

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 21-223

Organization: NEX SEF Limited ("NEXSEF")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 05/xx/21 Filing Description: Initial Listing of the Z-TIBOR Interest Rate Swap Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: _____

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name: See filing.

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

May 11, 2021

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: CFTC Regulation 40.2(a) Certification. Notification of the Initial Listing of the Z-TIBOR Interest Rate Swap Contract. NEX SEF Submission No. 21-223

Dear Mr. Kirkpatrick:

NEX SEF Limited (“NEX SEF”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the Z-TIBOR Interest Rate Swap contract (the “Contract”) for trading effective on May 13, 2021 as more specifically described below.

Attached as Appendix A is a copy of NEX SEF Rule 802(1), reflecting the addition of the Contract.

NEX SEF reviewed the Swap Execution Facility core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Contracts may have some bearing on the following Core Principles¹:

- **Compliance with Rules:** Trading in the Contract will be subject to all NEX SEF Rules, including the rules on trading procedures set forth in Chapter 3 of its rulebook, the prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in Chapter 4 of its rulebook, and the dispute resolution and arbitration procedures of Chapter 5 of its rulebook. As with all products listed for trading on NEX SEF, trading activity in the Contracts will be subject to monitoring and surveillance by NEX SEF’s market regulation staff, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contract Not Readily Subject to Manipulation:** The Contract is not readily subject to manipulation because of the underlying market and reliance on a well administered index. Further analysis of this matter is set forth on Appendix B attached hereto.
- **Prevention of Market Disruption:** Trading in the Contract will be subject to the Rules of NEX SEF, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any Contract listed for trading on NEX SEF, trading activity in the Contracts proposed herein will be subject to monitoring and surveillance by NEX SEF’s market regulation staff.
- **Position Limitations or Accountability:** The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission’s guidance.
- **Availability of General Information:** NEX SEF will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume and price information for the Contracts. In addition, NEX SEF will advise the marketplace of the launch of the Contract by releasing a notice to its participants.
- **Daily Publication of Trading Information:** NEX SEF will publish contract trading volumes and price information daily on its website.

- **Protection of Market Participants:** NEX SEF Rulebook Chapter 4 sets forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.
- **Disciplinary Procedures:** Chapter 5 of the Rulebook contains provisions that allow NEX SEF to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the Contracts will be subject to Chapter 5, and the NEX SEF market regulation staff has the authority to exercise its enforcement power in the event rule violations in these products are identified.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a), NEX SEF hereby certifies that listing the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

NEX SEF certifies that this submission has been concurrently posted on its website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at 212-299-2200 or CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NEX SEF Rule 802(1) (blackline format)
Exhibit B: Core Principle Analysis

Appendix A

NEX SEF Rule 802 (1)

(additions underlined)

Rule 802(1) — Fixed for Floating IRS

A Fixed for Floating IRS is an Interest Rate Swap for which settlement is in the form of periodic fixed interest payments and a stream of periodic floating interest payments based on an interest rate over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount.

Currencies		
AUD	SGD	NZD
ZAR	CAD	HKD
JPY	MXN	<u>THB</u>
USD	KRW	

Specifications

Trading Conventions

Buyer (Payer) pays fixed interest rate and receives floating interest rate.

Seller (Receiver) receives fixed interest rate and pays floating interest rate.

Swap Leg Conventions

The terms of Fixed versus Floating Interest Rate Swaps are based on a number of combinations of the criteria below.

Fixed Leg

Payment Frequency

Monthly, Quarterly, Semi-Annually, or Annually

Day Count Convention

Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual
Fixed/365, actual /366, actual / actual

Holiday Calendar

Applied in accordance for the country currency denoted for the instrument

Business Day Convention

Modified following with adjustment to period end dates.

Business days in this convention must be valid business days for the countries denoted by the currency. If not, it will be the next day that is a business day on both calendars.

