



499 Park Avenue
New York, NY 10022
Tel: +1 212 9151200
www.elxmarkets.com

September 18, 2014

17 C.F.R. §40.2

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

**RE: Notice of Revision of ELX Rules: IX-1200, IX-1300, IX-1500, IX-1600, IX-1700
and IX-1800 (“CDS Rules”)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission (“Commission”) Regulation 40.2, ELX Futures, L.P. (“ELX”) hereby notifies the Commission of ELX’s certification that ELX will revise the above referenced CDS Rules effective September 22nd, 2014 as follows:

Subpart (b), sub-section (v) of each of the CDS Rules delineating the definition of Credit Event will be revised to delete the reference to “2009 ISDA definition” and replace this reference in lieu thereof with “2014 ISDA definition.” *Mutatis mutandis*.

For the purposes of clarification, the phrase “that underlies the CDS” shall be deemed stricken in subpart (b), sub-section (iii) of each of the CDS Rules. *Mutatis mutandis*.

Also for purposes of clarification, with respect to ELX Rules IX-1200 and IX-1300, the reference to “or London or Target (EUR)” at the end of subpart (b), sub-section (iv) shall be deemed stricken. *Mutatis mutandis*.

With respect to ELX Rules IX-1500 and IX-1600, *Position Accountability* in subpart (i) shall be deemed denominated in EUR as opposed to USD. *Mutatis mutandis*.

For ease of reference, a black-lined copy of the revised CDS Rules is attached hereto as Appendix A.

Explanation and analysis of the Contracts' Compliance with Applicable Core Principles and Commission Regulations. ELX has reviewed the designated contract market core principles as set forth in the Commodity Exchange Act and has determined that the revision of the CDS Rules complies with the relevant provisions thereof. The revision of the CDS Rules respecting the definition of Credit Event is duly required pursuant to the 2014 ISDA Credit Derivatives Definitions coming into effect this September 22, 2014.

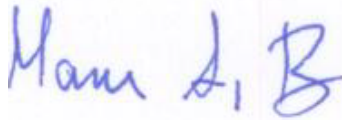
ELX Futures has received no opposing views regarding this revision of CDS Rules.

ELX hereby certifies to the CFTC, that the CDS Rules as revised comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder and that a notice of the filing of this submission and a public copy of this submission has been posted on ELX's website.

Finally, please note that ELX made a submission under Commission Rule 38.8 with its first certification of a swap contract on September 30, 2013.

If you have any questions on this matter, please call me at (212) 829-5241.

Sincerely,



Manavinder S. Bains
Counsel & Chief Regulatory Officer
ELX Futures, L.P.

IX-1200 Credit Default Swaps (“CDS”) on MARKIT CDX.NA.HY Index (“CDX.NA.HY”) Cleared at ICE Clear Credit LLC (“ICE”)

- (a) *Scope of Chapter.*
- (i) *Contract.* This section is limited in application solely to trading in CDX.NA.HY CDS cleared at ICE. The procedures for any matter not specifically discussed herein shall be governed by the Rules of the Exchange.
- (ii) *Application of Rules.* Notwithstanding anything to the contrary therein, the Rules of the Exchange that apply to futures and options on futures contracts in Chapters 1 through X of these Rules (except for Rules IX-100 to IX-1001) shall apply to the Credit Default Swaps cleared by ICE; and that for purposes of this section IX-1200 the term “Contract” shall include within its meaning Credit Default Swaps.
- (iii) *Rules Relating Specifically to Credit Default Swaps.* For purposes of this section:
 - (A) Rule X-5 shall not apply where the relevant Clearinghouse rules or procedures provide for a procedure that is other than provided for in Rule X-5.
 - (B) Notwithstanding anything to the contrary in Rule IV-24, a Participant or its Authorized Trader may not enter an Order into the ELX System for USD Interest Rate Swaps:
 - (1) For itself, unless such Participant has demonstrated in a manner acceptable to the Exchange that the Participant is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps; or
 - (2) for a Customer, unless such Participant, or its Customer, has demonstrated in a manner acceptable to the Exchange that such Customer is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps.
- (b) *Contract Overview.* An agreement to buy or sell protection on a basket of reference obligations. Under the contract the buyer pays a regular premium to the seller who agrees to compensate the buyer for losses if a credit event (as defined by the governing authority) occurs in a constituent reference obligation. Additionally:

