

**Via CFTC Portal**

December 18, 2020

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: Commission Regulations 40.2(a) and 40.2(d):  
Class Certification of Interest Rate Swaps - Fixed-to-Floating and Total  
Return Swaps**

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 a class of: (1) Interest Rate Swaps - Fixed-to-Floating (“Fixed/Floating IRS”) and (2) Total Return Swaps (“Total Return Swaps” and collectively with the “Fixed/Floating IRS”, “Swaps”) for 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 and the class certification of interest rate swaps and other swaps submitted by TW SEF on November 5, 2019.

TW SEF will list the Swaps no earlier than December 22, 2020.

This submission letter contains the following attachments:

- Attached as Exhibits A-1 to A-2 is a concise explanation and analysis of each class of Swaps;
- Attached as Exhibits B-1 to B-2 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. We have provided Exhibits B-1 to B-2 in redline to show additions to existing contract specifications and new contract specifications, which will be published in TW SEF’s Rules.
- Attached as Exhibit C is a concise explanation and analysis of the products’ compliance with applicable provisions of the Commodity Exchange Act (the “CEA”), including the Core Principles and the Commission’s Regulations thereunder.

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As required by Commission Regulation 40.2(d)(1), TW SEF hereby certifies that, with regard to the Swaps:

- (i) Each particular Swap within the certified class of Swaps is based upon an “excluded commodity” specified in Regulation 40.2(d)(1);
- (ii) Each particular Swap within the certified class of Swaps is 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 each particular Swap within the certified class of swaps is 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) Each particular Swap within the certified class of Swaps is based upon an excluded commodity involving an identical currency or identical currencies.

Based on the foregoing, TW SEF certifies that each Swap complies 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/>.

\* \* \*

In the event that you have questions, please contact the undersigned at (646) 560-7223 or [Gregory.Compa@tradeweb.com](mailto:Gregory.Compa@tradeweb.com).

Very truly yours,



Gregory Compa  
Chief Compliance Officer  
TW SEF LLC

### **Exhibit A-1**

Below is a concise explanation and analysis of Interest Rate Swaps Fixed-to-Floating (“Fixed/Floating IRS”) for trading on TW SEF’s electronic trading system. The only addition to the Fixed/Floating IRS contracts is to add Japan Securities Clearing Corp (JSCC) as a designated clearing organization. The Fixed/Floating IRS subject to this filing are similar to other fixed-to-floating interest rate swaps currently available for trading on TW SEF. See TW SEF Rule 901(a).

#### **Fixed/Floating IRS**

A fixed-to-floating swap is an agreement between two parties to exchange a fixed interest payment for a floating interest payment that may be based on one of the indices listed in the contract specifications set forth in Exhibit B-1 and as described in Exhibit C.

For more information, the contract specifications for each Fixed/Floating IRS are attached as Exhibit B-1. Exhibit B-1 also sets forth the additional designated clearing organizations being added to the Fixed/Floating IRS contracts.

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### **Exhibit A-2**

Below is a concise explanation and analysis of Total Return Swaps (“Total Return Swaps”) for trading on TW SEF’s electronic trading system. The Total Return Swaps subject to this filing are similar to other basis swaps currently available for trading on TW SEF. See TW SEF Rule 901(k).

#### **Total Return Swaps**

A Total Return Swap is where the buyer is obligated to pay a predetermined set rate, fixed or variable, to the seller in exchange for notional-based returned performance of one of the Referenced Indices below.

For more information, the contract specifications for each Basis Swap are attached as Exhibit B-2.

