

August 9, 2024

VIA CFTC Portal

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

**RE: CFTC Regulation 40.6(a) Certification.
Notification of Amendments to Tradition SEF, LLC Rulebook
Tradition SEF Submission No. 2024-05**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (the “Act”), and Commodity Futures Trading Commission (“CFTC” or the “Commission”) Regulation 40.6(a), Tradition SEF, LLC (“Tradition SEF”) hereby notifies the Commission of amendments to its Rules 101, 102, 209, 304, 308, 309, 311, 403, 404, 405, 409, 412, 503, 509, 510, 511, 512, 529, 706 and 902 to reflect clarifications with respect to Prime Broker transactions and other matters as described below and in Exhibit A. Rule 509 of the Rulebook was revised to reflect the expired no-action relief within CFTC No-Action Letter 20-35 and Rule 510 was revised to reflect the expired no-action relief within CFTC No-Action Letter 17-54. Tradition SEF also made other non-substantive grammatical and formatting updates to the Rulebook. A concise explanation of the Rule Amendments is in Exhibit A below. A redlined Rulebook is listed in Exhibit B.

Rule 101 of the Rulebook (Definitions) has been revised to amend the definitions of “Broker Firm Participant” and “SDR”, and to add the following additional definitions to the Rulebook for “Covered Package Transaction”, “Legal Entity Identifier” or “LEI”, “Prime Broker”, “Prime Broker Documentation”, “Trade” or “Transaction”, “Unique Product Identifier”, “Unique Swap Identifier”, and “Unique Trade Identifier”, as described below, to be effective for Tradition SEF market participants on August 23, 2024.

Rule 102 of the Rulebook (Rules of Construction) subsections (e) and (f) have been revised to clarify that forms of the word “include” mean that the inclusion is not limited to the items listed and that “or” is disjunctive but not exclusive.

Rule 209 of the Rulebook (Conflicts of Interest) subsections (a) and (b) have been revised to clarify that Committee members and Disciplinary Panel members shall avoid circumstances that give rise to conflicts of interest.

Rule 304 of the Rulebook (Additional Criteria for Participants) subsection (a)(4) has been revised to clarify certain representations which Participants must obtain or make when engaging in Prime Broker Transactions.

Rule 308 of the Rulebook (Authorized Traders, Authorized Brokers and Authorized Agents) subsection (a) has been revised to clarify responsibilities of General Participant to ensure Tradition SEF receives current contact information for each Authorized Trader, Authorized Broker, and Authorized Agent, and update this information with Tradition SEF whenever it changes.

Rule 309 of the Rulebook (Authorized Representatives) subsections (a) and (c) have been revised to clarify that the Authorized Representative of each Participant shall also receive authorizations and official communications with Tradition SEF, and that each Participant shall provide current contact information for each Authorized Representative, and update this information with Tradition SEF whenever it changes.

Rule 311 of the Rulebook (Communications between Tradition SEF and Participants) subsection (a) has been revised to clarify Communications channels between Tradition SEF and each Participant.

Rule 403 of the Rulebook (Duties and Responsibilities of Participants that Provide Customers with Access to a Platform) in subsection (a)(3) has been revised to clarify that With respect to Prime Broker Transactions, it must obtain representations and/or ensure that: each of its Customers engaging in Prime Broker Transactions has Prime Broker Documentation with each Prime Broker that it enters into Prime Broker Transactions on behalf of.

Rule 404 of the Rulebook (Required Disclosures to Tradition SEF) subsection (a)(2) has been revised to clarify that Participants must inform Tradition SEF of any change of Clearing Firms or Prime Brokers;

Rule 405 of the Rulebook (Inspections by Tradition SEF) subsection (b) has been revised to clarify that each Participant or Customer shall provide also Tradition SEF onboarding documents, authorized trader and authorized representative lists.

Rule 409 of the Rulebook (CFTC Registration) subsection (a) has been revised to clarify the registration capacities required to solicit or accept an order for purchase or sale of a Swap.

