

tpSEF Inc.

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September 22, 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: tpSEF Inc. – Regulation 40.2 Certification of CDS Index Contract – Emerging Market High Yield Swaptions (tpSEF Submission #23-11P)

Dear Mr. Kirkpatrick:

tpSEF Inc. (“tpSEF”) hereby notifies the Commodity Futures Trading Commission (the “Commission”) of its intent to list CDS Index Contract – Emerging Markets High Yield Swaptions (the “Contract”) on tpSEF’s swap execution facility. tpSEF intends to list this Contract on September 26, 2023.

Pursuant to Commission Regulation 40.2, this submission includes:

- i. The intended listing date – September 26, 2023;
- ii. A certification by tpSEF that: (a) the Contract complies with the Commodity Exchange Act, as amended, and the Commission regulations thereunder; and (b) concurrent with this submission, tpSEF posted on its website: (i) a notice of pending certification of the Contract, and (ii) a copy of this submission, attached as Exhibit A;
- iii. The terms and conditions of the Contract, attached as Exhibit B; and
- iv. An explanation and analysis of the Contract’s compliance with applicable core principles and Commission regulations, attached as Exhibit C.

tpSEF is listing the Contract by virtue of updating the terms and conditions of CDS Index Contract – Emerging Markets Swaps and Swaptions originally submitted to the Commission for

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self-certification pursuant to Commission Regulation 40.2 on November 3, 2014. A copy of the terms and conditions marked to show changes from the version submitted on November 3, 2014 is attached as Exhibit D.

Questions regarding this submission should be directed to Brian Donnelly, Chief Compliance Officer, at (201) 984-6956 or by email at [bddonnelly@tullettprebon.com](mailto:bddonnelly@tullettprebon.com).

Very truly yours,

tpSEF Inc.

  
By: \_\_\_\_\_

Name: Brian D. Donnelly

Title: Chief Compliance Officer

Date: September 22, 2023

Enclosures

cc: CFTC Division of Market Oversight ([dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov))  
Nancy Markowitz, CFTC ([nmarkowitz@cftc.gov](mailto:nmarkowitz@cftc.gov))

**EXHIBIT A**

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE  
ACT, 7 U.S.C. §7A-2 AND COMMODITY FUTURES TRADING COMMISSION  
REGULATION 40.2, 17 C.F.R. §40.2

tpSEF Inc. (“tpSEF”) hereby certifies that: (i) CDS Index Contract – Emerging Markets High Yield Swaptions (the “Contract”) complies with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and Commodity Futures Trading Commission (“Commission”) regulations thereunder; and (ii) concurrent with this submission, tpSEF posted on its website: (a) a notice of pending certification of the Contract with the Commission and (b) a copy of this submission.

tpSEF Inc.



By: \_\_\_\_\_

Name: Brian D. Donnelly

Title: Chief Compliance Officer

Date: September 22, 2023

**EXHIBIT B**

**Terms and Conditions**

<b>Summary:</b>	This covers “CDS Index Contract – Emerging Markets Swaps and Swaptions” contracts – <i>i.e.</i> , an agreement to buy or sell protection on a broad-based basket of emerging markets sovereign entities (CDX.EM), emerging markets sovereign entities with a high yield credit rating (CDX.EM.HY) or emerging markets sovereign entities with an investment grade credit rating (CDX.EM.IG).
<b>Index:</b>	CDX.EM: Series 12 through current, so long as such Index is not a narrow-based Index  CDX.EM.HY: Series 12 through current, so long as such Index is not a narrow-based Index.  CDX.EM.IG: Series 12 through current, so long as such Index is not a narrow-based Index.
<b>Currency:</b>	USD
<b>Quoting Convention and Minimum Increment:</b>	As agreed by counterparties.
<b>Minimum Size:</b>	As agreed by counterparties.
<b>Trading Conventions:</b>	Buy = Buy Protection, the buyer of protection pays a premium to the seller in case of a credit event occurring. Credit events include Bankruptcy and Failure to Pay. Sell = Sell Protection, the seller of protection receives the premium payments from the protection buyer. The Seller owns the credit risk of the instrument.  High yield indices such as CDX.EM.HY are traded on price.  Investment Grade indices such as CDX.EM.IG are traded on spread.
<b>Swap Conventions:</b>	Fixed coupon payments are calculated at a spread of 100 bps and exchanged on a quarterly basis.
<b>Swap Tenor:</b>	As agreed by the parties, subject to Applicable Law.
<b>Effective Date:</b>	The date on which parties begin calculating accrued obligations such as fixed payments. Also known as the start date of the swap.
<b>Maturity Date:</b>	The final date on which the obligations no longer accrue and the final payment occurs.
<b>Trade Types:</b>	The following swap types may be executed on tpSEF Inc.: <ul style="list-style-type: none"> <li>• Outrights</li> <li>• Roll Trades</li> <li>• Curve Trades</li> </ul>

