

June 10, 2021

VIA COMMISSION PORTAL

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

**Re: Commission Regulation 40.6(a) – Rule Certification
LedgerX LLC Submission No. 21-12**

Dear Mr. Kirkpatrick:

LedgerX LLC (“**LedgerX**” or the “**Company**”) hereby notifies the Commodity Futures Trading Commission (the “**Commission**”), pursuant to Section 5c(c) of the Commodity Exchange Act (the “**CEA**”) and Commission Regulation 40.6(a), that it is certifying the attached amendments to its Rulebook. The attached amendments will become effective on June 24, 2021.

A concise explanation and analysis of the changes and amendments, and their compliance with applicable provisions of the CEA, including the Core Principles and the Commission’s Regulations, is attached hereto as **Appendix A** and incorporated herein by this reference. The following is a brief summary of that explanation and analysis:

Miscellaneous Changes:

- LedgerX has inserted the standard acronyms for Swap Execution Facility, Designated Contract Market, and Derivatives Clearing Organization, which does not implicate core principles.
- The definition of “Business Day” has been updated to apply to any day where any trading facility that clears through the Company DCO is open for trading, consistent with SEF Core Principle 2, DCM Core Principle 2, and DCO Core Principles I and R.
- The definition of “Digital Currency” has been updated to add a reference to Ether, since the Company Contracts at Rules 12.15 and 12.17 use Ether as their underlying commodity. This change is consistent with SEF Core Principle 2 and DCM Core Principle 2.
- The definition of “Novation” has been revised to apply generally to a “Contract,” as separately defined in the LedgerX Rulebook, and to apply to contracts cleared through the Company DCO, regardless of the execution venue. These revisions are consistent with DCO Core Principles I and R.
- The definition of “Participant” and Rule 3.2.A.7 have been revised to reiterate that a person must be an ECP to be eligible to transact through a SEF, or to enter Block Trades on a DCM. These revisions are consistent with SEF Core Principles 2 and 7, DCM Core Principle 2, and DCO Core Principle C.

- Withdrawal procedures set forth in Rule 6.4.D have been revised to replace references to “Bitcoin” with the defined term “Digital Currency,” consistent with DCO Core Principles F and I.
- Spelling errors in the term “public” were corrected in Rules 6.7.C and 13.2.7.C. Those edits do not implicate core principles.

Clarification of the Settlement Process:

- In this update, LedgerX has not changed but instead has provided a more detailed description of the settlement process used for swaps, consistent with a prior enhancement of the description of the settlement process for Options and Futures. This change is consistent with SEF Core Principle 7, DCM Core Principle 11, and DCO Core Principles E and R.
- LedgerX has also corrected the definition of “Settlement Date” to describe settlement date how it applies when a futures contract “expires,” rather than when it matures. This change is consistent with SEF Core Principle 7, DCM Core Principle 11, and DCO Core Principles E and R.

Previously Self-Certified Swap Contract Specifications:

- LedgerX has added the specifications for previously self-certified Day-Ahead USD/ETH Deci Swaps. These changes are consistent with SEF Core Principle 2 and DCM Core Principle 2. Additionally, for both that contract, and USD/ETH Deci Options, LedgerX has eliminated specific reference to the LedgerX DCM, since both contracts were certified to be traded through both the LedgerX SEF and DCM. These changes are consistent with SEF Core Principle 2.

Re-Insertion of SEF Specific Provisions:

- LedgerX has reintroduced a variety of provisions related to the operation of its SEF that were removed after LedgerX transferred all trading to its DCM in June of 2020. These revisions insert references to the Company SEF in the Introduction, as well as definitions for “Authorized User,” “Company,” “Company Contract,” and “Swap Execution Facility,” consistent with SEF Core Principle 2. The same insertion was made to the definition of “Emergency,” consistent with SEF Core Principle 8 and CFTC Regulation 37.800. Reference to the SEF was also made in the definition of “Participant Application and Agreement,” consistent with SEF Core Principle 2 and DCO Core Principle C. Reference to the Company SEF was also inserted in the “Trading Hours” definition consistent with SEF Core Principles 2 and 4. Definitions removed in June of 2020 have also been reinserted, including definitions of “Company SEF,” consistent with SEF Core Principle 2, and the definitions of “Permitted Transaction,” and “Required Transaction” consistent with SEF Core Principles 2 and 4.
- Reference to the Company SEF was also inserted in Rule 2.17.F, requiring LedgerX to specify whether information published by LedgerX applies to the Company SEF, consistent with SEF Core Principles 2 and 9, and CFTC Regulations 37.200, 37.900, and 37.901.

