

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): _____

Organization: _____

Filing as a: DCM SEF DCO SDR Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): _____ Filing Description: _____

SPECIFY FILING TYPE Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | |
|--|------------|
| <input type="checkbox"/> Certification | § 40.6(a) |
| <input type="checkbox"/> Approval | § 40.5(a) |
| <input type="checkbox"/> Notification | § 40.6(d) |
| <input type="checkbox"/> Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: _____

New Product Please note only ONE product per Submission.

- | | |
|--|------------|
| <input type="checkbox"/> Certification | § 40.2(a) |
| <input type="checkbox"/> Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> Approval | § 40.3(a) |
| <input type="checkbox"/> Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> Swap Submission | § 39.5 |

Official Product Name: _____

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | |
|--|----------------------|
| <input type="checkbox"/> Certification | § 40.6(a) |
| <input type="checkbox"/> Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> Approval | § 40.5(a) |
| <input type="checkbox"/> Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> Approval Security Futures | § 41.24(b) |
| <input type="checkbox"/> Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> "Non-Material Agricultural Rule Change" | § 40.4(b)(5) |
| <input type="checkbox"/> Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected: _____

Rule Numbers: _____



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April 1, 2015

VIA EMAIL SUBMISSION: submissions@cftc.gov

Mr. Christopher J. Kirkpatrick

Office of the Secretariat

Commodity Futures Trading Commission

Three Lafayette Centre

1155 21st Street, NW

Washington, DC 20581

Re: New Contract Submission pursuant to Rule 40.2(a) of Non-Deliverable Forwards

Dear Mr. Kirkpatrick:

GTX SEF, LLC (“GTX SEF”) hereby notifies the Commodity Futures Trading Commission (“CFTC”) of its intent to list a Non-Deliverable Forward contract (“Contract”) on its swap execution facility platform. The intended listing date is April 7, 2015.

Pursuant to CFTC Regulation § 40.2, GTX SEF has included the following items:

1. A copy of the submission cover sheet;
2. A copy of the Contract’s rules;
3. The intended listing date : April 7, 2015
4. A certification that the Contract complies with Commodity Exchange Act (“CEA”) and CFTC regulations thereunder (see Schedule 1):
5. An explanation and analysis of the Contract and its compliance with applicable provisions of the CEA, including Core Principles, and the CFTC’s regulations thereunder (see Schedule 2); and



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6. A certification that GTX SEF posted a notice of pending certification with the CFTC and a copy of this submission on GTX SEF's website concurrent with this submission (see Schedule 1).

Please feel free to contact Alex Bobinski, Ross Smith or Amy Winkelman using the information below if you have any questions regarding this submission.

Alex Bobinski
135 US Highway 202/206
Suite 11
Bedminster, NJ 07921
Phone: 1-908-731-0701
Email: abobinski@gaincapital.com

Ross Smith
Email: rsmith@gaincapital.com

Amy Winkelman
Phone: 1-616-942-3755
Email: awinkelman@gaincapital.com

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Bobinski'.

Alex Bobinski
Chief Compliance Officer



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**Cc: Nancy Markowitz, Deputy Director, Division Market Oversight, Exchange and Data
Repository Branch
(Commodity Futures Trading Commission)**

**Amy Winkelman
(GAIN Capital)**

**Ross Smith
(GAIN Capital)**



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SCHEDULE 1

Certifications

I hereby certify that: (1) the Non-Deliverable Forward contract complies with the Commodity Exchange Act, 7 U.S.C. § 1 et seq. and the Commodity Futures Trading Commission's regulations promulgated thereunder; and (2) concurrent with this submission, GTX SEF, LLC has posted on its website: (a) a notice of pending certification of this Non-Deliverable Forward contract: and (b) a copy of this submission.

A handwritten signature in black ink, appearing to read 'Alex Bobinski', written over a horizontal line.

By: Alex Bobinski
Title: Chief Compliance Officer
Date:



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SCHEDULE 2 Explanation and Analysis

All capitalized terms not otherwise defined in this Schedule 2 shall have the meanings ascribed to them in Appendix 1 (Contract Terms).

I. Contract Description

GTX SEF's Non-Deliverable contract ("Contract") is a standard non-deliverable forward ("NDF") contract. NDFs are cash-settled foreign exchange forwards between two counterparties, typically used to either hedge or speculate against currencies where exchange controls in a particular country make it difficult for market participants to trade in the spot market directly. However, NDFs may also be based on two currencies that are not subject to exchange controls.

II. Compliance with Applicable Provisions of the CEA and CFTC Regulations

Core Principle 3 – 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



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disadvantaging the other. Thus, careful consideration should be given to the potential for manipulation or distortion of the reference price.

