May 30, 2014

Submitted via email

Division of Market Oversight
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581
via email: submissions@cftc.gov; dmosubmissions@cftc.gov

Re: ICAP SEF (US) LLC - Rule Amendments - Amended Rulebook

Ladies and Gentlemen:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the "Act") and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (the "Commission"), ICAP SEF (US) LLC ("ICAP SEF") hereby notifies the Commission that it has amended its Rulebook, specifically the Definitions and Rules 204, 205, and 315. The Rulebook has been amended as a result of ICAP SEF's experience since SEF trading began and as a result of comments from SEF participants. At the request of Commission staff, this submission amends submission ICAP-2014-R-3 by withdrawing the amendments to Rules 305 and 404(c).

A concise explanation and analysis of the amendments to the Rulebook and their compliance with applicable provisions of the Act and the Commission's regulations thereunder is attached hereto as Exhibit A. A clean copy of the amended Rulebook is attached hereto as Exhibit B, a copy of the Rulebook marked to show changes against the version submitted to the Commission on April 3, 2014 in ICAP-2014-R-2, as modified by a partial withdrawal of ICAP-2014-R-2 on April 11, 2014, is attached hereto as Exhibit C, and a copy of the Rulebook marked to show changes against the version submitted to the Commission in ICAP-2014-R-3 on May 22, 2014, is attached hereto as Exhibit D

The amendments, which were originally submitted on May 22, 2014, will become effective on June 6, 2014. ICAP SEF certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. ICAP SEF has reviewed the swap execution facility core principles ("Core Principles") as set forth in the Commodity Exchange Act and has determined that the amendments impact the Core Principles identified in Exhibit A.

ICAP SEF is not aware of any substantive opposing views expressed with respect to this filing and certifies that, concurrent with this filing, a copy of this submission was posted on the ICAP SEF website and may be accessed at:

http://www.icap.com/markets/swap-execution-facility/market-regulation.aspx

Please contact the undersigned at (212) 341-9193 with any questions regarding this matter.

Very truly yours,

Gregory Compa
Chief Compliance Officer

ICAP SEF (US) LLC
1100 Plaza Five
Jersey City, NJ 07311

Exhibit A
Explanation and Analysis

1. The amendment to Rule 204(f)(2) reduces redundant wording. There is no substantive change to the Rule 204(f)(2).

2. Rule 204(h) sets forth the "new trade, old terms" procedures permitted by No-Action Letter 13-66 for Cleared Contracts rejected for clearing by a DCO or Clearing Firm due to flaws that are readily correctable. The amendment to Rule 204(h)(3) clarifies that swap transaction data for the resulting new Cleared Contract will be reported in accordance with the conditions in No-Action Letter 13-66.

   The amendments to Rule 204(h) are consistent with Core Principles 2 and 7 and No-Action Letter 13-66.

3. Rule 204(i) sets forth the "new trade, old terms" procedures permitted by No-Action Letter 14-62 for Package Transactions where an individual leg of a Package Transaction is rejected for clearing by a DCO or Clearing Firm due to the sequencing of submission for clearing of the legs of the Package Transaction. Three new terms used in Rule 204(i) have been added to the Definitions.

   The amendments to Rule 204(i) and the Definitions are consistent with Core Principles 2 and 7 and No-Action Letter 14-62.

4. The amendment to Rule 205 corrects a drafting error. There is no substantive change to the Rule.

5. Rule 315 sets forth the circumstances where the SEF has authority to cancel any transaction executed on the SEF. Rule 315 has been amended to include reference to new Rule 204(i) in order to capture trades that are void *ab initio* pursuant to Rule 204(i).

   The amendment to Rule 315 is consistent with Core Principles 2 and 7 and No-Action Letter 14-62.

Exhibit B

ICAP SEF (US) LLC

Swap Execution Facility

Rulebook

Version: 1.7

Revised

May 2014

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SEF Rulebook

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DEFINITIONS

Except where the context requires otherwise, the following terms shall have the following meanings when used in the Rules. Use of the singular shall include the plural and vice versa, unless the context requires otherwise.

Act means the Commodity Exchange Act, as amended from time to time.

Affiliate means, with respect to any person, any other person who controls, is controlled by or is under common control with such person.

Answer shall have the meaning set forth in Rule 505.

Applicable Law means, with respect to any person, any statute, law, regulation, rule or ordinance of any Governmental Authority applicable to such person, including but not limited to the Act and Commission Regulations.

Associated Person shall have the same meaning as in the Act and Commission Regulations.

Authorized Trader means an individual designated as such by, and acting on behalf of, a Trading Privilege Holder to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and execute transactions in Contracts.

Authorized Trading Firm means an entity designated as such by a Trading Privilege Holder to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and execute transactions in Contracts either as an Intermediary for such Trading Privilege Holder or as a Customer with DMA granted by such Trading Privilege Holder.

Bid/Offer means a bid or offer entered into a Trading Platform operated by the SEF or submitted to the SEF in response to an RFQ.

Block Trade shall have the meaning set forth in Rule 308.

Board means the Board of Directors of the SEF.

Breakage Agreement means an agreement or any other arrangement between the parties that provides for the assessment of liability or payment of damages between the parties to a Cleared Contract in the event that the Cleared Contract is rejected from clearing.

Business Day means any day on which a Contract is available for trading on the SEF.

Call Option means an Option whereby (i) the purchaser has the right, but not the obligation, to buy an Underlying Interest, at the strike price specified; and (ii) the grantor has the obligation, upon exercise, to enter into an Underlying Interest for delivery in such Delivery Month, at such strike price.

Chairman of the Board means the chairman of the Board of the SEF.

Chief Compliance Officer means the chief compliance officer of the SEF, or one duly authorized to act with the authority of the Chief Compliance Officer.

Chief Executive Officer means the Chief Executive Officer and President of the SEF, or one duly authorized to act with the authority of such officer.

Class means, with respect to any Swap, a Contract covering the same Underlying Interest.

Cleared Contract means any Contract that is listed for clearing by the SEF.

Clearing Firm means a clearing member of a DCO that is authorized pursuant to the rules of such DCO to clear transactions in any or all Contracts.

Clearing Firm Representation shall have the meaning set forth in Rule 204(f).

Commission means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

Commission Regulations means any rule, regulation, order, directive and any interpretation thereof promulgated by the Commission, as amended.

Commodity shall have the same meaning as in the Act.

Confirmation shall have the same meaning as in Commission Regulation 45.1.

Contract means any Swap listed for trading on the SEF.

Customer means any person (including another Trading Privilege Holder) that transacts on the SEF through a Participant acting as an Intermediary.

Customer Type Indicator Codes shall have the meaning set forth in Rule 208.

DCO means, with respect to any Swap, a derivatives clearing organization authorized to clear such Swap.

Delivery Month means, with respect to any Contract, the month in which delivery of an Underlying Interest is to be made pursuant to the terms of such Contract.

Director means a member of the Board of the SEF.

DMA means a Trading Privilege Holder (including an Intermediary) permitting a Customer to transmit orders electronically to the Trading Privilege Holder's systems for onward transmission to a Trading Platform utilizing the Trading Privilege Holder's trading identification.

Emergency shall have the meaning set forth in Rule 104.

Expiration Day means the day on which an Option expires.

Execution Specialist means a SEF employee responsible for assisting Participants with entering Bids/Offers or electronic RFQs in the Order Book, issuing and responding to voice RFQs, executing and receiving reports of Block Trades and executing Pre-Arranged Crosses.

Financial Entity has the meaning set forth in the Act.

Governmental Authority means 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 association).

Hearing Date shall have the meaning set forth in Rule 506.

Hearing Panel shall have the meaning set forth in the Operating Agreement.

Hearing Panel Chairman shall have the meaning set forth in Rule 506.

Hearing Record shall have the meaning set forth in Rule 510.

ICAP means ICAP Broking Holdings North America LLC, the sole limited liability member of the SEF.

ID shall have the meaning set forth in Rule 302.

Information shall have the meaning set forth in Rule 107.

Intermediary means any futures commission merchant, introducing broker or commodity trading advisor registered with the Commission, or any other person that is exempt from such registration, or not required by Applicable Law to register, and acts in compliance with Applicable Law in performing similar functions, that enters Bids/Offers or electronic RFQs into a Trading Platform, issues and responds to RFQs, reports block trades or submits Pre-Arranged Crosses to the SEF on behalf of Customers or provides such Customers with DMA.

Intermediated Transaction means any transaction on the SEF conducted through an Intermediary.

ISDA means the International Swaps and Derivatives Association, Inc.

ISDA Reporting Party Rules means the document published by ISDA entitled "Dodd Frank Act – Swap Transaction Reporting Party Requirements" dated July 15, 2013, as amended from time to time.

Last Trading Day means, with respect to any Swap, the last day on which trading is permitted for such Swap in accordance with the Rules.

Legal Entity Identifier or **LEI** shall have the same meaning as in Commission Regulations.

Major Swap Participant shall have the same meaning as in the Act and Commission Regulations.

Market Regulation Staff means the employees of the SEF designated by the SEF as members of the Market Regulation Staff, any agents of the SEF that assist the SEF in the implementation, surveillance, and enforcement of its rules and related obligations, and the SEF's Regulatory Services Provider.

NFA means the National Futures Association.

New Leg shall have the meaning set forth in Rule 204(i).

Non-Reviewable Range means the amounts stated in the specifications for each particular Contract that are above and below the fair market value for each Contract as determined in accordance with Rule 315.

Notice shall have the meaning set forth in Rule 504.

Operating Agreement means the limited liability company agreement of the SEF.

Option means a Swap whereby one party grants to another the right, but not the obligation, to buy or sell a Commodity or other Underlying Interest.

Order means an instruction by a Customer to a Participant to execute a transaction on behalf of such Customer.

Order Book means a Trading Platform in which all Trading Privilege Holders have the ability to enter, observe and transact on multiple Bids/Offers and electronic RFQs.

Package Transaction means a transaction executed on or subject to the Rules involving two or more instruments: (i) that is executed between two or more parties that are Participants or Customers; (ii) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; (iii) that has at least one component that is a Swap that the SEF has made available to

trade pursuant to section 2(h)(8) of the Act; and (iv) where the execution of each component is contingent upon the execution of all other components.

Participant means any Trading Privilege Holder, Authorized Trader or Authorized Trading Firm.

Participation Committee shall have the meaning set forth in the Operating Agreement.

Permitted Transaction means any transaction involving a Swap that is not subject to the trade execution requirement in section 2(h)(8) of the Act.

person means any individual, sole proprietorship, corporation, limited liability company, limited liability partnership, partnership, association, estate, trust, governmental agency, unincorporated organization or any other legal entity.

Physical Emergency shall have the meaning set forth in Rule 104.

Position Limit means the maximum position, either net long or net short, in one Series or a combination of various Series of a particular Class that may be held or controlled by one person, or subject to aggregation with such person's position, as prescribed by the SEF and/or Commission.

Pre-Arranged Cross means a Permitted Transaction pre-arranged pursuant to Rule 304(b).

Proceeding shall have the meaning set forth in the Operating Agreement.

Proprietary Data and Personal Information means data and information that separately discloses business transactions, market positions or trade secrets of any person.

Public Director means any person who qualifies as a "public director" within the meaning set forth in the Commission Regulations.

Put Option means an Option whereby (i) the purchaser has the right, but not the obligation, to sell an Underlying Interest at the strike price specified; and (ii) the grantor has the obligation, upon exercise, to buy an Underlying Interest at such strike price.

Recipient means a Participant who is a recipient of an RFQ.

Regulatory Agency means any government body, including the Commission and the U.S. Securities and Exchange Commission ("**SEC**"), and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, the NFA and any other SRO, not including the SEF.

Regulatory Oversight Committee shall have the meaning set forth in the Operating Agreement.

Regulatory Services Provider means an outside organization which provides regulatory services to the SEF pursuant to an agreement.

Rejected Leg shall have the meaning set forth in Rule 204(i).

Related Parties shall have the meaning set forth in Rule 107.

Request for Quote or **RFQ** means a request by one Participant to at least such minimum number of Participants as may be required by Commission Regulations from time to time for a market quote that shall constitute a Bid/Offer.

Required Transaction means any transaction involving a Swap that is subject to the trade execution requirement in section 2(h)(8) of the Act.

Respondent means any person who is charged with a Rule violation.

Review Panel shall have the meaning set forth in the Operating Agreement.

Risk-Based Limits means the risk-based limits established by a Clearing Firm in accordance with Commission Regulation 1.73.

Rule or Rules means the rules, resolutions, interpretations, statements of policy, decisions, directives and orders of the SEF.

Secretary means the individual appointed by the Board from time to time to serve as secretary of the SEF.

SEF means swap execution facility, as defined in the Act, or ICAP SEF (US) LLC, as the context requires.

Series means all Contracts of the same Class having identical terms.

SRO means self-regulatory organization.

Swap shall have the same meaning as in the Act and Commission Regulations.

Swap Data Repository or **SDR** shall have the same meaning as in the Act.

Swap Dealer shall have the same meaning as in the Act and Commission Regulations.

System Protocol means the terms from time to time in force upon which a Participant may access a specific Trading Platform, including any supplemental written guidelines provided by the SEF to the Participant, as amended from time to time. The System Protocols shall be posted on the SEF website. In the event of any inconsistency between the provisions of any System Protocol and the Rules, the terms of the System Protocol shall prevail.

Terms Incorporated by Reference shall have the meaning set forth in Rule 312.

Trade Communication shall have the meaning set forth in Rule 312.

Trading Platforms means any of the separate electronic trading platforms and other systems administered by or on behalf of the SEF for the trading of Contracts pursuant to specific System Protocols for each such system.

Trading Privilege Holder means an individual or entity with Trading Privileges on the SEF granted pursuant to Rule 201 (including an Intermediary), but does not include an Authorized Trading Firm or Authorized Trader.

Trading Privileges means permission from the SEF given to any Trading Privilege Holder in accordance with Rule 201 to access the SEF, or to any Authorized Trading Firm or Authorized Trader in accordance with Rule 202 to access the SEF.

Trading Session means, with respect to any Contract, the period of hours on any Business Day during which such Contract is available for trading, as specified in the Rules governing such Contract.

Underlying Interest means the interest which is the subject of a Swap.

Violation means a violation of any of the Rules.

CHAPTER 1
MARKET GOVERNANCE

Rule 101. Board of Directors and Officers

(a) *Management.* ICAP, the sole limited liability member of the SEF, has vested the power to manage, operate and set policies for the SEF exclusively in the Board. The Board has the power to appoint such officers of the SEF as it may deem necessary or appropriate from time to time.

(b) *Operating Agreement.* The provisions of Article 6 (Board of Directors) and Article 7 (Officers) of the Operating Agreement shall be deemed to be part of the Rules, and shall be deemed to be incorporated herein, to the same extent and with the same force and effect as if set forth herein in their entirety.

Rule 102. Limitation of Liability

(a) TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT IN INSTANCES WHERE AN ICAP PARTY (AS DEFINED BELOW) HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE, OR WILLFUL OR WANTON MISCONDUCT, THE SEF AND ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS AND LICENSORS (EACH, AN "ICAP PARTY"), SHALL NOT BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES) IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM, ARISING FROM:

(1) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY PARTICIPANTS, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, FIRMWARE AND PRINTERS RELATING THERETO; OR

(2) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY SYSTEM OR SERVICE OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR

(3) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR ANY SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS, SERVICES OR FACILITIES; EXCEPT FOR INCORRECT ORDER STATUS; OR

(4) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

(b) NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) ARE PROVIDED BY THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, OR LICENSORS RELATING TO ANY SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR

SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING A TRADING PLATFORM.

(c) ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS OR LICENSORS IS A PARTY MUST BE BROUGHT WITHIN ONE YEAR FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. ANY SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY PROVISIONS OF NEW YORK LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.

(d) EXCEPT IN INSTANCES WHERE AN ICAP PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE, OR WILLFUL OR WANTON MISCONDUCT, IN NO EVENT SHALL THE ICAP PARTIES' TOTAL COMBINED AGGREGATE LIABILITY FOR ALL CLAIMS ARISING OUT OF ANY NEGLIGENCE, FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, ORDER STATUS ERRORS OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SEF'S OR ICAP'S (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, OR THE NEGLIGENCE OF SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) STAFF, EXCEED $50,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS ON A SINGLE DAY; $200,000 FOR ALL LOSSES SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND $500,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS IN A SINGLE CALENDAR YEAR.

(e) A CLAIM AGAINST THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), ARISING OUT OF ANY FAILURE OR MALFUNCTION SHALL ONLY BE ALLOWED IF SUCH CLAIM IS BROUGHT IN ACCORDANCE WITH THIS RULE.

(f) NOTWITHSTANDING THE FOREGOING, THE LIMITATION OF LIABILITY PURSUANT TO THIS RULE 102 IS LIMITED TO CLAIMS ARISING OUT OF THE SEF'S AND ICAP'S (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OPERATION OF THE SEF AND/OR PROVISION OF SERVICES TO THE SEF.

Rule 103. Confidentiality

(a) The SEF shall not, and shall cause its Affiliates not to, use for business or marketing purposes any Proprietary Data or Personal Information it or any of its Affiliates collects or receives, from or on behalf of any person, for the purpose of fulfilling the SEF's regulatory obligations, unless the person who provided such data or information consents to the SEF's use of such data or information for such purposes. In furtherance of Applicable Law, the SEF may share such data and information with its Affiliates or one or more SEFs, SDRs, DCOs or Designated Contract Markets registered with the Commission. The SEF may, upon request of a Trading Privilege Holder, provide a list of current Trading Privilege Holders of the SEF on a confidential basis. The receiving Trading Privilege Holder shall not disclose the contents of the list without the prior consent of the SEF. Proprietary Data and Personal Information shall not include aggregated price and volume information not identified with a specific Participant or Customer, and the SEF may use such aggregated information for business and marketing purposes.

(b) Absent prior written consent of the SEF, no SEF Affiliate, member of the Board or any committee established by the Board or by or pursuant to the Rules of the SEF, or any officer or other employee or consultant of the SEF, shall, either during or after service with the SEF, use, directly or indirectly, information that is deemed to be non-public information, or disclose non-public information to others, except (i) to others within the SEF, the SEF's Affiliates or to outside advisors thereof or other service providers for the SEF, provided that such advisors and service providers are subject to confidentiality obligations, and that, in each case, such disclosure is necessary for the performance of SEF-related duties by the individual or entity, (ii) if required by regulatory authority, or (iii) if compelled to do so by valid

legal process, provided that the individual or entity notifies the SEF in advance thereof to the extent permitted.

(c) Subject to Rule 103(a), the SEF shall not, except as reasonably necessary to operate any Trading Platform, to fulfill its obligations under this Rulebook or to comply with Applicable Law or any request of the Commission, without the prior written consent of a Trading Privilege Holder in each instance, (i) use in advertising, publicity, marketing or other promotional materials, the name, trade name, trademark, trade device, service mark or symbol of such Trading Privilege Holder or any of its Affiliates, or (ii) represent that any product or any service provided by the SEF has been approved or endorsed by such Trading Privilege Holder or any of its Affiliates.

(d) For purposes of this Rule 103, the terms "**employee**," "**material information**" and "**non-public information**" have the meanings ascribed to them in Commission Regulation § 1.59.

Rule 104. Emergency Action

(a) *Definitions*. As used in this section:

The term "**Emergency**" shall mean any occurrence or circumstance which, in the opinion of the SEF, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of, or delivery pursuant to, any Contracts on the SEF, including any manipulative or attempted manipulative activity; any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions; any circumstances which may materially affect the performance of Contracts traded on the SEF, including failure of the payment system or the bankruptcy or insolvency of any Participant; any action taken by any Governmental Authority, or any other board of trade, swap execution facility, market or facility which may have a direct impact on trading on the SEF and any other circumstance which may have a severe, adverse effect upon the functioning of the SEF.

(b) Emergency action may be taken by the following:

(1) By the Board in the case of any Emergency;

(2) By any two members of the Board in the case of any Emergency where it is impracticable, in the opinion of the Chairman of the Board or in his or her absence, any two (2) members of the Board, to call a meeting of the Board to deal with the Emergency; or

(3) By any committee of the SEF pursuant to powers conferred on said committee under the Rules or by the Board.

(c) *Vote Required*

The vote required of the Board or committee authorized to take any Emergency action hereunder shall be:

(1) In the case of action by the Board, the affirmative vote of a majority of the members of the Board present and voting at a meeting at which there is a quorum; or

(2) In the case of action by a committee, the affirmative vote of two (2) or more persons constituting not less than a majority of the members of said committee present and voting at a meeting at which there is a quorum;

The consent in writing to any Emergency action of all members of the Board or of a committee, as applicable, shall be sufficient to take such Emergency action without a meeting. A member of the Board or of a committee shall be deemed present or in attendance at a meeting if such a person participates in

the meeting by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

(d) *Action which may be taken*

(1) In the event of an Emergency, the SEF may, subject to Part 40 of the Commission Regulations under the Act, place into immediate effect a Rule which may provide for, or may authorize the SEF, or any committee, to undertake actions which, in the opinion of the SEF are necessary or appropriate to meet the Emergency, including, but not limited to, such actions as:

(i) Extending or shortening the expiration date for trading in Contracts;

(ii) Extending the time of delivery under or expiration of Contracts;

(iii) Extending, limiting or changing hours of trading;

(iv) Imposing or modifying price limits;

(v) Imposing or modifying Position Limits;

(vi) Imposing or modifying intraday market restrictions;

(vii) Ordering the liquidation or transfer of open positions in any Contract;

(viii) Ordering the fixing of a settlement price;

(ix) Suspending trading pursuant to Rule 105 or curtailing trading in any Contract;

(x) Altering any Contract's settlement terms or conditions; and

(xi) Modifying or suspending any provision of the Rules.

(2) In the event of an Emergency when a quorum of the Board is not available, all trading on the SEF may be suspended by an affirmative vote of a majority of the Directors present, or by action of one Director if only one Director is present, for such period of time as in their or his or her judgment is necessary. In the event of an Emergency which prevents normal attendance at a meeting of the Board, when no Director is present, any authorized officer of the SEF shall have authority to order suspension of trading on the SEF for such period of time as in his or her judgment is necessary. Any action taken under this paragraph (b) shall be subject to review and modification by the Board.

(3) Whenever any action is taken under this Rule pursuant to which trading is suspended or other changes in procedure are made, all matters relating to notices, deliveries and other obligations may be suspended or deferred in such manner as the Board or committee, as the case may be, may determine.

(4) The SEF may be required to take an Emergency action when directed by the Commission. If a Contract is traded both on the SEF and on one or more other swap execution facilities, any Emergency action to liquidate or transfer of open positions in any Contract will be made in consultation with the Commission.

(e) *Physical Emergencies*

(1) In the event the physical functions of the SEF are, or are threatened to be, severely and adversely affected by a physical emergency, such as fire or other casualty, bomb threat, substantial inclement weather, power failure, communication or transportation breakdown, computer malfunction,

screen-based Trading Platform break-down, malfunction of plumbing, heating, ventilation and air conditioning systems, backlog or delay in clearing or in the processing of data related to clearing Cleared Contracts (a "**Physical Emergency**"), the Chairman of the Board, or in his or her absence the Chief Executive Officer, or in both of their absences any other officer may take any action which, in the opinion of such officer is necessary or appropriate to deal with the Physical Emergency, including, but not limited to, suspending trading in any one or more Contracts, delaying the opening of trading in any one or more Contracts, extending the Last Trading Day and/or the time of trading.

(2) In the event a designated officer has ordered suspension of trading, the Chairman of the Board or the Chief Executive Officer, or in their absence any other officer may order restoration of trading on the SEF, or may remove other restrictions so imposed, if such officer determines that the Physical Emergency has sufficiently abated to permit the physical functions of the SEF to continue in an orderly manner.

(f) The SEF will promptly report any action taken hereunder to the Commission and explain the decision-making process, the reasons for the exercise of emergency authority and how any conflicts of interest were addressed. Any emergency Rule or Rule amendment shall be filed with the Commission in accordance with Part 40 of the Commission Regulations under the Act.

(g) In exercising its authority under this Rule 104, the SEF shall, in its reasonable discretion, and where appropriate, permitted by Applicable Law and not precluded by exigent circumstances, consult and coordinate with DCOs, other swap execution facilities, boards of trade, relevant Participants, and other parties in considering what actions to take hereunder.

Rule 105. Suspension of Trading

The Board may, in its discretion, by an affirmative vote of a majority of the Directors present at a meeting at which there is a quorum (which, in an Emergency other than a Physical Emergency, may be held without previous notice), close the SEF or suspend trading in any one or more Contracts on such days or portions of days as will, in its judgment, serve to promote the best interest of the SEF.

Rule 106. Risk Controls for Trading

The Regulatory Oversight Committee may impose controls to reduce the potential risk of market disruption, including but not limited to market restrictions that pause or halt trading in specified market conditions.

Rule 107. Market Data

Subject to Rule 103, and each Participant's and Customer's rights in its own Proprietary Data and Personal Information, the SEF owns all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, database rights, trademarks and trade secrets, or similar proprietary rights in any jurisdiction whether or not registrable) in and to any data (including without limitation Bids/Offers, RFQs, Pre-Arranged Crosses, prices and volumes of transactions), analytics, research or other information contained in, displayed on, generated by or derived from the SEF and the Trading Platforms (collectively the "**Information**"). The SEF shall not decompile or reverse engineer any of a Participant's or Customer's Proprietary Data and Personal Information for the purpose of ascertaining such Participant's or Customer's trading strategies, except to the extent reasonably necessary for the SEF's operations, to perform its surveillance and monitoring functions or to otherwise comply with Applicable Law. Subject to each Participant's and Customer's rights in its own Proprietary Data and Personal Information, each Participant and Customer (i) agrees to keep the Information confidential and cause each of its employees, Affiliates, Authorized Trading Firms, Customers, agents, consultants, independent software vendors and other persons affiliated with any of the foregoing, as applicable (collectively "**Related Parties**"), to keep the Information confidential, and (ii) agrees not to, and shall cause its applicable Related Parties not to, sell, lease, license, transfer, provide or otherwise make

available to any third party any form of access to or use of any of the Information. Each Participant and Customer agrees that it shall not, and shall cause its Related Parties not to, alter, enhance, make derivative works of, download to computer or reverse engineer all or any part of the Information (other than such Participant's or Customer's Proprietary Data and Personal Information) except solely to the extent necessary in performing transaction-related support functions.

