

# SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional)

Date:

**IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.**

**ORGANIZATION**

**FILING AS A:**  **DCM**  **SEF**  **DCO**  **SDR**  **ECM/SPDC**

**TYPE OF FILING**

- **Rules and Rule Amendments**

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Made Available To Trade Determination under § 40.5 or § 40.6
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

- **Products**

- Certification under § 40.2 (a) or § 41.23 (a)
- Submission under § 39.5
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

**RULE NUMBERS**

**DESCRIPTION**



March 10, 2014

**BY ELECTRONIC MAIL: [submissions@cftc.gov](mailto:submissions@cftc.gov)**

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

**Re: Commission Regulation 40.6(a) Certification –  
Amendments to Natural Gas Options Contract Specifications  
GFI Swaps Exchange LLC Submission # 14-0005**

Dear Ms. Jurgens:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “CEA”) and Section 40.6(a) of the Regulations of the Commodity Futures Trading Commission (the “Commission”), GFI Swaps Exchange LLC (“GFI”) hereby amends its Natural Gas Options contract specifications. Specifically, GFI has amended such specifications (i) to clarify that Natural Gas Options may be either cash or physically settled, (ii) to add New York Mercantile Exchange (“NYMEX”) as an acceptable price source, (iii) to correct and clarify references to other price sources and (iv) to clarify product references in the preamble. The amendments will go into effect on March 25, 2014.

The amended contract specifications are attached as Exhibit A. Changes to the contract specifications are attached as Exhibit B, with additions double underlined and deletions ~~stricken through~~.

GFI has reviewed the core principles (“Core Principles”) as set forth in the CEA. During the review, GFI identified the following Core Principle as potentially being impacted:

Core Principle 2 (Compliance with Rules). The amendments contained herein clarify the terms and conditions for each Natural Gas Option effected pursuant to GFI’s Rulebook (the “Rules”).

Core Principle 3 (Swaps Not Readily Susceptible to Manipulation). Each Natural Gas Options contract referencing NYMEX as its price source is not readily susceptible to manipulation. The value of payments made pursuant to the terms of such Options contract is determined primarily by reference to the applicable NYMEX contract. The price of the relevant NYMEX contract is not readily susceptible to manipulation because it has the following characteristics: (i) it is derived from a cash market that has considerable depth and liquidity resulting from the involvement of numerous institutional participants; (ii) the way in which the relevant NYMEX contract is calculated is well documented and well understood by swap market participants; (iii) the way in which the relevant NYMEX contract is calculated involves appropriate computational procedures that eliminate or reduce the impact of potentially unrepresentative data; (iv) the

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relevant NYMEX contract is commonly used in the swap markets; (v) information about the relevant NYMEX contract is publicly and readily available; (vi) the relevant NYMEX contract is administered and published by a reputable organization; and (vii) many active participants in the relevant cash market are entities that are subject to regulation. As a designated contract market, NYMEX maintains rules, policies and procedures in compliance with the CEA and Commission Regulations thereunder, including rules that minimize the opportunity to manipulate the cash-settlement price of its contracts.

The corrections to certain other price sources are not substantive in nature (including the specific reference to Gas Daily, which is published by Platts), and therefore do not bear upon compliance with Core Principle 3.

\* \* \*

GFI hereby certifies that the amendments to the Natural Gas Options contract specifications comply with the CEA and Commission Regulations thereunder. GFI additionally certifies that it has concurrently posted a copy of this submission letter and attachments hereto on GFI's website at <http://www.gfigroup.com/markets/swaps-exchange/rules-notices.aspx>. There were no substantive opposing views.

Please contact the undersigned at (212) 968-2982 or [daniel.glatter@gfigroup.com](mailto:daniel.glatter@gfigroup.com) if you have any questions or you would otherwise like to discuss this further.

Sincerely,

/s/ Daniel E. Glatter  
General Counsel  
GFI Swaps Exchange LLC

Enclosure

**Exhibit A**

# GFI Contract Specifications

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The terms and conditions of Natural Gas Options incorporate by reference such credit and other terms as the parties may establish through their pre-existing bilateral agreement. Natural Gas Options have the following characteristics:

<b>Contract Overview</b>	A natural gas option is a derivative financial instrument that gives one party the right, but not the obligation, to buy or sell a specific quantity of natural gas from or to another party at a specified price on a specified date.
<b>Trade Date</b>	As agreed by the parties
<b>Effective Date</b>	The date on which the calculation of accrued obligations begins under the contract
<b>Commodity</b>	Natural Gas
<b>Notional Amount</b>	As agreed by the parties
<b>Option Style</b>	[American] [European] [Bermuda] [Asian]
<b>Option Type</b>	[Put] [Call]
<b>Seller</b>	Party [A/B]
<b>Buyer</b>	Party [B/A]
<b>Termination Date</b>	As agreed by the parties
<b>Price Source</b>	Natural Gas Intelligence, Canadian Gas Price Reporter, Inside FERC, Gas Daily, Platts/McGraw Hill or NYMEX, as determined by the parties.
<b>Settlement Type</b>	[Cash Settlement] [Physical Settlement]
<b>Specified Delivery Point</b>	If applicable, as agreed by the parties
<b>Pricing Date(s)</b>	If applicable, as agreed by the parties
<b>Method of Averaging</b>	If applicable, as agreed by the parties
<b>Total Premium</b>	The amount payable by the Buyer to the Seller
<b>Premium Payment Date(s)</b>	The date(s) agreed by the parties
<b>Expiration Date</b>	The date agreed by the parties
<b>Expiration Time</b>	The time agreed by the parties

## Exhibit B

# GFI Contract Specifications

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The terms and conditions of ~~the~~ [Natural Gas](#) Options incorporate by reference such credit and other terms as the parties may establish through their pre-existing bilateral agreement. ~~The~~ [Natural Gas](#) Options have the following characteristics:

<b>Contract Overview</b>	A natural gas option is a derivative financial instrument that gives one party the right, but not the obligation, to buy or sell a specific quantity of natural gas from or to another party at a specified price on a specified date.
<b>Trade Date</b>	As agreed by the parties
<b>Effective Date</b>	The date on which the calculation of accrued obligations begins under the contract
<b>Commodity</b>	Natural Gas
<b>Notional Amount</b>	As agreed by the parties
<b>Option Style</b>	[American] [European] [Bermuda] [Asian]
<b>Option Type</b>	[Put] [Call]
<b>Seller</b>	Party [A/B]
<b>Buyer</b>	Party [B/A]
<b>Termination Date</b>	As agreed by the parties
<b>Price Source</b>	Natural Gas Intelligence, Canadian Gas Price <del>Report</del> <a href="#">Reporter</a> , Inside FERC, <del>or</del> <a href="#">Gas Daily</a> , Platts/McGraw Hill <del>or</del> <a href="#">NYMEX</a> , as determined by the parties.
<b><a href="#">Settlement Type</a></b>	<a href="#">[Cash Settlement]</a> <a href="#">[Physical Settlement]</a>
<b>Specified Delivery Point</b>	If applicable, as agreed by the parties
<b>Pricing Date(s)</b>	If applicable, as agreed by the parties
<b>Method of Averaging</b>	If applicable, as agreed by the parties
<b>Total Premium</b>	The amount payable by the Buyer to the Seller
<b>Premium Payment Date(s)</b>	The date(s) agreed by the parties
<b>Expiration Date</b>	The date agreed by the parties
<b>Expiration Time</b>	The time agreed by the parties