

August 22, 2022

**Submitted via CFTC Portal**

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

Re: DW SEF LLC – Amendment of Rule 414 (Requirements for Persons Submitting Orders, Intermediated Crosses, Voice RFQs and Responses to Voice RFQs); Rule 717 (Summary Imposition of Fines); and Rule 1005 (Execution and Submission to Clearing of New Swap/Old Terms and New Swap/Corrected Terms)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “Act”) and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (the “Commission”), DW SEF LLC (“DW SEF”) hereby submits amendments to its Rulebook related to the above-captioned Rule. Specifically, the Rulebook has been amended as detailed below.

The Rulebook has been amended to clarify that summary fines may be imposed for the failure to submit in the required time frame the applicable information identified under Rule 1005. The information required under Rule 1005 has been streamlined. Lastly, the Rulebook has also been amended to update the terms used in the Rulebook to conform to the terms used by the Commission’s regulations. Specifically, the term “unique swap identifier” has been updated to “unique transaction identifier.”

The amendment will become effective on September 6, 2022, no fewer than ten business days from the date hereof.

In connection with this submission, DW SEF hereby notifies the Commission that:

1. DW SEF certifies that it has posted a notice of this pending certification with the Commission and a copy of this submission on DW SEF’s website, including redlines of Rules 414, 717 and 1005, which are attached hereto as Attachment A, and a copy of Rules 414, 717 and 1005, which are attached hereto as Attachment B;
2. DW SEF certifies that the Rules comply with the Act and the Commission’s regulations thereunder; and
3. No substantive opposing views with respect to the Rules were expressed to DW SEF by its governing board or committee members, members of DW SEF or market participants.

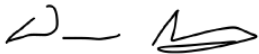
Mr. Christopher J. Kirkpatrick  
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Should you have questions regarding this submission, please contact the undersigned at (646) 767-4923 or by email at [Devi.Shanmugham@tradeweb.com](mailto:Devi.Shanmugham@tradeweb.com).

Very truly yours,



Devi Shanmugham  
DWSEF CCO

Mr. Christopher J. Kirkpatrick  
Commodity Futures Trading Commission  
August 22, 2022

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**Attachment A**

Redline Versions of Rules 414, 717 and 1005

**Attachment B**

Amended Rules 414, 717 and 1005

**Rule 414. Requirements for Persons Submitting Orders, Intermediated Crosses, Voice RFQs and Responses to Voice RFQs**

- (a) Each Order, Intermediated Cross, Voice RFQ or response to a Voice RFQ submitted to the SEF shall be submitted under the applicable User ID of the Authorized User or Participant, as applicable, entering or intermediating such Order, Voice RFQ or response to a Voice RFQ.
- (b) Each Order, Intermediated Cross Voice RFQ or response to a Voice RFQ submitted to the SEF shall include information identifying the relevant Swap (including the delivery or expiry month), price, notional amount of the Swap, correct CTI code (as described in Rule 615), buy or sell, appropriate account designation, as applicable, Clearing Member(s), Derivatives Clearing Organization and Order type, and any other information necessary for the SEF to satisfy its reporting obligations pursuant to Rule 403.
- (c) Each Order, Intermediated Cross, Voice RFQ or response to a Voice RFQ submitted to the SEF shall include the following information for the Participant entering or intermediating such Order, Voice RFQ or response to a Voice RFQ (to the extent such information is not otherwise pre-populated):
  - (i) the legal entity identifier of such Participant or, if the Participant is acting as an Introducing Agent, the legal entity identifier of the underlying Trading Customer;
  - (ii) a yes/no indication of whether such Participant or, if the Participant is acting as an Introducing Agent, whether the underlying Trading Customer, is a swap dealer with respect to the Swap for which the Order, Intermediated Cross, Voice RFQ or response to a Voice RFQ is placed;
  - (iii) a yes/no indication of whether such Participant or, if the Participant is acting as an Introducing Agent, whether the underlying Trading Customer, is a major swap participant with respect to the Swap for which the Order, Intermediated Cross, Voice RFQ or response to a Voice RFQ is placed;
  - (iv) a yes/no indication of whether such Participant or, if the Participant is acting as an Introducing Agent, whether the underlying Trading Customer, is a financial entity (as defined in Section 2(h)(7)(C) of the CEA);
  - (v) a yes/no indication of whether such Participant or, if the Participant is acting as an Introducing Agent, whether the underlying Trading Customer, is a U.S. person;
  - (vi) an indication of whether such Participant or, if the Participant is acting as an Introducing Agent, whether the underlying Trading Customer, will elect the clearing requirement exception in Section 2(h)(7) of the CEA for any Swap resulting from the Order, Intermediated Cross, Voice RFQ or response to a Voice RFQ; and
  - (vii) if the Swap (or Swap component(s) of a Package Transaction) will be allocated:

- (A) an indication that the Swap(s) will be allocated;
  - (B) if the Swap is allocated pre-execution, the account and legal entity identifiers for each Client Account that will receive allocations;
  - (C) An indication of whether the Swap is a post-allocation swap; and
  - (D) If the Swap is a post-allocation swap, the unique transaction identifier of the original transaction between the reporting counterparty and the agent.
- (d) Post-allocation Swaps shall be respectively effected and reported in accordance with the rules of the Derivatives Clearing Organization and Swap Data Repository and in accordance with CFTC Regulations.

As used in this Rule 414, “legal entity identifier,” “swap dealer,” “major swap participant,” “financial entity,” “unique transaction identifier” and “U.S. person” have the meaning given those terms in the CEA and CFTC Regulations and, as applicable, exemptive or no-action relief or interpretive guidance issued by the CFTC or its staff.

**Rule 717. Summary Imposition of Fines**

- (a) The Chief Compliance Officer may summarily impose a fine against a Participant (on behalf of itself or any of its Authorized Users, Trading Customers or other Persons using any of its User IDs), Trading Customer or Clearing Member for failing:
  - (i) to timely pay fees, cost, charges or fines to the Company or a DCO;
  - (ii) to make timely and accurate submissions to the Company of notices, reports or other information required by these Rules, including the information required under Rule 1005 regarding a DCO Rejected Swap or a Cleared Error Swap (as these terms are defined in Rule 1005(b) below); and
  - (iii) to keep any books and records required by these Rules.
- (b) The Market Regulation Team, acting on behalf of the Chief Compliance Officer, will give notice of any fine imposed pursuant to this Rule 717 to each Participant, Authorized User, Trading Customer or Clearing Member subject thereto. The notice will specify (i) the violation of these Rules for which the fine is being imposed, (ii) the date of the violation and (iii) the amount of the fine. Within 20 days of serving the notice of fine, the Participant, Authorized User, Trading Customer or Clearing Member, as the case may be, must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 716. Unless timely notice of appeal is filed pursuant to Rule 716, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Participant, Authorized User, Trading Customer or Clearing Member, as the case may be.
- (c) The Company will set the amount of any fines imposed pursuant to this Rule 717, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 717 will not preclude the Company from bringing any other action against the Participant, Authorized User, Trading Customer or Clearing Member, as the case may be.

**Rule 1005. Execution and Submission to Clearing of New Swap/Old Terms and New Swap/Corrected Terms**

- (a) A New Swap/Old Terms or New Swap/Corrected Terms may be executed, exempt from the prohibitions in Rule 614(b), and submitted for clearing, only in accordance with the provisions of this Rule 1005.
- (b) Definitions.
- (i) *DCO Rejected Swap*. A “DCO Rejected Swap” means a Swap (other than a New Swap/Old Terms) intended to be cleared that is executed on or pursuant to the Rules of the SEF and is either:
- (A) rejected from clearing by the relevant DCO as a result of a clerical or operational error or omission made by the Company, a counterparty to the Cleared Swap or a Participant, Trading Customer or other agent acting on behalf of such counterparty, or
- (B) a component of a Package Transaction rejected from clearing by the relevant DCO because of the sequencing of the submission to the DCO of the components of the Package Transaction for clearing and not because the cleared components of the Package Transaction as a whole breached or would have breached a credit limit.
- (ii) *Cleared Error Swap*. A “Cleared Error Swap” means a Cleared Swap executed on the SEF with respect to which the counterparties identify an error after the Swap is accepted for clearing by the relevant DCO.
- (iii) *New Swap/Old Terms*. A “New Swap/Old Terms” means:
- (A) with respect to a DCO Rejected Swap, a swap executed on or pursuant to the Rules of the SEF and submitted for clearing in accordance with the provisions of Rule 1005(c), whose terms are identical, other than as to time of execution, to the terms of the related DCO Rejected Swap;
- (B) with respect to a Cleared Error Swap, a swap executed on or pursuant to the Rules of the SEF and submitted for clearing in accordance with the provisions of Rule 1005(d), for the purpose of offsetting and extinguishing the Cleared Error Swap, whose terms, other than time of execution, are identical to the terms of the related Cleared Error Swap, but on the opposite side of the market.
- (iv) *New Swap/Corrected Terms*. A “New Swap/Corrected Terms” means, with respect to a Cleared Error Swap, including a Cleared Error Swap that is a component Swap of a Package Transaction, a swap executed on or pursuant to the Rules of the SEF and submitted for clearing in accordance with the provisions of Rule 1005(d), whose terms, other than time of execution, reflect the terms to which the original counterparties or intended counterparties mutually assented when they executed the related Cleared Error Swap.