CHAPTER 2
TRADING PRIVILEGES

Rule 201. Trading Privilege Holders

(a) *Trading Privileges*

(1) Subject to the requirements and procedures set forth in this Chapter 2, Trading Privileges will be granted to all applicants from time to time approved by the SEF as eligible to be Trading Privilege Holders, subject to any limitations or restrictions from time to time imposed by the SEF. Trading Privileges are nontransferable (except under certain limited circumstances which must be approved by the SEF), non-assignable and may not be sold or leased. Circumstances under which Trading Privileges may be transferred, subject to SEF approval, include, for example, transfers due to corporate reorganizations. Each Trading Privilege Holder will have the right to access a Trading Platform, subject to the applicable System Protocol, including the right to:

(i) place Bids/Offers, RFQs and Pre-Arranged Crosses for each of its proprietary accounts;

(ii) if otherwise registered in any required capacity (or exempt from registration) and authorized to act on behalf of Customers under the Act and Commission Regulations thereunder or any foreign equivalent law or regulations, place Bids/Offers, RFQs and Pre-Arranged Crosses for the accounts of such Customers as an Intermediary; and

(iii) appoint other persons to act on its behalf as an Authorized Trader or an Authorized Trading Firm pursuant to Rule 202.

(2) By virtue of obtaining Trading Privileges, a Trading Privilege Holder will not obtain any equity or other interest in the SEF, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the SEF or otherwise.

(3) In granting Trading Privileges, the SEF may impose such restrictions or limitations as it may deem necessary or appropriate. The SEF shall apply such restrictions or limitations to applicants in an impartial, non-discriminatory manner, consistent with the Act and Commission Regulations thereunder. The SEF will deny the grant of Trading Privileges where an applicant has failed to meet any requirements for such grant.

(b) *Financial Requirements*

(1) Any person that wishes to have Trading Privileges must be of good financial standing and must meet the financial and related reporting requirements set forth in this Rule 201.

(2) Each Trading Privilege Holder must provide a written or electronic representation, prior to being granted access to the SEF, that it qualifies as an “eligible contract participant” as defined in the Act upon initial application for Trading Privileges.

(3) Each Trading Privilege Holder shall, no less frequently than annually, provide the SEF either with (i) its annual financial report that it provides to the Commission or (ii) a written or electronic representation providing that such Trading Privilege Holder has been, and continues to be as of such date, an “eligible contract participant” as defined in the Act.

(4) Each Trading Privilege Holder must notify the SEF’s Chief Compliance Officer immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(5) Unless and until a Trading Privilege Holder is able to demonstrate to the SEF that it is in compliance with the minimum financial requirements applicable to it, such Trading Privilege Holder may

not engage in any transactions subject to the Rules of the SEF, except for the purpose of closing open positions that were opened on the SEF.

(c) *Fitness Standards*

(1) The SEF may deny the grant of Trading Privileges, or may prevent a person from becoming an Authorized Trader or an Authorized Trading Firm of a Trading Privilege Holder, if such person:

(i) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the SEF, Rules of any DCO to which the Trading Privilege Holder submits Cleared Contracts for clearing, Commission Regulations and SRO regulations, including those concerning recordkeeping, reporting, financial requirements and trading procedures;

(ii) would bring the SEF into disrepute; or

(iii) for such other cause as the SEF reasonably may decide.

(2) The SEF may determine not to permit a Trading Privilege Holder or any Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder to keep its, his or her Trading Privileges or maintain his or her association with a Trading Privilege Holder, as the case may be, if such Trading Privilege Holder, Authorized Trader or Authorized Trading Firm:

(i) fails to meet any of the qualification requirements for Trading Privileges or Authorized Trader or Authorized Trading Firm status after such Trading Privileges or Authorized Trader or Authorized Trading Firm status has been approved;

(ii) fails to comply with any limitation placed by the SEF on such Trading Privileges or Authorized Trader or Authorized Trading Firm status; or

(iii) commits a material Violation.

(3) Any decision made by the SEF pursuant to this Rule 201 must be consistent with both the provisions of this Rule and the Act and Commission Regulations thereunder.

(d) The SEF may (i) deny the grant of Trading Privileges, (ii) prevent a person from becoming an Intermediary, Authorized Trader or an Authorized Trading Firm of a Trading Privilege Holder, and (iii) determine not to permit a Trading Privilege Holder or any Intermediary, Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder to keep its, his or her Trading Privileges or maintain his, her or its association with a Trading Privilege Holder, as the case may be, if such Trading Privilege Holder, Intermediary, Authorized Trader or Authorized Trading Firm causes or would cause the SEF to be in violation of Applicable Law.

(e) *Consent to SEF Jurisdiction*

By initiating or executing a transaction on the SEF, directly or through an Intermediary, or clearing such a transaction, each Participant and each Customer and each Clearing Firm, and any person who is a beneficial owner of such a transaction that has been initiated, executed or cleared, expressly consents to the jurisdiction of the SEF and agrees to be bound by and comply with the SEF Rules.

Rule 202. Authorized Traders and Authorized Trading Firms

(a) Each Trading Privilege Holder may from time to time permit one or more persons to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and effect transactions in Contracts on the SEF. Such authority may be granted to one or more Authorized Traders or to one or more Authorized Trading Firms.

(1) *Authorized Traders*

(i) Each Trading Privilege Holder which is trading for its own account as a principal may permit one or more individuals as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on its behalf. In such case, the Trading Privilege Holder shall be principal to any resulting transactions made on its behalf by such Authorized Traders.

(ii) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers may permit one or more individuals as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on its behalf as an Intermediary for such Customers. In such cases, the Trading Privilege Holder has responsibility for all actions and failures to act of such Authorized Traders, but the Customer on whose behalf each transaction is made shall be the principal to any transactions made on its behalf by such Authorized Traders.

(iii) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers that are natural persons may provide such a Customer with DMA to the SEF by permitting the Customer to become an Authorized Trader to enter Bids/Offers and RFQs on behalf of the Customer. In such case, the Customer shall be the principal to any transactions entered into as an Authorized Trader. As provided for in section (b)(3) below, the SEF may grant or deny DMA to a Customer in its sole discretion.

(iv) The Trading Privilege Holder shall be responsible to the SEF for acting with reasonable care in granting Authorized Trader status.

(2) *Authorized Trading Firms*

(i) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers that are entities may provide such a Customer with DMA to the SEF by permitting the Customer to become an Authorized Trading Firm and by permitting one or more individuals associated with the Authorized Trading Firm to become Authorized Traders to enter Bids/Offers and RFQs on behalf of the Customer. In such case, the Customer on whose behalf each transaction is made shall be the principal to any transactions made on its behalf by such Authorized Trading Firm through the Authorized Traders. As provided for in section (b)(3) below, the SEF may grant or deny DMA to a Customer in its sole discretion.

(ii) Each Trading Privilege Holder may provide an Intermediary trading for the account of the Trading Privilege Holder with access to the SEF by permitting such Intermediary to become an Authorized Trading Firm and by permitting one or more individuals associated with the Authorized Trading Firm to become Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on behalf of the Trading Privilege Holder. In such case, the Trading Privilege Holder shall be the principal to any transactions made on its behalf by such Authorized Trading Firm through the Authorized Traders.

(iii) The Trading Privilege Holder shall be responsible to the SEF for acting with reasonable care in granting Authorized Trading Firm status.

(iv) Each Trading Privilege Holder will obtain a representation that each of its Authorized Trading Firms continues to qualify as an “eligible contract participant” as defined in the Act.

(b) *SEF Approval*

(1) No person may act as an Authorized Trader or Authorized Trading Firm before being approved to do so by the SEF.

(2) Each prospective Authorized Trader and Authorized Trading Firm will submit an application in the form required by the SEF and will satisfy such requirements as may be prescribed by the SEF from time to time. No Authorized Trading Firm or Authorized Trader shall satisfy such requirements unless the Authorized Trading Firm and related Authorized Traders expressly consent to the jurisdiction of the SEF and agree to be bound by and comply with the SEF Rules. Each prospective Authorized Trading Firm must provide a written or electronic representation, prior to being granted access to the SEF, that it qualifies as an "eligible contract participant" as defined in the Act and that it has all registrations, licenses and consents required by its constituent documents and Applicable Law to transact in Contracts.

(3) DMA to the SEF by an Authorized Trader or an Authorized Trading Firm shall be granted or denied in the sole discretion of the SEF. The SEF will notify a Trading Privilege Holder of its approval or disapproval of the designation of an Authorized Trader or Authorized Trading Firm for DMA. The SEF may, in its sole discretion, revoke or suspend the designation of an Authorized Trader or Authorized Trading Firm for DMA, and shall notify the Trading Privilege Holder of such action in accordance with procedures established by the SEF.

(c) *Responsibilities to the SEF.*

(1) Each Trading Privilege Holder shall notify the SEF in writing if its relationship with an Authorized Trader or Authorized Trading Firm has been terminated, and such Trading Privilege Holder may at any time revoke any authorization granted by it to any Authorized Trader or Authorized Trading Firm by providing written notice of such revocation to the SEF.

(2) By permitting any of its Authorized Traders and/or Authorized Trading Firms to access and use a Trading Platform from any jurisdiction or to act as an Intermediary for trades on behalf of Customers located in any jurisdiction, each Trading Privilege Holder represents and warrants that each such access to or use of a Trading Platform, or action as an Intermediary, does not violate any law applicable to the Trading Privilege Holder, the Authorized Trader, the Authorized Trading Firm or, to such Trading Privilege Holder's knowledge, the SEF.

(d) *Intermediation*

(1) A Participant may not act as an Intermediary for any other entity or person unless the Trading Privilege Holder or Authorized Trading Firm is registered with the Commission as a futures commission merchant, introducing broker or commodity trading advisor, or is exempt from such registration, or not required by Applicable Law to register, and the Authorized Trader of a futures commission merchant or introducing broker is registered as an Associated Person of such futures commission merchant or introducing broker, or is exempt from such registration.

(2) A Trading Privilege Holder, Authorized Trader or Authorized Trading Firm may not transact as an Intermediary for any Customer unless the Trading Privilege Holder or Authorized Trading Firm has submitted a signed representation to the SEF that each of its Customers is an "eligible contract participant" as defined in the Act.

Rule 203. Financial Integrity

(a) Each Trading Privilege Holder, Authorized Trading Firm and Customer that enters into transactions via the SEF must be "eligible contract participants" as defined in the Act at the time that such transactions are entered into.

(b) For Cleared Contracts:

(i) each Trading Privilege Holder or Authorized Trading Firm transacting on the SEF as a principal is required to demonstrate to the SEF, with appropriate documentary evidence as required by

the SEF from time to time, that such Trading Privilege Holder or Authorized Trading Firm is a Clearing Firm or that it has clearing arrangements in place with a Clearing Firm, including having the Clearing Firm Representation required by Rule 204(f); and

(ii) each Trading Privilege Holder acting as an Intermediary shall confirm that each of its Customers has clearing arrangements in place with a Clearing Firm and obtain from its Customers any documentary evidence as required by the SEF from time to time to that effect, including any Clearing Firm Representation required by Rule 204(f). The Trading Privilege Holder shall provide such documentary evidence to the SEF.

(c) For Contracts listed on the SEF as bilateral Contracts, each Trading Privilege Holder, Authorized Trading Firm or Customer that enters into such Contracts as a principal must undergo such credit checks and provide such credit information as the SEF may require from time to time.

Rule 204. Clearing

(a) All Contracts executed on the SEF that are subject to mandatory clearing under Section 2(h) of the Act must be cleared through a DCO by a Clearing Firm. Any other Contracts executed on the SEF may be cleared at the discretion of the parties to such transaction; provided that such Contracts are able to be cleared through a DCO by a Clearing Firm.

(b) *Pre-Execution Credit Check / Risk Screening.*

(1) In advance of submitting each Bid/Offer or Pre-Arranged Cross to the SEF for any Cleared Contract, each Trading Privilege Holder or Authorized Trading Firm shall identify the Clearing Firm to which any resulting transaction will be submitted for clearing at the relevant DCO and:

(i) if acting as principal, shall ensure that it has sufficient credit with such Clearing Firm for the resulting transaction and that the resulting transaction satisfies such Clearing Firm's Risk-Based Limits; and

(ii) if acting as an Intermediary, other than with respect to DMA, shall confirm that its Customer has sufficient credit with the Customer's Clearing Firm for the resulting transaction and that the resulting transaction satisfies such Clearing Firm's Risk-Based Limits.

In the event that there is insufficient credit or the transaction does not satisfy a Clearing Firm's Risk-Based Limits, the Trading Privilege Holder or Authorized Trading Firm may not submit such Bid/Offer or Pre-Arranged Cross to the SEF.

(2) Each Clearing Firm that provides a Clearing Firm Representation for a Participant or Customer may notify the SEF of Risk-Based Limits it has established for such Participant or Customer, and such Risk-Based Limits shall become effective upon acknowledgment of receipt by the SEF. Any change to such Risk-Based Limits shall become effective only upon acknowledgment of receipt by the SEF.

(c) A Clearing Firm that seeks to effect transactions on the SEF for its own account or the account of any Customer must be a Trading Privilege Holder.

(d) The SEF may share information with any DCO that would assist such DCO in evaluating and monitoring a Clearing Firm's compliance with these criteria. A Clearing Firm agrees to cooperate with the SEF and each relevant DCO in any such monitoring.

(e) Clearing Firms shall clear Cleared Contracts in accordance with all applicable Rules and DCO rules.

(f) *Clearing Firm Representation*

(1) Each Trading Privilege Holder or Authorized Trading Firm that is not a Clearing Firm and is transacting in Cleared Contracts on the SEF as a principal shall obtain a representation from a Clearing Firm, in form and substance satisfactory to, and approved by, the SEF (a "**Clearing Firm Representation**"). Under such representation, the Clearing Firm must accept for clearing all Cleared Contracts of each Trading Privilege Holder or Authorized Trading Firm for which it clears Cleared Contracts, subject to any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2). Where a Trading Privilege Holder or Authorized Trading Firm uses the services of multiple Clearing Firms, a Clearing Firm shall be responsible only to the extent that it has been designated by such Trading Privilege Holder or Authorized Trading Firm to clear a particular Cleared Contract.

(2) Each Trading Privilege Holder acting as Intermediary shall obtain from the Customer a Clearing Firm Representation from a Clearing Firm pursuant to which the Clearing Firm accepts for clearing all transactions in Cleared Contracts entered into by the Customer, subject to any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2). Where a Customer uses the services of multiple Clearing Firms, a Clearing Firm shall be responsible only to the extent that it has been designated by such Customer to clear a particular Cleared Contract.

(3) Every Contract that is subject to a Clearing Firm Representation and results from a Bid/Offer or Pre-Arranged Cross that is within any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2) is deemed accepted for clearing by the Clearing Firm upon execution.

(4) A Clearing Firm may at any time (but on prior written notice to the SEF) revoke any Clearing Firm Representation made by it to a Trading Privilege Holder, Authorized Trading Firm or Customer (as applicable) in accordance with paragraph (1) and/or (2) above, by providing prior written notice of such revocation to the SEF. The Clearing Firm Representation will remain in effect for all Contracts for which Bids/Offers or Pre-Arranged Cross were submitted to a Trading Platform prior to the SEF's acknowledgement of the revocation, which the SEF shall undertake to effectuate as promptly as practicable.

(5) Each Trading Privilege Holder, Authorized Trading Firm or, if applicable, Customer must assist its Clearing Firm and the DCO in the clearing of its Cleared Contracts.

(6) Upon notice that a Clearing Firm has revoked any authorization granted and Clearing Firm Representation made by it to a Trading Privilege Holder, Authorized Trading Firm or Customer pursuant to this Rule 204(f), the right of such Trading Privilege Holder, Authorized Trading Firm or Customer (as applicable) to enter into Cleared Contracts will be automatically terminated, and such Trading Privilege Holder, Authorized Trading Firm or Customer must obtain another Clearing Firm Representation from a Clearing Firm before the Trading Privilege Holder, Authorized Trading Firm or Customer's right to access to trade Cleared Contracts via the SEF will be reinstated.

(g) A DCO may be given access to the SEF for the purpose of obtaining any information required by the DCO to clear contracts, including, without limitation, real-time data regarding Bids/Offers, Pre-Arranged Crosses and the execution of transactions. The SEF may impose such restrictions on a DCO's access that it determines, in its sole discretion, are necessary and appropriate.

(h) *Failure to Clear*

(1) Subject to a Clearing Firm's obligation to accept for clearing all Contracts resulting from Bids/Offers or Pre-Arranged Crosses that satisfy the Risk-Based Limits in effect for a Participant or Customer, any Cleared Contract that is rejected for clearing by a Clearing Firm or DCO for any reason, including an error by the SEF in permitting a Bid/Offer or Pre-Arranged Cross to be made that did not satisfy the Risk-Based Limits in effect at the time the Bid/Offer or Pre-Arranged Cross was made, shall be void *ab initio* and will be canceled by the SEF.

(2) Any Contract that was executed on the SEF without the intent to be cleared, but later determined by the parties to the transaction to be cleared, will not be void if rejected for clearing by a DCO to which the Contract was submitted.

(3) For Cleared Contracts that are rejected for clearing because of a clerical or operational error or omission resulting in a mismatch of the terms of the Cleared Contract, the Clearing Firms for the Cleared Contract may, with the consent of each respective Customer or Participant, agree to a new Cleared Contract with the same terms as the rejected Cleared Contract. Such Customer or Participant consent may not be obtained in advance, and must be sought and obtained by each Clearing Firm on a case-by-case basis, after the Cleared Contract has been rejected. If there is such agreement and consent, the new Cleared Contract must be submitted by the Participant specified in Rule 304(b) as a Pre-Arranged Cross pursuant to the procedure in Rule 304(b), and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b). Upon execution of such Pre-Arranged Cross by the SEF, the SEF shall submit the transaction to the DCO for clearing as quickly as technologically practicable, but in any case no later than 30 minutes from the issuance of the notice of rejection by the DCO to the Clearing Firms. If the new Cleared Contract resulting from such Pre-Arranged Cross is rejected from clearing, it is void *ab initio* and no additional new Cleared Contract will be permitted to be submitted under the procedure in this Rule 204(h)(3). Swap transaction data reported pursuant to Rule 309(f) for a new Cleared Contract that clears with the same terms as the rejected Cleared Contract will reference the original canceled trade, indicate that it has been reported pursuant to the procedures described in this Rule 204(h)(3) and link the original canceled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

(4) Participants and Customers are prohibited from requiring a Breakage Agreement from any other Participant or Customer as a condition of trading with that other Participant or Customer.

(i) *Package Transactions*

(1) Any component leg of a Package Transaction that is rejected for clearing by a Clearing Firm or DCO for any reason shall be void *ab initio* and will be canceled by the SEF (each such leg, a "**Rejected Leg**"). For the avoidance of doubt, any component leg of a Package Transaction that was accepted for clearing will not be affected by the rejection of the Rejected Leg.

(2) Any component leg of a Package Transaction that was executed on or subject to the Rules of the SEF without the intent to be cleared, but later determined by the parties to the transaction to be cleared, will not be void if rejected for clearing by a DCO to which such leg of the Package Transaction was submitted.

(3) For Rejected Legs that are rejected for clearing because of the sequencing of submission for clearing of the legs of the applicable Package Transaction and only for such Rejected Legs, the Clearing Firms for the Rejected Leg may, with the consent of each respective Customer or Participant, agree to a new transaction with the same terms as the Rejected Leg (the "**New Leg**"). Such Customer or Participant consent may not be obtained in advance, and must be sought and obtained by each Clearing Firm on a case-by-case basis, after the Rejected Leg has been rejected. If there is such agreement and consent, the New Leg must be submitted by the Participant specified in Rule 304(b) as a Pre-Arranged Cross pursuant to the procedure in Rule 304(b), and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b). Upon execution of such Pre-Arranged Cross by the SEF, the SEF shall submit the transaction to the DCO for clearing as quickly as technologically practicable, but in any case no later than 60 minutes from the issuance of the notice of rejection of the Rejected Leg by the DCO to the Clearing Firms. If the New Leg resulting from such Pre-Arranged Cross is rejected from clearing, it is void *ab initio* and no additional New Leg will be permitted to be submitted under the procedure in this Rule 204(i)(3). The procedures in this Rule 204(i)(3) are not available for Package Transactions that are rejected for clearing by a Clearing Firm or DCO because the Package Transaction as a whole failed to satisfy the applicable Risk-Based Limits, Swap transaction data reported pursuant to Rule 309(f) for a New Leg that clears will reference the original canceled trade, indicate that it has been reported pursuant to the procedures described in this Rule 204(i)(3) and link the

original canceled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

(4) Participants and Customers are prohibited from requiring a Breakage Agreement from any other Participant or Customer as a condition of trading Package Transactions with that other Participant or Customer.

Rule 205. Application for and Grant of Trading Privileges

(a) *Application Requirement.* Each applicant for Trading Privileges will submit an application to the SEF in a form and manner prescribed by the SEF. Each applicant will 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 SEF will act upon, and approve or disapprove, any such application without unreasonable delay.

(b) Upon submission of an application and satisfaction of the requirements and procedures set forth in this Chapter 2, and approval by the SEF, a person applying for Trading Privileges will be granted Trading Privileges. If the application process is not completed by the applicant within six months of submission of an application and payment of any applicable fee, the application will be deemed to be withdrawn.

(c) Any applicant who has been denied Trading Privileges or Authorized Trader or Authorized Trading Firm status with a Trading Privilege Holder, and any Trading Privilege Holder or Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder who is not permitted to keep its, his or her Trading Privileges or maintain his or her status as an Authorized Trader or Authorized Trading Firm may request an appeal of the SEF's decision pursuant to the procedures set forth in Rule 205(e). No determination of the SEF to discontinue a person's Trading Privileges or Authorized Trader or Authorized Trading Firm status will take effect until the review procedures hereunder have been exhausted or the time for review has expired.

(d) Any applicant to become a Trading Privilege Holder who has been denied Trading Privileges pursuant to this Rule 205 will not be eligible for re-application during the six months immediately following such denial.

(e) *Appeal of Denial of Trading Privileges*

(1) If the SEF, pursuant to this Rule, denies an application for Trading Privileges or association with a Trading Privilege Holder as an Authorized Trader or Authorized Trading Firm, or determines not to permit a person to keep its Trading Privileges or maintain its association as an Authorized Trader or Authorized Trading Firm, then, in any such case, the affected applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, within seven days after receiving written notice of such decision, may request in writing that the SEF provide the reasons therefor in writing. Within 14 days of receiving any such written request, the SEF will provide the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, with such reasons in writing. Within 14 days of receiving the SEF's written response, the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, may request, in writing, that the SEF's Participation Committee reconsider the SEF's initial decision and may provide any written representations or other information that the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, believes is relevant to the reconsideration.

(2) Within 28 days of receiving either a written request for reconsideration or written representations or information from the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, or a statement from such person that no such representation or information is to be made or supplied, the Participation Committee will either confirm, reverse or modify the initial decision and will promptly notify the applicant, Trading Privilege Holder,

Authorized Trader or Authorized Trading Firm, as the case may be, accordingly. The Participation Committee may in its discretion schedule a hearing or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Any decision by the Participation Committee pursuant to this subparagraph (2) constitutes the final action of the SEF with respect to the matter in question and is not subject to appeal. Any action that may be taken by the Participation Committee under this Rule 205(f) may be taken by the Board if no Participation Committee has been established.

Rule 206. Participant and Customer Obligations; Suspension or Termination of Access

(a) Each Participant and Customer must comply with these Rules, applicable provisions of the Act, and relevant Commission Regulations. Each Participant and Customer must also cooperate promptly and fully with the SEF, its agents, its Regulatory Services Provider, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding. Additionally, each Trading Privilege Holder must update its email address promptly after any change and update all other material information provided in its application for Trading Privileges within five days after that information has changed. If any Participant or Customer fails to satisfy these obligations, the SEF may revoke or suspend the Participant's or Customer's access to the SEF in full or in part.

(b) Each Participant and Customer consents to allow the SEF to provide all information the SEF has about the Participant or Customer, including the Participant's or Customer's trading activity, to the Commission or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, judicial tribunals, the Regulatory Services Provider, and any other service provider to the SEF in connection with the performance of the SEF's services.

(c) Each Participant is required to review the "Notices" section of the SEF website to make itself aware of material changes to these Rules or other notices that may affect their rights and obligations as a Participant.

(d) Each Trading Privilege Holder must diligently supervise all activities of the Trading Privilege Holder's employees and/or agents, including all Authorized Traders and Authorized Trading Firms, relating to transactions effected on the SEF. Any Violation by any employee of a Trading Privilege Holder, including an Authorized Trader or Authorized Trading Firm, shall constitute a Violation by such Trading Privilege Holder.

(e) The SEF may revoke or suspend a Participant's access to the SEF in full or in part if the Participant acts as an Intermediary on behalf of a Customer and such Customer maintains a position in any Contract that, when considered in light of the other positions maintained by the Participant through which such Customer accesses the SEF, and any other factors that the SEF reasonably deems relevant, the SEF reasonably believes could jeopardize the financial safety of such Participant or any of such Participant's other Customers. In making this determination, the SEF may consider any relevant factors, including, as applicable, (i) the positions maintained by such Participant, such Participant's Authorized Traders, Authorized Trading Firms and other Customers, (ii) financial information provided by such Participant; and (iii) in consultation and coordination with the relevant DCOs, the level of margin maintained by such Participant at such Participant's Clearing Firm.

(f) Each Trading Privilege Holder which is a Swap Dealer or Major Swap Participant and enters into or facilitates a Swap that is subject to mandatory clearing under Section 2(h) of the Act shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the Act.

Rule 207. Customers

(a) No Participant shall act as an Intermediary for the account of a Customer unless the Participant has entered into an agreement with the Customer that provides that the Customer agrees that all

Contracts shall be governed by the Rules, the Act and the Commission Regulations, insofar as they are applicable to that Contract, although no such agreement shall be required by these Rules when the Customer of a Trading Privilege Holder is another Trading Privilege Holder.

(b) Where a Customer and the Intermediary are both Trading Privilege Holders, the Customer shall provide the SEF with such notice of the relationship as the SEF may require from time to time.

(c) Each Customer shall be the principal to all executed transactions resulting from any Bids/Offers or Pre-Arranged Crosses entered on behalf of the Customer. Where a Participant is acting as an Intermediary on behalf of a Customer, the Participant shall have no liability, whether or not the identity of the Customer has been disclosed, in respect of any transactions executed on behalf of a Customer, to any other party, including any other Participant or the Customer of any other Participant.

(d) Each Customer authorizes the SEF to send Confirmations of Contracts entered into through an Intermediary to the Intermediary and authorizes such Intermediary to accept such Confirmations on behalf of the Customer.

