

## **NOTICE OF LISTING OF PRODUCTS BY NEX SEF LIMITED FOR TRADING BY CERTIFICATION**

1. This submission is made pursuant to CFTC Reg. 40.2 by NEX SEF Limited (“NEX SEF”).
2. The products certified by this submission are the following: Foreign Exchange Options (the “Contract”).
3. Attached as Attachment A is a copy of the Contract’s rules.
4. NEX SEF is listing the Contracts by virtue of updating the terms and conditions of the Foreign Exchange Options previously submitted to the Commission for self-certification pursuant to Commission Regulation 40.2. The only terms and conditions being updated by this filing are an update to the trading hours and the addition of the following offered currency pairs: BRL/USD and MXN/USD. A copy of the Contracts’ rules marked to show changes from the version previously certified by NEX SEF is attached as Attachment B.
5. NEX SEF intends to make this submission of the certification of the Contract effective on the day following submission pursuant to CFTC Reg. 40.2(a)(2).
6. Attached as Attachment B is a certification from NEX SEF that the Contract complies with the Commodity Exchange Act and CFTC Regulations, and that NEX SEF has posted a notice of pending product certification and a copy of this submission on its website concurrent with the filing of this submission with the Commission.
7. As required by Commission Regulation 40.2(a), the following concise explanation and analysis demonstrates that the Contract complies with the core principles of the Commodity Exchange Act for swap execution facilities, and in particular Core Principle 3, which provides that a swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation, in accordance with the applicable guidelines in Appendix B to Part 37 and Appendix C to Part 38 of the Commission’s Regulations for options settled by physical delivery.

## The Contract

### Appendix B to Part 37—Demonstration of Compliance That a Contract is Not Readily Susceptible to Manipulation

**Core Principle 3 of Section 5h of the Act—Swaps Not Readily Susceptible to Manipulation.** The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.

**(a) Guidance.**

**(1) In general, a swap contract is an agreement to exchange a series of cash flows over a period of time based on some reference price, which could be a single price, such as an absolute level or a differential, or a price index calculated based on multiple observations. Moreover, such a reference price may be reported by the swap execution facility itself or by an independent third party. When listing a swap for trading, a swap execution facility shall ensure a swap's compliance with Core Principle 3, paying special attention to the reference price used to determine the cash flow exchanges. Specifically, Core Principle 3 requires that the reference price used by a swap not be readily susceptible to manipulation. As a result, when identifying a reference price, a swap execution facility should either: Calculate its own reference price using suitable and well-established acceptable methods or carefully select a reliable third-party index.**

- The Contract is a physically settled foreign exchange option (“FX Option”) for which the owner has the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date. Accordingly, there is no reference price on which the Contract is based.

**(2) The importance of the reference price's suitability for a given swap is similar to that of the final settlement price for a cash-settled futures contract. If the final settlement price is manipulated, then the futures contract does not serve its intended price discovery and risk management functions. Similarly, inappropriate reference prices cause the cash flows between the buyer and seller to differ from the proper amounts, thus benefitting one party and disadvantaging the other. Thus, careful consideration should be given to the potential for manipulation or distortion of the reference price.**

- Please see above.

**(3) For swaps that are settled by physical delivery or by cash settlement refer to the guidance in appendix C to part 38 of this chapter—Demonstration of Compliance That a Contract is not Readily Susceptible to Manipulation, section b(2) and section c(4), respectively.**

- Please see below.

### Appendix C to Part 38—Demonstration of Compliance That a Contract is Not Readily Susceptible to Manipulation

In accordance with paragraph (d)(4) of Appendix C to Part 38, “Options on Physicals Contracts,” the following analysis with respect to the FX Options, which are options on physicals, sets forth those relevant sections of Appendix C that pertain to “options settled via physical delivery of the underlying commodity.”

**(b) Futures Contracts Settled by Physical Delivery. (1) For listed contracts that are settled by physical delivery, the terms and conditions of the contract should conform to the most common**

**commercial practices and conditions in the cash market for the commodity underlying the futures contract. The terms and conditions should be designed to avoid any impediments to the delivery of the commodity so as to promote convergence between the price of the futures contract and the cash market value of the commodity at the expiration of a futures contract.**

- Essential Terms and Conditions of the Contract. The Contract is an FX Option, settled by physical delivery, that allows a party to speculate on, or hedge risks associated with, currency exchange rates. If the Contract is exercised, the counterparties to the Contract exchange money denominated in one currency for money in another currency at a pre-agreed exchange rate on a specified date. The Contract has several flexible terms, and all of the essential terms and conditions of the Contract are listed in the specification attached as Attachment A. Following is an explanation of why the Contract is not readily susceptible to manipulation in accordance with section (b) of Appendix C to Part 38.