- (c) New Swap/Old Terms following a DCO Rejected Swap.
  - (i) A counterparty (or, if applicable, the Introducing Agent or Account Manager acting on behalf of a counterparty) to a DCO Rejected Swap will as quickly as technologically practicable after receipt from the Company of notice of the Cleared Swap's rejection from clearing (but in any case no later than 30 minutes from the issuance of a notice of rejection by the relevant DCO to such Clearing Member), provide to the Company:
    - (A) a description of the clerical or operational error or omission that caused the DCO Rejected Swap to be rejected from clearing or, in the case of a component Swap of a Package Transaction, a description of the clearing sequencing that caused the rejection of such component Swap from clearing;
    - (B) the unique transaction identifier (as that term is defined in CFTC Regulations) for the DCO Rejected Swap and any additional information reasonably requested by the Company;
    - (C) a representation that the swap qualifies as a DCO Rejected Swap, which shall be accompanied by a request by both counterparties (or, if applicable, the Introducing Agent or Account Manager acting on behalf of any such counterparty) for submission by the Company to the relevant DCO of a New Swap/Old Terms, to correct such clerical or operational error or omission; and
    - (D) the material terms of the DCO Rejected Swap and the New Swap/Old Terms.
  - (ii) Upon receipt of the information listed in Rule 1005(c)(i) above, the Company shall promptly make an affirmative finding as to whether the original Swap qualifies as a DCO Rejected Swap.
  - (iii) Upon making an affirmative finding that the original Swap qualifies as a DCO Rejected Swap, and that the execution of a New Swap/Old Terms would be consistent with the standards set forth in the Rules, the Company will determine whether it is able to determine how to correct the error.
    - (A) If the Company is able to determine how to correct the error, the Company may execute a New Swap/Old Terms, without obtaining the consent of the counterparties, and submit it to the relevant DCO for clearing, as soon as technologically practicable.
    - (B) If the Company is not able to determine how to correct the error, it may seek guidance from the counterparties to the original Cleared Swap on how to address the error and, in such case, shall only submit a New Swap/Old Terms after obtaining consent from the counterparties.



- (C) In no event shall a New Swap/Old Terms be executed pursuant to this Rule 1005(c) later than 60 minutes from the issuance of a notice of rejection by the relevant DCO to the relevant Clearing Members.

Execution of a New Swap/Old Terms must comply with the obligations set out in Rule 1003, including that any New Swap/Old Terms be screened against applicable Risk-Based Limits in accordance with Rule 1003(b).

- (iv) Upon making an affirmative finding that the original Swap does not qualify as a DCO Rejected Swap, the Company shall provide notice of such determination to the counterparties to the DCO Rejected Swap.
  - (v) If a New Swap/Old Terms is rejected from clearing by the relevant DCO, it shall be deemed void *ab initio*, and the Company will not provide the parties to such New Swap/Old Terms a second opportunity to enter into a New Swap/Old Terms.
- (d) New Swap/Old Terms and New Swap/Corrected Terms following a Cleared Error Swap.
- (i) A counterparty (or, if applicable, the Introducing Agent or Account Manager acting on behalf of a counterparty) to a Cleared Error Swap may either: (a) enter into a New Swap/Old Terms to correct the Cleared Error Swap, as quickly as technologically practicable (but no later than 24 hours after the Cleared Error Swap was executed), provided that the procedures described in Rule 1005(d)(ii) are followed; or (b) as quickly as technologically practicable after its determination of the existence of such Cleared Error (but in any case no later than 3 days after the Cleared Error Swap was executed), provide to the Company:
    - (A) a description of the clerical or operational error or omission in the terms of the Cleared Error Swap;
    - (B) the unique transaction identifier (as that term is defined in CFTC Regulations) for the DCO Rejected Swap and any additional information reasonably requested by the Company; and
    - (C) a representation that the Swap qualifies as a Cleared Error Swap, which shall be accompanied by a request by both counterparties (or, if applicable, the Introducing Agent or Account Manager acting on behalf of any such counterparty) for submission by the Company to the relevant DCO of a New Swap/Old Terms to offset and extinguish the Cleared Error Swap and, if the counterparties so elect, a New Swap/Corrected Terms to correct such clerical or operational error or omission.
  - (ii) Upon electing to enter into a New Swap/Old Terms, as described in Rule 1005(d)(i), a counterparty (or, if applicable, the Introducing Agent or Account Manager acting on behalf of a counterparty) must provide the Company:
    - (A) the information requested in Rules 1005(d)(i)(A)-(B);