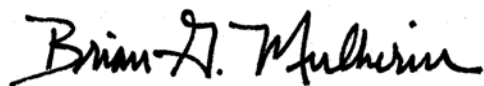
- Various rules have also been amended to require that a person be an ECP to gain impartial access to the Company SEF, including Rule 3.2.A.7, Rule 3.2.B.6, Rule 3.2.F.3, and Rule 3.3.H.5. These requirements are consistent with SEF Core Principles 2 and 7, and DCO Core Principles C and R.
- Rule 5.2.F establishing that Company Contracts are not void or voidable due to violations by LedgerX of statutory or regulatory requirements was also updated to apply to SEFs, consistent with CFTC Regulation 37.6, and SEF Core Principles 2 and 7.
- A description of a “Negotiated Trade Order” has also been re-introduced in Rule 5.3.A.2, including a description of how it is executed through the SEF, consistent with SEF Core Principles 2 and 4. A description of permitted and prohibited execution methods through the SEF has also been re-inserted in Rule 5.5.A, consistent with SEF Core Principles 2 and 4. That re-introduction also necessitated the a revision to the description of the execution methods on the DCM in Rule 5.5.B, including a clarification that while Block Trades are permitted through the DCM, “negotiated trade orders” are only permitted through the SEF. These revisions are consistent with DCM Core Principles 9 and 12. Additionally, LedgerX has re-introduced an exception to the general prohibition against pre-negotiated trades in Rule 8.4.B for a “negotiated trade order” in connection with “permitted transactions” through the SEF, consistent with SEF Core Principles 2 and 4.
- Finally, LedgerX has reintroduced a exception Rule 11.7’s limitation of LedgerX’s liability for violations of Part 37, consistent with SEF Core Principle 1.

The changes and amendments to the Rulebook are reflected in a redlined copy designated as **Appendix B**. The final version of the revised Rulebook is attached at **Appendix C**.

LedgerX certifies that the changes and amendments comply with the CEA and Commission Regulations thereunder. LedgerX additionally certifies that it has concurrently posted a copy of this submission letter and the attachments hereto on LedgerX’s website at <https://ledgerx.com/>. LedgerX is not aware of any or substantive opposing views to the changes and amendments.

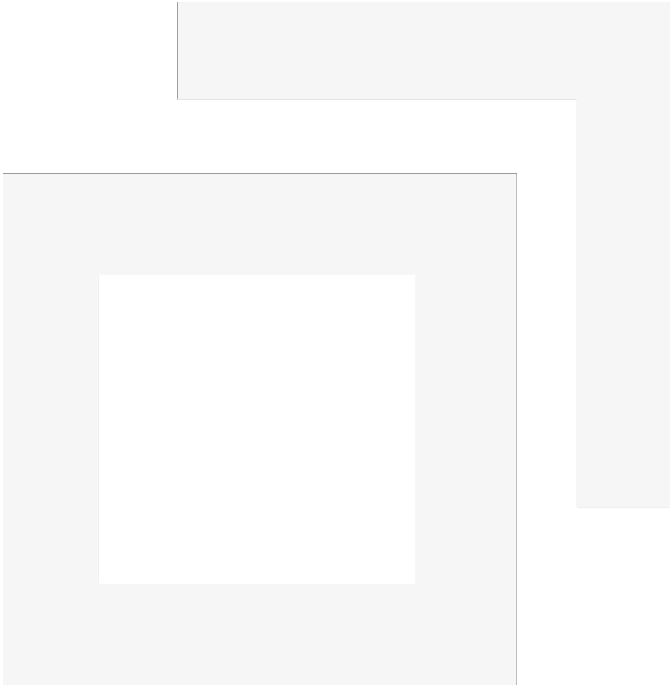
Please contact the undersigned at gc@ledgerx.com if you have any questions or you would otherwise like to discuss this further.

