



*DW SEF LLC  
1177 Avenue of Americas  
New York, New York 10036*

**Via CFTC Portal**

April 7, 2015

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

**Re: Commission Regulations 40.2(a) and 40.2(d)  
Class Certification of Canadian Dollar-Denominated Interest Rate Swaps**

Dear Ms. Jurgens:

DW SEF LLC (“DW SEF”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Regulations 40.2(a) and 40.2(d), that it is certifying a class of Canadian Dollar-denominated interest rate swaps (“CAD IRS”) for trading on DW SEF’s electronic Order Book and Voice Request-for-Quote systems.

DW SEF will list CAD IRS no earlier than April 13, 2015.

This submission letter contains the following attachments:

- Attached as Exhibit A is a concise explanation and analysis of CAD IRS;
- Attached as Exhibit B is a copy of the CAD IRS Rules, which will be published as contract specifications on DW SEF’s website in accordance with DW SEF Rule 901.
- Attached as Exhibit C is a concise explanation and analysis of the products’ compliance with applicable provisions of the Commodity Exchange Act (the “CEA”), including the Core Principles and the Commission’s Regulations thereunder.

As required by Commission Regulation 40.2(d)(1), DW SEF hereby certifies that:

- (i) Each particular swap within the certified class of swaps is based upon an “excluded commodity” specified in Regulation 40.2(d)(1);
- (ii) Each particular swap within the certified class of swaps is based upon an excluded commodity with an identical pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations;
- (iii) The pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations in each particular swap within the certified class of swaps is identical to a pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations in a product previously submitted to the Commission and certified or approved pursuant to Regulation 40.2 or Regulation 40.3; and
- (iv) Each particular swap within the certified class of swaps is based upon an excluded commodity involving an identical currency or identical currencies.

Based on the foregoing, DW SEF certifies that each CAD IRS complies with the CEA and Commission Regulations thereunder. DW SEF additionally certifies that it has concurrently posted a copy of this submission letter and attachments hereto on DW SEF’s website at [www.tradeweb.com/Institutional/Derivatives/SEF-Center/](http://www.tradeweb.com/Institutional/Derivatives/SEF-Center/).

\* \* \*

In the event that you have questions, please contact the undersigned at (646) 430-6228 or [Jeffrey.Letzler@tradeweb.com](mailto:Jeffrey.Letzler@tradeweb.com)

Very truly yours,

*Jeffrey T. Letzler*

Jeffrey T. Letzler  
Regulatory Counsel &  
Chief Compliance Officer  
DW SEF LLC

## Exhibit A

Below is a concise explanation and analysis of Canadian dollar-denominated interest rate swaps (“CAD IRS”):

CAD IRS offered by DW SEF may be structured as fixed-to-floating swaps or basis swaps in the following forms of transactions: outright, benchmark spread, off-benchmark spread, rate switch (the swap of two outright CAD IRS), spread switch, butterfly or other combinations or packages thereof. A fixed-to-floating swap is an agreement between two parties to exchange a fixed interest payment for a floating interest payment. A basis swap is an agreement between two parties to exchange a floating interest payment based on a reference rate for a floating interest payment based on a different reference rate in the same currency.

The reference rates for each CAD IRS offered by DW SEF will be one-month, three-month or six-month Canadian Dealer Offered Rate (“CDOR”) for Canadian dollars for maturities ranging from one week to 50 years. CDOR is the average rate at which contributor banks are willing to extend unsecured funding to corporate clients in Canadian dollars for a given period.

For more information, the contract specifications for each CAD IRS class are attached as Exhibit B.

## **Exhibit B**

The contract specifications for CAD interest rate swaps are as follows:

### **Fixed to Floating Swaps**

Currency	Canadian Dollar
Floating Rate Index	1-month, 3-month, and 6-month CDOR
Stated Maturity Range	1 month to 50 years

### **Basis Swaps**

Currency	Canadian Dollar
Floating Rate Index	1-month, 3-month, and 6-month CDOR
Stated Maturity Range	1 month to 50 years

## Exhibit C

DW SEF has determined that the CAD IRS certified herein bear upon the following Core Principles:

### **Core Principle 2 – Compliance with Rules**

Trading in CAD IRS will be subject to the DW SEF Rulebook (the “Rules”), which prohibits abusive trading practices, including: acts detrimental to DW SEF (Rule 609) or that are inconsistent with just and equitable principles of trade (Rule 602), fraudulent acts (Rule 603), fictitious or non-competitive transactions (Rule 604), market manipulation (Rule 606), disruptive trading practices (Rule 605), misstatements (Rule 608), wash sales (Rule 613) and pre-negotiated or non-competitive trades, including money passes (Rule 614).

As with all Swaps listed for trading on the Trading System (as such terms are defined in the DW SEF Rulebook), trading activity in CAD IRS will be subject to monitoring and surveillance by DW SEF’s Market Regulation Team. DW SEF has the authority to exercise its investigatory and enforcement power where potential Rule violations are identified. *See* Chapter 7 of the Rules.

### **Core Principle 3 – Swaps Not Readily Susceptible to Manipulation**

Swaps based on standard equity indices are not readily susceptible to manipulation because wide dealer and industry support provides significant liquidity in all market conditions for such equity index products. In addition the relevant equity exchange ensures that pricing is freely available daily on all such underlying equity indices.

### **Core Principle 4 – Monitoring of Trading and Trade Processing**

Chapter 5 of the Rules prohibits traders from manipulating, distorting the price of, and disrupting the cash settlement process of the Swaps. Such Rules are enforced by the Market Regulation Team.

### **Core Principle 5 – Ability to Obtain Information**

Pursuant to the Rules, DW SEF will have the ability and authority to obtain sufficient information for each CAD IRS to allow DW SEF to fully perform its operational, risk management, governance and regulatory functions and requirements under Part 37 of Commission Regulations.

### **Core Principle 6 – Position Limits or Accountability**

Rule 409 allows the Company to adopt position accountability levels for Required Transactions. Persons with positions in excess of position accountability levels established by the Company will be required to provide, upon request by the Company, information about their positions in excess of the relevant position accountability threshold and consent to halt any further increases in those positions.

### **Core Principle 7 – Financial Integrity of Transactions**

These Swaps are typically not cleared, but are bilateral transactions. Having said that, all Swaps that are required to be cleared pursuant to Section 2(h) of the CEA or that are voluntarily cleared by the counterparties will be submitted for clearing through a DCO. *See* Rule 1002.

### **Core Principle 9 – Timely Publication of Trading Information**

In accordance with Part 16 of Commission Regulations, DW SEF will publish daily market volume data reports for each Swap (or class of Swap) in terms of notional value. In addition, DW SEF will publish for each trading day, by tenor of the Swap, the opening price and the high and low prices. DW SEF will publish a settlement price for each such Swap except that, in the case of swaps listed for clearing by a DCO, the applicable settlement price will be the settlement price established by the DCO.

DW SEF will submit electronic reports of all primary economic terms data for each Swap to a registered swap data repository immediately following execution of such Swap. All such reports will meet the standards set out in Commission Regulation 45.3, including the requirement to produce a unique swap identifier for each transaction.