

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional): 2014-P-15 **Date:** February 21, 2014

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION

Bloomberg SEF 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 “Foreign Exchange: Average Rate Forward Contract” (“Contract”) are attached as Attachment A.

DESCRIPTION

In accordance with Commodity Futures Trading Commission (“Commission”) Regulation § 40.2(a), this is a submission, by Bloomberg SEF LLC (“BSEF”), for certification of a new product for trading – the “Foreign Exchange: Average Rate Forward Contract” (“Contract”).

**Bloomberg SEF LLC
New Contract Submission 2014-P-15
February 21, 2014**

1. The Contract's terms and conditions are attached as Attachment A.
2. The intended listing date is February 25, 2014.
3. Attached, please find a certification that: (a) the Contract complies with the Act and the Commission regulations thereunder; and (b) concurrent with this submission, BSEF posted on its website: (i) a notice of pending certification of this Contract with the Commission; and (ii) a copy of this submission.

**EXPLANATION AND ANALYSIS OF THE CONTRACT'S COMPLIANCE WITH
APPLICABLE CORE PRINCIPLES AND COMMISSION REGULATIONS**

As required by Commission Regulation § 40.2(a), the following analysis, in the form of narrative and explanatory charts, demonstrates that the Contract is consistent with the requirements of the Act and the Commission regulations and policies thereunder (in particular, Appendix B to Part 37 and Appendix C to Part 38, respectively).

Appendix B to Part 37—Demonstration of Compliance That a Contract Is Not Readily Susceptible to Manipulation

Core Principle 3 of Section 5h of the Act—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 disadvantaging the other. Thus, careful consideration should be given to the potential for manipulation or distortion of the reference price.

This Contract is an agreement between two counterparties to exchange the difference between: (a) an agreed upon exchange rate for a designated currency pair, set at the start of the Contract and generally based on the forward points (i.e., difference between the forward rate and spot rate) (“hedge rate”); and (b) an average rate for the designated currency pair, determined on the fixing date, by averaging the daily spot observations over a designated period of time in the future (“averaging period”).

Thus, at the start of the Contract, the counterparties determine, among other things: (a) the currency pair (using ISO currency codes) from a list of currencies attached in Attachment A; (b) the hedge rate; (c) the averaging period; (d) the observation frequency during the averaging period; (e) the settlement date; (f) the notional amount; and (g) the currencies for the settlement and notional amounts, respectively. Once the averaging period ends, the hedge rate is compared to the average rate in order to calculate the settlement price, which is paid on the settlement date. The greater the difference between the average rate and the hedge rate at maturity, the greater the payment.

As such, the reference price for the Contract is the prevailing spot FX rate during the averaging period. The source for the spot FX Rate will be agreed by the counterparties (a widely-accepted, customary practice in the market); in the vast majority of cases, it will be determined by one of the Central Banks, which publish reliable, easily accessible, widely available, and well-accepted spot FX rate data.

(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.

Appendix C to Part 38 - Demonstration of Compliance That a Contract Is Not Readily Susceptible to Manipulation

(c) Futures Contracts Settled by Cash Settlement. (1) Cash settlement is a method of settling certain futures or option contracts whereby, at contract expiration, the contract is settled by cash payment in lieu of physical delivery of the commodity or instrument underlying the contract. An acceptable specification of the cash settlement price for commodity futures and option contracts would include rules that fully describe the essential economic characteristics of the underlying commodity (e.g., grade, quality, weight, class, growth, issuer, maturity, source, rating, description of the underlying index and index’s calculation methodology, etc.), as well as how the final settlement price is calculated. In addition, the rules should clearly specify the trading months and hours of

trading, the last trading day, contract size, minimum price change (tick size) and any limitations on price movements (e.g., price limits or trading halts).

Terms of the Contract

The terms of the contract are attached in Attachment A, including the following:

Contract Overview	An average rate forward allows the buyer the ability to create a hedge rate for a future exposure by locking in forward points and a spot rate. At some point in the future, there is an averaging period of daily spot observations to determine an average rate which, when compared to the hedge rate, will set the payout. Unlike options, this hedge tool is a forward contract and has no premium cost associated with it.
Currency Pair	Underlying currency instrument composed of ISO currency codes (ISO 4217) of the base currency and the counter currency, separating them with a slash character. See currency list at Attachment A.
Settlement Currency	See currency list at Attachment A.
Quoting Convention and Minimum Increment	Notional amount; as agreed by counterparties.
Minimum Size	\$1
Notional Currency	Currency in which contract size is expressed.
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 Settlement Currency.
Trade Date	The date on which parties enter into the contract.
Settlement Date	Settlement or payment date.
Fixing Date	End of observation period specified by counterparties.
Frequency	Observation frequency specified by counterparties.
Settlement Procedure	Bilateral settlement performed in settlement currency based on the exchanges rate published by either Bloomberg (BFIX) or Reuters (WM/Reuters).
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 Commission's Regulations.
Speculative Limits	As set forth in Part 151 of the Commission's Regulations.
Reportable Levels	As set forth in Commission's Regulation 15.03.