Sincerely,



Brian G. Mulherin
General Counsel, LedgerX LLC

Appendix A



Appendix A

Below is a description of revisions to the LedgerX Rulebook. This chart is intended to ease the review of the changes made to the Rulebook. Since the changes may impact LedgerX’s operations as a DCM, SEF and DCO, we are explaining how the changes are consistent with the Core Principles and CFTC Regulations. When appropriate, a concise summary of how the changes may impact LedgerX’s business operations has also been included in the chart. Unless otherwise indicated herein, all section references in the chart refer to the revised LedgerX Rulebook. To further enhance review, the chart is organized into sub-categories to group together similar updates.

| RULEBOOK CHANGE | COMPLIANCE WITH CORE PRINCIPLES & REGULATIONS AND IMPACT ON LEDGERX’S BUSINESS OPERATIONS |
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| MISCELLANEOUS | |
| 1. <u>Introduction</u> : The terms Swap Execution Facility, Designated Contract Market, and Derivatives Clearing Organization were given the abbreviations “SEF”, “DCM” and “DCO” respectively. (Appendix B at vi.) | These changes do not directly implicate the Core Principles. The changes are not expected to materially impact LedgerX’s business operations and are intended to enhance readability for Participants. |
| 2. <u>Definition of “Business Day”</u> : This term has been edited to apply not only to the Company DCM, but also the Company SEF, and any other DCM or SEF that clears through the Company DCO. (Appendix B at 3.) | The Term “business day” is used in a variety of contexts in the Rulebook in calculating time frames for the operation of the facility, so the definition has been edited to clarify that it applies to the Company SEF, and to any DCM or SEF that clears through the Company. This edit is, therefore, consistent with SEF Core Principle 2 , requiring LedgerX to establish rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2)(C); <i>see also</i> 17 C.F.R. § 37.200(c). This is also consistent with DCM Core Principle 2 , requiring LedgerX to establish, monitor, and enforce compliance with the rules of the contract market. <i>See</i> CEA § 5(d)(2); <i>see also</i> 17 C.F.R. § 38.150. This also reduces operational risk through the development of appropriate controls and procedures, as required by DCO Core Principle I . <i>See</i> CEA § 5b(c)(2)(I)(i). Moreover, it complies with DCO Core Principle R , in that it ensures a well-founded, transparent, and enforceable legal framework. <i>See</i> CEA § 5b(c)(2)(R). |
| 3. <u>Definition of “Digital Currency”</u> : This term has been edited to add reference to Ether, which is a type of digital currency that is the underlying commodity in Company Contracts found at Rules 12.15 and 12.17. (Appendix B at 6.) | Reference to the digital currency Ether has been added to the “Digital Currency” definition, since it is the underlying for newly self-certified contracts at Rules 12.15 and 12.17. The term “Digital Currency” is used in a variety of contexts in the Rulebook for the operation of the facility. This addition is, therefore, consistent with SEF Core Principle 2 , requiring LedgerX to establish rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2)(C); <i>see also</i> 17 C.F.R. § 37.200(c). This is also consistent with DCM Core Principle 2 , requiring LedgerX to establish, monitor, and enforce compliance with the rules of the |