**(i) Estimating Deliverable Supplies.**

**(A) General definition. The specified terms and conditions, considered as a whole, should result in a “deliverable supply” that is sufficient to ensure that the contract is not susceptible to price manipulation or distortion. In general, the term “deliverable supply” means the quantity of the commodity meeting the contract's delivery specifications that reasonably can be expected to be readily available to short traders and salable by long traders at its market value in normal cash marketing channels at the contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce. Typically, deliverable supply reflects the quantity of the commodity that potentially could be made available for sale on a spot basis at current prices at the contract's delivery points. For a non-financial physical-delivery commodity contract, this estimate might represent product which is in storage at the delivery point(s) specified in the futures contract or can be moved economically into or through such points consistent with the delivery procedures set forth in the contract and which is available for sale on a spot basis within the marketing channels that normally are tributary to the delivery point(s). Furthermore, an estimate of deliverable supply would not include supply that is committed for long-term agreements (i.e., the amount of deliverable supply that would not be available to fulfill the delivery obligations arising from current trading). The size of commodity supplies that are committed to long-term agreements may be estimated by consulting with market participants. However, if the estimated deliverable supply that is committed for long-term agreements, or significant portion thereof, can be demonstrated by the designated contract market to be consistently and regularly made available to the spot market for shorts to acquire at prevailing economic values, then those “available” supplies committed for long-term contracts may be included in the designated contract market's estimate of deliverable supply for that commodity. An adequate measure of deliverable supply would be an amount of the commodity that would meet the normal or expected range of delivery demand without causing futures prices to become distorted relative to cash market prices. Given the availability of acceptable data, deliverable supply should be estimated on a monthly basis for at least the most recent three years for which data are available. To the extent possible and that data resources permit, deliverable supply estimates should be constructed such that the data reflect, as close as possible, the market defined by the contract's terms and conditions, and should be formulated, whenever possible, with government or publicly available data. All deliverable supply estimates should be fully defined, have all underlying assumptions explicitly stated, and have documentation of all data/information sources in order to permit estimate replication by Commission staff.**

- Foreign currency is an extremely liquid market and there is not a limited supply of the foreign currencies applicable to this Contract. Published spot foreign exchange (“FX”) rates are readily available from a variety of sources including the applicable Central Banks,

Bloomberg, Reuters, EBS Market and EBS Direct<sup>1</sup>, all of which NEX SEF has ready access to. The strike price is agreed to at the effective date of each Contract and will not change for the duration of the Contract, even if the spot FX exchange rate fluctuates. Therefore, even though the spot FX price may influence a counterparty's decision to exercise the option, the spot FX price on the exercise date will not change the strike price. Accordingly, the Contract is not readily susceptible to manipulation because the fact that the strike price and other essential terms of the Contract are fixed at the Effective Date of the extremely liquid market in each applicable currency makes manipulation of the spot FX price extremely difficult.

**(B) Accounting for variations in deliverable supplies. To assure the availability of adequate deliverable supplies and acceptable levels of commercial risk management utility, contract terms and conditions should account for variations in the patterns of production, consumption and supply over a period of years of sufficient length to assess adequately the potential range of deliverable supplies. This assessment also should consider seasonality, growth, and market concentration in the production/consumption of the underlying cash commodity. Deliverable supply implications of seasonal effects are more straightforwardly delineated when deliverable supply estimates are calculated on a monthly basis and when such monthly estimates are provided for at least the most recent three years for which data resources permit. In addition, consideration should be given to the relative roles of producers, merchants, and consumers in the production, distribution, and consumption of the cash commodity and whether the underlying commodity exhibits a domestic or international export focus. Careful consideration also should be given to the quality of the cash commodity and to the movement or flow of the cash commodity in normal commercial channels and whether there exist external factors or regulatory controls that could affect the price or supply of the cash commodity.**

- Foreign currencies are standardized and readily available, and are not subject to variations in the patterns of production, consumption or supply that may be applicable to non-financial commodities.