Rule 208. Recordkeeping

(a) Each Participant and Customer must prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to Applicable Law and the Rules of the SEF, including a complete audit trail for each transaction it places for execution, whether or not the transaction ultimately is executed, and records of their activity in the underlying commodity and related derivatives markets. Such books and records must be made available to the SEF, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

(b) Each Participant and Customer must keep all books and records required to be kept by it pursuant to the Rules of the SEF for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the SEF or required by Applicable Law. Such books and records must be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records must be made available for inspection by, and copies thereof must be delivered to, the SEF, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

(c) The following information must be provided to the SEF by each Participant prior to entering a Bid/Offer or Pre-Arranged Cross with respect to any Swap traded on the SEF:

- Authorized Trader ID
- Trading Privilege Holder ID
- Swap
- Series, if applicable
- DCO where Swap is to be cleared
- Price
- Quantity
- Side of the Bid/Offer
- Customer Type Indicator Code (defined below)
- Trading account and other relevant account information, including Clearing Firm
- LEI of the Participant placing the Bid/Offer or initiating the RFQ
- For Intermediated Transactions, the LEI of the Customer
- Yes/no indication of whether the Participant or Customer is a Swap Dealer for that Swap
- Yes/no indication of whether the Participant or Customer is a Major Swap Participant

- Yes/no indication of whether the Participant or Customer is a Financial Entity
- Yes/no indication of whether the Participant or Customer is a U.S. person as defined by the Commission;
- For Cleared Contracts, confirmation of the availability of credit at the Clearing Firm to which any resulting transaction will be submitted for clearing at the relevant DCO; and
- If the Swap will be allocated:
  - an indication that the Swap will be allocated;
  - the LEI of the Account Manager;
  - if the Swap is a pre-execution allocated Swap, the account and LEI for each Customer that will receive allocations;
  - an indication of whether the Swap is a post-execution allocation Swap; and
  - if the Swap is a post-execution allocation Swap, the unique Swap identifier of the original transaction between the reporting counterparty and the agent.

For purposes of this Rule 208, the "**Customer Type Indicator Codes**" are as follows:

CTI 1 – Bid/Offer for the proprietary account of a Trading Privilege Holder that is a natural person.
CTI 2 – Bid/Offer for the proprietary account of a Trading Privilege Holder that is not a natural person.
CTI 3 – Bid/Offer which an individual Trading Privilege Holder or Authorized Trader executes for the proprietary account of another Trading Privilege Holder or for an account which the other Trading Privilege Holder controls or has an ownership or financial interest in.
CTI 4 – Any Bid/Offer not meeting the definition of **CTI 1**, **2** or **3**, including those entered on behalf of Customers.

(d) The Rules of the SEF regarding the recordkeeping obligations set forth in this Rule 208 shall be promulgated to achieve the purposes and requirements of Applicable Law. While the SEF will have sole discretion, subject to Applicable Law, to determine such Rules, the SEF will take into consideration in doing so comparable requirements applicable to Participants.

Rule 209. Communications of the SEF with Participants

(a) *Written Notices*

The SEF will publish a notice with respect to each addition to, modification of, or clarification of the Rules of the SEF, or of any action taken to implement any Rule of the SEF, in a form and manner that is reasonably designed to enable each Trading Privilege Holder 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; provided that any failure of the SEF to so publish a notice will not affect the effectiveness of the addition or modification in question. Each Trading Privilege Holder will provide its respective Authorized Traders, Authorized Trading Firms and Customers with copies of any such notice. For purposes of publication in accordance with the first sentence of this Rule 209(a), it will be sufficient (without limiting the discretion of the SEF as to any other reasonable means of communication) if a notice is (a) sent to each Trading Privilege Holder by mail, recognized courier service, facsimile or electronic mail (including by means of a hyperlink included in an electronic mail message), to the address, facsimile number or electronic mail address (as applicable) provided by such Trading Privilege Holder for such purpose or (b) published on the SEF's website. Each Trading Privilege Holder, on its own behalf, and on behalf of its Authorized Trading Firms, Authorized Traders and Customers, as applicable, must monitor the SEF's website for any notices published under this Rule 209(a).

(b) *Recording of Communications*

The SEF and Trading Privilege Holders may record conversations and retain copies of electronic communications between officers, employees or agents of the SEF, on the one hand, and Trading Privilege Holders (including their Affiliates), Authorized Traders or Authorized Trading Firms, on the other hand. Any such recordings or other records may be retained by the SEF or such Trading Privilege Holder, as the case may be, in such manner and for such periods of time as the SEF, or such Trading Privilege Holder, as the case may be, may deem necessary or appropriate.

Rule 210. Required Disclosures to the SEF

Each Trading Privilege Holder must promptly notify the SEF in writing upon becoming aware:

(a) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or any Authorized Trading Firms has been the subject of a material sanction, penalty or other adverse action by any Regulatory Agency which is related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(b) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or any Authorized Trading Firms has been convicted of, pled guilty or no contest to, or entered in a plea agreement of a material nature in any domestic, foreign or military court which involves:

(1) embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or

(2) any transaction in or advice concerning Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(c) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms is subject to material regulatory proceedings before any Regulatory Agency which are related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(d) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms have been denied or withdrawn any application for registration or license submitted to any Regulatory Agency, and of any material revocation, suspension or conditioning of any registration or license granted by any Regulatory Agency, which in each case is related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(e) that any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms have:

(1) had their status as an Authorized Trader or Authorized Trading Firm permanently revoked by the Trading Privilege Holder, whether due to employment termination, termination of status as a Customer or otherwise; or

(2) had their access to the SEF temporarily revoked by the Trading Privilege Holder.

(f) of any material change in any information contained in the Trading Privilege Holder's membership application, or in an Authorized Trader's or Authorized Trading Firm's application pursuant to Rule 202, including a Trading Privilege Holder's or Authorized Trading Firm's status as an "eligible contract participant;"

(g) of any withdrawal from membership by the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms, in any SRO, designated contract market, DCO or swap execution facility;

(h) of any damage to, or failure or inadequacy of, the systems, facilities or equipment used to effect transactions or perform financial obligations under or in connection with Contracts of the Trading Privilege Holder or any of its Authorized Traders or Authorized Trading Firms;

(i) of any change in the location of the principal office of the Trading Privilege Holder or any of the Trading Privilege Holder's Authorized Traders and Authorized Trading Firms;

(j) of any failure to maintain segregated funds as required by the Commission when the Trading Privilege Holder is a futures commission merchant registered with the Commission;

(k) of becoming subject to early warning reporting under Commission Regulation 1.12; and

(l) of becoming the subject of a bankruptcy proceeding or being unable to meet any financial obligation as it becomes due.

Rule 211. Dues, Fees and Expenses

(a) The Board has the sole power to set the payment dates and amounts of any dues, assessments or fees to be levied on Trading Privilege Holders, which dues, assessments or fees will be paid to the SEF when due. Fees will be comparable for Trading Privilege Holders receiving comparable access to, or services from, the SEF.

(b) If a Trading Privilege Holder fails to pay when due any SEF dues, assessments or fees levied on such Trading Privilege Holder, and such payment obligation remains unsatisfied thirty (30) days after its due date, the SEF may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Trading Privilege Holder as it deems necessary or appropriate.

Rule 212. Market Maker Programs

The SEF may from time to time adopt one or more programs under which one or more Trading Privilege Holders or others may be approved and designated as market makers with respect to one or more Contracts in order to provide liquidity and orderliness in the market or markets for such Contract or Contracts. Any such program may provide for any or all of the following:

(a) qualifications, including any minimum net capital requirements, that any such market maker must satisfy;

(b) the procedure by which Trading Privilege Holders or others may seek and receive designation as market holders;

(c) the obligations of such market makers, including any applicable minimum bid and offer commitments;

(d) the benefits accruing to such market makers, including priority in the execution of transactions effected by Trading Privilege Holders or others as approved by the SEF in their capacity as market makers, reduced transaction fees or the receipt of compensatory payments from the SEF; and

(e) the requirement that such designated market makers agree to abide by the Rules of the SEF and are subject to the jurisdiction of the SEF.

Rule 213. Independent Software Vendors

The SEF shall provide impartial access to independent software vendors who enter into a development and maintenance agreement with the SEF (an "**ISV Development and Maintenance Agreement**"). Fees will be comparable for independent software vendors receiving comparable access to, or services from,

the SEF. Each independent software vendor that enters into an ISV Development and Maintenance Agreement must satisfy the following criteria:

(a) If required to be registered in any capacity under Applicable Law, it has duly registered in such capacity and such registration is in effect and has not lapsed or been revoked, suspended or withdrawn;

(b) It complies with the applicable technical access standards, system compatibility requirements, security protocols and technical specifications for connection to the SEF's electronic system as may be specified by the SEF from time to time;

(c) It must ensure that each person that uses the independent software vendors to access the SEF is either a Participant or a Customer of a Participant authorized as such in accordance with these Rules;

(d) It may provide data obtained from the SEF solely to such Participants or Customers of Participants in connection with their actual and proposed trading activity in Contracts and similar contracts, and shall not provide such data to any other swap execution facility, security-based swap execution facility, designated contract market, national securities exchange or other trading facility or system without the prior written consent of the SEF;

(e) In the case of any RFQ or Bid/Offer submitted to the SEF through an independent software vendor, the independent software vendor will provide sufficient detail to identify the Participant (and, in the case of a Customer transaction, the Customer) as required by the SEF; and

(f) It satisfies such other criteria as the SEF may specify from time to time, subject to Applicable Law.

Rule 214. Withdrawal of Participant

(a) To withdraw from the SEF, a Participant must notify the SEF in writing, following such procedures as may be established by the SEF.

(b) The SEF may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if the SEF considers it necessary for the protection of the Participant's Customers, other Participants or otherwise in the interests of the SEF.

(c) Based on the information provided to, and other information gathered by, the SEF regarding a Participant's withdrawal request, the SEF will determine whether to: (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; or (iii) impose any terms or conditions before or after the effective date of withdrawal.

(d) If the SEF refuses to accept a Participant's withdrawal request or postpones the effective date of withdrawal of a Participant, the SEF may waive the obligation to pay some or all of the fees, costs and charges that the SEF would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.

(e) When the SEF accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including the Trading Privileges and ability to access a Trading Platform). The accepted withdrawal of a Participant shall not affect the rights of the SEF under the Rules or relieve the former Participant of its obligations with respect to previously executed transactions (including any contractual obligations relating to any Contracts entered into by such Participant, or the payment of any fees, costs, or charges incurred prior to such withdrawal). Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the jurisdiction of the SEF for acts done and omissions made while a Participant, and must cooperate in any proceeding under Chapter 5 as if such withdrawal had not taken place.

(f) Upon delivery of a withdrawal notice:

(1) Participant shall promptly notify its Authorized Traders and any Authorized Trading Firms that they may no longer access the SEF on behalf of Participant, and Participant shall with reasonable diligence, to the extent practicable, terminate electronic access of its Authorized Traders to the SEF;

(2) the SEF shall suspend Participant's access to the SEF, promptly notify its relevant personnel that Participant and its Authorized Trading Firms may no longer access the SEF on behalf of Participant, and with reasonable diligence, to the extent practicable, terminate electronic access of Participant's Authorized Traders to the SEF.

CHAPTER 3
TRADING PROCEDURES

Rule 301. Trading Sessions

Except as otherwise provided in these Rules or determined by the Board, transactions in any Contract will only be executed during the Trading Session for such Contract. The SEF may from time to time modify its regular Trading Session and establish Trading Sessions, in addition to the regular Trading Sessions, as it deems appropriate.

Rule 302. Access to SEF's Order Book

(a) Each Authorized Trader and each Trading Privilege Holder that is an individual will receive a user identification ("**ID**") and password. As a Trading Privilege Holder or Authorized Trader, such person will be able to access the SEF's Order Book for trading in the Swap asset classes or sub-products approved for such Trading Privilege Holder or Authorized Trader, enter and accept Bids/Offers, enter electronic RFQs, and otherwise access information regarding, or perform functions for, such person's account using its ID and password.

(b) For account security and audit trail purposes, each Trading Privilege Holder and Authorized Trader agrees that the SEF may maintain logs of the IP address used to log on to the SEF.

(c) Each Trading Privilege Holder will be responsible for protecting from improper disclosure its ID and password, and the IDs and passwords of its Authorized Traders. In addition, a Trading Privilege Holder may not knowingly or negligently permit any person not authorized by the SEF and by the Trading Privilege Holder to use the ID and password to access the SEF. Each Trading Privilege Holder is required to immediately notify the SEF if it knows, or has reason to believe, that its ID and/or password, or the ID and/or password of any Authorized Trader have been disclosed to any person not authorized by the SEF and the Trading Privilege Holder to use such ID and/or password.

(d) Except as otherwise provided in Rule 102:

(1) each Trading Privilege Holder will be liable for all costs and any losses that it may incur from transactions executed on the SEF by any person, authorized or not, using its ID and password or the ID and/or password of any of its Authorized Traders; and

(2) the SEF will not be responsible in any way for unauthorized transactions for a Trading Privilege Holder's account.

(e) Each Trading Privilege Holder is responsible for contracting with a network provider through which it will access the SEF and for having a backup service provider if the Trading Privilege Holder deems it necessary. Each Trading Privilege Holder is also responsible for maintaining a network connection speed adequate for its needs. The SEF will not be responsible in any way for any Bids/Offers or electronic RFQs delayed or transactions missed or not executed in a timely fashion because of failure of the Trading Privilege Holder's Internet service provider or slowness of its network connection speed. No communication from a Trading Privilege Holder will be deemed to have been received by the SEF until that communication is logged by the SEF server.

Rule 303. Required Transactions

(a) No Participant shall execute a Required Transaction on ICAP SEF other than via the SEF's Order Book or Request for Quote procedures unless such transaction is a Block Trade.

(b) Upon execution of the Required Transaction on the SEF, the SEF will report the transaction to the SDR as soon as technologically practicable.

Rule 304. Permitted Transactions

(a) Participants may enter Bids/Offers and electronic RFQs for Permitted Transactions directly into the SEF's Order Book for that Contract.

(b) Participants may submit to an Execution Specialist for execution Permitted Transactions negotiated and agreed to outside the SEF's Order Book, at prices mutually agreed, with regard to Contracts that have been designated by the SEF for such purpose (each such transaction a "**Pre-Arranged Cross**"). Pre-Arranged Crosses that are submitted to an Execution Specialist for execution must be submitted by the seller, unless otherwise agreed to by the parties; however, in the case of an Intermediated Transaction, the Participant acting as the Intermediary shall have the obligation to submit the Pre-Arranged Cross to the Execution Specialist. The Participant submitting the Pre-Arranged Cross to the Execution Specialist must provide the information required by Rule 208(c).

(c) Upon execution of the Permitted Transaction on the SEF, the SEF will report the transaction to the SDR as soon as technologically practicable.

(d) Each Participant that is party to, or Intermediary in, a Pre-Arranged Cross executed pursuant to section (b) of this Rule 304 must record the following details of the transaction: the Contract (including the Delivery Month) to which such transaction relates; the number of Contracts traded; the price of execution or premium; the identity of the counterparty; and, if applicable, details regarding the Customer for which the transaction was executed, as well as, if applicable, the Underlying Interest and whether the transaction involved a put or a call and the strike price. Upon request by the SEF, such Participant must produce satisfactory evidence, including the transaction information referred to in the preceding sentence, that the transaction meets the requirements set forth in this Rule.

Rule 305. Execution Methods for Required Transactions

(a) *Execution through the SEF's Order Book*

(1) A Participant may enter Bids/Offers to transact in Contracts by electronic transmission over a network or through an Execution Specialist.

(2) A Participant will enter a Bid/Offer to transact in one or more Contracts by indicating to the SEF in the manner required by a Trading Platform or the Execution Specialist the information required by Rule 208(c).

(3) The Participant will be responsible for any and all Bid/Offer entries it posts on the SEF. Posted Bids/Offers are subject to acceptance by other Participants.

(4) The Order Book will keep an electronic record of all Bids/Offers to transact in Contracts, and all executed transactions.

(5) The records kept by the SEF will include all of the Bid/Offer terms identified in this Rule as well as the date and time that the transaction was executed.

(6) The Order Book will provide Participants with the ability to post firm Bids/Offers on a centralized electronic screen that is accessible to all Participants with access to the Order Book. Each Participant may then choose to transact on the basis of a firm Bid/Offer by entering a Bid/Offer which accepts the firm Bid/Offer.

(7) For a Participant who has the ability to accept a Bid/Offer it submits on behalf of a Customer or to execute Bids/Offers from two Customers against each other, or for two Participants who desire to execute offsetting Bids/Offers as a result of pre-execution discussions, the Participant or Participants must allow at least a 15 second delay between the entry of those two Bids/Offers, such that one side of the potential transaction is disclosed and made available to other Participants for at least 15

seconds (or such other time as the SEF may publish for particular contracts) before the second side of the potential transaction, whether for the Participant's own account or for Participant's Customer, is submitted for execution. Participants and Customers may engage in pre-execution discussions with regard to such Bids/Offers in accordance with Rule 404(c).

(b) *Electronic Request for Quote Systems*

(1) The Trading Platforms will provide Participants with the ability to transmit a request for quote to no less than the required number of Recipients, to which all such Recipients may respond.

(2) Together with the first response from any Recipient, a Trading Platform will display to the requesting Participant any firm resting order for the Swap indicated in the RFQ that is posted in the Order Book together with any responses to the RFQ from the Recipients.

(3) Responses to RFQs must be in the form of a Bid/Offer. The RFQ requestor may accept such RFQ response by submitting a corresponding Bid/Offer.

(4) A Participant that sends an RFQ to fewer than all other Participants may not send an RFQ to another Participant that is affiliated with or controlled by the RFQ requester, or to two or more Participants that are affiliates of or controlled by each other.

(c) *Voice Request for Quote Systems*

(1) Participants may initiate an RFQ by contacting an Execution Specialist.

(2) The Execution Specialist will transmit the RFQ to no less than the required number of Recipients, to which all such Recipients may respond.

(3) Together with the first response from any Recipient, the Execution Specialist, unless otherwise instructed by the Participant, will communicate to the requesting Participant any firm resting order for the Swap indicated in the RFQ that is posted in the Order Book together with any responses to the RFQ from the Recipients.

(4) Responses to RFQs must be in the form of a Bid/Offer. The RFQ requestor may accept such RFQ response by submitting a corresponding Bid/Offer.

(5) A Participant that requests an Execution Specialist to send an RFQ to fewer than all Participants may not request that an Execution Specialist send any RFQ to another Participant that is affiliated with or controlled by the RFQ requester or to two or more Participants that are affiliated with or controlled by each other. An Execution Specialist that sends an RFQ to fewer than all Participants may not knowingly send an RFQ on behalf of the requesting Participant to another Participant that is affiliated with or controlled by the RFQ requester, or to two or more Participants that are affiliated with or controlled by each other.

(6) An Execution Specialist will act in accordance with a Participant's instructions, the Rules and Applicable Law.

Rule 306. Work-Up

Work-up sessions in Required Transactions are permitted in both electronic trading and RFQ, subject to the System Protocol for the Trading Platform for each product. Work-up transactions do not qualify as a Block Trade even if a Participant's transactions as part of the work-up session has a notional or principal amount at or above the appropriate minimum block size applicable to such Swap.

Rule 307. Acceptable Bids and Offers

(a) A Bid/Offer may be for a single Swap or for a strategy or spread involving multiple Swaps.

(b) Subject to the System Protocols, a Bid/Offer may be designated as “all-or-none,” and if so designated, may be accepted only if accepted in its entirety.

Rule 308. Block Trades

Participants may enter into Block Trades outside a Trading Platform, Order Book or RFQ procedure at prices mutually agreed, with regard to Contracts that have been designated by the SEF for such purpose, provided all of the following conditions are satisfied (such transactions, “**Block Trades**”):

(a) The Block Trade must be for at least such minimum number of Contracts as will from time to time be specified by the SEF. Except as may otherwise be permitted by Commission Regulation 43.6(h)(6), Participants shall not aggregate Contracts of different Participants or Customers to achieve the minimum number of Contracts specified by the SEF for a Block Trade.

(b) When negotiating or executing a Block Trade, a Participant must ensure that the price quoted for a Block Trade represents a fair and reasonable price. The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such 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 at the relevant time, and (iv) the circumstances of the parties to such Block Trade.

(c) Block Trades must be reported to the SEF by the seller, unless otherwise agreed to by the parties, within 15 minutes after execution by contacting an Execution Specialist; however, in the case of an Intermediated Transaction, the Participant acting as the Intermediary shall have the obligation to report the Block Trade to the SEF within 15 minutes after execution.

(d) The SEF will review the information submitted by the Participants for the Block Trade and will post the transaction to a Trading Platform if the details are complete and accurate in accordance with this Rule. The SEF will report the transaction to the SDR as soon as technologically practicable.

(e) Each Participant that is party to, or Intermediary for, a Block Trade must record the following details of the transaction: the Contract (including the Delivery Month) to which such transaction relates; the number of Contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer for which the transaction was executed, as well as, if applicable, the Underlying Interest and whether the transaction involved a put or a call and the strike price. Upon request by the SEF, such Participant must produce satisfactory evidence, including the information referred to in the preceding sentence, that the transaction meets the requirements set forth in this Rule.

(f) Any Block Trade in violation of these requirements will constitute conduct which is inconsistent with just and equitable principles of trade.

Rule 309. Reporting and Data Collection

(a) In furtherance of Applicable Law, the SEF will capture and retain all transaction data, so as to be able to reconstruct all transactions within a reasonable period of time and to provide evidence of any Violations.

(b) In furtherance of Applicable Law, the SEF will retain records for all transactions executed on the SEF. This includes all Bids/Offers, RFQs and Pre-Arranged Crosses, whether accepted, unaccepted, canceled or modified, and all acceptances of such transactions.

(c) In furtherance of Applicable Law, the SEF shall maintain an electronic transaction history database, which includes a history of all Bids/Offers, electronic RFQs and transactions, and also includes: (i) all data that are input into the trade entry system; (ii) the categories of Participant or Customer for which each transaction is executed, including whether the Participant or Customer executed the transaction for its own account; (iii) timing and sequencing data adequate to reconstruct trading; and (iv) identification of each Participant or Customer to which fills are allocated.

(d) The SEF will use the electronic transaction history database to reconstruct trading and identify possible Violations. In furtherance of Applicable Law, the SEF will conduct an annual review of compliance with its audit trail and recordkeeping requirements and will identify Participants that may have failed to comply with such requirements. Such Participants will be subject to investigation by the Market Regulation Staff for possible disciplinary action. The annual review must include, but is not limited to, reviews of randomly-selected samples of front end audit trail data for order routing systems; a review of the process by which user identifications are assigned and user identification records are maintained; a review of usage patterns associated with user identifications to monitor for violations of user identification Rules; and reviews of account numbers and Customer Type Indicator Codes in transaction records to test for accuracy and improper use.

(e) All such information will be maintained by the SEF in a manner that protects it from unauthorized alteration, as well as from accidental erasure or other loss.

(f) The SEF will publish trading information as required by Core Principle 9, Commission Regulation § 37.901 and Part 16 of the Commission Regulations. All specified swap data will be reported as provided under Part 43 and Part 45 of the Commission Regulations. The SEF will disseminate swap transaction and pricing data relating to Contracts to Participants no earlier than the transmittal of such information to a registered SDR.

Rule 310. Bid/Offer Cancellation

(a) A Participant can submit instructions to either cancel or modify a Bid/Offer which that Participant has placed on the SEF if that Bid/Offer has not yet been accepted. Upon receipt of instructions to cancel a Bid/Offer that has not been executed, a Trading Platform will withdraw the Bid/Offer and confirm the cancellation of the Bid/Offer. If a Participant modifies a Bid/Offer that has not been executed, the SEF will treat the modified Bid/Offer as a new Bid/Offer.

(b) The SEF will attempt to cancel or modify an existing Bid/Offer after a Participant enters a cancellation or modification instruction. However, the Bid/Offer may be executed before the SEF is able to cancel or modify it. If a Bid/Offer has been filled in whole or in part, a Participant may modify or cancel only that portion of the Bid/Offer (if any) that has not been executed. Once canceled by the SEF, a Bid/Offer will not be executed.

(c) Upon suspension or revocation of a Participant's trading privileges by the SEF, any unaccepted Bid/Offer on the SEF for such Participant shall be canceled by the SEF.

Rule 311. Errors and Disputes

(a) If a Participant believes that a Bid/Offer or RFQ or Pre-Arranged Cross to transact in one or more Contracts was incorrectly displayed and/or executed and/or reported, that Participant may request review of the Bid/Offer or the transaction.

(b) Upon receipt of a request for review of a Bid/Offer or RFQ or Pre-Arranged Cross, the SEF will review its records to determine if a Trading Platform or Execution Specialist correctly displayed and/or executed the Bid/Offer or RFQ or Pre-Arranged Cross.

(c) If the review described in this Rule reveals that a Trading Platform or an Execution Specialist made a material mistake or that a mistake occurred as a result of a malfunction in a Trading Platform or by human error, the transaction will be canceled or adjusted, as appropriate.

(d) If the review described in this Rule reveals that neither a Trading Platform nor an Execution Specialist made a mistake, the SEF will inform the Participant who requested the review that the SEF has determined that the Bid/Offer or RFQ or Pre-Arranged Cross was properly handled, the evidence supporting that determination, and that an adjustment will not be made.

(e) The SEF will document in writing all requests for review of Bids/Offers, RFQs and Pre-Arranged Crosses received by the SEF, the time and manner in which SEF reviewed its electronic audit trail in response to the request, the outcome of that review, and the action or actions taken by the SEF in response to that review.

Rule 312. Enforceability of Transactions

(a) Each Participant or, where a transaction is on behalf of a Customer, the relevant Customer, is obligated to settle all transactions executed, pursuant to the Rules in this Chapter 3.

(b) *Issuance of SEF Confirmations for Cleared Contracts.* Participants and Customers are obligated to submit for clearing all Contracts so required by the Act, Commission Regulations and any other applicable law. For Cleared Contracts, the SEF will provide the Trading Privilege Holder a Confirmation of all the terms of each transaction executed on the SEF at the time of execution; provided that where a Trading Privilege Holder is a Customer in an Intermediated Transaction, the confirmation will be provided to the Intermediary in accordance with Rule 313(c). The Confirmation provided by the SEF for Cleared Contracts will be the final legally binding confirmation of the terms of any transaction executed on the SEF and will supersede any conflicting confirmation or agreement provided to, or between, as applicable, Participants and Customers, regardless of when such other confirmation is provided.

(c) *Issuance of SEF Confirmations for Uncleared Transactions*

(1) The economic terms specific to the transaction agreed by each Participant and/or Customer on the SEF with respect to an uncleared transaction shall be reflected by the SEF in a written communication (the "**Trade Communication**") issued to each applicable Participant and/or Customer. The Trade Communication, together with the documents and agreements (including, without limitation, ISDA master agreements, other master agreements, terms supplements, master confirmation agreements, and incorporated industry definitions) governing such transaction existing at the time of such commitment to which each Participant and/or Customer are party (the "**Terms Incorporated by Reference**") shall, taken together, for purposes of Commission Regulation 37.6(b), comprise all of the terms of such transaction and serve as a Confirmation of such transaction.

