

November 13, 2023

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: TW SEF LLC – Amendment of Rule 901 (Swap Specifications)

Dear Mr. Kirkpatrick:

Dear Mr. Kirkpatrick:

TW SEF LLC (“TW 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 for CDX Emerging Markets High Yield Index, and CDX Emerging Markets Investment Grade Index (“Swaps”) trading on TW SEF’s electronic trading system. This certification should be read in conjunction with the class certification of interest rate swaps and other swaps submitted by TW SEF on September 30, 2013; the class certification of swaptions submitted by TW SEF on January 12, 2017; the class certification of interest rate swaps, forward rate agreements and zero coupon inflation swaps submitted by TW SEF on November 5, 2019; the class certification of credit default swaps submitted by TW SEF on March 9, 2020; the class certification of cross currency basis swaps submitted by TW SEF on June 2, 2020, the class certification of total return swaps submitted by TW SEF on December 18, 2020 and the class certification of fixed-to-floating swaps and overnight index swaps submitted by TW SEF on August 1, 2022.

TW SEF will list the Swaps no earlier than November 16, 2023

This submission letter contains the following Exhibits:

- Attached as Exhibit A is a concise explanation and analysis of the Swaps;
- Attached as Exhibit B-1 is a copy of the product Rules, which will be published as contract specifications on TW SEF’s website in accordance with TW SEF Rule 901. Attached as Exhibit B-2 is a redline showing the changes made to TW SEF Rule 901.
- Attached as Exhibit C is a concise explanation and analysis of the product’s 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), TW SEF hereby certifies that, with regard to the Swaps:

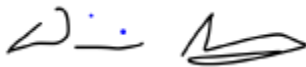
- (i) The Swaps are based upon an “excluded commodity” specified in Regulation 40.2(d)(1);
- (ii) The Swaps are based upon an excluded commodity with an identical pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations;
- (iii) The pricing source, formula, procedure, and methodology for calculating reference prices and payment obligations in the Swaps are 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) The Swaps are based upon an excluded commodity involving an identical currency or identical currencies.

Based on the foregoing, TW SEF certifies that the Swaps comply with the CEA and Commission Regulations thereunder. TW SEF additionally certifies that it has concurrently posted a copy of this submission letter and attachments hereto on TW SEF’s website at <https://www.tradeweb.com/our-markets/market-regulation/sef/>.

* * *

Should you have questions regarding this submission, please contact the undersigned at (646) 767-4923 or by email at Devi.Shanmugham@tradeweb.com.

Very truly yours,



Devi Shanmugham
TW SEF CCO

Exhibit A

Below is a concise explanation and analysis of Emerging Markets Investment Grade, and Emerging Markets High Yield for trading on TW SEF's electronic trading system. See TW SEF Rules 901(j).

Emerging Markets Untranched CDS Indices

A credit default swap (CDS) is a derivative transaction that allows for one party to transfer to another party for an agreed period of time the credit risk associated with an index of reference entities (an Index CDS). In each CDS, one party (the Buyer) pays a cash premium (the Premium) to the other party (the Seller) to purchase credit protection against the occurrence of an adverse event (a Credit Event) with respect to the reference entity or entities. The emerging markets credit default swap indices are a family of indices that cover a specified list of sovereign reference entities that trade in the CDS market. This list represents reference entities from the 3 emerging markets regions – Asia, CEEMEA, and Latin America. Additionally, there are two sub-indices that separate these sovereign reference entities by credit rating, i.e. investment grade and high yield.

The most common Credit Events are bankruptcy, failure to pay obligations and restructuring of obligations. The credit protection can relate to a specific type of obligation or all obligations of a reference entity and is expressed in terms of a notional amount of the relevant obligations.

Selling credit protection is economically equivalent to owning the relevant obligations. Buying credit protection is economically equivalent to selling those obligations short.

If a Credit Event occurs before the maturity date of a CDS, the Seller must make a payment to the Buyer in accordance with the settlement terms of the CDS. In cash settlement, a cash payment is made by the Seller to the Buyer equal to par minus the recovery rate of the reference asset, with recovery rate being calculated by referencing dealer quotes or observable market prices over some period after default has occurred.