- (i) *Publisher.* Markit North America, Inc. or any successor sponsor.
- (ii) *Currency.* USD.
- (iii) *Series.* The Series number of CDX.NA.HY ~~that underlies the CDS.~~
- (iv) *Coupon.* Stated in basis points of notional per annum, the rate at which premiums payments are made on a quarterly basis (March, 20, June 20, September 20, December 20) and accrue on an Actual/360 basis, following New York and London calendar (USD) ~~or London and TARGET (EUR).~~
- (v) *Credit Event.* Determined per ~~2009~~ 2014 ISDA definition.
- (vi) *Start Date/Effective Date.* As specified by the index publisher.
- (vii) *End Date/Termination Date.* As specified by the index publisher.
- (viii) *Buyer/Payer.* Pays quarterly coupon payments and receives payment upon a credit event.
- (ix) *Seller/Receiver.* Receives quarterly coupon payments and makes good losses upon a credit event.
- (c) *Settlement.* Cash settled.
- (d) *Contract Size.* Minimum notional quote size of \$1,000,000. Quoted as if the original number of entities were still present.
- (e) *Quote Convention.* The price of the index expressed as a percent of par.
- (f) *Minimum Price Increments.*
 - (i) Minimum Price Outright: \$.03125
 - (ii) Minimum Price for Rolls: \$.03125
 - (iii) Minimum Price for Curves: \$.03125
- (g) *Last Trading Day.* The day prior to the termination date.
- (h) *Trading and Delivery Eligibility.* Limited to Eligible Contract Participants (ECPs) per Section 1a(18) of the Commodity Exchange Act and approved for clearing at ICE Clear Credit LLC.
- (i) *Position Accountability.* Aggregate net long or net short trade volume of \$20 billion notional value in all tenors.

IX-1300 Credit Default Swaps (“CDS”) on MARKIT CDX.NA.IG Index (“CDX.NA.IG”) Cleared at ICE Clear Credit LLC (“ICE”)

- (a) *Scope of Chapter.*
- (i). *Contract.* This section is limited in application solely to trading in CDX.NA.IG CDS cleared at ICE. The procedures for any matter not specifically discussed herein shall be governed by the Rules of the Exchange.
- (ii) *Application of Rules.* Notwithstanding anything to the contrary therein, the Rules of the Exchange that apply to futures and options on futures contracts in Chapters 1 through X of these Rules (except for Rules IX-100 to IX-1001) shall apply to the Credit Default Swaps cleared by ICE; and that for purposes of this section IX-1200 the term “Contract” shall include within its meaning Credit Default Swaps.
- (iii) *Rules Relating Specifically to Credit Default Swaps.* For purposes of this section:
- (A) Rule X-5 shall not apply where the relevant Clearinghouse rules or procedures provide for a procedure that is other than provided for in Rule X-5.
- (B) Notwithstanding anything to the contrary in Rule IV-24, a Participant or its Authorized Trader may not enter an Order into the ELX System for USD Interest Rate Swaps:
- (1) For itself, unless such Participant has demonstrated in a manner acceptable to the Exchange that the Participant is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps; or
- (2) for a Customer, unless such Participant, or its Customer, has demonstrated in a manner acceptable to the Exchange that such Customer is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps.
- (b) *Contract Overview.* An agreement to buy or sell protection on a basket of reference obligations. Under the contract the buyer pays a regular premium to the seller who agrees to compensate the buyer for losses if a credit event (as defined by the governing authority) occurs in a constituent reference obligation. Additionally:

- (i) *Publisher.* Markit North America, Inc. or any successor sponsor.
- (ii) *Currency.* USD.
- (iii) *Series.* The Series number of CDX.NA.IG that underlies the CDS.
- (iv) *Coupon.* Stated in basis points of notional per annum, the rate at which premiums payments are made on a quarterly basis (March, 20, June 20, September 20, December 20) and accrue on an Actual/360 basis, following New York and London calendar (USD) ~~or London and TARGET (EUR).~~
- (v) *Credit Event.* Determined per 20092014 ISDA definition.
- (vi) *Start Date/Effective Date.* As specified by the index publisher.
- (vii) *End Date/Termination Date.* As specified by the index publisher.
- (viii) *Buyer/Payer.* Pays quarterly coupon payments and receives payment upon a credit event.
- (ix) *Seller/Receiver.* Receives quarterly coupon payments and makes good losses upon a credit event.
- (c) *Settlement.* Cash Settled.
- (d) *Contract Size.* Minimum notional quote size of \$1,000,000 and then in increments of \$1. Quoted as if the original number of entities were still present.
- (e) *Quote Convention.* The spread on par in basis points on Trade Date.
- (f) *Minimum Price Increments.*
 - (i) Minimum Price Outright: .0625 of a basis point.
 - (ii) Minimum Price for Rolls: .0625 of a basis point.
 - (iii) Minimum Price for Curves: .0625 of a basis point.
- (g) *Last Trading Day.* The day prior to the termination date.
- (h) *Trading and Delivery Eligibility.* Limited to Eligible Contract Participants (ECPs) per Section 1a(18) of the Commodity Exchange Act and approved for clearing at ICE Clear Credit LLC.
- (i) *Position Accountability.* Aggregate net long or net short trade volume of \$20 billion notional value in all tenors.

IX-1500 Credit Default Swaps (“CDS”) on MARKIT ITRAXX EUROPE Untranchd Index (“iTraxx Europe”) Cleared at ICE Clear Credit LLC (“ICE”)

- (a) *Scope of Chapter.*
- (i) *Contract.* This section is limited in application solely to trading in iTraxx Europe CDS cleared at ICE. The procedures for any matter not specifically discussed herein shall be governed by the Rules of the Exchange.
- (ii) *Application of Rules.* Notwithstanding anything to the contrary the contrary therein, the Rules of the Exchange that apply to futures and options on futures contracts in Chapters 1 through X of these Rules (except for Rules IX-100 to IX-1001) shall apply to the Credit Default Swaps cleared by ICE; and that for purposes of this section IX-1200 the term “Contract” shall include within its meaning Credit Default Swaps.
- (iii) *Rules Relating Specifically to Credit Default Swaps.* For purposes of this section:
- (A) Rule X-5 shall not apply where the relevant Clearinghouse rules or procedures provide for a procedure that is other than provided for in Rule X-5.
- (B) Notwithstanding anything to the contrary in Rule IV-24, a Participant or its Authorized Trader may not enter an Order into the ELX System for USD Interest Rate Swaps:
- (1) For itself, unless such Participant has demonstrated in a manner acceptable to the Exchange that the Participant is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps; or
- (2) for a Customer, unless such Participant, or its Customer, has demonstrated in a manner acceptable to the Exchange that such Customer is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps.
- (b) *Contract Overview.* An agreement to buy or sell protection on a basket of reference obligations. Under the contract the buyer pays a regular premium to the seller who agrees to compensate the buyer for losses if a credit event (as defined by the governing authority) occurs in a constituent reference obligation. Additionally:

- (i) *Publisher.* Markit North America, Inc. or any successor sponsor.
- (ii) *Currency.* EUR.
- (iii) *Series.* The Series number of iTraxx Europe ~~that underlies the CDS.~~
- (iv) *Coupon.* Stated in basis points of notional per annum, the rate at which premiums payments are made on a quarterly basis (March, 20, June 20, September 20, December 20) and accrue on an Actual/360 basis, following London and TARGET (EUR).
- (v) *Credit Event.* Determined per ~~2009~~ 2014 ISDA definition.
- (vi) *Start Date/Effective Date.* As specified by the index publisher.
- (vii) *End Date/Termination Date.* As specified by the index publisher.
- (viii) *Buyer/Payer.* Pays quarterly coupon payments and receives payment upon a credit event.
- (ix) *Seller/Receiver.* Receives quarterly coupon payments and makes good losses upon a credit event.
- (c) *Settlement.* Cash settled.
- (d) *Contract Size.* Minimum notional quote size of €1,000,000 and then in increments of €1. Quoted as if the original number of entities were still present.
- (e) *Quote Convention.* The price of the index expressed as a percent of par. For example a price of 108.59 percent of par would be quoted as 108.59.
- (f) *Minimum Price Increments.*
 - (i) Minimum Price Outright: .125 of a basis point.
 - (ii) Minimum Price for Rolls: .05 of a basis point.
 - (iii) Minimum Price for Curves: .125 of a basis point.

- (g) *Last Trading Day.* The day prior to the termination date.
- (h) *Trading and Delivery Eligibility.* Limited to Eligible Contract Participants (ECPs) per Section 1a(18) of the Commodity Exchange Act and approved for clearing at ICE Clear Credit LLC.
- (i) *Position Accountability.* Aggregate net long or net short trade volume of \$€20 billion notional value in all tenors.

IX-1600 Credit Default Swaps (“CDS”) on MARKIT ITRAXX EUROPE Untranchd Index (“iTraxx Europe”) Cleared at ICE Clear Europe (“ICE”)

- (a) *Scope of Chapter.*
- (i) *Contract.* This section is limited in application solely to trading in iTraxx Europe CDS cleared at ICE. The procedures for any matter not specifically discussed herein shall be governed by the Rules of the Exchange.
- (ii) *Application of Rules.* Notwithstanding anything to the contrary the contrary therein, the Rules of the Exchange that apply to futures and options on futures contracts in Chapters 1 through X of these Rules (except for Rules IX-100 to IX-1001) shall apply to the Credit Default Swaps cleared by ICE; and that for purposes of this section IX-1200 the term “Contract” shall include within its meaning Credit Default Swaps.
- (iii) *Rules Relating Specifically to Credit Default Swaps.* For purposes of this section:
 - (A) Rule X-5 shall not apply where the relevant Clearinghouse rules or procedures provide for a procedure that is other than provided for in Rule X-5.
 - (B) Notwithstanding anything to the contrary in Rule IV-24, a Participant or its Authorized Trader may not enter an Order into the ELX System for USD Interest Rate Swaps:
 - (1) For itself, unless such Participant has demonstrated in a manner acceptable to the Exchange that the Participant is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps; or
 - (2) for a Customer, unless such Participant, or its Customer, has demonstrated in a manner acceptable to the Exchange that such Customer is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps.
- (b) *Contract Overview.* An agreement to buy or sell protection on a basket of reference obligations. Under the contract the buyer pays a regular premium to the seller who agrees to compensate the buyer for losses if a credit event (as defined by the governing authority) occurs in a constituent reference obligation. Additionally:

- (i) *Publisher.* Markit North America, Inc. or any successor sponsor.
- (ii) *Currency.* EUR.
- (iii) *Series.* The Series number of iTraxx Europe that underlies the CDS.
- (iv) *Coupon.* Stated in basis points of notional per annum, the rate at which premiums payments are made on a quarterly basis (March, 20, June 20, September 20, December 20) and accrue on an Actual/360 basis, following London and TARGET (EUR).
- (v) *Credit Event.* Determined per 2009 2014 ISDA definition.
- (vi) *Start Date/Effective Date.* As specified by the index publisher.
- (vii) *End Date/Termination Date.* As specified by the index publisher.
- (viii) *Buyer/Payer.* Pays quarterly coupon payments and receives payment upon a credit event.
- (ix) *Seller/Receiver.* Receives quarterly coupon payments and makes good losses upon a credit event.
- (c) *Settlement.* Cash settled.
- (d) *Contract Size.* Minimum notional quote size of €1,000,000 and then in increments of €1. Quoted as if the original number of entities were still present.
- (e) *Quote Convention.* The price of the index expressed as a percent of par. For example a price of 108.59 percent of par would be quoted as 108.59.
- (f) *Minimum Price Increments.*
 - (i) Minimum Price Outright: .125 of a basis point.
 - (ii) Minimum Price for Rolls: .05 of a basis point.
 - (iii) Minimum Price for Curves: .125 of a basis point.