(2) In satisfaction of the obligations imposed on the SEF under Commission Regulation 37.6(b), (i) each Trade Communication is deemed to incorporate the Terms Incorporated by Reference set forth in this Rule 312(c), and (ii) each Participant and Customer hereby agrees that the provisions of Rule 312(c)(3) shall govern any conflicting terms.

(3) In the event of any conflict between (x) the Trade Communication and (y) the Terms Incorporated by Reference, the Trade Communication shall prevail to the extent of any inconsistency.

Rule 313. Intermediated Transactions

(a) Subject to Rule 305(a)(7), Participants who are Intermediaries shall immediately enter into a Trading Platform all executable Orders and electronic RFQs received by telephone from their Customers, and shall immediately submit all voice RFQs and Pre-Arranged Crosses to an Execution Specialist. If an Order, RFQ or Pre-Arranged Cross cannot be immediately entered into a Trading Platform or submitted to an Execution Specialist, as applicable, an electronic record which includes the account identifier that

relates to the account owner, time of receipt, and terms of the Order, RFQ or Pre-Arranged Cross must immediately be created, and the Order, RFQ or Pre-Arranged Cross must be entered into a Trading Platform or submitted to an Execution Specialist as soon as practicable.

(b) *Priority of execution.* Non-discretionary executable Customer Orders received by a Participant who is an Intermediary shall be entered into the SEF in the sequence received. Non-discretionary Orders that cannot be immediately entered must be entered when the Orders become executable, in the sequence in which the Orders were received.

(c) The SEF shall provide all Confirmations of Intermediated Transactions to the Intermediary. Any Participant that transacts as an Intermediary for any Customer shall be responsible for ensuring that such Customers receive all Confirmations of Contracts entered into on behalf of such Customers.

Rule 314. Bunched Orders

Bunched Orders must be allocated and recorded in accordance with Commission Regulation 1.35(b)(5) and the NFA's Interpretive Notice related to Compliance Rule 2-10. Bunched Orders may be entered using a designation for a group of accounts or suspense account number; provided, however that:

(i) the Bid/Offer or Pre-Arranged Cross is being placed by a Participant who is, or is acting on behalf of, an account manager for multiple accounts eligible for post execution allocation; or

(ii) a written, pre-determined allocation scheme that defines the group of accounts has been provided to the Clearing Firm accepting or clearing the Bid/Offer or Pre-Arranged Cross prior to the time that such Bid/Offer or Pre-Arranged Cross is entered. In the latter case, if such information has not been provided to the Clearing Firm prior to the time of Bid/Offer or Pre-Arranged Cross entry, each specific account number must be provided to the SEF. Additionally, for all such bunched Bids/Offers or Pre-Arranged Crosses executed on the SEF, the final account-specific allocations must be provided to the SEF no later than the end of each trading day.

Rule 315. SEF Authority over Transactions

(a) *SEF Authority Regarding Cancellations and Price Adjustments of Transactions*

The SEF has authority to cancel any transaction or adjust the price of any transaction executed on the SEF: (i) when the SEF determines in its sole discretion such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of a Trading Platform or by system defects; (ii) at any time the SEF determines, in its sole discretion, that allowing a transaction to stand as executed may have a material adverse effect on the integrity of the market; or (iii) in accordance with Rules 204(h), 204(i), 311, 315(c) or 315(d). All decisions of the SEF regarding the SEF's cancellation of transactions or the adjustment of transaction prices shall be final, subject to Rule 315(d).

(b) *Determination to Review a Transaction*

(1) The SEF may determine to review a transaction based on its independent analysis of market activity or upon a Participant's request. A Participant's request for review must be made (i) for an uncleared Pre-Arranged Cross, within one (1) Business Day of the execution of such transaction and (ii) for any other transaction executed on the SEF, within 15 minutes of the execution of such transaction. In the absence of a timely request for review, the SEF may determine whether or not a transaction will be subject to review in its sole discretion. Notwithstanding the foregoing, subject to Applicable Law, the SEF shall amend the terms of, or cancel, any transaction that the parties, together with the DCO, as applicable, mutually agree to amend or cancel, in the event that such amendment or cancellation is not submitted to the SEF within the applicable review period specified above.

(2) If the SEF determines to review a transaction, it will promptly issue an alert to all Participants via a Trading Platform or electronic mail indicating that the transaction is under review.

(c) *Review of Transactions*

(1) In reviewing a transaction, the SEF will first determine whether the price of the transaction is in the Non-Reviewable Range.

(2) In applying the Non-Reviewable Range, the SEF shall determine the fair value price for the Swap at the time the transaction under review occurred. The SEF may consider any relevant information, including, but not limited to, the last transaction price of the Swap or a better Bid/Offer, a more recent price for a different maturity date, the price of the same or related Swap established in another venue or another market, the market conditions at the time of the transaction, the theoretical value of an Option based on the most recent implied volatility and responses to an RFQ.

(3) If the SEF determines that the price of a transaction is inside the Non-Reviewable Range, the SEF will issue an alert indicating that the transaction shall stand as executed.

(4) If the SEF determines that the price of a transaction is outside the Non-Reviewable Range, the SEF shall have the right, in its sole discretion, to cancel or adjust the price of such transaction. Canceled transactions and any prices that have been adjusted shall be canceled in the SEF's official records. Transactions that have had their price adjusted shall be inserted in the SEF's official records at the adjusted price.

(d) *Alternative Resolution by Agreement of Parties*

(1) With the approval of the SEF, parties to a transaction that is under review or that has had its price adjusted may instead, together with the DCO, as applicable, mutually agree to cancel or otherwise adjust the price of the transaction.

(2) With the approval of the SEF, parties to a transaction that is canceled may instead, together with the DCO, as applicable, mutually agree to adjust the price of such transaction to a price within the Non-Reviewable Range.

(3) Subject to sections (d)(1) and (d)(2), parties to a transaction that is canceled or that has had its price adjusted may mutually agree to a cash adjustment.

(4) Any cancellation or adjustment made pursuant to sections (d)(1), (d)(2) or (d)(3) must be reported to the SEF by the parties within one (1) Business Day and the parties must maintain a record of such adjustment.

(e) *Liability for Losses Resulting from Cancellations or Price Adjustments*

(1) A party that through error or mistake enters a Bid/Offer, RFQ or Pre-Arranged Cross that results in a cancellation or price adjustment shall be responsible for demonstrated claims of realized losses incurred by persons whose transaction prices were canceled or adjusted; 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.

(2) A claim for a loss pursuant to this Rule 315 must be submitted to the SEF within one (1) Business Day of the event giving rise to the claim. The SEF will reject any claim that is not filed in a timely manner and such decision shall be final. Eligible claims shall be forwarded by the SEF to the party responsible for the Bid/Offer, RFQ or Pre-Arranged Cross that resulted in a cancellation or a price adjustment of a transaction and the Participant through which the transaction was submitted to the SEF. Such party, or Participant on behalf of such party, shall, within ten (10) Business Days of receipt of the

claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten (10) Business Days shall be deemed a denial of liability.

(3) To the extent that liability is admitted, payment shall be made within ten (10) Business Days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten (10) Business Days shall be deemed a denial of liability for the purposes of this Rule 315. A copy of any such written agreement must be provided to the SEF.

(4) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Rule 702. Such claims must be submitted to the SEF within ten (10) Business Days of the date the party was issued notification that liability was denied.

Rule 316. Reporting Counterparty

(a) For each Contract executed on or subject to the Rules of the SEF, the SEF shall report creation data to an SDR, and shall include in such creation data the identification of the reporting counterparty. The reporting counterparty will be determined by the SEF, if possible, in accordance with Commission Regulation 45.8 (a) – (f) and, in the event the counterparties to the Contract are of the same hierarchy level, the ISDA Reporting Party Rules. If the SEF is unable to determine the reporting counterparty in accordance with Commission Regulation 45.8 (a) – (f) and the ISDA Reporting Party Rules, the SEF will identify the buyer of the Contract as the reporting counterparty in the creation data. By executing the Contract on the SEF, the counterparties agree to the use of the ISDA Reporting Party Rules and, where necessary, the identification of the buyer as reporting counterparty, and waive the opportunity to agree separately upon a reporting counterparty and to receive notice from the SEF, as provided in Commission Regulation 45.8(d) and 45.8(f).

(b) Notwithstanding paragraph (a) of this Rule 316, for Contracts in the commodity asset class (as set forth in the ISDA Reporting Party Rules) between counterparties of the same hierarchy level, as determined by Commission Regulation 45.8 (a) – (f), the counterparties to such a Contract may agree separately upon a reporting counterparty. In the event that such counterparties do not agree upon a reporting counterparty, the reporting counterparty will be determined under paragraph (a) of this Rule 316.

(b) For each Contract executed on or subject to the Rules of the SEF, the reporting counterparty and/or the relevant DCO is responsible for reporting continuation data to the SDR to which the creation data for the Contract was first reported in accordance with Commission Regulations 45.4 and 45.10.

CHAPTER 4
TRADING STANDARDS

Rule 401. Fraudulent Statements and Acts

(a) No Participant or Customer shall make any material misrepresentation of fact or omit to state any material fact necessary to prevent a statement from being misleading, in connection with or related to any transaction on or other activity related to the SEF.

(b) No Participant or Customer may engage in any fraudulent act or engage in any scheme to cheat, defraud or deceive, in connection with or related to any transaction on or other activity related to the SEF.

Rule 402. Abusive Trading Practices

(a) No Participant or Customer shall create fictitious or wash transactions on the SEF or execute any Bid/Offer for a fictitious or wash transaction with knowledge of its nature.

(b) No Participant or Customer shall engage in trading on or subject to the Rules of the SEF for the purpose of passing money or transferring equity from one account to another.

(c) No Participant trading as an Intermediary on behalf of a Customer shall engage in trading ahead of a Customer Order, trading against a Customer Order without the Customer's consent, front running a Customer Order, accommodation trading or improper cross trading.

(d) No Participant or Customer shall engage in any trading, practice or conduct on or subject to the Rules of the SEF that (1) violates Bids/Offers; (2) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; or (3) is, is of the character of, or is commonly known to the trade as, "spoofing" (entering a Bid/Offer with the intent to cancel the Bid/Offer before execution).

Rule 403. Good Faith Bids/Offers and RFQs

(a) A Participant or Customer shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ into the SEF other than in good faith for the purpose of executing bona fide transactions.

(b) A Participant or Customer shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ unless such Participant or Customer has sufficient funds to provide the required collateral for the related Contract should the Contract be executed.

Rule 404. Pre-Execution Discussions and Pre-Arranged Transactions

No Participant or Customer shall prearrange or pre-negotiate or non-competitively execute any transaction on the SEF except as follows:

(a) Block Trades are not subject to this prohibition.

(b) Permitted Transactions executed pursuant to Rule 304 are not subject to this prohibition.

(c) Participants and Customers may engage in pre-execution discussions with regard to transactions executed on the SEF by entering a Bid/Offer into a Trading Platform where one party wishes to be assured that a contra party will take the opposite side of the Bid/Offer, provided that the initiating party's Bid/Offer is entered into a Trading Platform for 15 seconds, or such other time as the SEF may publish for particular Contracts, before the other party's Bid/Offer is entered; *provided, however*, that:

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

(2) Parties to pre-execution communications shall not:

(i) disclose to a nonparty the details of such communications; or

(ii) enter a Bid/Offer to take advantage of information conveyed during such communications except in accordance with this Rule.

(3) Notwithstanding paragraph (c)(2) of this Rule, a party may disclose or use such communications if such disclosure or use is authorized in writing by the counterparty, or is necessary:

(i) for the effective execution of any Swap for or with the counterparty;

(ii) to hedge or mitigate any exposure created by such Swap; or

(iii) to comply with a request of the Commission, the U.S. Department of Justice, any self-regulatory organization, or an applicable prudential regulator, or as otherwise required by law.

Rule 405. Manipulation and Price Distortion

Any manipulation of the market in any Contract is prohibited. Bids/Offers entered into a Trading Platform or Pre-Arranged Crosses submitted to an Execution Specialist 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 or Customer who makes or assists in entering any such Bid/Offer or Pre-Arranged Cross 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 Bid/Offer or Pre-Arranged Cross, will be deemed to have engaged in an act detrimental to the SEF.

Rule 406. Adherence to Law

No Participant or Customer may engage in conduct in violation of Applicable Law or the rules of any DCO which clears a Cleared Contract in connection with or related to any transaction on or other activity related to the SEF.

Rule 407. Acts Detrimental to the SEF or Inconsistent with Just and Equitable Principles of Trade

It will be an offense for a Participant or Customer to violate any Rule of the SEF regulating the conduct or business of a Participant or Customer or any agreement made with the SEF, or to engage in any act detrimental to the SEF's operations or self-regulatory function or the SEF's ability to enforce its Rules or in conduct inconsistent with just and equitable principles of trade.

Rule 408. Position Limits and Position Accountability

(a) The SEF may set and enforce such Position Limits or position accountability levels with respect to each Contract as the SEF deems necessary to reduce the threat of market manipulation or congestion.

(b) The SEF hereby adopts the Commission's Position Limitations for any Contract for which the Commission has adopted a Position Limit. In no event will the SEF set its Position Limits at a level higher than the Commission's Position Limits.

(c) For Permitted Transactions, the SEF may set and enforce position accountability levels or send the Commission a list of the Permitted Transactions transacted on the SEF.

(d) All Participants and Customers must comply with all SEF and Commission requirements regarding Position Limits or position accountability levels.

(e) Each Participant required to file any report, statement, form or other information with the Commission pursuant to Commission Regulations concerning a Position Limit on any Contract or commodity underlying a Contract must simultaneously file a copy of such report, statement, form or other information with the SEF. Such information shall include, for Participants who are Intermediaries, information concerning the Customers for which transactions are made on the SEF.

(f) Any Participant or Customer who exceeds a SEF or Commission Position Limit by entering into a transaction on the SEF shall be deemed in violation of the Rules of the SEF. In addition, any Participant or Customer entering bids or offers, if accepted, which would cause that Participant or Customer to exceed the applicable SEF or Commission Position Limit, shall be in violation of the Rules of the SEF.

(g) Without limiting any provision of these Rules, the SEF shall have the authority to obtain from any Participant or Customer, on request, information with respect to all positions of such Participant or Customer in Contracts which are equivalent, for purposes of SEF or Commission Position Limits, to those transacted in by the Participant on the SEF.

CHAPTER 5
RULE ENFORCEMENT

Rule 501. Jurisdiction

(a) The SEF shall have the authority to initiate and conduct investigations, and prosecute Violations of these Rules committed by Participants and Customers, and to impose sanctions for such Violations as provided in these Rules.

(b) Each Participant, upon becoming a Participant and thereafter upon any change of address shall file with the SEF a written notice designating an address for receiving service of documents. If a Participant fails to designate such an address, service by U.S. mail to its address on file with the SEF shall be good service, and delivery thereof shall be deemed to have occurred as of the date of such mailing.

Rule 502. SEF Market Regulation Staff Powers and Duties

(a) It shall be the duty of the Chief Compliance Officer to enforce these Rules, and he or she shall have the authority to inspect the books and records of all Participants and Customers and the authority to require any Participant or Customer to appear before him or her to answer questions regarding matters being investigated by the Market Regulation Staff. The Chief Compliance Officer may also delegate such authority to Market Regulation Staff who shall consist of employees of the SEF, and such other Regulatory Services Providers as the SEF may hire on a contract basis. The Chief Compliance Officer shall ensure that surveillance systems are established to monitor trading to prevent manipulation and price distortion. Such monitoring may be done by the Market Regulation Staff or a third party provider, and shall include real time monitoring and the ability to conduct comprehensive and accurate transaction reconstructions.

(b) The Market Regulation Staff shall conduct investigations of possible Violations of these Rules, prepare written reports respecting such investigations, furnish such reports to the Review Panel and conduct the prosecution of such Violations. An investigation must be commenced upon receipt of a request from Commission staff or receipt of information (such as data produced by automated surveillance systems) by the SEF that in the judgment of the Market Regulation Staff indicates a reasonable basis for finding that a Violation has occurred or will occur. Absent mitigating factors, each investigation will be completed no later than 12 months after the investigation is opened. Mitigating factors include the complexity of the investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential Violations to be investigated and the volume of documents and data to be examined and analyzed by Market Regulation Staff.

(c) If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that a Violation of these Rules may have occurred, he or she may issue a warning letter, including for minor transgressions, or shall present an investigation report concerning the matter to the Review Panel. No more than one warning letter may be issued to the same person found to have committed the same Violation more than once in a rolling 12-month period. The investigation report must include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; Market Regulation Staff's analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. The report may also include the Participant's or Customer's disciplinary history at the SEF, including copies of any warning letters.

(d) If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that no reasonable basis exists for finding a Violation of these Rules, he or she must prepare a written investigation report including the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and Market Regulation Staff's analysis and conclusions. The Chief Compliance Officer or another member of the Market Regulation Staff may issue a warning letter in any case where it is concluded that no reasonable

basis exists for finding a Violation of these Rules, without limitation on the number of warning letters issued to a person.

(e) Before presenting an investigation report to the Review Panel, the Market Regulation Staff may, in its sole discretion, inform the prospective Respondent that it intends to submit the matter to the Review Panel, and at such time the proposed Respondent may submit an offer of settlement to the Hearing Panel, in accordance with the procedures of Rule 509, prior to presentation of the investigation report to the Review Panel.

(f) The SEF has contracted with NFA to act as Regulatory Services Provider to provide certain regulatory services to the SEF, including reviews of the SEF's audit trail information for potential violations of SEF Rules. The SEF will retain ultimate decision-making authority with respect to any regulatory services to be provided by NFA.

(g) The SEF or its Regulatory Services Provider shall have the right, with such prior reasonable advance notice as is practicable under the circumstances (unless in furtherance of regulatory purposes, in which case without prior notice to Participants or Customers), in connection with determining whether all SEF Rules are being, will be, or have been complied with by the Participant or Customer, to: (i) inspect systems, equipment and software of any kind operated by the Participant or Customer in connection with accessing, and the Participant's or Customer's transacting on, the SEF, wherever located; (ii) access, either physically or electronically, 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; and/or (iii) copy or reproduce any data to which the SEF has access under this Rule. Each Participant and Customer shall provide the Regulatory Services Provider with the same access to its books and records and offices as it is required to provide to the SEF under the SEF Rules and Applicable Law.

Rule 503. The Review Panel

(a) The Review Panel shall have the power to direct that an investigation of any suspected Violation be conducted by the Market Regulation Staff, and shall hear any matter referred to it by the Market Regulation Staff regarding a suspected Violation.

(b) The Review Panel shall be appointed by the Board, and shall be comprised of five persons, including at least two Participants and at least two non-Participants. The Board shall appoint as chairman (the "**Review Panel Chairman**") of the Review Panel a person who would not be disqualified from serving as a "Public Director" as defined in Commission Regulations. Three panel members shall constitute a quorum for any action, so long as they are in attendance at the time of the relevant action. The Review Panel may not include any members of the Market Regulation Staff, or any person involved in adjudicating any other stage of the same Proceeding.

(c) All information, records, and documents provided to the Review Panel, and all related records and documents shall be treated as confidential and shall not be disclosed, except as necessary to further a SEF investigation or as required by Applicable Law.

(d) Upon receipt of an investigation report, the Review Panel shall promptly review the report and, within thirty (30) days of receipt, take one of the following actions:

(1) If the Review Panel determines that additional investigation or evidence is needed, it shall promptly direct the Market Regulation Staff to conduct further investigation;

(2) If the Review Panel determines that no reasonable basis exists for finding a Violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and must include a written statement setting forth the facts and analysis supporting the decision; or

(3) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, it must direct that the Participant or Customer alleged to have committed the Violation be served with a notice of charges as set forth in Rule 504.

(e) If the Review Panel determines that there may have been a Violation but that no adjudication is warranted, the Review Panel may issue a warning letter to the Participant or Customer informing it that there may have been a Violation and that such continued activity may result in disciplinary sanctions. Where a Violation is determined to have occurred, no more than one warning letter for the same potential Violation may be issued to the same person during a rolling 12 month period.

Rule 504. Notice of Charges

(a) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, the Chief Compliance Officer shall serve a notice of charges (a "**Notice**") on the Participant or Customer alleged to have been responsible for the Violation (such Participant or Customer, the "**Respondent**"). Such Notice shall state:

(1) the acts, practices or conduct with which the Respondent is charged;

(2) the Rules allegedly violated and how such acts, practices or conduct constitute a Violation of such Rules;

(3) that the Respondent is entitled, upon written request filed with the SEF, within twenty (20) days of service of the Notice, to a formal hearing on the charges;

(4) that the failure of the Respondent to request a hearing within twenty (20) days of service of the Notice, except for good cause shown, shall be deemed a waiver of its right to a hearing;

(5) that the failure of the Respondent to file an Answer (as defined in Rule 505) with the Market Regulation Staff within twenty (20) days of service of the Notice shall be deemed an admission of all of the acts, practices or conduct alleged in the Notice; and

(6) that the failure of the Respondent to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

(b) A Respondent shall have the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process, except by any member of the Board, Review Panel or Hearing Panel, any employee of the SEF or any person substantially related to the underlying investigation, such as a material witness or Respondent.

Rule 505. Answer; Request for Hearing; Failure to Answer or Deny Charges

(a) The Respondent shall serve on the Chief Compliance Officer a written answer (an "**Answer**") to the Notice and a written request for a hearing on the charges within thirty (30) days of the date of service of the Notice. The Answer must include a statement that the Respondent admits, denies, or does not have and is unable to obtain sufficient information to deny each allegation. A statement of lack of sufficient information shall have the effect of a denial of the allegation.

(b) The Respondent's failure to file an Answer within such thirty (30) day period shall be deemed an admission of all allegations contained in the Notice.

(c) The Respondent's failure to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

(d) The Respondent's failure to request a hearing within such thirty (30) day period, absent good cause shown, shall be deemed a waiver of Respondent's right to a hearing.

Rule 506. Selection of Hearing Panel

(a) Formal hearings on any Notice shall be conducted by the Hearing Panel selected by the Board. The Hearing Panel shall include at least two Participants and at least two non-Participants. The Board shall also select, as chairman of the Hearing Panel ("**Hearing Panel Chairman**"), a person who would not be disqualified from serving as a "Public Director" as defined in Commission Regulations. The Hearing Panel Chairman, in his or her sole discretion, shall set a date for the hearing (the "**Hearing Date**"). The Hearing Panel may not include any members of the Market Regulation Staff, or any person involved in adjudicating any other stage of the same Proceeding.

(b) The Hearing Panel Chairman shall notify the Market Regulation Staff and the Respondent of the Hearing Date and the names of the members of the Hearing Panel at least fifteen (15) days prior to the Hearing Date.

(c) No member of the Hearing Panel shall hear a case in which that member has a direct financial, personal or other interest in the matter under consideration.

Rule 507. Challenge to Members of the Hearing Panel

Within ten (10) days after service on the Respondent of notice of the Hearing Date and names of the members of the Hearing Panel, the Respondent may challenge, in writing, the inclusion of any member of the Hearing Panel for cause, including without limitation, if the member has a direct financial, personal or other interest in the matter under consideration. The merits of such challenge shall be finally decided by the Regulatory Oversight Committee. If said written challenge is not received within such ten (10) day period, absent good cause shown, any such right to challenge is deemed waived.

Rule 508. Hearing on Sanctions in the Event of Failure to Deny Charges; Failure to Request Hearing Deemed Acceptance of Sanctions

In the event the Respondent fails to file an Answer or admits or fails to deny the charge of a Violation contained in the Notice, the Hearing Panel shall find the Respondent guilty of each such Violation and may impose a sanction for each such Violation subject to the limitations set forth in Rule 511(f). The Hearing Panel shall promptly notify the Respondent of any such sanction and of the Respondent's right to a hearing on the sanction within the period of time which shall be stated in the notice, after the imposition of such sanction. Failure to request a hearing on the sanction in a timely manner, absent good cause shown, shall be deemed to be acceptance of the sanction.

Rule 509. Settlement Prior to Commencement of Hearing

(a) Prior to the commencement of the hearing, the Hearing Panel may accept a written offer of settlement from the Respondent, whereby the Respondent, without either admitting or denying any Violations, may agree to:

(1) a cease and desist order;

(2) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed $100,000 per Violation);

(3) restitution of any counterparty harm; and/or

(4) revocation or suspension of Trading Privileges or Customer status of the Respondent.

(b) If the Hearing Panel accepts an offer of settlement, it must issue a written decision specifying each Rule Violation it has reason to believe was committed, including the basis for the Hearing Panel's conclusions. The sanctions must include full counterparty restitution where counterparty harm is demonstrated, except where the amount of restitution or to whom it should be provided cannot be reasonably determined. If an offer of settlement is accepted without the support of the Market Regulation Staff, the decision must adequately support the Hearing Panel's acceptance of the settlement. Where applicable, the decision must include a statement that the Respondent has accepted the sanctions imposed without either admitting or denying any Violations. Any sanctions imposed pursuant to an offer of settlement must take into account the Respondent's disciplinary history.

(c) The Respondent may withdraw an offer of settlement at any time before final acceptance by the Hearing Panel. If an offer is withdrawn after submission, or is rejected by the Hearing Panel, the Respondent may not be deemed to have made any admissions by reason of the offer of settlement and may not be otherwise prejudiced by having submitted the offer of settlement.

Rule 510. Hearing Procedures

(a) In every instance where a Respondent has requested a hearing on a charge that is denied, or on a sanction set by the Hearing Panel pursuant to Rule 508, the Respondent will have the opportunity for a hearing in accordance with the procedures of this Rule.

(b) The Hearing Panel shall determine the procedures to be followed in any hearing before it, except that the following shall apply in every case:

(1) The hearing must be fair and must be promptly convened after reasonable notice to the Respondent.

(2) The prosecution shall be conducted by the Market Regulation Staff.

(3) The Respondent shall be allowed to appear personally at the hearing, and to be represented by legal counsel or any other representative of its choosing and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses.

(4) The Market Regulation Staff and the Respondent shall deliver to each other a statement listing the witnesses expected to be called and the documents expected to be introduced into evidence, together with copies of such documents, by ten (10) days' notice prior to the hearing or as the Hearing Panel may reasonably specify. Unless the Hearing Panel, in its discretion, waives compliance with this requirement, no witness may testify and no documentary evidence may be introduced into evidence unless listed in and, in the case of documents, furnished with such statement. On written request, the Market Regulation Staff shall provide the Respondent with access to all books, documents or other tangible evidence in the possession or under the control of the SEF which are to be relied upon by the Market Regulation Staff or which are relevant to the charges; provided, however, that protected attorney work product, attorney-client communications and investigative work product, including the investigation report, are neither discoverable by a Respondent nor subject to review by a Respondent as part of the investigation file.