Calculation of Cash Settlement Price

As noted above, on the fixing date, in order to determine the settlement price, the parties will: (a) agree on the Spot FX Rate; (b) calculate the average rate of spot transactions over the averaging period (based on observation frequency); (c) calculate the difference between the

hedge rate and the average rate; and (d) multiply that difference by the notional amount. The cash settlement will be due on the settlement date. The cash settlement will thus be based on, among other things: (a) currency pair; (b) spot FX rate; (c) averaging period; and (d) observation frequency. This method of calculating settlement for the Contract is a common, widely-used, and widely accepted method for calculating the cash settlement for average rate forward contracts.

The contract provides for spot FX rate determination based either on (i) BFIX, an index calculated and published by Bloomberg or (ii) WM/Reuters, an index calculated and published by Thomson Reuters. A description of the calculation methodologies for both indices is attached hereto as Attachment B.

2) Cash settled contracts may be susceptible to manipulation or price distortion. In evaluating the susceptibility of a cash-settled contract to manipulation, a designated contract market should consider the size and liquidity of the cash market that underlies the listed contract in a manner that follows the determination of deliverable supply as noted above in (b)(1). In particular, situations susceptible to manipulation include those in which the volume of cash market transactions and/or the number of participants contacted in determining the cash-settlement price are very low. Cash-settled contracts may create an incentive to manipulate or artificially influence the data from which the cash-settlement price is derived or to exert undue influence on the cash-settlement price's computation in order to profit on a futures position in that commodity.

The utility of a cash-settled contract for risk management and price discovery would be significantly impaired if the cash settlement price is not a reliable or robust indicator of the value of the underlying commodity or instrument. Accordingly, careful consideration should be given to the potential for manipulation or distortion of the cash settlement price, as well as the reliability of that price as an indicator of cash market values. Appropriate consideration also should be given to the commercial acceptability, public availability, and timeliness of the price series that is used to calculate the cash settlement price. Documentation demonstrating that the settlement price index is a reliable indicator of market values and conditions and is commonly used as a reference index by industry/market agents should be provided. Such documentation may take on various forms, including carefully documented interview results with knowledgeable agents.

The Contract is not readily susceptible to manipulation for a number of reasons. First, the foreign exchange market is an extremely liquid market with massive volume, making manipulation very difficult to achieve. Second, as noted above, the method for calculating the cash settlement price is widely used and generally accepted by market participants for the calculation of average rate forward contracts. Third, as discussed above, most of the terms of the Contract, except for the spot FX rate, are fixed at the start of the Contract. The FX rate is available through widely accepted, and easily accessible means, and calculated using methods designed to prevent manipulation of the index. And last, BSEF has a robust market surveillance program that is effectively able to surveil this market, detect uncommon activity, and investigate any such activity for signs of manipulation.

(3) Where an independent, private-sector third party calculates the cash settlement price series, a designated contract market should consider the need for a licensing agreement that will ensure the designated contract market's rights to the use of the price series to settle the listed contract.

(i) Where an independent, private-sector third party calculates the cash settlement price series, the designated contract market should verify that the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash-settlement price series. Such safeguards may include lock-downs, prohibitions against derivatives trading by employees, or public dissemination of the names of sources and the price quotes they provide. Because a cash-settled contract may create an incentive to manipulate or artificially influence the underlying market from which the cash-settlement price is derived or to exert undue influence on the cash-settlement computation in order to profit on a futures position in that commodity, a designated contract market should, whenever practicable, enter into an information-sharing agreement with the third-party provider which would enable the designated contract market to better detect and prevent manipulative behavior.

Please see above regarding the calculation of the cash settlement price.

(ii) Where a designated contract market itself generates the cash settlement price series, the designated contract market should establish calculation procedures that safeguard against potential attempts to artificially influence the price. For example, if the cash settlement price is derived by the designated contract market based on a survey of cash market sources, the designated contract market should maintain a list of such entities which all should be reputable sources with knowledge of the cash market. In addition, the sample of sources polled should be representative of the cash market, and the poll should be conducted at a time when trading in the cash market is active.

