

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional): 2013-05 **Date:** **December 18, 2013**

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION

TeraExchange, 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; terms and conditions of the Forward Rate Agreements, Overnight Index Swaps, and Basis Swaps are attached as Exhibit A.

DESCRIPTION

In accordance with Commodity Futures Trading Commission (“Commission”) Regulation § 40.2(a), this is a submission, by TeraExchange, LLC (“TeraExchange”), of self-certification of TeraExchange’s Forward Rate Agreements, Overnight Index Swaps, and Basis Swaps (“Contracts”). A concise explanation and analysis of the Contracts is attached to this submission as Exhibit B.

TeraExchange, LLC
New Contract Submission 2013-05
December 18, 2013

1. The Contracts' terms and conditions are attached as Exhibit A.
 2. The intended listing date is December 20, 2013.
 3. Attached, please find a certification that the Contracts comply with the Commodity Exchange Act ("Act") and the Commission regulations, thereunder.
 4. Attached, as Exhibit B, please find a concise explanation and analysis of the Forward Rate Agreements, Overnight Index Swaps, and Basis Swaps and their compliance with applicable provisions of the Act, including core principles, and the Commission's regulations thereunder.
 5. Attached, please find a certification that, concurrent with this submission, TeraExchange posted on its website: (i) a notice of pending certification of these Contracts with the Commission; and (ii) a copy of this submission.
 6. Confidential treatment is not being requested for this submission.
-

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE
ACT, 7 U.S.C. §7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE
40.2, 17 C.F.R. §40.2

I hereby certify that: 1) the Forward Rate Agreements, Overnight Index Swaps, and Basis Swaps comply with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and regulations thereunder; and 2) concurrent with this submission, TeraExchange, LLC posted on its website: (a) a notice of pending certification of these Forward Rate Agreements, Overnight Index Swaps, and Basis Swaps with the Commission; and (b) a copy of this submission.

Leonard T. Nuara

By: Leonard T. Nuara
Title: President and COO
Date: December 18, 2013

TERA[^] EXCHANGE

TeraExchange, LLC
25 DeForest Avenue
Suite 203
Summit, NJ 07901

December 18, 2013

BY ELECTRONIC MAIL: submissions@cftc.gov

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

Re: TeraExchange Submission 13-05: Listing of Forward Rate Agreements (“FRA”), Overnight Index Swaps (“OIS”) and Basis Swaps by Certification Pursuant to Commission Regulation 40.2(a)

Dear Secretary Jurgens:

TeraExchange, LLC (“TeraExchange”) hereby notifies the Commodity Futures Trading Commission (the “Commission” or “CFTC”), pursuant to Commission Regulation 40.2(a), that it is certifying a group of **Forward Rate Agreements, Overnight Index Swaps and Basis Swaps** for trading on its swap execution facility.

A **Forward Rate Agreement** is an Interest Rate Swap for which settlement is in the form of one fixed interest payment and one floating interest payment based on an interest rate benchmark to be paid or received on an obligation beginning at a future start date. The interest rate payments are exchanged based on a notional amount.

An **Overnight Index Swap** is an interest rate swap where the periodic floating rate of the swap is equal to the geometric average of an overnight rate (or overnight index rate) over every day of the payment period. The index rate is typically the rate for overnight unsecured lending between banks, for example the Federal funds rate for US dollars, Eonia for Euros or Sonia for Sterling. The fixed rate of OIS is typically an interest rate considered less risky than the corresponding interbank rate (LIBOR) because there is limited counterparty risk.

A **Basis Swap** is an interest rate swap which involves the exchange of two floating rate financial instruments. A basis swap functions as a floating-floating interest rate swap under which the floating rate payments are referenced to different bases.

The intended listing date of the **Forward Rate Agreements, Overnight Index Swaps and Basis Swaps** certified in this letter is December 20, 2013.

This submission letter includes the following attachments:

- The submission cover sheet;

- The terms and conditions for the **Forward Rate Agreements, Overnight Index Swaps and Basis Swaps** (Exhibit A); and
- A concise explanation and analysis of the **Forward Rate Agreements', Overnight Index Swaps' and Basis Swaps'** compliance with applicable provisions of the Commodity Exchange Act (the "CEA"), including the relevant Core Principles, and the Commission's Regulations thereunder (Exhibit B).

