

November 09, 2023

Submitted via Portal

U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Re: CFTC Regulation 40.6(a) Certification. Amendments to the BSEF LLC Rulebook  
BSEF Submission No. **2023-R-16**

Ladies and Gentlemen:

Bloomberg SEF LLC (“BSEF”) is certifying to the U.S. Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) the: (i) addition of Rules 1223,1224; (ii) amending Rules 532(d), 1315; and (iii) delisting Rule 1367 (collectively, “Rule Amendments”). The Rule Amendments are effective on **November 27, 2023**. A concise explanation of the Rule Amendments is in the below table.

Title	Rulebook Chapter	Amendment Explanation
BSEF Rulebook	Rule 532(d)	Amended to clarify how BSEF will report Block Trades to SDR
CDS Index Product	Rule 1223	Adding Rule 1223 CDS Index Product - CDX Emerging Markets IG Index
CDS Index Contract	Rule 1224	Adding Rule 1224 CDS Index Contract - CDX Emerging Markets HY Index
USD Basis Swap Contract	Rule 1315	Modifying USD Basis Swap Contract to remove reference to BSBY
USD BSBY Fixed-to-Floating Swap Contract	Rule 1367	Delisting USD BSBY Fixed-to-Floating Swap Contract

Exhibit A provides amendments to the applicable BSEF Rulebook Chapters in redline format.

Bloomberg SEF reviewed the swap execution facility core principles (“**Core Principles**”) as set forth in the Commodity Exchange Act (“**Act**” or “**CEA**”) and identified that the delisting of the Contract in **Rule 1367**, the amendment of terms in **Rule 532(d), Rules 1223, 1224, and 1315** may have some bearing on the following Core Principles:

- **Swaps Not Readily Susceptible to Manipulation (Core Principle 3)**: BSEF believes that Rule Amendments do not change the prior determination that swaps listed in Rule 1315 are not readily susceptible to manipulation.
- **Emergency Authority (Core Principle 6)**: Contracts are not subject to the mandatory trading determination under CFTC Rule 37.12. Therefore, there will be no market disruption related to their delisting.
- **Availability of General Information (Core Principle 7)**: Bloomberg SEF will make publicly available the details of the delisting by publishing this submission on Bloomberg SEF’s website.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.6(a), BSEF hereby certifies that the Rule Amendments and delisting comply with the Act, including all regulations thereunder. There were no substantive opposing views to the proposal.

Bloomberg SEF certifies that this submission has been concurrently posted on the BSEF website at <https://www.bloomberg.com/professional/product/sef-compliance>.

Please contact the undersigned at (212) 617-7331 with any questions regarding this matter.

Very truly yours,



Daniel Glatter  
Chief Compliance Officer

Bloomberg SEF LLC  
731 Lexington Avenue  
New York, NY 10022

## Enclosure

cc: Brian Robinson, Special Counsel  
Division of Market Oversight  
U.S. Commodity Futures Trading Commission

