



SEF Rules

UNITED STATES COMMODITY FUTURES TRADING COMMISSION

Submitter Information	
Organization Name GFI Swaps Exchange LLC	
Organization Type SEF	Organization Acronym GFISEF
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Cover Sheet	
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Submission Type 40.6(a) Rule Certification	
Submission Description CFTC Regulation 40.6 Rulebook Amendment - Listing of Products referenced to SOFR and SONIA	
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Documents	
Rulebook Amendment 40.6 07 24 2023.pdf	
Request For Confidential Treatment - Detailed Written Justification	
N/A	

GFI Swaps Exchange LLC
Rule Implementation Submission 2023-01
July 24, 2023

1. The text 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 of the proposed amendment 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 Securities LLC (“GFI”) posted on its website: (i) a notice of pending certification of the rule submissions with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding the amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE
CERTIFIED RULE 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.

On July 7, 2023, the Commodity Futures Trading Commission ("Commission") Division of Market Oversight announced that, on August 5, 2023 and thereafter, the swaps described in the chart below will become Swaps that are Made Available to Trade and subject to the Trade Execution Requirement under section 2(h)(8) of the Commodity Exchange Act. GFI Swaps Exchange LLC is listing those contracts. In conjunction with that announcement, GFI Swaps Exchange LLC is listing for trading the contracts contained in Attachment A.

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.

Summary of Changes

Contract Specification #	Contract Specification Description	Change Description
Appendix A Pg A-54	Interest Rates - Overview	Added the interest rate overview and a LIBOR footnote to the section. (LIBOR Footnote reference pages: 43, 96, A-54, A-87, A-88, A-89, A-90, -91)
Appendix A Pg A-55	Interest Rates – Overnight Index Swaps: SOFR and SONIA	Added the overnight index swaps table to the interest rate section of Appendix A.

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 GFI Swaps Exchange LLC Contract Specifications complies 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: July 24, 2023

Overnight Index Swaps: SOFR and SONIA

Specification	Overnight Index Swaps (OIS)			Overnight Index Swaps (OIS)	
Currency	U.S. Dollar (USD)	U.S. Dollar (USD)	U.S. Dollar (USD)	Sterling (GBP)	Sterling (GBP)
Floating Rate Indices	Secured Overnight Financing Rate (SOFR)	Secured Overnight Financing Rate (SOFR)	Secured Overnight Financing Rate (SOFR)	Sterling Overnight Index Average (SONIA)	Sterling Overnight Index Average (SONIA)
Trade Start Type	Spot Starting (T+2)	IMM Start Date (next two IMM dates)	IMM Start Date (next two IMM dates)	Spot Starting (T+0)	IMM Start Date (next two IMM dates)
Optionality	No	No	No	No	No
Fixed Leg					
Payment Frequency	Annual	Annual	Annual	Annual	Annual
Day Count Convention	ACT/360	ACT/360	ACT/360	ACT/365.FIXED	ACT/365.FIXED
Business Calendars	New York/USNY	New York/USNY	New York/USNY	London/GBLO	London/GBLO
Payment Lag	2 Days	2 Days	2 Days	0 Day	0 Day
Floating Leg					
Payment/Reset Frequency	Annual	Annual	Annual	Annual	Annual
Day Count Convention	ACT/360	ACT/360	ACT/360	ACT/365.FIXED	ACT/365.FIXED
Business Calendars	New York/USNY	New York/USNY	New York/USNY	London/GBLO	London/GBLO
Payment Lag	2 Days	2 Days	2 Days	0 Days	0 Days
Fixing Calendars	US Government Securities/USGS	US Government Securities/USGS	US Government Securities/USGS	London/GBLO	London/GBLO
Fixing Offset	0 day	0 Days	0 Days	0 Days	0 Days
Dual Currencies	No	No	No	No	No
Notional	Fixed Notional	Fixed Notional	Fixed Notional	Fixed Notional	Fixed Notional
Fixed Rate	Par	Par	Standard Coupon	Par	Par
Tenors	2, 3, 4, 5, 6, 7, 10, 12, 15, 20, 30 Years	2, 3, 4, 5, 6, 7, 10, 12, 15, 20, 30 Years (Standard and IMM end/roll date convention)	1, 2, 3, 4, 5, 7, 10, 15, 20, 30 Years (Standard end/roll date conventions)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 15, 20, 25, 30 Years	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 15, 20, 25, 30 Years (Standard and IMM end/roll date convention)