- (g) *Last Trading Day.* The day prior to the termination date.
- (h) *Trading and Delivery Eligibility.* Limited to Eligible Contract Participants (ECPs) per Section 1a(18) of the Commodity Exchange Act and approved for clearing at ICE Clear Credit LLC.
- (i) *Position Accountability.* Aggregate net long or net short trade volume of \$€20 billion notional value in all tenors.

IX-1700 Credit Default Swaps (“CDS”) on MARKIT ITRAXX EUROPE CROSSOVER Index (“iTraxx Europe Crossover”) Cleared at ICE Clear Credit LLC (“ICE”)

- (a) *Scope of Chapter.*
- (i) *Contract.* This section is limited in application solely to trading in iTraxx Europe Crossover CDS cleared at ICE. The procedures for any matter not specifically discussed herein shall be governed by the Rules of the Exchange.
- (ii) *Application of Rules.* Notwithstanding anything to the contrary the contrary therein, the Rules of the Exchange that apply to futures and options on futures contracts in Chapters 1 through X of these Rules (except for Rules IX-100 to IX-1001) shall apply to the Credit Default Swaps cleared by ICE; and that for purposes of this section IX-1200 the term “Contract” shall include within its meaning Credit Default Swaps.
- (iii) *Rules Relating Specifically to Credit Default Swaps.* For purposes of this section:
- (A) Rule X-5 shall not apply where the relevant Clearinghouse rules or procedures provide for a procedure that is other than provided for in Rule X-5.
- (B) Notwithstanding anything to the contrary in Rule IV-24, a Participant or its Authorized Trader may not enter an Order into the ELX System for USD Interest Rate Swaps:
- (1) For itself, unless such Participant has demonstrated in a manner acceptable to the Exchange that the Participant is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps; or
- (2) for a Customer, unless such Participant, or its Customer, has demonstrated in a manner acceptable to the Exchange that such Customer is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps.
- (b) *Contract Overview.* An agreement to buy or sell protection on a basket of reference obligations. Under the contract the buyer pays a regular premium to the seller who agrees to compensate the buyer for losses if a credit event (as defined by the governing authority) occurs in a constituent reference obligation. Additionally:

- (i) *Publisher.* Markit Group Limited or any successor sponsor.
- (ii) *Currency.* EUR.
- (iii) *Series.* The Series number of iTraxx Europe Crossover ~~that underlies the CDS.~~
- (iv) *Coupon.* Stated in basis points of notional per annum, the rate at which premiums payments are made on a quarterly basis (March, 20, June 20, September 20, December 20) and accrue on an Actual/360 basis, following London and TARGET calendar.
- (v) *Credit Event.* Determined per ~~2009~~ 2014 ISDA definition.
- (vi) *Start Date/Effective Date.* As specified by the index publisher.
- (vii) *End Date/Termination Date.* As specified by the index publisher.
- (viii) *Buyer/Payer.* Pays quarterly coupon payments and receives payment upon a credit event.
- (ix) *Seller/Receiver.* Receives quarterly coupon payments and makes good losses upon a credit event.
- (x) *Settlement.* Cash Settled
- (c) *Contract Size.* Minimum notional quote size of €1,000,000 and then in increments of €1. Quoted as if the original number of entities were still present.
- (d) *Quote Convention.* The spread on par in basis points on Trade Date.
- (e) *Minimum Price Increment.*
 - (i) Minimum Price Outright: .25 of a basis point.
 - (ii) Minimum Price for Rolls: .125 of a basis point.
 - (iii) Minimum Price for Curves: .25 of a basis point.

