

LedgerX LLC – Exhibit L

Attach as Exhibit L, a narrative and any other form of documentation that may be provided under other Exhibits herein, that describes the manner in which the Applicant is able to comply with each core principle. Such documentation must include a regulatory compliance chart setting forth each core principle and providing citations to the Applicant’s relevant rules, policies, and procedures that address each core principle. To the extent that the application raises issues that are novel or for which compliance with a core principle is not self-evident, include an explanation of how that item and the application satisfy the core principles.

Core Principle or Other Requirement	LedgerX LLC Rule, Policy or Procedure	Relevant Exhibit(s)
Core Principle 1 – Compliance with Core Principles		
<p>(A) In general</p> <p>To be registered, and maintain registration, as a swap execution facility, the swap execution facility shall comply with—</p> <p>(i) the core principles described in this subsection; and</p> <p>(ii) any requirement that the Commission may impose by rule or regulation pursuant to section 12a(5) of this title.</p> <p>(B) Reasonable discretion of swap execution facility</p> <p>Unless otherwise determined by the Commission by rule or regulation, a swap execution facility described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the swap execution facility complies with the core principles described in this subsection.</p>	<p>LedgerX LLC (“LedgerX”) is applying for registration as a swap execution facility (“SEF”) by submitting Form SEF (the “LedgerX Application”). Once registered, LedgerX will comply with the SEF Core Principles. As demonstrated in this Application, LedgerX has drafted its Rules, Compliance Manual, Business Continuity Plan, Enterprise Risk Management Plan and Operations Manual, and has designed LedgerX’s operations to be compliant with the SEF Core Principles and the Commodity Exchange Act, as amended (“CEA”) and other applicable Commodity Futures Trading Commission (“CFTC”) regulations promulgated thereunder.</p>	<p>LedgerX Application, including all attachments and Exhibits.</p>
Core Principle 2 – Compliance with Rules		
<p>A swap execution facility shall—</p> <p>(A) establish and enforce compliance with any rule of</p>	<p>LedgerX has established rules and procedures reasonably designed to ensure compliance with section 5h of the CEA and the rules of the CFTC</p>	<p>Exhibit M – LedgerX Rulebook</p>

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<p>the swap execution facility, including—</p> <p>(i) the terms and conditions of the swaps traded or processed on or through the swap execution facility; and</p> <p>(ii) any limitation on access to the swap execution facility;</p> <p>(B) establish and enforce trading, trade processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules, including means—</p> <p>(i) to provide market participants with impartial access to the market; and</p> <p>(ii) to capture information that may be used in establishing whether rule violations have occurred;</p> <p>(C) establish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades; and</p> <p>(D) provide by its rules that when a swap dealer or major swap participant enters into or facilitates a swap that is subject to the mandatory clearing requirement of section 2 (h) of this title, the swap dealer or major swap participant shall be responsible for compliance with the mandatory trading requirement under section 2 (h)(8) of this title.</p>	<p>including procedures to be used in entering and executing orders traded on LedgerX. LedgerX fulfills its compliance with the CEA, CFTC regulations and LedgerX Rules, through oversight by its Regulatory Oversight Committee ("ROC"), its Chief Compliance Officer ("CCO"), Chief Regulatory Officer and the Compliance Department.</p> <p>The Compliance Department is under the supervision of the CCO and monitors compliance with LedgerX Rules, policies and procedures. The CCO is appointed by the Board and reports to the Chief Executive Officer ("CEO") and the Regulatory Oversight Committee ("ROC"). The CCO will meet with the ROC on at least a quarterly basis. The ROC oversees LedgerX's regulatory program on behalf of the Board. The ROC has the authority, among other things, to (1) monitor LedgerX's regulatory program for effectiveness and independence and (2) oversee all facets of LedgerX's regulatory program, including trade practice and market surveillance; audits examinations, and other regulatory responsibilities with respect to Participants.</p> <p>The Compliance Department will conduct inquiries and investigations relating to real-time surveillance, trade practice and market surveillance. The Compliance Department's investigations are governed by Chapter 9 of the Rule book. Chapter 9 governs disciplinary proceedings, including the initiation and adjudication proceedings. The LedgerX Board has the authority to appoint individuals to serve on any Disciplinary Panel, which shall include one individual that would meet the requirements to be a Public Director.</p>	<p>Exhibit O – LedgerX Compliance Manual</p> <p>Exhibit R – Trade Practice Violations</p> <p>Exhibit N – LedgerX Participant Application and Agreement</p>

