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**By Electronic Mail**

August 30, 2013

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**Re: NYSE Liffe US Submission 2013-117 – Rule Amendment – Affiliate  
Access**

Dear Ms. Jurgens:

I am the Chief Regulatory Officer and a Senior Vice President of NYSE Liffe US LLC (“NYSE Liffe US” or the “Exchange”). Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (the “Act”), and U.S. Commodity Futures Trading Commission (the “Commission”) Regulations (the “Regulations”) Section 40.6(a), I enclose NYSE Liffe US Submission 2013-117 and NYSE Liffe US Notice 21/2013 announcing that Rule 427(a)(iii) is being amended to expand the affiliate relationships which qualify for affiliate access under Rule 427.

NYSE Liffe US hereby certifies that: (i) Notice 21/2013 and the rule amendments described therein comply with the Act and the Regulations thereunder, and (ii) a notice and copy of this submission is being concurrently posted on the Exchange’s web site. Additionally, a concise explanation and analysis of the rule amendments described in Notice 21/2013 and its compliance with applicable provisions of the Act, including the Core Principles and the Regulations, is attached. Notice 21/2013 sets forth the text of the rule amendments, marked to show additions and deletions. No substantive opposing views were expressed by members or others with respect to the rule amendments.

If you have any questions, please call me at (212) 656-4568.

Yours Truly,

A handwritten signature in black ink that reads "Karl D. Cooper".

Karl D. Cooper  
Enclosures

**Designated Contract Market Core Principles Implicated by  
NYSE Liffe US Submission 2013-117**

<b>CORE PRINCIPLE</b>	<b>ANALYSIS</b>
<i>Core Principle 2: Compliance with Rules</i>	Core Principle 2 states that a “board of trade shall establish, monitor and enforce compliance with the rules of the contract market including . . . access requirements. . . .” Chapter 3 of the Exchange’s Rules set forth detailed requirements and standards for Persons seeking Exchange Membership. Except for affiliates of Members, only Members are granted access to the NYSE Liffe US Trading Platform. Rule 427 sets forth the standards under which a non-Member affiliate of a Member is granted access. The requirements set forth in Rule 427 are designed to ensure that only affiliates under common control of the Member are granted access. The amendment announced in Notice 21/2013 expands the scenarios under which an affiliate may be considered for access, but in keeping with the original thrust of Rule 427, as amended Rule 427 will continue to permit affiliates access only under circumstances that common control between the Member and the affiliate are fully assured. Section 38.151(a) requires that “[p]rior to granting any member or market participant access to its markets, a designated contract market must require that the member or market participant consent to its jurisdiction.” Accordingly, Notice 21/2013 also announces that Rule 427 is being amended to make clear that affiliates of Members that are granted access under Rule 427 must consent to the Exchange’s jurisdiction.
<i>Core Principle 11: Financial Integrity of Transactions</i>	Core Principle 11 states that a board of trade shall establish and enforce . . . rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market . . . .” Rule 427(c) requires that the Member whose affiliate is granted access under Rule 427 take full responsibility for all business undertaken by an Affiliate. Accordingly, the Exchange has rules and procedures for ensuring the financial integrity of the activity engaged in by an Affiliate granted access under Rule 427.
<i>Core Principle 15: Governance Fitness Standards</i>	Core Principle 15 provides that a “board of trade shall establish and enforce appropriate fitness standards for . . . any . . . person with direct access to the facility . . . .” In considering the application of an affiliate of a Member for access under Rule 427, the Exchange reviews the background and disciplinary history of the principals of the affiliate (although it bears noting that in most cases there is considerable overlap between the principals of the Member and the principals of the affiliate).



## NYSE LIFFE US NOTICE No. 21/2013

ISSUE DATE: August 30, 2013  
EFFECTIVE DATE: September 17, 2013

### Affiliate Access – Rule 427

#### Summary

This Notice announces that Rule 427 is being amended to expand the situations under which an Affiliate of a Member will be granted access to the NYSE Liffe US Trading Platform, but only under circumstances that ensure that the Member and Affiliate are under common control, and to clarify that Affiliates being granted access pursuant to Rule 427 consent to the jurisdiction of the Exchange. The amendments to Rule 427 are set forth in the Appendix to this Notice.

