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June 15, 2016

Mr. Christopher J. Kirkpatrick, Esq.
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Application for Designation as a Contract Market by American
Gas Exchange, LLC

Dear Mr. Kirk Patrick:

On behalf of our client, American Gas Exchange, LLC (“AGX”), enclosed please find an application for AGX to be designated as a contract market pursuant to Section 5 of the Commodity Exchange Act, as amended (the “Act”), and Part 38 of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) thereunder. In addition to this transmission letter and the petition for confidential treatment discussed further below, the application includes the following items (collectively with the letter and petition, the “Submission”):

1. Form DCM
2. Exhibit A (ownership information);
3. Exhibit B (officer and director information);
4. Exhibit C (fitness standards; composition of board);
5. Exhibit D (organizational structure);
6. Exhibit E (personnel qualifications);
7. Exhibit F (staffing requirements);
8. Exhibit G (organizational documents);

9. Exhibit H (legal proceedings);
10. Exhibit I (financial information);
11. Exhibit J (affiliates' financials);
12. Exhibit K (dues and fees);
13. Exhibit L (core principles compliance chart);
14. Exhibit M (rulebook for AGX (the "Rulebook"));
15. Exhibit N (certain executed and executable agreements);¹
16. Exhibit O (compliance manual);
17. Exhibit P (disciplinary tools and procedures);
18. Exhibit Q (matching algorithm with examples);
19. Exhibit R (rules prohibiting trade practice violations);
20. Exhibit S (maintenance of trading data);
21. Exhibit T (clearing arrangement);²
22. Exhibit U (information subject to confidentiality request); and
23. Exhibit V (technology questionnaire).

AGX is submitting simultaneously a petition for confidential treatment of the Submission (except for this transmission letter, the petition for confidential treatment, Form DCM, Exhibit G, Exhibit L and Exhibit M thereof) pursuant to Section 8(a) of the Act and Section 145.9(d) of the Commission's regulations promulgated under the Act, a copy of which is enclosed with this letter. Pursuant to Section 8(a) of the Act and Section 145.9(d) of the Commission's regulations promulgated under the Act, AGX requests confidential treatment of this Submission as well as all other enclosures, files, data and material submitted herewith on the grounds that disclosure of the Submission would

¹ We note that AGX expects to execute an API Services Agreement with CQG, Inc. closer to its commencement of operations as a DCM.

² We note that AGX is currently engaged in negotiations with two clearing organizations to provide clearing services to AGX. AGX expects to finalize one of these arrangements in the near future.

Mr. Christopher J. Kirkpatrick, Esq.

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reveal trade secrets or confidential commercial information of AGX. In addition to violating AGX's proprietary rights, the disclosure of the Submission, would grant competitors an unfair competitive advantage or compromise the competitive advantages possessed by AGX.

AGX further requests that this transmission letter not be disclosed in response to any request under the Freedom of Information Act, 5 U.S.C. § 552. In the event that this letter is the subject of a Freedom of Information Act request, please inform me, and I will provide further substantiation of AGX's request for confidential treatment.

Please contact Matthew Weil or Kenneth M. Raisler using the information below if you have any questions regarding this Submission.

Matthew Weil
Phone: (713) 703-6698

Kenneth M. Raisler
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Phone: (212) 558-4675

Thank you for your assistance.

Sincerely,



Kenneth M. Raisler

cc: Matthew Weil
(American Gas Exchange, LLC)

David Gilberg
John Miller
(Sullivan & Cromwell LLP)

(Enclosures)

SULLIVAN & CROMWELL LLP

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New York, New York 10004-2498*

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September 20, 2016

Mr. Christopher J. Kirkpatrick, Esq.
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Application for Designation as a Contract Market by American
Gas Exchange, LLC

Dear Mr. Kirkpatrick:

On behalf of our client, American Gas Exchange, LLC (“AGX”), enclosed please find a revised application, containing additional and revised exhibits in response to informal comments from the staff of the Commodity Futures Trading Commission (the “Commission”), for AGX to be designated as a contract market pursuant to Section 5 of the Commodity Exchange Act, as amended (the “Act”), and Part 38 of the regulations promulgated by the Commission thereunder. In addition to this transmission letter and the petition for confidential treatment discussed further below, the application includes the following items (collectively with the letter and petition, the “Submission”):

1. Form DCM;
2. Exhibit A (ownership information);
3. Exhibit B* (officer and director information);
4. Exhibit C* (fitness standards; composition of board);
5. Exhibit D (organizational structure);
6. Exhibit E (personnel qualifications);
7. Exhibit F (staffing requirements);

8. Exhibit G (organizational documents);
9. Exhibit H (legal proceedings);
10. Exhibit I (financial information);
11. Exhibit J (affiliates' financials);
12. Exhibit K* (dues and fees);
13. Exhibit L* (core principles compliance chart);
14. Exhibit M* (rulebook for AGX (the "Rulebook"));
15. Exhibit N* (certain executed and executable agreements);¹
16. Exhibit O (compliance manual);
17. Exhibit P (disciplinary tools and procedures);
18. Exhibit Q (matching algorithm with examples);
19. Exhibit R (rules prohibiting trade practice violations);
20. Exhibit S (maintenance of trading data);
21. Exhibit T* (clearing arrangement);
22. Exhibit U (information subject to confidentiality request); and
23. Exhibit V* (technology questionnaire).

The items marked by * are being submitted with this revised application. For all other items, please refer to the application submitted to the Commission on June 15, 2016. AGX is submitting simultaneously a petition for confidential treatment of the items included in this Submission (except for this transmission letter, the petition for confidential treatment, Exhibit C, Exhibit L and Exhibit M thereof) pursuant to Section 8(a) of the Act and Section 145.9(d) of the Commission's regulations promulgated under the Act, a copy of which is enclosed with this letter. Pursuant to

¹ Only Exhibit N-4 is being submitted with this revised application. For the other Exhibit N items, please refer to the application submitted to the Commission on June 15, 2016. We note that the API Services Agreement with CQG, Inc. is not included because AGX expects to finalize and execute this agreement closer to its commencement of operations as a DCM.

Mr. Christopher J. Kirkpatrick, Esq.

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Section 8(a) of the Act and Section 145.9(d) of the Commission's regulations promulgated under the Act, AGX requests confidential treatment of these items in this Submission as well as all other enclosures, files, data and material submitted herewith on the grounds that disclosure thereof would reveal trade secrets or confidential commercial information of AGX. In addition to violating AGX's proprietary rights, the disclosure of these materials would grant competitors an unfair competitive advantage or compromise the competitive advantages possessed by AGX.

Please contact Matthew Weil or Kenneth M. Raisler using the information below if you have any questions regarding this Submission.

Matthew Weil
Phone: (713) 703-6698
m.weil@fairwoodlng.com

Kenneth M. Raisler
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Phone: (212) 558-4675
raislerk@sullcrom.com

Thank you for your assistance.

Sincerely,



Kenneth M. Raisler

cc: Matthew Weil
(American Gas Exchange, LLC)

David J. Gilberg
John M. Miller
(Sullivan & Cromwell LLP)

(Enclosures)

COMMODITY FUTURES TRADING COMMISSION
FORM DCM
CONTRACT MARKET
APPLICATION OR AMENDMENT TO APPLICATION FOR DESIGNATION
COVER SHEET

American Gas Exchange, LLC

Exact name of Applicant as specified in charter

110 Louisiana Street, Suite 3550, Houston, Texas 77003

Address of principal executive offices



If this is an **APPLICATION** for designation, complete in full and check here.



If this is an **AMENDMENT** to an application, or to an existing designation, list all items that are amended and check here.

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

GENERAL INFORMATION

1. Name under which the business of the designated contract market is or will be conducted, if different than name specified above (include acronyms, if any):

American Gas Exchange or AGX

2. If name of designated contract market is being amended, state previous designated contract market name:

N/A

3. Contact information, including mailing address if different than address specified above:

110 Louisiana Street, Suite 3550

Number and Street

Houston, Texas, USA 77003

City

State

Country

Zip Code

713-703-6698

N/A

Main Phone number

Fax

Agxus.com

M.Weil@Agxus.com

Website URL

E-mail Address

4. List of principal office(s) and address(es) where designated contract market activities are/will be conducted:

| <u>Office</u> | <u>Address</u> |
|----------------|---------------------------------------------------------------|
| <u>Houston</u> | <u>110 Louisiana Street, Suite 3550, Houston, Texas 77003</u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |

5. If Applicant is a successor to a previously designated contract market, please complete the following:

- a. Date of succession

N/A

- b. Full name and address of predecessor designee

N/A

Name

N/A

Number and Street

N/A

N/A

N/A

N/A

City

State

Country

Zip Code

N/A

N/A

Main Phone Number

Website URL

BUSINESS ORGANIZATION

6. Applicant is a:

☐

Corporation

☐

Partnership

☒

Limited Liability Company

☐

Other form of organization (specify) _____

7. Date of incorporation or formation: 3/11/2016

8. State of incorporation or jurisdiction of organization: Delaware

9. Applicant agrees and consents that the notice of any proceeding before the Commission in connection with this application may be given by sending such notice by certified mail to the person named below at the address given.

Matthew Weil, Director

Print Name and Title

American Gas Exchange, LLC

Name of Applicant

110 Louisiana Street, Suite 3550

Number and Street

Houston

Texas

77003

City

State

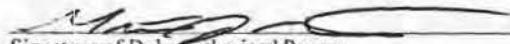
Zip Code

SIGNATURES

10. The Applicant has duly caused this application or amendment to be signed on its behalf by the undersigned, hereunto duly authorized, this 15th day of June, 20 16. The Applicant and the undersigned represent hereby that all information contained herein is true, current, and complete. It is understood that all required items and Exhibits are considered integral parts of this Form DCM and that the submission of any amendment represents that all unamended items and Exhibits remain true, current, and complete as previously filed.

American Gas Exchange, LLC

Name of Applicant



Signature of Duly Authorized Person

Matthew Weil, Director

Print Name and Title of Signatory

Exhibit C

Fitness Standards for, and Composition of, Board of Directors

The following narrative sets forth the composition requirements and fitness standards for the Board of AGX. This narrative is qualified in its entirety by the provisions of the Limited Liability Company Agreement of AGX and the American Gas Exchange Rulebook, copies of which are attached as Exhibit G and Exhibit M to this application, respectively.

Pursuant to the Operating Agreement, the Board shall initially consist of 5 directors, at least 2 of whom shall be “Public Directors” (as described below). At all times, not less than thirty-five percent (35%) of the directors, and never fewer than two directors, shall be Public Directors.

To qualify as a Public Director, an individual must be found, by action of the Board, on the record, to have no Material Relationship (such term having the meaning set forth in Appendix B to Part 38 of the regulations (the “CFTC Regulations”) of the Commodity Futures Trading Commission (“CFTC”)) with AGX. The Board must make such finding with respect to each director upon the nomination or appointment of the director and as often as necessary in light of all circumstances relevant to such director, but in no case less frequently than annually.

Each director shall satisfy all fitness standards and otherwise meet all eligibility requirements for serving as a director of a designated contract market under the CEA and the CFTC Regulations, including sufficient expertise, where applicable, in financial services, risk management and clearing services.

Pursuant to the Operating Agreement, no individual may serve as a director if the individual:

- i. was found, within the past three years, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, an administrative judge, or any SRO, to have committed a disciplinary offense;
- ii. entered into, within the past three years, a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;
- iii. is currently suspended from trading on a contract market, is suspended or expelled from membership in a SRO, is serving any sentence or probation, or owes any portion of a fine or penalty related to either: (A) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any SRO or (B) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
- iv. is currently subject to an agreement with the CFTC or a SRO not to apply for registration with the CFTC or for membership in the SRO;

- v. is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC or has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA;
- vi. is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any SRO as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or
- vii. is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.

For purposes of these fitness standards, the terms “disciplinary offense”, “final decision”, “self-regulatory organization” and “settlement agreement” have the meaning given those terms in CFTC Regulation § 1.63(a).

Prior to election or appointment, each new Director nominee and, at least annually, each Director shall certify to the Company that the nominee or Director, as the case may be, is not disqualified pursuant to the foregoing fitness standards. Additionally, each director shall inform AGX of any change in registration information within thirty days. AGX shall verify the information supplied to it to ensure compliance with Board eligibility criteria (see Section 4.6 of the Operating Agreement).

Exhibit G-1

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "AMERICAN GAS EXCHANGE, LLC" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF FORMATION, FILED THE FIFTEENTH DAY OF MARCH, A.D. 2016, AT 10:30 O`CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID LIMITED LIABILITY COMPANY, "AMERICAN GAS EXCHANGE, LLC".



Jeffrey W. Bullock, Secretary of State

5989265 8100H
SR# 20164460365

Authentication: 202491630
Date: 06-14-16

You may verify this certificate online at corp.delaware.gov/authver.shtml

STATE *of* DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE *of* FORMATION

American Gas Exchange, LLC

FIRST. The name of the limited liability company is American Gas Exchange, LLC

SECOND. The address of its registered office in the State of Delaware is 300 Delaware Avenue, Suite 210-A, Wilmington, DE 19801, County of New Castle. The name of its Registered agent at such address is United States Corporation Agents, Inc.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on the date below.

Date: March 11, 2016

/s/ Cheyenne Moseley

LegalZoom.com, Inc., Organizer

By: Cheyenne Moseley, Assistant Secretary

Exhibit G-2

LIMITED LIABILITY COMPANY

AGREEMENT

OF

AMERICAN GAS EXCHANGE, LLC

This Limited Liability Company Agreement (this “Agreement”) is entered into as of the 15th day of June, 2016, by AGX US Holdings, Inc. (such person and any other person admitted as a member of the Company pursuant to Section 3.9 hereof individually referred to herein as a “Member” and collectively as the “Members”), which Member formed as a limited liability company pursuant to the Delaware Limited Liability Company Act (the “Act”) and now does hereby adopt and agree to the following terms and conditions:

Article I Definitions

1.1. ***Affiliate.*** A Person who directly or indirectly controls, is controlled by, or is under common control with another Person.

1.2. ***AGX System.*** The Company’s electronic trade execution system that is used for trading Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

1.3. ***Appeals Panel.*** A panel appointed by the Board to consider appeals under the rules of the Company.

1.4. ***Applicable Law.*** With respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.

1.5. ***Board.*** The Board of Directors of the Company.

1.6. ***CEA or Commodity Exchange Act.*** The Commodity Exchange Act, as it may be amended from time to time.

1.7. ***CFTC or Commission.*** The Commodity Futures Trading Commission.

1.8. ***CFTC Regulations.*** The regulations of the CFTC, as they may be amended from time to time.

1.9. ***Chief Executive Officer.*** The individual appointed by the Board to serve as the Company’s chief executive officer.

1.10. **Chief Regulatory Officer.** The individual appointed by the Board to serve as the Company's chief regulatory officer.

1.11. **Clearing House.** The central counterparty registered with the Commission as a derivative clearing organization that has been appointed to provide clearing services with respect to any or all of the Contract of the Company or such additional or successor central counterparties that are registered with the Commission as a derivative clearing organization with open access rules as the Company may designate from time to time to provide clearing services with respect to any or all of its Contracts.

1.12. **Clearing Member.** A Participant meeting the requirements of, and approved for, clearing membership at the Clearing House that is authorized pursuant to the Clearing House Rules to clear trades in any or all Contracts. Except for those Clearing Members that clear solely for their own proprietary accounts, all other Clearing Members must be registered with the CFTC as FCMs.

1.13. **Company.** American Gas Exchange, LLC, a Delaware limited liability company, is designated by the CFTC as a contract market.

1.14. **Contract.** Any contract, agreement or Transaction approved for trading on the Company.

1.15. **Director.** An individual serving on the Board as a "manager" under Delaware General Corporate Law.

1.16. **Disciplinary Panel.** A panel responsible for conducting hearings, rendering decisions and imposing sanctions with respect to disciplinary actions.

1.17. **Exchange Official.** Any Officer, any member of the Board, a committee established by the Board, a Disciplinary Panel or Appeals Panel, or any individual employed by the Company, the Regulatory Services Provider or any individual rendering similar services to the Company under an administrative or similar agreement.

1.18. **FCM.** A futures commission merchant as defined in Section 1a(28) of the CEA and CFTC Regulation § 1.3(p) and registered with the CFTC as such.

1.19. **Governmental Authority.** Any domestic or foreign government (or political subdivision), governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any Self-Regulatory Organization).

1.20. **Material Relationship.** With respect to a director, has the meaning set forth in Appendix B to CFTC Part 38.

1.21. **NFA.** The National Futures Association.

1.22. **Participant.** A person that has signed the Participant Agreement for purposes of entering into Transactions on the AGX System.

1.23. **Participant Agreement.** An agreement between the Company and a Participant which must be signed in order for a Participant to access the AGX System for the execution of Transactions.

1.24. **Person** has the meaning set forth in Section 1a(38) of the CEA and CFTC Regulation § 1.3(u).

1.25. **Public Director.** A Director who has been found by the Board, on the record, to have no Material Relationships with the Company in accordance with this Agreement.

1.26. **Regulatory Compliance Department.** All Exchange Officials or agents of the Company (including the Regulatory Services Provider(s)) that assist the Company in the implementation, surveillance and enforcement of the rules of the Company and Applicable Law.

1.27. **Regulatory Oversight Committee.** A Regulatory Oversight Committee with the roles and responsibilities set forth in the Regulatory Oversight Committee Charter.

1.28. **Regulatory Services Agreement.** The agreement(s) between the Company and the Regulatory Services Provider(s) whereby certain functions mandated under the CEA, such as market monitoring and trade practice surveillance, are delegated to the Regulatory Services Provider(s).

1.29. **Regulatory Services Provider.** The organization(s), if any, that provide(s) regulatory services to the Company, together with any such organization's employees and agents.

1.30. **Self-Regulatory Organization** has the meaning given to that term in CFTC Regulation § 1.3(ee).

1.31. **Supervised Person** means, (a) with respect to a Participant, any Authorized Trader, director, officer, employee or agent of such Participant as the case may be and (b) with respect to a Clearing Member, any director, officer, employee or agent of such Clearing Member.

1.32. **Technology Services Providers.** The organization(s), if any, that provide technology services to the Company, together with any such organization's employees and agents.

1.33. **Transaction.** Any purchase or sale of any Contract made on the Company.

Article II

Name; Purpose; Office

2.1. Name. The name of the limited liability company formed hereby is American Gas Exchange, LLC.

2.2. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities that may be necessary or incidental to the foregoing. The Company, and the Member (or Members, if there is more than one Member) on behalf of the Company, may enter into and perform any and all agreements consistent with the purpose of the Company.

2.3. Registered Office. The address of the registered office of the Company in the State of Delaware is 300 Delaware Avenue, Suite 210-A, Wilmington, DE 19801, County of New Castle.

2.4. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is United States Corporation Agents, Inc., 300 Delaware Avenue, Suite 210-A, Wilmington, DE 19801, County of New Castle.

Article III

Members; Capital; Profit, Loss and Distribution

3.1. Members. The name of the initial Member is as set forth above in the preamble to this Agreement.

3.2. Initial Capital Contributions. All sums paid by the Member in connection with the startup of the Company and its business operations shall be credited as capital contributions to the Company by the Member, as will all such additional property or cash as the Member determines appropriate to contribute in developing the business of the Company.

3.3. Capital Accounts. Upon the admission of one (1) or more additional Members, each Member shall have a capital account determined and maintained in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv).

3.4. Additional Contributions. No Member is required to make any additional capital contribution to the Company. However, a Member may make additional capital contributions to the Company with the unanimous consent of the Members.

3.5. Allocation of Profits and Losses. The Company's profits and losses shall be allocated to the Member. In the event that there is more than one Member,

profits and losses shall be allocated to the Members in proportion to the capital contributions of the Members.

3.6. Distributions. Distributions shall be made to the Members at the times and in the aggregate amounts determined by the unanimous consent of the Members. Such distributions shall be made among the Members in the same proportion as their capital contributions. Notwithstanding the preceding sentence, distributions in liquidation of the Company shall be made among the Members in the same proportion as their capital account balances.

3.7. Assignment, Transfer and Substitute Members. A Member's interest in the Company may not be assigned, pledged, transferred or hypothecated, except with the prior unanimous written consent of the Members. No purported assignment or transfer of all or any part of any Member's interest in the Company without such prior written consent shall be binding on the Company. Notwithstanding the above, the consent of the Members shall not be required for a testamentary transfer of an interest in the Company. An assignee of all or part of a Member's interest or an additional Member whose admission to the Company has been consented to by all of the Members shall be admitted as a substitute or new Member and shall have all the rights and obligations of a Member as provided in this Agreement.

3.8. Resignation. A Member may not resign from the Company.

3.9. Admission of Additional Members. One or more additional members of the Company may be admitted to the Company with the unanimous consent of the Members.

3.10. Liability of Members. The Members shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Act.

3.11. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (a) the written consent of each of the Members; (b) the death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of any Member in the Company if, within 90 days of any such event, the Members owning more than 50 percent of the then current percentage of interest in the Company vote to dissolve the Company; or (c) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

3.12. Decisions by the Members. Except as otherwise provided by law or in this Agreement, whenever an action is to be taken by the Company or whenever this Agreement refers to an action to be taken by the Members, such action shall be taken with the agreement of a majority in interest of the Members.

Article IV

Management of the Company

4.1. Management Powers. (a) Subject to the other provisions of this Article IV, the business and affairs of the Company shall be managed by the Member (or Members, if there is more than one (1) Member). The Member (or Members) shall have the power to do any and all acts that may be necessary or convenient to or for the furtherance of the purposes described herein, including, without limitation, the power:

(i) to conduct its business, carry on its operations and have and exercise the powers granted to a limited liability company by the Act in any state, territory, district or possession of the United States, or in any foreign country, which may be necessary, convenient or incidental to the accomplishment of the purpose of the Company;

(ii) to acquire by purchase, lease, contribution of property or otherwise, own, hold, operate, maintain, finance, improve, lease, sell, convey, mortgage, transfer, demolish or dispose of any real or personal property and loans secured by such real and personal property, which may be necessary, convenient or incidental to the accomplishment of the purpose of the Company;

(iii) to enter into, perform and carry out contracts of any kind, including, without limitation, contracts with the Members, an affiliate of the Company or the Members, or any agent of the Company, which may be necessary, convenient or incidental to the accomplishment of the purpose of the Company;

(iv) to purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise deal in and with, shares or other interests in or obligations of domestic or foreign corporations, associations, general or limited partnerships, trusts, limited liability companies, or individuals, or direct or indirect obligations of the United States or any government, state or instrumentality of any of them;

(v) to lend or borrow money and issue evidences of indebtedness, with or without security;

(vi) to sue or be sued, complain and defend, and participate in administrative or other proceedings, and to pay, compromise, settle or litigate any claims by or against the Company; and

(vii) to appoint employees and agents of the Company, and define their duties and fix their compensation.

(b) Each Member, acting alone, or such person as the Members shall designate as attorney-in-fact for this purpose, is hereby designated or approved as an authorized person, within the meaning of the Act, to execute, deliver and file the Certificate of Formation of the Company (and any amendments and/or restatements thereof) and any other certificates (and any amendments and/or restatements thereof), which may be necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business or to act on behalf of the Company as such designated persons see fit.

4.2. Board Powers. (a) Notwithstanding Section 4.1 above, except as otherwise set forth herein, the Members hereby delegate all authority over the business and affairs of the Company to a Board of Directors of the Company (the "Board"). The Board shall manage the day-to-day business operations of the Company, including determining which Contracts are available from time to time for trading.

(b) At all meetings of the Board, the presence of a majority of Directors then in office shall be required to constitute a quorum for the transaction of business at any meeting of the Board.

(c) The Board shall have the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of committees or special committees of the Board or any panel of the Company's officers related to the day-to-day business operations of the Company.

(d) The Board may act only by the decision of a majority of the Directors present at a meeting at which a quorum is present or, without a meeting, if all Directors individually or collectively consent in writing; provided, that the number of Directors on the Board at that time constitutes a quorum.

(e) The Board shall have procedures, as may be further set forth in policies that the Company may adopt, to remove a member from the Board where the conduct of such member is likely to be prejudicial to the sound and prudent management of the Company.

(f) The Board shall establish arrangements to permit consideration of Participants in connection with the functioning of the Company and shall make a description of such arrangements available to the public and to the CFTC.

(g) The compensation of the Public Directors and other non-executive members of the Board shall not be linked to the business performance of the Company.

4.3. Board Composition. (a) The Board shall consist of 5 Directors, at least two of whom shall be Public Directors. At all times not less than 35 percent of the Directors, and never fewer than two Directors, shall be Public Directors. Each Director (including Public Directors) shall be appointed in accordance with this Agreement, and

shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

(b) To qualify as a Public Director, an individual must be found, by action of the Board, to have no Material Relationship with the Company. The Board must make such finding upon the nomination or appointment of the Director and as often as necessary in light of all circumstances relevant to such Director, but in no case less than annually.

(c) Each Director is entitled to indemnification pursuant to this Agreement with respect to matters relating to the Company.

4.4. Appointment and Removal of Directors. Directors shall be appointed by the Member of the Company, in accordance with this Agreement and any other requirements under CFTC Regulations, to act as managers of the Company in the manner usual and customary, under Delaware law and the CFTC Regulations, for such persons to act. The Member, at any time and from time to time and for any reason or no reason, may remove any Director then acting and elect a new Director. Notwithstanding the foregoing, the Board shall have procedures, as may be further set forth in policies that the Company may adopt, to remove a Director from the Board where the conduct of such Director is likely to be prejudicial to the sound and prudent management of the Company. The Member, upon any Director's resignation, may appoint a replacement Director in accordance with this Agreement and CFTC requirements. The Member may also increase or decrease the number of Directors set forth in Section 4.3, provided that at all times not less than 35 percent of the Directors shall be Public Directors.

