



*DW SEF LLC*  
Harborside Financial Center  
2200 Plaza Five  
Jersey City, NJ 07311

**Via CFTC Portal**

April 11, 2017

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: Commission Regulations 40.2(a) and 40.2(d)  
Class Certification of Forward Rate Agreements (US Dollar)**

Dear Mr. Kirkpatrick:

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 swaps known as US Dollar denominated (“USD”) Forward Rate Agreements (“USD FRAs”) to be offered on its platform.

DW SEF will list USD FRAs no earlier than May 1, 2017.

This submission letter contains the following attachments:

- Attached as Exhibit A is a concise explanation and analysis of USD FRAs;
- Attached as Exhibit B is a copy of the USD FRA Rules, which will be published as contract specifications on DW SEF’s website in accordance with DW SEF Rule 901; and
- 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, with regard to FRAs:

Mr. Christopher J. Kirkpatrick  
Commodity Futures Trading Commission  
April 11, 2017

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- (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 USD FRA 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  
Chief Compliance Officer  
DW SEF LLC

Mr. Christopher J. Kirkpatrick  
Commodity Futures Trading Commission  
April 11, 2017

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**Exhibit A**

Below is a concise explanation and analysis of USD FRAs to be offered for trading on DW SEF.

A US Dollar denominated Forward Rate Agreement (USD FRA) is a one period Interest Rate Swap (IRS) where one party buys (pays) a fixed interest rate and receives a floating interest rate and one party sells (receives) a fixed interest rate and pays a floating interest rate. This floating interest rate is based on a benchmark rate. The parties exchange an interest rate payment based on the differential between the fixed rate, the realized floating rate, and the notional of the trade. The currency for this instrument is US Dollars, with the benchmark rate of LIBOR. The tenor or duration of a USD FRA includes 1 month, 3 month, and 6 month.

For more information, the contract specifications for USD FRAs are attached as Exhibit B.

**Exhibit B**

The contract specifications for **US Dollar denominated Forward Rate Agreements** are as follows

Contract Description	A Forward Rate Agreement (FRA) is a one period Interest Rate Swap (IRS) where one party buys (pays) a fixed interest rate and receives a floating interest rate and one party sells (receives) a fixed interest rate and pays a floating interest rate.
Currency and Floating Rate Index – Time Period	USD – LIBOR (1 Month, 3 Months, 6 Months)
Contract Size	As agreed by the parties.
Minimum Size	As agreed by the parties.
Effective Date / Start Date	The first date from which fixed and floating interest amounts accrue.
Maturity Date / End Date	The final date until which fixed and floating interest amounts accrue.
Tenor / Duration	1 Month, 3 Month, 6 Month
Notional	Fixed Notional
Trade Start Types	Spot Starting (T+2) IMM Start Date (September, December, March, June). Forward Start Date
Fixing Date	LIBOR fixing date is two London business days prior to the effective date
Business Day Conventions	Modified Following
Holiday Calendar	London/NY
Fixed Leg	Payment Frequency: One Time Day Count Convention: Actual/360
Floating Leg	Payment Frequency: One Time Day Count Convention: Actual/360

Periodic Settlement: Payments and Resets	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Payment Frequency, Day Count Convention and Fixed Interest Rate.</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Payment Frequency, Day Count Convention, Floating Interest Rate Index and Floating Reset Date.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
Fixed Rate Type	Par
Optionality	No
Dual Currencies	No
Settlement Procedure	As determined by the relevant Derivative Clearing Organization (“DCO”).
Trading Hours	Trading hours of DW SEF.
DCO(s)	LCH.Clearnet Limited (“LCH”) and Chicago Mercantile Exchange Inc. (“CME”).
Block Size	<i>See</i> Rule 411 and CFTC Regulation Part 43, Appendix F.
Reportable Levels	<i>See</i> DW SEF Rule 409
Position Limits	<i>See</i> DW SEF Rule 408
Reporting	All trades reported to SDR in accordance with CFTC requirements.

### **Exhibit C**

DW SEF has determined that the FRAs certified herein bear upon the below Core Principles.

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

Trading in FRAs 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 transactions (Rule 604), price manipulation (Rule 606), disruptive trading practices (Rule 605), misstatements (Rule 608), wash sales (Rule 613) and pre-arranged 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 FRAs 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**

FRAs based on standard interest rate swaps are not readily susceptible to manipulation because wide dealer and industry support provides significant liquidity in all market conditions for such products.

#### **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 FRAs 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 limits and/or 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**

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April 11, 2017

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These FRAs are required to be cleared pursuant to Section 2(h) of the CEA or are voluntarily cleared by the counterparties and 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 FRA in terms of notional value. In addition, DW SEF will publish for each trading day, by tenor of the FRAs, the opening price and the high and low prices. DW SEF will publish a settlement price for each such FRA.

DW SEF will submit electronic reports of all primary economic terms data for each FRA to a registered swap data repository immediately following execution of such FRA. 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.