**(C) Calculation of deliverable supplies. Designated contract markets should derive a quantitative estimate of the deliverable supplies for the delivery period specified in the proposed contract. For commodities with seasonal supply or demand characteristics, the deliverable supply analysis should include that period when potential supplies typically are at their lowest levels. The estimate should be based on statistical data, when reasonably available, covering a period of time that is representative of the underlying commodity's actual patterns of production, patterns of consumption, and patterns of seasonal effects (if relevant). Often, such a relevant time period should include at least three years of monthly deliverable supply estimates permitted by available data resources. Deliverable supply estimates should also exclude the amount of the commodity that would not be otherwise deliverable on the futures contract. For example, deliverable supplies should exclude quantities that at current price levels are not economically obtainable or deliverable or were previously committed for long-term agreements.**

- Please see above regarding liquidity of underlying market and the available deliverable supply of the applicable foreign currencies.

**(2) Contract terms and conditions requirements for futures contracts settled by physical delivery.**

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<sup>1</sup> "EBS Market" and "EBS Direct" are electronic marketplaces offered by EBS-branded affiliates of NEX SEF, including EBS Dealing Resources Inc. and EBS Services Company Limited. "EBS Market," is a trading platform that NEX SEF operates as the EBS Order Book pursuant to technology licensed from EBS (although EBS Market also offers products not offered on NEX SEF). "EBS Direct" is not offered through NEX SEF, but NEX SEF has ready access to the spot prices published by EBS Direct.

**(i) For physical delivery contracts, an acceptable specification of terms and conditions would include, but may not be limited to, rules that address, as appropriate, the following criteria and comply with the associated standards:**

**(A) Quality Standards.** The terms and conditions of a commodity contract should describe or define all of the economically significant characteristics or attributes of the commodity underlying the contract. In particular, the quality standards should be described or defined so that such standards reflect those used in transactions in the commodity in normal cash marketing channels. Documentation establishing that the quality standards of the contract's underlying commodity comply with those accepted/established by the industry, by government regulations, and/or by relevant laws should also be submitted. For any particular commodity contract, the specific attributes that should be enumerated depend upon the individual characteristics of the underlying commodity. These may include, for example, the following items: grade, quality, purity, weight, class, origin, growth, issuer, originator, maturity window, coupon rate, source, hours of trading, etc. If the terms of the contract provide for the delivery of multiple qualities of a specific attribute of the commodity having different cash market values, then a "par" quality should be specified with price differentials applicable to the "non-par" qualities that reflect discounts or premiums commonly observed or expected to occur in the cash market for that commodity.

- The foreign currencies available for the Contract are set forth in the Contract's terms and conditions. Quality standards are not applicable to foreign currencies.

**(B) Delivery Points and Facilities.** Delivery point/area specifications should provide for futures delivery at a single location or at multiple locations where the underlying cash commodity is normally transacted or stored and where there exists a viable cash market(s). If multiple delivery points are specified and the value of the commodity differs between these locations, contract terms should include price differentials that reflect usual differences in value between the different delivery locations. If the price relationships among the delivery points are unstable and a designated contract market chooses to adopt fixed locational price differentials, such differentials should fall within the range of commonly observed or expected commercial price differences. In this regard, any price differentials should be supported with cash price data for the delivery location(s). The terms and conditions of the contracts also should specify, as appropriate, any conditions the delivery facilities and/or delivery facility operators should meet in order to be eligible for delivery. Specification of any requirements for delivery facilities also should consider the extent to which ownership of such facilities is concentrated and whether the level of concentration would be susceptible to manipulation of the futures contract's prices. Commodity contracts also should specify appropriately detailed delivery procedures that describe the responsibilities of deliverers, receivers and any required third parties in carrying out the delivery process. Such responsibilities could include allocation between buyer and seller of all associated costs such as load-out, document preparation, sampling, grading, weighing, storage, taxes, duties, fees, drayage, stevedoring, demurrage, dispatch, etc. Required accreditation for third-parties also should be detailed. These procedures should seek to minimize or eliminate any impediments to making or taking delivery by both deliverers and takers of delivery to help ensure convergence of cash and futures at the expiration of a futures delivery month.