**Exhibit A**

**RULE 1223. ~~Reserved~~ CDS Index Contract – CDX Emerging Markets Investment Grade**

<b><u>Contract Overview</u></b>	<u>Credit Default Swap. An agreement to buy or sell protection on a basket comprised of a number of sovereign issues domiciled in Asia, EEMEA (Eastern Europe, Middle East, Africa), and Latin America with an investment grade rating.</u>
<b><u>Ticker</u></b>	<u>CDX EM IG CDSI [series number] [tenor]</u>
<b><u>Index</u></b>	<u>CDX Emerging Markets Investment Grade; all series</u>
<b><u>Index Type</u></b>	<u>Corporate; Untranchd</u>
<b><u>Index Version</u></b>	<u>Current version</u>
<b><u>Index Term Value</u></b>	<u>Same as Tenor</u>
<b><u>Index Factor</u></b>	<u>Current factor</u>
<b><u>Currency</u></b>	<u>USD</u>
<b><u>Quoting Convention</u></b>	<u>Price</u>
<b><u>Minimum Increment</u></b>	<u>Order Book: \$0.0025</u> <u>Trading Protocols other than Order Book: As agreed by counterparties</u>
<b><u>Minimum Size</u></b>	<u>Order Book: \$1,000,000</u> <u>Trading Protocols other than Order Book: As agreed by counterparties</u>
<b><u>Trading Conventions</u></b>	<u>Buy = Buy Protection, the buyer of protection pays a premium to the seller in case of a credit event occurring.</u>  <u>Sell = Sell Protection, the seller of protection receives the premium payments from the protection buyer. The seller owns the credit risk of the instrument.</u>
<b><u>Swap Tenor</u></b>	<u>Any</u>
<b><u>Effective Date</u></b>	<u>The date on which parties begin calculating accrued obligations such as fixed payments. Also known as the start date of the swap.</u>
<b><u>Maturity Date/Expiration Date</u></b>	<u>The final date on which the obligations no longer accrue, and the final payment occurs.</u>
<b><u>Delivery Type</u></b>	<u>Cash</u>
<b><u>Settlement</u></b>	<u>Contingent payment – Payments related to credit event settlement will be determined pursuant to the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.</u>  <u>Fixed Quarterly cash payments – Reflected in basis points and paid by the protection buyer to the protection seller.</u>  <u>Upfront fee payment – The upfront fee is a portion of the payments, expressed in percentage points of the notional, which is present valued and paid immediately to the seller.</u>
<b><u>Settlement Date</u></b>	<u>Same as Expiration Date</u>
<b><u>Settlement Currency</u></b>	<u>USD</u>
<b><u>“Made Available to Trade” Determination</u></b>	<u>None</u>
<b><u>Mandatory Clearing Determination</u></b>	<u>None</u>
<b><u>Trading Hours</u></b>	<u>00:01 -24:00 Sunday-Friday; Eastern Time</u>
<b><u>Settlement Procedure</u></b>	<u>Bilateral</u>
<b><u>Clearing House</u></b>	<u>Bilateral</u>
<b><u>Block Size</u></b>	<u>As set forth in Part 43 of the CFTC Regulations</u>
<b><u>Speculative Limits</u></b>	<u>As set forth in Part 150 of the CFTC Regulations</u>
<b><u>Reportable Levels</u></b>	<u>As set forth in CFTC Regulation 15.03</u>

**RULE 1224. ~~Reserved~~ CDS Index Contract – CDX Emerging Markets High Yield**

<u>Contract Overview</u>	<u>Credit Default Swap. An agreement to buy or sell protection on a basket comprised of a number of sovereign issues domiciled in Asia, EEMEA (Eastern Europe, Middle East, Africa), and Latin America with credit ratings below “BBB-” or “Baa3” that trade in the CDS market.</u>
<u>Ticker</u>	<u>CDX EM HY CDSI [series number] [tenor]</u>
<u>Index</u>	<u>CDX Emerging Markets High Yield; all series</u>
<u>Index Type</u>	<u>Corporate; Untranchd</u>
<u>Index Version</u>	<u>Current version</u>
<u>Index Term Value</u>	<u>Same as Tenor</u>
<u>Index Factor</u>	<u>Current factor</u>
<u>Currency</u>	<u>USD</u>
<u>Quoting Convention</u>	<u>Price</u>
<u>Minimum Increment</u>	<u>Order Book: \$0.0025</u> <u>Trading Protocols other than Order Book: As agreed by counterparties</u>
<u>Minimum Size</u>	<u>Order Book: \$1,000,000</u> <u>Trading Protocols other than Order Book: As agreed by counterparties</u>
<u>Trading Conventions</u>	<u>Buy = Buy Protection, the buyer of protection pays a premium to the seller in case of a credit event occurring.</u>  <u>Sell = Sell Protection, the seller of protection receives the premium payments from the protection buyer. The seller owns the credit risk of the instrument.</u>
<u>Swap Tenor</u>	<u>Any</u>
<u>Effective Date</u>	<u>The date on which parties begin calculating accrued obligations such as fixed payments. Also known as the start date of the swap.</u>
<u>Maturity Date/Expiration Date</u>	<u>The final date on which the obligations no longer accrue and the final payment occurs.</u>
<u>Delivery Type</u>	<u>Cash</u>
<u>Settlement</u>	<u>Contingent payment – Payments related to credit event settlement will be determined pursuant to the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.</u>  <u>Fixed Quarterly cash payments – Reflected in basis points and paid by the protection buyer to the protection seller.</u>  <u>Upfront fee payment – The upfront fee is a portion of the payments, expressed in percentage points of the notional, which is present valued and paid immediately to the seller.</u>
<u>Settlement Date</u>	<u>Same as Expiration Date</u>
<u>Settlement Currency</u>	<u>USD</u>
<u>“Made Available to Trade” Determination</u>	<u>None</u>
<u>Mandatory Clearing Determination</u>	<u>None</u>
<u>Trading Hours</u>	<u>00:01 -24:00 Sunday-Friday; Eastern Time</u>
<u>Settlement Procedure</u>	<u>Bilateral</u>
<u>Clearing House</u>	<u>Bilateral</u>
<u>Block Size</u>	<u>As set forth in Part 43 of the CFTC Regulations</u>
<u>Speculative Limits</u>	<u>As set forth in Part 150 of the CFTC Regulations</u>
<u>Reportable Levels</u>	<u>As set forth in CFTC Regulation 15.03</u>

