

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional)

Date:

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION

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)
- Made Available To Trade Determination under § 40.5 or § 40.6
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

• **Products**

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

RULE NUMBERS

DESCRIPTION

November 20, 2013

BY ELECTRONIC MAIL: submissions@cftc.gov

Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: Commission Regulation 40.2(a) –
Certification of Non-Deliverable Forward Contracts**

Dear Ms. Jurgens:

LatAm SEF, LLC (“LatAm”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Regulation 40.2(a), that it is certifying non-deliverable forward contracts (each, an “NDF,” and collectively, the “NDFs”) for trading on LatAm’s electronic trading system (the “Trading System”).

LatAm will list the NDFs no earlier than November 22, 2013.

This submission letter contains the following attachments:

- The submission cover sheet.
- Attached as Exhibit A, a copy of the NDFs’ rules, which includes a concise explanation and analysis of the NDFs. The NDFs’ rules will be published as contract specifications on LatAm’s website.
- Attached as Exhibit B, a concise explanation and analysis of the NDFs’ compliance with applicable provisions of the Commodity Exchange Act (the “CEA”), including the Core Principles, and the Commission’s Regulations thereunder.
- Attached as Exhibit C, a list of exchange rate sources for each reference currency.

LatAm certifies that each NDF complies with the CEA and Commission Regulations thereunder. LatAm additionally certifies that it has concurrently posted a copy of this submission letter and attachments hereto on LatAm’s website.

* * *



In the event that you have questions, please contact the undersigned at (646) 344-8990 or sdunn@latamsef.com.

Sincerely,

/s/ Stephen Dunn
Chief Executive Officer
LatAm SEF, LLC

Attachments

LatAm SEF Product Specifications: Non-Deliverable Forwards

NDFs are similar to a regular forward foreign exchange contract, except at maturity the NDF does not require physical delivery of the currency. It is typically settled in USD or another fully convertible currency.

An NDF transaction is traded on a notional principle amount with forward exchange rate and forward date all agreed at the time the trade is agreed and executed. The difference is that there will be no physical transfer of the principle amount in the transaction. The deal is agreed on the basis that net settlement will be made in a cash settlement that reflects the differential between the agreed forward rate and the actual exchange rate on the agreed forward date.

When an NDF deal is contracted, a fixing methodology is agreed. It specifies how a fixing spot rate is determined on the fixing date, which is normally two working days before settlement, to reflect the spot value. The fixing spot rate is based on the reference page on either Reuters or Bloomberg.

Contract Overview	An NDF is a forward contract in which the counterparties settle the difference between the NDF price or rate and the prevailing spot price or rate on an agreed upon notional amount.
Reference Currency	Non-deliverable currency: <ul style="list-style-type: none"> • ARS Argentinian Peso • CLP Chilean Peso • COP Colombian Peso • PEN Peruvian Nuevo Sol
Settlement Currency	<ul style="list-style-type: none"> • ARS Argentinian Peso (NDF) • ARS Argentinian Peso • CLF Chilean UF • CLP Chilean Peso • COP Colombian Peso • EUR Euro • GBP British Pound • JPY Japanese Yen • MXN Mexican Peso • USD US Dollar
Notional Currency	Currency in which the contract size is expressed.
Trade Date	The date on which the parties enter into the contract.
Quoting Convention and Minimum Increment	Notional amount, agreed by the counterparties.
Notional Size	Notional amount, agreed by the counterparties.
Trading Conventions	Buy or Sell which refers to the contract size expressed in notional currency.
Forward Rate	The rate agreed on the transaction date and is the outright forward rate. Currency Exchange Rate expressed as the amount of Reference Currency per unit of Settlement Currency.
Settlement Date	The date on which the difference is paid or received, usually 1 or 2 business days after the Fixing Date.
Fixing Date	The date on which the difference between the prevailing market exchange rate and the agreed forward exchange rate is calculated.
Settlement Procedure	Bilateral settlement performed in settlement currency.
Trading Hours	00:01 - 24:00 Sunday-Friday Eastern Time
Clearing Venue	Bilateral
Block Size	As set forth in Appendix F to Part 43 of the CFTC Regulations.
Speculative Limits	As set in Part 151 of the CFTC Regulations
Reportable Levels	As set in CFTC Regulation 15.03

Exhibit B

LatAm has determined that the NDFs certified herein bear upon the following Core Principles:

Core Principle 2 – Compliance with Rules

Trading in NDFs will be subject to the LatAm Rulebook (the “Rules”), which prohibits abusive trading practices and other illicit behavior, including misuse of the Trading System (Rule 705), conduct that is inconsistent with just and equitable principles of trade (Rule 704), fraudulent acts (Rule 707), fictitious transactions (Rule 707), market manipulation (Rule 707), disruptive trading practices (Rule 707), misstatements (Rule 707), wash sales (Rule 707), pre-negotiated or non-competitive trades, including money passes (Rule 707) and improper cross-trading (Rule 707). Trading in these swaps will also be subject to Rules relating to protection of customers. See Chapter 7 of the Rules.