<b>Settlement:</b>	<p>Contingent payment - Payments related to credit event settlement will be determined pursuant to the 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement (<i>i.e.</i>, the Big Bang and Little Bang Protocols).</p> <p>Fixed Quarterly cash payments - reflected in basis points and paid by the protection buyer to the protection seller.</p> <p>Upfront payment - The upfront payment is a portion of the payments, expressed in percentage points of the notional, which is present valued and paid immediately to the seller.</p>
<b>Swaptions on the Above:</b>	
Swaptions:	The SEF is also listing Physically-Settled Swaptions on the Index on the terms described herein.
Swaption Option Style:	European; the Swaptions may be exercised only on expiration.
Swaption Tenor:	The tenor of the Swaptions will be selected by the parties and will be no shorter than three months and no longer than three months less than the Swap Tenor.
Settlement:	The Swaption will be Physically Settled and, if exercised, will result in the parties entering into a swap on the Index on the terms described herein.
<b>ISDA Definitions (2003 v. 2014 Credit Derivatives Definitions):</b>	
2003 Definitions:	ISDA has published 2014 Credit Derivatives Definitions, which alter the treatment accorded certain events, particularly as relates to sovereigns and financials and certain “orphan” CDS (Reference Entities with no deliverable obligations).
Index Sponsor:	<p>Markit, which sponsors the Index, has published information on treatment of both legacy and future indices.</p> <p>The parties should consult Markit’s documentation to determine the exact treatment. It is the SEF’s understanding that, in general, all CDS index trades will convert to the 2014 Definitions, with individual components being excluded if they would be impacted by the differences between the two.</p>
Cleared Transactions:	<p>Transactions intended to be cleared will use the Definitions required by the relevant DCO selected by the parties.</p> <p>The parties should consult the relevant DCO’s documentation to determine the exact treatment. It is the SEFs understanding that the DCOs will be converting all trades to the 2014 definitions, with individual component excluded as describe above.</p>
Choice of Definitions:	The parties can elect which Definitions to use as part of their Confirmation process. However, this may limit clearability and result in creation of a bespoke Index transaction.

## EXHIBIT C

### EXPLANATION AND ANALYSIS OF THE CONTRACTS' COMPLIANCE WITH APPLICABLE CORE PRINCIPLES AND COMMISSION REGULATIONS

As required by Commodity Futures Trading Commission ("Commission") Regulation 40.2(a), the following analysis, in narrative form, demonstrates that CDS Index Contract – Emerging Markets Swaptions and the swaps into which they are exercisable (the "Contract") is consistent with the requirements of the Commodity Exchange Act, as amended (the "Act"), and the Commission regulations and guidance thereunder (in particular, Appendix B to Part 37 and Appendix C to Part 38).

#### Appendix B to Part 37

#### **CORE PRINCIPLE 3 OF SECTION 5H OF THE ACT—SWAPS NOT READILY SUSCEPTIBLE TO MANIPULATION; CORE PRINCIPLE 4 OF SECTION 5H OF THE ACT—MONITORING OF TRADING AND TRADE PROCESSING**

**The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.**

#### *(a) Guidance.*

**(1) In general, a swap contract is an agreement to exchange a series of cash flows over a period of time based on some reference price, which could be a single price, such as an absolute level or a differential, or a price index calculated based on multiple observations. Moreover, such a reference price may be reported by the swap execution facility itself or by an independent third party. When listing a swap for trading, a swap execution facility shall ensure a swap's compliance with Core Principle 3, paying special attention to the reference price used to determine the cash flow exchanges. Specifically, Core Principle 3 requires that the reference price used by a swap not be readily susceptible to manipulation. As a result, when identifying a reference price, a swap execution facility should either: Calculate its own reference price using suitable and well-established acceptable methods or carefully select a reliable third-party index.**