4.5. Officers. (a) Subject to the oversight of the Board, the Board shall appoint from time to time one or more individuals to serve as the Chief Executive Officer, Chief Regulatory Officer and such other officers of the Company or any subsidiary of the Company (each, an "Officer") as it may deem necessary or appropriate, with such titles, duties, and authority as the Company shall approve, to carry out the business of the Company or any subsidiary of the Company, and upon such terms and conditions as the Board shall determine.

(b) Any Officer may also be a director, officer, partner or employee of the Company or of any of its Affiliates.

(c) The Officers shall have such powers and duties in the management of the Company as the Board may prescribe from time to time, subject to the terms of this Agreement.

(d) Each Officer is entitled to indemnification pursuant to this Agreement with respect to matters relating to the Company.

4.6. Director and Interested Person Eligibility and Fitness. (a) Each Director shall satisfy all fitness standards and otherwise meet all eligibility requirements

for serving as a director of a designated contract market under the CEA and the CFTC Regulations, including sufficient expertise, where applicable, in financial services, risk management and clearing services.

(b) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeals Panel, or hold a ten percent or more ownership interest in the Company, if the individual:

(i) was found, within the past three years, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization, to have committed a Disciplinary Offense;

(ii) has entered into, within the past three years, a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a Disciplinary Offense;

(iii) is currently suspended from trading on a contract market, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either: (A) a finding of a Disciplinary Offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization; or (B) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a Disciplinary Offense;

(iv) is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;

(v) is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC or has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA;

(vi) is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or

(vii) is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.

For purposes of this Agreement, the terms “final decision” and “settlement agreement” have the meaning given those terms in CFTC Regulation § 1.63(a).

(c) Prior to election or appointment, each new Director nominee and, at least annually, each Director shall certify to the Company that the nominee or Director, as the case may be, is not disqualified pursuant to paragraph (a) above.

(d) Each Director shall inform the Company of any changes in registration information within 30 days. The Company shall verify information supporting Board compliance with eligibility criteria.

(e) Each Director shall satisfy all fitness standards and otherwise meet all eligibility requirements for serving as a director of a designated contract market under the CEA and CFTC Regulations, including sufficient expertise, where applicable, in financial services, risk management, and clearing services.

4.7. Standing Committees. (a) The Board shall have a standing Regulatory Oversight Committee (the “Regulatory Oversight Committee”) with the roles and responsibilities set forth in the Regulatory Oversight Committee Charter.

(b) The Board may, from time to time, create and appoint or terminate such additional standing committees of the Board as it may deem necessary or advisable.

4.8. Chief Regulatory Officer. (a) It shall be the duty of the Chief Regulatory Officer to enforce the rules of the Company.

(b) The Chief Regulatory Officer shall have available to it at all times the resources of the Company as may be necessary to conduct investigations of alleged rule violations and market conditions.

(c) The Chief Regulatory Officer shall report to, and shall be supervised by, the Regulatory Oversight Committee.

(d) The Chief Regulatory Officer shall, subject to the oversight of the Regulatory Oversight Committee, oversee the monitoring, surveillance and other enforcement functions of the Exchange with the support of the Regulatory Compliance Department.

(e) The Chief Regulatory Officer shall have the authority to inspect the books and records of all Participants in connection with their activity on the Company and the authority to require any such entity to appear before him or her and produce its books and records and answer questions regarding alleged violations of rules of the Company, at the time, place and in the manner it designates. The Chief Regulatory Officer may also delegate such authority to staff of the Regulatory Compliance Department.

(f) The Chief Regulatory Officer shall, in consultation with the Regulatory Oversight Committee, resolve any conflict of interest pursuant to this Agreement.

4.9. Regulatory Compliance Department. The Exchange shall have a Regulatory Compliance Department that shall report directly to the Chief Regulatory Officer. The Regulatory Compliance Department shall support the Chief Regulatory Officer in his or her performance of his or her duties pursuant to Section 4.8 above. The Exchange shall provide the Regulatory Compliance Department with access to information relating to trading in the Exchange's Contracts, including any information pertaining to relevant contracts at other exchanges, news events and economic reports, and historical price and trading volume information.

4.10. Additional Board Committees and Exchange Panels. (a) In addition to the standing committees, subject to this Agreement, the Board may from time to time constitute and appoint special committees of the Board and designate their composition, responsibilities and powers. If any standing committee constituted by the Board shall exercise the functions of an executive committee then at least 35 percent and no fewer than two of such committee's members shall be Public Directors.

(b) The Company may create panels, for such purposes as may from time to time be necessary or advisable (each, an "Exchange Panel"). Members of each such panel may be Directors, natural persons who are Supervised Persons of a Participant and such other natural persons as may be qualified to serve on such panel.

(c) Except as otherwise specifically provided in this Agreement, the members of any special committee or panel shall be appointed as determined by the Board. Each special committee and panel shall have a chairperson who shall be designated by the Board.

(d) Each additional committee or panel established pursuant to this Agreement may supervise, manage or control the affairs of the Company to the extent it is duly authorized to do so by the Board.

(e) Subject to the authority of the Board, each additional committee or panel shall determine the manner and form in which its proceedings shall be conducted. Each additional committee or panel may act, at a meeting, by vote of an absolute majority in number of the members of such committee or panel, or in lieu of a meeting, by the written consent of all members of the committee individually or collectively; provided that the number of Directors on the committee at that time constitutes a quorum.

4.11. Maintenance of Books and Records by the Company. (a) The Company shall keep, or cause to be kept, complete and accurate books and records of

accounts of the Company, including all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations.

(b) The Company shall retain all such books and records for at least five years, and shall make such books and records readily accessible for inspection by the CFTC and the U.S. Department of Justice during the first two years of such five-year period.

4.12. Regulatory Services Provider. (a) The Company may contract with a Regulatory Services Provider to provide certain regulatory services to the Company pursuant to a Regulatory Services Agreement. In accordance with the relevant Regulatory Services Agreement, a Regulatory Services Provider may perform certain surveillance, investigative, and regulatory functions and the Company may provide information to such Regulatory Services Provider in connection with the performance by such Regulatory Services Provider of those functions.

(b) Any of the powers or functions of the Company under the rules of the Company may be delegated to a Regulatory Services Provider pursuant to the relevant Regulatory Services Agreement in such manner and on such terms as the Company and such Regulatory Services Provider may mutually agree; provided, however, that the Company shall retain ultimate decision-making authority with respect to any powers or functions that are delegated to such Regulatory Services Provider.

4.13. Technology Services Provider. (a) The Company may contract with one or more Technology Services Providers to provide certain technology services to the Company pursuant to a technology services agreement. In accordance with a technology services agreement, a Technology Services Provider may perform certain functions and the Company may provide information to the Technology Services Provider in connection with the performance by the Technology Services Provider of those functions.

(b) The Company shall retain ultimate decision-making authority with respect to any functions that are contracted to a Technology Services Provider.

Article V

Material Non-Public Information; Information-Sharing

5.1. Material Non-Public Information. (a) No member of the Board or any committee established by the Board will use or disclose any material non-public information obtained in connection with such member's participation in the Board or such committee for any purpose other than the performance of his or her official duties as a member of the Board or such committee.

(b) Unless such person obtains prior written consent from the Company, a direct or indirect owner of the Company, Director, Officer, member of any

committee or panel established by the Board (including any Disciplinary Panel and Appeals Panel), member of the Regulatory Compliance Department, employee or agent of the Company shall not during his or her association with the Company or thereafter:

(i) trade, directly or indirectly, any Contracts traded on the Company;

(ii) trade, directly or indirectly, in a product or contract, which is related to any Contract, traded on or cleared by contract markets or clearing organizations other than the Company if the person has access to material non-public information concerning such product or contract;

(iii) trade, directly or indirectly, in any commodity interest if such officer, employee or agent obtained material non-public information concerning such commodity interest in connection with such employee's, officer's or agent's employment; or

(iv) disclose to any other Person material non-public information obtained or discovered in connection with such employee's, officer's or agent's employment, if such employee, officer or agent could reasonably expect that such information might assist another Person in trading any commodity interest.

Any prior written consent from the Company shall specify the scope of information that may be disclosed, whom such information may be disclosed to, and the conditions, if any, that the recipient of such information must agree to prior to receiving such information.

(c) With prior written consent from the Company, a direct or indirect owner of the Company, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeals Panel), member of the Regulatory Compliance Department, and other employee of the Company may participate in a pooled investment vehicle or other investment vehicle whose investments are directed by a third-party advisor if the individual has no direct or indirect control over transactions executed by the investment vehicle.

(d) Each employee of the Company shall be required to adhere to the policies and guidelines of the Company as in effect from time-to-time and shall, when and as requested, execute an acknowledgement of the Company's conflict of interest policy in the form provided by the Company.

(e) Any employee that trades in a commodity interest, under the limited circumstances as permitted by this Agreement, shall provide to the Company an annual certification that the employee has not traded in any Contracts or in any

related commodity interest or other commodity interest covered by this Agreement, and shall provide records of the commodity interest trades conducted by the employee in the past year.

(f) Notwithstanding anything to the contrary in this Agreement, any direct or indirect owner of the Company, and any Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeals Panel), member of the Regulatory Compliance Department, and other employee of the Company may disclose any non-public information, in each case in his or her official capacity with the Company: (i) to any Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeals Panel), member of the Regulatory Compliance Department, or any other employee of the Company to the extent necessary or useful for such person to perform his or her official duties for the Company, (ii) to any outside advisor to the Company to the extent necessary or useful for such outside advisor to perform his or her official duties for the Company; provided, that such outside advisor is subject to confidentiality obligations substantively the same as those imposed on employees of the Company by this Agreement, (iii) if requested or required by the CFTC or another Governmental Authority or Self-Regulatory Organization, or (iv) if compelled to do so by valid legal process, provided that the individual or entity making such disclosure notifies the Company.

(g) For the purposes of this Agreement, the terms “material information,” “non-public information,” “linked exchange,” “commodity interest” and “pooled investment vehicle” shall each have the meaning set forth in CFTC Regulation § 1.59(a).

5.2. Information-Sharing Arrangements. (a) The Company may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments or physical commodities related to the Contracts trade. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this section, the Company may:

(i) provide market surveillance reports to other markets;

(ii) share information and documents concerning current and former Participants with other markets;

(iii) share information and documents concerning ongoing and completed investigations with other markets; or

(iv) require its current or former Participants to provide information and documents to the Company at the request of other markets with which the Company has an information-sharing agreement or other arrangements or procedures.

(b) The Company may enter into any such information-sharing agreement or arrangement with any Person or body (including the CFTC, the NFA, any other domestic Governmental Authority (including the U.S. Department of Justice), any Self-Regulatory Organization, any exchange, market, or clearing organization, or foreign regulatory authority) if the Company considers such arrangement to be in furtherance of the Company's purpose or duties under any law or regulation.

(c) The Company may provide information to a duly authorized foreign Governmental Authority, as directed by the CFTC, in accordance with an information-sharing agreement executed with the CFTC.

5.3. Use of Proprietary Data and Personal Information. (a) The Company may not use for business or marketing purposes any proprietary data or personal information collected or received, from or on behalf of any Person, for the purpose of fulfilling its regulatory obligations; provided, however, that the Company may use such data or information for such purposes with the consent of the Person from whom such data or information is collected or received.

(b) Notwithstanding the provisions of paragraph (a) above, the Company may share such proprietary data or personal information with one or more registered entities (as such term is defined in CFTC Regulations).

(c) Access to the Company may not be conditioned upon the use of proprietary data or personal information for business or marketing purposes.

Article VI

Conflicts of Interest

6.1. Conflicts of Interest. (a) Named Party in Interest Conflict:

(i) No member of the Board, any Disciplinary Panel, any Appeals Panel or any other disciplinary committee of the Company will knowingly participate in such body's deliberations or voting in any matter involving a named party in interest where such member (A) is the named party in interest in the matter, (B) is an employer, employee or fellow employee of a named party in interest, (C) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to Contracts, (D) has a family relationship with a named party in interest, or (E) otherwise has personal interests that may be prejudiced by a fair and impartial exercise of such member's authority.

(ii) Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting will disclose to the Chief Regulatory Officer whether such member has one of the relationships listed in clause (i) above with a named party in interest.

(iii) The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this Agreement. Such determination will be based upon a review of the following information: (A) information provided by such member pursuant to clause (ii) above; and (B) any other source of information that is held by and reasonably available to the Company.

(b) Financial Interest in a Significant Action Conflict:

(i) No member of the Board, any Disciplinary Panel, any Appeals Panel or any other disciplinary committee of the Company will participate in such body's deliberations or voting on any significant action if such member has a direct and substantial financial interest in the result of the vote, as determined pursuant to clause (iii) below.

(ii) Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting will disclose to the Chief Regulatory Officer any information that may be relevant to a determination of whether such member has a direct and substantial financial interest in the result of the vote.

(iii) The Chief Regulatory Officer will determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this Agreement. Such determination will be based upon a review of the following information: (A) the most recent large trader reports and clearing records available to the Company; (B) information provided by such member pursuant to clause (ii) above; and (C) any other information reasonably available to the Company, taking into consideration the exigency of the significant action being contemplated.

(iv) Any member of the Board, any Disciplinary Panel, any Appeals Panel or any other disciplinary committee of the Company who would otherwise be required to abstain from deliberations and voting pursuant to clause (i) above may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided, however, that before reaching any such determination, the deliberating body will fully consider the information specified in clause (ii) above which is the basis for such member's substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body will consider: (A) whether such member's participation in the deliberations is necessary to achieve a quorum; and (B) whether such member has unique

or special expertise, knowledge or experience in the matter being considered.

(c) The minutes of any meeting to which the conflicts determination procedures set forth here apply will reflect the following information:

(i) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise participated in such meeting;

(ii) the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;

(iii) the information that was reviewed for each member of the relevant deliberating body; and

(iv) any determination made in accordance with clause (iv) of paragraph (b) above.

(d) If a determination is made that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have if the Directors were not Interested Persons with respect to such matter.

For purposes of this Section 6.1, “Interested Persons” means a Director, Officer, Disciplinary Panel member or other Person authorized to exercise the Company’s authority concerning any inquiry, investigation, disciplinary proceeding, emergency action or appeal from any of the foregoing, who knowingly has a material conflict of interest between his or her position as a Director, Officer, panel member or exercise of authority concerning any of the foregoing and his or her personal interests (each, an “Interested Person”).

Article VII

General Provisions

7.1. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED UNDER, THE LAWS OF THE STATE OF DELAWARE, WITH ALL RIGHTS AND REMEDIES BEING GOVERNED BY SAID LAWS.

7.2. Tax Treatment. As long as there is only one (1) Member of the Company, the Company shall be treated as a disregarded entity for tax purposes. In the event that there is more than one (1) Member of the Company, the Members shall agree

7.3. Waiver or Amendment. No waiver or amendment of any provision of this Agreement shall be valid or of any force or effect, unless made by an instrument in writing, signed by all of the Members, setting forth the exact nature of such waiver or amendment.

7.4. Counterparts. This Agreement may be executed or subscribed to in counterparts, all of which together shall constitute one agreement binding on all parties hereto notwithstanding that all of the parties have not signed the same counterpart.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the day and year first above written.


Name: Matthew Weil
Title: Director

Exhibit G-3

AMERICAN GAS EXCHANGE, LLC REGULATORY OVERSIGHT COMMITTEE CHARTER

Status and Purpose

The Regulatory Oversight Committee is appointed by the Board of Directors (the “Board”) of American Gas Exchange, LLC (the “Exchange”), pursuant to the authority of the Board under the Exchange’s Limited Liability Company Agreement (the “Operating Agreement”) to assist the Board in its oversight of the Exchange’s self-regulatory program and other regulatory and compliance matters. The Board shall delegate sufficient authority, dedicate sufficient resources and allow sufficient time for the Regulatory Oversight Committee to perform its roles and responsibilities set forth below.

Composition and Appointment

The Regulatory Oversight Committee shall consist exclusively of Public Directors (as defined in the Operating Agreement) and shall have at least two members at all times, with the actual number of members to be determined by the Board from time to time.

The Regulatory Oversight Committee Chairman and members shall be nominated by the Chairman of the Board and appointed by approval of the Board at a meeting of the Board. Each appointee will serve until the due appointment of his or her successor or his or her resignation or removal as a member of the Regulatory Oversight Committee or as a Public Director, with or without cause, by a majority vote of the Board. A member of the Regulatory Oversight Committee may serve for multiple terms.

Procedures

The Regulatory Oversight Committee shall meet at least four times each year and at such other times as it deems necessary to fulfill its responsibilities. The Regulatory Oversight Committee may meet in a joint session with any other committee of the Board from time to time to discuss areas of common interest and significant matters, provided that only members of the Regulatory Oversight Committee shall have the authority to vote on matters before the Committee.

The Regulatory Oversight Committee shall regularly report directly to the Board with respect to its activities and make recommendations to the Board it may deem necessary or advisable for the orderly conduct of its business. Minutes of its meetings shall be maintained on behalf of, and approved by, the Regulatory Oversight Committee.

In the event that the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, the Exchange shall submit a written report to the CFTC detailing: (i) the rejected recommendation or superseded action of the Regulatory Oversight Committee; (ii) the rationale for such recommendation or action; (iii) the rationale of the Board for rejecting such recommendation or superseding such action; and (iv) the course of action that the Board decided to take contrary to such recommendation or action.

Responsibilities

The Regulatory Oversight Committee shall oversee the Exchange's regulatory program on behalf of the Board and shall have the authority and responsibility to perform the following functions:

- (a) Monitor the regulatory program of the Exchange for sufficiency, effectiveness and independence.
- (b) Oversee all facets of the regulatory program of the Exchange, including:
 - i. trade practice and market surveillance; audits, examinations and other regulatory responsibilities with respect to the Exchange's participants (including compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping and other requirements);
 - ii. the conduct of investigations;
 - iii. reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination and compensation of regulatory personnel;
 - iv. supervising the Chief Regulatory Officer of the Exchange, who will report directly to the Regulatory Oversight Committee;
 - v. recommending changes that would ensure fair, vigorous and effective regulation;
 - vi. reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation;
 - vii. reviewing and making recommendations with respect to position limits and accountability levels of the Exchange and any proposed changes thereto; and
 - viii. reviewing such other matters and performing such additional activities, within the scope of its responsibility, as the Board or the Regulatory Oversight Committee deems appropriate or necessary.
- (c) Prepare an annual report assessing, for the Board and the CFTC, the regulatory program of the Exchange. Such report shall: (A) describe the self-regulatory program; (B) set forth the expenses of the regulatory program; (C) describe the staffing and structure of the same; (D) catalogue investigations and disciplinary actions taken during the year; and (E) review the performance of disciplinary committees and panels.
- (d) Consult with the Chief Regulatory Officer (or his or her delegatee) with respect to any summary suspension, revocation, limitation or conditions of an Exchange participant's trading privileges on the Exchange.
- (e) Receive summary reports from the Chief Regulatory Officer (or his or her delegatee) with respect to any disciplinary and enforcement proceedings or any other material

inquiry or investigations as the Chief Regulatory Officer deems necessary and appropriate.

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "AMERICAN GAS EXCHANGE, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FOURTEENTH DAY OF JUNE, A.D. 2016.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "AMERICAN GAS EXCHANGE, LLC" WAS FORMED ON THE FIFTEENTH DAY OF MARCH, A.D. 2016.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL FRANCHISE TAXES HAVE BEEN ASSESSED TO DATE.



A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

5989265 8300

SR# 20164460351

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202491620

Date: 06-14-16

Exhibit L

| CONTRACT MARKET CORE PRINCIPLES | EXPLANATIONS AND REFERENCES TO RELEVANT AMERICAN GAS EXCHANGE DOCUMENTS, RULES AND AGREEMENTS |
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| Sec. 5(a) Applications - “A board of trade applying to the Commission for designation as a contract market shall submit an application to the Commission that includes any relevant materials and records the Commission may require consistent with the Act.” | American Gas Exchange, LLC is submitting this Form DCM and these exhibits (“ Exhibits ”) in accordance with 17 C.F.R. Part 38, Appendix A as an application for designation as a contract market (the “ Application ”). ¹ |
| Core Principle 1 - Designation as Contract Market: (A) In General.—To be designated, and maintain a designation, as a contract market, a board of trade shall comply with— (i) any core principle described in this subsection; and (ii) any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5). (B) Reasonable Discretion of Contract Market.— Unless otherwise determined by the Commission by rule or regulation, a board of trade described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the board of trade complies with the core principles described in this subsection. | The materials submitted with the application of American Gas Exchange, LLC (“ American Gas Exchange ” or the “ Exchange ”) for designation as a contract market, including, but not limited to, the American Gas Exchange Rulebook (the “ Rules ” or “ Rulebook ”) provided in <u>Exhibit M</u> to the Application, demonstrate the Exchange’s compliance with the Core Principles and the CFTC’s regulations. Capitalized terms that are used in this <u>Exhibit L</u> without definition have the meaning ascribed to those terms in the Rulebook. |
| Core Principle 2 - Compliance with Rules: (A) In General.—The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including— (i) access requirements; | Pursuant to the Participant Agreement to be entered into by each Participant, and pursuant to the legend on the front cover of the Rulebook and in Rule 201, by accessing or entering any Order into the Exchange, each Participant and Authorized User agrees (i) to be bound by the Rulebook and Applicable Law, (ii) to become subject to the jurisdiction of the Exchange, and (iii) to assist |

¹ Unless otherwise specified, all references to Rules are references to Rules of the Rulebook submitted under Exhibit M. Capitalized terms not defined herein have the meaning set forth in the Rulebook.

Exhibit L

| CONTRACT MARKET CORE PRINCIPLES | EXPLANATIONS AND REFERENCES TO RELEVANT AMERICAN GAS EXCHANGE DOCUMENTS, RULES AND AGREEMENTS |
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| <p>(ii) the terms and conditions of any contracts to be traded on the contract market; and</p> <p>(iii) rules prohibiting abusive trade practices on the contract market.</p> <p>(B) Capacity of Contract Market.—The board of trade shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.</p> <p>(C) Requirement of Rules.—The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this subsection, including the capacity to carry out such international information-sharing agreements as the Commission may require.</p> | <p>the Exchange in complying with its legal and regulatory obligations (including through cooperation with the Exchange and the CFTC in any inquiry and investigation).</p> <p>Chapter 2 of the Rulebook provides clear and transparent criteria and requirements for Participants and their Authorized Users to access the Exchange. Specifically, Rule 204 sets forth the eligibility standards for Trading Privileges. Rule 205 sets forth minimum financial requirements for Participants to maintain the financial integrity of the Exchange. Rule 207 provides clear and transparent obligations and conditions for Authorized Users to access the Exchange. The Exchange will apply these criteria and requirements in an impartial manner, including through the application process described in Rule 204.</p> <p>Pursuant to Rule 212, Exchange dues and fees will be posted on the Exchange’s website.</p> <p>Pursuant to Rule 303, the Exchange will determine which Contracts are available for trading subject to the Rules of the Exchange and approval rules containing the specifications for such Contracts. As discussed under Core Principal 3 below, the Exchange will seek only to make contracts that are not readily susceptible to manipulation available for trading.</p> <p>Chapter 5 of the Rulebook imposes both proscriptive and prescriptive standards and rules designed to protect Participants from abusive, disruptive, fraudulent, noncompetitive and unfair conduct or trade practices. Rule 501 sets forth ethical standards with which Participants and Authorized Users must comply. Rules 502 and 503 prohibit several forms of conduct and trade practices, including: price manipulation, fictitious, noncompetitive or artificial transactions (Rule 502(b)), fraudulent acts (Rule 502(c)), market manipulation (Rule 502(d)), market disruption (Rule 502(e)), disruptive trading practices (Rule 502(e)), false reports (Rule 502(g)), wash sales (Rule 502(h)), acts detrimental to the exchange (Rule 502(i)), and pre-arranged, pre-negotiated and noncompetitive trades (Rule 503). Rule 505 provides for the enforcement of position limits and exemptions therefrom for bona fide hedging transactions and positions.</p> <p>Chapter 6 of the Rulebook sets forth the Exchange’s disciplinary and enforcement process and demonstrates the Exchange’s capacity to detect and investigate rule violations. The Regulatory Compliance Department will investigate suspected rule violations, prepare investigative reports,</p> |

Exhibit L

| CONTRACT MARKET CORE PRINCIPLES | EXPLANATIONS AND REFERENCES TO RELEVANT AMERICAN GAS EXCHANGE DOCUMENTS, RULES AND AGREEMENTS |
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| | <p>make disciplinary recommendations and initiate enforcement actions. Absent mitigating circumstances, the Regulatory Compliance Department must complete each investigation within twelve (12) months after the date the investigation is opened. Under Rule 602(c), upon request of the Regulatory Compliance Department, each Participant must produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control in connection with the Rules, any inquiry or investigation, or any preparation by and presentation during a disciplinary action.</p> <p>Under Rule 603, investigations may be resolved through a warning letter, but no more than one warning letter for the same potential violation may be issued to the same Participant during a rolling twelve-month period.</p> <p>In accordance with the Exchange’s Limited Liability Company Agreement (the “Operating Agreement”), the Exchange will enter into a Regulatory Services Agreement (“RSA”) with the National Futures Association (the “NFA”), which will act as the Exchange’s Regulatory Services Provider. A draft of the RSA is attached as <u>Exhibit N-2</u>. The Exchange, with the assistance of the NFA, will perform automated trade surveillance, an investigative function, and real-time market monitoring. The NFA will maintain an automated trade surveillance system capable of detecting potential trade practice violations for further investigation. The Exchange will retain ultimate decision-making authority with respect to any powers or functions that are delegated to the NFA or any other Regulatory Services Provider.</p> <p>Pursuant to the Regulatory Oversight Committee Charter, the Regulatory Oversight Committee (the “ROC”) will oversee all facets of the Exchange’s regulatory program and will prepare an annual report assessing the effectiveness and sufficiency of the Exchange’s self-regulatory program. This annual report will include a description of the self-regulatory program and its expenses, staffing, and structure; a catalogue of investigations and disciplinary actions taken during the year; and a review of the performance of the Exchange’s disciplinary committees and panels, as well as any proposals to remedy unresolved regulatory deficiencies. The annual report will also include an assessment of the capacity and resources of the NFA to provide timely and</p> |