- Delivery points are not applicable to the foreign currencies applicable to the Contract. Each applicable currency can be transferred electronically to the location of any NEX SEF Participant.

**(C) Delivery Period and Last Trading Day.** An acceptable specification of the delivery period would allow for sufficient time for deliverers to acquire the deliverable commodity and make it available for delivery, considering any restrictions or requirements imposed by the designated contract market. Specification of the last trading day for expiring contracts should

**consider whether adequate time remains after the last trading day to allow for delivery on the contract.**

- The last trading day of the Contract is the Expiration Date, which is the last opportunity (and in the case of European options, the only opportunity) for the holder of the option to exercise it. The Settlement Date, which is agreed upon by the counterparties, is set at an appropriate date to allow for the exchange of the currencies if the option has been exercised.

**(D) Contract Size and Trading Unit.** An acceptable specification of the delivery unit and/or trading unit would be a contract size that is consistent with customary transactions, transportation or storage amounts in the cash market (e.g., the contract size may be reflective of the amount of the commodity that represents a pipeline, truckload or railcar shipment). For purposes of increasing market liquidity, a designated contract market may elect to specify a contract size that is smaller than the typical commercial transaction size, storage unit or transportation size. In such cases, the commodity contract should include procedures that allow futures traders to easily take or make delivery on such a contract with a smaller size, or, alternatively, the designated contract market may adopt special provisions requiring that delivery be made only in multiple contracts to accommodate reselling the commodity in the cash market. If the latter provision is adopted, contract terms should be adopted to minimize the potential for default in the delivery process by ensuring that all contracts remaining open at the close of trading in expiring delivery months can be combined to meet the required delivery unit size. Generally, contract sizes and trading units should be determined after a careful analysis of relevant cash market trading practices, conditions and deliverable supply estimates, so as to ensure that the underlying market commodity market and available supply sources are able to support the contract sizes and trading units at all times.

- The minimum contract size is 2 million notional units of the applicable currency.

**(E) Delivery Pack.** The term “delivery pack” refers to the packaging standards (e.g., product may be delivered in burlap or polyethylene bags stacked on wooden pallets) or non-quality related standards regarding the composition of commodity within a delivery unit (e.g., product must all be imported from the same country or origin). An acceptable specification of the delivery pack or composition of a contract's delivery unit should reflect, to the extent possible, specifications commonly applied to the commodity traded or transacted in the cash market.

- Delivery Packs are not applicable to the Contract.

**(F) Delivery Instrument.** An acceptable specification of the delivery instrument (e.g., warehouse receipt, depository certificate or receipt, shipping certificate, bill of lading, in-line transfer, book transfer of securities, etc.) would provide for its conversion into the cash commodity at a commercially-reasonable cost. Transportation terms (e.g., FOB, CIF, freight prepaid to destination) as well as any limits on storage or certificate daily premium fees should be specified. These terms should reflect cash market practices and the customary provision for allocating delivery costs between buyer and seller.

- The delivery instrument is the the applicable currency if the option is exercised.

**(G) Inspection Provisions.** Any inspection/certification procedures for verifying compliance with quality requirements or any other related delivery requirements (e.g., discounts relating to the age of the commodity, etc.) should be specified in the contract rules. An acceptable specification of inspection procedures would include the establishment of formal procedures that are consistent with procedures used in the cash market. To the extent that formal inspection procedures are not used in the cash market, an acceptable specification would contain provisions that assure accuracy in assessing the commodity, that are available

at a low cost, that do not pose an obstacle to delivery on the contract and that are performed by a reputable, disinterested third party or by qualified designated contract market employees. Inspection terms also should detail which party pays for the service, particularly in light of the possibility of varying inspection results.

- Inspection provisions are not applicable to foreign currency.

**(H) Delivery (Trading) Months.** Delivery months should be established based on the risk management needs of commercial entities as well as the availability of deliverable supplies in the specified months.

- The delivery month is as agreed to by the parties. There is a not a limited supply of the foreign currencies applicable to this Contract.

**(I) Minimum Price Fluctuation (Minimum Tick).** The minimum price increment (tick) should be set at a level that is equal to, or less than, the minimum price increment commonly observed in cash market transactions for the underlying commodity. Specifying a futures' minimum tick that is greater than the minimum price increment in the cash market can undermine the risk management utility of the futures contract by preventing hedgers from efficiently establishing and liquidating futures positions that are used to hedge anticipated cash market transactions or cash market positions.