**(2) The importance of the reference price's suitability for a given swap is similar to that of the final settlement price for a cash-settled futures contract. If the final settlement price is manipulated, then the futures contract does not serve its intended price discovery and risk management functions. Similarly, inappropriate reference prices cause the cash flows between the buyer and seller to differ from the proper amounts, thus benefitting one party and disadvantaging the other. Thus, careful consideration should be given to the potential for manipulation or distortion of the reference price.**

#### *Reference Indices: CDX.EM.HY and CDX.NA.IG*

The reference indices used to determine the exchange of cash flows for the Contract are Markit Group Limited's ("Markit's") (a) "Emerging Markets Investment Grade CDX Index" or the CDX.EM.IG Index (Series 12 to Current) (the "IG Index") or (b) "Emerging Markets High Yield CDX Index" or the CDX.EM.HY Index (Series 12 to Current) (the "HY Index" and, together with the IG Index, the "CDX Indices"). These well-established indexes track sovereign issuers from three regions: (i) Latin America; (ii) the Middle East and Africa; and (iii) Asia. The CDX Indices are based on comprehensive, well-established and transparent rules that outline, among other things, the selection of index constituents

(“Reference Entities”), the selection of the constituents’ loans or bonds (“Reference Obligations”), and the removal / addition of entities to the index. The CDX Indices are widely accepted by market participants as a reliable index.<sup>1</sup>

### *Selection of Reference Entities*

Markit constructs the list of Reference Entities in accordance with methodologies outlined in its rules (i.e., the “Index Roll Process”). As part of this process, Markit polls each of its Members that elects, as provided in Markit’s General Rules, to participate in the determination of the CDX Indices on a continuing basis.<sup>2</sup>

Markit’s process for generating the list of Reference Entities has several other well-defined, thoroughly documented steps, including: (a) determining which entities must be removed from the existing CDX Indices based on the member poll; (b) determining which new entities should be added to the preliminary index based on the member poll; (c) determining the weighting of the entities in the Indices based on the member poll; (d) selecting Reference Obligations for those Reference Entities itself (if the Reference Entity has a senior obligation listed in the Reference Entity Database) or via member poll (if it does not); (e) publishing the final Indices on the Roll Date.<sup>3</sup>

### *Reference Index is Not Readily Susceptible to Manipulation*

The CDX Indices is not readily susceptible to manipulation. The CDX Indices are a highly liquid index as it is comprised of the most liquid emerging markets sovereign issuers as selected by a panel of leading dealers as part of Markit’s annual roll process.

**(3) For swaps that are settled by physical delivery or by cash settlement refer to the guidance in Appendix C to Part 38 of this chapter—Demonstration of Compliance that a Contract is not Readily Susceptible to Manipulation, section b(2) and section c(4), respectively.**

Please see below.

### **Appendix C to Part 38 - Demonstration of Compliance That a Contract Is Not Readily Susceptible to Manipulation**

**(c) Futures Contracts Settled by Cash Settlement. (1) Cash settlement is a method of settling certain futures or option contracts whereby, at contract expiration, the contract is settled by cash payment in lieu of physical delivery of the commodity or instrument underlying the contract. An acceptable specification of the cash settlement price for commodity futures and option contracts would include rules that fully describe the essential economic characteristics of the underlying commodity (e.g., grade, quality, weight, class, growth, issuer, maturity, source, rating, description of the underlying index and index’s calculation methodology, etc.), as well as how the final settlement price is calculated. In addition, the rules should clearly specify the trading months and hours of trading, the last trading day, contract size, minimum price change (tick size) and any limitations on price movements (e.g., price limits or trading halts).**

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<sup>1</sup> Comprehensive descriptions of Markit’s administration of the Emerging Markets Index are found in “HIS Markit CDX Emerging Markets Index Rules (August 2019)” (“Markit Rules”) and “Markit CDS Indices Primer” (November 2021)” (“Markit Primer”).

<sup>2</sup> Markit Rules at 4.

<sup>3</sup> *Id.* at 4-5.

### *Essential Economic Characteristics of the Contract Terms*

The terms and conditions of the Contracts match the terms of equity index swaps that are commonly offered in the market and are listed in Exhibit B.