Rule 412 of the Rulebook (Confirmations) subsection (f) has been revised to clarify that Any Participant or Customer executing a Prime Broker Transaction must notify the Prime Broker as soon as technologically practicable of each Prime Broker Trade executed pursuant to the Rules of Tradition SEF to which the Prime Broker is a Counterparty, and provide to the Prime Broker the Confirmation for the Prime Broker Trade issued by Tradition SEF.

Rule 503 of the Rulebook (Business Days and Trading Hours) has been revised to clarify that Trading Hours may be set forth in a Notice to Participants, and to clarify closures may be based on various emergencies.

Rule 509 of the Rulebook (Block Trades) has been revised to reflect the expired No-Action relief within CFTC No-Action Letter 20-35.

Rule 510 of the Rulebook (Recordkeeping Requirements for Entering Orders into the Platform) subsection (e) has been revised to reflect the expired no-action relief within CFTC No-Action Letter 17-54.

Rule 511 of the Rulebook (Trade Cancellations and Price Adjustments) in subsections (a)(b) and (c) have been revised to clarify that to clarify the trade cancellation and price adjustment process related to Trade Cancellations and Price Adjustments at Request of Participants and Trade Cancellations and Price Adjustments at Request of Prime Brokers.

Rule 512 of the Rulebook (Swap Data Reporting) subsection (g) has been revised to reflect the addition of Unique Product Identifiers.

Rule 529 of the Rulebook (Prearranged, Pre-Negotiated and Noncompetitive Transactions Prohibited) subsection (b) has been revised to clarify the timing with respect to the 15 second Trade exposure prior to execution.

Rule 706 of the Rulebook (Uncleared Swaps) subsection (b) has been revised to clarify that A Participant or Customer may enter into an Uncleared Swap with a Prime Broker counterparty only if such Participant or Customer, as applicable, and the Prime Broker counterparty have an Execution Agreement in place between them and the Prime Broker.

Rule 902 of the Rulebook (Swaps Not Readily Susceptible to Manipulation) has been revised to clarify that in the event that underlying index information becomes unavailable or is delayed, Tradition SEF will rely on fallback and disruption language as well as protocols contained in documents incorporated into the Swap by reference, such as ISDA or similar generally recognized documents for Swaps that utilize such indexes for pricing or for settlement.

We have identified in Exhibit A the rule modifications and compliance with the SEF core principles (“Core Principles”) as set forth in Section 5h of the Commodity Exchange Act and Part 37 of the Commission’s regulations promulgated thereunder. A redline version of the Rulebook is attached hereto as Exhibit B to reflect the changes to the last version of the Rulebook.

Tradition SEF continues to be in compliance with applicable provisions of the Act, including the Core Principles. In particular, Tradition SEF has determined that it is in compliance with Core Principles 1 (Compliance with Core Principles) and 2 (Compliance with Rules), as further described in the compliance chart attached as Exhibit A.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.6(a) Tradition SEF hereby certifies that the rule amendments comply with the Commodity Exchange Act and the Commission’s regulations promulgated thereunder. No substantive opposing views were expressed that were not incorporated into the rule amendments. Tradition SEF hereby certifies that it has posted a notice of pending certification

with the Commission and a copy of the submission on its website (*see* <http://www.traditionsef.com/regulatory/>), concurrent with the filing of this submission with the Commission.

Should you require additional information related to this submission, please contact the undersigned at (212) 377-2337 or bennett.kirschner@tradition.com. Please reference Tradition SEF Submission No. 2024-05 in any related correspondence.

