

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional): 2021-P-09 Date: **June 2, 2021**

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

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ORGANIZATION

Bloomberg SEF LLC

FILING AS A: ☐ DCM ☒ SEF ☐ DCO ☐ SDR ☐ ECM/SPDC

TYPE OF FILING

- **Rules and Rule Amendments**

- ☐ Certification under § 40.6 (a) or § 41.24 (a)
- ☐ “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- ☐ Notification under § 40.6 (d)
- ☐ Request for Approval under § 40.4 (a) or § 40.5 (a)
- ☐ Advance Notice of SIDCO Rule Change under § 40.10 (a)

- **Products**

- ☒ Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)
- ☐ Swap Class Certification under § 40.2 (d)
- ☐ Request for Approval under § 40.3 (a)
- ☐ Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

None Applicable.

DESCRIPTION

FX Contract – UYU (Uruguayan Peso) Non-Deliverable Forward Contract (“Contract”)

Bloomberg SEF LLC
New Contract Submission 2021-P-09
June 2, 2021

1. The Contract's terms and conditions are provided in Attachment A.
2. The intended listing date is June 7, 2021.
3. Attached, please find a certification that, concurrent with this submission, Bloomberg SEF LLC ("BSEF") posted on its website: (a) a notice of pending certification of this Contract with the U.S. Commodity Futures Trading Commission ("Commission"); and (b) a copy of this submission.
4. Attached, please find a certification that the Contract complies with the Commodity Exchange Act (the "Act") and the Commission regulations thereunder.
5. Capitalized terms used but not defined herein have the meaning ascribed to them in the BSEF Rulebook.

**EXPLANATION AND ANALYSIS OF THE CONTRACT'S COMPLIANCE WITH
APPLICABLE CORE PRINCIPLES AND COMMISSION REGULATIONS**

As required by Commission Regulation § 40.2(a), the following analysis demonstrates that the Contract is consistent with the requirements of the Act and the Commission regulations and policies thereunder (in particular, Appendix B to Part 37 and Appendix C to Part 38, respectively).

Appendix B to Part 37—Demonstration of Compliance That a Contract Is Not Readily Susceptible to Manipulation

Core Principle 3 of Section 5h of the Act—Swaps Not Readily Susceptible to Manipulation. 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.

This Contract is typical of non-deliverable forwards, in that the counterparties arrange settlement by calculating the difference between the Contracted NDF Rate or forward rate, which is agreed on between the counterparties at the start of the contract, and the prevailing Spot FX Rate or reference rate, on the Fixing Date. This difference is then multiplied by the notional amount, which is also determined at the start of the Contract. As such, the reference price is the prevailing Spot FX Rate on the date / time in which the parties agree that the comparison will be made (i.e., Fixing Date). The source for the Spot FX Rate on the Fixing Date will be bilaterally agreed and, in the majority of cases, determined by the Central Banks. This information is easily accessible to the public; Bloomberg displays daily fixing rates on page FIXI<GO>.

Reference Price is Not Readily Susceptible to Manipulation

As noted above, the Spot FX Rate (i.e., the reference rate) is not easily susceptible to manipulation since it is generated through a transparent, rules-based process. The Spot FX Rate “UYU OFFICIAL” or “UYU01 is determined by the Banco Central Del Uruguay (Central Bank of Uruguay) (www.bcu.gub.uy) or as specified in the template published by the Emerging Markets Traders Association (“EMTA”). UYU OFFICIAL is the weighted average price of all spot transactions reported in the electronic exchange, Bolsa Electrónica de Valores del Uruguay S.A. or BEVSA, in Montevideo. UYU OFFICIAL is currently published on Bloomberg Screen FIXI appearing under the heading “Emerging Markets Fixings” on the relevant Rate Calculation Date.

(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.

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).

Terms of the Contract

The terms of the Contract are provided in Attachment A.

Calculation of Cash Settlement Price

As noted above and as is typical with non-deliverable forwards, the cash settlement price will be the difference between the Contracted NDF Rate and the prevailing Spot FX Rate multiplied by an agreed upon notional amount. Thus, the settlement will be based on the following:

1. **Reference Currency:** As determined by the counterparties at the Trade Date (i.e., start of the Contract); available currencies are listed in the Contract's terms and conditions (Attachment A).
2. **Settlement Currency:** As determined by the counterparties at the Trade Date; available currencies are listed in the Contract's terms and conditions (Attachment A).
3. **Notional Amount:** Amount agreed to by the counterparties at Trade Date.
4. **Contracted NDF Rate:** Rate agreed by the counterparties, expressed as Reference Currency per unit of Settlement Currency.
5. **Spot FX Rate:** Exchange rate, expressed as Reference Currency per unit of Settlement Currency. The Spot FX Rate will be determined by the Central Bank of Uruguay or as specified in the EMTA template on the rate calculation date.
6. **Fixing Date:** Date, agreed by the counterparties, on which the difference between the Spot FX Rate and the Contracted NDF Rate is calculated.
7. **Settlement Date:** Date, agreed by the counterparties, on which settlement payments will be made.