(5) The SEF shall require that persons within its jurisdiction who are called as witnesses participate in the hearing and produce evidence, and will make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant. Failure by a Participant or Customer to so participate and produce evidence when requested by the SEF shall be a Violation of these Rules.

(6) No formal rules of evidence shall apply, and the Hearing Panel shall be free to accept or reject any and all evidence it considers proper, but the hearing may not be so informal as to deny a fair hearing.

(7) Neither the Market Regulation Staff, the Respondent, any witnesses testifying before the Hearing Panel nor any other person within the SEF's jurisdiction shall engage in conduct that may impede the progress of a hearing or the fair and just resolution of the subject matter thereof, and any such conduct may itself constitute a Violation.

(8) Ex parte contacts by any of the parties with members of the Hearing Panel shall not be permitted.

(9) A substantially verbatim record capable of being accurately transcribed shall be made of the Proceeding, provided, however, that such record need not be transcribed, unless the transcript is requested by the Respondent or an applicable regulator, or unless the decision is appealed to the Commission or reviewed by the Commission on its own motion. In all other instances, a summary record of the hearing is permitted.

(10) The cost of transcribing the record of the hearing must be borne by a Respondent who requests the transcript, or whose application for Commission review of the disciplinary action has been granted. In all other instances, the cost of transcribing the record will be borne by the SEF.

(11) The Notice, the Answer, any stenographic transcript of the hearing, the documentary evidence and any other material presented to the Hearing Panel by either party with notice to the other shall constitute the record of the hearing (the "**Hearing Record**").

(12) The burden of proof shall be on the prosecution to prove a Violation by a preponderance of the evidence. A finding of a Violation shall be made by majority vote based on the Hearing Panel's decision as to the weight of the evidence contained in the Hearing Record.

(13) All sanctions imposed by the Hearing Panel must be commensurate with the Violations committed and must be clearly sufficient to deter additional similar Violations by the Respondent and similar Violations by other Participants and Customers. All sanctions must take into account the Respondent's disciplinary history. In the event of demonstrated counterparty harm, any sanctions must include full counterparty restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.

Rule 511. Written Decision of Hearing Panel

The Hearing Panel shall render a written decision based upon the weight of evidence in the Hearing Record and must provide a copy to the Respondent. The written decision shall include:

(a) a summary of the Violations alleged in the Notice;

(b) a summary of the Answer;

(c) a summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;

(d) a statement of the findings and conclusions of the Hearing Panel with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;

(e) an indication of each specific Rule that the Respondent was found to have violated; and

(f) an order stating any sanctions imposed, including the basis for the sanctions, and the effective date of such sanctions; the sanctions that may be imposed on the Respondent shall be one or more of the following:

(1) a cease and desist order;

(2) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed $100,000 per Violation);

(3) restitution of counterparty harm, except where the amount of restitution or to whom it should be provided cannot be reasonably determined; and/or

(4) the issuance of a suspension or revocation of Trading Privileges or Customer status of the Respondent.

(g) The Hearing Panel shall take into consideration the Respondent's disciplinary history prior to imposing any disciplinary sanctions.

Rule 512. Liability for Expenses

Any Respondent that, after notice and opportunity for hearing, has been found to have committed a Violation may, in the discretion of the Hearing Panel appointed in the matter, be required to pay to the SEF an amount equal to any and all reasonable and documented out-of-pocket expenses incurred by the SEF in connection with the prosecution of such Violations, in addition to any fine or other monetary sanction which may be imposed upon such Respondent by virtue of the Violations found by the Hearing Panel.

Rule 513. Effective Date of Sanctions

(a) If a Respondent submits an offer of a settlement to the Hearing Panel, any sanction included as a part of such settlement shall become final and effective on the date that the Hearing Panel approves such settlement, or on such other date as is specified in the decision.

(b) Any decision (including any sanctions) by a Hearing Panel shall be the final decision of the SEF and shall become effective fifteen (15) days, or such longer time as the Hearing Panel may specify, after a copy of the written decision of the Hearing Panel has been served on the Respondent; provided, however, that in any case where the Respondent has consented to the action taken and to the timing of its effectiveness, the Hearing Panel may cause the decision involving any disciplinary action (including any sanctions) to become effective prior to the fifteen (15) day period.

(c) Any fine or other monetary sanction imposed by a Hearing Panel shall be due and payable on the effective date of the decision imposing such fine or sanction, or on such later date as the Hearing Panel may specify.

Rule 514. Summary Suspension

(a) A Participant or Customer (as identified by Market Regulation Staff in an investigation or by a Trading Privilege Holder acting as an Intermediary for such Customer) may be summarily and immediately suspended from trading on the SEF, upon a written determination based on a reasonable belief, by the Chairman of the Regulatory Oversight Committee that such immediate action is necessary to protect the best interest of the market place.

(b) The Participant or Customer against whom such summary action is taken shall be served with a notice of the action either before the action is taken or at the earliest possible opportunity thereafter. The notice shall state the action taken, the reasons for the action, the effective date and time, and the duration of the action.

(c) The Participant or Customer may as soon as practicable, upon written request, have a hearing before the Hearing Panel pursuant to the procedures of Rule 510.

(d) Promptly following the hearing, the Hearing Panel shall render a written decision based upon the weight of the evidence in the record and shall provide a copy to the Participant or Customer. The decision shall include a description of the summary action taken, the reasons for the summary action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the summary action should be affirmed, modified or reversed, a declaration of any action to be taken pursuant to the determination, and the effective date and duration of the action.

Rule 515. Extension of Time Limits

Any time limit provided for in Rules 504, 505, 506, 507, 508, or 510 may be extended by mutual consent of the Respondent and the Market Regulation Staff, or by the Hearing Panel Chairman.

CHAPTER 6
CONTRACTS TO BE TRADED

Rule 601. Listing Procedures

Any Trading Privilege Holder may propose to the SEF the listing of a Swap on the SEF by submitting a listing application to the SEF. The Chief Executive Officer of the SEF shall have authority, subject to complying with Rule 602, to submit the contract to the Commission, either with a request for prior approval, or with a self-certification.

Rule 602. Swaps Not Readily Susceptible to Manipulation

Before submitting a Swap to the Commission for prior approval or with a self-certification, the Chief Executive Officer of the SEF shall determine that the Swap is not readily susceptible to manipulation, and shall submit to the Commission the following information required by Appendix C to Part 38 of Commission Regulations to show that the Swap complies with Core Principle 3:

(a) For cash-settled Swaps, documentation demonstrating that the settlement price index is a reliable indicator of market values and conditions, is highly regarded by industry/market agents, and is publicly available on a timely basis.

(b) Where an independent, private-sector third party calculates the referenced price index, verification that the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash settlement prices included in the index.

(c) Where the SEF generates the cash settlement prices included in the index, information demonstrating that the calculation procedures safeguard against potential attempts to artificially influence the price, and a description of how the calculation procedures eliminate or reduce the impact of potentially unrepresentative data.

(d) Appropriate speculative limits to prevent manipulation.

(e) Procedures for intraday market restrictions that pause or halt trading in the event of extraordinary price moves that may result in distorted prices.

CHAPTER 7
GOVERNING LAW, JURISDICTION AND DISPUTE RESOLUTION

Rule 701. Choice of Law

The laws of the State of New York, without regard to its conflict of laws principles, will govern this Rulebook and all disputes arising out of or related to the SEF or any transaction on the SEF.

Rule 702. Disputes Among Trading Privilege Holders, Authorized Traders, Authorized Trading Firms and Customers

All disputes between and among Trading Privilege Holders, Authorized Traders, Authorized Trading Firms and Customers that arise out of or relate to the SEF or any transaction that was made or attempted to be made on the SEF shall be resolved exclusively in the state or federal courts located in New York, New York except as follows:

(a) If all parties to the dispute are members or associates of the NFA, the dispute will be resolved in NFA Member Arbitration.

(b) If all parties separately agree to another forum, the dispute will be resolved in the other forum.

Rule 703. Disputes with the SEF

(a) Subject to Rule 102, all disputes between and among the SEF on the one hand, and Trading Privilege Holders and/or Authorized Traders and/or Authorized Trading Firms and/or Customers on the other hand, that arise out of or relate to the SEF, or any transaction that was made or attempted to be made on the SEF, shall be resolved exclusively in the state or federal courts located in New York, New York. Suit on any such dispute must be brought within one year from the time the cause of action has accrued.

(b) Any current or former Trading Privilege Holder, Authorized Trader, Authorized Trading Firm or Customer who does not substantially prevail in a lawsuit or any other type of legal proceeding instituted in a court of law or otherwise against the SEF or any of its officers, directors, committee members, volunteers, employees or agents, shall pay to the SEF any and all reasonable expenses and disbursements, including reasonable attorneys' fees, incurred by the SEF to defend such lawsuit or proceeding.

CHAPTER 8
CONTRACT SPECIFICATIONS

Contract specifications will be added as Contracts are listed.

Exhibit C

ICAP SEF (US) LLC

Swap Execution Facility

Rulebook

Version: ~~1.6~~1.7

Revised

~~March~~May 2014

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SEF Rulebook

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DEFINITIONS

Except where the context requires otherwise, the following terms shall have the following meanings when used in the Rules. Use of the singular shall include the plural and vice versa, unless the context requires otherwise.

Act means the Commodity Exchange Act, as amended from time to time.

Affiliate means, with respect to any person, any other person who controls, is controlled by or is under common control with such person.

Answer shall have the meaning set forth in Rule 505.

Applicable Law means, with respect to any person, any statute, law, regulation, rule or ordinance of any Governmental Authority applicable to such person, including but not limited to the Act and Commission Regulations.

Associated Person shall have the same meaning as in the Act and Commission Regulations.

Authorized Trader means an individual designated as such by, and acting on behalf of, a Trading Privilege Holder to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and execute transactions in Contracts.

Authorized Trading Firm means an entity designated as such by a Trading Privilege Holder to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and execute transactions in Contracts either as an Intermediary for such Trading Privilege Holder or as a Customer with DMA granted by such Trading Privilege Holder.

Bid/Offer means a bid or offer entered into a Trading Platform operated by the SEF or submitted to the SEF in response to an RFQ.

Block Trade shall have the meaning set forth in Rule 308.

Board means the Board of Directors of the SEF.

Breakage Agreement means an agreement or any other arrangement between the parties that provides for the assessment of liability or payment of damages between the parties to a Cleared Contract in the event that the Cleared Contract is rejected from clearing.

Business Day means any day on which a Contract is available for trading on the SEF.

Call Option means an Option whereby (i) the purchaser has the right, but not the obligation, to buy an Underlying Interest, at the strike price specified; and (ii) the grantor has the obligation, upon exercise, to enter into an Underlying Interest for delivery in such Delivery Month, at such strike price.

Chairman of the Board means the chairman of the Board of the SEF.

Chief Compliance Officer means the chief compliance officer of the SEF, or one duly authorized to act with the authority of the Chief Compliance Officer.

Chief Executive Officer means the Chief Executive Officer and President of the SEF, or one duly authorized to act with the authority of such officer.

Class means, with respect to any Swap, a Contract covering the same Underlying Interest.

Cleared Contract means any Contract that is listed for clearing by the SEF.

Clearing Firm means a clearing member of a DCO that is authorized pursuant to the rules of such DCO to clear transactions in any or all Contracts.

Clearing Firm Representation shall have the meaning set forth in Rule 204(f).

Commission means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

Commission Regulations means any rule, regulation, order, directive and any interpretation thereof promulgated by the Commission, as amended.

Commodity shall have the same meaning as in the Act.

Confirmation shall have the same meaning as in Commission Regulation 45.1.

Contract means any Swap listed for trading on the SEF.

Customer means any person (including another Trading Privilege Holder) that transacts on the SEF through a Participant acting as an Intermediary.

Customer Type Indicator Codes shall have the meaning set forth in Rule 208.

DCO means, with respect to any Swap, a derivatives clearing organization authorized to clear such Swap.

Delivery Month means, with respect to any Contract, the month in which delivery of an Underlying Interest is to be made pursuant to the terms of such Contract.

Director means a member of the Board of the SEF.

DMA means a Trading Privilege Holder (including an Intermediary) permitting a Customer to transmit orders electronically to the Trading Privilege Holder's systems for onward transmission to a Trading Platform utilizing the Trading Privilege Holder's trading identification.

Emergency shall have the meaning set forth in Rule 104.

Expiration Day means the day on which an Option expires.

Execution Specialist means a SEF employee responsible for assisting Participants with entering Bids/Offers or electronic RFQs in the Order Book, issuing and responding to voice RFQs, executing and receiving reports of Block Trades and executing Pre-Arranged Crosses.

Financial Entity has the meaning set forth in the Act.

Governmental Authority means 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 association).

Hearing Date shall have the meaning set forth in Rule 506.

Hearing Panel shall have the meaning set forth in the Operating Agreement.

Hearing Panel Chairman shall have the meaning set forth in Rule 506.

Hearing Record shall have the meaning set forth in Rule 510.

ICAP means ICAP Broking Holdings North America LLC, the sole limited liability member of the SEF.

ID shall have the meaning set forth in Rule 302.

Information shall have the meaning set forth in Rule 107.

Intermediary means any futures commission merchant, introducing broker or commodity trading advisor registered with the Commission, or any other person that is exempt from such registration, or not required by Applicable Law to register, and acts in compliance with Applicable Law in performing similar functions, that enters Bids/Offers or electronic RFQs into a Trading Platform, issues and responds to RFQs, reports block trades or submits Pre-Arranged Crosses to the SEF on behalf of Customers or provides such Customers with DMA.

Intermediated Transaction means any transaction on the SEF conducted through an Intermediary.

ISDA means the International Swaps and Derivatives Association, Inc.

ISDA Reporting Party Rules means the document published by ISDA entitled "Dodd Frank Act – Swap Transaction Reporting Party Requirements" dated July 15, 2013, as amended from time to time.

Last Trading Day means, with respect to any Swap, the last day on which trading is permitted for such Swap in accordance with the Rules.

Legal Entity Identifier or **LEI** shall have the same meaning as in Commission Regulations.

Major Swap Participant shall have the same meaning as in the Act and Commission Regulations.

Market Regulation Staff means the employees of the SEF designated by the SEF as members of the Market Regulation Staff, any agents of the SEF that assist the SEF in the implementation, surveillance, and enforcement of its rules and related obligations, and the SEF's Regulatory Services Provider.

NFA means the National Futures Association.

New Leg shall have the meaning set forth in Rule 204(i).

Non-Reviewable Range means the amounts stated in the specifications for each particular Contract that are above and below the fair market value for each Contract as determined in accordance with Rule 315.

Notice shall have the meaning set forth in Rule 504.

Operating Agreement means the limited liability company agreement of the SEF.

Option means a Swap whereby one party grants to another the right, but not the obligation, to buy or sell a Commodity or other Underlying Interest.

Order means an instruction by a Customer to a Participant to execute a transaction on behalf of such Customer.

Order Book means a Trading Platform in which all Trading Privilege Holders have the ability to enter, observe and transact on multiple Bids/Offers and electronic RFQs.

Package Transaction means a transaction executed on or subject to the Rules involving two or more instruments: (i) that is executed between two or more parties that are Participants or Customers; (ii) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; (iii) that has at least one component that is a Swap that the SEF has made available to

trade pursuant to section 2(h)(8) of the Act; and (iv) where the execution of each component is contingent upon the execution of all other components.

Participant means any Trading Privilege Holder, Authorized Trader or Authorized Trading Firm.

Participation Committee shall have the meaning set forth in the Operating Agreement.

Permitted Transaction means any transaction involving a Swap that is not subject to the trade execution requirement in section 2(h)(8) of the Act.

person means any individual, sole proprietorship, corporation, limited liability company, limited liability partnership, partnership, association, estate, trust, governmental agency, unincorporated organization or any other legal entity.

Physical Emergency shall have the meaning set forth in Rule 104.

Position Limit means the maximum position, either net long or net short, in one Series or a combination of various Series of a particular Class that may be held or controlled by one person, or subject to aggregation with such person's position, as prescribed by the SEF and/or Commission.

Pre-Arranged Cross means a Permitted Transaction pre-arranged pursuant to Rule 304(b).

Proceeding shall have the meaning set forth in the Operating Agreement.

Proprietary Data and Personal Information means data and information that separately discloses business transactions, market positions or trade secrets of any person.

Public Director means any person who qualifies as a "public director" within the meaning set forth in the Commission Regulations.

Put Option means an Option whereby (i) the purchaser has the right, but not the obligation, to sell an Underlying Interest at the strike price specified; and (ii) the grantor has the obligation, upon exercise, to buy an Underlying Interest at such strike price.

Recipient means a Participant who is a recipient of an RFQ.

Regulatory Agency means any government body, including the Commission and the U.S. Securities and Exchange Commission ("**SEC**"), and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, the NFA and any other SRO, not including the SEF.

Regulatory Oversight Committee shall have the meaning set forth in the Operating Agreement.

Regulatory Services Provider means an outside organization which provides regulatory services to the SEF pursuant to an agreement.

Rejected Leg shall have the meaning set forth in Rule 204(i).

Related Parties shall have the meaning set forth in Rule 107.

Request for Quote or **RFQ** means a request by one Participant to at least such minimum number of Participants as may be required by Commission Regulations from time to time for a market quote that shall constitute a Bid/Offer.

Required Transaction means any transaction involving a Swap that is subject to the trade execution requirement in section 2(h)(8) of the Act.

Respondent means any person who is charged with a Rule violation.

Review Panel shall have the meaning set forth in the Operating Agreement.

Risk-Based Limits means the risk-based limits established by a Clearing Firm in accordance with Commission Regulation 1.73.

Rule or Rules means the rules, resolutions, interpretations, statements of policy, decisions, directives and orders of the SEF.

Secretary means the individual appointed by the Board from time to time to serve as secretary of the SEF.

SEF means swap execution facility, as defined in the Act, or ICAP SEF (US) LLC, as the context requires.

Series means all Contracts of the same Class having identical terms.

SRO means self-regulatory organization.

Swap shall have the same meaning as in the Act and Commission Regulations.

Swap Data Repository or **SDR** shall have the same meaning as in the Act.

Swap Dealer shall have the same meaning as in the Act and Commission Regulations.

System Protocol means the terms from time to time in force upon which a Participant may access a specific Trading Platform, including any supplemental written guidelines provided by the SEF to the Participant, as amended from time to time. The System Protocols shall be posted on the SEF website. In the event of any inconsistency between the provisions of any System Protocol and the Rules, the terms of the System Protocol shall prevail.

Terms Incorporated by Reference shall have the meaning set forth in Rule 312.

Trade Communication shall have the meaning set forth in Rule 312.

Trading Platforms means any of the separate electronic trading platforms and other systems administered by or on behalf of the SEF for the trading of Contracts pursuant to specific System Protocols for each such system.

Trading Privilege Holder means an individual or entity with Trading Privileges on the SEF granted pursuant to Rule 201 (including an Intermediary), but does not include an Authorized Trading Firm or Authorized Trader.

Trading Privileges means permission from the SEF given to any Trading Privilege Holder in accordance with Rule 201 to access the SEF, or to any Authorized Trading Firm or Authorized Trader in accordance with Rule 202 to access the SEF.

Trading Session means, with respect to any Contract, the period of hours on any Business Day during which such Contract is available for trading, as specified in the Rules governing such Contract.

Underlying Interest means the interest which is the subject of a Swap.

Violation means a violation of any of the Rules.

CHAPTER 1
MARKET GOVERNANCE

Rule 101. Board of Directors and Officers

(a) *Management.* ICAP, the sole limited liability member of the SEF, has vested the power to manage, operate and set policies for the SEF exclusively in the Board. The Board has the power to appoint such officers of the SEF as it may deem necessary or appropriate from time to time.

(b) *Operating Agreement.* The provisions of Article 6 (Board of Directors) and Article 7 (Officers) of the Operating Agreement shall be deemed to be part of the Rules, and shall be deemed to be incorporated herein, to the same extent and with the same force and effect as if set forth herein in their entirety.

Rule 102. Limitation of Liability

(a) TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT IN INSTANCES WHERE AN ICAP PARTY (AS DEFINED BELOW) HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE, OR WILLFUL OR WANTON MISCONDUCT, THE SEF AND ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS AND LICENSORS (EACH, AN "ICAP PARTY"), SHALL NOT BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES) IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM, ARISING FROM:

(1) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY PARTICIPANTS, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, FIRMWARE AND PRINTERS RELATING THERETO; OR

(2) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY SYSTEM OR SERVICE OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR

(3) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR ANY SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS, SERVICES OR FACILITIES; EXCEPT FOR INCORRECT ORDER STATUS; OR

(4) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

(b) NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) ARE PROVIDED BY THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, OR LICENSORS RELATING TO ANY SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR

SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING A TRADING PLATFORM.

(c) ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS OR LICENSORS IS A PARTY MUST BE BROUGHT WITHIN ONE YEAR FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. ANY SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY PROVISIONS OF NEW YORK LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.

(d) EXCEPT IN INSTANCES WHERE AN ICAP PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE, OR WILLFUL OR WANTON MISCONDUCT, IN NO EVENT SHALL THE ICAP PARTIES' TOTAL COMBINED AGGREGATE LIABILITY FOR ALL CLAIMS ARISING OUT OF ANY NEGLIGENCE, FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, ORDER STATUS ERRORS OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SEF'S OR ICAP'S (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, OR THE NEGLIGENCE OF SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) STAFF, EXCEED $50,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS ON A SINGLE DAY; $200,000 FOR ALL LOSSES SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND $500,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS IN A SINGLE CALENDAR YEAR.

(e) A CLAIM AGAINST THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), ARISING OUT OF ANY FAILURE OR MALFUNCTION SHALL ONLY BE ALLOWED IF SUCH CLAIM IS BROUGHT IN ACCORDANCE WITH THIS RULE.

(f) NOTWITHSTANDING THE FOREGOING, THE LIMITATION OF LIABILITY PURSUANT TO THIS RULE 102 IS LIMITED TO CLAIMS ARISING OUT OF THE SEF'S AND ICAP'S (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OPERATION OF THE SEF AND/OR PROVISION OF SERVICES TO THE SEF.

Rule 103. Confidentiality

(a) The SEF shall not, and shall cause its Affiliates not to, use for business or marketing purposes any Proprietary Data or Personal Information it or any of its Affiliates collects or receives, from or on behalf of any person, for the purpose of fulfilling the SEF's regulatory obligations, unless the person who provided such data or information consents to the SEF's use of such data or information for such purposes. In furtherance of Applicable Law, the SEF may share such data and information with its Affiliates or one or more SEFs, SDRs, DCOs or Designated Contract Markets registered with the Commission. The SEF may, upon request of a Trading Privilege Holder, provide a list of current Trading Privilege Holders of the SEF on a confidential basis. The receiving Trading Privilege Holder shall not disclose the contents of the list without the prior consent of the SEF. Proprietary Data and Personal Information shall not include aggregated price and volume information not identified with a specific Participant or Customer, and the SEF may use such aggregated information for business and marketing purposes.

(b) Absent prior written consent of the SEF, no SEF Affiliate, member of the Board or any committee established by the Board or by or pursuant to the Rules of the SEF, or any officer or other employee or consultant of the SEF, shall, either during or after service with the SEF, use, directly or indirectly, information that is deemed to be non-public information, or disclose non-public information to others, except (i) to others within the SEF, the SEF's Affiliates or to outside advisors thereof or other service providers for the SEF, provided that such advisors and service providers are subject to confidentiality obligations, and that, in each case, such disclosure is necessary for the performance of SEF-related duties by the individual or entity, (ii) if required by regulatory authority, or (iii) if compelled to do so by valid

legal process, provided that the individual or entity notifies the SEF in advance thereof to the extent permitted.

(c) Subject to Rule 103(a), the SEF shall not, except as reasonably necessary to operate any Trading Platform, to fulfill its obligations under this Rulebook or to comply with Applicable Law or any request of the Commission, without the prior written consent of a Trading Privilege Holder in each instance, (i) use in advertising, publicity, marketing or other promotional materials, the name, trade name, trademark, trade device, service mark or symbol of such Trading Privilege Holder or any of its Affiliates, or (ii) represent that any product or any service provided by the SEF has been approved or endorsed by such Trading Privilege Holder or any of its Affiliates.

(d) For purposes of this Rule 103, the terms "**employee**," "**material information**" and "**non-public information**" have the meanings ascribed to them in Commission Regulation § 1.59.

Rule 104. Emergency Action

(a) *Definitions*. As used in this section:

The term "**Emergency**" shall mean any occurrence or circumstance which, in the opinion of the SEF, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of, or delivery pursuant to, any Contracts on the SEF, including any manipulative or attempted manipulative activity; any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions; any circumstances which may materially affect the performance of Contracts traded on the SEF, including failure of the payment system or the bankruptcy or insolvency of any Participant; any action taken by any Governmental Authority, or any other board of trade, swap execution facility, market or facility which may have a direct impact on trading on the SEF and any other circumstance which may have a severe, adverse effect upon the functioning of the SEF.

(b) Emergency action may be taken by the following:

(1) By the Board in the case of any Emergency;

(2) By any two members of the Board in the case of any Emergency where it is impracticable, in the opinion of the Chairman of the Board or in his or her absence, any two (2) members of the Board, to call a meeting of the Board to deal with the Emergency; or

(3) By any committee of the SEF pursuant to powers conferred on said committee under the Rules or by the Board.

(c) *Vote Required*

The vote required of the Board or committee authorized to take any Emergency action hereunder shall be:

(1) In the case of action by the Board, the affirmative vote of a majority of the members of the Board present and voting at a meeting at which there is a quorum; or

(2) In the case of action by a committee, the affirmative vote of two (2) or more persons constituting not less than a majority of the members of said committee present and voting at a meeting at which there is a quorum;

The consent in writing to any Emergency action of all members of the Board or of a committee, as applicable, shall be sufficient to take such Emergency action without a meeting. A member of the Board or of a committee shall be deemed present or in attendance at a meeting if such a person participates in

the meeting by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

(d) *Action which may be taken*

(1) In the event of an Emergency, the SEF may, subject to Part 40 of the Commission Regulations under the Act, place into immediate effect a Rule which may provide for, or may authorize the SEF, or any committee, to undertake actions which, in the opinion of the SEF are necessary or appropriate to meet the Emergency, including, but not limited to, such actions as:

(i) Extending or shortening the expiration date for trading in Contracts;

(ii) Extending the time of delivery under or expiration of Contracts;

(iii) Extending, limiting or changing hours of trading;

(iv) Imposing or modifying price limits;

(v) Imposing or modifying Position Limits;

(vi) Imposing or modifying intraday market restrictions;

(vii) Ordering the liquidation or transfer of open positions in any Contract;

(viii) Ordering the fixing of a settlement price;

(ix) Suspending trading pursuant to Rule 105 or curtailing trading in any Contract;

(x) Altering any Contract's settlement terms or conditions; and

(xi) Modifying or suspending any provision of the Rules.