**Exhibit B-1**

**Rule 901(a) Interest Rate Swaps - Fixed-to-Floating**

Contract Description	A fixed-to-floating swap is an agreement between two parties to exchange a fixed interest payment for a floating interest payment that is based on one of the indices listed below.	
Currency and Floating Rate Index - Time Period	U.S. Dollar (USD)	<ul style="list-style-type: none"> <li>• London Interbank Offered Rate (LIBOR) - 1 Month, 3 Month, 6 Month</li> <li>• Secured Overnight Financing Rate (USD-SOFR-COMPOUND)</li> </ul>
	Canadian Dollar (CAD)	Canadian Dealer Offered Rate (CDOR) - 3 Month
	Eurodollar (EUR)	<ul style="list-style-type: none"> <li>• Euro Interbank Offered Rate (EURIBOR) - 1 Month, 3 Month, 6 Month, 12 Month</li> <li>• Euro Short-Term Rate (EUR-EuroSTR-COMPOUND)</li> </ul>
	Japanese Yen (JPY)	<ul style="list-style-type: none"> <li>• LIBOR - 6 Month</li> <li>• Tokyo Interbank Offered Rate published by published by Japanese Bankers Association (JPY-TIBOR-ZTIBOR)- 6 Month</li> </ul>
	British Pound Sterling (GBP)	LIBOR - 3 Month, 6 Month
	Swiss Franc (CHF)	LIBOR - 3 Month, 6 Month
	Swedish Krona (SEK)	Stockholm Interbank Offered Rate (STIPOR) - 3 Month
	Danish Krone (DKK)	Copenhagen Interbank Offered Rate (CIBOR) - 6 Month
	Norwegian Krone (NOK)	<ul style="list-style-type: none"> <li>• Norwegian Inter Bank Offered Rate (NIBOR) - 6 Month</li> <li>• Norwegian Inter Bank Offered Rate (NOK-NIBOR-NIBR) - 3 Month</li> </ul>
	Australian Dollar (AUD)	Bank Bull Reference Rate or Bank Bill Swap Interest Rate (BBR-BBS) - 6 Month
	New Zealand Dollar (NZD)	Bank Bill Reference Rate (BBR-FRA) - 3 Month
	Polish Zloty (PLN)	<ul style="list-style-type: none"> <li>• Windhoek Inter-bank Agreed Rate (WIBOR) - 6 Month</li> <li>• Windhoek Inter-bank Agreed Rate (PLN-WIBOR-WIBO) - 3 Month</li> </ul>
	South African Rand (ZAR)	Johannesburg Interbank Agreed Rate (JIBAR) - 3 Month
	Hong Kong Dollar (HKD)	Hong Kong Inter Bank Offered Rate (HKD-HIBOR-HKAB) - 3 Month
	Singapore Dollar (SGD)	Singapore Overnight Rate (SGD-SOR-VWAP) - 6 Month
Chinese Yuan (CNY)	Repo Rate for Chinese Renminbi published by the China Foreign Exchange Trade System (CNY-CNREPOFIX=CFXS-Reuters) - 3 Month	

	South Korean Won (KRW)	Korean Bond Rate published by the Korea Financial Investment Association (KRW-CD-KSDA-Bloomberg) - 3 Month
	Hungarian Forint (HUF)	Rate for Deposits in Hungarian Forint (HUF-BUBOR-Reuters) - 3 Month and 6 Month
	Czech Koruna (CZK)	Rate for Deposits in Czech Koruna (CZK-PRIBOR-PRBO) - 3 Month and 6 Month
	Brazilian Real (BRL)	Overnight Brazilian Interbank Deposit Rate (BRL-CDI) - 1 Day
	Chilean Peso (CLP)	Indice Cámara Promedio Rate published by the Asociación de Bancos e Instituciones Financieras de Chile A.G. (CLP-TNA) - 6 Month
	Colombian Peso (COP)	Colombian Floating Overnight Lending Rate (COP-IBR-OIS-COMPOUND) - 3 Month
	Indian Rupee (INR)	Mumbai Inter-Bank Offer Rate (INR-FBIL-MIBOR-OIS) - 6 Month
	Mexican Peso (MXN)	Interbank Equilibrium Interest Rate published by Banco de México (MXN-TIIE-Banxico) - 28 Days
Contract Size	As agreed by the parties.	
Minimum Size	As agreed by the parties.	
Effective Date / Start Date	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments.	
Stated Maturity Range   Maturity Date	1 day year to 50 years   The final date on which the obligations no longer accrue and the final payment occurs.	
Trade Start Types	<ul style="list-style-type: none"> <li>• Spot Starting (T+2/T+0)</li> <li>• IMM Start Date (September, December, March, June).</li> <li>• Custom start dates</li> </ul>	
Fixed Leg	<ul style="list-style-type: none"> <li>• Payment Frequency: Quarterly; Semi-Annual; or Annual</li> <li>• Day Count Convention: 30/360; Actual/360; Actual/365F</li> </ul>	
Floating Leg	<ul style="list-style-type: none"> <li>• Monthly (1M) Quarterly (3M), Semi-Annual (6M), Annual (1Y)</li> <li>• Day Count Convention: Actual/360</li> </ul>	
Notional	Fixed Notional	
Fixed Rate Types	<ul style="list-style-type: none"> <li>• Par</li> <li>• Standard Coupon (for Market Agreed Coupon ("MAC") contracts)</li> <li>• Customized Coupon</li> <li>• Zero Coupon</li> </ul>	
Holiday Calendar(s)	NY/London/TARGET	
Business Day Conventions	Following Modified Following Unadjusted	
Periodic Settlement: Payment and Resets	<ul style="list-style-type: none"> <li>• Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Payment Frequency, Day Count Convention and Fixed Interest Rate.</li> <li>• Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Payment Frequency, Day Count Convention, Floating Interest Rate Index and Floating Reset Dates.</li> </ul> <p>Payments are settled in accordance with the payment frequency of the swap.</p>	
Optionality	No	
Dual Currencies	No	