Credit Events are determined by International Swaps and Derivatives Association, Inc. (ISDA) committees made up of market practitioners and settlement prices for obligations are determined by standardized auctions.

For more information, the contract specifications for the Swaps are attached as Exhibit B-1.

Exhibit B-1

Amended Rule 901

(j) Credit Default Swaps – Emerging Markets Untranched CDS Indices

Contract Description	<p>A credit default swap (CDS) is a derivative transaction that allows for one party to transfer to another party for an agreed period of time the credit risk associated with an index of reference entities (an Index CDS). In each CDS, one party (the Buyer) pays a cash premium (the Premium) to the other party (the Seller) to purchase credit protection against the occurrence of an adverse event (a Credit Event) with respect to the reference entity or entities.</p> <p>The most common Credit Events are bankruptcy, failure to pay obligations and restructuring of obligations. The credit protection can relate to a specific type of obligation or all obligations of a reference entity and is expressed in terms of a notional amount of the relevant obligations.</p> <p>Selling credit protection is economically equivalent to owning the relevant obligations. Buying credit protection is economically equivalent to selling those obligations short.</p> <p>If a Credit Event occurs before the maturity date of a CDS, the Seller must make a payment to the Buyer in accordance with the settlement terms of the CDS. In cash settlement, a cash payment is made by the Seller to the Buyer equal to par minus the recovery rate of the reference asset, with recovery rate being calculated by referencing dealer quotes or observable market prices over some period after default has occurred.</p> <p>Credit Events are determined by International Swaps and Derivatives Association, Inc. (ISDA) committees made up of market practitioners and settlement prices for obligations are determined by standardized auctions.</p>	
Reference Entities	Sovereign	
Region	EM	
Indices Tenor	CDX.EM	5-Year, 10-Year
	CDX.EM.IG	5-Year
	CDX.EM.HY	5-Year
Applicable Series	CDX.EM 5Y	Series 16 and all subsequent Series, up to and including the current Series.

	CDX.EM 10Y	Series 16 and all subsequent Series, up to and including the current Series.
	CDX.EM.IG 5Y	Series 40 and all subsequent Series, up to and including the current Series
	CDX.EM.HY 5Y	Series 40 and all subsequent Series, up to and including the current Series

Tranched	No
Quoting Convention and Minimum Increment	As agreed by parties.
Minimum Size	As agreed by parties.
Effective Date / Start Date	The date on which parties begin calculating accrued obligations such as fixed payments.
Maturity Date	The final date on which the obligations no longer accrue and the final payment occurs.
Settlement	Cash Settlement with Contingent Payment, Fixed Quarterly, Upfront Payments as agreed by parties.
Settlement Procedure	As determined by the DCO.
Trading Hours	Trading hours of TW SEF.
DCO(s)	ICE Clear U.S. / LCH Clearnet Ltd.
Block Size	See Rule 411 and CFTC Regulation Part 43, Appendix F.
Reportable Levels	See Rule 409 and CFTC Regulation 15.03.
Position Limits	See Rule 408 and CFTC Regulation Part 150.
Reporting	All trades reported to SDR in accordance with CFTC requirements.

Exhibit B-2

Redlined Pages of Current TW SEF Rulebook Rule 901

(j) Credit Default Swaps – Emerging Markets Untranched CDS Indices

Contract Description	<p>A credit default swap (CDS) is a derivative transaction that allows for one party to transfer to another party for an agreed period of time the credit risk associated with an index of reference entities (an Index CDS). In each CDS, one party (the Buyer) pays a cash premium (the Premium) to the other party (the Seller) to purchase credit protection against the occurrence of an adverse event (a Credit Event) with respect to the reference entity or entities.</p> <p>The most common Credit Events are bankruptcy, failure to pay obligations and restructuring of obligations. The credit protection can relate to a specific type of obligation or all obligations of a reference entity and is expressed in terms of a notional amount of the relevant obligations.</p> <p>Selling credit protection is economically equivalent to owning the relevant obligations. Buying credit protection is economically equivalent to selling those obligations short.</p> <p>If a Credit Event occurs before the maturity date of a CDS, the Seller must make a payment to the Buyer in accordance with the settlement terms of the CDS. In cash settlement, a cash payment is made by the Seller to the Buyer equal to par minus the recovery rate of the reference asset, with recovery rate being calculated by referencing dealer quotes or observable market prices over some period after default has occurred.</p> <p>Credit Events are determined by International Swaps and Derivatives Association, Inc. (ISDA) committees made up of market practitioners and settlement prices for obligations are determined by standardized auctions.</p>	
Reference Entities	Sovereign	
Region	EM	
Indices Tenor	CDX.EM	5-Year, 10-Year
	<u>CDX.EM.IG</u>	<u>5-Year</u>
	<u>CDX.EM.HY</u>	<u>5-Year</u>
Applicable Series	CDX.EM 5Y	Series 16 and all subsequent Series, up to and including the current Series.