#### 1 Affiliate Access – Background

- 1.1 The Exchange amended its Rules with a Regulation Section 40.6 certification filing with the Commission on September 3, 2008 adding Rule 427 to the Rules. The Exchange's Rules permit only Members to have access to the NYSE Liffe US Trading Platform, except as provided in Rule 427. Rule 427, on a limited basis, allows non-Member affiliates of Members to have access, but only under circumstances where there are strong indicia that the affiliate for which access is sought is under common control with the Member. Specifically, the ownership relationship must be one where there is at least ninety-five percent common ownership between the Member and the affiliate.

#### 2 Amendment Expanding Situations Where Affiliate Access Can be Granted

- 2.1 Rule 427(a)(iii) is amended to add that in addition to a Person who is owned 95 percent or more by a third-party who also owns 95 percent or more of the Member, an acceptable affiliate can be a Person who is owned 95 percent or more by a group of third-parties who also own 95 percent or more of the Member. The Rule amendment also adds that a group of third parties that would justify a grant of access to the affiliate must demonstrate that the circumstances of the ownership relationships must assure that the Person applying for access as an affiliate and the Member are under common control. The amendment leaves the determination of whether the ownership relationship adequately assures that the affiliate and Member are under common control solely in the discretion of the Exchange.
- 2.2 Factors that would make it more likely that the Exchange would determine that common control exists are: the group of third-parties is composed of a discrete

number of Persons; the third-parties who hold controlling interests in the Member also hold controlling interests in the affiliate; the third-parties, at least to the extent that they are natural persons, actively participate in the management of both the Member and the affiliate.

### **3 Exchange Jurisdiction Over Affiliates Granted Access**

- 3.1 Commission Regulation Section 38.151(a) requires that “[p]rior to granting any member or market participant access to its markets, a designated contract market must require that the member or market participant consent to its jurisdiction.”
- 3.2 Accordingly, Rule 427(a) is being amended to make clear that a Person who applying for access under Rule 427 must consent in writing to the jurisdiction of the Exchange.

### **4 Text of Amendments**

- 4.1 For convenience, the text of the amendments to Rule 427 is set forth in the attached Appendix.

Members who have questions or seek additional information in respect of this Notice should contact:

New York Office  
Chicago Office

+1 212 656 4300  
+1 312 442 7730

[nyseliffeus@nyx.com](mailto:nyseliffeus@nyx.com)

## APPENDIX TO NYSE LIFFE US NOTICE 21/2013

Amendments to Rule 427 below: Added language is underscored; deleted language shown in strikethrough characters.

### 427. **Electronic Access for Affiliates**

(a) The Exchange may consider an application from a Member that wishes to obtain direct access to the Exchange for its Affiliate(s). For the purposes of this Rule 427, "Affiliate" means a Person who:

(i) owns 95 per cent or more of the Member; or

(ii) is owned 95 per cent or more by the Member; or

(iii) is owned 95 per cent or more by a third party or group of third parties (under circumstances that ensure the Person applying for access as an Affiliate and the Member are under common control as determined by the Exchange in its sole discretion) who also owns or own 95 per cent or more of the Member; and

(iv) in its application for access pursuant to this Rule, the Person expressly consents in writing to be subject to the Exchange's jurisdiction.

(b) All successful applicants for affiliate access will be notified in writing by the Exchange. The Exchange will only consider applications of Affiliates located in jurisdictions with satisfactory regulatory arrangements including those in respect of:

(i) supervision of investment activity; and

(ii) information sharing and co-operation between the supervisory authority of the jurisdiction concerned and the Commission.

(c) All business undertaken by an Affiliate on the Exchange will be done in the name of the Member and the Member retains full responsibility for the conduct of all such business.