- (B) a representation that the Swap qualifies as a Cleared Error Swap and that the Cleared Error Swap contained clerical or operational errors; and
  - (C) the material terms of the Cleared Error Swap and New Swap/Old Terms, as well as the New Swap/Corrected Terms (if applicable).
- (iii) Upon receipt of the information listed in Rule 1005(d)(ii), the Company shall promptly conduct an *ex post facto* review of the Cleared Error Swap and the New Swap/Old Terms (as well as the New Swap/Corrected Terms, if applicable) on a T+1 basis. The *ex post facto* review shall be consistent with the standards set forth in Rule 407(c) and the Company shall make an affirmative finding that an operational or clerical error occurred with respect to the Cleared Error Swap.
- (iv) Upon receipt of the information listed in Rule 1005(d)(i), the Company shall promptly make an affirmative finding as to whether the original Swap qualifies as a Cleared Error Swap and whether the execution of a New Swap/Old Terms or a New Swap/Corrected Terms would be consistent with the standards set forth in the Rules.
- (v) Upon making an affirmative finding that the original Swap is a Cleared Error Swap, and that the execution of a New Swap/Old Terms or a New Swap/Corrected Terms would be consistent with the standards set forth in the Rules, the Company will determine whether it is able to determine how to correct the error.
- (A) If the Company is able to determine how to correct the error, the Company may execute a New Swap/Old Terms and/or New Swap/Corrected Terms, as necessary, without obtaining the consent of the counterparties, and submit such Swaps to the relevant DCO for clearing, as soon as technologically practicable.
  - (B) If the Company is not able to determine how to correct the error, it may seek guidance from the counterparties to the original Cleared Error Swap on how to address the error, and in such case, shall only submit a New Swap/Old Terms and/or a New Swap/Corrected Terms after obtaining consent from the counterparties.
  - (C) In no event, shall a New Swap/Old Terms or a New Swaps/Corrected Terms be executed pursuant to this Rule 1005(d) later than 3 days after the Cleared Error Swap was executed.
  - (D) Execution of a New Swap/Old Terms or a New Swap/Corrected Terms must comply with the obligations set out in Rule 1003, including that any New Swap/Old Terms or New Swap/Corrected Terms be screened against applicable Risk-Based Limits in accordance with Rule 1003(b).

- (vi) Upon making an affirmative finding that the original Swap does not qualify as a Cleared Error Swap, the Company shall provide notice of such determination to the counterparties to the Cleared Error Swap.
- (e) Upon execution of a New Swap/Old Terms or New Swap/Corrected Terms pursuant to Rule 1005(c) or 1005(d) the Company shall report to the SDR to which it reported data for the original DCO Rejected Swap(s) or Cleared Error Swap(s), as applicable, the swap transaction data for the New Swap/Old Terms or New Swap/Corrected Terms pursuant to Parts 43 and 45 of the CFTC's Regulations, as well as the unique transaction identifier (as that term is defined in CFTC Regulations) for the original DCO Rejected Swap(s) or Cleared Error Swap(s) and any termination, cancellation or other reporting event applicable to such swaps, as applicable.
- (f) A counterparty (or, if applicable, the Introducing Agent or Account Manager acting on behalf of a counterparty) to a DCO Rejected Swap or Cleared Error Swap shall promptly provide any and all information that the Company determines is necessary to allow the Company to execute a New Swap/Old Terms or New Swap/Corrected Terms in respect of such DCO Rejected Swap or Cleared Error Swap, as applicable.