Fixed Rate

The traded interest rate yield or basis points on Trade Date

Floating Leg

Reset Frequency

Monthly, Quarterly, Semi-Annual

Day Count Convention

Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual
Fixed/365, actual /366, actual / actual

Holiday Calendar

Applied in accordance for the country currency denoted for the instrument

Business Day Convention

Modified Following with adjustment to period end dates.

Business days in this convention must be valid business days for the countries denoted by the currency. If not, it

will be the next day that is a business day on both calendars.

Fixed Rate

The traded interest rate yield or basis points on Trade Date

Interest Rate Benchmark

AUD-BBR-BBSW

SGD-SOR-VWAP

NZD-BBR-FRA

ZAR-JIBAR-SAFEX

CAD-BA-CDOR

HKD-HIBOR-HKAB

JPY-LIBOR-BBA

MXN-TIIE-Banxico

THB-THBFIX-Reuters

MYR-KLIBOR-BNM

USD-LIBOR-BBA

KRW-CD-KSDA-Bloomberg

JPY-TIBOR-ZTIBOR

Effective Date

The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date or the Value Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

Trade Start Type

Spot Starting

A swap whose Effective Date is 2 business days from the Trade Date (T+2).

Forward Starting

A swap whose Effective Date is anything after the Effective Date for a Spot Starting swap.

Maturity Date

The final date until which Fixed and Floating amounts accrue

Tenor

The duration of time from the Effective Date to the Maturity Date. Tenors of any duration greater than 0 years to 50 years.

Listed Tenors, also known as On-the-Run, are whole calendar year Spot Starting Contracts with a Tenor of 1 through 50 years.

Other Tenors, also known as Off-the-Run, means any partial year Tenor (Months, Weeks, Days).

Roll Day Convention

The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods.

For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect.

Floating Reset Dates

Dates utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the contract. Except in the case of a Stub Period, the Reset Date is aligned with the floating rate frequency as determined.

First Period Fixing Date

For Spot Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.

For Forward Starting swaps, the Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the first floating payment date, taking into account agreed non-working days

Stub Period Rate

For swaps with partial year Tenors, an interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first or last Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period this can be applied either at the start or end of that period: Front or Back.

Trade Types

The Platform may support the following trade types:

Outrights

An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.

Switches or Spreads

Is the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).

Butterflies

Butterflies are a combination of two spreads/switches (e.g. 2 year by 5 year by 10 year).

Contract Size

Minimum notional size is dependent on currency and tenor

Quoting Convention

Outrights

The interest rate yield quoted is dependent on currency

Spreads and Butterflies will be quoted in basis points dependent in multiples of the increments of the underlying Outrights

Final Settlement Price

Multiple payments take place during the term of the swap. Settlement price used for the periodic exchange of fixed and floating payments is based on the following factors:

Fixed Leg

Payment amount on the fixed leg is based on the traded price and notional amounts of the swap on Trade Date. Payment timing on the fixed leg is based on the Payment Frequency, Day Count Convention, Business Day Convention, and Roll Day.

Floating Leg

Payment on the floating leg is based on the Interest Rate and notional amounts of the swap. Payments on the floating leg are based on the Payment Frequency, Day Count Convention, Business Day Convention, Roll Day Convention and Floating Reset Dates.

Clearing

Contracts for ZAR are clearable at the election of the counterparties on the Effective Date at LCH, Clearnet, CME and ASX. All other Contracts are eligible to be cleared at LCH, Clearnet, CME and ASX. Please see clearable contract definitions at <http://www.lchclearnet.com/>, <http://www.cmegroup.com/>, and <http://www.asx.com.au/services/clearing/asx-clear-futures.htm>.

Appendix B

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 reference prices on which the Contract settles is Euroyen TIBOR (the “Benchmark Rate”). The Benchmark Rate is calculated and published by a reliable independent third party that is a supervised manager of an inter-bank offered rate, as discussed in more detail below.

(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 below.

