchange Regulation Department to monitor for market abuse. Such information will be used to assist in the prevention of customer and market abuses and to provide evidence of any violations of the rules of the Exchange. All audit trail information is retained as required by CFTC Regulation 1.31.

DCM Core Principle 11/SEF Core Principle 7 – Financial Integrity of Transactions

- All Contracts shall be cleared by CME and LCH, which are registered derivatives clearing organization. Exchange Rules 404 and 407 ensure the financial integrity of futures commission merchants and introducing brokers as well as the protection of customer funds, to the extent that such entities and funds are associated with the trading of trueEX Contracts.

DCM Core Principle 12 – Protection of Markets and Market Participants/Monitoring of Trading

- Chapter 5 of the Rulebook establishes rules to protect Participants who trade the Contract from abusive practices by parties, including those operating as agents of the Participants and promotes fair and equitable trading of these Contracts. Surveillance conducted by Exchange staff will serve to identify the actions of parties and practices that may be detrimental to the market and/or market participants.

DCM Core Principle 13/SEF Core Principle 2 – Disciplinary Procedures

- Chapter 6 of the trueEX Rulebook sets forth the rules related to the investigation and prosecution of potential rule violations. Chapter 6 also sets forth potential sanctions for rule violations and is applicable to all Contracts traded on the Exchange.