| RULEBOOK CHANGE | COMPLIANCE WITH CORE PRINCIPLES & REGULATIONS AND IMPACT ON LEDGERX'S BUSINESS OPERATIONS |
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| | contract market. <i>See</i> CEA § 5(d)(2); <i>see also</i> 17 C.F.R. § 38.150. This also reduces operational risk through the development of appropriate controls and procedures, as required by DCO Core Principle I . <i>See</i> CEA § 5b(c)(2)(I)(i). |
| 4. <u>Definition of “Novation”</u> : This term has been revised to accomplish two things: (a) it applies to a “contract” generally as opposed to being limited to a “swap”; and (b) it applies to contracts cleared through the Company DCO, regardless of whether it was entered into on the Company SEF, the Company DCM, or another SEF or DCM. (Appendix B at 9.) | This revision reduces operational risk through the development of appropriate controls and procedures, as required by DCO Core Principle I . <i>See</i> CEA § 5b(c)(2)(I)(i). Moreover, it is consistent with DCO Core Principle R , in that it ensures a well-founded, transparent, and enforceable legal framework. <i>See</i> CEA § 5b(c)(2)(R). |
| 5. <u>Definition of “Participant”</u> : This revision reiterates the requirement that a person must be an ECP to be eligible to enter into transactions through a SEF, or to enter Block Trades on a DCM. (Appendix B at 10.) | This revision is consistent with SEF Core Principle 2 , requiring impartial access and requiring the establishment of rules governing trading procedures. <i>See</i> CEA § 5h(f)(2) ; <i>see also</i> 17 C.F.R. § 37.202. It is also consistent with SEF Core Principle 7 , requiring the SEF to establish rules ensuring the financial integrity of swaps executed through the facility, and CFTC Regulation 37.702, which sets forth one of those requirements as being that a Participant to a SEF transaction be an ECP. <i>See</i> CEA § 5h(f)(7); <i>see also</i> 17 C.F.R. § 37.702. This is also consistent with DCM Core Principle 2 , requiring LedgerX to establish, monitor, and enforce compliance with the rules of the contract market. <i>See</i> CEA § 5(d)(2); <i>see also</i> 17 C.F.R. § 38.150. This is also consistent with DCO Core Principle C and CFTC Regulation 39.12, requiring a DCO to establish appropriate admission standards for participants in the DCO. <i>See</i> CEA § 5b(c)(2)(C); <i>see also</i> 17 C.F.R. § 39.12. |
| 6. <u>Rule 3.2.A.7 – Access Requirements</u> : This revision clarifies that a person must be an ECP to access a SEF, or to enter into Block Trades on a DCM. (Appendix B at 37.) | This revision is consistent with SEF Core Principle 2 , requiring impartial access and requiring the establishment of rules governing trading procedures. <i>See</i> CEA § 5h(f)(2) ; <i>see also</i> 17 C.F.R. § 37.202. It is also consistent with SEF Core Principle 7 , requiring the SEF to establish rules ensuring the financial integrity of swaps executed through the facility, and CFTC Regulation 37.702, which sets forth one of those requirements as being that a Participant to a SEF transaction be an ECP. <i>See</i> CEA § 5h(f)(7) ; <i>see also</i> 17 C.F.R. § 37.702. This is also consistent with DCM Core Principle 2 , requiring LedgerX to establish, monitor, and enforce compliance with the rules of the contract market. <i>See</i> CEA § 5(d)(2); <i>see also</i> 17 C.F.R. § 38.150. This is also consistent with DCO Core Principle C and CFTC Regulation 39.12, requiring a DCO to establish appropriate admission standards for participants in the DCO. <i>See</i> CEA § 5b(c)(2)(C); <i>see also</i> 17 C.F.R. § 39.12. |