(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.

Core Principle 3 as it relates to GTX SEF's NDF Contract

The following definitions relate to GTX SEF's calculation of cash settlement price:

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

In these Contracts, the counterparties will arrange settlement by calculating the difference between the Contracted NDF Rate, which is agreed on between the counterparties at the start of the contract and the prevailing Spot FX Rate on the Fixing Date. The difference is then multiplied by the notional amount, which is also determined at the start of the contract. Therefore, 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 majority of cases, determined by the Central Banks.

The Spot FX Rate (i.e., the reference price) is not easily susceptible to manipulation since it is generated through a transparent rules-based process. The reliability of Spot FX Rate data is evident in its general acceptance in the marketplace as a reliable, unbiased source for foreign exchange rate data. In addition, the foreign exchange market is extremely liquid market with large volume. This volume makes any manipulation very difficult. Finally, GTX SEF will use a strenuous market surveillance program to ensure that no manipulation is occurring on its SEF.



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GTX SEF has rules and enforcement infrastructure to prevent manipulation of the Contract. GTX SEF will conduct market surveillance and trade practice monitoring on a real-time and T+1 basis. This surveillance and monitoring is performed with the assistance of the NFA.

Core Principle 6 – Position limits or accountability

A) *In general.* To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, a swap execution facility that is a trading facility shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability for speculators.

(B) *Position limits.* For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a) of the Act, the swap execution facility shall:

- (1) Set its position limitation at a level no higher than the Commission limitation; and
- (2) Monitor positions established on or through the swap execution facility for compliance with the limit set by the Commission and the limit, if any, set by the swap execution facility.

Core Principle 6 as it relates to GTX SEF's NDF Contract

Currently, GTX SEF does not impose position limits on the Contract. The Contract does not have a deliverable supply and is not subject to minimum position limits under statute or CFTC Regulations. All Contracts are cash settled. Therefore, settlement does not depend on the supply of physical commodities or related securities.

GTX SEF may establish a position accountability level as it determines necessary and appropriate, in accordance with CFTC Regulations pursuant to Rule 527 of its Rulebook.

Core Principle 7 – Financial integrity of transactions

The swap execution facility shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the swaps pursuant to section 2(h)(1) of the Act.

Core Principle 7 as it relates to GTX SEF's NDF Contract

GTX SEF requires clearing of all transactions executed on or through its SEF that are subject to mandatory clearing by the CFTC pursuant to Chapter 5 of its Rulebook.



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Core Principle 9 – Timely publication of trading information

A) *In general.* The swap execution facility shall make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the Commission.

(B) *Capacity of swap execution facility.* The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.

Core Principle 9 as it relates to GTX SEF's NDF Contract

GTX SEF will submit all reports required under Parts 43 and 45 of CFTC Regulations regarding the Contract to a Swap Data Repository.

All trading data will be recorded, reported and published to its website as required by Part 16 of CFTC Regulations.



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APPENDIX 1 Contract Terms

NDF

Contract Overview	A non-deliverable forward (NDF) is an outright forward contract 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	<ul style="list-style-type: none">• CNY Chinese Renminbi• IDR Indonesian Rupiah• INR Indian Rupee• KRW South Korean Won• MYR Malaysian Ringgit• PHP Philippine Peso• TWD Taiwan Dollar• RUB Russian ruble• ARS Argentine Peso• BRL Brazilian Real• CLP Chilean Peso• COP Colombian Peso• PEN Peruvian Nuevo Sol
Settlement Currency	Non-deliverable forwards (NDFs) settle in USD
Quoting Convention and Minimum Increment	Notional amount, as agreed by the counterparties
Minimum Size	Notional amount, as agreed by the counterparties
Notional Currency	Currency in which contract size is expressed in
Trading Conventions	Buy or Sell which refers to the contract size expressed in notional currency
Forward Rate	Currency exchange rate expressed as the amount of reference currency per unit of non-reference currency
Trade Date	The date on which parties enter into the contract
Settlement Date	Specified settlement of Payment date
Fixing Date	The date at which the difference between the prevailing market exchange rate and the agreed upon exchange rate is calculated
Settlement Procedure	Bilateral settlement performed in the settlement currency



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Trading Hours	17:00 Sunday – 17:00 Friday Eastern Time Please note: Sufficient liquidity available for trading may affect the ability to trade certain currencies at certain times.
Clearing Venue	Bilateral
Block Size	As set forth in Appendix F to Part 43 of the CFTC Regulations
Speculative Limits	As set forth in CFTC 17 CFR Part 151
Reportable Levels	As set forth in CFTC Regulation 15.03