INTEREST RATES

Overview:

An instrument in which two parties agree to exchange cash flows in the same or two different currencies, based on a notional amount, from fixed to floating or from one floating rate to another. The fixed rate is typically reset monthly, quarterly, semi-annually or annually though in some cases such as zero coupon Inflation Swaps, there is only one exchange of cash flows at maturity. The fixed rate may also be an off-market level whereupon payer and receiver agree an upfront payment to accommodate such, such as in ISDA Market Agreed Coupon swaps. In general, the floating rate can be almost any kind of index fixed asset price, but in the OTC markets we focus on interest rate instruments only, including but not limited to:

- Deposit indices such as Euribor, LIBOR¹, SOFR etc.
- Constant Maturity indices, e.g. 5Y IRS
- Inflation indices, e.g. UK RPI, French HICP, US CPI

Subject to the requirements of the Rules, Swaps in the rates asset class may be effected (i) in the Order Book pursuant to Rule 505, (ii) through a Request for Quote pursuant to Rule 508, (iii) as a voice-executed trade or a Brokered Trade pursuant to Rule 509 or (iv) as a Block Trade pursuant to Rule 601.

¹ As we transition away from LIBOR, all the swaps that reference the USD LIBOR are permitted. Listing USD LIBOR in the contract specifications allows for the settlement of pending contracts with future expiration dates. The anticipated date for LIBOR to end is September 30, 2024 which is when all the trading activity regarding LIBOR would cease.

508A. Mid-Market Level

Mid-Market Levels to be used in a Matching session or an RFQ-to-All pursuant to Rule 508(a)(iii) or Rule 508(a)(iv) shall be established in accordance with the following procedures:

(a) The Company will begin the process of determining the Mid-Market Level by providing notice to all Participants and Sponsored Access Firms that are active on the Trading Platform in that asset class at that time announcing the beginning of a Matching session or an RFQ-to-All, specifying the Swap that will be traded and the time at which the Matching session or RFQ-to-All will commence.

(b) Determination of the proposed Mid-Market Level shall be based, in the discretion of the Company, on any one or a combination of a number of inputs, including: (i) prices of transactions, executable or indicative bids or offers or historical prices on the Trading Platform, other swap execution facilities or markets; (ii) prices derived from transactions, executable or indicative bids or offers or historical prices on the Trading Platform, other swap execution facilities or markets; and (iii) the views of active market participants.

(i) *Prices.* Prices from the Trading Platform, other swap execution facilities or markets for the Swap that is to be the subject of Matching or an RFQ-to-All will include, where available, the last price of a transaction, executable or indicative bids and offers or historical prices for the Swap on the Trading Platform and/or on other swap execution facilities or markets.

(ii) *Derived Prices.* Where prices and/or executable or indicative bids or offers are unavailable for the Swap that is to be the subject of Matching or an RFQ-to-All, the Company will apply analytical analysis to prices, executable or indicative bids or offers, or historical price information for a similar Swap traded on the Trading Platform, other swap execution facilities or markets to determine the proposed Mid-Market Level. The Company also may apply analytics where bids or offers are available from on the Trading Platform, other swap execution facilities or markets but the mid-market price may be ambiguous because of the width of the bid/offer spread or other factors, and the application of such analytics would provide additional clarity. Such analytical analysis may include, for example, but is not limited to, empirical cash flow valuations using ¹Labor/SOFR, Euribor and Overnight Interest Rate bootstrapped Discount Factor curves and forward forecasting curves, credit adjustment and valuation models and options modelling using, but not limited to, industry standard Black Scholes, adjusted Black Scholes (Garman Kohlhagen) and Stochastic Options models on specific option structures.

(iii) *Market Participant Views.* The Company also may request the views of active market participants and consider such views in determining the proposed Mid-Market Level. In requesting the views of active market participants, the Company: (i) will act fairly in determining which active market participants to survey; (ii) will weigh the views of market participants based on

CHAPTER 11 CONTRACTS

1101. Swap Specifications

(a) The Company will permit trading in Swaps that will be listed by the Company and submitted to the CFTC pursuant to Part 40 of the CFTC Regulations from time to time. The contract specifications for all such Swaps are attached hereto as Appendix A and incorporated by reference into these Rules. The London Interbank Offered Rate (LIBOR¹) will continue to be permitted as long as CFTC No-Action Letters 21-26, 21-27 and 21-28 remain in effect.