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Settlement Procedure	As determined by the DCO.
Trading Hours	Trading hours of TW SEF.
DCO(s)	LCH.Clearnet Limited ("LCH"), Chicago Mercantile Exchange Inc. ("CME"), Eurex Clearing AG ("Eurex") and Japan Securities Clearing Corp ("JSCC").
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**

**Rule 901(k) Total Return Swaps**

Contract Description	Each contract is a total return swap where the buyer is obligated to pay a predetermined set rate, fixed or variable, to the seller in exchange for notional-based returned performance of one of the Referenced Indices below.
Reference Index	iBoxx USD Liquid Investment Grade iBoxx USD Liquid High Yield iBoxx USD Liquid Leveraged Loans iBoxx EUR Corporates iBoxx EUR Liquid High Yield iBoxx EUR Contingent Convertible Liquid Developed Market AT1
Trade Date	The date on which the parties enter into the contract, which shall be prior to the Termination Date.
Effective Date	The first day of the term of the contract, as agreed by the parties.
Quoting Convention and Minimum Increment	Notional amount, as agreed by the parties.
Minimum Size	Notional amount, as agreed by the parties
Termination Date	The date on which the contract expires, as agreed by the parties.
Tenor	The duration of time from the Effective Date to the Termination Date.
Settlement Type	Cash settlement.
Settlement Terms	Buyer: The buyer pays (i) a fixed rate of interest plus a differential, as agreed by the parties and (ii) the depreciation of the Referenced Index, as applicable. Seller: The seller pays (i) the income of the Referenced Index and (ii) the appreciation of the Referenced Index, as applicable.
Settlement Currency	EUR, GBP or USD
Trading Hours	06:00-17:00(ET), Sunday-Friday.
Position Limits	See Rule 408 and CFTC Regulation Part 150.
Reportable Levels	See Rule 409 and CFTC Regulation 15.03.



### **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 and the class certification of interest rate swaps and other swaps submitted by TW SEF on November 5, 2019.

#### **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 (Rule 605), misstatements (Rule 608), wash sales (Rule 613) and pre-arranged or non-competitive 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 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**

Swaps based on standard interest rate 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 and the class certification of interest rate swaps and other swaps submitted by TW SEF on November 5, 2019.

#### **Core Principle 4 – Monitoring of Trading and Trade Processing**

Chapter 5 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 the Company to adopt position limits and/or accountability levels for Required Transactions. Persons with positions in excess of position accountability levels established by the Company will be required to provide, upon request by the Company, 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 publish for each trading day, by tenor of the Swap, the opening price and the high and low prices. TW SEF will publish 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.