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| | effective regulatory services under the RSA. |
| <p>Core Principle 3 - Contracts Not Readily Subject to Manipulation: The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.</p> | <p>Subsequent to AGX’s designation as a contract market, AGX intends to submit contracts for listing pursuant to CFTC Regulation §40.2.</p> <p>As with all products listed for trading on the Exchange, activity in this product will be subject to extensive monitoring and surveillance by the Exchange’s regulatory group in conjunction with NFA pursuant to the provisions of a Regulatory Services Agreement. Additionally, the Exchange has the authority to exercise its investigatory and enforcement power where potential rule violations are identified. The Exchange’s disciplinary Rules are contained in Chapter 6 of the Rulebook, which permits the Exchange to discipline, suspend or expel members or market participants that violate the Rules.</p> |
| <p>Core Principle 4 - Prevention of Market Disruption:</p> <p>The board of trade shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures, including—</p> <p style="padding-left: 40px;">(A) methods for conducting real-time monitoring of trading; and</p> <p style="padding-left: 40px;">(B) comprehensive and accurate trade reconstructions.</p> | <p>Pursuant to the Regulatory Oversight Committee Charter, the ROC will consist exclusively of Public Directors, report to the Board and oversee the Exchange’s self-regulatory program and other regulatory and compliance matters. The ROC shall have the authority and resources to monitor the regulatory program of the Exchange for sufficiency, effectiveness, and independence. The ROC will oversee all facets of the regulatory program, including: (i) trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants (including compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); (ii) the conduct of investigations; (iii) reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel; (iv) supervising the Chief Regulatory Officer of the Exchange, who will report directly to the ROC; (v) recommending changes that would ensure fair, vigorous, and effective regulation; (vi) reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation; (vii) reviewing and making recommendations with respect to position limits and accountability levels of the Exchange and any proposed changes thereto; and (viii) reviewing such other matters and performing such additional activities within the scope of its responsibilities, as the Board or Committee deems necessary or appropriate.</p> |

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| | <p>Rules 502 and 503 set forth certain prohibited trading practices and specifically prohibit manipulation, price distortion, certain gratuities and disruptive trading practices.</p> <p>Pursuant to Operating Agreement section 4.8 and subject to the oversight of the ROC, the Chief Regulatory Officer will oversee the monitoring, surveillance and other enforcement functions of the Exchange with the support of the Regulatory Compliance Department. The Regulatory Compliance Department will consist of Exchange Officials and agents of the Exchange (including the NFA, as the Exchange's Regulatory Services Provider) that assist the Exchange in the implementation, surveillance and enforcement of the Rules and applicable law.</p> <p><u>Exhibit Q</u> to this application describes the Exchange's trade practice surveillance system and real-time monitoring of trading activity, as well as the process through which the Exchange will collect, monitor and evaluate audit trail data to support its enforcement efforts. <u>Exhibit Q</u> also further describes the assistance that the NFA will provide to the Regulatory Compliance Department in ensuring compliance with the Rules and Applicable Law.</p> <p>Pursuant to Rule 311, Participants that access the AGX System electronically are responsible for maintaining or causing to be maintained Audit Trail information for all electronic orders. Audit Trail information will include order entry, modification and cancellation information. Audit Trail information must be maintained for a minimum of five years and Participants must produce Audit Trail data in a standard format upon the request of the Exchange.</p> <p>Pursuant to Operating Agreement section 4.9, the Regulatory Compliance Department has access to information related to trading in the Exchange's Contracts as well as related contracts traded on other exchanges, news events and economic reports, and historical price and trading volume information. Additionally, Operating Agreement sections 4.11 and 5.2 specifically contemplate information-sharing arrangements with other governmental regulators and Self-Regulatory Organizations (including the U.S. Department of Justice) and require that the Exchange's books and records of both the Exchange and its Participants be readily accessible for inspection by the CFTC and U.S. Department of Justice during the first two years of such five-year period.</p> <p>The Exchange has adopted certain risk controls and risk management functionalities. Pursuant to</p> |

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| | <p>Rule 501, Participants (and their Authorized Users) shall adopt, adhere to and enforce risk management and other policies and structures that are designed to ensure that trading activities are conducted in accordance with the Rules, and each Participant that is registered with the CFTC as an FCM must comply with the risk management requirements set forth in CFTC Regulation § 1.11. Rules 505 through 509 set forth the Exchange’s rules on position limits and accountability levels. Pursuant to Rule 204(g), each Participant’s access to the Exchange may be subject to its Clearing Member’s use of pre-trade risk controls that enable the Clearing Member to implement appropriate financial risk limits on the Participant. Furthermore, Rule 206(b) requires each Participant to employ practices to monitor and enforce compliance with its internal risk limits and to be responsible for all Orders and Transactions effected on the Exchange by or for such Participant’s account (including Orders for Customers).</p> |
| <p>Core Principle 5 - Position Limitations or Accountability:</p> <p>(A) In General.—To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators.</p> <p>(B) Maximum Allowable Position Limitation.—For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a), the board of trade shall set the position limitation of the board of trade at a level not higher than the position limitation established by the Commission.</p> | <p>Rules 505 through 509 set forth the Exchange’s rules on position limits and accountability. Rule 505 and Appendix A to the Rulebook set out position limits. Rule 505 also sets out certain penalties for violations of the position limits and accountability levels. Rule 506 sets out exemptions including exemptions for bona fide hedging transactions and positions, as applicable. To be eligible for an exemption under Rule 506, a person seeking the exemption must submit to the Exchange a written request, providing, among other things, a description of the size and nature of the positions proposed to be held by such person; a statement that the Person seeking the exemption agrees to comply with whatever restrictions or limitations that are imposed by the Exchange with regard to said positions; a representation that any applicable federal requirements relating to the proposed positions have been complied with and that any necessary approvals of the CFTC have been obtained; a statement that the Person seeking the exemption is in compliance with all other applicable Rules and requirements; a statement that the Person seeking the exemption agrees to submit immediately a supplemental statement to the Exchange explaining any change in circumstances affecting the relevant positions; a statement that such positions will be initiated and liquidated in an orderly manner; and such further information as the Exchange may request.</p> <p>Rule 507 sets forth rules for aggregation of positions. Rule 508 provides the Exchange with</p> |

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| | <p>access to position information from each Clearing Member clearing Contracts for itself or any other Participant. Rule 509 requires Clearing Members to provide information on positions in Contracts they clear (including reportable positions). Clearing Members (and any FCM or foreign broker clearing customer positions through a Clearing Member) which hold, control, or carry for any Customer a “reportable position,” as such term is defined by the CEA and the Regulations thereunder, shall submit to the Exchange daily reports with respect to such positions containing the information that is required to be reported to the Commission in the same form as prescribed by the Commission, unless otherwise specified by the Exchange.</p> <p>The Exchange has the authority to sanction Participants for violating their obligations to observe position limits and/or position accountability levels pursuant to Chapter 6 of the Rulebook. Chapter 6 lays out disciplinary and enforcement procedures, investigations, investigation reports, review of investigation reports, opportunity to respond, service of notice of charges, answer to service of notice of charges, settlement offers, disciplinary panels, respondent review of evidence, conducting hearings of disciplinary proceedings, decision of a disciplinary panel, sanctions, summary actions, appeals from disciplinary panel decisions and summary actions, rights and responsibilities after suspension or termination and notice to the respondent, the CFTC and the public.</p> |
| <p>Core Principle 6 - Emergency Authority: The board of trade, in consultation or cooperation with the Commission, shall adopt rules to provide for the exercise of emergency authority, as is necessary and appropriate, including the authority—</p> <p style="padding-left: 40px;">(A) to liquidate or transfer open positions in any contract;</p> <p style="padding-left: 40px;">(B) to suspend or curtail trading in any contract;</p> <p style="padding-left: 40px;">and</p> <p style="padding-left: 40px;">(C) to require market participants in any contract to meet special margin requirements.</p> | <p>The Exchange has adopted procedures and guidelines for implementing an emergency intervention in the market. As defined in the Rulebook, Emergency means the occurrences or circumstances which, in the opinion of the Board, the Chief Executive Officer or their delegates, threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following: (i) any circumstance that may materially affect the performance of a Contract; (ii) any action taken by any governmental authorities, self-regulatory organizations, or other authorities that may have a direct impact on trading on the Exchange or the settlement legality or enforceability of any Contract; (iii) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract; (iv) any circumstance that may have a severe, adverse effect on the functions and facilities of the Exchange (<i>e.g.</i>, natural disasters, bomb threats, acts of terrorism or war, system</p> |

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| | <p>breakdowns or interruptions); (v) the bankruptcy or insolvency of any Clearing Member or the imposition of any injunction or other restraint by any Governmental Authority, clearing house, court or arbitrator on a Clearing Member which may affect the ability of a Clearing Member to trade in or perform on a Contract; (vi) any circumstance in which a Clearing Member or any other Person appears to have failed to perform on a Contract, to be insolvent, or to be in a financial or operational condition or to be conducting business such that the Clearing Member or Person cannot be permitted to continue in business without jeopardizing the safety of Participants, other Clearing Members, the Exchange or the Clearing House; (vii) any circumstance which is beyond the control of the buyer or seller under a Contract and precludes either party from making or taking delivery of product or precludes the Exchange from determining a final settlement as provided for in the Rules; or (viii) any other unusual, unforeseeable or adverse circumstance as determined by the Exchange.</p> <p>Pursuant to Rule 302, the Exchange may implement Emergency Rules, subject to applicable provisions of the CEA and CFTC Regulations. Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board or the Chief Executive Officer (or his or her delegatee) to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions: (i) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part); (ii) extending or shortening the last trading date for Contracts; (iii) providing alternative settlement mechanisms; (iv) ordering the liquidation or transfer of Transactions, the fixing of a Settlement Price, or the reduction of positions; (v) extending, limiting or changing the Trading Hours; (vi) temporarily modifying or suspending any provision of the Rules; (vii) imposing or modifying trading limits, price limits and/or position limits; and/or (viii) any other action as directed by the CFTC.</p> <p>Pursuant to Rule 302(d), before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the Chief Executive Officer, or another authorized Officer, determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the</p> |

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| | <p>Chief Executive Officer or such other authorized Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer (or his or her delegatee) must convene a meeting of the Board as soon as practicable to consider such action.</p> <p>Whenever the Exchange, the Board, any committee of the Board, the Chief Executive Officer or other authorized Officer takes actions necessary or appropriate to respond to an Emergency, a duly authorized representative of the Exchange, to the extent practicable (or as soon as reasonably practicable thereafter), will post an announcement of the Emergency or such an action to be taken in response thereto in a Notice to Participants pursuant to Rule 216. Rule 216 addresses Notices to Participants and provides that the Exchange will publish such Notice to Participants in a form and manner that is reasonably designed to enable each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it. When the Board, any committee of the Board, the Chief Executive Officer or other authorized Officer determines that the Emergency has been reduced sufficiently to allow the Exchange to resume normal functioning, any such actions responding to an Emergency will be terminated and the Exchange, the Board, any committee of the Board, the Chief Executive Officer or authorized Officer will post an announcement thereof in a Notice to Participants pursuant to Rule 216.</p> <p>The Exchange will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Exchange will notify the CFTC as soon as reasonably practicable, but in any event, no longer than 24 hours after implementing, modifying or terminating such rule.</p> <p>Any action taken in respect of any Emergency remains subject to the conflict of interest requirements set out in Operating Agreement section 6.1. Operating Agreement section 6.1 addresses various potential conflicts of interest including a named party in interest and a financial interest in a significant action. Operating Agreement section 6.1 also requires that the minutes of any meeting to which the conflicts determination procedures set forth therein will apply will reflect certain information, including names of members of the deliberating body, information</p> |

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| | reviewed and the determination. |
| <p>Core Principle 7 - Availability of General Information: The board of trade shall make available to market authorities, market participants, and the public accurate information concerning—</p> <p style="padding-left: 40px;">(A) the terms and conditions of the contracts of the contract market; and</p> <p style="padding-left: 40px;">(B)</p> <p style="padding-left: 80px;">(i) the rules, regulations, and mechanisms for executing transactions on or through the facilities of the contract market; and</p> <p style="padding-left: 80px;">(ii) the rules and specifications describing the operation of the contract market's—</p> <p style="padding-left: 80px;">(I) electronic matching platform; or</p> <p style="padding-left: 80px;">(II) trade execution facility.</p> | <p>The Exchange will post general information, including Contract Specifications and the Rules, on the Exchange's website, agxus.com. A copy of the Rules, any Rule amendments, notices of non-confidential regulatory submissions and new product listing will be made available through the Exchange's website. Additionally, a technical overview of the AGX System will be posted on the Exchange's website.</p> |
| <p>Core Principle 8 - Daily Publication of Trading Information: The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.</p> | <p>Pursuant to Rule 305(e), the Exchange will publish daily information on settlement prices, trading volume, open interest, and opening and closing ranges for all actively traded Contracts. Pursuant to Rule 306, the Exchange will also publish the total quantity of Block Trades that are included in trading volume for each day. Trading information will be published on the Exchange website at the end of the day.</p> |
| <p>Core Principle 9 - Execution of Transactions:</p> <p style="padding-left: 40px;">(A) In General.—The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade.</p> | <p>The Exchange operates an electronic trade execution system.</p> <p>The Exchange will conduct periodic objective testing and review of the AGX System to ensure it is reliable, secure and scalable as described in the Technology Questionnaire included in <u>Exhibit V</u>.</p> <p>Rule 405(b) allows the transfer of a Contract to another Clearing Member only upon notice to the</p> |

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| <p>(B) Rules.—The rules of the board of trade may authorize, for bona fide business purposes—</p> <ul style="list-style-type: none"> (i) transfer trades or office trades; (ii) an exchange of— <ul style="list-style-type: none"> (I) futures in connection with a cash commodity transaction; (II) futures for cash commodities; or (III) futures for swaps; or (iii) a futures commission merchant, acting as principal or agent, to enter into or confirm the execution of a contract for the purchase or sale of a commodity for future delivery if the contract is reported, recorded, or cleared in accordance with the rules of the contract market or a derivatives clearing organization. | <p>Exchange and in accordance with the rules of the Clearing House provided, in general, that the transfer merely constituted a change from one account to another account, provided (i) the underlying beneficial ownership in said accounts remains the same; (ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two Business Days after the trade date; or (iii) the transfer constitutes a transfer of positions from a Customer to the Clearing Firm’s house account in the event of a Customer default.</p> <p>The requirements for block trades are set forth in Rule 306, which requires pricing that is fair and reasonable in light of size, similar transactions, and circumstances of the markets or the relevant Participants. This Rule also prohibits the execution of block trades from affecting orders in the regular market. A block trade must be for a quantity that is at or in excess of the applicable minimum thresholds set forth in the relevant Contract Specifications or otherwise published by the Exchange, and orders may not be aggregated in order to achieve the minimum transaction size. Each Participant executing a block trade must be an Eligible Contract Participant. A Broker may submit a Block Trade to the Exchange only on behalf of Participants that have specified that such Order be executed as a Block Trade subject to the Rules of the Exchange. One of the Persons or the Broker of one of the Persons to the block trade must ensure that each block trade is reported to the Exchange promptly. If a block trade is executed during Trading Hours or within 15 minutes of the commencement of Trading Hours, such a block trade must be reported within 15 minutes of the execution of the transaction. If a block trade is not executed during Trading Hours or within 15 minutes of the commencement of Trading Hours, such a block trade must be reported five minutes prior to the commencement of next Trading Hours. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.</p> <p>Rule 307 permits Participants to enter into exchange for physical and exchange for swap transactions, subject to compliance with the requirements of that Rule. The Rule provides for Exchange for Physical transactions and Exchange for Swap transactions. There are also reporting and clearing obligations in connection with Exchange for Related Physical transactions.</p> <p>Rule 308 permits, upon approval by the Exchange, position transfers that are conducted for administrative purposes where no change in ownership is involved. These position transfers do</p> |

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| | not contribute to any reported Exchange volumes, price or trading range information. |
| <p>Core Principle 10 - Trade Information: The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information—</p> <p style="padding-left: 40px;">(A) to assist in the prevention of customer and market abuses; and</p> <p style="padding-left: 40px;">(B) to provide evidence of any violations of the rules of the contract market.</p> | <p>Procedures relating to Data Retention are contained in <u>Exhibit S</u> of this Application. The Exchange will record and maintain all information with respect to each Order (whether or not such Order results in a consummated trade) and each consummated trade, as well as all other information relating to the trade environment that determines the matching and clearing of trades (<i>e.g.</i>, information from clearing firms indicating the number and types of Contracts such clearing firms will clear for Participants). As such, any Order submitted to the AGX System can be tracked from the time it is entered into the system until the time that it is matched, cancelled, or otherwise removed.</p> <p>In addition, Rule 311 imposes certain recordkeeping and audit trail information requirements on Participants. The information to be maintained will include Order entry, modification, and cancellation records.</p> |
| <p>Core Principle 11 - Financial Integrity of Transactions: The board of trade shall establish and enforce—</p> <p style="padding-left: 40px;">(A) rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization); and</p> <p style="padding-left: 40px;">(B) rules to ensure—</p> <p style="padding-left: 80px;">(i) the financial integrity of any—</p> <p style="padding-left: 120px;">(I) futures commission merchant; and</p> <p style="padding-left: 120px;">(II) introducing broker; and</p> <p style="padding-left: 80px;">(ii) the protection of customer funds.</p> | <p>The Exchange has established a comprehensive set of rules and procedures to ensure the financial integrity of transactions entered into on the Exchange and to require the safeguarding of customer funds.</p> <p>The Exchange will enter into a clearing arrangement with the Minneapolis Grain Exchange, Inc. (“MGEx”). As set forth in <u>Exhibit T</u> of this Application, clearing members of MGEX will clear trades executed on the Exchange for their house account and, as the case may be, for the account of their customers.</p> <p>Chapter 4 provides that all Contracts shall be cleared through the Clearing House in accordance with applicable Clearing House rules and the Rules set forth in Chapter 4. This includes the requirement for submission of Contracts to the Clearing House, a requirement for Clearing Members to be “clearing members” of the Clearing House, applicability of Clearing House rules, additional terms applicable to clearing, rules for concurrent long and short positions, rules for trade nullification, and the requirement for a clearing guarantee.</p> <p>Rule 205 sets forth the minimum financial requirements for Participants. In addition to meeting</p> |

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| | <p>the Rule’s financial requirements, Participants that are not registered with the CFTC must submit to the Exchange or the NFA, as the Exchange’s Regulatory Services Provider, annual audited financial statements certified by a certified public accountant, within 90 calendar days of the Participant’s fiscal year-end. Participants who are registered with the CFTC as FCMs must remain in compliance with the financial requirements and related reporting requirements under the CFTC Regulations and a copy of any notices or written reports filed with the CFTC must also be filed with the Exchange, which allows the Exchange to assess its Participants’ compliance with minimum financial requirements as well as their obligations to protect customer funds.</p> |
| <p>Core Principle 12 - Protection of Markets and Market Participants: The board of trade shall establish and enforce rules—</p> <p style="padding-left: 40px;">(A) to protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and</p> <p style="padding-left: 40px;">(B) to promote fair and equitable trading on the contract market.</p> | <p>Chapter 5 of the Rulebook protects the market and market participants from abusive, disruptive, fraudulent, noncompetitive and unfair conduct and trade practices. Rule 501 addresses ethical standards including good faith, transaction integrity and risk management. Rule 502 sets forth rules and requirements relating to sound trading practices, including price manipulation; fictitious, non-competitive or artificial transactions; fraudulent acts; market manipulation; market disruption or disruptive trading practices; gratuities; false reports; wash sales; acts detrimental to the Exchange; supervision; disclosing order information; priority of customers’ orders; and simultaneous buy and sell orders for different beneficial owners. Rule 503 provides a prohibition against pre-arranged, pre-negotiated and noncompetitive trades, except as permitted under the Rules. Rule 504 addresses disciplinary procedures and terminations of connections at the Exchange’s discretion. Rule 505 provides for enforcement of position limits and position accountability levels. Rule 506 provides for exemptions from position limits of the Exchange for (i) hedging positions; (ii) arbitrage or spread positions; or (iii) risk management positions. Rule 507 sets forth rules for the aggregation of positions for purposes of applying the position limits. Rule 508 provides for the Exchange’s access to position information from Clearing Members. Rule 509 requires certain information relating to reportable positions and daily reports from Clearing Members.</p> <p>Improper conduct and trade practices will be investigated and disciplined as described in Chapter 6 of the Rulebook. This chapter addresses disciplinary and enforcement procedures, investigations, investigation reports, the review of investigation reports, the opportunity to</p> |

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| | <p>respond, the answer to service of notice of charge, settlement offers, disciplinary panel, respondent review of evidence, conducting hearings of disciplinary proceedings, decision of a disciplinary panel, sanctions, summary actions, appeal from disciplinary panel decisions and summary actions, rights and responsibilities after suspension or termination.</p> <p>The NFA (in conjunction with the Chief Regulatory Officer and the Regulatory Compliance Department) will assist the Exchange by conducting trade practice, market and financial surveillance monitoring as set forth on <u>Exhibit O</u>. Exchange staff will coordinate with the NFA to ensure that real-time monitoring is integrated with the NFA's surveillance functions.</p> |
| <p>Core Principle 13 - Disciplinary Procedures: The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.</p> | <p>Chapter 6 of the Rulebook describes the Exchange's disciplinary procedures that authorize the Exchange to discipline, suspend, or expel Participants that violate the Exchange's Rules. The jurisdiction of the Exchange (and each Participant's, Clearing Member's, or Authorized User's consent thereto) is set forth in Rule 201.</p> <p>In addition, see responses to Core Principle 2 (Compliance with Rules), Core Principle 4 (Prevention of Market Disruption) and Core Principle 12 (Protection of Markets and Market Participants).</p> |
| <p>Core Principle 14 - Dispute Resolution: The board of trade shall establish and enforce rules regarding, and provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.</p> | <p>Chapter 7 of the Rulebook establishes Rules concerning alternative dispute resolution, which provide for resolution of disputes among Participants through arbitration administered by the NFA. Under Chapter 7, unless otherwise required to arbitrate through another Self-Regulatory Organization or otherwise agreed to between the relevant parties, arbitration through the NFA is required for all disputes, controversies, or claims among all Exchange Participants relating to Exchange activities. Chapter 7 addresses customer arbitration, claims relating to trade cancellations or price adjustments, notices, the right to counsel, exceptions and penalties.</p> <p>Arbitration will be conducted in Chicago, Illinois, by an arbitrator operating in accordance with the NFA's code of Arbitration and Member Arbitration Rules. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant,</p> |

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| | including the issuance of an injunction. |
| <p>Core Principle 15 - Governance Fitness Standards: The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market, and any other person with direct access to the facility (including any party affiliated with any person described in this paragraph).</p> | <p>Persons involved in the governance of, and persons trading on, the Exchange will be subject to fitness and eligibility criteria under Operating Agreement section 4.6. More specifically, Board members, individuals serving on committees established by the Board, or on any Disciplinary Panel or Appeals Panel, or who hold a ten percent or more ownership interest in the Exchange are subject to the fitness standards set forth in Operating Agreement section 4.6. Each Director must certify his or her satisfaction of the fitness standards at least annually. Participants are subject to eligibility standards under Rule 204.</p> |
| <p>Core Principle 16 - Conflicts of Interest: The board of trade shall establish and enforce rules—</p> <p style="padding-left: 40px;">(A) to minimize conflicts of interest in the decision-making process of the contract market; and</p> <p style="padding-left: 40px;">(B) to establish a process for resolving conflicts of interest described in subparagraph (A).</p> | <p>The Operating Agreement requires that conflicts of interests be mitigated by requiring that, at all times, not less than thirty-five percent of the Directors, and no fewer than two Directors, are Public Directors. In addition, Operating Agreement section 6.1 establishes rules to mitigate or eliminate conflicts of interest and a process for resolving conflicts of interest. Operating Agreement section 5.1 limits the use and disclosure of material non-public information gained in connection with a member’s participation on the Board or any committee for any purpose other than the performance of his or her official duties as a member of the Board or committee.</p> <p>As described in the Regulatory Oversight Committee Charter, the Exchange will have a Regulatory Oversight Committee that is composed exclusively of Public Directors. The ROC will oversee the Exchange’s regulatory program on behalf of the Board, which role includes supervising the Chief Regulatory Officer in minimizing conflicts of interests.</p> <p>Under Rule 609(a), at least one member of each Disciplinary Panel must meet the qualifications for being a Public Director, and no member of the Panel may have a financial, personal or other direct interest in the matter under consideration. Under Rule 609(b), a respondent may select to disqualify any individual named to a Disciplinary Panel for reasonable grounds, including that such individual has a financial, personal or other direct interest in the matter.</p> |
| <p>Core Principle 17 - Composition of Governing</p> | <p>Organizational documents, including the Certificate of Formation and Operating Agreement of</p> |

