



TRADITION SEF, LLC

Bennett Kirschner
General Counsel and Secretary

May 23, 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 40.2(a) Product Certification. Request for New Product Certification of Tradition SEF's Interest Rate Asset Classes Product Listings, addition of LCH as a clearinghouse, amend certain settlement timing to T+1 and to make non-substantive changes to Interest Rate Swap, Credit and Equity Product Listings.

Tradition SEF Submission No. 2024-03

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") Regulations 40.2 and 40.6(a), Tradition SEF, LLC ("Tradition SEF" or "The SEF") hereby notifies the Commission of revisions to the following:

- 1) Appendix A - IRS Product Listing. The addition of the TIIE de Fondo (F-TIIE) interest rate benchmark for trading of Mexican Peso (MXN) interest rate swaps. Effective Date May 25, 2024
- 2) Appendix B - Credit Product Listing. The addition of LCH as a Clearing House for certain Credit Index Swaps. Effective Date May 25, 2024
- 3) Appendix D Equity Product Listing. The amendment of settlement timing for certain Broad Market equity Index swaps from T+2 to T+1. Effective Date May 25, 2024.

Final and Redlined versions of Tradition SEF Rulebook Appendix A, Appendix B and Appendix D are attached hereto as Exhibit A, Exhibit B, Exhibit C, Exhibit D, Exhibit E and Exhibit F to reflect the changes.

Tradition SEF Submission No. 2024-03 includes the following revisions to Tradition SEF Rulebook Appendix A, Appendix B and Appendix D to reflect the changes noted above:

Appendix A:

- The statistics associated with Interest Rate Swaps have been updated. Tradition SEF has been spelled out throughout.
- TIIE de Fondo (F-TIIE) index for Mexican Peso (MXN) Interest Rate Swaps has been added to Section 2 and Section 4 within Appendix A of the Tradition SEF Rulebook.
- References to Mexico Peso (MXN) has been added to Section 5 of Appendix A of the Tradition SEF Rulebook.
- Clearing information for the designated clearing organizations associated with TIIE de Fondo (F-TIIE) has been added to Section 4 of Appendix A to the Tradition SEF Rulebook.
- Reference to TIIE Swaps: has been added to Section II within Appendix A to the Tradition SEF Rulebook.
- Reference to F-TIIE Swaps has been added to Section II within Appendix A to the Tradition SEF Rulebook.

Appendix B:

- Tradition SEF has been spelled out throughout.
- LCH has been added as a Clearing House for Markit® CDX.NA.IG and Markit® CDX.NA.HY in 4.a of Section I of Appendix B of the Tradition SEF Rulebook.
- Markit® CDX.NA.IG and Markit® CDX.NA.HY have been removed from 4.b of Section I of Appendix B of the Tradition SEF Rulebook.

Appendix D:

- Payment Date terms have been updated from T+2 to T+1 for Variance Swaps within item 2 of Appendix D of the Tradition SEF Rulebook to reflect corresponding changes in settlement to the underlying markets.

Tradition SEF hereby certifies compliance with applicable provisions of the Act, including 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. 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 and 37.700-37.702.

Herein, Tradition SEF demonstrates that the contracts listed for trading on Tradition SEF are not readily susceptible to manipulation as follows:

TIIE de Fondo (F-TIIE) for Mexican Peso (MXN) Interest Rate Swaps:

The following is information relating to F-TIIE:

In December 2022, the Bank of Mexico announced that its 28D TIIE rate will be modified from January 1, 2025, onwards. The TIIE de Fondo, or Funding TIIE (F-TIIE), has been selected as the new benchmark rate for Mexico. The F-TIIE rate is an IOSCO compliant, risk-free reference rate based on the highly developed and liquid Mexican repo market. Tradition SEF intends to offer swaps benchmarked to the F-TIIE in anticipation of this transition.

The MXN F-TIIE (MXN Overnight TIIE funding rate) is calculated by the Bank of Mexico using wholesale overnight repurchase agreement (repo) transactions denominated in Mexican pesos, settled by banks and brokerage firms. These repo transactions are secured by debt instruments issued by the Federal Government, the Mexican Bank Savings Protection Institute (IPAB) and the Central Bank.

Tradition SEF hereby certifies that the products 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 product 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/](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. 2024-03 in any related correspondence.

Sincerely,

Bennett Kirschner
General Counsel and Secretary

Att.
Exhibit A
Exhibit B
Exhibit C
Exhibit D
Exhibit E
Exhibit F

EXHIBITS

- A) **Appendix A v10 to Tradition SEF Rulebook Interest Rate Swap Product Listing**
- B) **Redline of Appendix A v10 to Tradition SEF Rulebook Interest Rate Swap Product Listing**
- C) **Appendix B v2 to Tradition SEF Rulebook Credit Product Listing**
- D) **Redline of Appendix B v2 to Tradition SEF Rulebook Credit Product Listing**

- E) **Appendix D to v7 Tradition SEF Rulebook Equity Product Listing**
- E) **Redline of Appendix D v7 to Tradition SEF Rulebook Equity Product Listing**