Please see above regarding the calculation of the cash settlement price, indicating that the method of calculating the cash settlement price is widely accepted in the market.

(iii) The cash-settlement calculation should involve computational procedures that eliminate or reduce the impact of potentially unrepresentative data.

(iv) The cash settlement price should be an accurate and reliable indicator of prices in the underlying cash market. The cash settlement price also should be acceptable to commercial users of the commodity contract. The registered entity should fully document that the settlement price is accurate, reliable, highly regarded by industry/market agents, and fully reflects the economic and commercial conditions of the relevant designated contract market.

Please see above regarding the reliability and widespread acceptance of the method used to generate the cash settlement price.

(v) To the extent possible, the cash settlement price should be based on cash price series that are publicly available and available on a timely basis for purposes of calculating the cash settlement price at the expiration of a commodity contract. A designated contract market should make the final cash settlement price and any other supporting information that is appropriate for release to the public, available to the public when cash settlement is accomplished by the derivatives clearing organization. If the cash settlement price is based on cash prices that are obtained from non-public sources (e.g., cash market surveys conducted by the designated contract market or by third parties on behalf of the designated contract market), a designated contract market should make available to the public as soon as possible after a contract month's expiration the final cash settlement price as well as any other supporting information that is appropriate or feasible to make available to the public.

The BFIX rate is available to all participants of Bloomberg SEF, via Bloomberg terminal or Bloomberg website.

The WM/Reuters rate is available to all participants of Bloomberg SEF, via Bloomberg terminal or via Reuters.

(4) Contract terms and conditions requirements for futures contracts settled by cash settlement.

(i) An acceptable specification of the terms and conditions of a cash-settled commodity contract will also set forth the trading months, last trading day, contract size, minimum price change (tick size) and daily price limits, if any.

The terms and conditions of the Contract include all applicable information, including that: (a) the cash settlement amount of the contract will be determined on the fixing date (i.e., last trading day); (b) payments will be transferred on the settlement date; and (c) the contract size will be determined by the counterparties. The contract size, minimum price tick, and daily price limits are based on agreement by the counterparties.

(A) Commodity Characteristics: The terms and conditions of a commodity contract should describe the commodity underlying the contract.

The terms and conditions of the Contract note that the Contract is based on the applicable foreign exchange rates.

(B) Contract Size and Trading Unit: An acceptable specification of the trading unit would be a contract size that is consistent with customary transactions in the cash market. A designated contract market may opt to set the contract size smaller than that of standard cash market transactions.

The size of the Contract, which will be determined by the counterparties, is consistent with customary transactions in the market.

(C) Cash Settlement Procedure: The cash settlement price should be reliable, acceptable, publicly available, and reported in a timely manner as described in paragraphs (c)(3)(iv) and (c)(3)(v) of this appendix C.

The cash settlement procedure and an explanation of how it is reliable, accepted, publicly available, and reported in a timely manner appears above.

(D) Pricing Basis and Minimum Price Fluctuation (Minimum Tick): The minimum price increment (tick) should be set a level that is equal to, or less than, the minimum price increment commonly observed in cash market transactions for the underlying commodity. Specifying a futures' minimum tick that is greater than the minimum price increment in the cash market can undermine the risk management utility of the futures contract by preventing hedgers from efficiently establishing and liquidating futures positions that are used to hedge anticipated cash market transactions or cash market positions.

As agreed between the counterparties; this pricing basis is consistent with customary transactions in the market.

(E) Maximum Price Fluctuation Limits: Designated contract markets may adopt price limits to: (1) Reduce or constrain price movements in a trading day that may not be reflective of true market conditions but might be caused by traders overreacting to news; (2) Allow additional time for the collection of margins in times of large price movements; and (3) Provide a "cooling-off" period for futures market participants to respond to bona fide changes in market supply and demand fundamentals that would lead to large cash and futures price changes. If price-limit provisions are adopted, the limits should be set at levels that are not overly restrictive in relation to price movements in the cash market for the commodity underlying the futures contract. For broad-based stock index futures contracts, rules should be adopted that coordinate with New York Stock Exchange ("NYSE") declared Circuit Breaker Trading Halts (or other market coordinated Circuit Breaker mechanism) and would recommence trading in the futures contract only after trading in the majority of the stocks underlying the index has recommenced.