Some terms of the Contract are fixed (i.e., currency and fixed rate), while other terms are flexible and determined by the counterparties (i.e., effective date and initial payment). This combination of standard and flexible terms allows the contract to have a basic consistent form, while allowing counterparties to tailor some aspects of the Contract to their economic needs. This structure follows industry convention; the terms of the Contract match the terms of credit default swaps and swaptions that are commonly offered in the market.

### *Calculation of Cash Settlement Price*

The cash settlement process for the Contract includes the following payments:

- Fixed Quarterly Cash Payments - These payments are reflected in basis points and paid by the protection buyer to the protection seller.
- Upfront Fee Payment - This fee is a portion of the payments, which is expressed in percentage points of the notional. The fee is present valued and paid immediately to the seller.
- Contingent Payment - If there is a credit event, payments related to the credit event settlement will be determined pursuant to the 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement (i.e., the Big Bang and Small Bang Protocols).

This cash settlement method for credit default swaps is often used for credit default swaps and thus widely accepted by market participants.

**(2) Cash settled contracts may be susceptible to manipulation or price distortion. In evaluating the susceptibility of a cash-settled contract to manipulation, a designated contract market should consider the size and liquidity of the cash market that underlies the listed contract in a manner that follows the determination of deliverable supply as noted above in (b)(1). In particular, situations susceptible to manipulation include those in which the volume of cash market transactions and/or the number of participants contacted in determining the cash-settlement price are very low. Cash-settled contracts may create an incentive to manipulate or artificially influence the data from which the cash-settlement price is derived or to exert undue influence on the cash-settlement price's computation in order to profit on a futures position in that commodity. The utility of a cash-settled contract for risk management and price discovery would be significantly impaired if the cash settlement price is not a reliable or robust indicator of the value of the underlying commodity or instrument. Accordingly, careful consideration should be given to the potential for manipulation or distortion of the cash settlement price, as well as the reliability of that price as an indicator of cash market values. Appropriate consideration also should be given to the commercial acceptability, public availability, and timeliness of the price series that is used to calculate the cash settlement price. Documentation demonstrating that the settlement price index is a reliable indicator of market values and conditions and is commonly used as a reference index by industry/market agents**



**should be provided. Such documentation may take on various forms, including carefully documented interview results with knowledgeable agents.**

The Contract is not readily susceptible to manipulation for a number of reasons. First, the underlying market for the Contract has considerable depth and liquidity, making manipulation very difficult to achieve. The CDX Indices are used by numerous market participants, and basing credit default swaps and swaptions on the CDX Indices has been a longstanding, widely accepted practice. Second, as noted above, the method for calculating the cash settlement price – involving upfront fee payments, fixed quarterly cash payments, and (in the case of a credit event) a contingent payment – is widely used and generally accepted by market participants. Finally, tpSEF Inc. (“tpSEF”) has a robust market surveillance program that is effectively able to surveil this market, detect uncommon activity, and investigate any such activity for signs of manipulation (note that the foregoing also demonstrates compliance with Core Principle 4).

**(3) Where an independent, private-sector third party calculates the cash settlement price series, a designated contract market should consider the need for a licensing agreement that will ensure the designated contract market's rights to the use of the price series to settle the listed contract.**

**(i) Where an independent, private-sector third party calculates the cash settlement price series, the designated contract market should verify that the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash-settlement price series. Such safeguards may include lock-downs, prohibitions against derivatives trading by employees, or public dissemination of the names of sources and the price quotes they provide. Because a cash-settled contract may create an incentive to manipulate or artificially influence the underlying market from which the cash-settlement price is derived or to exert undue influence on the cash-settlement computation in order to profit on a futures position in that commodity, a designated contract market should, whenever practicable, enter into an information-sharing agreement with the third-party provider which would enable the designated contract market to better detect and prevent manipulative behavior.**

As described above, the cash settlement price is calculated through a cash settlement method that is not easily susceptible to manipulation.

**(ii) Where a designated contract market itself generates the cash settlement price series, the designated contract market should establish calculation procedures that safeguard against potential attempts to artificially influence the price. For example, if the cash settlement price is derived by the designated contract market based on a survey of cash market sources, the designated contract market should maintain a list of such entities which all should be reputable sources with knowledge of the cash market. In addition, the sample of sources polled should be representative of the cash market, and the poll should be conducted at a time when trading in the cash market is active.**

Please see above.