- The minimum price fluctuation is 0.0001 of the applicable currency, which is consistent with customary transactions in the market.

**(J) Maximum Price Fluctuation Limits.** Designated contract markets may adopt price limits to: (1) Reduce or constrain price movements in a trading day that may not be reflective of true market conditions but might be caused by traders overreacting to news; (2) Allow additional time for the collection of margins in times of large price movements; and (3) Provide a "cooling-off" period for futures market participants to respond to bona fide changes in market supply and demand fundamentals that would lead to large cash and futures price changes. If price limit provisions are adopted, the limits should be set at levels that are not overly restrictive in relation to price movements in the cash market for the commodity underlying the futures contract.

- Not applicable.

**(K) Speculative Limits.** Specific information regarding the establishment of speculative position limits are set forth in part 150, and/or part 151, as applicable, of the Commission's regulations.

- None are currently required by the Commission. If and to the extent the Commission imposes speculative limits on any of the Contracts, the limits imposed by NEX SEF will be the same.

**(L) Reportable Levels.** Refer to §15.03 of the Commission's regulations.

- None are currently required by the Commission. If and to the extent the Commission imposes a reporting requirement based on reportable levels of the Contracts imposed by the Commission, the reportable levels imposed by NEX SEF will be the same.

**(M) Trading Hours.** Should be set by the designated contract market to delineate each trading day.

- Order Book: Not Available.
- Voice RFQ: Not Available.

- All Pre-Arranged Crosses: 6:00am Monday Sydney Time – 5:30pm Friday New York Time.

**(d) Options on a Futures Contract. (1) The Commission's experience with the oversight of trading in futures option contracts indicates that most of the terms and conditions associated with such trading do not raise any regulatory concerns or issues. The Commission has found that the following terms do not affect an option contract's susceptibility to manipulation or its utility for risk management. Thus, the Commission believes that, in most cases, any specification of the following terms would be acceptable; the only requirement is that such terms be specified in an automatic and objective manner in the option contract's rules:**

- The essential terms and conditions of the Option are attached as Attachment A and closely adhere to cash market practices, making manipulation very difficult to achieve.
- **Exercise method;**
  - If the Contract is exercised, the exercising party must provide notice to the counterparty by the close of business on the exercise date.
- **Exercise procedure (if positions in the underlying futures contract are established via book entry);**
  - The option's style is American or European, as agreed to by the counterparties.
- **Strike price listing provisions, including provisions for listing strike prices on a discretionary basis;**
  - Strike prices are agreed to between the parties and are quoted as a decimal number with up to five decimal places.
- **Strike price intervals;**
  - Not applicable.
- **Automatic exercise provisions;**
  - There is no automatic exercise. All options must be exercised manually.
- **Contract size (unless not set equal to the size of the underlying futures contract); and**
  - The option size is equal to the notional value. A put or call option traded on NEX SEF represents an option to exchange money denominated in one currency for money in another currency at a pre-agreed exchange rate on a specified date, at the strike price.
- **Option minimum tick should be equal to or smaller than that of the underlying futures contract.**
  - Option minimum tick is 0.0001 in the relevant currency.

**(2) Option Expiration & Last Trading Day. For options on futures contracts, specification of expiration dates should consider the relationship of the option expiration date to the delivery period for the underlying futures contract. In particular, an assessment should be made of liquidity in the underlying futures market to assure that any futures contracts acquired through exercise can be liquidated without adversely affecting the orderly liquidation of futures positions or increasing the underlying futures contract's susceptibility to manipulation. When**



**the underlying futures contract exhibits a very low trading activity during an expiring delivery month's final trading days or has a greater risk of price manipulation than other contracts, the last trading day and expiration day of the option should occur prior to the delivery period or the settlement date of the underlying future. For example, the last trading day and option expiration day might appropriately be established prior to first delivery notice day for option contracts with underlying futures contracts that have very limited deliverable supplies. Similarly, if the futures contract underlying an option contract is cash settled using cash prices from a very limited number of underlying cash market transactions, the last trading and option expiration days for the option contract might appropriately be established prior to the last trading day for the futures contract.**

- The last trading day of the Contract is the Expiration Date of the option, which is agreed to by the counterparties and is the last opportunity (and in the case of European-style options, the only opportunity) for the holder of the option to exercise it. As noted above, foreign currency is an extremely liquid market and there is not a limited supply of the foreign currencies applicable to this Contract.