	CDX.EM 10Y	Series 16 and all subsequent Series, up to and including the current Series.
	CDX.EM.IG 5Y	Series 40 and all subsequent Series, up to and including the current Series
	CDX.EM.HY 5Y	Series 40 and all subsequent Series, up to and including the current Series

Tranched	No
Quoting Convention and Minimum Increment	As agreed by parties.
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DCO(s)	ICE Clear U.S. / LCH Clearnet Ltd.
Block Size	See Rule 411 and CFTC Regulation Part 43, Appendix F.
Reportable Levels	See Rule 409 and CFTC Regulation 15.03.
Position Limits	See Rule 408 and CFTC Regulation Part 150.
Reporting	All trades reported to SDR in accordance with CFTC requirements.

Exhibit C

TW SEF has determined that the Swaps certified herein bear upon the below Core Principles. This Exhibit should be read in conjunction with the class certification of interest rate swaps and other swaps submitted by TW SEF on September 30, 2013; the class certification of swaptions submitted by TW SEF on January 12, 2017; the class certification of interest rate swaps, forward rate agreements and zero coupon inflation swaps submitted by TW SEF on November 5, 2019; the class certification of credit default swaps submitted by TW SEF on March 9, 2020; the class certification of cross currency basis swaps submitted by TW SEF on June 2, 2020; the class certification of total return swaps submitted by TW SEF on December 18, 2020 and the class certification of fixed-to-floating swaps and overnight index swaps submitted by TW SEF on August 1, 2022.

Core Principle 2 – Compliance with Rules

Trading in the Swaps will be subject to the TW SEF Rulebook (the “Rules”), which prohibits abusive trading practices, including: acts detrimental to TW 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 (Rules 605 and 607); misstatements (Rule 608); wash sales (Rule 613); and pre-arranged or noncompetitive trades, including money passes (Rule 614). As with all swaps listed for trading on the Trading System (as such terms are defined in the TW SEF Rulebook), trading activity in the Swaps will be subject to monitoring and surveillance by TW SEF’s Market Regulation Team. TW 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

The Swaps are not readily susceptible to manipulation because wide dealer and industry support provides significant liquidity in all market conditions for such products. This Exhibit should be read in conjunction with the class certification of interest rate swaps and other swaps submitted by TW SEF on September 30, 2013; the class certification of swaptions submitted by TW SEF on January 12, 2017; the class certification of interest rate swaps, forward rate agreements and zero coupon inflation swaps submitted by TW SEF on November 5, 2019; the class certification of credit default swaps submitted by TW SEF on March 9, 2020; the class certification of cross currency basis swaps submitted by TW SEF on June 2, 2020, the class certification of total return swaps submitted by TW SEF on December 18, 2020 and the class certification of fixed-to-floating swaps and overnight index swaps submitted by TW SEF on August 1, 2022.

Core Principle 4 – Monitoring of Trading and Trade Processing

Chapters 5 and 6 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, TW SEF will have the ability and authority to obtain sufficient information for each Swap to allow TW 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 TW SEF to adopt position limits and/or accountability levels for Required Transactions. Persons with positions in excess of position accountability levels established by TW SEF will be required to provide, upon request by TW SEF, 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

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, TW SEF will publish daily market volume data reports for each Swap in terms of notional value. In addition, TW SEF will produce for each trading day, by tenor of the Swap, the opening price and the high and low prices. TW SEF will produce a settlement price for each such Swap.

TW 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.