(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

(c) Futures Contracts Settled by Cash Settlement. (1) Cash settlement is a method of settling certain futures or option contracts whereby, at contract expiration, the contract is settled by cash payment in lieu of physical delivery of the commodity or instrument underlying the contract. An acceptable specification of the cash settlement price for commodity futures and option contracts would include rules that fully describe the essential economic characteristics

of the underlying commodity (e.g., grade, quality, weight, class, growth, issuer, maturity, source, rating, description of the underlying index and index's calculation methodology, etc.), as well as how the final settlement price is calculated. In addition, the rules should clearly specify the trading months and hours of trading, the last trading day, contract size, minimum price change (tick size) and any limitations on price movements (e.g., price limits or trading halts).

- Essential Economic Characteristics of the Contract. The terms and conditions of the Contract match the terms of interest rate swaps that are commonly offered in the market and are listed in Appendix A. The Contract is a spot starting or forward starting cash-settled interest rate swap that allows a party to speculate on, or hedge risks associated with, interest rate movements. The Contract is available in JPY. One party to the Contract (the “Buyer”) agrees to make a payment at a fixed interest rate, established on the trade date, on a notional principal amount to the other party (the “Seller”). The Seller agrees to make a payment to the Buyer at a floating interest rate (one of the Benchmark Rates) on the agreed notional principal amount. The floating rate is the actual Benchmark Rate on the maturity date of the Contract. Settlement is a single payment at the maturity date of the difference between the amounts calculated using the fixed rate and the floating rate on the notional amount. All of the essential terms of the Contract, other than the contingent Benchmark Rate at the maturity date, are agreed at the trade date of the Contract (the “Effective Date”).
- Calculation of Cash Settlement Price. One leg of each Contract will pay a fixed rate on a notional principal amount established at the Effective Date and which will remain unchanged throughout the life of the Contract. The other leg of the Contract will pay a floating set rate based on the Benchmark Rate established at the maturity date of the Contract (*i.e.*, Z TIBOR two days prior to the effective date) on the notional principal amount. The calculation of the Benchmark Rate is governed by a standard set of rules and calculation procedures published by the Benchmark Rate provider, as discussed below.

(2) Cash settled contracts may be susceptible to manipulation or price distortion. In evaluating the susceptibility of a cash-settled contract to manipulation, a designated contract market should consider the size and liquidity of the cash market that underlies the listed contract in a manner that follows the determination of deliverable supply as noted above in (b)(1). In particular, situations susceptible to manipulation include those in which the volume of cash market transactions and/or the number of participants contacted in determining the cash-settlement price are very low. Cash-settled contracts may create an incentive to manipulate or artificially influence the data from which the cash-settlement price is derived or to exert undue influence on the cash-settlement price's computation in order to profit on a futures position in that commodity. The utility of a cash-settled contract for risk management and price discovery would be significantly impaired if the cash settlement price is not a reliable or robust indicator of the value of the underlying commodity or instrument. Accordingly, careful consideration should be given to the potential for manipulation or distortion of the cash settlement price, as well as the reliability of that price as an indicator of cash market values. Appropriate consideration also should be given to the commercial acceptability, public availability, and timeliness of the price series that is used to calculate the cash settlement price. Documentation demonstrating that the settlement price index is a reliable indicator of market values and conditions and is commonly used as a reference index by industry/market agents should be provided. Such documentation may take on various forms, including carefully documented interview results with knowledgeable agents.

- Contract Not Readily Susceptible to Manipulation. The Contract is not readily susceptible to manipulation for a number of reasons. As noted above, all of the essential terms of the Contract,

other than the payment contingent on the Benchmark Rate, are agreed at the Effective Date, thereby reducing the impact of potentially unrepresentative data. Interest rate period swaps are widely used by market participants to transfer and manage interest rate risk. The size and liquidity of the market in single period swaps is well documented and the significant liquidity in single period swaps such as the Contracts makes the Contracts difficult to manipulate. The floating rate of each Contract is the Benchmark Rate. The Benchmark Rate is widely used and is calculated and published by a reliable independent third party that is a supervised manager of the inter-bank offered rate. Ippan Shadan Hojin JBA TIBOR Administration ("JBATA") manages and calculates TIBOR. NEX SEF believes that JBATA is impartial, employs appropriate safeguards against manipulation to protect the value of the Benchmark Rate, and uses business practices that minimize the opportunity or incentive to manipulate the reference index associated with the Contract's exchange of cash flows.

