CONFIDENTIAL DRAFT
May 27, 2014

SEF Model Rules – FX Prime Brokerage

RULE X.   FX Prime Brokerage Arrangements

X.1 Definitions

"Execution Counterparty" means a [Swap] counterparty who is authorized by a designated Prime Broker to enter into FX Prime Brokerage [Swaps][1] on or pursuant to the rules of the [SEF] with a Prime Broker Client (or its [authorized representative]),[2] acting as agent for a designated Prime Broker.

"FX Prime Brokerage [Swap]" means a [Swap involving foreign currency][3] that constitutes a Permitted Transaction within the meaning of Commission Rule 37.9 executed on or pursuant to the rules of the [SEF] by a Prime Broker Client (or its [authorized representative]), acting as agent for an identified Prime Broker, with an Execution Counterparty that is subject to the condition subsequent that the Prime Broker is not obligated to perform the [Swap] if its terms fall outside parameters pre-agreed by the Prime Broker, the Execution Counterparty and the Prime Broker Client and that, if the [Swap] with the Execution Counterparty is accepted or deemed to be accepted by the Prime Broker and a Prime Broker Mirror [Swap] would, if entered into, fall within parameters applicable to the Prime Broker Client, obligates the Prime Broker Client (or its [authorized representative]) and the Prime Broker to execute a Prime Broker Client Mirror [Swap].

"*Prime Broker*" means a swap dealer who has authorized a Prime Broker Client (or its [authorized representative]) to submit [Orders][4] for, and enter into, FX Prime Brokerage [Swaps] on or pursuant to the rules of the [SEF], as agent for such swap dealer, with one or more designated Execution Counterparties.

"Prime Broker Client" means a [Swap] counterparty who, acting as agent for a designated Prime Broker, either directly or through its [authorized representative], is authorized by such Prime Broker to enter into an FX Prime Brokerage [Swap] on or pursuant to the rules of the [SEF] with one or more designated Execution Counterparties.

"Prime Broker Client Mirror [Swap]" means a [Swap], not executed on or pursuant to the rules of the [SEF], that is entered into by a Prime Broker and a Prime Broker Client, the terms of which mirror the terms of a related FX Prime Brokerage [Swap] entered into on or pursuant to the rules of the [SEF], subject to associated prime brokerage service fees agreed by the parties.

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1   Each SEF to use the appropriate defined term in light of its rulebook. Bracketed terms in this document anticipate the use of terms consistent with the definitions in each SEF's rulebook.

2   Note that a Prime Broker Client may transact directly as a member, indirectly through a member, or through an Account Manager that may be a member or non-member.

3   Each SEF to identify the products or contracts that it has listed for trading as FX Prime Brokerage [Swaps].

4   This defined term should pick up the full range of order and order acceptance types, including requests for quote and responses to requests for quote.

X.2 Requirements specifically applicable to FX Prime Brokerage [Swaps]

    (a) **Execution of FX Prime Brokerage [Swaps]**. [Members and participants] may execute FX Prime Brokerage [Swaps] on or pursuant to the rules of the [SEF] in accordance with the provisions of this [Section X], in addition to otherwise applicable provisions of this [Rulebook].[5]

    (b) **Identification of Prime Broker**. Before submitting or accepting an [Order] for an FX Prime Brokerage [Swap], a Prime Broker Client (or its [authorized representative]) shall identify to the [SEF], in such form and manner as the [SEF] shall prescribe, the Prime Broker with respect to such [Swaps] (including such Prime Broker's [legal entity identifier] and contact information).

    (c) **Identification of FX Prime Brokerage [Swaps].** In connection with the submission or acceptance of any [Order] for an FX Prime Brokerage [Swap], the Prime Broker Client (or its [authorized representative]) shall (1) (i) identify the relevant [Swap] as an FX Prime Brokerage [Swap] and (ii) identify the Prime Broker with respect to such [Swap], in each case in such form and manner as the [SEF] shall prescribe, or (2) use an account mnemonic that provides such information, and the [SEF] confirmation for any resulting FX Prime Brokerage Swap shall identify the [Swap] as such.

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[5]   This term should incorporate otherwise applicable procedures/requirements if they are not technically defined as part of the rulebook under the SEF's rules and practices.