Sincerely,

Bennett Kirschner

General Counsel and Secretary

Att.:
Exhibit A
Exhibit B

EXHIBIT A
Amendments to the Rulebook

Rule	Change	Explanation and Analysis of the operation, purpose, and effect of the proposed rule or rule amendment and its compliance with applicable provisions of the Act, including core principles, and the Commission’s regulations thereunder.
101	Tradition SEF has amended and added additional definitions to the Rulebook.	Amended definitions to conform to CFTC Regulation 45.1.
102	Subsections (e) and (f) have been revised to clarify that forms of the word “include” mean that the inclusion is not limited to the items listed and that “or” is disjunctive but not exclusive.	Grammatical update.
209	Subsections (a) and (b) have been revised to clarify that Committee members and Disciplinary Panel members shall avoid circumstances that give rise to conflicts of interest.	Core Principle 12 (CP 11 SEC)
304	Subsection (a)(4) has been revised to clarify certain representations which Participants must obtain or make when engaging in Prime Broker Transactions.	Core Principle 2
308	Subsection (a) has been revised to clarify that each General Participant ensures that Tradition SEF has current contact information for each Authorized Trader, Authorized Broker, and Authorized Agent, and update this information with Tradition SEF whenever it changes.	Core Principle 2
309	Subsections (a) and (c) have been revised to clarify that the Authorized Representative of each Participant shall also receive authorizations and official communications with Tradition SEF, and that each Participant shall provide current contact information for each Authorized Representative, and update this information with Tradition SEF whenever it changes.	Core Principle 5
311	Subsection (a) has been revised to clarify Communications channels between Tradition SEF and each Participant.	Core Principle 5
403	Subsection (a)(3) has been revised to clarify that with respect to Prime Broker Transactions, it must obtain representations and/or ensure that each of its Customers engaging in Prime Broker Transactions has Prime Broker Documentation with each Prime Broker that it enters into Prime Broker Transactions on behalf of.	Core Principles 2, 7, and 10

404	Subsection (a)(2) has been revised to clarify that Participants must inform Tradition SEF of any change of Clearing Firms or Prime Brokers;	Core Principles 2 and 7
405	Subsection (b) has been revised to clarify that each Participant or Customer shall provide also Tradition SEF onboarding documents, authorized trader and authorized representative lists.	Core Principles 2, 7, and 10
409	Subsection (a) has been revised to clarify the registration capacities required to solicit or accept an order for purchase or sale of a Swap.	Core Principle 2
412	Subsection (f) has been revised to clarify that Any Participant or Customer executing a Prime Broker Transaction must notify the Prime Broker as soon as technologically practicable of each Prime Broker Trade executed pursuant to the Rules of Tradition SEF to which the Prime Broker is a Counterparty, and provide to the Prime Broker the Confirmation for the Prime Broker Trade issued by Tradition SEF.	Core Principles 2 and 7
503	This rule has been revised to clarify that Trading Hours may be set forth in a Notice to Participants, and to clarify closures may be based on various emergencies.	Core Principle 8 (CP 7 SEC)
509	This rule has been revised to reflect the expired no-action relief within CFTC No-Action Letter 20-35.	CFTC No-Action Letter 20-35
510	Subsection (e) has been revised to reflect the expired no-action relief within CFTC No-Action Letter 17-54.	CFTC No-Action Letter 17-54
511	Tradition SEF has amended Rule 511 of the Rulebook (Trade Cancellations and Price Adjustments) in subsections (a)(b) and (c) have been revised to clarify that to clarify the trade cancelation and price adjustment process related to Trade Cancellations and Price Adjustments at Request of Participants and Trade Cancellations and Price Adjustments at Request of Prime Brokers.	Core Principle 2, and 7
512	Subsection (g) has been revised to reflect the addition of Unique Product Identifiers.	Core Principles 4
529	Subsection (b) has been revised to clarify the timing with respect to the 15 second Trade exposure prior to execution.	Core Principles 2
706	Subsection (b) has been revised to clarify that a Participant or Customer may enter into an Uncleared Swap with a Prime Broker counterparty only if such Participant or Customer, as applicable, and the Prime Broker counterparty have an Execution Agreement in place between them and the Prime Broker.	Core Principles 2, and 10

902	The rule has been revised to clarify that in the event that underlying index information becomes unavailable or is delayed, Tradition SEF will rely on fallback and disruption language as well as protocols contained in documents incorporated into the Swap by reference, such as ISDA or similar generally recognized documents for Swaps that utilize such indexes for pricing or for settlement.	Core Principles 3 and 7
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EXHIBIT B
Redlined Rulebook