The Benchmark Rate is an inter-bank offered rate based on comprehensive, well-established and transparent rules that govern, among other things, the selection of banks which submit prices and the calculation of the offered rate. The Benchmark Rate is widely accepted by market participants as a reliable inter-bank offered rate. Furthermore, the development and management of the Benchmark Rate is rules-based, therefore making it difficult for individuals or entities to change calculation of amounts due under the Contract. Additionally, the Benchmark Rate is widely followed by numerous market participants and basing interest rate swaps on the Benchmark Rate has been a longstanding and widely accepted practice. Accordingly, the Contract is not readily susceptible to manipulation or price distortion because the method of determining the cash settlement price is based on terms that are fixed at the Effective Date of each Contract and a reliable Benchmark Rate.

NEX SEF will continue to monitor and assess on an ongoing basis: (1) the size and liquidity of the underlying market in single period swaps; (2) the continued use of the Benchmark Rate by market participants, including those transacting on swap execution facilities and those transacting in the over-the-counter markets; (3) industry and government initiatives for the adoption of alternative reference rates to replace the Benchmark Rate; (3) industry initiatives to adopt contractual fallback language addressing alternative reference rates when the Benchmark Rate is no longer managed, calculated or published by JBATA or any successor Benchmark Rate manager, including those that would affect the Terms Incorporated by Reference pursuant to Chapter 3 of the NEX SEF Rulebook; and (4) statements by the JBATA, applicable governmental and regulatory bodies and market participants regarding the timing of the retirement and phase out of the Benchmark Rate.

(3) Where an independent, private-sector third party calculates the cash settlement price series, a designated contract market should consider the need for a licensing agreement that will ensure the designated contract market's rights to the use of the price series to settle the listed contract.

(i) Where an independent, private-sector third party calculates the cash settlement price series, the designated contract market should verify that the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash-settlement price series. Such safeguards may include lock-downs, prohibitions against derivatives trading by employees, or public dissemination of the names of sources and the price quotes they provide. Because a cash-settled contract may create an incentive to manipulate or artificially influence the underlying market from which the cash-settlement price is derived or to exert undue influence on the cash-settlement computation in order to profit on a futures position in that commodity, a designated contract market should, whenever practicable, enter into an information-sharing agreement with the third-party provider which

would enable the designated contract market to better detect and prevent manipulative behavior.

- Independent Third-Party Pricing. As described above, the cash settlement price is calculated through a cash settlement method that is not readily susceptible to manipulation. As stated above, JBATA manages and calculates the Benchmark Rate. NEX SEF believes that JBATA is impartial, employs appropriate safeguards against manipulation to protect the value of the Benchmark Rate, and uses business practices that minimize the opportunity or incentive to manipulate the reference index associated with the Contract's exchange of cash flows. To the extent that NEX SEF's Market Regulation Staff determines that there is reason to suspect manipulation or attempted manipulation with respect to the Contract that involves the Benchmark Rate, it will so inform JBATA and will seek to share information as necessary to investigate the potential manipulation or attempted manipulation.

(ii) Where a designated contract market itself generates the cash settlement price series, the designated contract market should establish calculation procedures that safeguard against potential attempts to artificially influence the price. For example, if the cash settlement price is derived by the designated contract market based on a survey of cash market sources, the designated contract market should maintain a list of such entities which all should be reputable sources with knowledge of the cash market. In addition, the sample of sources polled should be representative of the cash market, and the poll should be conducted at a time when trading in the cash market is active.

- Please see above.

(iii) The cash-settlement calculation should involve computational procedures that eliminate or reduce the impact of potentially unrepresentative data.

- Please see above.

(iv) The cash settlement price should be an accurate and reliable indicator of prices in the underlying cash market. The cash settlement price also should be acceptable to commercial users of the commodity contract. The registered entity should fully document that the settlement price is accurate, reliable, highly regarded by industry/market agents, and fully reflects the economic and commercial conditions of the relevant designated contract market.