- (f) *Last Trading Day.* The day prior to the termination date.
- (g) *Trading and Delivery Eligibility.* Limited to Eligible Contract Participants (ECPs) per Section 1a(18) of the Commodity Exchange Act and approved for clearing at ICE Clear Credit LLC.
- (h) *Position Accountability.* Aggregate net long or net short trade volume of €20 billion notional value in all tenors.

IX-1800 Credit Default Swaps (“CDS”) on MARKIT ITRAXX EUROPE CROSSOVER Index (“iTraxx Europe Crossover”) Cleared at ICE Clear Europe (“ICE”)

- (a) *Scope of Chapter.*
- (i) *Contract.* This section is limited in application solely to trading in iTraxx Europe Crossover CDS cleared at ICE. The procedures for any matter not specifically discussed herein shall be governed by the Rules of the Exchange.
- (ii) *Application of Rules.* Notwithstanding anything to the contrary the contrary therein, the Rules of the Exchange that apply to futures and options on futures contracts in Chapters 1 through X of these Rules (except for Rules IX-100 to IX-1001) shall apply to the Credit Default Swaps cleared by ICE; and that for purposes of this section IX-1200 the term “Contract” shall include within its meaning Credit Default Swaps.
- (iii) *Rules Relating Specifically to Credit Default Swaps.* For purposes of this section:
- (A) Rule X-5 shall not apply where the relevant Clearinghouse rules or procedures provide for a procedure that is other than provided for in Rule X-5.
- (B) Notwithstanding anything to the contrary in Rule IV-24, a Participant or its Authorized Trader may not enter an Order into the ELX System for USD Interest Rate Swaps:
- (1) For itself, unless such Participant has demonstrated in a manner acceptable to the Exchange that the Participant is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps; or
- (2) for a Customer, unless such Participant, or its Customer, has demonstrated in a manner acceptable to the Exchange that such Customer is itself an ICE Clearing Member or has established a clearing relationship with a Clearing Member of ICE that will clear such swaps.
- (b) *Contract Overview.* An agreement to buy or sell protection on a basket of reference obligations. Under the contract the buyer pays a regular premium to the seller who agrees to compensate the buyer for losses if a credit event (as defined by the governing authority) occurs in a constituent reference obligation. Additionally:

- (i) *Publisher.* Markit Group Limited or any successor sponsor.
- (ii) *Currency.* EUR.
- (iii) *Series.* The Series number of iTraxx Europe Crossover ~~that underlies the CDS.~~
- (iv) *Coupon.* Stated in basis points of notional per annum, the rate at which premiums payments are made on a quarterly basis (March, 20, June 20, September 20, December 20) and accrue on an Actual/360 basis, following London and TARGET calendar.
- (v) *Credit Event.* Determined per ~~2009~~ 2014 ISDA definition.
- (vi) *Start Date/Effective Date.* As specified by the index publisher.
- (vii) *End Date/Termination Date.* As specified by the index publisher.
- (viii) *Buyer/Payer.* Pays quarterly coupon payments and receives payment upon a credit event.
- (ix) *Seller/Receiver.* Receives quarterly coupon payments and makes good losses upon a credit event.
- (x) *Settlement.* Cash Settled
- (c) *Contract Size.* Minimum notional quote size of €1,000,000 and then in increments of €1. Quoted as if the original number of entities were still present.
- (d) *Quote Convention.* The spread on par in basis points on Trade Date.
- (e) *Minimum Price Increment.*
 - (i) Minimum Price Outright: .25 of a basis point.
 - (ii) Minimum Price for Rolls: .125 of a basis point.
 - (iii) Minimum Price for Curves: .25 of a basis point.

- (f) *Last Trading Day.* The day prior to the termination date.
- (g) *Trading and Delivery Eligibility.* Limited to Eligible Contract Participants (ECPs) per Section 1a(18) of the Commodity Exchange Act and approved for clearing at ICE Clear Credit LLC.
- (h) *Position Accountability.* Aggregate net long or net short trade volume of €20 billion notional value in all tenors.