## RULE 1315. USD Basis Swap Contract

<b>Contract Overview</b>	An agreement to exchange a stream of cash flows by applying two floating interest rates to a specified notional over a term to maturity.
<b>Ticker</b>	USD SWAP [floating rate 1] V [floating rate 2] [tenor]
<b>Currency</b>	USD
<b>Floating Rate Index</b>	<del>1-Month-USD-BSBY</del> <del>3-Month-USD-BSBY</del> SOFR Fed Funds
<b>Quoting Convention and Minimum Increment</b>	As agreed by the counterparties
<b>Minimum Size</b>	As agreed by the counterparties
<b>Trading Conventions</b>	Buy = Pay Spread Sell = Receive Spread
<b>Swap Conventions</b>	<del>BSBY Floating Leg</del> <del>Payment/Resets: Monthly, Quarterly</del> <del>Day Count Conventions: ACT/360, or as agreed by the counterparties</del> <del>Holiday Calendar: US, or as agreed by the counterparties</del> <del>Fixing Calendar: USGS</del> <del>Business Day Conventions: Modified Following</del>  SOFR Floating Leg Payment/Resets: Monthly, Quarterly, Semi-annual, Annual, At Maturity Day Count Conventions: ACT/360, or as agreed by the counterparties Holiday Calendar: England, US, or as agreed by the counterparties Fixing Calendar: USGS Business Day Conventions: Modified Following  Fed Funds Floating Leg Payment/Resets: Monthly, Quarterly, Semi-annual, Annual, At Maturity Day Count Conventions: ACT/360, or as agreed by the counterparties Holiday Calendar: US, or as agreed by the counterparties Fixing Calendar: US Business Day Conventions: Modified Following
<b>Swap Tenor</b>	The duration of time from the effective date to the maturity date. A contract can have a tenor from 28 days to up to 50 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments (i.e., 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>Periodic Settlement: Payment and Resets</b>	Floating Leg 1: The payment amount of the Floating Leg 1 is based on the following: Notional, Payment Frequency, Day Count Convention, Floating Interest Rate Index, and Floating Reset Dates.  Floating Leg 2: The payment amount of the Floating Leg 2 is based on the following: Notional, Payment Frequency, Day Count Convention, Floating Interest Rate Index and Floating Reset Dates.  Payments are settled in accordance with the payment frequency of the swap.
<b>First Fixing Date</b>	<del>If BSBY is one of the index leg tenors, the First Fixing Date is two U.S. Government Securities business days prior to the Effective Date of the swap.</del>  <del>If Fed Funds or SOFR is one of the index leg tenors, the</del> <u>The first Fixing Date will equal the effective date of the swap.</u>
<b>Trade Start Types</b>	Spot: A new swap where the Effective Date is T+2 from the trade date.  Non-Spot: Any date where the Effective Date is a date other than the spot date.
<b>Settlement Procedure</b>	As determined by the Clearing House
<b>Trading Hours</b>	00:01-24:00 Sunday-Friday Eastern Time
<b>Clearing House</b>	<ul style="list-style-type: none"> <li>• SOFR v Fed Funds: Chicago Mercantile Exchange, Inc., LCH.Clearnet Ltd., Eurex Clearing Aktiengesellschaft or Bilateral</li> <li>• <del>SOFR v BSBY: Chicago Mercantile Exchange, Inc., LCH.Clearnet Ltd. or Bilateral</del></li> <li>• <del>Tenor-BSBY-Basis: LCH.Clearnet Ltd. or Bilateral</del></li> <li>•</li> </ul>
<b>Block Size</b>	As set forth in Appendix F to Part 43 of the CFTC Regulations.