**(iii) The cash-settlement calculation should involve computational procedures that eliminate or reduce the impact of potentially unrepresentative data.**

**(iv) The cash settlement price should be an accurate and reliable indicator of prices in the underlying cash market. The cash settlement price also should be acceptable to commercial users of the commodity contract. The registered entity should fully document that the settlement price is**

**accurate, reliable, highly regarded by industry/market agents, and fully reflects the economic and commercial conditions of the relevant designated contract market.**

Please see above.

**(v) To the extent possible, the cash settlement price should be based on cash price series that are publicly available and available on a timely basis for purposes of calculating the cash settlement price at the expiration of a commodity contract. A designated contract market should make the final cash settlement price and any other supporting information that is appropriate for release to the public, available to the public when cash settlement is accomplished by the derivatives clearing organization. If the cash settlement price is based on cash prices that are obtained from non-public sources (e.g., cash market surveys conducted by the designated contract market or by third parties on behalf of the designated contract market), a designated contract market should make available to the public as soon as possible after a contract month's expiration the final cash settlement price as well as any other supporting information that is appropriate or feasible to make available to the public.**

The various index levels, dividend payments and reference rates are readily available via a number of sources.

**(4) Contract terms and conditions requirements for futures contracts settled by cash settlement.**

**(i) An acceptable specification of the terms and conditions of a cash-settled commodity contract will also set forth the trading months, last trading day, contract size, minimum price change (tick size) and daily price limits, if any.**

Please see Exhibit B for the Contracts' terms and conditions.

**(A) *Commodity Characteristics*: The terms and conditions of a commodity contract should describe the commodity underlying the contract.**

The terms and conditions of the Contract note that the Contract is based on the basket of liquid emerging markets sovereign entities that comprise the CDX Emerging Markets Index (Series 12 to Current).

**(B) *Contract Size and Trading Unit*: An acceptable specification of the trading unit would be a contract size that is consistent with customary transactions in the cash market. A designated contract market may opt to set the contract size smaller than that of standard cash market transactions.**

The size of each Contract is consistent with customary transaction sizes in the market.

**(C) *Cash Settlement Procedure*: The cash settlement price should be reliable, acceptable, publicly available, and reported in a timely manner as described in paragraphs (c)(3)(iv) and (c)(3)(v) of this appendix C.**

The cash settlement procedure and an explanation of how, in the context of this Contract, it is not readily susceptible to manipulation, is described above.

**(D) *Pricing Basis and Minimum Price Fluctuation (Minimum Tick)*: The minimum price increment**

**(tick) should be set a level that is equal to, or less than, the minimum price increment commonly observed in cash market transactions for the underlying commodity. Specifying a futures' minimum tick that is greater than the minimum price increment in the cash market can undermine the risk management utility of the futures contract by preventing hedgers from efficiently establishing and liquidating futures positions that are used to hedge anticipated cash market transactions or cash market positions.**

As agreed between counterparties.

**(E) *Maximum Price Fluctuation Limits*: Designated contract markets may adopt price limits to: (1) Reduce or constrain price movements in a trading day that may not be reflective of true market conditions but might be caused by traders overreacting to news; (2) Allow additional time for the collection of margins in times of large price movements; and (3) Provide a "cooling-off" period for futures market participants to respond to bona fide changes in market supply and demand fundamentals that would lead to large cash and futures price changes. If price-limit provisions are adopted, the limits should be set at levels that are not overly restrictive in relation to price movements in the cash market for the commodity underlying the futures contract. For broad-based stock index futures contracts, rules should be adopted that coordinate with New York Stock Exchange ("NYSE") declared Circuit Breaker Trading Halts (or other market coordinated Circuit Breaker mechanism) and would recommence trading in the futures contract only after trading in the majority of the stocks underlying the index has recommenced.**

As agreed between counterparties.

**(F) *Last Trading Day*: Specification of the last trading day for expiring contracts should be established such that it occurs before publication of the underlying third-party price index or determination of the final settlement price. If the designated contract market chooses to allow trading to occur through the determination of the final settlement price, then the designated contract market should show that futures trading would not distort the final settlement price calculation.**

The last trading day is the maturity date of the contract, in the case of credit default swaps, or its expiration date, in the case of swaptions, which is set by the counterparties.