(2) In the event of an Emergency when a quorum of the Board is not available, all trading on the SEF may be suspended by an affirmative vote of a majority of the Directors present, or by action of one Director if only one Director is present, for such period of time as in their or his or her judgment is necessary. In the event of an Emergency which prevents normal attendance at a meeting of the Board, when no Director is present, any authorized officer of the SEF shall have authority to order suspension of trading on the SEF for such period of time as in his or her judgment is necessary. Any action taken under this paragraph (b) shall be subject to review and modification by the Board.

(3) Whenever any action is taken under this Rule pursuant to which trading is suspended or other changes in procedure are made, all matters relating to notices, deliveries and other obligations may be suspended or deferred in such manner as the Board or committee, as the case may be, may determine.

(4) The SEF may be required to take an Emergency action when directed by the Commission. If a Contract is traded both on the SEF and on one or more other swap execution facilities, any Emergency action to liquidate or transfer of open positions in any Contract will be made in consultation with the Commission.

(e) *Physical Emergencies*

(1) In the event the physical functions of the SEF are, or are threatened to be, severely and adversely affected by a physical emergency, such as fire or other casualty, bomb threat, substantial inclement weather, power failure, communication or transportation breakdown, computer malfunction,

screen-based Trading Platform break-down, malfunction of plumbing, heating, ventilation and air conditioning systems, backlog or delay in clearing or in the processing of data related to clearing Cleared Contracts (a "**Physical Emergency**"), the Chairman of the Board, or in his or her absence the Chief Executive Officer, or in both of their absences any other officer may take any action which, in the opinion of such officer is necessary or appropriate to deal with the Physical Emergency, including, but not limited to, suspending trading in any one or more Contracts, delaying the opening of trading in any one or more Contracts, extending the Last Trading Day and/or the time of trading.

(2) In the event a designated officer has ordered suspension of trading, the Chairman of the Board or the Chief Executive Officer, or in their absence any other officer may order restoration of trading on the SEF, or may remove other restrictions so imposed, if such officer determines that the Physical Emergency has sufficiently abated to permit the physical functions of the SEF to continue in an orderly manner.

(f) The SEF will promptly report any action taken hereunder to the Commission and explain the decision-making process, the reasons for the exercise of emergency authority and how any conflicts of interest were addressed. Any emergency Rule or Rule amendment shall be filed with the Commission in accordance with Part 40 of the Commission Regulations under the Act.

(g) In exercising its authority under this Rule 104, the SEF shall, in its reasonable discretion, and where appropriate, permitted by Applicable Law and not precluded by exigent circumstances, consult and coordinate with DCOs, other swap execution facilities, boards of trade, relevant Participants, and other parties in considering what actions to take hereunder.

Rule 105. Suspension of Trading

The Board may, in its discretion, by an affirmative vote of a majority of the Directors present at a meeting at which there is a quorum (which, in an Emergency other than a Physical Emergency, may be held without previous notice), close the SEF or suspend trading in any one or more Contracts on such days or portions of days as will, in its judgment, serve to promote the best interest of the SEF.

Rule 106. Risk Controls for Trading

The Regulatory Oversight Committee may impose controls to reduce the potential risk of market disruption, including but not limited to market restrictions that pause or halt trading in specified market conditions.

Rule 107. Market Data

Subject to Rule 103, and each Participant's and Customer's rights in its own Proprietary Data and Personal Information, the SEF owns all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, database rights, trademarks and trade secrets, or similar proprietary rights in any jurisdiction whether or not registrable) in and to any data (including without limitation Bids/Offers, RFQs, Pre-Arranged Crosses, prices and volumes of transactions), analytics, research or other information contained in, displayed on, generated by or derived from the SEF and the Trading Platforms (collectively the "**Information**"). The SEF shall not decompile or reverse engineer any of a Participant's or Customer's Proprietary Data and Personal Information for the purpose of ascertaining such Participant's or Customer's trading strategies, except to the extent reasonably necessary for the SEF's operations, to perform its surveillance and monitoring functions or to otherwise comply with Applicable Law. Subject to each Participant's and Customer's rights in its own Proprietary Data and Personal Information, each Participant and Customer (i) agrees to keep the Information confidential and cause each of its employees, Affiliates, Authorized Trading Firms, Customers, agents, consultants, independent software vendors and other persons affiliated with any of the foregoing, as applicable (collectively "**Related Parties**"), to keep the Information confidential, and (ii) agrees not to, and shall cause its applicable Related Parties not to, sell, lease, license, transfer, provide or otherwise make

available to any third party any form of access to or use of any of the Information. Each Participant and Customer agrees that it shall not, and shall cause its Related Parties not to, alter, enhance, make derivative works of, download to computer or reverse engineer all or any part of the Information (other than such Participant's or Customer's Proprietary Data and Personal Information) except solely to the extent necessary in performing transaction-related support functions.

CHAPTER 2
TRADING PRIVILEGES

Rule 201. Trading Privilege Holders

(a) *Trading Privileges*

(1) Subject to the requirements and procedures set forth in this Chapter 2, Trading Privileges will be granted to all applicants from time to time approved by the SEF as eligible to be Trading Privilege Holders, subject to any limitations or restrictions from time to time imposed by the SEF. Trading Privileges are nontransferable (except under certain limited circumstances which must be approved by the SEF), non-assignable and may not be sold or leased. Circumstances under which Trading Privileges may be transferred, subject to SEF approval, include, for example, transfers due to corporate reorganizations. Each Trading Privilege Holder will have the right to access a Trading Platform, subject to the applicable System Protocol, including the right to:

(i) place Bids/Offers, RFQs and Pre-Arranged Crosses for each of its proprietary accounts;

(ii) if otherwise registered in any required capacity (or exempt from registration) and authorized to act on behalf of Customers under the Act and Commission Regulations thereunder or any foreign equivalent law or regulations, place Bids/Offers, RFQs and Pre-Arranged Crosses for the accounts of such Customers as an Intermediary; and

(iii) appoint other persons to act on its behalf as an Authorized Trader or an Authorized Trading Firm pursuant to Rule 202.

(2) By virtue of obtaining Trading Privileges, a Trading Privilege Holder will not obtain any equity or other interest in the SEF, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the SEF or otherwise.

(3) In granting Trading Privileges, the SEF may impose such restrictions or limitations as it may deem necessary or appropriate. The SEF shall apply such restrictions or limitations to applicants in an impartial, non-discriminatory manner, consistent with the Act and Commission Regulations thereunder. The SEF will deny the grant of Trading Privileges where an applicant has failed to meet any requirements for such grant.

(b) *Financial Requirements*

(1) Any person that wishes to have Trading Privileges must be of good financial standing and must meet the financial and related reporting requirements set forth in this Rule 201.

(2) Each Trading Privilege Holder must provide a written or electronic representation, prior to being granted access to the SEF, that it qualifies as an “eligible contract participant” as defined in the Act upon initial application for Trading Privileges.

(3) Each Trading Privilege Holder shall, no less frequently than annually, provide the SEF either with (i) its annual financial report that it provides to the Commission or (ii) a written or electronic representation providing that such Trading Privilege Holder has been, and continues to be as of such date, an “eligible contract participant” as defined in the Act.

(4) Each Trading Privilege Holder must notify the SEF’s Chief Compliance Officer immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(5) Unless and until a Trading Privilege Holder is able to demonstrate to the SEF that it is in compliance with the minimum financial requirements applicable to it, such Trading Privilege Holder may

not engage in any transactions subject to the Rules of the SEF, except for the purpose of closing open positions that were opened on the SEF.

(c) *Fitness Standards*

(1) The SEF may deny the grant of Trading Privileges, or may prevent a person from becoming an Authorized Trader or an Authorized Trading Firm of a Trading Privilege Holder, if such person:

(i) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the SEF, Rules of any DCO to which the Trading Privilege Holder submits Cleared Contracts for clearing, Commission Regulations and SRO regulations, including those concerning recordkeeping, reporting, financial requirements and trading procedures;

(ii) would bring the SEF into disrepute; or

(iii) for such other cause as the SEF reasonably may decide.

(2) The SEF may determine not to permit a Trading Privilege Holder or any Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder to keep its, his or her Trading Privileges or maintain his or her association with a Trading Privilege Holder, as the case may be, if such Trading Privilege Holder, Authorized Trader or Authorized Trading Firm:

(i) fails to meet any of the qualification requirements for Trading Privileges or Authorized Trader or Authorized Trading Firm status after such Trading Privileges or Authorized Trader or Authorized Trading Firm status has been approved;

(ii) fails to comply with any limitation placed by the SEF on such Trading Privileges or Authorized Trader or Authorized Trading Firm status; or

(iii) commits a material Violation.

(3) Any decision made by the SEF pursuant to this Rule 201 must be consistent with both the provisions of this Rule and the Act and Commission Regulations thereunder.

(d) The SEF may (i) deny the grant of Trading Privileges, (ii) prevent a person from becoming an Intermediary, Authorized Trader or an Authorized Trading Firm of a Trading Privilege Holder, and (iii) determine not to permit a Trading Privilege Holder or any Intermediary, Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder to keep its, his or her Trading Privileges or maintain his, her or its association with a Trading Privilege Holder, as the case may be, if such Trading Privilege Holder, Intermediary, Authorized Trader or Authorized Trading Firm causes or would cause the SEF to be in violation of Applicable Law.

(e) *Consent to SEF Jurisdiction*

By initiating or executing a transaction on the SEF, directly or through an Intermediary, or clearing such a transaction, each Participant and each Customer and each Clearing Firm, and any person who is a beneficial owner of such a transaction that has been initiated, executed or cleared, expressly consents to the jurisdiction of the SEF and agrees to be bound by and comply with the SEF Rules.

Rule 202. Authorized Traders and Authorized Trading Firms

(a) Each Trading Privilege Holder may from time to time permit one or more persons to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and effect transactions in Contracts on the SEF. Such authority may be granted to one or more Authorized Traders or to one or more Authorized Trading Firms.

(1) *Authorized Traders*

(i) Each Trading Privilege Holder which is trading for its own account as a principal may permit one or more individuals as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on its behalf. In such case, the Trading Privilege Holder shall be principal to any resulting transactions made on its behalf by such Authorized Traders.

(ii) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers may permit one or more individuals as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on its behalf as an Intermediary for such Customers. In such cases, the Trading Privilege Holder has responsibility for all actions and failures to act of such Authorized Traders, but the Customer on whose behalf each transaction is made shall be the principal to any transactions made on its behalf by such Authorized Traders.

(iii) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers that are natural persons may provide such a Customer with DMA to the SEF by permitting the Customer to become an Authorized Trader to enter Bids/Offers and RFQs on behalf of the Customer. In such case, the Customer shall be the principal to any transactions entered into as an Authorized Trader. As provided for in section (b)(3) below, the SEF may grant or deny DMA to a Customer in its sole discretion.

(iv) The Trading Privilege Holder shall be responsible to the SEF for acting with reasonable care in granting Authorized Trader status.

(2) *Authorized Trading Firms*

(i) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers that are entities may provide such a Customer with DMA to the SEF by permitting the Customer to become an Authorized Trading Firm and by permitting one or more individuals associated with the Authorized Trading Firm to become Authorized Traders to enter Bids/Offers and RFQs on behalf of the Customer. In such case, the Customer on whose behalf each transaction is made shall be the principal to any transactions made on its behalf by such Authorized Trading Firm through the Authorized Traders. As provided for in section (b)(3) below, the SEF may grant or deny DMA to a Customer in its sole discretion.

(ii) Each Trading Privilege Holder may provide an Intermediary trading for the account of the Trading Privilege Holder with access to the SEF by permitting such Intermediary to become an Authorized Trading Firm and by permitting one or more individuals associated with the Authorized Trading Firm to become Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on behalf of the Trading Privilege Holder. In such case, the Trading Privilege Holder shall be the principal to any transactions made on its behalf by such Authorized Trading Firm through the Authorized Traders.

(iii) The Trading Privilege Holder shall be responsible to the SEF for acting with reasonable care in granting Authorized Trading Firm status.

(iv) Each Trading Privilege Holder will obtain a representation that each of its Authorized Trading Firms continues to qualify as an “eligible contract participant” as defined in the Act.

(b) *SEF Approval*

(1) No person may act as an Authorized Trader or Authorized Trading Firm before being approved to do so by the SEF.

(2) Each prospective Authorized Trader and Authorized Trading Firm will submit an application in the form required by the SEF and will satisfy such requirements as may be prescribed by the SEF from time to time. No Authorized Trading Firm or Authorized Trader shall satisfy such requirements unless the Authorized Trading Firm and related Authorized Traders expressly consent to the jurisdiction of the SEF and agree to be bound by and comply with the SEF Rules. Each prospective Authorized Trading Firm must provide a written or electronic representation, prior to being granted access to the SEF, that it qualifies as an "eligible contract participant" as defined in the Act and that it has all registrations, licenses and consents required by its constituent documents and Applicable Law to transact in Contracts.

(3) DMA to the SEF by an Authorized Trader or an Authorized Trading Firm shall be granted or denied in the sole discretion of the SEF. The SEF will notify a Trading Privilege Holder of its approval or disapproval of the designation of an Authorized Trader or Authorized Trading Firm for DMA. The SEF may, in its sole discretion, revoke or suspend the designation of an Authorized Trader or Authorized Trading Firm for DMA, and shall notify the Trading Privilege Holder of such action in accordance with procedures established by the SEF.

(c) *Responsibilities to the SEF.*

(1) Each Trading Privilege Holder shall notify the SEF in writing if its relationship with an Authorized Trader or Authorized Trading Firm has been terminated, and such Trading Privilege Holder may at any time revoke any authorization granted by it to any Authorized Trader or Authorized Trading Firm by providing written notice of such revocation to the SEF.

(2) By permitting any of its Authorized Traders and/or Authorized Trading Firms to access and use a Trading Platform from any jurisdiction or to act as an Intermediary for trades on behalf of Customers located in any jurisdiction, each Trading Privilege Holder represents and warrants that each such access to or use of a Trading Platform, or action as an Intermediary, does not violate any law applicable to the Trading Privilege Holder, the Authorized Trader, the Authorized Trading Firm or, to such Trading Privilege Holder's knowledge, the SEF.

(d) *Intermediation*

(1) A Participant may not act as an Intermediary for any other entity or person unless the Trading Privilege Holder or Authorized Trading Firm is registered with the Commission as a futures commission merchant, introducing broker or commodity trading advisor, or is exempt from such registration, or not required by Applicable Law to register, and the Authorized Trader of a futures commission merchant or introducing broker is registered as an Associated Person of such futures commission merchant or introducing broker, or is exempt from such registration.

(2) A Trading Privilege Holder, Authorized Trader or Authorized Trading Firm may not transact as an Intermediary for any Customer unless the Trading Privilege Holder or Authorized Trading Firm has submitted a signed representation to the SEF that each of its Customers is an "eligible contract participant" as defined in the Act.

Rule 203. Financial Integrity

(a) Each Trading Privilege Holder, Authorized Trading Firm and Customer that enters into transactions via the SEF must be "eligible contract participants" as defined in the Act at the time that such transactions are entered into.

(b) For Cleared Contracts:

(i) each Trading Privilege Holder or Authorized Trading Firm transacting on the SEF as a principal is required to demonstrate to the SEF, with appropriate documentary evidence as required by

the SEF from time to time, that such Trading Privilege Holder or Authorized Trading Firm is a Clearing Firm or that it has clearing arrangements in place with a Clearing Firm, including having the Clearing Firm Representation required by Rule 204(f); and

(ii) each Trading Privilege Holder acting as an Intermediary shall confirm that each of its Customers has clearing arrangements in place with a Clearing Firm and obtain from its Customers any documentary evidence as required by the SEF from time to time to that effect, including any Clearing Firm Representation required by Rule 204(f). The Trading Privilege Holder shall provide such documentary evidence to the SEF.

(c) For Contracts listed on the SEF as bilateral Contracts, each Trading Privilege Holder, Authorized Trading Firm or Customer that enters into such Contracts as a principal must undergo such credit checks and provide such credit information as the SEF may require from time to time.

Rule 204. Clearing

(a) All Contracts executed on the SEF that are subject to mandatory clearing under Section 2(h) of the Act must be cleared through a DCO by a Clearing Firm. Any other Contracts executed on the SEF may be cleared at the discretion of the parties to such transaction; provided that such Contracts are able to be cleared through a DCO by a Clearing Firm.

(b) *Pre-Execution Credit Check / Risk Screening.*

(1) In advance of submitting each Bid/Offer or Pre-Arranged Cross to the SEF for any Cleared Contract, each Trading Privilege Holder or Authorized Trading Firm shall identify the Clearing Firm to which any resulting transaction will be submitted for clearing at the relevant DCO and:

(i) if acting as principal, shall ensure that it has sufficient credit with such Clearing Firm for the resulting transaction and that the resulting transaction satisfies such Clearing Firm's Risk-Based Limits; and

(ii) if acting as an Intermediary, other than with respect to DMA, shall confirm that its Customer has sufficient credit with the Customer's Clearing Firm for the resulting transaction and that the resulting transaction satisfies such Clearing Firm's Risk-Based Limits.

In the event that there is insufficient credit or the transaction does not satisfy a Clearing Firm's Risk-Based Limits, the Trading Privilege Holder or Authorized Trading Firm may not submit such Bid/Offer or Pre-Arranged Cross to the SEF.

(2) Each Clearing Firm that provides a Clearing Firm Representation for a Participant or Customer may notify the SEF of Risk-Based Limits it has established for such Participant or Customer, and such Risk-Based Limits shall become effective upon acknowledgment of receipt by the SEF. Any change to such Risk-Based Limits shall become effective only upon acknowledgment of receipt by the SEF.

(c) A Clearing Firm that seeks to effect transactions on the SEF for its own account or the account of any Customer must be a Trading Privilege Holder.

(d) The SEF may share information with any DCO that would assist such DCO in evaluating and monitoring a Clearing Firm's compliance with these criteria. A Clearing Firm agrees to cooperate with the SEF and each relevant DCO in any such monitoring.

(e) Clearing Firms shall clear Cleared Contracts in accordance with all applicable Rules and DCO rules.

(f) *Clearing Firm Representation*

(1) Each Trading Privilege Holder or Authorized Trading Firm that is not a Clearing Firm and is transacting in Cleared Contracts on the SEF as a principal shall obtain a representation from a Clearing Firm, in form and substance satisfactory to, and approved by, the SEF (a "**Clearing Firm Representation**"). Under such representation, the Clearing Firm must accept for clearing all Cleared Contracts of each Trading Privilege Holder or Authorized Trading Firm for which it clears Cleared Contracts, subject to any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2). Where a Trading Privilege Holder or Authorized Trading Firm uses the services of multiple Clearing Firms, a Clearing Firm shall be responsible only to the extent that it has been designated by such Trading Privilege Holder or Authorized Trading Firm to clear a particular Cleared Contract.

(2) Each Trading Privilege Holder acting as Intermediary shall obtain from the Customer a ~~representation~~Clearing Firm Representation from a Clearing Firm pursuant to which the Clearing Firm accepts for clearing all transactions in Cleared Contracts entered into by the Customer, subject to any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2). ~~Such representation shall be in form and substance satisfactory to, and approved by, the SEF.~~ Where a Customer uses the services of multiple Clearing Firms, a Clearing Firm shall be responsible only to the extent that it has been designated by such Customer to clear a particular Cleared Contract.

(3) Every Contract that is subject to a Clearing Firm Representation and results from a Bid/Offer or Pre-Arranged Cross that is within any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2) is deemed accepted for clearing by the Clearing Firm upon execution.

(4) A Clearing Firm may at any time (but on prior written notice to the SEF) revoke any Clearing Firm Representation made by it to a Trading Privilege Holder, Authorized Trading Firm or Customer (as applicable) in accordance with paragraph (1) and/or (2) above, by providing prior written notice of such revocation to the SEF. The Clearing Firm Representation will remain in effect for all Contracts for which Bids/Offers or Pre-Arranged Cross were submitted to a Trading Platform prior to the SEF's acknowledgement of the revocation, which the SEF shall undertake to effectuate as promptly as practicable.

(5) Each Trading Privilege Holder, Authorized Trading Firm or, if applicable, Customer must assist its Clearing Firm and the DCO in the clearing of its Cleared Contracts.

(6) Upon notice that a Clearing Firm has revoked any authorization granted and Clearing Firm Representation made by it to a Trading Privilege Holder, Authorized Trading Firm or Customer pursuant to this Rule 204(f), the right of such Trading Privilege Holder, Authorized Trading Firm or Customer (as applicable) to enter into Cleared Contracts will be automatically terminated, and such Trading Privilege Holder, Authorized Trading Firm or Customer must obtain another Clearing Firm Representation from a Clearing Firm before the Trading Privilege Holder, Authorized Trading Firm or Customer's right to access to trade Cleared Contracts via the SEF will be reinstated.

(g) A DCO may be given access to the SEF for the purpose of obtaining any information required by the DCO to clear contracts, including, without limitation, real-time data regarding Bids/Offers, Pre-Arranged Crosses and the execution of transactions. The SEF may impose such restrictions on a DCO's access that it determines, in its sole discretion, are necessary and appropriate.

(h) *Failure to Clear*

(1) Subject to a Clearing Firm's obligation to accept for clearing all Contracts resulting from Bids/Offers or Pre-Arranged Crosses that satisfy the Risk-Based Limits in effect for a Participant or Customer, any Cleared Contract that is rejected for clearing by a Clearing Firm or DCO for any reason, including an error by the SEF in permitting a Bid/Offer or Pre-Arranged Cross to be made that did not

satisfy the Risk-Based Limits in effect at the time the Bid/Offer or Pre-Arranged Cross was made, shall be void *ab initio* and will be canceled by the SEF.

(2) Any Contract that was executed on the SEF without the intent to be cleared, but later determined by the parties to the transaction to be cleared, will not be void if rejected for clearing by a DCO to which the Contract was submitted.

(3) For Cleared Contracts that are rejected for clearing because of a clerical or operational error or omission resulting in a mismatch of the terms of the Cleared Contract, the Clearing Firms for the Cleared Contract may, with the consent of each respective Customer or Participant, agree to a new Cleared Contract with the same terms as the rejected Cleared Contract. Such Customer or Participant consent may not be obtained in advance, and must be sought and obtained by each Clearing Firm on a case-by-case basis, after the Cleared Contract has been rejected. If there is such agreement and consent, the new Cleared Contract must be submitted by the Participant specified in Rule 304(b) as a Pre-Arranged Cross pursuant to the procedure in Rule 304(b), and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b). Upon execution of such Pre-Arranged Cross by the SEF, the SEF shall submit the transaction to the DCO for clearing as quickly as technologically practicable, but in any case no later than 30 minutes from the issuance of the notice of rejection by the DCO to the Clearing Firms. If the new Cleared Contract resulting from such Pre-Arranged Cross is rejected from clearing, it is void *ab initio* and no additional new Cleared Contract will be permitted to be submitted under the procedure in this Rule 204(h)(3). Swap transaction data reported pursuant to Rule 309(f) for a new Cleared Contract that clears with the same terms as the rejected Cleared Contract will reference the original canceled trade, indicate that it has been reported pursuant to the procedures described in this Rule 204(h)(3) and link the original canceled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

(4) Participants and Customers are prohibited from requiring a Breakage Agreement from any other Participant or Customer as a condition of trading with that other Participant or Customer.

(i) *Package Transactions*

(1) Any component leg of a Package Transaction that is rejected for clearing by a Clearing Firm or DCO for any reason shall be void *ab initio* and will be canceled by the SEF (each such leg, a "**Rejected Leg**"). For the avoidance of doubt, any component leg of a Package Transaction that was accepted for clearing will not be affected by the rejection of the Rejected Leg.

(2) Any component leg of a Package Transaction that was executed on or subject to the Rules of the SEF without the intent to be cleared, but later determined by the parties to the transaction to be cleared, will not be void if rejected for clearing by a DCO to which such leg of the Package Transaction was submitted.

(3) For Rejected Legs that are rejected for clearing because of the sequencing of submission for clearing of the legs of the applicable Package Transaction and only for such Rejected Legs, the Clearing Firms for the Rejected Leg may, with the consent of each respective Customer or Participant, agree to a new transaction with the same terms as the Rejected Leg (the "**New Leg**"). Such Customer or Participant consent may not be obtained in advance, and must be sought and obtained by each Clearing Firm on a case-by-case basis, after the Rejected Leg has been rejected. If there is such agreement and consent, the New Leg must be submitted by the Participant specified in Rule 304(b) as a Pre-Arranged Cross pursuant to the procedure in Rule 304(b), and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b). Upon execution of such Pre-Arranged Cross by the SEF, the SEF shall submit the transaction to the DCO for clearing as quickly as technologically practicable, but in any case no later than 60 minutes from the issuance of the notice of rejection of the Rejected Leg by the DCO to the Clearing Firms. If the New Leg resulting from such Pre-Arranged Cross is rejected from clearing, it is void *ab initio* and no additional New Leg will be permitted to be submitted under the procedure in this Rule 204(i)(3). The procedures in this Rule 204(i)(3) are not available for Package Transactions that are rejected for clearing by a Clearing Firm or DCO because the

Package Transaction as a whole failed to satisfy the applicable Risk-Based Limits, Swap transaction data reported pursuant to Rule 309(f) for a New Leg that clears will reference the original canceled trade, indicate that it has been reported pursuant to the procedures described in this Rule 204(i)(3) and link the original canceled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

(4) Participants and Customers are prohibited from requiring a Breakage Agreement from any other Participant or Customer as a condition of trading Package Transactions with that other Participant or Customer.

Rule 205. Application for and Grant of Trading Privileges

(a) *Application Requirement.* Each applicant for Trading Privileges will submit an application to the SEF in a form and manner prescribed by the SEF. Each applicant will 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 SEF will act upon, and approve or disapprove, any such application without unreasonable delay.

(b) Upon submission of an application and satisfaction of the requirements and procedures set forth in this Chapter 2, and approval by the SEF, a person applying for Trading Privileges will be granted Trading Privileges. If the application process is not completed by the applicant within six months of submission of an application and payment of any applicable fee, the application will be deemed to be withdrawn.