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Core Principle 3 – Swaps Not Readily Susceptible to Manipulation		
<p>The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.</p>	<p>All LedgerX Contracts shall be cleared through the LedgerX clearing house, which has applied for registration with the CFTC as a derivatives clearing organization (“DCO”), as set forth in the Contract Specifications and in accordance with the CEA. LedgerX SEF shall only permit trading in swaps that are not readily susceptible to manipulation.</p>	<p>Exhibit M – LedgerX Rulebook Exhibit O – LedgerX Compliance Manual</p>
Core Principle 4 – Monitoring of Trading and Trade Processing		
<p>The swap execution facility shall—</p> <p>(A) establish and enforce rules or terms and conditions defining, or specifications detailing—</p> <p>(i) trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility; and</p> <p>(ii) procedures for trade processing of swaps on or through the facilities of the swap execution facility; and</p> <p>(B) monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p>	<p>The LedgerX Participant Platform (“Platform”) provides an electronic Order Book system for the entry and execution of Orders for each Contract. A Participant that is granted access to either view or trade on a specific Contract automatically receives access to the Order Book for those specific Contracts. The Order Book may be accessed through the Exchange website, the application-programming interface (“API”), or by utilizing any third-party software application provided by any independent software vendor (“ISV”).</p> <p>The LedgerX Compliance Department is responsible for conducting Trade Practice Surveillance for the LedgerX SEF. Trade Practice Surveillance includes reviewing bids, offers, recorded pre-trade negotiations, trades and any other information submitted via the API or Participant Portal on an ongoing basis to determine if there are any potential violations of the LedgerX Rules. Currently, the Compliance Department staff includes the Chief Regulatory</p>	<p>Exhibit M – LedgerX Rulebook Exhibit O – LedgerX Compliance Manual Exhibit Q – LedgerX Trading Systems Exhibit R – Trade Practice Violations</p>

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	<p>Officer and the CCO.</p> <p>LedgerX has developed automated trade surveillance tools known as Exchange Surveillance Interface (“ESI”) that enables the Compliance Department to perform trade practice and market surveillance functions. The ESI is used by Staff to effectively and efficiently profile the LedgerX market and Participants and Authorized Users, analyze the audit trail, and generate automated trade and market exception alerts.</p>	
Core Principle 5 – Ability to Obtain Information		
<p>The swap execution facility shall—</p> <p>(A) establish and enforce rules that will allow the facility to obtain any necessary information to perform any of the functions described in this section;</p> <p>(B) provide the information to the Commission on request; and</p> <p>(C) have the capacity to carry out such international information-sharing agreements as the Commission may require.</p>	<p>Pursuant to Rule 3.1, Participants agree to assist LedgerX in complying with LedgerX’s legal and regulatory obligations, cooperate with the exchange, the CFTC and any regulatory agency with jurisdiction over LedgerX in any inquiry, investigation, audit, examination or proceeding.</p> <p>Rule 3.2.A sets forth Participant eligibility requirements and requires Participants to meet any other criteria upon request by the Exchange and provide the Exchange with any other information the Exchange may request regarding the Participant.</p> <p>LedgerX has not entered into international information-sharing agreements but LedgerX’s Rules foresee that doing so may be necessary in the future. For example, Rule 3.3 requires Participants to allow LedgerX to provide all information LedgerX has about the Participant, including the Participant’s</p>	<p>Exhibit O – LedgerX Compliance Manual</p> <p>Exhibit M – LedgerX Rulebook</p>

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	<p>trading activity, to the CFTC or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information-sharing agreements or other arrangements or procedures or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals.</p> <p>The Compliance Manual sets forth internal procedures regarding asking Participants for additional information and periodic monitoring of Participants where additional information could be necessary.</p>	
Core Principle 6 — Position Limits or Accountability		
<p>(A) In general To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, a swap execution facility that is a trading facility shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability for speculators.</p> <p>(B) Position limits For any contract that is subject to a position limitation established by the Commission pursuant to section 6a (a) of this title, the swap execution facility shall— (i) set its position limitation at a level no higher than the Commission limitation; and (ii) monitor positions established on or through the swap execution facility for compliance with the limit set by the Commission and the limit, if any, set by the swap execution facility.</p>	<p>Chapter 8 of the Rules set forth rules regarding position limits, position accountability levels and aggregation requirements. LedgerX imposes specific position limits for the contracts that LedgerX offers. Internal procedures related to position limits and position accountability levels, and any breaches thereof, are set forth in the Operations Manual.</p>	<p>Exhibit V – LedgerX Operations Manual</p> <p>Exhibit M – LedgerX Rulebook</p>
Core Principle 7 — Financial Integrity of Transactions		