On the Fixing Date, the parties will agree on the Spot FX Rate, which will be expressed as Reference Currency per unit of Settlement Currency. The Spot FX Rate will be determined by the respective calculation agent as specified in the EMTA template. The parties will calculate the difference between the Contracted NDF Price / Rate and the Spot Price / Rate and multiply that difference by the notional amount, to arrive at the cash settlement price. The cash settlement will be due on the Settlement Date. As noted, this method of calculating settlement for the Contract is a common, widely-used, and widely accepted method of calculating the cash settlement for non-deliverable forward contracts.

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 foreign exchange market is an extremely liquid market with massive volume, making manipulation very difficult to achieve. Second, as noted above, the method for calculating the cash settlement price – calculating the difference between the Spot FX Rate and the Contracted NDF Rate – is widely used and generally accepted by market participants. Third, as discussed above, the reference used for the Spot FX Rate is very reliable and widely available, and used by numerous market participants. And last, BSEF 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.

(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.

Please see above regarding the calculation of the cash settlement price.

(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 regarding the calculation of the cash settlement price, indicating that the method of calculating the cash settlement price is widely accepted in the market.

(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 regarding the reliability and widespread acceptance of the method used to generate the cash settlement price.

(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.

Spot FX rates are readily available via a number of sources including websites of Central Banks, EMTA and Bloomberg.

(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.

The terms and conditions of the Contract include all applicable information, including that: (a) the cash settlement amount of the Contract will be determined on the Fixing Date; (b) payments will be transferred on the Settlement Date; and (c) the Contract size will be determined by the counterparties.

(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 applicable foreign exchange rates.

(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 the Contract, which will be determined by the counterparties, is consistent with customary transactions 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 it is reliable, accepted, publicly available, and reported in a timely manner appears 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 the counterparties, the pricing basis is consistent with customary transactions in the market.

(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 the 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 Fixing Date, when the difference between the prevailing market exchange rate and the agreed upon exchange rate is calculated.

(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.

The Contract will be entered into on the Trade Date, the settlement price will be determined on the Fixing Date, and the settlement payments will be made on the Settlement Date. As is common with non-deliverable forwards, these dates will be set by the individual counterparties.

(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.

None required by Parts 150 or 151.

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

BSEF 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.

The Contract is traded twenty-four hours a day (00:01 – 24:00) (ET), Sunday to Friday.

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

I hereby certify that: 1) the Contract complies with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and regulations thereunder; and 2) concurrent with this submission, Bloomberg SEF LLC posted on its website: (a) a notice of pending certification of this Contract with the Commission; and (b) a copy of this submission.



By: Devi Shanmugham
Title: Chief Compliance Officer

Attachment A
Terms and Conditions

FX Contract –UYU Non-Deliverable Forward

Contract Overview	A non-deliverable forward (NDF) is an outright forward in which counterparties settle the difference between the contracted NDF price or rate and the prevailing spot price or rate on an agreed notional amount.
Reference Currency (i.e., Non-Deliverable Currency)	UYU Uruguayan Peso
Spot FX Rate or Reference Rate	“UYU OFFICIAL” or “UYU01 as determined by the Banco Central Del Uruguay (Central Bank of Uruguay) (www.bcu.gub.uy) or as specified in the EMTA template.
Settlement Currency	See list below
Quoting Convention and Minimum Increment	Notional amount, as agreed by the counterparties.
Minimum Size	Notional amount, as agreed by the counterparties.
Trading Conventions	Buy or Sell, which refers to the contract size expressed in notional currency.
Contracted NDF Rate or Forward Rate	Currency Exchange rate expressed as the amount of Reference Currency per unit of Settlement Currency.
Trade Date	The date on which parties enter into the contract.
Settlement Date	Specified settlement or payment date, as agreed by the counterparties.
Fixing Date	The date at which the difference between the Spot FX Rate/Reference Rate and the Forward Rate/Contracted NDF Rate is calculated.
Settlement Procedure	Bilateral settlement performed in settlement currency
Trading Hours	00:01 - 24:00 (ET), Sunday-Friday.
Clearing Venue	Bilateral
Block Size	As set forth in Appendix F to Part 43 of the CFTC Regulations.
Speculative Limits	As set forth in Part 151 of the CFTC Regulations.
Reportable Levels	As set forth in CFTC Regulation 15.03.