**RULE 1367. USD BSBY Fixed-to-Floating Swap Contract** [\[Reserved\]](#)

<b>Contract Overview</b>	An agreement to exchange a stream of cash flows by applying a fixed and floating interest rate to a specified notional over a term to maturity.
<b>Ticker</b>	USD SWAP vs [BSBY 1M]; USD SWAP vs [BSBY 3M]
<b>Currency</b>	USD
<b>Floating Rate Index</b>	BSBY
<b>Floating Rate Index Maturity</b>	1M, 3M
<b>Fixed Rate</b>	Par; custom coupon
<b>Quoting Convention and Minimum Increment</b>	As agreed by the counterparties
<b>Contract Size</b>	As agreed by the counterparties
<b>Minimum Size</b>	As agreed by the counterparties
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float Sell = Receive Fixed, Pay Float
<b>Swap Conventions</b>	Fixed Leg <ul style="list-style-type: none"> <li>o __Payment: Monthly, Quarterly, Semi-Annual, Annual</li> <li>o __Day Count Conventions: 30/360, ACT/360, ACT/365</li> <li>o __Holiday Calendar: New York</li> <li>o __Business Day Conventions: Modified Following</li> </ul> Floating Leg <ul style="list-style-type: none"> <li>o __Payment/Resets: Monthly, Quarterly</li> <li>o __Day Count Conventions: ACT/360</li> <li>o __Holiday Calendar: New York</li> <li>o __Fixing Calendar: U.S. Government Securities</li> <li>o __Business Day Conventions: Modified Following</li> </ul>
<b>Swap Tenor</b>	The duration of time from the effective date to the maturity date. A contract can have a tenor from 28 days to up to 50 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments (i.e., 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>Periodic Settlement: Payment and Resets</b>	Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Payment Frequency, Day Count Convention and Fixed Interest Rate.  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.  Payments are settled in accordance with the payment frequency of the swap.
<b>First Fixing Date</b>	The first BSBY Fixing Date is two U.S. Government Securities business days prior to the Effective Date of the swap.
<b>Trade Start Types</b>	Spot: A new swap where the Effective Date is T+2 from the trade date. Non-Spot: Any date where the Effective Date is a date other than the spot date.
<b>Settlement Procedure</b>	As determined by the Clearing House or an agreement between the counterparties
<b>Trading Hours</b>	00:01-24:00 Sunday-Friday (Eastern Time)
<b>Clearing House</b>	Chicago Mercantile Exchange, Inc., LCH.Clearnet Ltd. or Bilateral
<b>Block Size</b>	As set forth in Appendix F to Part 43 of the CFTC Regulations
<b>Speculative Limits</b>	As set forth in Part 150 of the CFTC Regulations
<b>Reportable Levels</b>	As set forth in CFTC Regulation 15.03