TeraExchange certifies that each **Forward Rate Agreement, Overnight Index Swap and Basis Swap** complies with the CEA and Commission Regulations thereunder. TeraExchange additionally certifies that it has concurrently posted a copy of this submission letter and all attachments on the TeraExchange website at <http://www.teraexchange.com/regulatory.html>.

Please contact the undersigned at (908) 273-8277 or at LNuara@teraexchange.com with any questions.

Sincerely,

Leonard T. Nuara

Leonard T. Nuara
President and COO

Exhibit A

Terms and Conditions

(Attached)

FRA

Forward Rate Agreements

General				
Swap Structure	A forward starting fixed for float Interest Rate Swap whose value is based upon the difference between a fixed cash flow and floating interest payment that are tied to a floating reference rate, over a period in			
Currencies	USD	EUR	GBP	JPY
Clearing Venue Specifications	CME available at http://www.cmegroup.com/trading/interest-rates/cleared-otc/files/cme-otc-irs-supported-product-list.xls			
Quoting Convention	Fixed coupon in points (00.000)			
Tick Size	0.001 points = 0.1 basis points			
Minimum Order Size	1,000 notional units of the contract currency			
Minimum Size Increment	1,000 notional units of the contract currency			
Trading Conventions	Buy = Pay Fixed Sell = Receive Fixed			
Trading Hours	1:00 AM to 5:00 PM Eastern Time			
Last Trade Date	Available to trade on every US business day			
Effective Date	The Effective Date is the first date for which fixed and floating payments accrue. This date is subject to adjustment based on Modified Following convention.			
Maturity Date	The Maturity Date (also referred to as the Termination Date) is the final date to which fixed and floating amounts accrue. This date is subject to adjustment based on Modified Following convention.			
Forward Starting Period	3 days to 3 years			
Tenor	Up to 3 Years			
Upfront Payment	Standard: None			
Block Size	As set forth in Appendix F to Part 43 of the CFTC Regulations			
Settlement Procedure	As determined by the Clearing Venue			
Position Accountability	As may be determined and published by TeraExchange under CFTC Regulation 37.600 (c)			
Fixed Leg				
Fixed Rate	The fixed coupon is determined by the price of execution.			
Day Count Convention	Act/360			
Business Day Convention	Modified Following			
Holiday Calendar(s)	New York, London	TARGET	London	Japan, London
Customization	All of the above attributes can be defined by Market Participants in conformity with the Clearing House Specifications.			
Float Leg				
Day Count Convention	Act/360			
Business Day Convention	Modified Following			
Fixing Date	Two London business days prior to the Effective Date	Two TARGET business days prior to the Effective Date	London business day that coincides with the Effective Date	Two London business days prior to the Effective Date
Floating Rate Index	British Bankers' Association USD LIBOR	EURIBOR	British Bankers' Association GBP LIBOR	British Bankers' Association JPY LIBOR
Holiday Calendar(s)	New York, London	TARGET	London	Japan, London
Customization	All of the above attributes can be defined by Market Participants in conformity with the Clearing House Specifications.			