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| 7. <u>Rule 6.4.D</u> : References to “Bitcoin” have been replaced with “Digital Currency” to indicate LedgerX’s common withdrawal procedures for all Digital Currencies. (Appendix B at 71.) | This is consistent with DCO Core Principle F and CFTC Regulation 39.15 in that it is designed to protect and ensure the safety of member and participant assets. <i>See</i> CEA § 5b(c)(2)(F); <i>see also</i> 17 C.F.R. § 39.15. It also reduces operational risk through the development of appropriate controls and procedures, as required by DCO Core Principle I . <i>See</i> CEA § 5b(c)(2)(I)(i). |
| 8. <u>Rules 6.7.C, 13.2.7.C</u> : A spelling error of the term “public” was corrected. (Appendix B at 73, 160.) | These changes do not directly implicate the Core Principles. The changes are not expected to materially impact LedgerX’s business operations and are intended to enhance readability for Participants. |
| CLARIFICATION OF SETTLEMENT PROCESS | |
| 9. <u>Rule 6.2.C.4</u> : The settlement process for LedgerX swaps has not changed, but LedgerX has provided a more detailed description of the settlement process, including describing the transfer of U.S. dollars and the transfer of the Underlying commodity. (Appendix B at 70.) | This is consistent with DCO Core Principle E and CFTC Regulation 39.14, in that it establishes rules that clearly state the settlement procedures for LedgerX swaps. <i>See</i> CEA § 5b(c)(2)(E); <i>see also</i> 17 C.F.R. § 39.14. This is consistent with DCO Core Principle R , in that it ensures a well-founded, transparent, and enforceable legal framework. <i>See</i> CEA § 5b(c)(2)(R). It is also consistent with DCM Core Principle 11 requiring the board of trade to ensure the financial integrity of transactions, including clearance and settlement with a DCO. <i>See</i> CEA § 5(d)(11). Moreover, it is consistent with SEF Core Principle 7 requiring rules for ensuring the financial integrity of swaps. <i>See</i> CEA § 5h(f)(7). |
| 10. <u>Definition of “Settlement Date”</u> : The description of settlement date with respect to futures contracts has been corrected to indicate that settlement occurs on the date the futures contract “expires,” rather than the date it “matures.” | This is consistent with DCM Core Principle 11 , in that the rule ensures the financial integrity of transactions entered into on the facility, including the clearance and settlement of the transactions. <i>See</i> CEA § 5(d)(11). Moreover, it is consistent with SEF Core Principle 7 requiring rules for ensuring the financial integrity of swaps. <i>See</i> CEA § 5h(f)(7). This is also consistent with DCO Core Principle E , in that it establishes rules that clearly state the settlement procedures for LedgerX swaps. <i>See</i> CEA § 5b(c)(2)(E). Moreover, it is consistent with DCO Core Principle R , in that it ensures a well-founded, transparent, and enforceable legal framework. <i>See</i> CEA § 5b(c)(2)(R). |
| PREVIOUSLY SELF-CERTIFIED SWAP CONTRACT SPECIFICATIONS | |
| 11. <u>Rule 12.17 – Day-Ahead USD/ETH Deci Swaps</u> : LedgerX has added the previously self-certified contract specifications for USD-priced prepaid swap on 1/10 th of an ETH. | This revision is consistent with SEF Core Principle 2 , requiring LedgerX to establish and enforce rules pertaining to the terms and conditions of swaps traded through the facility. <i>See</i> CEA § 5h(f)(2). It is also consistent with DCM Core Principle 2 , requiring LedgerX to establish rules pertaining to the terms and conditions of contracts traded through the contract market. <i>See</i> CEA § 5(d)(2). |

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| <p>12. <u>Rule 12.17 – Day-Ahead USD/ETH Deci Swaps</u>: Because this contract was previously self-certified for trading both through the Company's DCM and SEF, LedgerX has eliminated specific references to the DCM in Sub-sections C and J. LedgerX also corrected an erroneous reference to Rule 12.15 in Sub-section C.</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce rules pertaining to the terms and conditions of swaps traded through the facility. <i>See</i> CEA § 5h(f)(2).</p> |
| <p>13. <u>Rule 12.15 – USD/ETH Deci Options</u>: Because this contract was previously self-certified for trading both through the Company's DCM and SEF, LedgerX has eliminated specific references to the DCM in Sub-sections C, J, and M. (Appendix B at 149-150.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce rules pertaining to the terms and conditions of swaps traded through the facility. <i>See</i> CEA § 5h(f)(2).</p> |
| RE-INSERTING SEF SPECIFIC PROVISIONS | |
| <p>14. <u>Introduction</u>: Reference to “the Company SEF” was added to make clear that the Rulebook pertains to trading on the Company SEF. (Appendix B at 1.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.200.</p> |
| <p>15. <u>Definition of “Authorized User”</u>: This term was revised to include authorized users of Participants trading on the Company SEF. (Appendix B at 2.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules pertaining to impartial access. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.202.</p> |
| <p>16. <u>Definition of “Company”</u>: This term has been edited to include when the Company acts in the capacity of a SEF. (Appendix B at 4.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.200.</p> |
| <p>17. <u>Definition of “Company Contract”</u>: This term has been edited to include contracts listed for trading on the Company SEF. (Appendix B at 4.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.200.</p> |