Currency list:

AED UAE Dirham	ILS Israeli Shekel	SAR Saudi Riyal
AFN Afghanistan Afghani	INR Indian Rupee	SBD Solomon Is. Dollar
ALL Albanian Lek	ISK Iceland Krona	SCR Seychelles Rupee
AMD Armenia Dram	JMD Jamaica Dollar	SDD Sudanese Dinar
ANG Neth. Ant. Guilder	JOD Jordanian Dinar	SDG New Sudanese Pound
AOA Angolan Kwanza	JPY Japanese Yen	SDP Old Sudanese Pound
ARS Argentine Peso	KGS Kyrgyzstan Som	SEK Swedish Krona
ARS Argentine Peso	KHR Cambodia Riel	SGD Singapore Dollar
AUD Australian Dollar	KMF Comoros Franc	SIT Slovenia Tolar
AWG Aruban Guilder	KRW South Korean Won	SKK Slovakia Koruna
BAM Bosnia-Herze Convrt Mrka	KWD Kuwaiti Dinar	SLL Sierra Leone Leone
BBD Barbados Dollar	KYD Cayman Islands Dollar	SOS Somali Shilling
BDT Bangladesh Taka	KZT Kazakhstan Tenge	SRD Suriname Dollar
BGN Bulgarian Lev	LAK Laos Kip	SSP South Sudanese Pound
BHD Bahraini Dinar	LBP Lebanese Pound	STD Sao Tome Dobra
BIF Burundi Franc	LKR Sri Lankan Rupee	THB Thai Baht
BMD Bermudian Dollar	LTL Lithuanian Litas	THO Thai Baht Onshore
BND Brunei Dollar	LVL Latvian Lats	TJS Tajikistan Somoni
BOB Bolivian Boliviano	MAD Moroccan Dirham	TND Tunisian Dinar
BRL Brazilian Real	MDL Moldova Leu	TOP Tonga Pa'Anga
BSD Bahamas Dollar	MGA Malagascy Ariary	TRY Turkish Lira
BWP Botswana Pula	MKD Macedonia Denar	TTD Trinidad/Tobago Dol
BYR Belarus Ruble	MMK Myanmar Kyat	TWD Taiwan Dollar
BZD Belize Dollar	MNT Mongolian Togrog	TZS Tanzanian Shilling
CAD Canadian Dollar	MOP Macau Pataca	UAH Ukraine Hryvnia
CDF Congolese Franc	MRO Mauritania Ouguiya	UGX Ugandan Shilling
CHF Swiss Franc	MUR Mauritius Rupee	USD US Dollar
CLP Chilean Peso	MVR Maldives Rufiyaa	UYU Uruguay Peso
CNY China Renminbi	MWK Malawi Kwacha	UZS Uzbekistan Sum
COP Colombian Peso	MXN Mexican Peso	VEE Venezuela Essential Rate
CRC Costa Rican Colon	MYR Malaysian Ringgit	VEF Venezuelan Bolivar
CVE Cape Verde Escudo	MZM Mozambique Metical	VND Vietnamese Dong
CZK Czech Koruna	MZN New Mozambique Metical	VUV Vanuatu Vatu
DJF Djibouti Franc	NGN Nigeria Naira	WST Samoa (West) Tala
DKK Danish Krone	NID New Iraqi Dinar	XAF CFA Franc Beac
DOP Dominican Repb.	NIO Nicaragua Cordoba	XCD East Caribbean Dollar
DZD Algerian Dinar	NLG Dutch Guilder	XDR Special Drawing Rights
EGP Egyptian Pound	NOK Norwegian Krone	XOF CFA Franc Bceao
ERN Eritrean Nakfa	NPR Nepalese Rupee	XPF Pacific Island Franc
EUR Euro	NZD New Zealand Dollar	
FJD Fiji Dollar	OMR Omani Rial	YER Yemeni Rial
GBP British Pound	PAB Panamanian Balboa	ZAR S. African Rand
GEL Georgia Lari	PEN Peruvian New Sol	ZMK Zambian Kwacha
GMD Gambian Dalasi	PGK Papua N.G. Kina	ZMW Zambian Kwacha
GNF Guinea Franc	PHP Philippines Peso	ZWR Zimbabwe Dollar
GTQ Guatemala Quetzal	PKR Pakistani Rupee	
GYD Guyana Dollar	PLN Polish Zloty	
HKD Hong Kong Dollar	PTE Portuguese Escudo	
HNL Honduras Lempira	PYG Paraguay Guarani	
HRK Croatia Kuna	QAR Qatari Riyal	
HTG Haiti Gourde	ROL Romanian Leu	
HUF Hungarian Forint	RON New Romanian Leu	
IDR Indonesian Rupiah	RSD Serbian Dinar	
	RUB Russian Ruble	
	RWF Rwanda Franc	