



TRADITION SEF, Inc.

July 29, 2014

**VIA E-MAIL (submissions@cftc.gov)**

Ms. Melissa Jurgens  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: CFTC Regulation 40.2(a) Certification. Request for Product Certification of Tradition SEF's Foreign Exchange Products. Tradition Submission No. 14-20.**

Dear Ms. Jurgens:

Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (the "Act"), and Commodity Futures Trading Commission ("CFTC" or the "Commission") Regulation 40.2(a), Tradition SEF, Inc. ("Tradition SEF") hereby submits for Commission review a revised product listing for Tradition SEF's foreign exchange products. This submission supersedes and replaces Tradition SEF's previous foreign exchange products listing. The intended listing date is July 31, 2014.

The products certified by this submission are the following products: (1) Currency Options and all manner of Currency Options strategies, including, but not limited to Calls, Puts, Straddles, Strangles, Risk Reversals, Butterfly Spreads, Barrier Options, Basket Options; (2) Volatility Swaps; (3) Variance Swaps; (4) Correlation Swaps; (5) Forward Volatility Agreements; (6) Asian Currency Non-Deliverable Forwards; (7) Latin American Currency Non-Deliverable Forwards; and (8) Other Non-Deliverable Forwards.

Appendix A contains the product specifications and terms and conditions for each product included in this submission.

The products listed herein comply with the Commission's SEF Core Principle 3, "Swaps Not Readily Susceptible to Manipulation" in that: (1) Foreign exchange swaps listed for trading will be either physically- settled in actual currencies or cash-settled based on actual prices of currency. (2) The markets for these underlying currencies and swaps are sufficiently liquid to prevent them from being susceptible to manipulation. (3) The integrity of each currency is monitored and supervised by the central bank, or equivalent, of the country issuing the currency.



TRADITION SEF, Inc.

(4) Tradition SEF will monitor trading in these swaps in conjunction with the Tradition SEF's regulatory service provider. (5) Tradition SEF has rules to prevent Tradition SEF participants from engaging in manipulative activity and possesses discretion to impose fines and disciplinary sanctions on its participants.

### **Foreign Exchange Product Descriptions**

#### **Options:**

The trading strategies allowed include, but are not limited to all manner of Put, Call, Butterfly, Straddle, Risk Reversal, Spreads, Delta-neutral volatility trades, and additionally in relation to Auctions and VolCall Call, Put and Strangle, with a range of standard tenors, depending on pair, from ON through to 1Y with long-date tenors on selected pairs from 1Y out to 30Y.

#### **Swaps:**

Volatility, correlation and variance swaps.

#### **Non-Deliverable Forwards:**

Non-deliverable forwards on major Latin American, South American and Asian currencies.

#### **Non-Deliverable FX Options**

Non-deliverable options on major Latin American, South American, Asian and other currencies. The trading strategies allowed include, but are not limited to all manner of Put, Call, Butterfly, Straddle, Risk Reversal, Spreads, Delta-neutral volatility trades.



TRADITION SEF, Inc.

**Clearing Availability:**

Currencies					
Contract	Type	Product	Cleared Y/N	Currencies	Tenors
Asian NDF's	Currencies	NDF	Y (Partial)	Asian Currencies	All Available Tenors
Latam NDF's	Currencies	NDF	Y (Partial)	Latam Currencies	All Available Tenors
Call	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Put	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Straddle	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Strangle	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Risk Reversal	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Butterfly	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Knock-Out	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Knock-In	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Reverse Knock-Out	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Reverse Knock-In	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Double Knock-Out	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Double Knock-In	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
One Touch	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Double No-Touch	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Volatility Swap	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Variance Swap	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Correlation Swap	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Forward Volatility Agreement	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Basket Option	Currencies	Option Strategy	N	Global Currencies	All Available Tenors
Worst of Option	Currencies	Option Strategy	N	Global Currencies	All Available Tenors

Tradition SEF hereby certifies its continued compliance with applicable provisions of the Act, including the Commission's SEF core principles ("Core Principles") as set forth in Section 5h of the Commodity Exchange Act and Part 37 of the Commission's regulations thereunder. In particular, the products listed in this submission adhere to Core Principles 3 ("Swaps Not Readily Susceptible to Manipulation") and 7 ("Financial Integrity of Transactions") and CFTC Rules 37.300-301, 700-702. Tradition SEF herein demonstrates that the contracts listed for trading on Tradition SEF are not readily susceptible to manipulation.

Tradition SEF hereby certifies that the products comply with the Commodity Exchange Act and the Commission's regulations thereunder. Tradition SEF hereby certifies that it has posted a notice of pending certification with the Commission and a copy of the submission on its



TRADITION SEF, Inc.

website (*see, e.g.,* <http://www.traditionsef.com/news/>), concurrent with the filing of this submission with the Commission.

Should you require additional information related to this submission, please contact the undersigned at 212-791-3497 or [eric.earnhardt@tradition-na.com](mailto:eric.earnhardt@tradition-na.com). Please reference Tradition SEF Submission No. 14-20 in any related correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Earnhardt", written over a horizontal line.

Eric Earnhardt

Chief Compliance Officer

Appendix A