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| 18. <u>Definition of "Swap Execution Facility"</u> : This term has been revised to include the abbreviation "SEF". (Appendix B at 12.) | This revision is consistent with SEF Core Principle 2 , requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.200. |
| 19. <u>Definition of "Emergency"</u> : This term has been edited to include circumstances that may have severe, adverse effects on the functioning of "the Company SEF". (Appendix B at 7.) | This revision is consistent with SEF Core Principle 8 , requiring LedgerX to adopt rules providing for the exercise of emergency authority, and CFTC Regulation 37.800. <i>See</i> CEA § 5h(f)(8); <i>see also</i> 17 C.F.R. § 37.800. Existing emergency rules are further set forth in the LedgerX Rulebook at Rule 2.12, and include the requirement to consult and cooperate with the CFTC. |
| 20. <u>Definition of "Participant Application and Agreement"</u> : This term has been revised to clarify that it applies to a Participant gaining access to the Company SEF. (Appendix B at 10.) | This revision is consistent with SEF Core Principle 2 , requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules pertaining to impartial access. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.202. This is also consistent with DCO Core Principle C and CFTC Regulation 39.12, requiring a DCO to establish appropriate admission standards for participants in the DCO. <i>See</i> CEA § 5b(c)(2)(C); <i>see also</i> 17 C.F.R. § 39.12. |
| 21. <u>Definition of "Trading Hours"</u> : This term has been revised to apply hours in which orders may be entered on the Company SEF. (Appendix B at 13.) | This revision is consistent with SEF Core Principle 2 , requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2). It is also consistent with SEF Core Principle 4 , requiring LedgerX to establish rules defining procedures for trading and processing trades through the SEF. <i>See</i> CEA § 5h(f)(4); <i>see also</i> 17 C.F.R. § 37.400. |
| 22. <u>Definition of "Company SEF"</u> : The term Company SEF has been added to refer to the Swap Execution Facility of the Company. (Appendix B at 4.) | This revision is consistent with SEF Core Principle 2 , requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.200. |
| 23. <u>Definition of "Permitted Transaction"</u> : This term has been added to refer to a swap not subject to the trade execution requirement. (Appendix B at 10.) | This revision is consistent with SEF Core Principle 2 , requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2). It is also consistent with SEF Core Principle 4 , requiring LedgerX to establish rules defining procedures for trading and processing trades through the SEF. <i>See</i> CEA § 5h(f)(4); <i>see also</i> 17 C.F.R. § 37.400. |
| 24. <u>Definition of "Required Transaction"</u> : This term has been added to refer to a swap that <i>is</i> subject to the trade execution requirement. (Appendix B at 11.) | This revision is consistent with SEF Core Principle 2 , requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2). It is also consistent with SEF Core Principle 4 , requiring LedgerX to establish rules defining procedures for trading and processing trades through the SEF. <i>See</i> CEA § 5h(f)(4); <i>see also</i> 17 C.F.R. § 37.400. |