**(G) *Trading Months*: Trading months should be established based on the risk management needs of commercial entities as well as the availability of price and other data needed to calculate the cash settlement price in the specified months. Specification of the last trading day should take into consideration whether the volume of transactions underlying the cash settlement price would be unduly limited by occurrence of holidays or traditional holiday periods in the cash market. Moreover, a contract should not be listed past the date for which the designated contract market has access to use a proprietary price index for cash settlement.**

If there is no credit event, the protection buyer will pay the protection seller fixed quarterly cash payments on the credit default swaps. Prior to exercise into credit default swaps, there are no ongoing payments on the swaptions.

**(H) *Speculative Limits*: Specific rules and policies for speculative position limits are set forth in part 150 and/or part 151, as applicable, of the Commission's regulations.**

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None required by Parts 150 or 151.

**(I) Reportable Levels: Refer to § 15.03 of the Commission's regulations.**

tpSEF will adhere to the applicable reporting levels set forth in § 15.03 of the Commission's regulations.

**(J) Trading Hours: Should be set by the designated contract market to delineate each trading day.**

Each Contract is traded twenty-three hours a day from Sunday to Friday. The Contract is not traded between 5:30 p.m. and 6:30 p.m. Eastern Time.

**EXHIBIT D**

**Terms and Conditions  
(Marked Against November 3, 2014 Version)**

<b>Summary:</b>	This covers “CDS Index Contract – Emerging Markets Swaps and Swaptions” contracts – <i>i.e.</i> , an agreement to buy or sell protection on a broad-based basket of emerging markets sovereign entities- <a href="#">(CDX.EM)</a> , <a href="#">emerging markets sovereign entities with a high yield credit rating (CDX.EM.HY)</a> or <a href="#">emerging markets sovereign entities with an investment grade credit rating (CDX.EM.IG)</a> .
<b>Index:</b>	CDX.EM: Series 12 through current, so long as such Index is not a narrow-based Index.  <a href="#">CDX.EM.HY: Series 12 through current, so long as such Index is not a narrow-based Index.</a>  <a href="#">CDX.EM.IG: Series 12 through current, so long as such Index is not a narrow-based Index.</a>
<b>Currency:</b>	USD
<b>Quoting Convention and Minimum Increment:</b>	As agreed by counterparties.
<b>Minimum Size:</b>	As agreed by counterparties.
<b>Trading Conventions:</b>	Buy = Buy Protection, the buyer of protection pays a premium to the seller in case of a credit event occurring. Credit events include Bankruptcy and Failure to Pay. Sell = Sell Protection, the seller of protection receives the premium payments from the protection buyer. The Seller owns the credit risk of the instrument.  <a href="#">High yield indices such as CDX.EM.HY are traded on price.</a>  <a href="#">Investment Grade indices such as CDX.EM.IG are traded on spread.</a>
<b>Swap Conventions:</b>	Fixed coupon payments are calculated at a spread of <del>500</del> <a href="#">100</a> bps and exchanged on a quarterly basis.
<b>Swap Tenor:</b>	As agreed by the parties, subject to Applicable Law.
<b>Effective Date:</b>	The date on which parties begin calculating accrued obligations such as fixed payments. Also known as the start date of the swap.
<b>Maturity Date:</b>	The final date on which the obligations no longer accrue and the final payment occurs.
<b>Trade Types:</b>	The following swap types may be executed on tpSEF Inc.: <ul style="list-style-type: none"> <li>• Outrights</li> <li>• Roll Trades</li> <li>• Curve Trades</li> </ul>

<b>Settlement:</b>	<p>Contingent payment - Payments related to credit event settlement will be determined pursuant to the 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement (<i>i.e.</i>, the Big Bang and Little Bang Protocols).</p> <p>Fixed Quarterly cash payments - reflected in basis points and paid by the protection buyer to the protection seller.</p> <p>Upfront payment - The upfront payment is a portion of the payments, expressed in percentage points of the notional, which is present valued and paid immediately to the seller.</p>
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Swaptions:	The SEF is also listing Physically-Settled Swaptions on the Index on the terms described herein.
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2003 Definitions:	ISDA has published 2014 Credit Derivatives Definitions, which alter the treatment accorded certain events, particularly as relates to sovereigns and financials and certain “orphan” CDS (Reference Entities with no deliverable obligations).
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Choice of Definitions:	The parties can elect which Definitions to use as part of their Confirmation process. However, this may limit clearability and result in creation of a bespoke Index transaction.