(c) Any applicant who has been denied Trading Privileges or Authorized Trader or Authorized Trading Firm status with a Trading Privilege Holder, and any Trading Privilege Holder or Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder who is not permitted to keep its, his or her Trading Privileges or maintain his or her status as an Authorized Trader or Authorized Trading Firm may request an appeal of the SEF's decision pursuant to the procedures set forth in Rule 205(~~f~~e). No determination of the SEF to discontinue a person's Trading Privileges or Authorized Trader or Authorized Trading Firm status will take effect until the review procedures hereunder have been exhausted or the time for review has expired.

(d) Any applicant to become a Trading Privilege Holder who has been denied Trading Privileges pursuant to this Rule 205 will not be eligible for re-application during the six months immediately following such denial.

(e) *Appeal of Denial of Trading Privileges*

(1) If the SEF, pursuant to this Rule, denies an application for Trading Privileges or association with a Trading Privilege Holder as an Authorized Trader or Authorized Trading Firm, or determines not to permit a person to keep its Trading Privileges or maintain its association as an Authorized Trader or Authorized Trading Firm, then, in any such case, the affected applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, within seven days after receiving written notice of such decision, may request in writing that the SEF provide the reasons therefor in writing. Within 14 days of receiving any such written request, the SEF will provide the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, with such reasons in writing. Within 14 days of receiving the SEF's written response, the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, may request, in writing, that the SEF's Participation Committee reconsider the SEF's initial decision and may provide any written representations or other information that the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, believes is relevant to the reconsideration.

(2) Within 28 days of receiving either a written request for reconsideration or written representations or information from the applicant, Trading Privilege Holder, Authorized Trader or

Authorized Trading Firm, as the case may be, or a statement from such person that no such representation or information is to be made or supplied, the Participation Committee will either confirm, reverse or modify the initial decision and will promptly notify the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, accordingly. The Participation Committee may in its discretion schedule a hearing or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Any decision by the Participation Committee pursuant to this subparagraph (2) constitutes the final action of the SEF with respect to the matter in question and is not subject to appeal. Any action that may be taken by the Participation Committee under this Rule 205(f) may be taken by the Board if no Participation Committee has been established.

Rule 206. Participant and Customer Obligations; Suspension or Termination of Access

(a) Each Participant and Customer must comply with these Rules, applicable provisions of the Act, and relevant Commission Regulations. Each Participant and Customer must also cooperate promptly and fully with the SEF, its agents, its Regulatory Services Provider, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding. Additionally, each Trading Privilege Holder must update its email address promptly after any change and update all other material information provided in its application for Trading Privileges within five days after that information has changed. If any Participant or Customer fails to satisfy these obligations, the SEF may revoke or suspend the Participant's or Customer's access to the SEF in full or in part.

(b) Each Participant and Customer consents to allow the SEF to provide all information the SEF has about the Participant or Customer, including the Participant's or Customer's trading activity, to the Commission or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, judicial tribunals, the Regulatory Services Provider, and any other service provider to the SEF in connection with the performance of the SEF's services.

(c) Each Participant is required to review the "Notices" section of the SEF website to make itself aware of material changes to these Rules or other notices that may affect their rights and obligations as a Participant.

(d) Each Trading Privilege Holder must diligently supervise all activities of the Trading Privilege Holder's employees and/or agents, including all Authorized Traders and Authorized Trading Firms, relating to transactions effected on the SEF. Any Violation by any employee of a Trading Privilege Holder, including an Authorized Trader or Authorized Trading Firm, shall constitute a Violation by such Trading Privilege Holder.

(e) The SEF may revoke or suspend a Participant's access to the SEF in full or in part if the Participant acts as an Intermediary on behalf of a Customer and such Customer maintains a position in any Contract that, when considered in light of the other positions maintained by the Participant through which such Customer accesses the SEF, and any other factors that the SEF reasonably deems relevant, the SEF reasonably believes could jeopardize the financial safety of such Participant or any of such Participant's other Customers. In making this determination, the SEF may consider any relevant factors, including, as applicable, (i) the positions maintained by such Participant, such Participant's Authorized Traders, Authorized Trading Firms and other Customers, (ii) financial information provided by such Participant; and (iii) in consultation and coordination with the relevant DCOs, the level of margin maintained by such Participant at such Participant's Clearing Firm.

(f) Each Trading Privilege Holder which is a Swap Dealer or Major Swap Participant and enters into or facilitates a Swap that is subject to mandatory clearing under Section 2(h) of the Act shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the Act.

Rule 207. Customers

(a) No Participant shall act as an Intermediary for the account of a Customer unless the Participant has entered into an agreement with the Customer that provides that the Customer agrees that all Contracts shall be governed by the Rules, the Act and the Commission Regulations, insofar as they are applicable to that Contract, although no such agreement shall be required by these Rules when the Customer of a Trading Privilege Holder is another Trading Privilege Holder.

(b) Where a Customer and the Intermediary are both Trading Privilege Holders, the Customer shall provide the SEF with such notice of the relationship as the SEF may require from time to time.

(c) Each Customer shall be the principal to all executed transactions resulting from any Bids/Offers or Pre-Arranged Crosses entered on behalf of the Customer. Where a Participant is acting as an Intermediary on behalf of a Customer, the Participant shall have no liability, whether or not the identity of the Customer has been disclosed, in respect of any transactions executed on behalf of a Customer, to any other party, including any other Participant or the Customer of any other Participant.

(d) Each Customer authorizes the SEF to send Confirmations of Contracts entered into through an Intermediary to the Intermediary and authorizes such Intermediary to accept such Confirmations on behalf of the Customer.

Rule 208. Recordkeeping

(a) Each Participant and Customer must prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to Applicable Law and the Rules of the SEF, including a complete audit trail for each transaction it places for execution, whether or not the transaction ultimately is executed, and records of their activity in the underlying commodity and related derivatives markets. Such books and records must be made available to the SEF, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

(b) Each Participant and Customer must keep all books and records required to be kept by it pursuant to the Rules of the SEF for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the SEF or required by Applicable Law. Such books and records must be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records must be made available for inspection by, and copies thereof must be delivered to, the SEF, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

(c) The following information must be provided to the SEF by each Participant prior to entering a Bid/Offer or Pre-Arranged Cross with respect to any Swap traded on the SEF:

- Authorized Trader ID
- Trading Privilege Holder ID
- Swap
- Series, if applicable
- DCO where Swap is to be cleared
- Price
- Quantity
- Side of the Bid/Offer
- Customer Type Indicator Code (defined below)
- Trading account and other relevant account information, including Clearing Firm
- LEI of the Participant placing the Bid/Offer or initiating the RFQ
- For Intermediated Transactions, the LEI of the Customer

- Yes/no indication of whether the Participant or Customer is a Swap Dealer for that Swap
- Yes/no indication of whether the Participant or Customer is a Major Swap Participant
- Yes/no indication of whether the Participant or Customer is a Financial Entity
- Yes/no indication of whether the Participant or Customer is a U.S. person as defined by the Commission;
- For Cleared Contracts, confirmation of the availability of credit at the Clearing Firm to which any resulting transaction will be submitted for clearing at the relevant DCO; and
- If the Swap will be allocated:
  - an indication that the Swap will be allocated;
  - the LEI of the Account Manager;
  - if the Swap is a pre-execution allocated Swap, the account and LEI for each Customer that will receive allocations;
  - an indication of whether the Swap is a post-execution allocation Swap; and
  - if the Swap is a post-execution allocation Swap, the unique Swap identifier of the original transaction between the reporting counterparty and the agent.

For purposes of this Rule 208, the "**Customer Type Indicator Codes**" are as follows:

CTI 1 – Bid/Offer for the proprietary account of a Trading Privilege Holder that is a natural person.
CTI 2 – Bid/Offer for the proprietary account of a Trading Privilege Holder that is not a natural person.
CTI 3 – Bid/Offer which an individual Trading Privilege Holder or Authorized Trader executes for the proprietary account of another Trading Privilege Holder or for an account which the other Trading Privilege Holder controls or has an ownership or financial interest in.
CTI 4 – Any Bid/Offer not meeting the definition of **CTI 1**, **2** or **3**, including those entered on behalf of Customers.

(d) The Rules of the SEF regarding the recordkeeping obligations set forth in this Rule 208 shall be promulgated to achieve the purposes and requirements of Applicable Law. While the SEF will have sole discretion, subject to Applicable Law, to determine such Rules, the SEF will take into consideration in doing so comparable requirements applicable to Participants.

Rule 209. Communications of the SEF with Participants

(a) *Written Notices*

The SEF will publish a notice with respect to each addition to, modification of, or clarification of the Rules of the SEF, or of any action taken to implement any Rule of the SEF, in a form and manner that is reasonably designed to enable each Trading Privilege Holder 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; provided that any failure of the SEF to so publish a notice will not affect the effectiveness of the addition or modification in question. Each Trading Privilege Holder will provide its respective Authorized Traders, Authorized Trading Firms and Customers with copies of any such notice. For purposes of publication in accordance with the first sentence of this Rule 209(a), it will be sufficient (without limiting the discretion of the SEF as to any other reasonable means of communication) if a notice is (a) sent to each Trading Privilege Holder by mail, recognized courier service, facsimile or electronic mail (including by means of a hyperlink included in an electronic mail message), to the address, facsimile number or electronic mail address (as applicable) provided by such Trading Privilege Holder for such purpose or (b) published on the SEF's website. Each Trading Privilege Holder,

on its own behalf, and on behalf of its Authorized Trading Firms, Authorized Traders and Customers, as applicable, must monitor the SEF's website for any notices published under this Rule 209(a).

(b) *Recording of Communications*

The SEF and Trading Privilege Holders may record conversations and retain copies of electronic communications between officers, employees or agents of the SEF, on the one hand, and Trading Privilege Holders (including their Affiliates), Authorized Traders or Authorized Trading Firms, on the other hand. Any such recordings or other records may be retained by the SEF or such Trading Privilege Holder, as the case may be, in such manner and for such periods of time as the SEF, or such Trading Privilege Holder, as the case may be, may deem necessary or appropriate.

Rule 210. Required Disclosures to the SEF

Each Trading Privilege Holder must promptly notify the SEF in writing upon becoming aware:

(a) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or any Authorized Trading Firms has been the subject of a material sanction, penalty or other adverse action by any Regulatory Agency which is related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(b) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or any Authorized Trading Firms has been convicted of, pled guilty or no contest to, or entered in a plea agreement of a material nature in any domestic, foreign or military court which involves:

(1) embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or

(2) any transaction in or advice concerning Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(c) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms is subject to material regulatory proceedings before any Regulatory Agency which are related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(d) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms have been denied or withdrawn any application for registration or license submitted to any Regulatory Agency, and of any material revocation, suspension or conditioning of any registration or license granted by any Regulatory Agency, which in each case is related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(e) that any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms have:

(1) had their status as an Authorized Trader or Authorized Trading Firm permanently revoked by the Trading Privilege Holder, whether due to employment termination, termination of status as a Customer or otherwise; or

(2) had their access to the SEF temporarily revoked by the Trading Privilege Holder.

(f) of any material change in any information contained in the Trading Privilege Holder's membership application, or in an Authorized Trader's or Authorized Trading Firm's application pursuant to Rule 202,

including a Trading Privilege Holder's or Authorized Trading Firm's status as an "eligible contract participant;"

(g) of any withdrawal from membership by the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms, in any SRO, designated contract market, DCO or swap execution facility;

(h) of any damage to, or failure or inadequacy of, the systems, facilities or equipment used to effect transactions or perform financial obligations under or in connection with Contracts of the Trading Privilege Holder or any of its Authorized Traders or Authorized Trading Firms;

(i) of any change in the location of the principal office of the Trading Privilege Holder or any of the Trading Privilege Holder's Authorized Traders and Authorized Trading Firms;

(j) of any failure to maintain segregated funds as required by the Commission when the Trading Privilege Holder is a futures commission merchant registered with the Commission;

(k) of becoming subject to early warning reporting under Commission Regulation 1.12; and

(l) of becoming the subject of a bankruptcy proceeding or being unable to meet any financial obligation as it becomes due.

Rule 211. Dues, Fees and Expenses

(a) The Board has the sole power to set the payment dates and amounts of any dues, assessments or fees to be levied on Trading Privilege Holders, which dues, assessments or fees will be paid to the SEF when due. Fees will be comparable for Trading Privilege Holders receiving comparable access to, or services from, the SEF.

(b) If a Trading Privilege Holder fails to pay when due any SEF dues, assessments or fees levied on such Trading Privilege Holder, and such payment obligation remains unsatisfied thirty (30) days after its due date, the SEF may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Trading Privilege Holder as it deems necessary or appropriate.

Rule 212. Market Maker Programs

The SEF may from time to time adopt one or more programs under which one or more Trading Privilege Holders or others may be approved and designated as market makers with respect to one or more Contracts in order to provide liquidity and orderliness in the market or markets for such Contract or Contracts. Any such program may provide for any or all of the following:

(a) qualifications, including any minimum net capital requirements, that any such market maker must satisfy;

(b) the procedure by which Trading Privilege Holders or others may seek and receive designation as market holders;

(c) the obligations of such market makers, including any applicable minimum bid and offer commitments;

(d) the benefits accruing to such market makers, including priority in the execution of transactions effected by Trading Privilege Holders or others as approved by the SEF in their capacity as market makers, reduced transaction fees or the receipt of compensatory payments from the SEF; and

(e) the requirement that such designated market makers agree to abide by the Rules of the SEF and are subject to the jurisdiction of the SEF.

Rule 213. Independent Software Vendors

The SEF shall provide impartial access to independent software vendors who enter into a development and maintenance agreement with the SEF (an "**ISV Development and Maintenance Agreement**"). Fees will be comparable for independent software vendors receiving comparable access to, or services from, the SEF. Each independent software vendor that enters into an ISV Development and Maintenance Agreement must satisfy the following criteria:

(a) If required to be registered in any capacity under Applicable Law, it has duly registered in such capacity and such registration is in effect and has not lapsed or been revoked, suspended or withdrawn;

(b) It complies with the applicable technical access standards, system compatibility requirements, security protocols and technical specifications for connection to the SEF's electronic system as may be specified by the SEF from time to time;

(c) It must ensure that each person that uses the independent software vendors to access the SEF is either a Participant or a Customer of a Participant authorized as such in accordance with these Rules;

(d) It may provide data obtained from the SEF solely to such Participants or Customers of Participants in connection with their actual and proposed trading activity in Contracts and similar contracts, and shall not provide such data to any other swap execution facility, security-based swap execution facility, designated contract market, national securities exchange or other trading facility or system without the prior written consent of the SEF;

(e) In the case of any RFQ or Bid/Offer submitted to the SEF through an independent software vendor, the independent software vendor will provide sufficient detail to identify the Participant (and, in the case of a Customer transaction, the Customer) as required by the SEF; and

(f) It satisfies such other criteria as the SEF may specify from time to time, subject to Applicable Law.

Rule 214. Withdrawal of Participant

(a) To withdraw from the SEF, a Participant must notify the SEF in writing, following such procedures as may be established by the SEF.

(b) The SEF may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if the SEF considers it necessary for the protection of the Participant's Customers, other Participants or otherwise in the interests of the SEF.

(c) Based on the information provided to, and other information gathered by, the SEF regarding a Participant's withdrawal request, the SEF will determine whether to: (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; or (iii) impose any terms or conditions before or after the effective date of withdrawal.

(d) If the SEF refuses to accept a Participant's withdrawal request or postpones the effective date of withdrawal of a Participant, the SEF may waive the obligation to pay some or all of the fees, costs and charges that the SEF would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.

(e) When the SEF accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including the Trading Privileges and ability to access a Trading Platform). The accepted withdrawal of a Participant shall not affect the rights of the SEF under the Rules or relieve the former Participant of its obligations with respect to previously executed transactions (including any contractual obligations relating to any Contracts entered into by such Participant, or the payment of any fees, costs,

or charges incurred prior to such withdrawal). Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the jurisdiction of the SEF for acts done and omissions made while a Participant, and must cooperate in any proceeding under Chapter 5 as if such withdrawal had not taken place.

(f) Upon delivery of a withdrawal notice:

(1) Participant shall promptly notify its Authorized Traders and any Authorized Trading Firms that they may no longer access the SEF on behalf of Participant, and Participant shall with reasonable diligence, to the extent practicable, terminate electronic access of its Authorized Traders to the SEF;

(2) the SEF shall suspend Participant's access to the SEF, promptly notify its relevant personnel that Participant and its Authorized Trading Firms may no longer access the SEF on behalf of Participant, and with reasonable diligence, to the extent practicable, terminate electronic access of Participant's Authorized Traders to the SEF.

CHAPTER 3
TRADING PROCEDURES

Rule 301. Trading Sessions

Except as otherwise provided in these Rules or determined by the Board, transactions in any Contract will only be executed during the Trading Session for such Contract. The SEF may from time to time modify its regular Trading Session and establish Trading Sessions, in addition to the regular Trading Sessions, as it deems appropriate.

Rule 302. Access to SEF's Order Book

(a) Each Authorized Trader and each Trading Privilege Holder that is an individual will receive a user identification ("**ID**") and password. As a Trading Privilege Holder or Authorized Trader, such person will be able to access the SEF's Order Book for trading in the Swap asset classes or sub-products approved for such Trading Privilege Holder or Authorized Trader, enter and accept Bids/Offers, enter electronic RFQs, and otherwise access information regarding, or perform functions for, such person's account using its ID and password.

(b) For account security and audit trail purposes, each Trading Privilege Holder and Authorized Trader agrees that the SEF may maintain logs of the IP address used to log on to the SEF.

(c) Each Trading Privilege Holder will be responsible for protecting from improper disclosure its ID and password, and the IDs and passwords of its Authorized Traders. In addition, a Trading Privilege Holder may not knowingly or negligently permit any person not authorized by the SEF and by the Trading Privilege Holder to use the ID and password to access the SEF. Each Trading Privilege Holder is required to immediately notify the SEF if it knows, or has reason to believe, that its ID and/or password, or the ID and/or password of any Authorized Trader have been disclosed to any person not authorized by the SEF and the Trading Privilege Holder to use such ID and/or password.

(d) Except as otherwise provided in Rule 102:

(1) each Trading Privilege Holder will be liable for all costs and any losses that it may incur from transactions executed on the SEF by any person, authorized or not, using its ID and password or the ID and/or password of any of its Authorized Traders; and

(2) the SEF will not be responsible in any way for unauthorized transactions for a Trading Privilege Holder's account.

(e) Each Trading Privilege Holder is responsible for contracting with a network provider through which it will access the SEF and for having a backup service provider if the Trading Privilege Holder deems it necessary. Each Trading Privilege Holder is also responsible for maintaining a network connection speed adequate for its needs. The SEF will not be responsible in any way for any Bids/Offers or electronic RFQs delayed or transactions missed or not executed in a timely fashion because of failure of the Trading Privilege Holder's Internet service provider or slowness of its network connection speed. No communication from a Trading Privilege Holder will be deemed to have been received by the SEF until that communication is logged by the SEF server.

Rule 303. Required Transactions

(a) No Participant shall execute a Required Transaction on ICAP SEF other than via the SEF's Order Book or Request for Quote procedures unless such transaction is a Block Trade.

(b) Upon execution of the Required Transaction on the SEF, the SEF will report the transaction to the SDR as soon as technologically practicable.

Rule 304. Permitted Transactions

(a) Participants may enter Bids/Offers and electronic RFQs for Permitted Transactions directly into the SEF's Order Book for that Contract.

(b) Participants may submit to an Execution Specialist for execution Permitted Transactions negotiated and agreed to outside the SEF's Order Book, at prices mutually agreed, with regard to Contracts that have been designated by the SEF for such purpose (each such transaction a "**Pre-Arranged Cross**"). Pre-Arranged Crosses that are submitted to an Execution Specialist for execution must be submitted by the seller, unless otherwise agreed to by the parties; however, in the case of an Intermediated Transaction, the Participant acting as the Intermediary shall have the obligation to submit the Pre-Arranged Cross to the Execution Specialist. The Participant submitting the Pre-Arranged Cross to the Execution Specialist must provide the information required by Rule 208(c).

(c) Upon execution of the Permitted Transaction on the SEF, the SEF will report the transaction to the SDR as soon as technologically practicable.

(d) Each Participant that is party to, or Intermediary in, a Pre-Arranged Cross executed pursuant to section (b) of this Rule 304 must record the following details of the transaction: the Contract (including the Delivery Month) to which such transaction relates; the number of Contracts traded; the price of execution or premium; the identity of the counterparty; and, if applicable, details regarding the Customer for which the transaction was executed, as well as, if applicable, the Underlying Interest and whether the transaction involved a put or a call and the strike price. Upon request by the SEF, such Participant must produce satisfactory evidence, including the transaction information referred to in the preceding sentence, that the transaction meets the requirements set forth in this Rule.

Rule 305. Execution Methods for Required Transactions

(a) *Execution through the SEF's Order Book*

(1) A Participant may enter Bids/Offers to transact in Contracts by electronic transmission over a network or through an Execution Specialist.

(2) A Participant will enter a Bid/Offer to transact in one or more Contracts by indicating to the SEF in the manner required by a Trading Platform or the Execution Specialist the information required by Rule 208(c).

(3) The Participant will be responsible for any and all Bid/Offer entries it posts on the SEF. Posted Bids/Offers are subject to acceptance by other Participants.

(4) The Order Book will keep an electronic record of all Bids/Offers to transact in Contracts, and all executed transactions.

(5) The records kept by the SEF will include all of the Bid/Offer terms identified in this Rule as well as the date and time that the transaction was executed.

(6) The Order Book will provide Participants with the ability to post firm Bids/Offers on a centralized electronic screen that is accessible to all Participants with access to the Order Book. Each Participant may then choose to transact on the basis of a firm Bid/Offer by entering a Bid/Offer which accepts the firm Bid/Offer.

(7) For a Participant who has the ability to accept a Bid/Offer it submits on behalf of a Customer or to execute Bids/Offers from two Customers against each other, or for two Participants who desire to execute offsetting Bids/Offers as a result of pre-execution discussions, the Participant or Participants must allow at least a 15 second delay between the entry of those two Bids/Offers, such that one side of the potential transaction is disclosed and made available to other Participants for at least 15

seconds (or such other time as the SEF may publish for particular contracts) before the second side of the potential transaction, whether for the Participant's own account or for Participant's Customer, is submitted for execution. Participants and Customers may engage in pre-execution discussions with regard to such Bids/Offers in accordance with Rule 404(c).

(b) *Electronic Request for Quote Systems*

(1) The Trading Platforms will provide Participants with the ability to transmit a request for quote to no less than the required number of Recipients, to which all such Recipients may respond.

(2) Together with the first response from any Recipient, a Trading Platform will display to the requesting Participant any firm resting order for the Swap indicated in the RFQ that is posted in the Order Book together with any responses to the RFQ from the Recipients.

(3) Responses to RFQs must be in the form of a Bid/Offer. The RFQ requestor may accept such RFQ response by submitting a corresponding Bid/Offer.

(4) A Participant that sends an RFQ to fewer than all other Participants may not send an RFQ to another Participant that is affiliated with or controlled by the RFQ requester, or to two or more Participants that are affiliates of or controlled by each other.

(c) *Voice Request for Quote Systems*

(1) Participants may initiate an RFQ by contacting an Execution Specialist.

(2) The Execution Specialist will transmit the RFQ to no less than the required number of Recipients, to which all such Recipients may respond.

(3) Together with the first response from any Recipient, the Execution Specialist, unless otherwise instructed by the Participant, will communicate to the requesting Participant any firm resting order for the Swap indicated in the RFQ that is posted in the Order Book together with any responses to the RFQ from the Recipients.

(4) Responses to RFQs must be in the form of a Bid/Offer. The RFQ requestor may accept such RFQ response by submitting a corresponding Bid/Offer.

(5) A Participant that requests an Execution Specialist to send an RFQ to fewer than all Participants may not request that an Execution Specialist send any RFQ to another Participant that is affiliated with or controlled by the RFQ requester or to two or more Participants that are affiliated with or controlled by each other. An Execution Specialist that sends an RFQ to fewer than all Participants may not knowingly send an RFQ on behalf of the requesting Participant to another Participant that is affiliated with or controlled by the RFQ requester, or to two or more Participants that are affiliated with or controlled by each other.

(6) An Execution Specialist will act in accordance with a Participant's instructions, the Rules and Applicable Law.

Rule 306. Work-Up

Work-up sessions in Required Transactions are permitted in both electronic trading and RFQ, subject to the System Protocol for the Trading Platform for each product. Work-up transactions do not qualify as a Block Trade even if a Participant's transactions as part of the work-up session has a notional or principal amount at or above the appropriate minimum block size applicable to such Swap.

Rule 307. Acceptable Bids and Offers

(a) A Bid/Offer may be for a single Swap or for a strategy or spread involving multiple Swaps.

(b) Subject to the System Protocols, a Bid/Offer may be designated as “all-or-none,” and if so designated, may be accepted only if accepted in its entirety.

Rule 308. Block Trades

Participants may enter into Block Trades outside a Trading Platform, Order Book or RFQ procedure at prices mutually agreed, with regard to Contracts that have been designated by the SEF for such purpose, provided all of the following conditions are satisfied (such transactions, “**Block Trades**”):

(a) The Block Trade must be for at least such minimum number of Contracts as will from time to time be specified by the SEF. Except as may otherwise be permitted by Commission Regulation 43.6(h)(6), Participants shall not aggregate Contracts of different Participants or Customers to achieve the minimum number of Contracts specified by the SEF for a Block Trade.

(b) When negotiating or executing a Block Trade, a Participant must ensure that the price quoted for a Block Trade represents a fair and reasonable price. The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such 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 at the relevant time, and (iv) the circumstances of the parties to such Block Trade.

(c) Block Trades must be reported to the SEF by the seller, unless otherwise agreed to by the parties, within 15 minutes after execution by contacting an Execution Specialist; however, in the case of an Intermediated Transaction, the Participant acting as the Intermediary shall have the obligation to report the Block Trade to the SEF within 15 minutes after execution.

(d) The SEF will review the information submitted by the Participants for the Block Trade and will post the transaction to a Trading Platform if the details are complete and accurate in accordance with this Rule. The SEF will report the transaction to the SDR as soon as technologically practicable.

(e) Each Participant that is party to, or Intermediary for, a Block Trade must record the following details of the transaction: the Contract (including the Delivery Month) to which such transaction relates; the number of Contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer for which the transaction was executed, as well as, if applicable, the Underlying Interest and whether the transaction involved a put or a call and the strike price. Upon request by the SEF, such Participant must produce satisfactory evidence, including the information referred to in the preceding sentence, that the transaction meets the requirements set forth in this Rule.

(f) Any Block Trade in violation of these requirements will constitute conduct which is inconsistent with just and equitable principles of trade.

Rule 309. Reporting and Data Collection

(a) In furtherance of Applicable Law, the SEF will capture and retain all transaction data, so as to be able to reconstruct all transactions within a reasonable period of time and to provide evidence of any Violations.