OIS

Overnight Index Swaps

General				
Swap Structure	A fixed for float Interest Rate Swap whose value is based upon the difference between a stream of fixed cash flows and floating interest payments that are tied to the overnight lending rate, over a term			
Currencies	USD	EUR	GBP	JPY
Clearing Venue Specifications	CME available at http://www.cmegroup.com/trading/interest-rates/cleared-otc/files/cme-otc-irs-supported-product-list.xls			
Quoting Convention	Fixed coupon in points (00.000)			
Tick Size	0.001 points = 0.1 basis points			
Minimum Order Size	1,000 notional units of the contract currency			
Minimum Size Increment	1,000 notional units of the contract currency			
Trading Conventions	Buy = Pay Fixed Sell = Receive Fixed			
Trading Hours	1:00 AM to 5:00 PM Eastern Time			
Last Trade Date	Available to trade on every US business day			
Effective Date	The Effective Date is the first date for which fixed and floating payments accrue. For spot starting instruments, the Effective Date is Trade Date + 2 New York Business Days.			
Maturity Date	The Maturity Date (also referred to as the Termination Date) is the final date to which fixed and floating amounts accrue. For spot starting instruments, this date is Effective Date + Tenor.			
Forward Starting Period	Up to 10 Years			
Tenor	Up to 30 Years			
Upfront Payment	Standard: None			
Block Size	As set forth in Appendix F to Part 43 of the CFTC Regulations			
Settlement Procedure	As determined by the Clearing Venue			
Position Accountability	As may be determined and published by TeraExchange under CFTC Regulation 37.600 (c)			
Fixed Leg				
Fixed Coupon	The fixed coupon is determined by the price of execution and remains static throughout the life of the contract.			
Payment Frequency	Quarterly			
Compounding	None			
Day Count Convention	Modified Following			
Business Day Convention	30/360			
Holiday Calendar(s)	New York, London	TARGET	London	Japan, London
Customization	All of the above attributes can be defined by Market Participants in conformity with the Clearing House Specifications.			
Float Leg				
Reset Frequency	Quarterly			
Payment Frequency	Quarterly			
Compounding	As determined by the Clearing Venue			
Day Count Convention	Act/360			
Business Day Convention	Modified Following			
Reset Dates	Reset Dates define the beginning and end of accrual periods. Floating Rate Reset Dates facilitate the determination of the Reference Rate Fixing Dates. Each Reset Date is subject to adjustment based on			
Fixing Date	Two London business days prior to the Reset Date	Two TARGET business days prior to the Reset Date	London business day that coincides with the Reset Date	Two London business days prior to the Reset Date
Floating Rate Index	USD-Federal Funds-H.15-OIS-COMPOUND	EUR-EONIA-OIS-COMPOUND	GBP-WMBA-SONIA-COMPOUND	JPY-TONA-OIS-COMPOUND
Holiday Calendar(s)	New York, London	TARGET	London	Japan, London
Customization	All of the above attributes can be defined by Market Participants in conformity with the Clearing House Specifications.			