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| <p>25. <u>Rule 2.17.F – Public Information:</u> This rule governs the publication by LedgerX of a variety of information, and has been revised to require LedgerX to specify whether published information applies to the Company SEF. (Appendix B at 34.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2); <i>see also</i> CFTC Regulation § 37.200. This revision is consistent with SEF Core Principle 9, requiring the timely publication of trading information, and CFTC Regulation 37.900-37.901. <i>See</i> CEA § 5h(f)(9); <i>see also</i> 17 C.F.R. §§ 37.900, 37.901.</p> |
| <p>26. <u>Rule 3.2.A.7 – Access Requirements:</u> This rule has been revised to require that a person be an ECP to gain impartial access to the Company SEF, or to clear trades through the Company DCO that were executed on another SEF. (Appendix B at 36.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules pertaining to impartial access. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.202. It is also consistent with SEF Core Principle 7, requiring the SEF to establish rules ensuring the financial integrity of swaps executed through the facility, and CFTC Regulation 37.702, which sets forth one of those requirements as being that a Participant to a SEF transaction be an ECP. <i>See</i> CEA § 5h(f)(7); <i>see also</i> 17 C.F.R. § 37.702. This is also consistent with DCO Core Principle C and CFTC Regulation 39.12, requiring a DCO to establish appropriate admission standards for participants in the DCO. <i>See</i> CEA § 5b(c)(2)(C); <i>see also</i> 17 C.F.R. § 39.12. Moreover, it is consistent with DCO Core Principle R, in that it ensures a well-founded, transparent, and enforceable legal framework. <i>See</i> CEA § 5b(c)(2)(R).</p> |
| <p>27. <u>Rule 3.2.B.6 – Access Requirements:</u> This rule has been revised to require that an FCM seeking to facilitate trading through a SEF confirm that each customer trading through a SEF represents that it is an ECP. (Appendix B at 38.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules pertaining to impartial access. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.202. It is also consistent with SEF Core Principle 7, requiring the SEF to establish rules ensuring the financial integrity of swaps executed through the facility, and CFTC Regulation 37.702, which sets forth one of those requirements as being that a Participant to a SEF transaction be an ECP. <i>See</i> CEA § 5h(f)(7); <i>see also</i> 17 C.F.R. § 37.702. This is also consistent with DCO Core Principle C and CFTC Regulation 39.12, requiring a DCO to establish appropriate admission standards for participants in the DCO. <i>See</i> CEA § 5b(c)(2)(C); <i>see also</i> 17 C.F.R. § 39.12. Moreover, it is consistent with DCO Core Principle R, in that it ensures a well-founded, transparent, and enforceable legal framework. <i>See</i> CEA § 5b(c)(2)(R).</p> |
| <p>28. <u>Rule 3.2.F.3 – Access Requirements:</u> Executing Participants trading through a SEF must agree to confirm that each customer represents it is an ECP. (Appendix B at 39.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules pertaining to impartial access. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.202. It is also consistent with SEF Core Principle 7, requiring the SEF to establish rules ensuring the financial integrity of swaps executed through the facility, and CFTC Regulation 37.702, which sets forth one of those requirements as being that a Participant to a SEF transaction be an ECP. <i>See</i> CEA § 5h(f)(7); <i>see also</i> 17 C.F.R. § 37.702. This is also consistent with DCO Core</p> |

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| | <p>Principle C and CFTC Regulation 39.12, requiring a DCO to establish appropriate admission standards for participants in the DCO. <i>See</i> CEA § 5b(c)(2)(C); <i>see also</i> 17 C.F.R. § 39.12. Moreover, it is consistent with DCO Core Principle R, in that it ensures a well-founded, transparent, and enforceable legal framework. <i>See</i> CEA § 5b(c)(2)(R).</p> |
| <p>29. <u>Rule 3.3.H.5 – Participant Obligations:</u> Participants trading through the Company SEF or another SEF that clears through the Company DCO must inform LedgerX if the Participant no longer meets the requirement to be an ECP. (Appendix B at 43.)</p> | <p>This revision is consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules pertaining to impartial access. <i>See</i> CEA § 5h(f)(2); <i>see also</i> 17 C.F.R. § 37.202. It is also consistent with SEF Core Principle 7, requiring the SEF to establish rules ensuring the financial integrity of swaps executed through the facility, and CFTC Regulation 37.702, which sets forth one of those requirements as being that a Participant to a SEF transaction be an ECP. <i>See</i> CEA § 5h(f)(7); <i>see also</i> 17 C.F.R. § 37.702. This is also consistent with DCO Core Principle C and CFTC Regulation 39.12, requiring a DCO to establish appropriate admission standards for participants in the DCO. <i>See</i> CEA § 5b(c)(2)(C); <i>see also</i> 17 C.F.R. § 39.12. Moreover, it is consistent with DCO Core Principle R, in that it ensures a well-founded, transparent, and enforceable legal framework. <i>See</i> CEA § 5b(c)(2)(R).</p> |
| <p>30. <u>Rule 5.2.F – Company Contracts not Void or Voidable:</u> The rule has been updated to provide that a Company Contract will not be void or voidable due to violations by the Company of statutory and regulatory requirements applicable to SEFs. (Appendix B at 61.). This effectively treats contracts executed through the SEF in the same manner those executed through the DCM. (Appendix B at 61.)</p> | <p>This requirement is consistent with CFTC Regulation 37.6, which provides that “[a] transaction entered into on or pursuant to the rules of a swap execution facility shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of . . . (1) A violation by the swap execution facility of the provisions of section 5h of the Act or this part” <i>See</i> 17 C.F.R. § 37.6. It is also consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with rules of the facility. <i>See</i> CEA § 5h(f)(2). It is also consistent with SEF Core Principle 7, requiring the SEF to establish rules ensuring the financial integrity of swaps executed through the facility, and CFTC Regulation 37.700. <i>See</i> CEA § 5h(f)(7); <i>see also</i> 17 C.F.R. § 37.700.</p> |
| <p>31. <u>Rule 5.3.A.2 – Negotiated Trade Order:</u> The rule describes a Negotiated Trade Order as one between two counterparties only for Permitted Transactions on the Company’s SEF. It also describes how such an order is executed on the Company’s SEF. (Appendix B at 62.)</p> | <p>This revision is consistent with CFTC Regulation 37.9(c). <i>See</i> 17 C.F.R. § 37.9(c). It is also consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2). Moreover, it is consistent with SEF Core Principle 4, requiring LedgerX to establish rules defining procedures for trading and processing trades through the SEF. <i>See</i> CEA § 5h(f)(4); <i>see also</i> 17 C.F.R. § 37.400.</p> |
| <p>32. <u>Rule 5.5.A – Execution Methods – SEF:</u> This section describes how LedgerX facilitates SEF order execution through a</p> | <p>This revision is consistent with CFTC Regulation 37.9. <i>See</i> 17 C.F.R. § 37.9. It is also consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the</p> |