(b) The template terms of any non-deliverable forward contract, vanilla FX option or exotic FX option recommended by the Emerging Markets Trade Association (“EMTA”) or a recognized successor (the “EMTA Template”) are incorporated by reference into the product specifications for each relevant non-deliverable forward contract, vanilla FX option or exotic FX option. If the terms of an EMTA Template conflict with terms the parties may establish through their pre-existing bilateral agreement (including, without limitation, Sections 8.1 and 8.2 of the ISDA Definitions and the FX Definitions), the terms of the EMTA Template shall prevail. As used in this paragraph (b): (i) “ISDA Definitions” means the definitions and provisions contained in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; and (ii) “FX Definitions” means the 1998 FX and Currency Option Definitions (including Annex A thereto) as published by ISDA, EMTA and The Foreign Exchange Committee.

1102. Rules of the Derivatives Clearing Organization

(a) The clearing services provided by the Derivatives Clearing Organization with respect to any Swap, and the rights and obligations of purchasers and sellers under cleared Swaps (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), will be governed by the rules of the Derivatives Clearing Organization.

(b) Where relevant, delivery of the Commodity underlying a Swap upon termination of such Swap and payment of the price in respect thereof shall be made in accordance with the rules of the applicable Derivatives Clearing Organization.

USD LIBOR¹/SOFR Interest Rate Swap: Basis

The terms and conditions of the swap as established by the DCO in its rules or bylaws are incorporated by reference herein and are the terms and conditions of the swap. The swaps have the following characteristics:

Currency	U.S. Dollar
Floating Rate Indexes	LIBOR ¹ /SOFR/LIBOR ¹ /SOFR LIBOR ¹ /SOFR/Fed Funds LIBOR ¹ /SOFR/OI S Including Spread over Treasuries LIBOR ¹ /SOFR/MXN-TIIE-Banxico (MXN IRS Benchmark)LIBOR ¹ /SOFR/ICP (CLP IRS Benchmark)
Stated Termination Date Range	28 days to 50 years Spot & Forward starting, and broken dates (bespoke tenors)
Optionality	No
Dual Currencies	No
Conditional Notional Amounts	No

USD LIBOR¹/SOFR Interest Rate Swap: Fixed-to-Floating

The terms and conditions of the swap as established by the DCO in its rules or bylaws are incorporated by reference herein and are the terms and conditions of the swap. The swaps have the following characteristics:

Currency	U.S. Dollar (USD)
Floating Rate Indexes	LIBOR ¹ /SOFR
Stated Start Date Range	28 days to 50 years Spot & Forward starting, and broken dates (bespoke tenors)
Optionality	No
Dual Currencies	No
Conditional Notional Amounts	No

USD LIBOR¹/SOFR Interest Rate Swap: Forward Rate Agreement

The terms and conditions of the swap as established by the DCO in its rules or bylaws are incorporated by reference herein and are the terms and conditions of the swap. The swaps have the following characteristics:

Currency	U.S. Dollar
Floating Rate Indexes	LIBOR ¹ /SOFR
Stated Termination Date Range	3 days to 3 years
Optionality	No
Dual Currencies	No
Conditional Notional Amounts	No

USD LIBOR¹/SOFR Interest Rate Swap: Market Agreed Coupon

The terms and conditions of the swap as established by the DCO in its rules or bylaws are incorporated by reference herein and are the terms and conditions of the swap. The swaps have the following characteristics:

Currency	U.S. Dollar
Fixed Coupon	http://www.sifma.org/services/standard-forms-and-documentation/swaps/
Floating Rate Indexes	LIBOR ¹ /SOFR
Tenors	1y, 2yrs, 3yrs, 5yrs, 7yrs, 10yrs, 15yrs, 20yrs, 30yrs
Effective Dates	IMM dates (3rd Weds of March, June, September, December)

USD LIBOR¹/SOFR Interest Rate Swap: Overnight Index

The terms and conditions of the swap as established by the DCO in its rules or bylaws are incorporated by reference herein and are the terms and conditions of the swap. The swaps have the following characteristics:

Currency	U.S. Dollar (USD) (“OIS”)
Floating Rate Indexes	LIBOR ¹ /SOFR
Stated Termination Date Range	7 days to 50 years Spot & Forward starting, and broken dates (bespoke tenors)
Optionality	No
Dual Currencies	No
Conditional Notional Amounts	No