**(3) Speculative Limits. In cases where the terms of an underlying futures contract specify a spot-month speculative position limit and the option contract expires during, or at the close of, the futures contract's delivery period, the option contract should include a spot-month speculative position limit provision that requires traders to combine their futures and option position and be subject to the limit established for the futures contract. Specific rules and policies for speculative position limits are set forth in part 150 and/or part 151, as applicable, of the Commission's regulations.**

- None are currently required by the Commission. If and to the extent the Commission imposes speculative limits on the Option, the limits imposed by NEX SEF will be the same.

#### **(4) Options on Physicals Contracts.**

**(i) Under the Commission's regulations, the term "option on physicals" refers to option contracts that do not provide for exercise into an underlying futures contract. Upon exercise, options on physicals can be settled via physical delivery of the underlying commodity or by a cash payment. Thus, options on physicals raise many of the same issues associated with trading in futures contracts regarding adequacy of deliverable supplies or acceptability of the cash settlement price series. In this regard, an option that is cash settled based on the settlement price of a futures contract would be considered an "option on physicals" and the futures settlement price would be considered the cash price series.**

- Please see above: "(b) Futures Contracts Settled by Physical Delivery."

**(ii) In view of the above, acceptable practices for the terms and conditions of options on physicals contracts include, as appropriate, those practices set forth above for physical-delivery or cash-settled futures contracts plus the practices set forth for options on futures contracts.**

- Not applicable.

\* \* \*

In addition to the foregoing, NEX SEF has adopted rules in its Rulebook prohibiting any Participant or Customer from engaging in manipulative trading activity and NEX SEF is required to, and will, monitor all trading on NEX SEF in order to identify any such manipulative activity. NEX SEF has authority to

impose on its Participants and Customers fines and disciplinary sanctions in the event that such manipulative activity has occurred.

Attachment A

SEF Rule 803

## Product Descriptions – Foreign Exchange Options

### Rule 803 FX Options Product Descriptions

#### Trading Hours

The trading hours for all Contracts governed by this Rule 803 are as follows:

- Order Book: Not Available.
- Voice RFQ: Not Available.
- All Pre-Arranged Crosses: 24 Hours, beginning at 6:00 a.m. Wellington Time on Monday (5:00 p.m. UTC on Sunday during NZDT/6:00 p.m. UTC on Sunday during NZST) and ending at 5:00 p.m. New York Time on Friday (10:00 p.m. UTC during EST/9:00 p.m. UTC during EDT).

#### Products — Rule 803:

- (1) Foreign Exchange Options (FX Options)

Contract Specification	Details																																																																				
Product Description	FX Option: a transaction in which the buyer has the right, but not the obligation, to buy (call option) or sell (put option) a fixed amount of foreign exchange at a fixed exchange rate agreed by the parties for a specified time period.																																																																				
Reference & Settlement Currencies	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Reference Currency</th> <th>Counter Currency</th> <th>Settlement Currency</th> <th>Units of Trading</th> </tr> </thead> <tbody> <tr><td>EUR</td><td>USD</td><td>USD</td><td>EUR</td></tr> <tr><td>GBP</td><td>USD</td><td>USD</td><td>GBP</td></tr> <tr><td>EUR</td><td>GBP</td><td>GBP</td><td>EUR</td></tr> <tr><td>USD</td><td>JPY</td><td>USD</td><td>USD</td></tr> <tr><td>EUR</td><td>JPY</td><td>EUR</td><td>EUR</td></tr> <tr><td>USD</td><td>CHF</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>CAD</td><td>CAD</td><td>USD</td></tr> <tr><td>AUD</td><td>USD</td><td>AUD</td><td>AUD</td></tr> <tr><td>USD</td><td>MXN</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>CNH</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>INR</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>SGD</td><td>USD</td><td>USD</td></tr> <tr><td>NZD</td><td>USD</td><td>NZD</td><td>NZD</td></tr> <tr><td>USD</td><td>HKD</td><td>USD</td><td>USD</td></tr> <tr><td>BRL</td><td>USD</td><td>USD</td><td>USD</td></tr> <tr><td>MXN</td><td>USD</td><td>USD</td><td>USD</td></tr> </tbody> </table>	Reference Currency	Counter Currency	Settlement Currency	Units of Trading	EUR	USD	USD	EUR	GBP	USD	USD	GBP	EUR	GBP	GBP	EUR	USD	JPY	USD	USD	EUR	JPY	EUR	EUR	USD	CHF	USD	USD	USD	CAD	CAD	USD	AUD	USD	AUD	AUD	USD	MXN	USD	USD	USD	CNH	USD	USD	USD	INR	USD	USD	USD	SGD	USD	USD	NZD	USD	NZD	NZD	USD	HKD	USD	USD	BRL	USD	USD	USD	MXN	USD	USD	USD
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Notional Amount	As agreed by the parties																																																																				
Option Style	American and European																																																																				