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| <p>central limit order book and Negotiated Trade Orders, but not Block Trades or EFPs. (Appendix B at 63-64).</p> | <p>facility. <i>See</i> CEA § 5h(f)(2). It is also consistent with SEF Core Principle 4, requiring LedgerX to establish rules defining procedures for trading and processing trades through the SEF. <i>See</i> CEA § 5h(f)(4); <i>see also</i> 17 C.F.R. § 37.400.</p> |
| <p>33. <u>Rule 5.5.B – Execution Methods – DCM:</u> Because a new sub-section was created for SEFs, DCM execution methods also received a separate sub-section. In that sub-section, LedgerX clarifies that Negotiated Trade Orders”, which by definition is executed through the SEF as described above, cannot be facilitated through the DCM. (Appendix B at 64.)</p> | <p>This revision is consistent with DCM Core Principle 9, requiring LedgerX to provide a competitive, open, and efficient market and mechanism for executing transactions that protects that price discovery process of trading in the centralized market of the board of trade. <i>See</i> CEA § 5(d)(9). It is also consistent with DCM Core Principle 12, requiring LedgerX to protect markets and market participants from abusive practices, and CFTC Regulation 38.651 which requires LedgerX to have and enforce rules protecting the market and market participants against abusive practices including fraudulent, noncompetitive or unfair trading. <i>See</i> CEA § 5(d)(12); <i>see also</i> 17 C.F.R. § 38.651.</p> |
| <p>34. <u>Rule 8.4.B – Prohibition against Pre-Negotiated Trades:</u> This revision adds an exception to the prohibition against pre-negotiated trades for a “Negotiated Trade Order.” (Appendix B at 78-79.) As described above, a “Negotiated Trade Order” is only available for “permitted transactions” executed through the SEF. <i>See</i> LedgerX Rule 5.3.A.2.</p> | <p>This revision is consistent with CFTC Regulation 37.9. <i>See</i> 17 C.F.R. § 37.9(c). It is also consistent with SEF Core Principle 2, requiring LedgerX to establish and enforce compliance with any rule of the facility, including rules governing the operation of the facility. <i>See</i> CEA § 5h(f)(2). It is also consistent with SEF Core Principle 4, requiring LedgerX to establish rules defining procedures for trading and processing trades through the SEF. <i>See</i> CEA § 5h(f)(4); <i>see also</i> 17 C.F.R. § 37.400.</p> |
| <p>35. <u>Rule 11.7 – Limitation of Liability:</u> This section limits the liability of the Company, except as set forth in the Act and CFTC regulations, including Part 37. (Appendix B at 111-112.)</p> | <p>This revision is consistent with SEF Core Principle 1 requiring LedgerX to comply with Core Principles and any requirement the Commission may impose by rule or regulation. <i>See</i> CEA § 5h(f)(1).</p> |