BAS

Basis Swap

General					
Swap Structure	A float for float Interest Rate Swap whose value is based upon the difference between a stream floating interest payments that are tied to a floating reference rates, over a term to maturity.				
Currencies	USD	EUR	GBP	JPY	AUD
Clearing Venue Specifications	CME available at http://www.cmegroup.com/trading/interest-rates/cleared-otc/files/cme-otc-irs-supported-product-list.xls				
Quoting Convention	Spread over Floating Leg 1 (000.0)				
Tick Size	0.1 basis points				
Minimum Order Size	1,000 notional units of the contract currency				
Minimum Size Increment	1,000 notional units of the contract currency				
Trading Conventions	Buy = Pay Spread Sell = Receive Spread				
Trading Hours	1:00 AM to 5:00 PM Eastern Time				
Last Trade Date	Available to trade on every US business day				
Effective Date	The Effective Date is the first date for which fixed and floating payments accrue. For spot starting instruments, the Effective Date is Trade Date + 2 New York Business Days.				
Maturity Date	The Maturity Date (also referred to as the Termination Date) is the final date to which fixed and floating amounts accrue. For spot starting instruments, this date is Effective Date + Tenor.				
Forward Starting Period	Up to 10 Years				
Tenor	Fed v Libor: Up to 30 Years Libor v Libor: Up to 51 Years	Up to 51 YEARS	Up to 51 YEARS	Up to 31 Years	Up to 31 Years
Upfront Payment	Standard: None				
Block Size	As set forth in Appendix F to Part 43 of the CFTC Regulations				
Settlement Procedure	As determined by the Clearing Venue				
Position Accountability	As may be determined and published by TeraExchange under CFTC Regulation 37.600 (c)				
Float Leg 1					
Reset Frequency	Monthly (1M Libor) Quarterly (3M Libor) Semiannually (6M Libor)	Monthly (1M Euribor) Quarterly (3M Euribor) Semiannually (6M Euribor)	Monthly (1M Libor) Quarterly (3M Libor) Semiannually (6M Libor)	Monthly (1M Libor) Quarterly (3M Libor) Semiannually (6M Libor)	Quarterly (3M BBSW) Semiannually (6M BBSW)
Payment Frequency	Quarterly (1M & 3M Libor) Semiannually (6M Libor)	Quarterly (1M & 3M Euribor) Semiannually (6M Euribor)	Quarterly (1M & 3M Libor) Semiannually (6M Libor)	Quarterly (1M & 3M Libor) Semiannually (6M Libor)	Quarterly (3M BBSW) Semiannually (6M BBSW)
Compounding	Flat (1M Libor) None (3M & 6M Libor)	Flat (1M Euribor) None (3M & 6M Euribor)	Flat (1M Libor) None (3M & 6M Libor)	Flat (1M Libor) None (3M & 6M Libor)	None
Day Count Convention	Act/360				
Business Day Convention	Modified Following				
Reset Dates	Reset Dates define the beginning and end of accrual periods. Floating Rate Reset Dates facilitate the determination of the Reference Rate Fixing Dates. Each Reset Date is subject to adjustment based on Modified Following				
Fixing Date	Two London business days prior to the Reset Date	Two TARGET business days prior to the Reset Date	London business day that coincides with the Reset Date	Two London business days prior to the Reset Date	Sydney business day that coincides with the Reset Date
Floating Rate Index	British Bankers' Association LIBOR: 1,3,6 Month USD	EURIBOR: 1,3,6 Month EUR	British Bankers' Association LIBOR: 1,3,6 Month GBP	British Bankers' Association LIBOR: 1,3,6 Month JPY	Australian Financial Markets Association BBSW: 3,6 Month AUD
Holiday Calendar(s)	New York, London	TARGET	London	Japan, London	Australia
Customization	All of the above attributes can be defined by Market Participants in conformity with the Clearing House Specifications.				
Float Leg 2					
Reset Frequency	Daily (Fed Funds) Monthly (1M Libor) Quarterly (3M Libor) Semiannually (6M Libor)	Monthly (1M Euribor) Quarterly (3M Euribor) Semiannually (6M Euribor)	Monthly (1M Libor) Quarterly (3M Libor) Semiannually (6M Libor)	Monthly (1M Libor) Quarterly (3M Libor) Semiannually (6M Libor)	Quarterly (3M BBSW) Semiannually (6M BBSW)
Payment Frequency	Quarterly (1M & 3M Libor) Semiannually (6M Libor)	Quarterly (1M & 3M Euribor) Semiannually (6M Euribor)	Quarterly (1M & 3M Libor) Semiannually (6M Libor)	Quarterly (1M & 3M Libor) Semiannually (6M Libor)	Quarterly (3M BBSW) Semiannually (6M BBSW)
Compounding	Flat (1M Libor) None (3M & 6M Libor)	Flat (1M Euribor) None (3M & 6M Euribor)	Flat (1M Libor) None (3M & 6M Libor)	Flat (1M Libor) None (3M & 6M Libor)	None
Day Count Convention	Act/360				
Business Day Convention	Modified Following				
Reset Dates	Reset Dates define the beginning and end of accrual periods. Floating Rate Reset Dates facilitate the determination of the Reference Rate Fixing Dates. Each Reset Date is subject to adjustment based on Modified Following				
Fixing Date	Two London business days prior to the Reset Date	Two TARGET business days prior to the Reset Date	London business day that coincides with the Reset Date	Two London business days prior to the Reset Date	Sydney business day that coincides with the Reset Date
Floating Rate Index	British Bankers' Association LIBOR: 1,3,6 Month USD Federal Reserve Fed Funds Rate (CME Only)	EURIBOR: 1,3,6 Month EUR	British Bankers' Association LIBOR: 1,3,6 Month GBP	British Bankers' Association LIBOR: 1,3,6 Month JPY	Australian Financial Markets Association BBSW: 3,6 Month AUD
Holiday Calendar(s)	New York, London	TARGET	London	Japan, London	Australia
Customization	All of the above attributes can be defined by Market Participants in conformity with the Clearing House Specifications.				

Exhibit B

This exhibit includes a concise explanation and analysis of the certified **Forward Rate Agreements**, **Overnight Index Swaps** and **Basis Swaps** compliance with applicable provisions of the Commodity Exchange Act (the "CEA"), including the relevant Core Principles, and the Commission's Regulations thereunder.