As agreed between the counterparties.

(F) Last Trading Day: Specification of the last trading day for expiring contracts should be established such that it occurs before publication of the underlying third-party price index or determination of the final settlement price. If the designated contract market chooses to allow trading to occur through the determination of the final settlement price, then the designated contract market should show that futures trading would not distort the final settlement price calculation.

The last trading day is the fixing date, when the difference between the prevailing market exchange rate and the agreed upon exchange rate is calculated.

(G) Trading Months: Trading months should be established based on the risk management needs of commercial entities as well as the availability of price and other data needed to

calculate the cash settlement price in the specified months. Specification of the last trading day should take into consideration whether the volume of transactions underlying the cash settlement price would be unduly limited by occurrence of holidays or traditional holiday periods in the cash market. Moreover, a contract should not be listed past the date for which the designated contract market has access to use a proprietary price index for cash settlement.

The contract will be entered into on the Trade Date, the settlement price will be determined on the Fixing Date, and the settlement payments will be made on the Settlement Date. As is common with non-deliverable forwards, these dates will be set by the individual counterparties.

(H) Speculative Limits: Specific rules and policies for speculative position limits are set forth in part 150 and/or part 151, as applicable, of the Commission's regulations.

BSEF will comply with Parts 150 and 151 of the Commission's regulations.

(I) Reportable Levels: Refer to § 15.03 of the Commission's regulations.

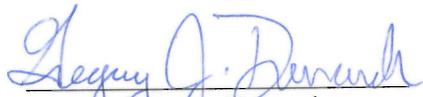
BSEF will adhere to the applicable reporting levels set forth in § 15.03 of the Commission's regulations.

(J) Trading Hours: Should be set by the designated contract market to delineate each trading day.

The Contract is traded twenty-four hours a day (00:01 – 24:00) (ET), Sunday to Friday.

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

I hereby certify that: 1) the “Foreign Exchange: Average Rate Forward Contract”
complies with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and regulations thereunder; and
2) concurrent with this submission, Bloomberg SEF LLC posted on its website: (a) a notice of
pending certification of this Contract with the Commission; and (b) a copy of this submission.



By: Gregory Dumark
Title: Chief Compliance Officer
Date: February 21, 2014

Attachment A
Terms and Conditions

[see attached]

Bloomberg SEF LLC

Foreign Exchange:

Average Rate Forward Contract Specifications

Contract Overview	An average rate forward allows the buyer the ability to create a hedge rate for a future exposure by locking in forward points and a spot rate. At some point in the future, there is an averaging period of daily spot observations to determine an average rate which, when compared to the hedge rate, will set the payout. Unlike options, this hedge tool is a forward contract and has no premium cost associated with it.
Currency Pair	Underlying currency instrument composed of ISO currency codes (ISO 4217) of the base currency and the counter currency, separating them with a slash character; see currency list below
Settlement Currency	See currency list below
Quoting Convention and Minimum Increment	Notional amount, as agreed by counterparties
Minimum Size	\$1
Notional Currency	Currency in which contract size is expressed
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 Settlement currency
Trade Date	The date on which parties enter into the contract
Settlement Date	Settlement or payment date
Fixing Date	End of observation period specified by counterparties
Frequency	Observation frequency specified by counterparties
Settlement Procedure	Bilateral settlement performed in settlement currency based on the exchanges rate published by either Bloomberg (BFIX) or Reuters (WM/Reuters)
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 forth in Part 151 of the CFTC Regulations
Reportable Levels	As set forth in CFTC Regulation 15.03

Bloomberg SEF LLC

Currency list:

AED UAE Dirham	GMD Gambian Dalasi	NID New Iraqi Dinar
AFN Afghanistan Afghani	GNF Guinea Franc	NIO Nicaragua Cordoba
ALL Albanian Lek	GTQ Guatemala Quetzal	NLG Dutch Guilder
AMD Armenia Dram	GYD Guyana Dollar	NOK Norwegian Krone
ANG Neth. Ant. Guilder	HKD Hong Kong Dollar	NPR Nepalese Rupee
AOA Angolan Kwanza	HNL Honduras Lempira	NZD New Zealand Dollar
ARS Argentine Peso (NDF)	HRK Croatia Kuna	OMR Omani Rial
ARS Argentine Peso	HTG Haiti Gourde	PAB Panamanian Balboa
AUD Australian Dollar	HUF Hungarian Forint	PEN Peruvian New Sol
AWG Aruban Guilder	IDR Indonesian Rupiah (NDF)	PGK Papua N.G. Kina
BAM Bosnia-Herze Convrt Mrka	ILS Israeli Shekel	PHP Philippines Peso (NDF)
BBD Barbados Dollar	INR Indian Rupee (NDF)	PKR Pakistani Rupee
BDT Bangladesh Taka	ISK Iceland Krona	PLN Polish Zloty
BGN Bulgarian Lev	JMD Jamaica Dollar	PTE Portuguese Escudo
BHD Bahraini Dinar	JOD Jordanian Dinar	PYG Paraguay Guarani
BIF Burundi Franc	JPY Japanese Yen	QAR Qatari Riyal
BMD Bermudian Dollar	KES Kenyan Shilling	ROL Romanian Leu
BND Brunei Dollar	KGS Kyrgyzstan Som	RON New Romanian Leu
BOB Bolivian Boliviano	KHR Cambodia Riel	RSD Serbian Dinar
BRL Brazilian Real (NDF)	KMF Comoros Franc	RUB Russian Ruble (NDF)
BSD Bahamas Dollar	KRW South Korean Won (NDF)	RWF Rwanda Franc
BWP Botswana Pula	KWD Kuwaiti Dinar	SAR Saudi Riyal
BYR Belarus Ruble	KYD Cayman Islands Dollar	SBD Solomon Is. Dollar
BZD Belize Dollar	KZT Kazakhstan Tenge	SCR Seychelles Rupee
CAD Canadian Dollar	LAK Laos Kip	SDD Sudanese Dinar
CDF Congolese Franc	LBP Lebanese Pound	SDG New Sudanese Pound
CHF Swiss Franc	LKR Sri Lankan Rupee	SDP Old Sudanese Pound
CLF Chilean UF	LTL Lithuanian Litas	SEK Swedish Krona
CLP Chilean Peso	LVL Latvian Lats	SGD Singapore Dollar
CNY China Renminbi (NDF)	MAD Moroccan Dirham	SIT Slovenia Tolar
COP Colombian Peso	MDL Moldova Leu	SKK Slovakia Koruna
CRC Costa Rican Colon	MGA Malagascy Ariary	SLL Sierra Leone Leone
CVE Cape Verde Escudo	MKD Macedonia Denar	SOS Somali Shilling
CZK Czech Koruna	MMK Myanmar Kyat	SRD Suriname Dollar
DJF Djibouti Franc	MNT Mongolian Togrog	SSP South Sudanese Pound
DKK Danish Krone	MOP Macau Pataca	STD Sao Tome Dobra
DOP Dominican Repb.	MRO Mauritania Ouguiya	SVC El Salvador Colon
DZD Algerian Dinar	MUR Mauritius Rupee	THB Thai Baht
EGP Egyptian Pound (NDF)	MVR Maldives Rufiyaa	THO Thai Baht Onshore
ERN Eritrean Nakfa	MWK Malawi Kwacha	TJS Tajikistan Somoni
EUR Euro	MXN Mexican Peso	TND Tunisian Dinar
FJD Fiji Dollar	MYR Malaysian Ringgit (NDF)	TOP Tonga Pa'Anga
GBP British Pound	MZM Mozambique Metical	TRY Turkish Lira
GEL Georgia Lari	MZN New Mozambique Metical	TTD Trinidad/Tobago Dol
	NGN Nigeria Naira (NDF)	TWD Taiwan Dollar (NDF)

Bloomberg SEF LLC

TZS Tanzanian Shilling

UAH Ukraine Hryvnia (NDF)

UDI Mexican UDI

UGX Ugandan Shilling

USD US Dollar

USDCLF CHILEAN UNIDAD SP
x10000

UYU Uruguay Peso

UZS Uzbekistan Sum

VEE Venezuela Essential Rate

VEF Venezuelan Bolivar

VND Vietnamese Dong (NDF)

VUV Vanuatu Vatu

WST Samoa (West) Tala

XAF CFA Franc Beac

XCD East Caribbean Dollar

XDR Special Drawing Rights

XOF CFA Franc Bceao

XPF Pacific Island Franc

XSU Sucre

YER Yemeni Rial

ZAR S. African Rand

ZMK Zambian Kwacha

ZMW Zambian Kwacha (NDF)

ZWR Zimbabwe Dollar

Bloomberg BFIX

The Bloomberg FX Fixing rates (“BFIX”) are fixed and published every 30 minutes on the hour and half-hour (liquidity permitting). The BFIX prices are created by taking a short-term Time-Weighted Average Price (“TWAP”) of the geometric mid-rates of Bloomberg Generic (“BGN”) prices leading up to and following the fixing time.