## Product Descriptions – Foreign Exchange Options

Option Premium	As agreed by the parties
Premium Payment	Spot date relative to option trade date
Trading Hours	24 Hours, beginning at 6:00 a.m. Wellington Time on Monday (5:00 p.m. UTC on Sunday during NZDT/6:00 p.m. UTC on Sunday during NZST) and ending at 5:00 p.m. New York Time on Friday (10:00 p.m. UTC during EST/9:00 p.m. UTC during EDT)
Quotation	The price quotation is determined as a decimal number with up to five decimal places
Units of Trading	See current currency list above.
Expiration Date and Time	As agreed by the parties
Settlement Terms	Bilateral settlement performed in Settlement Currency
Settlement Date	Settlement Date – Spot date relative to Expiration Date (if option is exercised)
Minimum Price Fluctuation/Price Tick Size	The minimum price change is 0.0001
Settlement Price	N/A
Strike Prices	As agreed by the parties
Contract Size	As agreed by the parties
Maturity Date	As agreed by the parties
Exercise	Manual. Exercise decision is determined by the buyer of the option.
Last Trading Day / Time	Not Applicable
Trading Conventions	<ul style="list-style-type: none"> <li>a. Buyer of the option has the right, but not the obligation to buy (call option) or sell (put option) the Reference Currency</li> <li>b. Seller of the option must sell (call) or buy (put) the Reference Currency if exercised by the option buyer</li> </ul>
Block Size	1 million notional units of Reference Currency; 2 million units minimum trade size
Position Limits	Not Applicable
Reportable Levels	All FX Option trades are reported
Clearing	FX Options are not cleared

Attachment B

Marked SEF Rule 803

# Product Descriptions – Foreign Exchange Options

## Rule 803 FX Options Product Descriptions

### Trading Hours

The trading hours for all Contracts governed by this Rule 803 are as follows:

- o Order Book: Not Available.
- o Voice RFQ: Not Available.
- o All Pre-Arranged Crosses: ~~6:00am Monday Sydney Time – 5:30pm Friday~~ [24 Hours, beginning at 6:00 a.m. Wellington Time on Monday \(5:00 p.m. UTC on Sunday during NZDT/6:00 p.m. UTC on Sunday during NZST\) and ending at 5:00 p.m. New York Time- on Friday \(10:00 p.m. UTC during EST/9:00 p.m. UTC during EDT\).](#)

### Products — Rule 803:

- (1) Foreign Exchange Options (FX Options)