As with all swaps listed for trading on the Trading System, trading activity in NDFs will be subject to monitoring and surveillance by LatAm’s Market Operations and Compliance Departments. LatAm has the authority to exercise its investigatory and enforcement power where potential Rule violations are identified. See Chapter 8 of the Rules.

Pursuant to Rule 510, each NDF executed as a block trade must be for the quantity that is equal to or in excess of the applicable minimum block size for such NDF set forth in Commission Regulations.

Core Principle 3 – Swaps Not Readily Susceptible to Manipulation

The reference prices for NDFs are calculated by central banks, Emerging Market Trades Association (“EMTA”) and a number of reputable calculation agencies, including Reuters and Bloomberg. See Exhibit C. In each case, the reference price is not readily susceptible to manipulation because it has the following characteristics: (i) it is derived from a cash market that has considerable depth and liquidity resulting from the involvement of numerous institutional participants; (ii) the way in which the reference price is calculated is well documented and well understood by swap market participants; (iii) it is commonly used in the swap markets; (iv) information about the reference price is publicly and readily available; (v) the reference price is administered and published by a reputable organization; and (vi) many active participants in the relevant cash market are entities that are subject to regulation.

Core Principle 4 – Monitoring of Trading and Trade Processing

Chapter 7 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 Compliance Department.

Core Principle 5 – Ability to Obtain Information

Pursuant to the Rules, LatAm will have the ability and authority to obtain sufficient information for each NDF to allow LatAm 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 708 allows LatAm to adopt position limits or position accountability levels for swaps listed on the Trading System. Pursuant to Rule 708(3), LatAm will not set position accountability levels for the NDFs

listed in this filing because the NDFs are not subject to the trade execution requirement in Section 2(h)(8) of the CEA.

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 601.

Core Principle 9 – Timely Publication of Trading Information

In accordance with Part 16 of Commission Regulations, LatAm will publish daily information on its website regarding volume, price ranges, open interest and settlement prices (based on non-cancelled bids, non-cancelled offers, and sales). LatAm will also publish on its website on a daily basis the total quantity of block trades that are included in the total volume of trading. Information on settlement prices and open interest shall be provided, as applicable, by the relevant DCO. See Rule 413.

LatAm will submit electronic reports of all required swap creation data for each swap to a registered swap data repository immediately following execution of such swap. See Rule 903. 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. LatAm will also issue confirmations of transactions pursuant to Rule 515.

Exhibit C

Exchange Rate Sources:

Currency	Primary Fixing Source	Description	Secondary Fixing Source	Description
Argentine Peso (ARS)	EMTA ARS Industry Survey Rate	The EMTA ARS Industry Survey Rate resulting from the EMTA ARS Industry Survey Rate Methodology dated as of January 2, 2003, is available only on a Business Day in both Buenos Aires and New York City. This rate quotation appears on EMTA's website, http://www.emta.org .	EMTA ARS Indicative Survey Rate	The EMTA ARS Industry Survey Rate resulting from the EMTA ARS Industry Survey Rate Methodology dated as of January 2, 2003, is available only on a Business Day in both Buenos Aires and New York City.
Chilean Peso (CLP)	CLP DÓLAR OBS	Chilean Observed Dollar Exchange Rate (Dolar Observado) - Chilean Central Bank Rates are published daily for operations settled in the prior business day.	EMTA CLP Indicative Survey Rate	The EMTA CLP Indicative Survey Rate is determined pursuant to the EMTA CLP Indicative Survey Rate Methodology dated as of August 1, 2006.
Colombian Peso (COP)	COP TRM	The Market Representative Exchange Rate (Tasa Representativa del Mercado) states the daily exchange rate in the Colombian market, settled in the previous business day. It corresponds to the arithmetic average of the average weighed bid and offer rates of interbank and transfer operations, completed by authorized market intermediaries. The Superintendencia Financiera of Colombia is obligated by law (Article 80 of the		

		Exchange Regulation - Board of Directors of the Central Bank) to calculate and publish the TRM.		
Peruvian Nuevo Sol (PEN)	PEN INTERBANK AVE	The data required to calculate this rate are derived from the interbank market transacted over ICAP Datatec and published by Superintendencia de Banca Peru.	EMTA PEN Indicative Survey Rate	The EMTA PEN Indicative Survey Rate is determined pursuant to the EMTA PEN Indicative Survey Rate Methodology dated as of August 1, 2006