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<p>The swap execution facility shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the swaps pursuant to section 2 (h)(1) of this title.</p>	<p>Each Participant must be an Eligible Contract Participant in good financial standing and in compliance with the Participant eligibility standards set forth in Chapter 3. All contracts offered by LedgerX are cleared by LedgerX’s clearing house, which has applied for registration with the CFTC as a derivatives clearing organization. LedgerX’s contracts are fully collateralized, thereby enhancing the financial integrity of LedgerX contracts and reducing the potential for risk to LedgerX or to other Participants. Rule 7.1 requires full collateralization of LedgerX contracts and Chapter 6 prescribes clearing of LedgerX contracts.</p> <p>LedgerX monitors Participants for continued compliance with Participant eligibility requirements provided in Chapter 3 and LedgerX requires Participants to notify LedgerX in the event that they become bankrupt or insolvent or experience other financial difficulty.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p> <p>Exhibit V – LedgerX Operations Manual</p>
Core Principle 8 — Emergency Authority		
<p>The swap execution facility shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to liquidate or transfer open positions in any swap or to suspend or curtail trading in a swap.</p>	<p>Rule 1.1 defines the term “emergency” and Rule 2.11 sets forth the procedures LedgerX will follow when LedgerX declares that an emergency exists. The Business Continuity Plan may be activated in the event of an emergency.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit V – LedgerX Business Continuity Plan</p>
Core Principle 9 — Timely Publication of Trading Information		
<p>(A) In general The swap execution facility shall make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the Commission.</p>	<p>Rule 6.7 provides that LedgerX will report swap data to a swap data repository. LedgerX’s Compliance Manual sets forth internal swap data reporting procedures.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p>

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<p>(B) Capacity of swap execution facility The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.</p>		
Core Principle 10 — Recordkeeping and Reporting		
<p>(A) In general A swap execution facility shall— (i) maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and manner acceptable to the Commission for a period of 5 years; (ii) report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under this chapter; and (iii) shall keep any such records relating to swaps defined in section 1a (47)(A)(v) of this title open to inspection and examination by the Securities and Exchange Commission.”</p> <p>(B) Requirements The Commission shall adopt data collection and reporting requirements for swap execution facilities that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories.</p>	<p>LedgerX Rule 2.13 sets forth LedgerX’s recordkeeping policy, which is compliant with CFTC Regulation 1.31. LedgerX’s internal recordkeeping policies are set forth in the Record Retention Policy.</p>	<p>Exhibit O – LedgerX Compliance Manual Exhibit S – LedgerX Record Retention Policy</p>
Core Principle 11 — Antitrust Considerations		
<p>Unless necessary or appropriate to achieve the purposes of this chapter, the swap execution facility shall not—</p>	<p>LedgerX promotes a culture of compliance, including compliance with antitrust laws and Core Principle N. LedgerX imposes fees that are equal across classes, and such fees are designed to be</p>	<p>Exhibit O – LedgerX Compliance Manual</p>

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<p>(A) adopt any rules or taking any actions that result in any unreasonable restraint of trade; or</p> <p>(B) impose any material anticompetitive burden on trading or clearing.</p>	<p>nondiscriminatory. LedgerX makes public its Rules and Participant eligibility criteria, among other items, on its website.</p>	
Core Principle 12: Conflicts of Interest		
<p>The swap execution facility shall—</p> <p>(A) establish and enforce rules to minimize conflicts of interest in its decision-making process; and</p> <p>(B) establish a process for resolving the conflicts of interest.</p>	<p>LedgerX maintains policies related to conflicts of interest of interest, including a conflicts of interest policy for directors that is provided in the Rules. Specifically, Rule 2.12 describes the procedures to which a director must adhere in the event such director has a financial interest conflict or is a named party in interest in any matter that is before the Board for deliberation.</p>	<p>Exhibit M – LedgerX Rulebook</p>
Core Principle 13: Financial Resources		
<p>(A) In general The swap execution facility shall have adequate financial, operational, and managerial resources to discharge each responsibility of the swap execution facility.</p> <p>(B) Determination of resource adequacy The financial resources of a swap execution facility shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the swap execution facility to cover the operating costs of the swap execution facility for a 1-year period, as calculated on a rolling basis.</p>	<p>LedgerX maintains sufficient financial, operational and managerial resources to discharge each responsibility of a SEF. LedgerX maintains sufficient financial resources by collecting an appropriate level of fees from Participants. LedgerX's CFO is engaged with LedgerX's accountants and auditors and possesses knowledge of the CFTC's financial resources requirements to enable LedgerX to satisfy the CFTC's financial resources requirements. Internal manuals, including the Compliance Manual, and financial reporting form templates enable LedgerX to effectively report the SEF's financial resources to the CFTC.</p>	<p>Exhibit O – LedgerX Compliance Manual</p>
Core Principle 14: System Safeguards		
<p>The swap execution facility shall—</p>	<p>LedgerX continually monitors for actual or threatened risks. LedgerX's technology systems</p>	<p>Exhibit V – LedgerX Business Continuity Plan</p>

