

GFI Swaps Exchange LLC
Rule Implementation Submission 2020-01
October 19, 2020

1. The texts of the amended Rules are appended as Attachment A. Any additions are underlined, and any deletions are struck through.
2. The date of intended implementation for these rules is ten business days following the filing of this submission.
3. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act (“Act”), and the Commission’s regulations thereunder; and (2) concurrent with this submission, GFI Swaps Exchange LLC posted on its website: (i) a notice of pending certification of the rule amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of each of the amended rules appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rules. The attached amendments are cumulative and in response to suggestions and guidance from the staff during the course of the staff review of the GFI Swaps Exchange application for registration as a Swap Execution Facility. These amendments are either:

- (1) technical corrections to align the rules more closely with the language of Commission Rules; and/or
- (2) amendments made in response to guidance of Commission staff.

The following chart identifies the changed rules and notes the effect of the change and an explanation of the operation, purpose, and effect of the change.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND
EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE
PROVISIONS OF THE ACT

Rule	Rule Title	Effect
541(d)(i)	Error Trades	Amend text to clarify an exception to this rule to allow an alternative method for correcting swaps with errors.
543(a) 543(b) 543(c)	Post-Trade Anonymity	Add rule to explain post trade anonymity reference to CFTC final rule §37.9(d)
601(h)	Block Trades	Amend text to update relief reference to CFTC Letter No. 20-01 and date of expiration of relief.
1001(d)(i)	Cleared Swaps	Amend text to update relief reference to CFTC Letter No. 20-01 and date of expiration of relief.
1001(d)(ii)	Cleared Swaps	Amend text to add no-action relief from CFTC Letter No. 20-01 and date of expiration of relief.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6

I hereby certify that:

- (1) the amended Rules above comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, GFI Swaps Exchange LLC. posted on its website:
 - (a) a notice of pending certification of the above Rules with the Commission; and (b) a copy of this submission

Kenneth Sklover

By: Kenneth Sklover

Title: Chief Compliance Officer

Date: October 19, 2020

GFI Swaps Exchange LLC

541. Errors, Corrections or Cancellation of Transaction Data

(d)The Company will not submit or agree to submit a correction or cancellation for the purpose of re-reporting Swap Transaction and Pricing Data in order to gain or extend a delay in public dissemination of accurate Swap Transaction and Pricing Data or to otherwise evade the reporting obligations in Part 43 of CFTC Regulations.

- (i) Alternatively, for cleared swaps, the Facility may use an *ex post facto* review process in which the counterparties determine that an error has occurred and correct the error. The offsetting trade and the correct transaction must be executed and submitted for clearing as quickly as technologically practicable, but no later than 24 hours after the erroneous cleared swap was executed.

The Facility shall conduct an *ex post facto* review of the error trade, offsetting trade, and correct trade on a T+1 basis. Such review will consider whether a transaction cancellation or price adjustment will adversely impact market integrity, facilitate market manipulation or other illegitimate activity, or otherwise violate the CEA, Commission regulations, or the SEF's rules.

The SEF must make an affirmative finding that there was an error as part of its *ex post facto* review.

543. Post Trade Anonymity

- (a) Pursuant to the Commission issuing final rule § 37.9(d), it is prohibited to disclose, directly or indirectly, including through a third-party service provider, the identity of a counterparty for swaps executed, pre-arranged or pre-negotiated anonymously on or pursuant to the rules of a SEF and intended to be cleared at the time of execution.
- (b) Prohibition on post-trade name give-up shall not apply to components of a package transaction that are uncleared swaps or non-swap instruments. Examples include, but are not limited by, swaps executed with a US Treasury hedge cleared bilaterally between the counterparties, swaps executed as part of a hedge to an Interest Rate Option or Credit Option and swaps executed as part of a package with an uncleared swap.
- (c) The compliance date for swaps subject to the trade execution requirement under section 2(h)(8) of the CEA is November 1, 2020. The compliance date for swaps not subject to the trade execution requirement under section 2(h)(8) of the CEA is July, 5, 2021.

601. Block Trades.

(h) As permitted by CFTC No-Action Letter No. 17-60,14-118 expiring December 15, 2015, expiring November 15, 2020, a Block Trade in a Cleared Swap may be effected on the Trading Platform by any means of interstate commerce, including, but not limited to, (i) through a Request for Quote pursuant to Rule 508 or (ii) as a voice-executed trade or a Brokered Trade pursuant to Rule 509. Such a Block Trade shall not be deemed to be a required transaction for the purposes of Chapter 5 (other than Rules 535 and 536). Notwithstanding the foregoing, such a Block Trade may not be executed in the Order Book or during a JTT session.

1001. Cleared Swaps

(a) *Cancellation and Resubmission.*

(i) As permitted by CFTC No-Action Letter 20-01 15-24 expiring June 15, 2016 and until the effective date of any changes provided in the regulations, if the Company determines that a transaction (including a transaction that is a component leg of a Package Transaction) is rejected from clearing by a Derivatives Clearing Organization (A) because of a clerical or operational error or omission by the Company or by one of the counterparties to the transaction or its agent, or (B) in the case of a component leg of a Package Transaction, due to the sequencing of the submission of the component legs of the Package Transaction, a new transaction, with terms and conditions that match the terms and conditions of the original transaction, other than any such error or omission and time of execution, may be executed and submitted for clearing without having been executed pursuant to the methods set forth in CFTC Regulation 37.9(a)(2). In the case of transaction rejected from clearing because of a clerical or operational error or omission, if the Company is able to identify and determine how to correct the error or omission, it may execute the new transaction without obtaining the consent of the counterparties. If the Company is unable to determine how to correct the error or omission, the Company, at its election, may either (x) seek guidance from the counterparties with respect to how to correct the error, after which the Company may then correct the error with the consent of both counterparties, or (y) elect not to correct the error, in which case the transaction will be treated as void *ab initio* and shall be cancelled by the Company. In the case of a component leg of a Package Transaction rejected due to sequencing, both Clearing Firms and each counterparty to the transaction must consent to the submission of a new trade. Execution of a new trade and resubmission of such trade to clearing pursuant to this subparagraph (i) must occur as quickly as technologically practicable after the relevant Clearing Firm(s) receipt of notice of the rejection by the Derivatives Clearing Organization, but, in any event, no later than 60 minutes from issuance of such notice. If the resubmitted transaction is rejected from clearing, such transaction will be void *ab initio* and shall be cancelled by the Company. The counterparties may not resubmit a new transaction a second time. The procedure set forth in this subparagraph (i) is not available with respect to transactions that are rejected from clearing for credit reasons.

(ii) As permitted by CFTC No-Action Letter 20-01 15-24 expiring June 15, 2016, and until the effective date of any changes provided in the regulations, if the Company determines that a clerical or operational error or omission was made by the Company, one of the counterparties to a transaction or its agent, but such operational error or omission was not discovered until after a transaction has been cleared, the Company may permit the original counterparties to the transaction to enter into a prearranged transaction that offsets the transaction carried on the books of the relevant Derivatives Clearing Organization, without such transaction having to be executed pursuant to the methods required in CFTC