By using a short-term TWAP to create the fixing, it ensures that BFIX rates are unsusceptible to spikes and manipulations in the market at fixing time. The length of time used in the TWAP varies from currency to currency, and may in fact vary over time, based on the average tick arrival frequency of the specific currency pair. By using the geometric average to calculate mid-rates, it ensures that BFIX prices are perfectly invertible (e.g., the USDEUR fix is exactly 1 / EURUSD fix). BFIX prices are published on the BLOOMBERG PROFESSIONAL(R) service within 15 seconds of the fixing time.

A linear time-weighted average of quotes is used leading up to the fixing time and for a short time after the fix. For major currencies, this linear TWAP starts eleven seconds before the fix and then decays for six seconds after the fix. For less liquid currencies, the approaching side of the TWAP envelope might be longer than eleven seconds, depending on the quoting frequency of the specific currency pair. The decay after the fix time is always six seconds. BFIX rates are available on BFIX <GO> and throughout the Bloomberg terminal and API.

WM/Reuters

The FX market is constantly monitored by capturing rates every 15 seconds and performing continuous and interactive validation. This dynamic system identifies currency issues and outliers in advance.

Non-Trade Currencies

On the hour, the snapshots of the quoted rates, taken from Reuters over a two-minute fix period, are extracted. The median rates are then selected from these individual snapshots for each currency. This is done independently for bid and offer quotes. Further quality checks are applied by WM to the median bid and offer rates. While every effort is made to ensure the quality of the service, no guarantee of accuracy can be given.

Trade Currencies

Over a one-minute fix period, bid and offer order rates from the order matching systems and actual trades executed are captured every second from 30 seconds before to 30 seconds after the time of the fix. Trading occurs in milliseconds on the trading platforms and therefore not every trade or order is captured, just a sample. Trades are identified as a bid or offer and a spread is applied to calculate the opposite bid or offer.

Using valid rates over the fix period, the median bid and offer are calculated independently and then the mid rate is calculated from these median bid and offer rates, resulting in a mid trade rate and a mid order rate. A spread is then applied to calculate a new trade rate bid and offer and a new order rate bid and offer. Subject to a minimum number of valid trades being captured over the fix period, these new trade rates are used for the fix; if there are insufficient trade rates, the new order rates are used for the fix.

Further quality checks are then applied to ensure accurate fix rates are published.

If neither trade rates nor order rates are available, the quoted rates from Reuters are used, as they are for the non-trade currencies.

Local Close Currencies

For currencies where offshore trading is not permitted, the spot rates are published in line with local market levels. This means that when local markets are opened, the published spot rates will reflect activity in that market. When the local market closes, the spot rates published in each subsequent fix remain unchanged. This impacts the following currencies. Please note that the “Open Time” and “Close Fix” for each currency are subject to change.

ISO	OPEN TIME	CLOSE FIX
CNY	01:15 GMT	09:00 GMT
IDR/IDT	01:15 GMT	09:00 GMT
INR	03:15 GMT	11:00 GMT
KRW	23:15 GMT	06:00 GMT
MYR	23:15 GMT	09:00 GMT
PHP	00:15 GMT	08:00 GMT
THB	00:15 GMT	10:00 GMT
TWD	00:15 GMT	07:00 GMT

The method of fixing the rates is protected by a patent awarded in 2008, US serial 09/972,193.

Once the rates have been validated, cross rates to GBP and EUR are calculated. An example of these calculations is included under section 6.1. Cross rates to further base currencies may be published, and if so, these will be calculated using the same principles. The validation process used is protected by the patent detailed above.

Certain rates are calculated from other currencies or from proportions of other currencies, for example, XDR (Special Drawing Rights).

All rates are published using standard market quotation conventions. ISO codes are used.

Bid, offer and mid rates are derived. Mid rates are calculated as the arithmetic mean of rounded bid and offer rates. Bid and offer rates are published to four decimal places; the mid rates are published to five decimal places. Where a “5” is encountered, the convention is to round up.

Under exceptional circumstances, it may be necessary to amend the rates for one or more currencies after publication. This will be determined by WM, after consultation with key users, if appropriate. Under no circumstances will the WM/Reuters Spot Rates for one day be amended after the publication of the following weekday's rates.

Spot Rate Products

Closing Spot Rates

Historical Spot Rates

Intraday Spot Rates