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<p>(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 automated systems, that—</p> <ul style="list-style-type: none"> (i) are reliable and secure; and (ii) have adequate scalable capacity; <p>(B) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for—</p> <ul style="list-style-type: none"> (i) the timely recovery and resumption of operations; and (ii) the fulfillment of the responsibilities and obligations of the swap execution facility; and <p>(C) periodically conduct tests to verify that the backup resources of the swap execution facility are sufficient to ensure continued—</p> <ul style="list-style-type: none"> (i) order processing and trade matching; (ii) price reporting; (iii) market surveillance and (iv) maintenance of a comprehensive and accurate audit trail. 	<p>involve a high degree of security to prevent system outages and cyber-attacks. LedgerX technology staff conducts periodic audits to verify the integrity of LedgerX’s technology systems.</p> <p>Each department maintains a risk management plan and senior management meet together on a frequent basis. Senior management submits reports, including risk reports, to the Risk Management Committee, which is responsible for overseeing LedgerX’s Enterprise Risk Management Plan.</p> <p>LedgerX has established a Business Continuity Plan that would be activated in the event of an emergency or other circumstances warranting activation of such plan. Rule 2.11 describes the procedures LedgerX will follow to declare an emergency.</p>	<p>Exhibit V – LedgerX Enterprise Risk Management Plan</p> <p>Exhibit V – LedgerX SEF Technology Questionnaire</p>
Core Principle 15: Designation of a Chief Compliance Officer		
<p>(A) In general Each swap execution facility shall designate an individual to serve as a chief compliance officer.</p> <p>(B) Duties The chief compliance officer shall—</p> <ul style="list-style-type: none"> (i) report directly to the board or to the senior officer of the facility; (ii) review compliance with the core principles in this subsection; 	<p>The LedgerX Operating Agreement and LedgerX Rules require that the Board appoint a Chief Compliance Officer (“CCO”). The Board has delegated the oversight of the CCO to the CEO, and the CCO reports directly to the CEO and to the Regulatory Oversight Committee. The CCO is responsible for ensuring compliance with the SEF Core Principles and CFTC regulations and for preparing an annual compliance report that is filed with the CFTC. The CCO is the senior manager</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p> <p>Exhibit G – LedgerX LLC Operating Agreement</p>

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<p>(iii) in consultation with the board of the facility, a body performing a function similar to that of a board, or the senior officer of the facility, resolve any conflicts of interest that may arise;</p> <p>(iv) be responsible for establishing and administering the policies and procedures required to be established pursuant to this section;</p> <p>(v) ensure compliance with this chapter and the rules and regulations issued under this chapter, including rules prescribed by the Commission pursuant to this section; and</p> <p>(vi) establish procedures for the remediation of noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints.</p> <p>(C) Requirements for procedures In establishing procedures under subparagraph (B)(vi), the chief compliance officer shall design the procedures to establish the handling, management response, remediation, retesting, and closing of noncompliance issues.</p> <p>(D) Annual reports (i) In general In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of— (I) the compliance of the swap execution facility with this chapter; and (II) the policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility. (ii) Requirements The chief compliance officer shall— (I) submit each report described in clause (i) with the</p>	<p>responsible for overseeing the Compliance Department. The Compliance Department performs trade practice and market surveillance functions. In the event that a Participant is suspected of a Rule violation, the Compliance Department will bring charges against a Participant.</p>	

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<p>appropriate financial report of the swap execution facility that is required to be submitted to the Commission pursuant to this section; and (II) include in the report a certification that, under penalty of law, the report is accurate and complete.</p>		