- Please see above.

(v) To the extent possible, the cash settlement price should be based on cash price series that are publicly available and available on a timely basis for purposes of calculating the cash settlement price at the expiration of a commodity contract. A designated contract market should make the final cash settlement price and any other supporting information that is appropriate for release to the public, available to the public when cash settlement is accomplished by the derivatives clearing organization. If the cash settlement price is based on cash prices that are obtained from non-public sources (e.g., cash market surveys conducted by the designated contract market or by third parties on behalf of the designated contract market), a designated contract market should make available to the public as soon as possible after a contract month's expiration the final cash settlement price as well as any other supporting information that is appropriate or feasible to make available to the public.

- The Benchmark Rate is readily available via a number of sources.

(4) Contract terms and conditions requirements for futures contracts settled by cash settlement.

(i) An acceptable specification of the terms and conditions of a cash-settled commodity contract will also set forth the trading months, last trading day, contract size, minimum price change (tick size) and daily price limits, if any.

- The essential terms and conditions of the Contract are attached as Appendix A.

(A) Commodity Characteristics: The terms and conditions of a commodity contract should describe the commodity underlying the contract.

- The terms and conditions of the Contract specify that the Contract is based on the Benchmark Rate.

(B) Contract Size and Trading Unit: An acceptable specification of the trading unit would be a contract size that is consistent with customary transactions in the cash market. A designated contract market may opt to set the contract size smaller than that of standard cash market transactions.

- The size of each Contract is consistent with customary transactions in the market.

(C) Cash Settlement Procedure: The cash settlement price should be reliable, acceptable, publicly available, and reported in a timely manner as described in paragraphs (c)(3)(iv) and (c)(3)(v) of this appendix C.

- The cash settlement procedures and an explanation of how the Contract is not readily susceptible to manipulation are described above.

(D) Pricing Basis and Minimum Price Fluctuation (Minimum Tick): The minimum price increment (tick) should be set 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.

- As agreed to between the parties.

(E) 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. For broad-based stock index futures contracts, rules should be adopted that coordinate with New York

Stock Exchange (“NYSE”) declared Circuit Breaker Trading Halts (or other market coordinated Circuit Breaker mechanism) and would recommence trading in the futures contract only after trading in the majority of the stocks underlying the index has recommenced.

- NEX SEF believes price limits are not necessary for the Contract and accordingly has not adopted price limits.

(F) Last Trading Day: Specification of the last trading day for expiring contracts should be established such that it occurs before publication of the underlying third-party price index or determination of the final settlement price. If the designated contract market chooses to allow trading to occur through the determination of the final settlement price, then the designated contract market should show that futures trading would not distort the final settlement price calculation.

- The last trading day for each Contract is the maturity date of each Contract, which is set by the counterparties. The Benchmark Rate is published daily.

(G) Trading Months: Trading months should be established based on the risk management needs of commercial entities as well as the availability of price and other data needed to calculate the cash settlement price in the specified months. Specification of the last trading day should take into consideration whether the volume of transactions underlying the cash settlement price would be unduly limited by occurrence of holidays or traditional holiday periods in the cash market. Moreover, a contract should not be listed past the date for which the designated contract market has access to use a proprietary price index for cash settlement.

- The maturity date of each Contract is agreed to between the parties and based on their risk management needs. The maturity date may be in any calendar month.

(H) Speculative Limits: 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 Contract, the limits imposed by NEX SEF will be the same.

(I) 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 Contract imposed by the Commission, the reportable levels imposed by NEX SEF will be the same.

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

- Order Book: 24 Hours, beginning at 5:00 am Sydney time Monday and ending at 5:30 p.m. Eastern Time on Friday.
- Voice RFQ: Not Available.

- All Pre-Arranged Crosses: 24 Hours, beginning at 3:00 am Sydney time Monday and ending at 5:30 p.m. Eastern Time on Friday.

* * *