

DW SEF LLC

Market Regulation Advisory Notice

Subject: Straight Through Processing and Affirmation of Cleared Swaps

Rule References: Rule 404.B; [Rule 1002](#)

Advisory Date: June 1, 2016; [July 22, 2016](#)

Effective Date: June 20, 2016; [August 8, 2016](#)

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### **Straight Through Processing and Affirmation of Voice RFQ Cleared Swaps**

DW SEF LLC (“**DW SEF**”) hereby notifies its members that, based on guidance in Commodity Futures Trading Commission (“**CFTC**”) Letter 15-67 regarding straight through processing and affirmation of cleared swaps, beginning August 1, 2016, transactions in cleared swaps executed on DW SEF must be routed to and received by the relevant derivatives clearing organization (“**DCO**”) no more than 10 minutes after the execution of the transaction. This guidance applies to cleared transactions resulting from any SEF execution protocol, including electronic, voice and hybrid.

Please note that cleared swaps executed electronically on DW SEF via its central limit order book will automatically be subject to auto-processing at MarkitWire (or other third-party hub), **effective July 15, 2016**, which should ensure that all such trades are routed to and received by the relevant DCO in timely fashion.

In addition, in order to ensure timely submission to the relevant DCO, cleared swaps executed by hybrid means or Voice RFQ under Rule 404.B must be “**affirmed**” [Affirmed](#) (as defined in the Rules) by the relevant Participants or Trading Customers through MarkitWire (or other third-party hub) as soon as possible, but in no event later than 10 minutes after the execution of the transaction on DW SEF.

To facilitate timely **affirmation** [Affirmation](#) of cleared swaps executed by hybrid or Voice RFQ, please note that DW SEF will:

- make the execution time-stamp for cleared swaps executed by hybrid or Voice RFQ clearly visible to Participants and Trading Customers, so that they may monitor their compliance with the 10 minute **affirmation** [Affirmation](#) time frame;
- monitor on an ongoing basis the entire process (including time-stamps) from execution to third-party hub submission to DCO clearing and, if required, prompt Participants and Trading Customers intra-day to quickly and efficiently **affirm** [Affirm](#) those non-auto-processed trades through to clearing;
- notify Participants and Trading Customers of any repeated or persistent late (more than ten minutes from execution) **affirmations** [Affirmations](#) of cleared swaps executed by hybrid or Voice RFQ; and
- require Participants and Trading Customers to comply with the 10 minute **affirmation** [Affirmation](#) time frame.

**DW SEF has amended Rule 1002 (Clearing Services) to set forth the requirements discussed above. Specifically, amended Rule 1002(b) states that Cleared Swaps that are routed through an Affirmation Hub (as defined in the Rules) and are executed (x) via Voice RFQ, (y) on the Order Book with the assistance of an Execution Specialist or (z) off of the SEF as Block Trades “must be**

Affirmed by Participants or Customers, as applicable, as soon as technologically practicable after execution, and in no event later than ten (10) minutes after execution.” As noted above and in amended Rule 1002, failure by a Participant or Trading Customer to Affirm a Cleared Swap routed through an Affirmation Hub within the ten (10) minute time frame will be a violation of the Rules.

DW SEF's operations team is ready to assist with readiness testing of auto-processing or other functionality, and can be reached at [ops@dealerweb.com](mailto:ops@dealerweb.com).

If you have any questions or would like any additional information, please contact Michael Schneider at (201) 536-3244.