Exhibit L

| CONTRACT MARKET CORE PRINCIPLES | EXPLANATIONS AND REFERENCES TO RELEVANT AMERICAN GAS EXCHANGE DOCUMENTS, RULES AND AGREEMENTS |
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| <p>Boards of Contract Markets: The governance arrangements of the board of trade shall be designed to permit consideration of the views of market participants.</p> | <p>American Gas Exchange, LLC, are provided in <u>Exhibit G</u>. Pursuant to the Operating Agreement, the American Gas Exchange, LLC will be governed by a Board of Directors which shall consist of five directors, at least two of whom shall be Public Directors, and at all times not less than thirty-five percent of the Directors, and never fewer than two Directors, shall be Public Directors.</p> <p>As described in the Regulatory Oversight Committee Charter, the ROC, which consists exclusively of Public Directors, oversees the Exchange’s self-regulatory program and other regulatory and compliance matters on behalf of the Board. The ROC will also prepare an annual report assessing, for the Board and CFTC, the regulatory program of the Exchange. The Regulatory Oversight Committee Charter is attached in <u>Exhibit G</u>.</p> <p>The initial composition contemplated for the Board is described further in <u>Exhibit B</u>. Fitness standards applicable to members of the Board are described in <u>Exhibit C</u>.</p> |
| <p>Core Principle 18 - Recordkeeping: The board of trade shall maintain records of all activities relating to the business of the contract market—</p> <p style="padding-left: 40px;">(A) in a form and manner that is acceptable to the Commission; and</p> <p style="padding-left: 40px;">(B) for a period of at least 5 years.</p> | <p>The Exchange’s recordkeeping program satisfies the relevant criteria set forth in CFTC Regulation 1.31. Pursuant to the Regulatory Oversight Committee Charter, the ROC will oversee all facets of the Exchange’s self-regulatory program and other regulatory and compliance matters, including compliance with recordkeeping requirements. Under Operating Agreement section 4.11, the Exchange will (i) keep, or cause to be kept, complete and accurate books and records of accounts of the Exchange, including all books and records required to be maintained pursuant to the CEA and the CFTC Regulations, and (ii) retain all such books and records for at least five years, and shall make such books and records readily accessible for inspection by the CFTC and the U.S. Department of Justice during the first two years of such five-year period. Under Rule 903, the Exchange may record conversations and retain copies of electronic communications between Exchange Officials and Participants and their Authorized Users or other agents. Any such recordings may be retained by the Exchange or the NFA, as Regulatory Services Provider, in such manner and for such periods of time as the Exchange may deem necessary or appropriate, including as may be required by Applicable Law. Under Rule 301(b), the Exchange may adopt further procedures to record and account for Contracts.</p> <p><u>Exhibit S</u> describes the procedures for maintaining trade data for transactions on the Exchange.</p> |

Exhibit L

| CONTRACT MARKET CORE PRINCIPLES | EXPLANATIONS AND REFERENCES TO RELEVANT AMERICAN GAS EXCHANGE DOCUMENTS, RULES AND AGREEMENTS |
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| <p>Core Principle 19 - Antitrust Considerations: Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall not—</p> <p style="padding-left: 40px;">(A) adopt any rule or take any action that results in any unreasonable restraint of trade; or</p> <p style="padding-left: 40px;">(B) impose any material anticompetitive burden on trading on the contract market.</p> | <p>The Exchange’s Rules and policies have been designed to avoid unreasonable restraints of trade or the imposition of any material anticompetitive burden on trading.</p> <p>In particular, under Rule 202, access to the Exchange will not require the acquisition of any equity interest but will be available to a broad range of Participants on a fair, equitable and timely basis. The AGX System matches Orders based on a pre-determined algorithm, which does not discriminate between different categories or classes of participants. Moreover, pursuant to Rule 305(e), the Exchange will publish daily information on settlement prices, trading volume, open interest, and opening and closing ranges for actively traded contracts on the contract market. Trading information will be published on the Exchange website at the end of the day.</p> |
| <p>Core Principle 20 - System Safeguards: The board of trade shall:</p> <p style="padding-left: 40px;">(A) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity;</p> <p style="padding-left: 40px;">(B) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the board of trade; and</p> <p style="padding-left: 40px;">(C) periodically conduct tests to verify that backup resources are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.</p> | <p>The Exchange has developed a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures. Materials submitted in <u>Exhibit V</u>, including the Technology Questionnaire, explain the controls to be used to ensure the proper function, adequate security and capacity of automated trading systems and related systems such as those used for dissemination of market data and recording and safe storage of audit trail information. These controls include periodic, objective testing and review of automated systems to ensure that these systems are reliable, secure and have adequate scalable capacity. Results of such testing are retained in accordance with the policies and procedures set forth in the response to Core Principle 18 (Recordkeeping).</p> <p>The Exchange maintains a business continuity / disaster recovery plan as explained in the Technology Questionnaire.</p> <p>The Exchange may take Emergency actions under Rule 302. See the response to Core Principle 6 (Emergency Authority).</p> |
| <p>Core Principle 21 - Financial Resources:</p> | <p>The Exchange will maintain financial resources that exceed the total amount that would enable the</p> |

Exhibit L

| CONTRACT MARKET CORE PRINCIPLES | EXPLANATIONS AND REFERENCES TO RELEVANT AMERICAN GAS EXCHANGE DOCUMENTS, RULES AND AGREEMENTS |
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| <p>(A) In General.—The board of trade shall have adequate financial, operational, and managerial resources to discharge each responsibility of the board of trade.</p> <p>(B) Determination of Adequacy.—The financial resources of the board of trade shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the contract market to cover the operating costs of the contract market for a 1-year period, as calculated on a rolling basis.</p> | <p>contract market to cover the operating costs of the contract market for a one-year period, as calculated on a rolling basis. <u>Exhibit I</u> includes a balance sheet and statements of expenses. The projections in <u>Exhibit I</u> take into account the forecasted costs of development that would be incurred prior to initiating operations as a designated contract market.</p> |
| <p>Core Principle 22 - Diversity of Board of Directors:</p> <p>The board of trade, if a publicly traded company, shall endeavor to recruit individuals to serve on the board of directors and the other decision-making bodies (as determined by the Commission) of the board of trade from among, and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates.</p> | <p>Not applicable. The Exchange will not be a publicly traded company.</p> |
| <p>Core Principle 23 - Securities and Exchange Commission: The board of trade shall keep any such records relating to swaps defined in section 1a(47)(A)(v) open to inspection and examination by the Securities and Exchange Commission.</p> | <p>Not applicable. No Contracts will meet the definition of swap provided in section 1a(47)(A)(v) of the CEA.</p> |

EXHIBIT M

AMERICAN GAS EXCHANGE RULEBOOK

BY ACCESSING, OR ENTERING ANY ORDER INTO, THE EXCHANGE, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A PARTICIPANT OR AUTHORIZED USER AGREES (I) TO BE BOUND BY, AND COMPLY WITH, THE RULES AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, HIM OR HER, (II) TO BECOME SUBJECT TO THE JURISDICTION OF THE EXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH PARTICIPANT OR AUTHORIZED USER, AND (III) TO ASSIST THE EXCHANGE IN COMPLYING WITH ITS LEGAL AND REGULATORY OBLIGATIONS, COOPERATE WITH THE EXCHANGE AND THE CFTC IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING AND AUTHORIZE THE EXCHANGE TO PROVIDE INFORMATION REGARDING IT TO THE REGULATORY SERVICES PROVIDER, THE CFTC OR ANY SELF-REGULATORY ORGANIZATION.

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CHAPTER 1 DEFINITIONS

RULE 101. Definitions.

Unless the Rules specifically provide otherwise or the context otherwise requires, the following terms shall have the meanings as follows:

Affiliate. A Person who directly or indirectly, controls, is controlled by, or is under common control with another Person.

AGX System. The Exchange's electronic trade execution system that is used for trading Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

American Gas Exchange or Exchange. American Gas Exchange, LLC, a Delaware limited liability company, is designated by the CFTC as a contract market. References to the Exchange include reference to the AGX System, as appropriate.

Appeals Panel. A panel appointed by the Board to consider appeals under Chapter 6.

Applicable Law. With respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.

Audit Trail has the meaning set forth in Rule 311.

Authorized Broker means a natural person who is either employed or is an agent of a Participant and who is authorized to utilize the Exchange to place orders and execute transactions on behalf of Customers of such Participant.

Authorized User. A natural person who is either employed by or is an agent of a Clearing Member or a Participant and who is authorized by the Exchange as an Authorized User in accordance with Rule 207.

Board. The Board of Directors of American Gas Exchange, LLC.

Broker. A regulated intermediary approved by the Exchange to enter into Transactions on behalf of Customers.

Business Day. Any day on which the Exchange is open for trading.

CEA or Commodity Exchange Act. The Commodity Exchange Act, as it may be amended from time to time.

CFTC or Commission. The Commodity Futures Trading Commission.

CFTC Regulations. The regulations of the CFTC, as they may be amended from time to time.

Chief Executive Officer. The individual appointed by the Board to serve as the Exchange's chief executive officer.

Chief Regulatory Officer. The individual appointed by the Board to serve as the Exchange's chief regulatory officer.

Clearing House. Minneapolis Grain Exchange, Inc. or such additional or successor central counterparties that are registered with the Commission as a derivative clearing organization with open access rules as the Exchange may designate from time to time to provide clearing services with respect to any or all of its Contracts.

Clearing Member. A Participant meeting the requirements of, and approved for, clearing membership at the Clearing House that is authorized pursuant to the Clearing House Rules to clear trades in any or all Contracts. Except for those Clearing Members that clear solely for their own proprietary accounts, all other Clearing Members must be registered with the CFTC as FCMs (each, an FCM Clearing Member, as such term is defined in Rule 402).

Contract. Any contract, agreement or Transaction approved for trading on the American Gas Exchange pursuant to these Rules.

Contract Specifications has the meaning set forth in Rule 303.

Cross Trade has the meaning set forth in Rule 502.

CTI has the meaning set forth in Rule 311.

Customer. Any person who uses an FCM or an introducing broker as an agent in connection with trading in any Contract.

Delivery Force Majeure. Any circumstance (including but not limited to an act of God, strike, lockout, blockage, embargo, governmental action or terrorist activity) which is beyond the control of the buyer or seller under a Contract and precludes either party from making or taking delivery of product or precludes the Exchange from determining a final settlement as provided for in the Rules.

Director. An individual serving on the Board.

Disciplinary Action has the meaning set forth in Rule 601.

Disciplinary Offense has the meaning attributed to it in CFTC Regulation § 1.63(a)(6).

Disciplinary Panel. A panel responsible for conducting hearings, rendering decisions and imposing sanctions with respect to Disciplinary Actions pursuant to Chapter 6.

EFP has the meaning set forth in Rule 307.

EFRP has the meaning set forth in Rule 307.

EFS has the meaning set forth in Rule 307.

Eligible Contract Participant has the meaning set forth in Section 1a(18) of the CEA and in CFTC Regulation § 1.3(m).

Emergency means the occurrences or circumstances which, in the opinion of the Board, the Chief Executive Officer or their delegates, which may include but are not limited to a committee of the Board and other authorized Officers, require immediate action to be taken in accordance with Rule 302, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following:

- (A) any circumstance that may materially affect the performance of a Contract, including failure of the Clearing House system;
- (B) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or subdivision thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other contract market, clearing house, board of trade, or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on the Exchange or the settlement legality or enforceability of any Contract;
- (C) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract;
- (D) any circumstance that may have a severe, adverse effect upon the functions and facilities of the Exchange, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the AGX System, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;
- (E) the bankruptcy or insolvency of any Clearing Member or the imposition of any injunction or other restraint by any Governmental Authority, clearing house, court or arbitrator upon a Clearing Member which may affect the ability of a Clearing Member to trade in or perform on a Contract;
- (F) any circumstance in which it appears to the Board that a Clearing Member or any other Person:
 - (1) has failed to perform on a Contract;
 - (2) is insolvent; or

- (3) is in a financial or operational condition or is conducting business such that the Clearing Member or Person cannot be permitted to continue in business without jeopardizing the safety of Participants, other Clearing Members, the Exchange or the Clearing House;

(G) any Delivery Force Majeure; or

any other unusual, unforeseeable or adverse circumstance as determined by the Exchange.

Emergency Rules has the meaning set forth in Rule 302.

Exchange Official. Any Officer, any member of the Board, a committee established by the Board, a Disciplinary Panel or Appeals Panel, or any individual employed by the Exchange, the Regulatory Services Provider or any individual rendering similar services to the Exchange under an administrative or similar agreement.

Exchange Panel has the meaning set forth in the American Gas Exchange, LLC Bylaws.

Exchange Requirements. Any of: (i) the Rules; (ii) other requirements implemented by the Exchange pursuant to the Rules; (iii) each term of a Contract; and (iv) the Participant documentation and other contractual obligations of a Participant (including its Authorized Users) to the Exchange.

FCM. A futures commission merchant as defined in Section 1a(28) of the CEA and CFTC Regulation § 1.3(p) and registered with the CFTC as such.

FCM Clearing Member has the meaning set forth in Rule 402.

Governmental Authority. Any domestic or foreign government (or political subdivision), governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any Self-Regulatory Organization).

Independent Software Vendor means a Person that offers services to Participants that provide access to the AGX System. In order to provide access to the AGX System, the Independent Software Vendor must be approved by the Exchange and shall be deemed to be a Participant of the Exchange.

Insolvency and ***Insolvent*** means the occurrence of any of the following events with respect to a Person:

- (A) the Person is determined to be insolvent by a Governmental Authority or Self-Regulatory Organization;
- (B) if the Person is a member of the Securities Investor Protection Corporation, a court of competent jurisdiction finds that the Person meets any one of the conditions set forth in clauses (A), (B), (C) or (D) of Section 5(b)(1) of the Securities Investor Protection Act of 1970;

- (C) in the event of the entry or the making of a decree or order by a court, Governmental Authority or other supervisory authority of competent jurisdiction (i) adjudging the Person as bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization, arrangement, liquidation, dissolution, adjustment or composition of or in respect of the Person under the U.S. Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, (iii) appointing a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Person or for any substantial part of its property, (iv) ordering the winding up or liquidation of the Person's affairs or (v) consenting to the institution by the Person of proceedings to be adjudicated as a bankrupt or insolvent;
- (D) the filing by the Person of a petition, or any case or proceeding, seeking reorganization or relief under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, or the consent by the Person to the filing of any such petition, case or proceeding or to the appointment of a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Person or for any substantial part of its property, or the making by the Person of an assignment for the benefit of its creditors, or the admission by the Person in writing of its inability to pay its debts generally as they become due, or the taking of corporate or similar action by the Person in furtherance of the foregoing.

Interested Persons has the meaning set forth in the American Gas Exchange, LLC Bylaws.

Investigation Report has the meaning set forth in Rule 603.

Market Price has the meaning set forth in Rule 309.

Material Relationship. With respect to a director, has the meaning set forth in Appendix B to CFTC Part 38.

NFA. The National Futures Association.

No Bust Range. The price range specified with respect to each Contract traded on the AGX System, as such range is published by the Exchange from time to time, within which trades that are reviewed pursuant to Rule 309 will not be busted or adjusted, except as set forth in the Rules of the Exchange.

Notice to Participants has the meaning set forth in Rule 216.

Officer has the meaning set forth in the American Gas Exchange, LLC Bylaws.

Operating Agreement. The limited liability company agreement of the Exchange, as amended or restated from time to time.

Order. Any order to buy or sell a Contract on or subject to the Rules of the Exchange.

Owned Entity has the meaning set forth in Rule 507.

Participant. A person that has signed the Participant Agreement for purposes of entering into Transactions on the American Gas Exchange.

Participant Agreement. An agreement between the American Gas Exchange and a Participant which must be signed in order for a Participant to access the AGX System for the execution of Transactions.

Person has the meaning set forth in Section 1a(38) of the CEA and CFTC Regulation § 1.3(u).

Position Transfer. A transaction in a Contract(s) that is executed by Exchange personnel for administrative purposes outlined in Rule 308.

Proprietary Information has the meaning set forth in Rule 902.

Public Director. A Director who has been found by the Board, on the record, to have no Material Relationships with the Exchange in accordance with the American Gas Exchange, LLC Bylaws.

Regular Delivery Facility has the meaning set forth in Chapter 9.

Regulatory Compliance Department. All Exchange Officials or agents of the Exchange (including the Regulatory Services Provider(s)) that assist the Exchange in the implementation, surveillance and enforcement of the Rules and Applicable Law.

Regulatory Oversight Committee has the meaning set forth in the Regulatory Oversight Committee Charter.

Regulatory Services Agreement. The agreement(s) between the Exchange and the Regulatory Services Provider(s) whereby certain functions mandated under the CEA, such as market monitoring and trade practice surveillance, are delegated to the Regulatory Services Provider(s).

Regulatory Services Provider. The organization(s), if any, that provides regulatory services to the Exchange, together with any such organization's employees and agents.

Respondent. A Participant under investigation for alleged Rule violation(s) or against which charges have been filed.

Rules. Any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, including these Rules, in each case as adopted from time to time by the Exchange.

Self-Regulatory Organization has the meaning given to that term in CFTC Regulation § 1.3(ee).

Settlement Price. The price for each Contract supplied by the Exchange to the Clearing House at the end of each trading day.

Supervised Person means, (a) with respect to a Participant, any Authorized Trader, director, officer, employee or agent of such Participant as the case may be and (b) with respect to a Clearing Member, any director, officer, employee or agent of such Clearing Member.

Technology Services Providers. The organization(s), if any, that provide technology services to the Exchange, together with any such organization's employees and agents.

Transaction. Any purchase or sale of any Contract made on the Exchange.

Transfer Trade has the meaning set forth in Rule 309.

Trading Hours. For any Business Day, the hours specified on the trading calendar at agxus.com.

Trading Privileges. Any right granted to a Participant to access the AGX System.

User ID. A unique identification number assigned by the Exchange to a Participant to access the AGX System to place Orders.

RULE 102. Construction. Unless the Rules specifically provide otherwise or the context otherwise requires, the following rules of construction shall apply:

(a) References to any juridical person or Governmental Authority include any successor to such juridical person or Governmental Authority.

(b) References to any agreement, policy, statute or regulation refer to such agreement, policy, statute or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and references to any section of any agreement, policy, statute or regulation include any successor to such section.

(c) Terms defined in these Rules include the plural as well as the singular and vice versa.

(d) References to any gender include all genders.

(e) References to "include", "includes", or "including" shall be deemed to be followed by the words "without limitation."

(f) Headings are for convenience only and do not affect the construction of the Rules.

RULE 103. Amendment of Rules. New Rules of the Exchange may be adopted, and existing Rules of the Exchange may be amended or repealed by the Board. All such new Rules, amendments, or repeals shall become effective on such date (after any required filing with, or approval thereof by, the CFTC) as may be determined by the Exchange.

CHAPTER 2 TRADING PRIVILEGES

RULE 201. Jurisdiction.

(a) BY ACCESSING, OR ENTERING ANY ORDER INTO, THE EXCHANGE, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A PARTICIPANT, CLEARING MEMBER, OR AUTHORIZED USER AGREES (I) TO BE BOUND BY, AND COMPLY WITH, THE RULES AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, HIM OR HER, AND (II) TO BECOME SUBJECT TO THE JURISDICTION OF THE EXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH PARTICIPANT OR AUTHORIZED USER, AND (III) TO ASSIST THE EXCHANGE IN COMPLYING WITH ITS LEGAL AND REGULATORY OBLIGATIONS, COOPERATE WITH THE EXCHANGE AND THE CFTC IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING AND AUTHORIZE THE EXCHANGE TO PROVIDE INFORMATION REGARDING IT TO THE REGULATORY SERVICES PROVIDER, THE CFTC OR ANY SELF-REGULATORY ORGANIZATION. SEE THIS CHAPTER 2 AND THE RELATED DEFINITIONS IN THIS RULEBOOK.

(b) Any Participant or Authorized User whose Trading Privileges are revoked or terminated pursuant to these Rules will remain bound by the Rules and Applicable Law, in each case to the extent applicable, and subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant or Authorized User prior to such revocation or termination.

RULE 202. Trading Privileges.

By virtue of obtaining Trading Privileges, a Participant will not become (nor will it be required to become) a limited liability company member of the Exchange and will not obtain (nor will it be required to obtain) any equity or any other ownership or control interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the Exchange or otherwise.

RULE 203. Participants.

(a) Subject to the Exchange's right to terminate access under this Rulebook or any Exchange Requirement, each Participant will have the right to access the AGX System, including the right to place Orders for each of its proprietary accounts, provided

that such Participant is eligible for and has applied and received Trading Privileges and subject to the terms, procedures and requirements established or modified by the Exchange from time to time.

(b) Subject to this Chapter 2, Trading Privileges shall be offered to all applicants from time to time approved by the Exchange as eligible to be Participants, subject to any limitation, restriction or revocation from time to time imposed by the Exchange. The Trading Privileges and access rights of a Participant hereunder may not be transferred, assigned, sold or leased.

RULE 204. Eligibility for Trading Privileges

(a) In order to obtain access to the AGX System, a Participant must be granted Trading Privileges and deliver an executed Participant Agreement.

(b) If the applicant is a natural person, that person must:

(i) have attained the age of majority in his or her state of residence; and

(ii) have satisfied other requirements as may be adopted from time to time by the Exchange.

(c) If the applicant is not a natural person (*e.g.*, a corporation, partnership, sole proprietorship or trust), to be eligible for Trading Privileges, the Participant must demonstrate to the Exchange that it:

(i) is of good reputation and business integrity;

(ii) complies with the financial responsibility, recordkeeping and reporting requirements set out in Rule 206;

(iii) is validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to trade Contracts;

(iv) is not Insolvent;

(v) is not prohibited from using the services of the Exchange for any reason whatsoever;

(vi) holds all registrations required under Applicable Law, if any, including any FCM, Supervised Person or Associated Person (as such term is defined in CFTC Regulation 17 C.F.R. § 1.3(aa)) registration, as applicable;

(vii) is not subject to statutory disqualification under Section 8a(2) of the CEA;

(viii) satisfies any other criteria that the Exchange may from time to time require from a Participant.

(d) As part of the application procedure, the Exchange may request such information and documentation as it may reasonably require in order to determine whether the Exchange's eligibility requirements have been satisfied. Any Participant organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement.

(e) The Exchange may deny, condition, suspend, or terminate the Trading Privileges of any entity that:

(i) is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain compliant as a Participant;

(ii) is unable to meet any condition placed by the Exchange on such Trading Privileges or association;

(iii) violates any agreement with the Exchange;

(iv) is unable to satisfactorily demonstrate its capacity to adhere to all applicable Rules of the Exchange, Rules of the Clearing House and other applicable rules including, as applicable, registration, record-keeping, reporting, finance and trading procedures;

(v) would bring the Exchange into disrepute as determined by the Exchange in its sole discretion; or

(vi) shows such other cause as the Exchange may reasonably determine.

(f) If the Exchange decides to deny or condition an applicant's application, the Exchange shall promptly notify the applicant in writing to the address provided by the applicant on the Exchange application form. Any Person denied Trading Privileges or granted only conditional Trading Privileges pursuant to this Rule 204, and any Person not permitted to keep its Trading Privileges or whose Trading Privileges are conditioned pursuant to this Rule 204 may appeal the Exchange's decision in accordance with the provisions of Rule 615 relating to disciplinary proceeding appeals. No determination of the Exchange to discontinue or condition a Person's Trading Privileges or pursuant to this Rule 204 shall take effect until the review procedures under Rule 615 have been exhausted or the time for review has expired.

(g) If the Participant is not itself a Clearing Member, the Participant must also be party to an agreement with a Clearing Member in accordance with Rule 402. Participant understands that it will be denied access to the AGX System until such time as Participant has obtained and delivered to the Exchange the applicable documentation

from an authorized signatory of such Clearing Member. The Participant understands that its access to the AGX System may be subject to its Clearing Member's use of pre-trade risk controls that enable the Clearing Member to implement appropriate financial risk limits on the Participant.

(h) A person approved as a Participant shall be subject to all of the Rules of the Exchange.

(i) Each applicant and each Participant agrees (i) promptly to provide, or procure the provision of, such information and documents as the Exchange may reasonably request, (ii) promptly to authorize any Clearing Member or the Clearing House to provide, subject to clause (iii) below, such information and documents upon the Exchange's reasonable request, and (iii) that the Exchange, without being prevented by any duty of confidentiality by any holder of information, may obtain such information and documents from any Clearing Member or from the Clearing House.

(j) Consistent with CFTC Regulation § 38.151(b), the Exchange shall grant access to independent software vendors that meet the requirements for Participants set out in this Rule 204 in an impartial, transparent, fair, and nondiscriminatory manner. A Person seeking to act as an Independent Software Vendor must satisfy the Exchange's technological requirements and not adversely affect the Exchange's ability to comply with the CEA and CFTC Regulations.

(k) Each application to become a Participant shall be in such form as may from time to time be prescribed by the Exchange. Each applicant to become a Participant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application. The Exchange shall act upon, and approve or disapprove, any such application without unreasonable delay.

(l) Each applicant to become a Participant shall:

(i) submit to the Exchange a complete Participant application form in the manner prescribed by the Exchange;

(ii) agree in writing to abide by the Rules of the Exchange and Applicable Law; and

(iii) furnish all documents as may be requested by the Exchange and answer completely and accurately all questions posed by the Exchange.

(m) Upon the Exchange's approval of an applicant's Participant application, the applicant shall become a Participant and shall obtain Trading Privileges. If the application process is not completed within six months of the applicant's initial submission, the application shall be deemed to be withdrawn, unless extended by the Exchange.

RULE 205. Minimum Financial Requirements.

(a) A Participant that is registered with the CFTC as an FCM or introducing broker must remain in compliance with CFTC Regulation § 1.17 and other Applicable Law, including the minimum financial and related reporting requirements of CFTC Regulations. A copy of any notice or written report that a Participant is required to file with the Commission pursuant to CFTC Regulations §§ 1.10 and 1.12 must also be filed with the Exchange within the time periods prescribed for such filing or delivery in CFTC Regulations §§ 1.10 and 1.12. A Participant that violates any of the aforementioned CFTC Regulations will be deemed to have violated this Rule 205.

(b) A Participant that is a legal entity but not registered with the CFTC must submit to the Exchange and to the Regulatory Services Provider, if any, annual audited financial statements certified by a certified independent public accountant (or by a Person having similar qualifications if the Participant's books of account are kept outside the United States) within ninety calendar days of the Participant's fiscal year-end.

(c) A Participant that is registered with or authorized or supervised by a Governmental Authority shall comply with the rules and regulation of such Governmental Authority relating to minimum financial and related reporting and recordkeeping requirements and shall provide to the Exchange and to the Regulatory Services Provider, if any, a copy of such Participant's regulatory capital report, reasonably contemporaneously with the filing of such report and substantially in the form such report was filed with such Governmental Authority. A Participant that is not subject to such filing requirements shall provide the Exchange with such financial information as the Exchange may require from time to time.