Core Principle 2 – Compliance with Rules

As with all products listed for trading on TeraExchange, trading in **Forward Rate Agreements**, **Overnight Index Swaps** and **Basis Swaps** will be subject to compliance with the CEA, CFTC Regulations and the TeraExchange Rulebook (the "Rules"). Chapter 5 of the Rules sets out in detail the trading practice and business conduct rules applicable to all Participants. In general, under Rule 517, Participants are prohibited from engaging in any conduct in violation of Applicable Law or the Rules. Under Rule 518, any violation of the Rules or act constituting fraud, dishonorable or dishonest conduct, or conduct inconsistent with just and equitable principles of trade is an offense. Fraudulent acts of any kind, including but not limited to front-running, money passes, trading ahead of or against customers, and accommodation trading, are all prohibited under Rule 519. Also included in Chapter 5 is a series of specific Rules intended to deter abusive and disruptive trading practices, including prohibitions on the following: fictitious, wash or non-competitive transactions (Rule 520); market disruption, including violating bids and offers, closing period violations, and spoofing (Rule 521); market manipulation (Rule 522); misstatements (Rule 523); acts detrimental to the SEF (Rule 524); misuse of the SEF (Rule 525); withholding of orders (Rule 526); trading against or crossing orders (Rule 527); and disclosing orders (Rule 528).

TeraExchange market regulation staff, working in partnership with the staff of the National Futures Association as regulatory services provider, will conduct surveillance and initiate disciplinary proceedings as necessary to enforce compliance with the Rules, the CEA and Commission Regulations.

Core Principle 3 – Swaps not Readily Susceptible to Manipulation

All **Forward Rate Agreements**, **Overnight Index Swaps** and **Basis Swaps** traded on Tera Exchange will be cash-settled by a registered Derivatives Clearing Organization ("DCO") pursuant to the DCO's rules. As a general matter, **Forward Rate Agreements**, **Overnight Index Swaps** and **Basis Swaps** trade in extremely deep and liquid markets that are difficult to manipulate. In addition, the reference rates for the **Forward Rate Agreements**, **Overnight Index Swaps** and **Basis Swaps** are derived from reputable third-party sources, as described below:

The reference rate for the floating leg of the Contracts is one of several widely used benchmarks which are administered and calculated by third-party providers using specific guidelines. Two of these benchmarks are briefly described below:

LIBOR: LIBOR is currently administered by BBA Libor Ltd., and calculated by Thompson Reuters, both of which are regulated by the Financial Conduct Authority in the U.K. LIBOR is the average rate at which contributor banks perceive that they can obtain unsecured funding in the London interbank market for a given period and in a given currency. Recently, there have been significant steps taken to address concerns about the reliability of the LIBOR polling process, including the establishment of an Interim LIBOR Oversight Committee, enactment of regulations over LIBOR under U.K. law, approval of the upcoming transfer of the LIBOR administration process to NYSE Euronext Rates Administration Limited, as recommended by the Hogg Tendering Advisory Committee.

EURIBOR: **Euribor** is short for Euro Interbank Offered Rate. The Euribor rates are based on the interest rates at which a panel of 40 to 50 European banks borrow funds from one another. In the calculation, the highest and lowest 15 percent of all the quotes collected are eliminated. The remaining rates will be averaged and rounded to three decimal places. Euribor is determined and published at 11:00 am each day, Central European Time. Euribor-EBF is the administrator of the Euribor benchmarks and is

responsible for the development and support of benchmark rates it governs. In addition, Euribor-EBF supports other practical initiatives which foster the integration of the European financial market and improvement of liquidity, safety and transparency.

The Contracts are not susceptible to manipulation for a number of reasons. First, interest rate products are very liquid – the market is very large and deep, making manipulation very difficult to achieve. Second, TeraExchange has established rules and an enforcement infrastructure to prevent manipulation. TeraExchange staff conduct regular market surveillance and the National Futures Association (“NFA”) provides regulatory services including comprehensive trade practice and market surveillance services (the scope of which can be found in the Regulatory Services Agreement between NFA and TeraExchange submitted to the Commission as part of TeraExchange’s swap execution facility application).

Core Principle 7 – Financial Integrity of Transactions

As with all transactions on TeraExchange, pursuant to CFTC Regulations and TeraExchange Rules all orders for **Forward Rate Agreements, Overnight Index Swaps and Basis Swaps** are subject to mandatory pre-trade credit checks to ensure that counterparties have sufficient credit limits in place to meet their financial obligations. See CFTC Regulation 1.73 and TeraExchange Rule 405. All **Forward Rate Agreements, Overnight Index Swaps and Basis Swaps** being certified for trading herein will be submitted for clearing at a registered DCO subject to the DCO’s rules and specifications. See TeraExchange Rule 601. These pre-trade credit check and clearing requirements are designed to enhance the financial integrity of transactions in IRS and all other products traded on TeraExchange.