
Regulatory Notice 16-02

Issue Date: July 26, 2016
Attention: Compliance and Trading Departments
Subject: Straight Through Processing of Cleared Swaps
Summary: LatAm SEF, LLC is notifying Trading Privilege Holders of Cleared Swap Transaction Handling

Executive Summary

Effective August 1, 2016, the U.S. Commodity Futures Trading Commission (“CFTC”) requires that all swaps intended to be cleared be routed to and received by the relevant Derivatives Clearing Organization (“DCO”) within 10 minutes of execution in order to meet the CFTC’s as quickly as technologically practicable standard¹. LatAm SEF is hereby reminding Trading Privilege Holders of the requirement and notifying Trading Privilege Holders of practices related to cleared swap handling.

As is current practice, and as per ISDA best practice principles for voice-arranged trades², all cleared swap transactions executed on LatAm SEF will continue to be sent to third-party middleware provider MarkitWire for affirmation and release prior to submission to the DCO (“Affirmed Trade Workflow”). Under MarkitWire’s Affirmed Trade Workflow, the transaction is not submitted to the DCO until both counterparties to the transaction have affirmed and released the transaction. Therefore it is the responsibility of each counterparty to a transaction to affirm the transaction and release the transaction in MarkitWire as quickly as technologically practicable, and in all cases within 10 minutes of the execution timestamp.

The SEF will conduct monthly reviews of affirmations to ensure compliance. Trading Privilege Holders found in violation will be subject to formal disciplinary action as set forth in the Rulebook.

Action Required

Trading Privilege Holders are requested to affirm all transactions in cleared swaps as quickly as technologically practicable after execution, and in no event later than 10 minutes after the execution timestamp.

Contacts

Comments and questions regarding this Notice should be directed to:

- Sandra Armstrong, Chief Compliance Officer
Direct Line: (646) 344-3267
Email: sarmstrong@latamsef.com
- Joseph Skelly, Corporate Communications
Direct Line: (646) 344-3274
Email: jskelly@latamsef.com

¹Commission Staff Guidance on Straight Through Processing and Affirmation of SEF Cleared Swaps, CFTC Letter N. 15-67 issued on December 21, 2015.

²ISDA Best Practice Principles on Swaps Straight-Through Processing, June 13, 2016.