RULE 206. Duties and Responsibilities of Participants.

(a) Each Participant shall, and shall cause its Authorized Users to:

(i) access the AGX System in a responsible manner and not for any improper purpose;

(ii) access the AGX System only to conduct business that is subject to the Rules and the Exchange Requirements and in a manner consistent with the Rules and the Exchange Requirements;

(iii) comply with the Rules and the Exchange Requirements and act in a manner consistent with the Rules and the Exchange Requirements;

(iv) comply with the rules of the Clearing House that accepts for clearing a Contract traded by the Participant on the Exchange, to the extent applicable to such Participant and such Contract;

(v) observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or seeking to conduct any business connected with or concerning the Exchange;

(vi) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Exchange or in connection with a Disciplinary Action;

(vii) cooperate promptly and fully with the Exchange in any investigation, inquiry, audit, examination or proceeding regarding compliance with the Rules or any Disciplinary Action or arbitration;

(viii) comply with any order issued by the Exchange;

(ix) keep all User IDs, account numbers and passwords related to the AGX System and the Exchange confidential;

(x) use pre-trade controls that enable Clearing Members to implement appropriate financial risk limits for Participants; and

(xi) keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records required to be maintained pursuant to the Applicable Law, for at least five years, and make such books and records available for inspection by a representative of the Exchange, the CFTC or the U.S. Department of Justice.

(b) In addition to the requirements of paragraph (a) above, each Participant shall employ practices to monitor and enforce compliance with its internal risk limits and shall be responsible for all Orders and Transactions effected on the AGX System or the Exchange by or for the account of such Participant, its Authorized Users or by any Person using its or their User IDs (including Orders for any Customer).

RULE 207. Authorized Users.

(a) Each Participant that is not a natural Person must designate at least one of its employees or an agent that is a natural person as an Authorized User. If the Participant is a natural person, the Participant shall be required to become an Authorized User itself.

(b) By agreeing to become an Authorized User, an individual agrees to be bound by the duties and responsibilities of an Authorized User set out in Rule 208 and to be subject to, and comply with Applicable Law and the Rules.

(c) To designate an Authorized User, a Participant must follow the procedures established by the Exchange. The Exchange may establish criteria that individuals must fulfill to become an Authorized User. Without limiting the generality of the foregoing, each Participant will ensure on an ongoing basis that (i) none of its Authorized Users is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and (ii) each of its Authorized Users is technically proficient and conducts its business in a fair and equitable manner.

(d) The Exchange will promptly notify a Participant in writing of the approval of designated Authorized User(s) or if the Exchange declines to approve the nomination of an Authorized User.

(e) The Exchange will maintain a list of all designated Authorized Users for each Participant.

(f) The Exchange may, in its sole discretion, deny approval of an individual as an Authorized User or revoke or suspend the designation of an individual as an Authorized User and shall promptly notify the Participant and its Clearing Member of such action.

(g) Upon notice to and approval by the Exchange, each Participant may, from time to time, grant its User IDs to any other Person, and any such Person shall be entitled to exercise Trading Privileges subject to the terms and conditions of these Rules.

(h) Each Participant may, at any time, revoke any authorization granted by it to an any Authorized User or a User ID granted to any other person by providing written notice of such revocation to the Exchange. A Participant shall take immediate measures appropriate to ensure that, after such revocation, (1) the affected Authorized User shall not have access to the AGX System or (2) the affected Person shall not utilize its User ID, and the Exchange shall act promptly, but in any event within one Business Day of receiving notice from the Participant, to disallow Order entry by any such Person.

(i) The obligations of Participants under these Rules shall also apply to each Authorized User and Supervised Person, and each Participant shall be responsible for the actions and omissions of the Authorized Users and Supervised Persons and any other Person using any of the Participant's User IDs, regardless of whether such use is expressly authorized by the Participant. Each Participant will ensure on an ongoing basis that none of its Authorized Users or other Supervised Persons and no other Person using any of its User IDs is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and that each of its Authorized Users and other Supervised Persons (as applicable) and any other Person using any of its User IDs will be technically proficient in respect of the use of the AGX System. Each Participant shall have procedures for performing day-to-day monitoring of its Authorized Users and other Supervised Persons and any other Person using any of its User IDs to ensure that each will conduct its business in a fair and equitable manner and in accordance with the Rules of the Exchange.

(j) Under these Rules, references to (1) the Trading Privileges of a Participant shall also be deemed to refer and apply to the Trading Privileges by any Person using that Participant's User IDs, (2) a Participant submitting or receiving Orders, bids, offers or message traffic into or from the AGX System or engaging in transactions in Contracts on the AGX System, shall be deemed to refer and apply to any such actions engaged in by any Person using any of such Participant's User IDs and (3) the knowledge of, or matters known to, any Participant shall be deemed to also refer to and include the knowledge of, or matters known to, its Authorized Users and other Supervised Persons.

(k) To request the termination of the designation of an individual as an Authorized User, the Participant must follow the procedures established by the Exchange. The Exchange may, in its sole discretion, refuse to accept a request to terminate the registration of an Authorized User or may postpone the effective date of the termination of registration if the Exchange considers it necessary for the protection of the Participant or in the Exchange's best interest. Based on the information provided to, and other information gathered by, the Exchange regarding the request to terminate the registration of an Authorized User, the Exchange will determine whether to:

- (i) accept the request to terminate such registration;
- (ii) postpone the effective date of termination of the registration; or
- (iii) impose any terms or conditions before or after the effective date of termination of the registration.

RULE 208. Duties and Responsibilities of Authorized Users.

(a) By agreeing to act as an Authorized User, such Person agrees to be bound by the duties and responsibilities of any Authorized User and to be subject to, and comply with, the Rules.

(b) An Authorized User shall have a duty to:

- (i) ensure that activity conducted under the User IDs assigned to it and any of its personnel complies with Applicable Law and the Rules;
- (ii) have the authority, at the Exchange's request, to adjust or withdraw any Order submitted under such User IDs;
- (iii) have and maintain during all necessary regulatory approvals or licenses to operate as an Authorized User;
- (iv) cooperate promptly and fully with the Exchange in any investigation, inquiry, audit, examination or proceeding regarding compliance with the Rules or any Disciplinary Action or arbitration proceeding;
- (v) comply with any order issued by the Exchange; and
- (vi) agree to such other terms and conditions as may be established by the Exchange from time to time.

RULE 209. Clearing Members Accessing the Exchange.

A Clearing Member may trade an account on behalf of a Participant hereunder solely for the purpose of liquidating Contracts and any resulting positions previously submitted to the Clearing House for the account of such Clearing Member on behalf of a Participant that has

failed to perform its obligations to the Exchange or such Clearing Member (to the extent applicable).

RULE 210. Required Notices.

(a) Each Participant shall immediately notify the Exchange upon becoming aware of any of the following events:

(i) any material changes to the information provided to the Exchange by the Participant;

(ii) any damage to, or failure or material inadequacy of, the systems, facilities or equipment of the Participant used to effect Transactions on the Exchange;

(iii) any refusal of admission to, or withdrawal by the Participant of any application for membership in, any Self-Regulatory Organization;

(iv) any denial or withdrawal of an application for registration or license by or from any Governmental Authority, and any revocation, suspension or conditioning of a registration or license granted by any Governmental Authority;

(v) the commencement of any judicial or administrative proceeding against the Participant by a Governmental Authority or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Governmental Authority;

(vi) the indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by, the Participant or any of its officers for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, security, futures contract, option or other financial instrument, or involving or arising from fraud or moral turpitude; and

(vii) the Insolvency of the Participant or any of its Affiliates.

(b) Each Participant that is not a natural person shall notify the Exchange at least ten business days prior to any merger, acquisition, consolidation, combination, sale or other material change of ownership.

(c) Nothing in this Rule 210 is intended to substitute for or limit any other reporting obligations that a Participant may have to the Exchange or any regulatory agency or Self-Regulatory Organization.

RULE 211. Access Requirements and Terms.

(a) Access to the AGX System will be Internet-based. Participant accounts will be issued user names, passwords, and digital certificates for secure access. The Participant is responsible for the security of these items, and any misuse is the responsibility of the Participant.

(b) Certificates and passwords are for the Participant's use only and shall not be shared with other parties.

(c) A Participant must notify the Exchange immediately upon any suspicion of theft of a password or certificate, or any unauthorized access.

RULE 212. Dues and Fees.

Exchange dues and fees are posted at agxus.com and updated from time to time. The Exchange shall have the sole authority to set the times and amounts of any dues, assessments or fees to be paid by Participants, which dues, assessments or fees shall be paid to the Exchange when due. If a Participant fails to pay when due any Exchange dues, assessments or fees levied on such Participant, and such payment obligation remains unsatisfied for thirty days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Participant as it deems necessary or appropriate.

RULE 213. Inspections by the Exchange.

(a) The Exchange and the Regulatory Services Provider, if any, shall have the right to inspect the books and records of any Participant in connection with their activity on the Exchange and the authority to require any such entity to appear before him or her and produce its books and records and answer questions regarding alleged violations of Rules, at the time, place and in the manner designated by the Exchange or Regulatory Services Provider, as the case may be.

(b) The Exchange and the Regulatory Services Provider, if any, shall have the right, in connection with determining whether the Rules are being, will be, or have been complied with by the Participant, to:

(i) inspect systems, equipment and software operated by the Participant in connection with business that is or may be subject to the Rules, wherever located;

(ii) access the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or equipment, during the regular business hours of the Exchange, without prior notice to the Participant; or

(iii) copy or reproduce any data to which the Exchange has access under this Rule 213.

(c) Each Participant shall provide the Regulatory Services Provider with the same access as it would be required to provide to the Exchange.

(d) The Exchange may require a Participant to furnish such information concerning the Participant's business related to the Participant's use of the AGX System or the Exchange as the Exchange deems necessary to enable the Exchange to perform its obligations under Applicable Law, including information relating to (i) Contracts executed on the Exchange and in related derivatives markets, including in the products underlying those Contracts, and (ii) information requested by a Governmental Authority relating to the Exchange's business as a designated contract market or the Exchange's compliance with Applicable Law that the Exchange believes is maintained by, or otherwise in the possession of, a Participant.

RULE 214. Liquidity Provider Program.

At its discretion, the American Gas Exchange may offer a liquidity provider program that provides incentives to Participants willing to supply substantial numbers of bids and offers or traded volume in the market. The liquidity provider program may offer reduced fees, amongst other incentives, for qualified liquidity providers, as determined by the Exchange.

RULE 215. Brokers.

(a) Each Broker:

(i) must be registered with the CFTC as an FCM or an introducing broker;

(ii) must become a Participant, enter into the applicable Participant Agreement with the Exchange and agree to be subject to and to comply with the Rules;

(iii) must maintain adequate financial resources in accordance with Rule 205; and

(iv) must agree to such other terms and conditions as may be established by the Exchange from time to time.

(b) The Broker shall be responsible to the Exchange for any failure by such Broker (or its employees or agents) to comply with the Rules.

RULE 216. Notices to Participants.

The Exchange shall publish a notice with respect to each addition to, modification of, or clarification of, the Rules of the Exchange or of any action to implement any Rules of the Exchange, in a form and manner that is reasonably designed to enable each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof (each a "Notice to Participants"); provided, that any failure of the Exchange to so publish a Notice to

Participants shall not affect the effectiveness of the addition or modification in question. For purposes of publication in accordance with the first sentence of this Rule 216, it shall be sufficient (without limiting the discretion of the Exchange as to any other reasonable means of communication) if a Notice to Participants is published on the Exchange's website. Any Notice to Participants shall also be deemed to have been made to all Authorized Users and Supervised Persons.

RULE 217. Treatment of Customer Funds.

Each Participant that is registered with the CFTC as an FCM shall comply with the provisions of CFTC Regulations and other Applicable Law related to the protection of customer funds, including the segregation of customer and proprietary funds, the custody of customer funds, the investment standards for customer funds, intermediary default procedures and related recordkeeping, including CFTC Regulations §§ 1.20 through 1.30. Any violation of the aforementioned CFTC Regulations or other Applicable Law by a Participant shall be a violation of this Rule 217.

**CHAPTER 3
MARKET OPERATIONS**

RULE 301. Market Hours and Operation.

(a) The Exchange will be open for trading on all Business Days during the Trading Hours, as from time to time set forth by the Exchange and specified in the trading calendar, which is available at agxus.com. Trading Hours may vary among different Contracts. No Person may make any bid or offer for, or engage in any transaction in, any Contract before or after such hours. Notice shall be issued pursuant to Rule 216 or other means as appropriate for any modification to or establishment of Business Days or Trading Hours.

(b) With respect to trading on or through the Exchange, the Exchange may adopt, without limitation, procedures relating to Transactions in Contracts and trading on the Exchange, including procedures to:

- (i) disseminate the prices of bids and offers and the prices of trades in Contracts;
- (ii) record and account for Contracts;
- (iii) perform market surveillance and regulation on matters affecting Contracts;
- (iv) establish limits on the number or size of Orders that may be submitted or the number of and size of trades executed by a Participant or Authorized User to the Exchange;
- (v) establish limits on the number of Contracts that may be held by a Participant or Customer on the Exchange;

(vi) establish a limit on the maximum daily price fluctuations for any Contracts and provide for any related restriction or suspension of trading in such Contracts; and

(vii) require a suspended or expelled Participant, or a Participant with restricted trading rights, to cause Contracts to be executed for such Participant's account to reduce or eliminate such Participant's open positions.

RULE 302. Market Suspension and Emergencies.

(a) The Exchange reserves the right to adjust Trading Hours and suspend market activities for all or a subset of Contracts in the case of an Emergency or extenuating market circumstances including, but are not limited to, any occurrence or circumstance which threatens or may threaten such matters as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contracts, and which is determined by the Exchange to require immediate action. To the extent practicable, the Exchange shall provide a Notice to Participants pursuant to Rule 216.

(b) In the event of an Emergency, the Exchange may implement temporary emergency procedures and rules ("**Emergency Rules**"), subject to the applicable provisions of the CEA and CFTC.

(c) Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board or the Chief Executive Officer (or his or her delegatee) to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:

(i) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part);

(ii) extending or shortening the last trading date for Contracts;

(iii) providing alternative settlement mechanisms;

(iv) ordering the liquidation or transfer of Transactions, the fixing of a Settlement Price, or the reduction of positions;

(v) extending, limiting or changing the Trading Hours;

(vi) temporarily modifying or suspending any provision of the Rules;

(vii) imposing or modifying trading limits, price limits or position limits; or

(viii) any other action as directed by the CFTC.

(d) Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the enforcement of such Emergency Rule at a duly convened

meeting. Directors may attend such a meeting by teleconference. If the Chief Executive Officer, or another authorized Officer, determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer or such other authorized Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer (or his or her delegatee) must convene a meeting of the Board as soon as practicable to consider such action.

(e) Whenever the Exchange, the Board, any committee of the Board, the Chief Executive Officer or other authorized Officer takes actions necessary or appropriate to respond to an Emergency, a duly authorized representative of the Exchange, to the extent practicable (or as soon as reasonably practicable thereafter), will post an announcement of the Emergency or such actions to be taken in a Notice to Participants pursuant to Rule 216. When the Board, any committee of the Board, the Chief Executive Officer or other authorized Officer determines that the Emergency has been reduced sufficiently to allow the Exchange to resume normal functioning, any such actions responding to an Emergency will be terminated and the Exchange, the Board, any committee of the Board, the Chief Executive Officer or authorized Officer will post an announcement thereof in a Notice to Participants pursuant to Rule 216.

(f) The Exchange will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Exchange will notify the CFTC as soon as reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating such rule.

(g) Upon taking any action in response to an Emergency, the Exchange will document the decision-making process related to such action and maintain such documentation for at least five years following the date on which the Emergency ceases to exist or to affect the Exchange, and all such documentation will be provided to the CFTC upon request.

(h) The Exchange shall not be obligated to perform its obligations under the Rules or any agreement with a Participant, or to compensate any Person for losses occasioned by any delay or failure of performance, to the extent a delay or failure of performance is the result of an Emergency.

RULE 303. Contracts Offered.

The Exchange shall determine, from time to time, which Contracts are available for trading subject to the Rules of the Exchange and approval rules containing the specifications for such Contracts ("**Contract Specifications**"), provided that certifications or applications with respect to such Contracts shall be submitted to the CFTC as required by the CEA and CFTC Regulations.

RULE 304. Use of User IDs.

(a) Each Participant and its Authorized Users must have a unique, Exchange-assigned, registered User ID.

(b) Each Order entered will contain a system-assigned User ID that identifies the Authorized User that entered the Order.

(c) No Person may use a User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorized use of a User ID. Each Participant and Authorized User shall ensure that no User ID is used by any Person not authorized by these Rules. Each Participant that is not an individual must have in place policies and procedures acceptable to the Exchange to ensure the proper use and protection of User IDs, including:

(i) Restricting access through password protection to any system capable of submitting Orders to the Exchange to individual users authorized by the relevant Participant and having a User ID;

(ii) Requiring creation, maintenance and retention, as required in Rule 311, of accurate and complete records regarding each individual that is issued, or authorized to use, a User ID;

(iii) Requiring that their Supervised Persons protect and maintain the security of all User IDs; and

(iv) Prohibiting the use of User IDs by any Person, including any subsidiary, affiliate, division or business unit of Participant, except as permitted by this Rulebook.

(d) Each Participant shall ensure the accuracy of the registration information of its Authorized Users at all times.

(e) Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs issued to it and its Authorized Users of the Exchange.

(f) Each Participant shall notify the Exchange promptly upon becoming aware of:

(i) any unauthorized disclosure or use of any User ID assigned to it or any of its Authorized Users and of any other reason for deactivating a User ID; and

(ii) any unauthorized access to the Exchange by any Authorized User or by any Person using a User ID assigned to such Participant or Authorized User.

(g) Each Participant and its Authorized Users shall be bound by any actions taken through the use of a User ID assigned to such Participant or Authorized User (other

than any such actions resulting from the fault or negligence of the Exchange), including the submission of Orders or execution of Transactions, whether or not such actions were taken or authorized by such Participant or Authorized User, as the case may be.

RULE 305. Trading.

(a) Order Submission. Each Participant shall be responsible for any and all Orders entered using such Participant's User ID.

(b) Order Types. The following Order types are available on the AGX System and may be amended from time to time:

(i) "Market" means a simple Order to buy or sell immediately executed at the best price currently available in the system.

(ii) "Limit" means a simple Order executed when a specific price is met.

(iii) "Stop Loss" means a market Order that will only be visible to the market and executable upon a specific rate being reached or surpassed (*e.g.*, a stop-loss Order to buy becomes a market Order in the system when the market rate is at or above the stop price, while a stop-loss Order to sell becomes a market Order in the system when the market rate is at or below the stop price).

(iv) "Stop Limit" means an Order that is similar to Stop Loss Order except that it becomes visible to the market and executable as a Limit Order when market rate condition of the stop price is met.

(c) Order Qualifiers. "Order Qualifiers" mean the Order duration qualifiers supported by the AGX System that are listed in this Rule 305(c). An Order eligible to be entered into the AGX System that does not contain a duration qualifier will be cancelled if not filled during the trading day in which it was received or, if it was received between trading days, during the next trading day. An Order may specify one of the following duration qualifiers:

(i) "Good Till Cancel" (GTC) means an Order that will remain in the market until executed or manually cancelled.

(ii) "Immediate or Cancel" (IOC) means an Order that will either be immediately executed or cancelled.

(iii) Timed (in seconds) means an Order with a manually entered denomination of seconds.

(iv) Custom means an Order with a customized time based on a defined date and time.

(d) Order Modification and Cancellation.

(i) Previously submitted Orders can be modified or cancelled unless and until such Order has been executed or has otherwise expired. Any such modification or cancellation requires that a modification Order or cancellation Order, as the case may be, with respect to the original Order be entered into the Exchange. Such modification or cancellation will become effective upon receipt by the Exchange of the modification Order or cancellation Order, as the case may be.

(ii) Every Order automatically expires at the end of the Trading Hours on the calendar day such Order is placed, in the event of any suspension or curtailment of trading, or in the case of any failure of the Exchange.

(e) Trading Information. The Exchange shall make public daily information on settlement prices, trading volume, open interest, and opening and closing ranges for all actively traded Contracts. Trading information will be published on the Exchange website at the end of the day.

RULE 306. Block Trades.

(a) The Exchange shall designate the products in which block trades shall be permitted and determine the minimum quantity thresholds for such transactions.

(b) The following requirements shall govern block trades:

(i) A block trade must be for a quantity that is at or in excess of the applicable minimum threshold set forth in the applicable Contract Specifications or otherwise published by the Exchange. Orders may not be aggregated in order to achieve the minimum transaction size.

(ii) Each Person that is a party to a block trade must be an Eligible Contract Participant.

(iii) A broker for a Person shall not execute any Order by means of a block trade for a Person unless such Person has specified that the Order be executed as a block trade.

(iv) The price at which a block trade is executed must be fair and reasonable in light of (i) the size of the block trade, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash market or related futures markets, at the relevant time, and (iv) the circumstances of the markets or the Participants to the block trade.

(v) The execution of a block trade shall not affect order in the regular market.

(vi) One of the relevant Participants or the Broker of one of the relevant Participant parties to the block trade must ensure that each block trade is

reported to the Exchange within the following applicable time limit: If executed during Trading Hours or within 15 minutes of the commencement of Trading Hours, block trades must be reported within 15 minutes of the execution of the transaction or, if not executed during Trading Hours or within 15 minutes of the commencement of Trading Hours, five minutes prior to the commencement of next Trading Hours.

(vii) The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.

(c) Reporting Requirements. The parties to block trade shall cause the trade to be identified and reported to the Exchange in accordance with such procedures as are determined by the Exchange from time to time.

RULE 307. Exchange for Related Position (EFRP).

(a) Categories of EFRP. Participants may enter into the following types of Exchange for Related Position transaction (“**EFRP**”) in accordance with the provisions of this Rule:

(i) an Exchange for Physical transaction (“**EFPP**”), which is a privately negotiated and simultaneous exchange of a futures position in one or more Contract(s) for a corresponding cash position; and

(ii) an Exchange for Swap transaction (“**EFS**”), which is a privately negotiated and simultaneous exchange of a futures position in one or more Contract(s) for a corresponding swap position.

(b) EFRP Requirements. An EFRP shall consist of two discrete but related simultaneous transactions in which one Participant must be the buyer of (or the holder of the long market exposure associated with) the related position and seller of the corresponding Contract(s) that are the subject of the EFRP, and the other Participant must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Contract(s). The related position must involve the commodity underlying the Contract (or any derivative, by-product or related product that has a reasonable degree of price correlation to the Contract(s) that are the subject of the EFRP) in a quantity that is approximately economically equivalent to the quantity covered by the Contract(s).

(c) Accounts. The accounts involved in the execution of an EFRP must be:

(i) independently controlled with different beneficial owners; or

(ii) independently controlled accounts of separate legal entities with the same beneficial owners, provided that the account controllers operate separate business units; or

(iii) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or

(iv) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial owners.

(v) The parties to an EFRP shall maintain all documents relevant to the Contract and the related position, including all documents customarily generated in accordance with the relevant market practices, including, as applicable, copies of the documents evidencing title to, or the contract or contracts to buy or sell, the underlying commodity (or the derivative, by-product or related product) involved in such EFRP, and master swap agreements and any supplements thereto. Any such documents and information shall be furnished to the Exchange upon request.

(d) Reporting Requirements. The parties to an EFRP shall cause the EFRP to be identified and reported to the Exchange in accordance with such procedures as are determined by the Exchange from time to time.

(e) Clearing Requirements. All Contracts effected as part of EFRPs shall be cleared in accordance with these Rules.

RULE 308. Position Transfers.

The Exchange may permit transfer trades to move positions between accounts of the same Participant for administrative purposes (“**Position Transfers**”) where no change in ownership is involved. Participants and Clearing Members must obtain approval from the Exchange for a Position Transfer; such approval to be granted at the sole discretion of the Exchange. Position Transfers will not contribute to any reported volume, price, or trading range.

RULE 309. Trade Cancellations; Trade Reviews; Price Adjustments.

(a) The Exchange may adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Exchange, for maintenance of fair and orderly markets, for the protection of the public interest, or caused by system defects or malfunctions, including but not limited to any disruption or malfunction in the operation of any electronic communications, trading facilities, storage facilities, recording mechanisms or other components of or integral to the Exchange or of any Contracts, or any other severe business disruption to the Exchange, its systems or Contracts.

(b) Notwithstanding any other provision of this Rule 309, the Exchange may adjust trade prices or cancel any trade if the Exchange determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. Any decision of the Exchange with respect to an adjustment or cancellation subject to this Rule 309 shall be final.

(c) The Exchange may review a trade based on its analysis of market conditions or a request for review by a user of the Exchange. Except as provided below, a request for review must be made within five minutes of the execution of the trade. The Exchange shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the Exchange will promptly issue an alert to all Participants on the Exchange indicating that the trade is under review. In the case of Contracts determined by the Exchange to be illiquid, the Exchange may request and initiate a review up to one hour after the execution of the trade, and has the authority, but not the obligation, to review trades reported more than one hour following execution if it determines that the trade price was significantly out of line with fair value. In the course of its review of any trade, the Exchange may, but is not obligated to, inform any of the parties to the trade of the identity and contact information of any other party to the trade.

(d) In reviewing a trade, the Exchange will first determine whether the trade price is within the No Bust Range for the Contract. In applying the No Bust Range, the Exchange shall determine the fair value market price for that Contract at the time the trade under review occurred (the “**Market Price**”). The Exchange may consider any relevant information, including, but not limited to, the last trade price in the contract or a better bid or offer price on the Exchange, a more recent price for a different maturity date, the price of the same or related contract established in another venue or another market and the market conditions at the time of the trade. If the Exchange determines that the price of the trade is inside the No Bust Range, then it will issue an alert indicating that the trade shall stand.