Contract Specification	Details																																																																				
Product Description	FX Option: a transaction in which the buyer has the right, but not the obligation, to buy (call option) or sell (put option) a fixed amount of foreign exchange at a fixed exchange rate agreed by the parties for a specified time period.																																																																				
Reference & Settlement Currencies	<table border="1"> <thead> <tr> <th>Reference Currency</th> <th>Counter Currency</th> <th>Settlement Currency</th> <th>Units of Trading</th> </tr> </thead> <tbody> <tr><td>EUR</td><td>USD</td><td>USD</td><td>EUR</td></tr> <tr><td>GBP</td><td>USD</td><td>USD</td><td>GBP</td></tr> <tr><td>EUR</td><td>GBP</td><td>GBP</td><td>EUR</td></tr> <tr><td>USD</td><td>JPY</td><td>USD</td><td>USD</td></tr> <tr><td>EUR</td><td>JPY</td><td>EUR</td><td>EUR</td></tr> <tr><td>USD</td><td>CHF</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>CAD</td><td>CAD</td><td>USD</td></tr> <tr><td>AUD</td><td>USD</td><td>AUD</td><td>AUD</td></tr> <tr><td>USD</td><td>MXN</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>CNH</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>INR</td><td>USD</td><td>USD</td></tr> <tr><td>USD</td><td>SGD</td><td>USD</td><td>USD</td></tr> <tr><td>NZD</td><td>USD</td><td>NZD</td><td>NZD</td></tr> <tr><td>USD</td><td>HKD</td><td>USD</td><td>USD</td></tr> <tr><td><a href="#">BRL</a></td><td><a href="#">USD</a></td><td><a href="#">USD</a></td><td><a href="#">USD</a></td></tr> <tr><td><a href="#">MXN</a></td><td><a href="#">USD</a></td><td><a href="#">USD</a></td><td><a href="#">USD</a></td></tr> </tbody> </table>	Reference Currency	Counter Currency	Settlement Currency	Units of Trading	EUR	USD	USD	EUR	GBP	USD	USD	GBP	EUR	GBP	GBP	EUR	USD	JPY	USD	USD	EUR	JPY	EUR	EUR	USD	CHF	USD	USD	USD	CAD	CAD	USD	AUD	USD	AUD	AUD	USD	MXN	USD	USD	USD	CNH	USD	USD	USD	INR	USD	USD	USD	SGD	USD	USD	NZD	USD	NZD	NZD	USD	HKD	USD	USD	<a href="#">BRL</a>	<a href="#">USD</a>	<a href="#">USD</a>	<a href="#">USD</a>	<a href="#">MXN</a>	<a href="#">USD</a>	<a href="#">USD</a>	<a href="#">USD</a>
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Notional Amount	As agreed by the parties																																																																				
Option Style	American and European																																																																				

## Product Descriptions – Foreign Exchange Options

Option Premium	As agreed by the parties
Premium Payment	Spot date relative to option trade date
Trading Hours	<del>6:00am Monday Sydney Time – 5:30pm Friday</del> <a href="#">24 Hours, beginning at 6:00 a.m. Wellington Time on Monday (5:00 p.m. UTC on Sunday during NZDT/6:00 p.m. UTC on Sunday during NZST) and ending at 5:00 p.m. New York Time on Friday (10:00 p.m. UTC during EST/9:00 p.m. UTC during EDT)</a>
Quotation	The price quotation is determined as a decimal number with up to five decimal places
Units of Trading	See current currency list above.
Expiration Date and Time	As agreed by the parties
Settlement Terms	Bilateral settlement performed in Settlement Currency
Settlement Date	Settlement Date – Spot date relative to Expiration Date (if option is exercised)
Minimum Price Fluctuation/Price Tick Size	The minimum price change is 0.0001
Settlement Price	N/A
Strike Prices	As agreed by the parties
Contract Size	As agreed by the parties
Maturity Date	As agreed by the parties
Exercise	Manual. Exercise decision is determined by the buyer of the option.
Last Trading Day / Time	Not Applicable
Trading Conventions	<ul style="list-style-type: none"> <li>c. Buyer of the option has the right, but not the obligation to buy (call option) or sell (put option) the Reference Currency</li> <li>d. Seller of the option must sell (call) or buy (put) the Reference Currency if exercised by the option buyer</li> </ul>
Block Size	1 million notional units of Reference Currency; 2 million units minimum trade size
Position Limits	Not Applicable
Reportable Levels	All FX Option trades are reported
Clearing	FX Options are not cleared



**ATTACHMENT B – CERTIFICATION PURSUANT TO CFTC REGULATION 40.2**

The undersigned hereby certifies that each product described in this submission complies with the Commodity Exchange Act and the CFTC Regulations thereunder, and that concurrent with the filing of this submission with the Commission, NEX SEF Limited will be posting on its website, on April 16, 2018, a copy of this submission and a notice of pending product certification of this product with the Commission.

NEX SEF LIMITED

A handwritten signature in dark ink, appearing to be 'Nirup Ramalingam', with a long horizontal flourish extending to the right.

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By: Nirup Ramalingam  
Title: Chief Operating Officer  
Date: April 12, 2019