(e) With the approval of the Exchange, parties to a trade that is price adjusted may instead mutually agree to cancel the trade. With the approval of the Exchange, parties to a trade that is busted may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of Rule 309(d). Subject to this Rule 309(e), parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the Exchange and the parties maintain a record of the adjustment. An executed trade may not be reversed via transfer except where such trade is determined by the Exchange to be outside of the No Bust Range but not reported timely, subject to agreement of the parties and approval of the Exchange. Any such transfer must occur at the original trade price and quantity; however the parties may mutually agree to a cash adjustment.

(f) A party entering an Order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted; provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant’s failure to take reasonable actions to mitigate the loss.

(i) A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the Order(s) that resulted in a trade bust

or a price adjustment and to the Clearing Member through which the trade was placed. Such party, or the Clearing Member on behalf of the party, shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.

(ii) To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this rule. A copy of any such written agreement must be provided to the Exchange.

(iii) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Chapter 7. Such claims must be submitted to the Exchange within ten business days of the date the party was issued notification that liability was denied.

(g) When the Exchange busts or price adjusts a trade, the party responsible for entering the Order into the Exchange that gave rise to the trade bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence.

(h) Positions that result from a trade determined by Exchange to be outside the No Bust Range that cannot be busted because the trade was not reported within five minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a “**Transfer Trade**”). Such Transfer Trades must comply with the trading requirements in these Rules. The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by Exchange to be inside the No Bust Range may not be reversed using a Transfer Trade.

(i) When a trade outside of the No Bust Range is busted in accordance with this Rule 309, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

(i) The Exchange approves the adjustment.

(ii) The quantity of the position being reestablished is the same as the quantity of the trade that was busted.

(iii) In the case of Contract traded below the Market Price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the Market Price, the adjusted price must be the highest price that the Contract traded at or about the time of the trade without being busted.

(iv) The parties to the adjusted trade must report it to the Exchange using a Transfer Trade not later than the close of business on the Business Day after the trade occurred.

(v) In the event that the matching engine malfunctions with live Orders in the queue waiting to be matched, such Orders may be matched when the system is restored. The Exchange is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

RULE 310. Settlement.

The Exchange will provide the Clearing House with Settlement Prices for use by the Clearing House in margining and settling trades and positions. Settlement Prices will be calculated primarily based on that day's Exchange Transactions as well as, if determined to be relevant in the discretion of the Exchange, any relevant trading in other markets and such other relevant factors, as outlined in the Contract Specifications at agxus.com.

The Exchange reserves the right to adjust Settlement Prices as it deems necessary based on current market conditions or otherwise, per the Contract Specifications.

RULE 311. Recordkeeping; Audit Trail.

(a) Orders must be entered by electronic transmission to the Exchange, and the Exchange shall maintain an electronic record of those entries. Each Participant entering Orders into the Exchange shall input for each Order:

(i) the User ID identifying the individual placing such Order, and an identifier of the Clearing Member that will clear any resultant contracts;

(ii) its type, price or yield, quantity, product, maturity or expiration month or date, customer type indicator ("CTI") code and account number (except as provided in Rule 311(e)); and

(iii) such additional information as may be prescribed from time to time by the Exchange.

(b) With respect to Orders received by a Participant that are immediately entered into the AGX System, no record other than that set forth above need be made. If a Participant receives an Order that cannot be immediately entered into the AGX System, such Participant must (x) prepare a written Order ticket in non-erasable ink and include the account designation, date, an electronic timestamp reflecting the time of receipt, an Order number and other information required pursuant to Rule 311(a), (y) enter such Order into the AGX System when such Order becomes executable and (z) if such Order is for a Customer, retain all consents and instructions from such Customer to delay entry of such Order.

(c) Participants that access the AGX System electronically are responsible for maintaining or causing to be maintained an audit trail for all electronic Orders, which shall include Order entry, modification, and cancellation information (the “**Audit Trail**”). Such Audit Trail shall include Orders submitted (regardless of whether they are executed) and the times of Order entry and of any Order modification or cancellation. Times that are so captured must not be capable of being modified by the Person entering the Order and must reflect all necessary data fields specified by the Exchange from time to time. For executed Orders, the Audit Trail must record the execution time of the trade along with all award information.

(d) Participants shall maintain Audit Trail information for a minimum of five years and must produce Audit Trail data in a standard format upon request of the Exchange. This electronic Audit Trail must contain all Order receipt, Order entry, Order modification, Order cancellation and response/receipt times to the highest level of precision achievable by the operating system, but at least to the hundredth of a second. The times captured must not be able to be modified by the Person entering the Order. The data must also contain all FIX Tag information and fields which should include, but are not limited to the following: a record of all fields relating to Order entry, including transaction date, product, Exchange code, expiration month, quantity, Order Type, Order Qualifier, price, buy/sell indicator, stop/trigger price, Order number, unique transaction number, account number, session ID, operator ID, host Order number, trader Order number, Clearing Member, type of action, action status code, customer type indicator, origin, and timestamps. For executed Orders the audit trail must record the execution time of the trade along with all fill information.

(e) Customer Type Indicator (CTI) Codes. Each Clearing Member must identify each transaction executed on the Exchange on the record of transactions submitted to the Exchange with the correct CTI code. The CTI codes are as follows:

(i) CTI 1: Transactions initiated and executed by an individual member for his own account, for an account he controls or for an account in which he has ownership or financial interest;

(ii) CTI 2: Transactions executed for the proprietary account of a clearing member or non-clearing member;

(iii) CTI 3: Transactions where an individual member or Authorized User executes for the personal account of another individual member, for an account the other individual member controls or for an account in which the other individual member has ownership or financial interest;

(iv) CTI 4: Any transaction not meeting the definition of CTI 1, 2 or 3.

RULE 312. Information Regarding Orders.

(a) The Exchange will make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to

Participants and other Persons at such times and in such manner (whether through the Exchange, financial information services or otherwise) as it may consider necessary or advisable from time to time.

(b) Each Participant or other Person receiving any such information referred to in paragraph (a) above shall not redistribute such information other than to the extent and in the manner as may be expressly permitted by the Exchange in writing from time to time.

RULE 313. Disaster Recovery; Business Continuity.

(a) Each Participant shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations. At a minimum, the following areas must be addressed in the Participant's policies and procedures:

(i) the Participant must have procedures in place to allow it to continue to operate during periods of stress or to transfer accounts to another fully operational Participant with minimal disruption to the Exchange.

(ii) the Participant must engage in periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information and provide the Exchange with information regarding the foregoing upon request; and

(iii) the Participant must maintain and, at the request of the Exchange, provide accurate and complete information for its key personnel. A Participant must inform the Exchange in a timely manner whenever a change to its key personnel is made.

(b) The Exchange may prescribe additional or alternative requirements for a Participant's compliance with this Rule.

**CHAPTER 4
CLEARING**

RULE 401. Submission to Clearing House.

All Contracts shall be cleared through the Clearing House in accordance with applicable Clearing House Rules and the Rules set forth in this Chapter 4.

RULE 402. Clearing Members.

Each Clearing Member must be a member of the Clearing House at all times. Except for those Clearing Members that clear solely for their own proprietary accounts, all other Clearing Members must be registered with the CFTC as FCMs (each, an "**FCM Clearing Member**").

RULE 403. Clearing Services.

Whenever the Exchange designates a clearing organization other than the Clearing House for the clearance of Contracts with respect to which there are open positions, each Clearing Member must, as of the close of business on the second Business Day prior to the effective date of such designation, either become a clearing member of such new organization, or cause any such open Contracts carried by it either to be transferred to a clearing member of such new clearing organization or to be liquidated.

RULE 404. Rules of the Clearing House.

(a) The clearing services provided by the Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), will be governed by the Rules of the Clearing House, except as otherwise provided in the Rules or Notices to Participants issued from time to time by the Exchange.

(b) Open positions in any Contract may only be offset by opposite Transactions in the same Contract that are executed either (i) on the Exchange or (ii) through other transactions allowed under the Rules and pursuant to any Notices to Participants issued from time to time by the Exchange.

(c) The Clearing House Rules shall prevail in the event of any conflict or inconsistency between these Rules and such Clearing House Rules with respect to any responsibilities or obligations of a Clearing Member under such Clearing House Rules. Each Clearing Member is bound by the Clearing House Rules of any Clearing House in which such Clearing Member has a clearing membership.

RULE 405. Additional Terms Applicable to Clearing.

(a) The Clearing House shall have the right to reject Contracts and to suspend clearing of such Contracts without notice, in accordance with the rules of the Clearing House; and

(b) A Clearing Member may only transfer a Contract to another Clearing Member only upon notice to the Exchange, in accordance with the rules of the Clearing House and provided:

(i) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same; or

(ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two Business Days after the trade date; or

(iii) the transfer constitutes a transfer of positions from a Customer to the Clearing Member's house account in the event of a customer default.

(c) Subject to the limitations of Rule 407, Exchange Officials may, upon request by the Clearing Member(s), approve a transfer of existing trades either on the books of the same Clearing Member, or from the books of one Clearing Member to the books of another Clearing Member if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

(d) Provided that the transfer is permitted pursuant to Sections (b) or (c) above, the transactions must be recorded and carried on the books of the receiving Clearing Member at the original trade dates. Trades may be transferred using either the original trade price or the most recent settlement price.

(e) All transfers shall be reported to each relevant Clearing House in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The Clearing Members involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

RULE 406. Concurrent Long and Short Transactions.

Set forth below are the procedures that must be followed for concurrent long and short positions in Contracts and accounts in which there are long and short positions in a Contract held open.

(a) Concurrent long and short positions in the same Contract and month may be held by a Clearing Member at the direction of a Customer or on behalf of an omnibus account; however it shall be the duty of the Clearing Member to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the relevant Clearing House.

(b) Clearing Members which, pursuant to this rule, carry concurrent long and short positions in Contracts, must report to the Exchange both sides as open positions.

(c) The Exchange takes no position regarding the internal bookkeeping procedures of its Clearing Members which, for the convenience of a Participant or Customer, may "hold open" a position only on their books. However, the Clearing Member must accurately report to the Exchange and the relevant Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest.

RULE 407. Revocation of Clearing Authorization: Trade Nullification.

In the event that a Clearing House terminates a Clearing Member's authorization, the Exchange shall nullify and cancel any trade to be cleared by such Clearing House that is guaranteed by such Clearing Member after the Exchange actually receives and processes notice

of such termination at the price at which the nullified transaction was executed. The Exchange shall process such notice promptly, but in any event within one Business Day of actually receiving written notice.

RULE 408. Clearing Guarantee.

(a) Each Participant that desires to enter into Transactions for itself or for its Customers must obtain prior authorization from a Clearing Member who shall guarantee such Transactions. If a Participant's Customer clears its Transactions through a Clearing Member other than the Participant, the Customer's Clearing Member must agree to guarantee and assume financial responsibility for all Transactions effected by or through the Participant for that Customer.

(b) The Clearing Member providing the guarantee assumes financial responsibility for all Transactions that fall within the credit limits and risk controls established by the Clearing Member, until such time the Clearing Member disables the Participant's or Customer's (as applicable) ability to enter into any additional Transactions. Disabling or suspending the Customer, users or credit limits is effective upon receipt of acknowledgment that the message was received by the Exchange. With respect to Transactions given up to other Clearing Members, such guarantee is effective until such time that the receiving Clearing Member accepts the trade. If the receiving Clearing Member does not accept the Transaction, financial responsibility for the Transaction will remain with the Participant's Clearing Member that initially approved the Transaction.

(c) A Clearing Member may at any time revoke the guarantee made by it to any Participant or Customer of such Participant, with respect to any future Transactions, by providing written notice of such revocation to the Exchange. For the avoidance of doubt, Clearing Member's guarantee with respect to Transactions effected prior to such revocation will remain in effect until the Participant or Customer (as applicable) has liquidated or transferred all positions and funds to another Clearing Member. The revocation will be effective with respect to new Transactions.

**CHAPTER 5
PARTICIPANT DUTIES AND STANDARDS**

Violations of the Participant duties and standards set forth in this Chapter may result in penalties including, but not limited to, temporary or permanent loss of access to the Exchange.

RULE 501. Ethical Standards.

Each Participant shall act, and shall cause its Authorized Users to act, in accordance with these standards of ethics with regard to its Exchange activity:

(a) Good Faith. No Participant (or any of its Authorized Users) shall knowingly enter, or cause to be entered, bids or offers into the AGX System other than in good faith for the purpose of executing bona fide transactions

(b) Transaction Integrity. Participants (and their Authorized Users) shall comply with, and be subject to, all of the terms and conditions of the Participant Agreement and will transact in Contracts only for legitimate business purposes, such as managing business risk, or that otherwise have economic substance.

(c) Risk Management. Participants (and their Authorized Users) shall adopt, adhere to and enforce risk management and other policies and structures that are designed to ensure that trading activities are conducted in accordance with the Rules. In addition, each Participant that is registered with the CFTC as an FCM must comply with the risk management requirements set forth in CFTC Regulation § 1.11.

RULE 502. Sound Trading Practices.

Participants will act in accordance with these standards of sound trading practices with regard to its Exchange activity:

(a) Rules. The American Gas Exchange will provide updates to these Rules and Notices to Participants regarding the application and interpretation of these Rules. It is the obligation of each Participant to ensure these documents are read and understood. It shall be prohibited for a Participant or any of its Authorized Users to violate any Rule or any agreement made with the Exchange, or to engage in fraud, dishonorable or dishonest conduct, or conduct which is inconsistent with just and equitable principles of trade.

(b) Price Manipulation; Fictitious, Non-Competitive or Artificial Transactions. No Participant shall effect or induce the purchase or sale of any Contract for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such Contract, or for the purpose of unduly or improperly influencing the market price of such Contract or for the purpose of making a price which does not reflect the true state of the market in such Contract. No Participant shall arrange and execute simultaneous offsetting buy and sell Orders in a Contract with intent to artificially affect reported revenues, trading volumes or prices.

(c) Fraudulent Acts. No Participant shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick, or mislead in connection with or related to any Exchange activity or activity related to any Clearing House.

(d) Market Manipulation. No Participant shall manipulate or attempt to manipulate the market in any Contract. Furthermore, no Participant shall intentionally or recklessly engage, or attempt to engage, in the following in connection with any Contract: (i) use manipulation to defraud, (ii) make an untrue or misleading statement or omit a material fact, (iii) engage in fraudulent or deceitful business practices, or (iv) deliver misleading or inaccurate reports concerning market information that affect the price of any Contract. No Participant shall directly or indirectly participate in or have any interest in the profit of a manipulative operation or knowingly manage or finance a manipulative operation. This includes any pool, syndicate, or joint account, whether in

corporate form or otherwise, organized or used intentionally for the purposes of unfairly influencing the market price of any Contract.

(e) Market Disruption or Disruptive Trading Practices. (i) No Participant shall engage in any trading, practice, or conduct that violates bids or offers or demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, or is of the character of, or is commonly known to the trade as, “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution), as described in Section 4c of the CEA.

(ii) No Participant shall engage in any trading, practice, or conduct that constitutes a “disruptive trading practice,” as such term is defined by the CEA or CFTC Regulations. Disruptive trading practices shall include any Exchange activity that (i) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, (ii) consists of placing one or more Order with an intent to cancel such Order(s) prior to execution, (iii) submitting or cancelling Orders with an intent to overload the Exchange, (iv) submitting or cancelling bids or offers with an intent to delay another person’s execution of trades, or (v) submitting or cancelling multiple bids or offers to create an appearance of false market depth; provided, however, that these clauses (i) through (v) shall not apply to exchanges for related positions.

(iii) Orders entered on the American Gas Exchange for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.

(f) Gratuities. Except with the prior written approval of the Chief Regulatory Officer, no Participant shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, to an Exchange Official in an amount that exceeds the maximum value permitted by the Exchange’s gifts and entertainment policy.

(g) False Reports. No Participant shall knowingly make any misstatement of a material fact to the Exchange, any Exchange Official, or any Board committee or Exchange panel. No Participant shall knowingly disseminate false or misleading reports regarding Transactions, the Exchange or one or more markets.

(h) Wash Sales. No Participant shall place or accept buy and sell Orders in the same product and expiration month, where the Participant knows or reasonably should know that the Order is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders by Participants that are entered with the intent to negate market risk or price competition shall be deemed to violate the prohibition on wash trades. Additionally, no

Participant shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

(i) Acts Detrimental to the Exchange. No Participant shall engage in any act that is detrimental to the Exchange. Without limitation, each of the following shall be deemed an act detrimental to the Exchange:

(i) to permit unauthorized use of the Exchange,

(ii) to assist any Person in obtaining unauthorized access to the American Gas Exchange,

(iii) to trade on the American Gas Exchange without an agreement and an established account with a Clearing Member, to alter the equipment associated with the American Gas Exchange (except with the Exchange's consent),

(iv) to interfere with the operation of the American Gas Exchange, to intercept or interfere with information provided thereby,

(v) to damage the name or reputation of the Exchange, its Board, its Officers or any of their Affiliates, or

(vi) to use the American Gas Exchange in any way in a manner contrary to the Rules or contrary to the safety and soundness of the American Gas Exchange.

(j) Supervision. A Participant shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of Authorized Users, Brokers, and Supervised Persons with the Rules and any applicable provisions of the CEA or CFTC Regulations, and such Participant may be held accountable for the actions of such Authorized Users or Supervised Persons.

(k) Disclosing Order Information. No Participant shall disclose an Order to buy or sell, except to a designated Exchange Official or the CFTC or as necessary to efficiently execute the Order, nor shall any Participant solicit or induce another Participant to disclose Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this rule.

(l) Priority of Customers' Orders. No Participant shall enter an Order into the AGX System for its own account, an account in which it has a direct or indirect financial interest or an account over which it has discretionary trading authority, including an Order allowing discretion as to time and price if such Participant is in possession of any unsubmitted Order from a Customer that the AGX System is capable of executing unless such Customer provides such Participant with written consent to delay such Order.

(m) Simultaneous Buy And Sell Orders For Different Beneficial Owners.

(i) No Person shall enter through the AGX System into a pre-discussed transaction for illegal or improper purposes (including, without limitation, any conduct prohibited by this Chapter 5) or knowingly assume on its own behalf or on behalf of a customer account the opposite side of its own Order or its Customer's Order (a "**Cross Trade**"), except (A) where the Person is entering into both sides of a customer Order on a non-discretionary basis, or (B) the Person (x) has obtained prior written blanket or transaction specific consent in respect of any relevant Customer; and (y) has waited for a reasonable period of time, which shall be presumed to be not less than 5 seconds, after the initial Order is submitted before submitting the opposite side Order.

(ii) Notwithstanding the foregoing, a Participant shall not be in violation of this Rule 502(m) due to Cross Trades executed by two Participants trading for the same account, or for separate accounts of the same beneficial owner, where neither Participant has knowledge of the other's Order and there is no coordination or prearrangement of the Cross Trade, provided that the relevant Participant shall be responsible, upon the request of the Exchange, to demonstrate to the reasonable satisfaction of the Exchange, that neither Participant had knowledge of the other's Order.

RULE 503. Pre-Arranged, Pre-Negotiated and Noncompetitive Trades Prohibited.

(a) No Person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any Transaction, except as provided in paragraph (b) of this Rule 503 below.

(b) Participants and Authorized Users may engage in pre-execution communications relating to transactions executed or to be executed on the Exchange if one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the first party's Order, subject to the following restrictions:

(i) A Participant may not engage in pre-execution communications with other Participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

(ii) Parties to pre-execution communications shall not disclose to a non-party the details of such communications or enter an Order to take advantage of information conveyed during such communications except in accordance with this Rule.

(iii) The first party's Order must be entered into the Exchange first, and the second party's Order may not be entered into the Exchange until a period of fifteen seconds has elapsed from the time entry of the first Order.

RULE 504. Disciplinary Procedures; Termination of Connection.

(a) All access denials, suspensions, expulsions and other restrictions imposed upon a Participant or any of its Authorized Users by the Exchange pursuant to a Disciplinary Action shall restrict with equal force and effect, access to, and use of, the Exchange.

(b) The Exchange, at its sole discretion, shall have the right to summarily terminate the connection of any Participant or the access of any User ID to the AGX System and the Exchange. Additionally, the Exchange, at its sole discretion, shall have the right to direct a Participant to immediately terminate access to the Exchange any of such Participant's Authorized Users.

RULE 505. Enforcement of Position Limits and Position Accountability Levels.

(a) No Person may for itself or any Customer maintain a combination of Futures Contracts which is, or which when aggregated in accordance with Rule 507 is, in excess of the limits established by this Chapter 5 and Appendix A. All Persons are responsible for maintaining their position and their Customers' positions within the limits contained in this Chapter 5 and Appendix A on both an intraday and end-of-day basis.

(b) In the event the Exchange learns that any Person maintains positions in Contracts in accounts with more than one Clearing Member such that the aggregate position in all such accounts exceeds the position limits or position accountability levels established by this Chapter 5 and Appendix A, the Exchange may notify all Clearing Members maintaining or carrying such accounts of the total positions of such accounts. Such notice may also instruct each such Clearing Member to reduce the positions in such accounts 24 hours after receipt of the notice, proportionately or otherwise so that the aggregate positions of such accounts at all such Clearing Members does not exceed the position limits and position accountability levels established by this Chapter and Appendix A, unless as provided by paragraph (c) below, a request for an exemption is made and granted by the Exchange pursuant to this Chapter. Any Clearing Member receiving such notice shall immediately take such steps as may be necessary to liquidate such number of commodity Contracts as shall be determined by the Exchange in order to cause the aggregate positions of such accounts at such Clearing Members to comply with the position limits and position accountability levels established by this Chapter and Appendix A. Notwithstanding the foregoing, the Clearing Members may reduce the positions of such accounts by a different number of commodity Contracts so long as after all reductions have been accomplished at all Clearing Members carrying such accounts, the positions at all such Clearing Members comply with the position limits and position accountability levels established by this Chapter and Appendix A.

(c) In the event any Person exceeds its position limit due to sudden unforeseen increases in its bona fide hedging or risk management needs, such Person shall not be considered in violation of the Rules provided that such Person requests an exemption to carry such increased position within one Business Day (unless the Exchange has expressly approved a later filing which may not exceed five Business

Days), in each case following the day on which the position limit was exceeded and provided further that such exemption is granted by the Exchange.

(d) Subject to the foregoing provisions of this Rule, in the event that a Person's position exceeds the position limits or position accountability levels established by this Chapter, stated in Appendix A or ordered by the Exchange, such Person shall liquidate such number of Contracts as the Exchange shall direct in order to eliminate the excess within such time as the Exchange may prescribe and shall report to the Exchange when such liquidations have been completed. If a Person fails to liquidate Contracts within the time prescribed by the Exchange, then, in addition to any other actions the Exchange may take, the Exchange may take such steps as it may deem necessary or appropriate to liquidate such Contracts on behalf and at the expense of such Person to the extent necessary to eliminate such excess. Without limiting the generality of the foregoing, if such Person is a Clearing Member, the Exchange may direct the clearing organization to effect such liquidation in accordance with the rules of the clearing organization. In addition, the Exchange in its discretion may require any Clearing Member carrying an account for such Person to obtain and hold additional original margin from such Person in such amount and form and by such time as the Exchange shall specify until such excess has been eliminated.

RULE 506. Exemptions.

(a) The position limits for Contracts specified in this Chapter shall not apply to (i) bona fide hedging positions as defined in Section 1.3(z)(1) of the Regulations under the CEA or non-enumerated hedging positions which are otherwise determined by the Exchange to be consistent with the purposes of hedging, (ii) arbitrage, spread or straddle positions and (iii) risk management positions.

(b) To be eligible for an exemption under this Rule, a Person seeking the exemption must submit to the Exchange a written request, in the form provided by the Exchange, which shall include the following:

(i) a description of the size and nature of the positions proposed to be held by such person;

(ii) a statement that the Person seeking the exemption agrees to comply with whatever restrictions or limitations are imposed by the Exchange with regard to said positions;

(iii) a representation that any applicable federal requirements relating to the proposed positions have been complied with and that any necessary approvals of the Commission have been obtained;

(iv) a statement that the Person seeking the exemption is in compliance with all other applicable Rules and requirements;

(v) a statement that the Person seeking the exemption agrees to submit immediately a supplemental statement to the Exchange explaining any change in circumstances affecting the relevant positions;

(vi) a statement that such positions will be initiated and liquidated in an orderly manner; and

(vii) such further information as the Exchange may request. Within five Business Days of the submission of the required information and statements, the Exchange shall respond to the request indicating whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (A) a request for withdrawal is received by the Exchange; or (B) the Exchange revokes, modifies or places further limitations thereon.

(c) Written requests for exemptions to the position limits specified in this Chapter must be received by the Exchange no later than five Business Days prior to the first day such position limits are in effect. Failure to file a position limit exemption request on a timely basis shall subject the Person seeking an exemption to disciplinary action pursuant to the Rules.

(d) Hedge Exemptions.

(i) Requests for bona fide hedge exemptions must include information that demonstrates that the proposed positions are bona fide hedging positions.

(ii) Requests for non-enumerated hedge exemptions must include information that demonstrates the positions are consistent with risk management strategies for the relevant commercial market.

(e) Arbitrage and Spread Exemptions. Exemptions may be granted for arbitrage or intracommodity spread positions.

(f) Risk Management Exemptions. When applying for a risk management exemption, the Person seeking such exemption must provide an explanation of the positions in the underlying cash market, related cash market, or related over-the-counter market where there exists a close linkage between the market for the Contracts and the underlying cash market in question, or, where applicable, an explanation of the corresponding commodity index being replicated.

RULE 507. Aggregation of Positions.

(a) The position limits and position accountability levels established by these Rules shall apply to all positions held by any Person, including those positions in accounts for which such Person by power of attorney or otherwise directly or indirectly holds positions or controls trading; and in the case of positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, the same as if all of the positions were held by or the trading of the positions were done by, a single Person.

(b) An “eligible entity”, as defined in CFTC Regulation 150.1(d), need not aggregate its positions with the eligible entity’s client positions or accounts carried by an authorized “independent account controller”, as defined in Regulation 150.1(e), provided that the positions are not held in the spot month during such time as a notice period or spot month position limit is in effect. If an independent account controller is affiliated with an eligible entity or another independent account controller, each of the affiliated entities must comply with the requirements specified in CFTC Regulation 150.3(a)(4)(i)(A-D).

(c) The Exchange may exclude any Person from the aggregation requirements of paragraph (a) of this Rule upon receipt of a written request in the form specified by the Exchange, which details the circumstances of the request, in the following instances:

(i) With respect to the positions or accounts of a separately organized entity (an “**Owned Entity**”): if the sharing of information associated with such aggregation creates a reasonable risk that such sharing would cause any Person to violate state or federal law or the law of a foreign jurisdiction, or regulations adopted thereunder, provided that a written officer’s certification to that effect accompanies the request, and provided further that such Person does not have actual knowledge of information associated with such aggregation.

(ii) With respect to the positions or accounts of an Owned Entity in which a Person holds an ownership or equity interest equal to or greater than 10% (except for positions which are subject to federal position limits): if the individuals controlling the trading decisions of the relevant accounts do not have knowledge of the trading decisions made by each other, the accounts trade pursuant to separately developed and independent trading strategies, there are written procedures designed to preclude access to information regarding the trades, positions and strategies of each account, and there is no sharing of personnel controlling the respective trading decisions.

RULE 508. Exchange Access to Position Information.

(a) Without limiting any provision of these Rules, the Exchange shall have the authority to obtain from any Clearing Member information with respect to positions of such Clearing Member or any Customer of such Clearing Member. This authority shall include the authority to obtain information concerning positions maintained at other firms, and it shall be the obligation of a Clearing Member receiving such an inquiry to obtain such information from its Customer. In the event a Clearing Member fails to provide the requested information, the Exchange, in addition to any other remedy provided in these Rules, may order that the Clearing Member liquidate the positions which are related to the inquiry.

(b) Any Clearing Member which holds, controls or carries for any Customer a reportable position (as such term is used in Rule 509) in any Contract that is cash settled by reference to the price of a contract or commodity traded in another venue, including another designated contract market, shall submit to the Exchange, upon request, such

information as the Exchange may require with respect to the positions which such Clearing Member or its Customer holds or controls in the reference contract or commodity on such other venue, in such form and manner as may be specified by the Exchange.

RULE 509. Reportable Positions and Daily Reports.

(a) Clearing Members (and any FCM or foreign broker clearing customer positions through a Clearing Member) which hold, control, or carry for any Customer a “reportable position”, as such term is defined by the CEA and the Regulations thereunder, shall submit to the Exchange daily reports with respect to such positions containing the information that is required to be reported to the Commission in the same form as prescribed by the Commission, unless otherwise specified by the Exchange.

(b) In the case where a long and short position in the same delivery month is carried for a Customer by an FCM or foreign broker that is not a Clearing Member, it shall be the responsibility of such FCM or foreign broker to advise the relevant Clearing Member that the long and short position is for the account of the same Customer.

RULE 510. Information Disclosure and Documentation.

(a) Participants shall provide information relating to Contracts to regulators in compliance with all applicable CFTC and NFA rules and regulations and any additional disclosure requirements imposed by these Rules and continue to cooperate with regulators as reasonably necessary to assist in their understanding of the markets.

(b) Participants shall ensure that any information disclosed to the American Gas Exchange is accurate and consistent. No existing or prospective Participant shall make any false statements or misrepresentations in any application, report or other communication to the Exchange.

**CHAPTER 6
DISCIPLINE AND ENFORCEMENT**

RULE 601. Disciplinary and Enforcement Procedures – General.

(a) All Participants and their Authorized Users are subject to the Exchange’s jurisdiction. All Participants are subject to this Chapter 6 if they, or with respect to a Participant, any other Person (including any Supervised Person of such Participant) using any User ID assigned to such Participant, are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) No Exchange Official will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (collectively, “**Disciplinary Action**”), except to the extent provided

under Exchange Rules with respect to a proceeding in which the director is a member of the relevant Appeals Panel.

(c) Participants may be represented by counsel during any Disciplinary Action pursuant to this Chapter 6, provided however that no such counsel shall be an employee of the Exchange or any person substantially related to the underlying investigation.

(d) Any of the functions of the Exchange, the Chief Regulatory Officer, the Regulatory Compliance Department or the Disciplinary Panel under this Chapter 6 may be performed by the Regulatory Services Provider pursuant to a delegation of such functions by the Exchange, and references to the Exchange, the Chief Regulatory Officer, the Regulatory Compliance Department or the Disciplinary Panel, shall be deemed to be references to such Regulatory Services Provider, as applicable. Nevertheless, the Exchange will retain exclusive authority in all substantive decisions made by any Regulatory Services Provider. The Exchange will document any instances where its actions differ from those recommended by the Regulatory Services Provider. The Exchange shall remain responsible for the performance of any functions under this Chapter 6 delegated to any Regulatory Services Provider, and any determination required to be made by the Chief Regulatory Officer or a Disciplinary Panel cannot be delegated to any Regulatory Services Provider.

(e) At the discretion of the Exchange, any Participant found in violation of the Rules may be required to pay to the Exchange any and all expenses incurred as a result of the investigation and disciplinary proceeding. This assessment is in addition to any monetary fines imposed for the Rule violation(s).

(f) Joint and Controlling Person Liability.

(i) The Exchange may hold a Participant liable for, and impose sanctions against such Participant, for such Participant's own acts and omissions that constitute a violation as well as for the acts and omissions that constitute a violation by (A) a Supervised Person of such Participant, and (B) any Person using a User ID assigned to a Supervised Person of such Participant, or (C) any employee, agent or representative of such Participant, in each case (A), (B) and (C), as if such violation were that of the Participant.

(ii) The Exchange may hold an Authorized User or Authorized Broker liable for, and impose sanctions against such Authorized User or Authorized Broker, for such Authorized User's or Authorized Broker's own acts and omissions that constitute a violation as well as or for the acts and omissions of any other agent or representative of such Authorized User or Authorized Broker that constitute a violation as if such violation were that of the Authorized User or Authorized Broker.

(g) *Ex Parte* Communications.

(i) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or other representative of such Person) and the Regulatory Compliance Department (and any counsel or other representative of the Regulatory Compliance Department) shall not knowingly make or cause to be made an *ex parte* communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeals Panel hearing such proceeding.

(ii) Members of a Disciplinary Panel or Appeals Panel shall not knowingly make or cause to be made an *ex parte* communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Regulatory Compliance Department (and any counsel or representative of the Regulatory Compliance Department).

(iii) Any Person who receives, makes or learns of any communication that is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Regulatory Compliance Department and all parties to the proceeding to which the communication relates.

(iv) A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

RULE 602. Investigations.

(a) The Regulatory Compliance Department will investigate any matter within the Exchange's jurisdiction of which it becomes aware. The Regulatory Compliance Department will commence an investigation upon receipt of a request from the Commission or upon the discovery or receipt of information that, in the judgment of the Regulatory Compliance Department, indicates a possible basis for finding that a violation may have occurred or will occur. The Regulatory Compliance Department shall determine the nature and scope of its investigations in its sole discretion and will operate independently of the commercial interests of the Exchange. Absent mitigating circumstances, the Regulatory Compliance Department must complete each investigation within twelve months after the date the investigation is opened. Permissible mitigating circumstances include but are not limited to the complexity of the investigation, the number of Participants involved as potential respondents, the number of potential violations to be investigated and the volume of documentation and data to be analyzed.

(b) The Regulatory Compliance Department has the authority to:

(i) initiate and conduct inquiries and investigations;

(ii) prepare Investigation Reports and make recommendations concerning initiating disciplinary proceedings;

(iii) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and

(iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Upon request by a member of the Regulatory Compliance Department, each Participant:

(i) is obligated to appear and testify and respond in writing to interrogatories within a reasonable specified time period in connection with: (A) the Rules, (B) any inquiry or investigation, or (C) any preparation by and presentation during a Disciplinary Action;

(ii) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within a reasonable specified time period in connection with: (A) the Rules, (B) any inquiry or investigation, or (C) any preparation by and presentation during a Disciplinary Action; and

(iii) is prohibited from impeding or delaying any Disciplinary Action.

RULE 603. Investigation Reports.

(a) The Regulatory Compliance Department will submit a written report of each investigation (an "**Investigation Report**") and maintain a log of all investigations and their disposition. Each Investigation Report will include the reasons for initiating the investigation, a summary of the complaint, if any, all relevant facts and evidence, analysis and conclusions, the Participant's disciplinary history at the Exchange, and a recommendation as to whether disciplinary action should be pursued. Each Investigation Report will consist of one of the following recommendations:

(i) closing the investigation without further action;

(ii) settlement;

(iii) summary action;

(iv) the preparation and service of a notice of charges for instituting a disciplinary proceeding; or

(v) resolving the investigation through an informal disposition, including the issuance of a warning letter.

An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction, however, the Investigation Report must include a

copy of any warning letter and no more than one warning letter for the same potential violation may be issued to the same Participant during a rolling twelve month period.

(b) The Investigation Report will be provided to the Chief Regulatory Officer for a determination as to whether the Investigation Report is complete. The Chief Regulatory Officer will then provide the completed Investigation Report to the Disciplinary Panel.

RULE 604. Review of Investigation Reports.

The Chief Regulatory Officer will determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur. The Chief Regulatory Officer will determine for each Respondent whether to authorize:

(i) the informal disposition of the investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted;

(ii) the closing of the investigation without any action because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur; or

(iii) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

RULE 605. Opportunity to Respond.

At the discretionary authority of the Chief Regulatory Officer, the Regulatory Compliance Department may notify the Respondent(s) that formal disciplinary charges are recommended and allow the Respondent to submit, within a specified time period, an offer of settlement or a written statement explaining why disciplinary proceedings should not be instituted or why one or more of the charges should not be brought.

RULE 606. Service of Notice of Charges.

Once the Chief Regulatory Officer authorizes disciplinary proceedings, the Regulatory Compliance Department will prepare and serve a notice of charges that will:

(i) state the acts, practices or conduct that the Respondent is alleged to have engaged in;

(ii) state the Exchange Rule or provision of applicable law alleged to have been violated or about to be violated;

(iii) state the proposed sanctions for each violation;

(iv) advise the Respondent of its right to a hearing;

(v) advise the Respondent that he has the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process;

(vi) state the period of time within which the Respondent can request a hearing on the notice of charges, which will not be less than twenty days after service of the notice of charges;

(vii) advise the Respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and

(viii) advise the Respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

(ix) The service of notice upon the Respondent shall be deemed complete either personally or by leaving the notice at his or her place of business; by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the Respondent at the address as it appears in the Participant Agreement. Service will be deemed complete via electronic mail to the electronic mail address as it appears on the books and records of the Exchange or in the Participant Agreement.

RULE 607. Answer to Service of Notice of Charges.

(a) If the Respondent decides to answer a notice of charges, the Respondent must file answers within twenty days after being served with such notice, or within such other time period as stated in such notice of charges. To answer the notice of charges the Respondent must in writing:

(i) specify the allegations that the Respondent denies or admits;

(ii) specify the allegations that the Respondent does not have sufficient information to either deny or admit;

(iii) specify any specific facts that contradict the notice of charges;

(iv) specify any affirmative defenses to the notice of charges; and

(v) sign and serve the answer on the Chief Regulatory Officer via personal service, mail or email.

(b) Any allegation in a notice of charges that the Respondent fails to expressly deny will be deemed admitted. A general denial by the Respondent, without more, will not satisfy the requirements herein, and will be deemed to be an admission of allegations in such notice. Failure by the Respondent to timely serve an answer to the notice of charges will be deemed an admission to the allegations in such notice.

(c) Participants may request a formal hearing in front of a Disciplinary Panel on charges denied in the Respondent's answer to the notice of charges.

(d) If all charges are admitted or Respondent fails to timely serve an answer to the notice of charges, the Respondent shall be deemed to have waived his right to a hearing on the charges, and the Disciplinary Panel shall (i) find that the violations alleged in the notice of charges have been committed and (ii) determine the sanction, if any, to be imposed. The Exchange shall serve upon the Respondent the information required by Rule 612.

RULE 608. Settlement Offers.

(a) At any time after a notice of charges has been issued, a Respondent may submit to the Regulatory Compliance Department a written offer of settlement related to anticipated or instituted disciplinary proceedings. A Respondent may withdraw a written offer of settlement at any time before acceptance.

(b) The Chief Regulatory Officer may, in its discretion, permit the Respondent to settle disciplinary proceedings without admitting or denying the rule violations if the Respondent consents to the entry of findings and sanctions imposed. If an offer of settlement is accepted, the disciplinary committee shall issue a written decision specifying the rule violations it has reason to believe were committed and any penalties to be imposed, which must take into account the Respondent's disciplinary history. In the event of demonstrated customer harm, any sanction must also include full customer restitution.

(c) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under the Rules.

(d) If the offer of settlement is not accepted by the Regulatory Compliance Department or fails to become final, or is withdrawn by the Respondent, the matter will proceed as if the offer had not been made such that the Respondent shall not be deemed to have made any admissions by reason of the settlement offer and shall not be otherwise prejudiced by having submitted the settlement offer.

RULE 609. Disciplinary Panel.

(a) A Disciplinary Panel, appointed by the Board at the recommendation of the Chief Regulatory Officer, consisting of at least three individuals, at least one of whom would qualify to serve as Public Director, will conduct hearings requested pursuant to Rule 607. No member of any Disciplinary Panel may have a financial, personal or other direct interest or involvement in the matter under such Disciplinary Panel's consideration.

(b) The Respondent will be notified of the appointment of the Disciplinary Panel. The Respondent may seek to disqualify any individual named to the Disciplinary Panel for reasonable ground, including that such individual has a financial, personal or

other direct interest in the matter under consideration. The Respondent must respond within ten days by serving notice to the Chief Regulatory Officer if the Respondent seeks to disqualify any individual named to the Disciplinary Panel. Legal counsel to the Exchange, other than the Chief Regulatory Officer, will determine the merits of any request for disqualification within his or her sole discretion and notify the Respondent of the determination. Such decision will be final and not subject to appeal.

(c) No Person shall serve on the Disciplinary Panel unless that Person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may be obtained while serving as a member of the Disciplinary Panel, except for disclosures when reporting to the Board, the Regulatory Compliance Department, upon request by the Commission or other Governmental Authority, or when compelled to testify in a judicial or administrative proceeding.

(d) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Investigation or as required by law.

RULE 610. Respondent Review of Evidence.

Prior to the commencement of the hearing, the Respondent will be given the opportunity to review all books, records, documents, transcripts of testimony and other tangible evidence in the possession of the Exchange or under the control of the Exchange, as determined in the Exchange's sole discretion, including any information obtained during the course of the Exchange's investigation, to be used by the Regulatory Compliance Department to support the allegations and proposed sanctions in the notice of charges, except for information protected by attorney-client privilege. The Regulatory Compliance Department may redact, edit or code information that could adversely affect the competitive position of the person providing the information or if such information might compromise other investigations being conducted by the Regulatory Compliance Department. However, the Regulatory Compliance Department may not redact, edit or code information that would impair the Respondent's ability to defend against allegations or proposed sanctions in the notice of charges. For purposes of this Rule 610, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant, and the personal finances of any Person.

RULE 611. Conducting Hearings of Disciplinary Proceedings.

(a) Each hearing conducted in connection with a disciplinary proceeding will be conducted privately and confidentially. Notwithstanding the confidentiality of the hearings, the Disciplinary Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(b) After reasonable notice to each respondent, the Disciplinary Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Regulatory Compliance Department.

(c) The chair of the Disciplinary Panel shall conduct the hearing as he or she may deem appropriate. The chair of the Disciplinary Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. Legal counsel, other than the Chief Regulatory Officer, will provide guidance to the chair of the Disciplinary Panel on the conduct of the hearing.

(d) At each hearing, the Regulatory Compliance Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Disciplinary Panel and each Respondent that has timely filed an answer to the notice of charges in accordance with Rule 607 will be entitled to attend and participate in the hearing.

(e) Both the Regulatory Compliance Department and each respondent may (i) present facts and evidence deemed relevant by the Disciplinary Panel, (ii) call and examine witnesses, and (iii) cross-examine witnesses called by other parties.

(f) The formal rules of evidence will not apply during any hearing.

(g) Each Respondent has the choice of being represented by legal counsel or other representatives, provided that no such counsel or representative shall be an employee of the Exchange or any person substantially related to the underlying investigation.

(h) If the Respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the Respondent's answer, the chair of the Disciplinary Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a Respondent fails to file an answer but appears at the hearing, the Respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the notice of charges, or otherwise) unless the Disciplinary Panel determines that the Respondent had a compelling reason for failing to timely file an answer. If the Disciplinary Panel determines that the Respondent had a compelling reason for failing to timely file an answer, the Disciplinary Panel will adjourn the hearing and direct the Respondent to promptly file a written answer.

(i) Reasonable notice, confirmed in writing, specifying the date, time, and place of the hearing will be given to Persons entitled or required to appear before the Disciplinary Panel. The Disciplinary Panel may impose sanctions on any person that impedes or delays the progress of the hearing. Interlocutory appeals of rulings by the Disciplinary Panel or the chair of the Disciplinary Panel are not permitted.

(j) If during any disciplinary proceedings the Disciplinary Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the notice of charges, the Disciplinary Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 607. In connection with considering apparent violations pursuant to this Rule 611(j), the Disciplinary Panel may request that the Regulatory Compliance Department provide the Disciplinary Panel with any additional information related to the violations at issue.

(k) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If a transcript of the hearing is requested by the CFTC staff or the respondent, the decision of the Disciplinary Panel is appealed pursuant to Rule 615, or is reviewed by the CFTC pursuant to Section 8c of the CEA or part 9 of Chapter 38 of the CFTC Regulations, the Exchange shall produce a transcript of the hearing; provided, however, that the costs of transcribing the hearing shall be borne by the Respondent if the Respondent requests the transcript, appeals the decision of the Disciplinary Panel pursuant to Rule 615, or submits an application for the decision of the hearing panel to be reviewed by the CFTC and such application is granted.

(l) No interlocutory appeals of any rulings made by a Disciplinary Panel or a chair of a Disciplinary Panel are permitted.

RULE 612. Decision of a Disciplinary Panel.

(a) As promptly as reasonable following a hearing, the Disciplinary Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the Disciplinary Action. A decision by a majority of the Disciplinary Panel will constitute a decision of the Disciplinary Panel.

(b) The Exchange will serve each of the Respondents and the Regulatory Compliance Department with a copy of the order of the Disciplinary Panel. The order will include:

- (i) The notice of charges or summary of the charges;
- (ii) The answer, if any, or a summary of the answer;
- (iii) A brief summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the Investigation Report;
- (iv) A statement of findings and conclusions concerning each charge, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;
- (v) An indication of each specific Rule that the Respondent was found to have violated;

(vi) A declaration of all sanctions imposed against the Respondent, including the basis for such sanctions and the effective date of such sanctions; and

(vii) Notice of the respondent's right to appeal pursuant to Rule 615.

(c) The decision of the Disciplinary Panel will become final upon expiration of twenty days after the order is served on the Respondent unless a timely notice of appeal is filed in accordance with Rule 615.

RULE 613. Sanctions.

(a) After notice and opportunity for hearing in accordance with Exchange Rules, the Exchange will impose sanctions if any Participant, Authorized User, or other Person using any of the Participant's User IDs is found to have violated or to have attempted to violate a Rule of the Exchange or provision of applicable law for which the Exchange possesses disciplinary jurisdiction. All sanctions must take into account the Respondent's disciplinary history. In the event that customer harm has been demonstrated, any sanction must also include full customer restitution. The Exchange may impose one or more of the following sanctions or remedies:

(i) warning letter, provided that no more than one warning letter may be issued to the same person found to have committed the same rule violation within a rolling twelve month period;

(ii) censure;

(iii) limitation on, suspension of or termination of Trading Privileges, ability to otherwise access the AGX System and the Exchange, or other activities, functions or operations;

(iv) fine of up to \$1,000,000 for each violation of Exchange Rules or a provision of applicable law;

(v) restitution or disgorgement;

(vi) termination of trading privileges or ability to otherwise access Exchange;

(vii) order(s) to (A) cease and desist violative conduct, (B) liquidate open positions, (C) provide additional margin or capital or (D) undertake to implement certain policies or procedures to reduce the likelihood of future violations; or

(viii) any other sanction or remedy deemed to be appropriate.

(b) If a fine or other amount is not paid within thirty days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to

select the bank on whose quotations to base the prime rate. Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its traders or supervisors.

RULE 614. Summary Actions.

(a) Summary Suspensions. At any time, the Chief Regulatory Officer, in consultation with the Regulatory Oversight Committee, may summarily suspend, revoke, limit, or condition a Participant's Trading Privileges. The Chief Regulatory Officer must reasonably believe that suspension, revocation, limitation or condition is necessary to protect the best interest of the Exchange or the marketplace, based on relevant circumstances including (but not limited to) any of the following reasons:

- (i) failure to satisfy applicable requirements under the CEA, the regulations of the CFTC or Exchange Rules;
- (ii) failure to pay fees or fines or arbitration awards; or
- (iii) a reasonable basis for believing the best interest of the public or the Exchange is at risk and immediate action is necessary.

Any Participant that is suspended by the Chief Regulatory Officer as a result of a summary action is to be notified at the earliest possible opportunity as appropriate considering the best interest of the marketplace. Such notice shall state:

- (i) the exact action taken,
- (ii) the reasons for the action, and
- (iii) the time and date the action has or is to become effective as well as the duration of the action.

(iv) The Respondent may file a notice of appeal pursuant to Rule 615 seeking reinstatement within twenty days after the notice of action is served on the Respondent. Otherwise, the summary action becomes final twenty days after the notice of action is served on the Respondent. The Respondent shall have the right to be represented by legal counsel in all proceedings subsequent to summary action taken pursuant to this paragraph (a).

(b) Summary Imposition of Fines. The Regulatory Compliance Department may summarily impose a fine, not to exceed \$5,000 for each violation, against any Participant for:

- (i) failure to cooperate with the Regulatory Compliance Department as required by Exchange Rules;
- (ii) failure to make timely and accurate submissions to the Exchange of notices, reports or other information required by Exchange Rules; or

- (iii) failure to keep any books and records required by Exchange Rules.

The Regulatory Compliance Department will give notice of any fine imposed that will specify:

- (i) the violation of the Exchange Rule for which the fine is being imposed;
- (ii) the date of the violation for which the fine is being imposed; and
- (iii) the amount of the fine.

Within twenty days of the service of the notice of the fine imposed, the Participant may either pay the fine or file a notice of appeal pursuant to Rule 615. Unless timely notice of appeal is filed, the fine will become final upon expiration of twenty days after the notice of fine is served on the Participant. The Respondent shall have the right to be represented by legal counsel in all proceedings subsequent to summary action taken pursuant to this paragraph (b).

RULE 615. Appeal from Disciplinary Panel Decisions and Summary Actions.

(a) **Appeal Procedures.** A Respondent found by the Disciplinary Panel to have violated an Exchange Rule or Applicable Law or who is subject to any summary action imposed pursuant to Rule 614 may appeal the decision within twenty days of receiving the order of the Disciplinary Panel decision or notice of summary action by filing a notice of appeal with the Chief Regulatory Officer. Except for summary suspensions imposed pursuant to paragraph (a) of Rule 614, Disciplinary Panel decisions and summary imposition of fines shall be suspended while the appeal is pending.

The Regulatory Compliance Department may request an appeal regarding a decision of or sanction imposed by the Disciplinary Panel, which decision will be suspended while the appeal is pending.

The notice of appeal must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the appellant objects. The appellant may give notice of appeal on the grounds that:

- (i) the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with Exchange Rules;
- (ii) the order or decision exceeded the authority or jurisdiction of the Disciplinary Panel, the disciplinary committee or the Exchange;
- (iii) the order or decision failed to observe required procedures;
- (iv) the order or decision was unsupported by the facts or evidence; or
- (v) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

The Chief Regulatory Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the twentieth day after filing a notice of appeal, the appellant must file with the Chief Regulatory Officer and serve on the Regulatory Compliance Department (or the Respondent, as applicable) a brief supporting the notice of appeal and documents supporting the brief. On or before the twentieth day after the date on which the appellant serves its supporting brief, the appellee must file and serve its brief in opposition with the Regulatory Compliance Department (or the Respondent, as applicable).

In connection with any appeal, the Regulatory Compliance Department will furnish to the Chief Regulatory Officer and to the Respondent a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

Within thirty days after the last submission filed, the Board will appoint an Appeals Panel at the recommendation of the Chief Regulatory Officer, which shall be composed of not less than three individuals, at least one of whom would qualify to serve as Public Director and all of whom did not participate in any prior stage of the disciplinary proceeding. No member may serve on the Appeals Panel if such person or any person or firm with whom such person is affiliated has a financial, personal, or other direct interest or involvement in the matter. The individuals on the Appeals Panel will serve until the related proceedings are completed. The chair of the Appeals Panel will be an individual qualified to be a Public Director.

Within ten days of being notified of the appointment of the Appeals Panel, an appellant may seek to disqualify any individual named to the Appeals Panel for any reasonable grounds, by serving written notice on the Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeals Panel. The legal counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion.

(b) Review by the Appeals Panel. The Appeals Panel will hold a hearing to allow parties to present oral arguments. Except for good cause shown, the review by the Appeals Panel shall only consider the record before the Disciplinary Panel, the written exceptions filed by the parties, and the oral and written arguments of the parties.

Upon completing its review, the Appeals Panel may affirm, or, only if it finds that the decision of the Disciplinary Panel that is under review meets one of the criteria listed in clauses (i), (ii) or (iii) of the following paragraph modify or reverse the Disciplinary Panel decision or summary action under appeal. Modifications by the Appeals Panel may include increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by Exchange Rules, remanding the matter to the same or a different Disciplinary Panel for further disciplinary proceedings, or ordering a new hearing.

As described in the immediately preceding paragraph, the Appeals Panel may modify or reverse any decision of the Disciplinary Panel or summary action under appeal only if it finds that the decision was:

- (i) Arbitrary, capricious, or an abuse of the discretion of the Disciplinary Panel;
- (ii) In excess of the authority or jurisdiction of the Disciplinary Panel;
or
- (iii) Based on a clearly erroneous application or interpretation of the Rules or facts.

As promptly as reasonably possible following its review, the Appeals Panel will issue a written decision based on the weight of the evidence before the Appeals Panel. The decision of the Appeals Panel will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Exchange Rule and provision of applicable law that the Respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost. The order by the Appeals Panel will be the final action of the Exchange and will not be subject to further appeal within the Exchange.

RULE 616. Rights and Responsibilities After Suspension or Termination.

(a) When the Participant's trading privileges or its right to access the Exchange, or the association of an Authorized User with a Participant, is suspended for a period of twelve months or less, none of its rights (including the right to hold oneself out to the public as a Participant; enter Orders into the Exchange; and receive Participant rates for fees, costs, and charges) will apply during the period of the suspension, except for the right of the Participant or Authorized User in question to assert claims against others as provided in the Rules. Any such suspension will not affect the rights of creditors under the Rules or relieve the Participant or Authorized User in question of its, his, or her obligations under the Rules to perform any Transactions entered into before the suspension, or for any Exchange fees, costs, or charges incurred during the suspension. The Exchange may discipline a suspended Participant or Authorized User under this Chapter 6 for any violation of Applicable Law committed by the Participant before, during, or after the suspension.

(b) When the Participant's trading privileges or its right to access the Exchange, or the association of an Authorized User with a Participant, is terminated, all of its rights will terminate, except for the right of the Participant or Authorized User in question to assert claims against others, as provided in the Rules. Any such termination will not affect the rights of creditors under the Rules. A terminated Participant or Authorized User may only seek to reinstate its right to access the Exchange by filing an application in accordance with Chapter 2 of the Rules. The Exchange will not consider the application of a terminated Participant or Authorized User if such Participant or Authorized User continues to fail to appear at Disciplinary Actions without good cause, or continues to impede the progress of Disciplinary Actions.

(c) A suspended or terminated Participant or Authorized User remains subject to the Rules and the jurisdiction of the Exchange for acts and omissions prior to the

suspension of termination, and must cooperate in any inquiry, investigation, Disciplinary Actions, appeal of Disciplinary Actions, summary suspension, or other summary action as if the suspended or terminated Participant or Authorized User still had the right to access the Exchange, or was still associated with a Participant, as the case may be.

(d) In the event of the suspension or revocation of a Participant's or Authorized Broker's Trading Privileges or ability to otherwise access the Exchange, the Exchange shall seek to facilitate the transfer of any customer accounts held by such Participant or Authorized Broker to other Participants or Authorized Brokers, as the case may be, with Trading Privileges or ability to otherwise access the Exchange (as applicable).

RULE 617. Notice to the Respondent, the CFTC, and the Public

The Exchange will provide written notice of Disciplinary Actions to the parties, the CFTC and any Regulatory Services Provider consistent with applicable CFTC Regulations. Whenever the Exchange suspends, expels, fines, or otherwise disciplines, or denies any Person access to the Exchange, the Exchange will make the public disclosures required by CFTC Regulations.

**CHAPTER 7
ARBITRATION**

RULE 701. In General.

(a) Participants shall arbitrate through the NFA all disputes, controversies or claims between or among themselves that relate to or arise out of any Contract or otherwise arise out of one or more Transactions made or to be made on the Exchange or subject to the Rules and that are based upon facts and circumstances that occurred at a time when the parties were Participants.

(b) The arbitration will be conducted in Chicago, Illinois, by an arbitrator operating in accordance with the provisions of the NFA's Code of Arbitration and Member Arbitration Rules in effect at the time of filing of the claim for arbitration. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including the issuance of an injunction.

(c) The fees and expenses of such arbitration shall be borne by the non-prevailing party, as determined by such arbitration.

(d) Except as necessary in court proceedings to enforce this arbitration provision or an award rendered hereunder, or to obtain interim relief, neither party may disclose the existence, content or results of any arbitration hereunder without the prior written consent of the other party.

RULE 702. Customer Arbitration.

(a) Except as otherwise provided in Rule 702(b), any dispute between a Participant or any of its Supervised Persons, on the one hand, and a Customer of such Participant, on the other hand, arising out of or in connection with the solicitation or acceptance of any order for execution of any Contract shall be subject to arbitration by the NFA Arbitration Program in accordance with its customer arbitration rules. Except as otherwise provided in Rule 702(b), any dispute between two or more Customers, or between a Participant and a Customer that is not a Customer of such Participant, arising out of or in connection with the solicitation or acceptance of any order for execution of any Contract shall be subject to arbitration by the NFA Arbitration Program in accordance with its member arbitration rules.

(b) Notwithstanding Rule 702(a), the submission of any dispute involving a Customer who is not an Eligible Contract Participant to arbitration shall be voluntary on the part of such Customer.

RULE 703. Claims Relating to Trade Cancellations or Price Adjustments.

All claims relating to trade cancellations or price adjustments pursuant to Rule 309 shall be resolved in accordance with this Chapter 7.

RULE 704. Notice.

The Exchange will ensure that Persons subject to arbitration under this Chapter 7 will be provided with adequate notice of the claims presented against such Person, as well as any fees and costs that may be assessed against such Person.

RULE 705. Right to Counsel.

Every Person is entitled to represent her own interests, be represented by counsel of her choosing and at her own expense who is admitted to practice before the highest court in any State, by a family member, or be represented by any other non-compensated representative. An entity must be represented by an officer or owner of the entity or by counsel.

RULE 706. Exceptions.

This Chapter 7 does not apply to disputes between Participants that: (i) such Participants are required by the rules of a Self-Regulatory Organization to submit to the dispute resolution procedures of that Self-Regulatory Organization; or (ii) that such Participants have, by valid and binding agreement, committed to negotiate or litigate in a forum other than the NFA arbitration program.

RULE 707. Penalties.

(a) Any failure on the part of a Participant to arbitrate a dispute subject to this Chapter 7, or the commencement by any such person of a suit in any court prior to

arbitrating a case subject to this Chapter 7, violates the Rules and shall subject such Participant to Disciplinary Action pursuant to Chapter 6.

(b) The Exchange may summarily suspend, pursuant to Rule 614, a Participant that fails to timely satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 7.

CHAPTER 8 DELIVERY FACILITIES AND PROCEDURES

RULE 801. Scope of Chapter.

(a) Regular Delivery Facilities (“**Regular Delivery Facilities**”) shall be governed by this Chapter 8 and, where applicable, the Rules which include the Contract Specifications for the commodities being delivered and such other requirements as the Exchange may prescribe. The procedures for trading, clearing, cash settlement, physical delivery and exercise, and any other matters not specifically covered herein shall be governed by the Rules and the Clearing House Rules.

(b) For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.

RULE 802. Declaration of Delivery Force Majeure.

(a) If a determination is made by the Chief Executive Officer or Chief Regulatory Officer, or their delegatee, that delivery or final settlement of any Contract cannot be completed as a result of Delivery Force Majeure, he or she shall take such action as he or she deems necessary under the circumstances, and his or her decision shall be binding upon all parties to the contract.

(b) The Exchange, the Board, the Chief Executive Officer and any Officer shall have the powers, authorities and duties set forth in Rule 302.

(c) The Exchange shall notify the CFTC of the implementation, modification or termination of any action taken pursuant to this Rule as soon as possible after taking the action.

(d) It shall be the duty of members, Clearing Members, Regular Delivery Facilities and service providers to notify the Exchange of any circumstances that may give rise to a declaration of Delivery Force Majeure.

(e) Nothing in this Rule shall in any way limit the authority of the Board to act in a Delivery Force Majeure situation pursuant to Rule 302.

RULE 803. Regular Delivery Facilities Conditions for Approval.

(a) Persons operating terminals who desire to have such terminals made Regular Delivery Facilities under the Rules of the Exchange shall make application for an

initial declaration of regularity on a form prescribed by the Exchange. The Exchange shall approve Regular Delivery Facilities for one-year terms beginning on January 1 of each year. Applications for approval as Regular Delivery Facilities for that year must be received by November 1 of the prior year.

(b) Applications for renewal of regularity shall be made prior to November 1 for the one-year term beginning on January 1 of the following year, and shall be on the same form as the application submitted pursuant to Rule 803(a).

(c) Upon the commencement of each terminal's term as a Regular Delivery Facility, the Exchange shall post the regular delivery capacity of each Regular Delivery Facility against any Contract. The initial regular delivery capacity and increases in regular delivery capacity of a Regular Delivery Facility against any Contract shall be effective either 30 days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

(d) Regular Delivery Facilities that wish to have their regular delivery capacity decreased shall file with the Exchange a written request for such decrease, and such decrease shall become effective once a notice has been posted by the Exchange.

(e) The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary. The application for regularity prescribed by the Exchange shall set forth conditions of regularity as well as other agreements with which the operator of the regular terminal shall comply.

(f) The Exchange, in its sole discretion, may determine not to approve terminals for regularity, regardless of whether such terminals meet the preceding requirements and conditions.

RULE 804. Withdrawal or Revocation of Approved Status.

(a) The Disciplinary Panel may revoke the status of a terminal as a Regular Delivery Facility whenever a Regular Delivery Facility fails to comply with the conditions established by the Exchange, any other conditions to which it has agreed in its application for regularity, or any other Exchange Rules.

(b) Unless a shorter notification period is otherwise authorized by the Exchange, a terminal shall give six months' prior written notice to the Exchange prior to withdrawing its status as a Regular Delivery Facility.

(c) If a terminal's status as a Regular Delivery Facility is withdrawn or revoked, a notice shall be posted announcing such withdrawal or revocation and also the period of time, if any, during which deliveries can be made through such terminal in satisfaction of Contracts under the Rules.

CHAPTER 9 MISCELLANEOUS

RULE 901. Trading by Exchange Officials Prohibited; Misuse of Material, Non-Public Information.

(a) Terms used in this Rule 901 and not otherwise defined in the Rules shall have the meanings set forth in CFTC Regulations §§ 1.3 and 1.59. As used in this Rule 901, the term “Exchange Official” does not include any member of the Board, a committee established by the Board, a Disciplinary Panel or Appeals Panel if such Person is not also an officer or employee of the Exchange.

(b) No Exchange Official may trade, directly or indirectly, (i) any Contract traded on or subject to the Rules or any related financial instrument, or (ii) any Contract or financial instrument where such Exchange Official has access to material non-public information concerning such Contract or financial instrument.

(c) The Chief Regulatory Officer (or, in the case of the Chief Regulatory Officer, the Board) may grant exemptions from the provisions of paragraph (b) to Exchange Officials on a case-by-case basis under circumstances which are not contrary to the purposes of this Rule and CFTC Regulation § 1.59. Such circumstances may include, but are not necessarily limited to:

(i) participation in pooled investment vehicles where such Exchange Official has no direct or indirect control over Transactions effected by or for the account of the pool;

(ii) service by such Exchange Official as an executor or administrator of an estate;

(iii) service by such Exchange Official in any other fiduciary capacity, such as an officer of a charitable organization, in which such Exchange Official receives no pecuniary benefit from the trading of Contracts or other financial instruments;

(iv) trading in Contracts or financial instruments executed on or subject to the rules of a swap execution facility, a designated contract market or a national securities exchange under circumstances in which such Exchange Official’s access to material non-public information in respect of such financial instruments is sufficiently minimal or attenuated so as to be insignificant; and

(v) such other circumstances as the Chief Regulatory Officer (or, in the case of the Chief Regulatory Officer, the Board) may determine.

(d) For the avoidance of doubt, participation by an Exchange Official in a retirement plan sponsored by the Exchange shall not be deemed to constitute trading directly or indirectly in a Contract or financial instrument, notwithstanding such plan’s trading of Contracts or financial instruments.

(e) Any Exchange Official that has received an exemption under clause (ii) of paragraph (c) must:

(i) furnish to the Exchange (or, in the case of the Chief Regulatory Officer, to the Board) account statements and other documents relevant to the trading activities that are so exempted; and

(ii) inform the Chief Regulatory Officer (or, in the case of the Chief Regulatory Officer, the Board) within one business day of any material change of information that may affect such Exchange Official's qualification for such exemption.

(f) Exchange Officials, agents and independent contractors of the Exchange are prohibited from disclosing material non-public information obtained as a result of their employment, agency relationship or engagement with the Exchange where the Exchange Official, agent or independent contractor expected or should have reasonably expected that the information disclosed may assist a Person in trading any Contract, any Contract traded on another designated contract market or other market, or any related underlying commodity or security.

RULE 902. Proprietary Information.

(a) Each Participant, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, hereby acknowledges and agrees that the Exchange owns and shall retain all right, title and interest in and to the Exchange, all components thereof, including without limitation all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation all registered or unregistered, as applicable (i) copyright, (ii) trade mark, (iii) service mark, (iv) trade secret, (v) trade name, (vi) data or database rights, (vii) design rights, (viii) moral rights, (ix) inventions, whether or not capable or protection by patent or registration, (x) rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, (xi) patent, and (xii) other intellectual property and ownership rights, including applications for the grant of any of the same, in or to the Exchange and all other related proprietary rights of the Exchange or any of its Affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind transmitted by means of any of the foregoing, including, without limitation, the market data, the "**Proprietary Information**"). Each Participant, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of the Exchange. Each Participant acknowledges and agrees that it shall not and shall not permit its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing to, reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of the Exchange or the Proprietary Information. Each Participant, further agrees to and to cause each of its

Affiliates, Authorized Users and other Persons affiliated with any of the foregoing to, keep the Proprietary Information confidential and not to transfer, rent, lease, loan, sell or distribute, directly or indirectly, all or any portion of the Exchange or any Proprietary Information.

(b) All Participants and all employees, agents, vendors, and other Persons affiliated with the foregoing understand and acknowledge that the Exchange has a proprietary interest in:

(i) the price and quantity data from each and every Transaction, including the time at which the Transaction was executed by, or submitted to, the Exchange and the User ID under which it was entered (as well as other information identifying persons involved in the Transaction);

(ii) the price and quantity data of each bid and offer submitted to the Exchange, including the time at which such bid or offer was submitted to the Exchange;

(iii) the yield curves prepared by the Exchange;

(iv) any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and

(v) the transmissions and dissemination of the data and information to Participants, any publisher of the data or information with whom the Exchange has a written agreement, and any other Persons.

(c) Notwithstanding any other provision of this Rule 902, each Participant retains only such rights as it may enjoy under applicable law with respect to market data solely in the form such market data was submitted to the Exchange by such Participant and its Authorized Users.

(d) Subject to the provisions of paragraph (a), all Participants, Authorized Users and other Persons affiliated with either of the foregoing hereby acknowledge and agree that the Exchange is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in market data, and all derivative works based thereon, and further agree not to distribute, create derivative works based on, or otherwise use or commercially exploit market data and any such derivative works, provided that Participants, Authorized Users and such other Persons may use market data for their own internal business purposes. Without limiting the generality of the foregoing, Participants, Authorized Users and other Persons affiliated with any of the foregoing may not distribute, sell or retransmit market data Exchange to any third party.

(e) “American Gas Exchange,” “AGX” and the American Gas Exchange logo (whether registered or unregistered) (the “Marks”) are proprietary Marks licensed to the American Gas Exchange and protected by applicable trademark laws. Nothing contained in this Rulebook should be construed as granting any license to or right to use any of the

Marks displayed here without our express written consent. Any unauthorized use of the Marks is strictly prohibited.

(f) Notwithstanding any other provision of this Rule 902, except as may otherwise be required by law or permitted in any written agreement between the Exchange and such Participant, the Exchange shall not disclose market data other than on an aggregated basis that does not directly or indirectly identify individual Participants.

RULE 903. Recording of Communications.

The Exchange or the Regulatory Services Provider may record conversations and retain copies of electronic communications between Exchange Officials and Participants, their Authorized Users or other agents. Any such recordings may be retained by the Exchange or the Regulatory Services Provider in such manner and for such periods of time as the Exchange may deem necessary or appropriate, including as may be required by Applicable Law.

RULE 904. Communications between the Exchange and Participants.

Each Participant must provide the Exchange with its current electronic mail address and the electronic mail address of any of its Authorized Users and immediately (and in any event within 24 hours) update that address whenever it changes. All communications between the Exchange and the Participant will be transmitted by electronic mail or posted on the Exchange website, except as otherwise specified by the Exchange. The Participant shall be responsible for conveying such communications to Persons to whom the Participant has given its User IDs. Each Participant will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from the Exchange to the Participant or any of its Authorized Users, its other Supervised Persons or any Person to whom it has given User ID(s) assigned to it by the Exchange. The Regulatory Services Provider will have access to such communications to the extent required to perform certain regulatory services to the Exchange pursuant to the Regulatory Services Agreement. All communications made to Participants shall also be deemed to have been made to all Authorized Users and Supervised Persons.

RULE 905. Confidentiality.

(a) Except as provided in Rule 902, all information provided by a Participant to the Exchange shall be held in confidence and shall not be made known to any other Person except as follows:

- (i) with the consent of the Participant providing such information;
- (ii) to a Governmental Authority or the regulatory authority of any foreign jurisdiction, if the Exchange is requested or legally required to do so by such Governmental Authority;
- (iii) pursuant to legal process;
- (iv) to a Clearing House of which such Participant is a member or in connection with the clearing of a Contract;

(v) subject to appropriate confidentiality requirements, to any Person providing services to the Exchange, including but not limited to the Regulatory Services Provider;

(vi) to the Board, any committee, Exchange Officials, attorneys and auditors, and to agents and independent contractors that have been engaged by the Exchange who require such information in connection with the discharge of their duties to the Exchange; and

(vii) as otherwise permitted under the Rules.

(b) All information provided by the Exchange to a Participant shall be treated as “Confidential Information” (as such term is defined in the Participant Agreement) subject to the Participant Agreement.

RULE 906. Extension or Waiver of Rules.

The Exchange may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with Applicable Law.

RULE 907. Signatures.

Rather than rely on an original signature, the Exchange may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

RULE 908. Governing Law; Legal Proceedings.

(a) The Rules, and the rights and obligations of the Exchange and Participants under the Rules, shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and performed wholly within the State of New York without regard to any provisions of New York law that would apply the substantive law of a different jurisdiction.

(b) Any action, suit or proceeding against the Exchange, its officers, directors, limited liability company members, employees, agents, or any member of any committee must be brought within one year from the time that a cause of action has accrued. Any such action, suit or proceeding shall be brought in the State or Federal courts located within New York, New York. Each Participant expressly consents, for itself and its Authorized Users, to the jurisdiction of any such court, waives any objection to venue therein, and waives any right it may have to a trial by jury.

(c) In the event that a Participant or an Affiliate of such Participant who fails to prevail in a lawsuit or other legal proceeding instituted by such Participant or such Affiliate against (i) the Exchange or (ii) any Affiliate of the Exchange or any of their

respective officers, directors, equity holders, employees, agents, or any member of any committee, and related to the business of the Exchange, such Participant shall pay to the Exchange all reasonable expenses, including attorneys' fees, incurred by the Exchange in the defense of such proceeding. This paragraph (c) shall not apply to Exchange disciplinary actions, appeals thereof, or an instance in which the Board has granted a waiver of the provisions hereof.

RULE 909. LIMITATION OF LIABILITY; NO WARRANTIES.

PARTICIPANT'S USE OF THE SERVICES, THE AGX SYSTEM, THE AMERICAN GAS EXCHANGE AND ANY OTHER INFORMATION AND MATERIALS PROVIDED BY THE AMERICAN GAS EXCHANGE, IS AT PARTICIPANT'S OWN RISK, AND THE SERVICES, THE AMERICAN GAS EXCHANGE AND ANY OTHER INFORMATION AND MATERIALS PROVIDED BY THE AMERICAN GAS EXCHANGE HEREUNDER ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS, WITHOUT WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESS OR IMPLIED, BY STATUTE, COMMON LAW OR OTHERWISE INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. THE AMERICAN GAS EXCHANGE DOES NOT GUARANTEE THAT (I) THE AMERICAN GAS EXCHANGE OR THE SERVICES WILL OPERATE IN AN ERROR FREE, SECURE OR UNINTERRUPTED MANNER, (II) ANY INFORMATION OR MATERIALS PROVIDED BY THE AMERICAN GAS EXCHANGE OR ACCESSIBLE THROUGH THE AMERICAN GAS EXCHANGE WILL BE ACCURATE, COMPLETE, RELIABLE, OR TIMELY, OR (III) THE AMERICAN GAS EXCHANGE OR ANY ASPECTS OF THE SERVICES WILL BE FREE FROM VIRUSES OR OTHER HARMFUL COMPONENTS. THE AMERICAN GAS EXCHANGE SHALL HAVE NO LIABILITY FOR THE CREDITWORTHINESS OF ANY PARTICIPANT OR FOR THE ACTS OR OMISSIONS OF ANY AUTHORIZED USER UTILIZING THE SERVICES OR ANY ASPECT OF THE SERVICES OR THE AGX SYSTEM. PARTICIPANT ACKNOWLEDGES THAT PARTICIPANT'S ACCESS TO THE AGX SYSTEM AND THE SERVICES IS INTERNET-BASED AND THAT THE AMERICAN GAS EXCHANGE HAS NO CONTROL OVER THE INTERNET OR PARTICIPANT'S CONNECTIONS THERETO. PARTICIPANT FURTHER ACKNOWLEDGES THAT THE INTERNET, COMPUTER NETWORKS, AND COMMUNICATIONS LINKS AND DEVICES NECESSARY TO ENABLE PARTICIPANT TO ACCESS AND USE THE AGX SYSTEM AND THE SERVICES ARE INHERENTLY INSECURE AND VULNERABLE TO ATTEMPTS AT UNAUTHORIZED ENTRY AND THAT NO FORM OF PROTECTION CAN ENSURE PARTICIPANT'S DATA, HARDWARE, OR SOFTWARE OR THE AGX SYSTEM OR THE AMERICAN GAS EXCHANGE WILL BE FULLY SECURE. FURTHERMORE, THE AMERICAN GAS EXCHANGE SHALL HAVE NO OBLIGATION TO MONITOR OR VERIFY ANY INFORMATION DISPLAYED THROUGH THE AGX SYSTEM.

EXCLUDING ANY LIABILITY FOR SUCH PARTY'S WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, AND EXCLUDING, IN THE CASE OF PARTICIPANT, PARTICIPANT'S INDEMNIFICATION OBLIGATIONS PURSUANT TO THE PARTICIPANT AGREEMENT, EACH PARTY AGREES THAT IN NO EVENT SHALL

EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING DAMAGES FOR LOSS OF PROFITS, LOSS OF REVENUE, LOSS OR CORRUPTION OF DATA, TRADING LOSSES OR BUSINESS INTERRUPTION AND THE LIKE, ARISING IN ANY MANNER WHATSOEVER OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY USE (WHETHER OR NOT AUTHORIZED) OR INABILITY TO USE THE AMERICAN GAS EXCHANGE OR ANY OTHER INFORMATION OR MATERIALS PROVIDED TO PARTICIPANT BY THE AMERICAN GAS EXCHANGE OR ACCESSIBLE THROUGH THE SERVICES, INCLUDING THE ACCURACY, COMPLETENESS, RELIABILITY, TIMELINESS, QUALITY, SECURITY, PERFORMANCE, OR PRICING OF THE SERVICES OR ANY FAILURES, DEGRADATIONS OR DELAYS ASSOCIATED THEREWITH, REGARDLESS OF WHETHER SUCH DAMAGES ARISE IN TORT, CONTRACT, OR OTHERWISE, AND EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, IF A COURT OR OTHER TRIBUNAL OF COMPETENT JURISDICTION SHOULD FIND THE AMERICAN GAS EXCHANGE LIABLE FOR ANY LOSS, DAMAGE OR EXPENSES UNDER THIS AGREEMENT, THE AGGREGATE LIABILITY OF THE AMERICAN GAS EXCHANGE UNDER THE AGREEMENT, REGARDLESS OF THE FORM OF ACTION, SHALL IN NO EVENT EXCEED THE GREATER OF (I) \$10,000 OR (II) THE TOTAL COMMISSIONS, FEES, OR OTHER AMOUNTS (EXCLUDING ANY APPLICABLE TAXES AND DUTIES) PAID TO THE AMERICAN GAS EXCHANGE BY PARTICIPANT DURING THE SIX MONTHS PRECEDING THE DATE ON WHICH THE EVENTS GIVING RISE TO SUCH LIABILITY AROSE.

SUBJECT TO THE RULES OF CHAPTER 8, ANY CLAIM FOR REDRESS OR DAMAGES HEREUNDER SHALL BE FILED IN A COURT OF COMPETENT JURISDICTION WITHIN TWO YEARS OF THE DATE ON WHICH SUCH CLAIM ALLEGEDLY AROSE. FAILURE TO INSTITUTE LITIGATION WITHIN SUCH TIME PERIOD SHALL BE DEEMED TO BE A WAIVER OF SUCH CLAIM AND THE CLAIM SHALL BE OF NO FURTHER FORCE OR EFFECT. THE ALLOCATIONS OF LIABILITY IN THIS Rule 909 REPRESENT THE AGREED AND BARGAINED FOR UNDERSTANDING OF THE PARTIES, AND EACH PARTY ACKNOWLEDGES THAT THE OTHER PARTY'S RIGHTS AND OBLIGATIONS HEREUNDER REFLECT SUCH ALLOCATIONS. THE PARTIES AGREE THAT THEY WILL NOT ALLEGE THAT THIS REMEDY FAILS ITS ESSENTIAL PURPOSE.

APPENDIX A – REPORTING LEVELS AND POSITION LIMITS

Position Limits and Reporting Levels

| American Gas Exchange Contract | Spot Month Position Limit | Reportable Level |
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