(b) In furtherance of Applicable Law, the SEF will retain records for all transactions executed on the SEF. This includes all Bids/Offers, RFQs and Pre-Arranged Crosses, whether accepted, unaccepted, canceled or modified, and all acceptances of such transactions.

(c) In furtherance of Applicable Law, the SEF shall maintain an electronic transaction history database, which includes a history of all Bids/Offers, electronic RFQs and transactions, and also includes: (i) all data that are input into the trade entry system; (ii) the categories of Participant or Customer for which each transaction is executed, including whether the Participant or Customer executed the transaction for its own account; (iii) timing and sequencing data adequate to reconstruct trading; and (iv) identification of each Participant or Customer to which fills are allocated.

(d) The SEF will use the electronic transaction history database to reconstruct trading and identify possible Violations. In furtherance of Applicable Law, the SEF will conduct an annual review of compliance with its audit trail and recordkeeping requirements and will identify Participants that may have failed to comply with such requirements. Such Participants will be subject to investigation by the Market Regulation Staff for possible disciplinary action. The annual review must include, but is not limited to, reviews of randomly-selected samples of front end audit trail data for order routing systems; a review of the process by which user identifications are assigned and user identification records are maintained; a review of usage patterns associated with user identifications to monitor for violations of user identification Rules; and reviews of account numbers and Customer Type Indicator Codes in transaction records to test for accuracy and improper use.

(e) All such information will be maintained by the SEF in a manner that protects it from unauthorized alteration, as well as from accidental erasure or other loss.

(f) The SEF will publish trading information as required by Core Principle 9, Commission Regulation § 37.901 and Part 16 of the Commission Regulations. All specified swap data will be reported as provided under Part 43 and Part 45 of the Commission Regulations. The SEF will disseminate swap transaction and pricing data relating to Contracts to Participants no earlier than the transmittal of such information to a registered SDR.

Rule 310. Bid/Offer Cancellation

(a) A Participant can submit instructions to either cancel or modify a Bid/Offer which that Participant has placed on the SEF if that Bid/Offer has not yet been accepted. Upon receipt of instructions to cancel a Bid/Offer that has not been executed, a Trading Platform will withdraw the Bid/Offer and confirm the cancellation of the Bid/Offer. If a Participant modifies a Bid/Offer that has not been executed, the SEF will treat the modified Bid/Offer as a new Bid/Offer.

(b) The SEF will attempt to cancel or modify an existing Bid/Offer after a Participant enters a cancellation or modification instruction. However, the Bid/Offer may be executed before the SEF is able to cancel or modify it. If a Bid/Offer has been filled in whole or in part, a Participant may modify or cancel only that portion of the Bid/Offer (if any) that has not been executed. Once canceled by the SEF, a Bid/Offer will not be executed.

(c) Upon suspension or revocation of a Participant's trading privileges by the SEF, any unaccepted Bid/Offer on the SEF for such Participant shall be canceled by the SEF.

Rule 311. Errors and Disputes

(a) If a Participant believes that a Bid/Offer or RFQ or Pre-Arranged Cross to transact in one or more Contracts was incorrectly displayed and/or executed and/or reported, that Participant may request review of the Bid/Offer or the transaction.

(b) Upon receipt of a request for review of a Bid/Offer or RFQ or Pre-Arranged Cross, the SEF will review its records to determine if a Trading Platform or Execution Specialist correctly displayed and/or executed the Bid/Offer or RFQ or Pre-Arranged Cross.

(c) If the review described in this Rule reveals that a Trading Platform or an Execution Specialist made a material mistake or that a mistake occurred as a result of a malfunction in a Trading Platform or by human error, the transaction will be canceled or adjusted, as appropriate.

(d) If the review described in this Rule reveals that neither a Trading Platform nor an Execution Specialist made a mistake, the SEF will inform the Participant who requested the review that the SEF has determined that the Bid/Offer or RFQ or Pre-Arranged Cross was properly handled, the evidence supporting that determination, and that an adjustment will not be made.

(e) The SEF will document in writing all requests for review of Bids/Offers, RFQs and Pre-Arranged Crosses received by the SEF, the time and manner in which SEF reviewed its electronic audit trail in response to the request, the outcome of that review, and the action or actions taken by the SEF in response to that review.

Rule 312. Enforceability of Transactions

(a) Each Participant or, where a transaction is on behalf of a Customer, the relevant Customer, is obligated to settle all transactions executed, pursuant to the Rules in this Chapter 3.

(b) *Issuance of SEF Confirmations for Cleared Contracts.* Participants and Customers are obligated to submit for clearing all Contracts so required by the Act, Commission Regulations and any other applicable law. For Cleared Contracts, the SEF will provide the Trading Privilege Holder a Confirmation of all the terms of each transaction executed on the SEF at the time of execution; provided that where a Trading Privilege Holder is a Customer in an Intermediated Transaction, the confirmation will be provided to the Intermediary in accordance with Rule 313(c). The Confirmation provided by the SEF for Cleared Contracts will be the final legally binding confirmation of the terms of any transaction executed on the SEF and will supersede any conflicting confirmation or agreement provided to, or between, as applicable, Participants and Customers, regardless of when such other confirmation is provided.

(c) *Issuance of SEF Confirmations for Uncleared Transactions*

(1) The economic terms specific to the transaction agreed by each Participant and/or Customer on the SEF with respect to an uncleared transaction shall be reflected by the SEF in a written communication (the "**Trade Communication**") issued to each applicable Participant and/or Customer. The Trade Communication, together with the documents and agreements (including, without limitation, ISDA master agreements, other master agreements, terms supplements, master confirmation agreements, and incorporated industry definitions) governing such transaction existing at the time of such commitment to which each Participant and/or Customer are party (the "**Terms Incorporated by Reference**") shall, taken together, for purposes of Commission Regulation 37.6(b), comprise all of the terms of such transaction and serve as a Confirmation of such transaction.

(2) In satisfaction of the obligations imposed on the SEF under Commission Regulation 37.6(b), (i) each Trade Communication is deemed to incorporate the Terms Incorporated by Reference set forth in this Rule 312(c), and (ii) each Participant and Customer hereby agrees that the provisions of Rule 312(c)(3) shall govern any conflicting terms.

(3) In the event of any conflict between (x) the Trade Communication and (y) the Terms Incorporated by Reference, the Trade Communication shall prevail to the extent of any inconsistency.

Rule 313. Intermediated Transactions

(a) Subject to Rule 305(a)(7), Participants who are Intermediaries shall immediately enter into a Trading Platform all executable Orders and electronic RFQs received by telephone from their Customers, and shall immediately submit all voice RFQs and Pre-Arranged Crosses to an Execution Specialist. If an Order, RFQ or Pre-Arranged Cross cannot be immediately entered into a Trading Platform or submitted to an Execution Specialist, as applicable, an electronic record which includes the account identifier that

relates to the account owner, time of receipt, and terms of the Order, RFQ or Pre-Arranged Cross must immediately be created, and the Order, RFQ or Pre-Arranged Cross must be entered into a Trading Platform or submitted to an Execution Specialist as soon as practicable.

(b) *Priority of execution.* Non-discretionary executable Customer Orders received by a Participant who is an Intermediary shall be entered into the SEF in the sequence received. Non-discretionary Orders that cannot be immediately entered must be entered when the Orders become executable, in the sequence in which the Orders were received.

(c) The SEF shall provide all Confirmations of Intermediated Transactions to the Intermediary. Any Participant that transacts as an Intermediary for any Customer shall be responsible for ensuring that such Customers receive all Confirmations of Contracts entered into on behalf of such Customers.

Rule 314. Bunched Orders

Bunched Orders must be allocated and recorded in accordance with Commission Regulation 1.35(b)(5) and the NFA's Interpretive Notice related to Compliance Rule 2-10. Bunched Orders may be entered using a designation for a group of accounts or suspense account number; provided, however that:

(i) the Bid/Offer or Pre-Arranged Cross is being placed by a Participant who is, or is acting on behalf of, an account manager for multiple accounts eligible for post execution allocation; or

(ii) a written, pre-determined allocation scheme that defines the group of accounts has been provided to the Clearing Firm accepting or clearing the Bid/Offer or Pre-Arranged Cross prior to the time that such Bid/Offer or Pre-Arranged Cross is entered. In the latter case, if such information has not been provided to the Clearing Firm prior to the time of Bid/Offer or Pre-Arranged Cross entry, each specific account number must be provided to the SEF. Additionally, for all such bunched Bids/Offers or Pre-Arranged Crosses executed on the SEF, the final account-specific allocations must be provided to the SEF no later than the end of each trading day.

Rule 315. SEF Authority over Transactions

(a) *SEF Authority Regarding Cancellations and Price Adjustments of Transactions*

The SEF has authority to cancel any transaction or adjust the price of any transaction executed on the SEF: (i) when the SEF determines in its sole discretion such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of a Trading Platform or by system defects; (ii) at any time the SEF determines, in its sole discretion, that allowing a transaction to stand as executed may have a material adverse effect on the integrity of the market; or (iii) in accordance with Rules 204(h), 204(i), 311, 315(c) or 315(d). All decisions of the SEF regarding the SEF's cancellation of transactions or the adjustment of transaction prices shall be final, subject to Rule 315(d).

(b) *Determination to Review a Transaction*

(1) The SEF may determine to review a transaction based on its independent analysis of market activity or upon a Participant's request. A Participant's request for review must be made (i) for an uncleared Pre-Arranged Cross, within one (1) Business Day of the execution of such transaction and (ii) for any other transaction executed on the SEF, within 15 minutes of the execution of such transaction. In the absence of a timely request for review, the SEF may determine whether or not a transaction will be subject to review in its sole discretion. Notwithstanding the foregoing, subject to Applicable Law, the SEF shall amend the terms of, or cancel, any transaction that the parties, together with the DCO, as applicable, mutually agree to amend or cancel, in the event that such amendment or cancellation is not submitted to the SEF within the applicable review period specified above.

(2) If the SEF determines to review a transaction, it will promptly issue an alert to all Participants via a Trading Platform or electronic mail indicating that the transaction is under review.

(c) *Review of Transactions*

(1) In reviewing a transaction, the SEF will first determine whether the price of the transaction is in the Non-Reviewable Range.

(2) In applying the Non-Reviewable Range, the SEF shall determine the fair value price for the Swap at the time the transaction under review occurred. The SEF may consider any relevant information, including, but not limited to, the last transaction price of the Swap or a better Bid/Offer, a more recent price for a different maturity date, the price of the same or related Swap established in another venue or another market, the market conditions at the time of the transaction, the theoretical value of an Option based on the most recent implied volatility and responses to an RFQ.

(3) If the SEF determines that the price of a transaction is inside the Non-Reviewable Range, the SEF will issue an alert indicating that the transaction shall stand as executed.

(4) If the SEF determines that the price of a transaction is outside the Non-Reviewable Range, the SEF shall have the right, in its sole discretion, to cancel or adjust the price of such transaction. Canceled transactions and any prices that have been adjusted shall be canceled in the SEF's official records. Transactions that have had their price adjusted shall be inserted in the SEF's official records at the adjusted price.

(d) *Alternative Resolution by Agreement of Parties*

(1) With the approval of the SEF, parties to a transaction that is under review or that has had its price adjusted may instead, together with the DCO, as applicable, mutually agree to cancel or otherwise adjust the price of the transaction.

(2) With the approval of the SEF, parties to a transaction that is canceled may instead, together with the DCO, as applicable, mutually agree to adjust the price of such transaction to a price within the Non-Reviewable Range.

(3) Subject to sections (d)(1) and (d)(2), parties to a transaction that is canceled or that has had its price adjusted may mutually agree to a cash adjustment.

(4) Any cancellation or adjustment made pursuant to sections (d)(1), (d)(2) or (d)(3) must be reported to the SEF by the parties within one (1) Business Day and the parties must maintain a record of such adjustment.

(e) *Liability for Losses Resulting from Cancellations or Price Adjustments*

(1) A party that through error or mistake enters a Bid/Offer, RFQ or Pre-Arranged Cross that results in a cancellation or price adjustment shall be responsible for demonstrated claims of realized losses incurred by persons whose transaction prices were canceled or adjusted; 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.

(2) A claim for a loss pursuant to this Rule 315 must be submitted to the SEF within one (1) Business Day of the event giving rise to the claim. The SEF will reject any claim that is not filed in a timely manner and such decision shall be final. Eligible claims shall be forwarded by the SEF to the party responsible for the Bid/Offer, RFQ or Pre-Arranged Cross that resulted in a cancellation or a price adjustment of a transaction and the Participant through which the transaction was submitted to the SEF. Such party, or Participant on behalf of such party, shall, within ten (10) Business Days of receipt of the

claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten (10) Business Days shall be deemed a denial of liability.

(3) To the extent that liability is admitted, payment shall be made within ten (10) Business Days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten (10) Business Days shall be deemed a denial of liability for the purposes of this Rule 315. A copy of any such written agreement must be provided to the SEF.

(4) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Rule 702. Such claims must be submitted to the SEF within ten (10) Business Days of the date the party was issued notification that liability was denied.

Rule 316. Reporting Counterparty

(a) For each Contract executed on or subject to the Rules of the SEF, the SEF shall report creation data to an SDR, and shall include in such creation data the identification of the reporting counterparty. The reporting counterparty will be determined by the SEF, if possible, in accordance with Commission Regulation 45.8 (a) – (f) and, in the event the counterparties to the Contract are of the same hierarchy level, the ISDA Reporting Party Rules. If the SEF is unable to determine the reporting counterparty in accordance with Commission Regulation 45.8 (a) – (f) and the ISDA Reporting Party Rules, the SEF will identify the buyer of the Contract as the reporting counterparty in the creation data. By executing the Contract on the SEF, the counterparties agree to the use of the ISDA Reporting Party Rules and, where necessary, the identification of the buyer as reporting counterparty, and waive the opportunity to agree separately upon a reporting counterparty and to receive notice from the SEF, as provided in Commission Regulation 45.8(d) and 45.8(f).

(b) Notwithstanding paragraph (a) of this Rule 316, for Contracts in the commodity asset class (as set forth in the ISDA Reporting Party Rules) between counterparties of the same hierarchy level, as determined by Commission Regulation 45.8 (a) – (f), the counterparties to such a Contract may agree separately upon a reporting counterparty. In the event that such counterparties do not agree upon a reporting counterparty, the reporting counterparty will be determined under paragraph (a) of this Rule 316.

(b) For each Contract executed on or subject to the Rules of the SEF, the reporting counterparty and/or the relevant DCO is responsible for reporting continuation data to the SDR to which the creation data for the Contract was first reported in accordance with Commission Regulations 45.4 and 45.10.

CHAPTER 4
TRADING STANDARDS

Rule 401. Fraudulent Statements and Acts

(a) No Participant or Customer shall make any material misrepresentation of fact or omit to state any material fact necessary to prevent a statement from being misleading, in connection with or related to any transaction on or other activity related to the SEF.

(b) No Participant or Customer may engage in any fraudulent act or engage in any scheme to cheat, defraud or deceive, in connection with or related to any transaction on or other activity related to the SEF.

Rule 402. Abusive Trading Practices

(a) No Participant or Customer shall create fictitious or wash transactions on the SEF or execute any Bid/Offer for a fictitious or wash transaction with knowledge of its nature.

(b) No Participant or Customer shall engage in trading on or subject to the Rules of the SEF for the purpose of passing money or transferring equity from one account to another.

(c) No Participant trading as an Intermediary on behalf of a Customer shall engage in trading ahead of a Customer Order, trading against a Customer Order without the Customer's consent, front running a Customer Order, accommodation trading or improper cross trading.

(d) No Participant or Customer shall engage in any trading, practice or conduct on or subject to the Rules of the SEF that (1) violates Bids/Offers; (2) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; or (3) is, is of the character of, or is commonly known to the trade as, "spoofing" (entering a Bid/Offer with the intent to cancel the Bid/Offer before execution).

Rule 403. Good Faith Bids/Offers and RFQs

(a) A Participant or Customer shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ into the SEF other than in good faith for the purpose of executing bona fide transactions.

(b) A Participant or Customer shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ unless such Participant or Customer has sufficient funds to provide the required collateral for the related Contract should the Contract be executed.

Rule 404. Pre-Execution Discussions and Pre-Arranged Transactions

No Participant or Customer shall prearrange or pre-negotiate or non-competitively execute any transaction on the SEF except as follows:

(a) Block Trades are not subject to this prohibition.

(b) Permitted Transactions executed pursuant to Rule 304 are not subject to this prohibition.

(c) Participants and Customers may engage in pre-execution discussions with regard to transactions executed on the SEF by entering a Bid/Offer into a Trading Platform where one party wishes to be assured that a contra party will take the opposite side of the Bid/Offer, provided that the initiating party's Bid/Offer is entered into a Trading Platform for 15 seconds, or such other time as the SEF may publish for particular Contracts, before the other party's Bid/Offer is entered; *provided, however*, that:

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

(2) Parties to pre-execution communications shall not:

(i) disclose to a nonparty the details of such communications; or

(ii) enter a Bid/Offer to take advantage of information conveyed during such communications except in accordance with this Rule.

(3) Notwithstanding paragraph (c)(2) of this Rule, a party may disclose or use such communications if such disclosure or use is authorized in writing by the counterparty, or is necessary:

(i) for the effective execution of any Swap for or with the counterparty;

(ii) to hedge or mitigate any exposure created by such Swap; or

(iii) to comply with a request of the Commission, the U.S. Department of Justice, any self-regulatory organization, or an applicable prudential regulator, or as otherwise required by law.

Rule 405. Manipulation and Price Distortion

Any manipulation of the market in any Contract is prohibited. Bids/Offers entered into a Trading Platform or Pre-Arranged Crosses submitted to an Execution Specialist 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 or Customer who makes or assists in entering any such Bid/Offer or Pre-Arranged Cross 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 Bid/Offer or Pre-Arranged Cross, will be deemed to have engaged in an act detrimental to the SEF.

Rule 406. Adherence to Law

No Participant or Customer may engage in conduct in violation of Applicable Law or the rules of any DCO which clears a Cleared Contract in connection with or related to any transaction on or other activity related to the SEF.

Rule 407. Acts Detrimental to the SEF or Inconsistent with Just and Equitable Principles of Trade

It will be an offense for a Participant or Customer to violate any Rule of the SEF regulating the conduct or business of a Participant or Customer or any agreement made with the SEF, or to engage in any act detrimental to the SEF's operations or self-regulatory function or the SEF's ability to enforce its Rules or in conduct inconsistent with just and equitable principles of trade.

Rule 408. Position Limits and Position Accountability

(a) The SEF may set and enforce such Position Limits or position accountability levels with respect to each Contract as the SEF deems necessary to reduce the threat of market manipulation or congestion.

(b) The SEF hereby adopts the Commission's Position Limitations for any Contract for which the Commission has adopted a Position Limit. In no event will the SEF set its Position Limits at a level higher than the Commission's Position Limits.

(c) For Permitted Transactions, the SEF may set and enforce position accountability levels or send the Commission a list of the Permitted Transactions transacted on the SEF.

(d) All Participants and Customers must comply with all SEF and Commission requirements regarding Position Limits or position accountability levels.

(e) Each Participant required to file any report, statement, form or other information with the Commission pursuant to Commission Regulations concerning a Position Limit on any Contract or commodity underlying a Contract must simultaneously file a copy of such report, statement, form or other information with the SEF. Such information shall include, for Participants who are Intermediaries, information concerning the Customers for which transactions are made on the SEF.

(f) Any Participant or Customer who exceeds a SEF or Commission Position Limit by entering into a transaction on the SEF shall be deemed in violation of the Rules of the SEF. In addition, any Participant or Customer entering bids or offers, if accepted, which would cause that Participant or Customer to exceed the applicable SEF or Commission Position Limit, shall be in violation of the Rules of the SEF.

(g) Without limiting any provision of these Rules, the SEF shall have the authority to obtain from any Participant or Customer, on request, information with respect to all positions of such Participant or Customer in Contracts which are equivalent, for purposes of SEF or Commission Position Limits, to those transacted in by the Participant on the SEF.

CHAPTER 5
RULE ENFORCEMENT

Rule 501. Jurisdiction

(a) The SEF shall have the authority to initiate and conduct investigations, and prosecute Violations of these Rules committed by Participants and Customers, and to impose sanctions for such Violations as provided in these Rules.

(b) Each Participant, upon becoming a Participant and thereafter upon any change of address shall file with the SEF a written notice designating an address for receiving service of documents. If a Participant fails to designate such an address, service by U.S. mail to its address on file with the SEF shall be good service, and delivery thereof shall be deemed to have occurred as of the date of such mailing.

Rule 502. SEF Market Regulation Staff Powers and Duties

(a) It shall be the duty of the Chief Compliance Officer to enforce these Rules, and he or she shall have the authority to inspect the books and records of all Participants and Customers and the authority to require any Participant or Customer to appear before him or her to answer questions regarding matters being investigated by the Market Regulation Staff. The Chief Compliance Officer may also delegate such authority to Market Regulation Staff who shall consist of employees of the SEF, and such other Regulatory Services Providers as the SEF may hire on a contract basis. The Chief Compliance Officer shall ensure that surveillance systems are established to monitor trading to prevent manipulation and price distortion. Such monitoring may be done by the Market Regulation Staff or a third party provider, and shall include real time monitoring and the ability to conduct comprehensive and accurate transaction reconstructions.

(b) The Market Regulation Staff shall conduct investigations of possible Violations of these Rules, prepare written reports respecting such investigations, furnish such reports to the Review Panel and conduct the prosecution of such Violations. An investigation must be commenced upon receipt of a request from Commission staff or receipt of information (such as data produced by automated surveillance systems) by the SEF that in the judgment of the Market Regulation Staff indicates a reasonable basis for finding that a Violation has occurred or will occur. Absent mitigating factors, each investigation will be completed no later than 12 months after the investigation is opened. Mitigating factors include the complexity of the investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential Violations to be investigated and the volume of documents and data to be examined and analyzed by Market Regulation Staff.

(c) If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that a Violation of these Rules may have occurred, he or she may issue a warning letter, including for minor transgressions, or shall present an investigation report concerning the matter to the Review Panel. No more than one warning letter may be issued to the same person found to have committed the same Violation more than once in a rolling 12-month period. The investigation report must include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; Market Regulation Staff's analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. The report may also include the Participant's or Customer's disciplinary history at the SEF, including copies of any warning letters.

(d) If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that no reasonable basis exists for finding a Violation of these Rules, he or she must prepare a written investigation report including the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and Market Regulation Staff's analysis and conclusions. The Chief Compliance Officer or another member of the Market Regulation Staff may issue a warning letter in any case where it is concluded that no reasonable

basis exists for finding a Violation of these Rules, without limitation on the number of warning letters issued to a person.

(e) Before presenting an investigation report to the Review Panel, the Market Regulation Staff may, in its sole discretion, inform the prospective Respondent that it intends to submit the matter to the Review Panel, and at such time the proposed Respondent may submit an offer of settlement to the Hearing Panel, in accordance with the procedures of Rule 509, prior to presentation of the investigation report to the Review Panel.

(f) The SEF has contracted with NFA to act as Regulatory Services Provider to provide certain regulatory services to the SEF, including reviews of the SEF's audit trail information for potential violations of SEF Rules. The SEF will retain ultimate decision-making authority with respect to any regulatory services to be provided by NFA.

(g) The SEF or its Regulatory Services Provider shall have the right, with such prior reasonable advance notice as is practicable under the circumstances (unless in furtherance of regulatory purposes, in which case without prior notice to Participants or Customers), in connection with determining whether all SEF Rules are being, will be, or have been complied with by the Participant or Customer, to: (i) inspect systems, equipment and software of any kind operated by the Participant or Customer in connection with accessing, and the Participant's or Customer's transacting on, the SEF, wherever located; (ii) access, either physically or electronically, 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; and/or (iii) copy or reproduce any data to which the SEF has access under this Rule. Each Participant and Customer shall provide the Regulatory Services Provider with the same access to its books and records and offices as it is required to provide to the SEF under the SEF Rules and Applicable Law.

Rule 503. The Review Panel

(a) The Review Panel shall have the power to direct that an investigation of any suspected Violation be conducted by the Market Regulation Staff, and shall hear any matter referred to it by the Market Regulation Staff regarding a suspected Violation.

(b) The Review Panel shall be appointed by the Board, and shall be comprised of five persons, including at least two Participants and at least two non-Participants. The Board shall appoint as chairman (the "**Review Panel Chairman**") of the Review Panel a person who would not be disqualified from serving as a "Public Director" as defined in Commission Regulations. Three panel members shall constitute a quorum for any action, so long as they are in attendance at the time of the relevant action. The Review Panel may not include any members of the Market Regulation Staff, or any person involved in adjudicating any other stage of the same Proceeding.

(c) All information, records, and documents provided to the Review Panel, and all related records and documents shall be treated as confidential and shall not be disclosed, except as necessary to further a SEF investigation or as required by Applicable Law.

(d) Upon receipt of an investigation report, the Review Panel shall promptly review the report and, within thirty (30) days of receipt, take one of the following actions:

(1) If the Review Panel determines that additional investigation or evidence is needed, it shall promptly direct the Market Regulation Staff to conduct further investigation;

(2) If the Review Panel determines that no reasonable basis exists for finding a Violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and must include a written statement setting forth the facts and analysis supporting the decision; or

(3) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, it must direct that the Participant or Customer alleged to have committed the Violation be served with a notice of charges as set forth in Rule 504.

(e) If the Review Panel determines that there may have been a Violation but that no adjudication is warranted, the Review Panel may issue a warning letter to the Participant or Customer informing it that there may have been a Violation and that such continued activity may result in disciplinary sanctions. Where a Violation is determined to have occurred, no more than one warning letter for the same potential Violation may be issued to the same person during a rolling 12 month period.

Rule 504. Notice of Charges

(a) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, the Chief Compliance Officer shall serve a notice of charges (a "**Notice**") on the Participant or Customer alleged to have been responsible for the Violation (such Participant or Customer, the "**Respondent**"). Such Notice shall state:

(1) the acts, practices or conduct with which the Respondent is charged;

(2) the Rules allegedly violated and how such acts, practices or conduct constitute a Violation of such Rules;

(3) that the Respondent is entitled, upon written request filed with the SEF, within twenty (20) days of service of the Notice, to a formal hearing on the charges;

(4) that the failure of the Respondent to request a hearing within twenty (20) days of service of the Notice, except for good cause shown, shall be deemed a waiver of its right to a hearing;

(5) that the failure of the Respondent to file an Answer (as defined in Rule 505) with the Market Regulation Staff within twenty (20) days of service of the Notice shall be deemed an admission of all of the acts, practices or conduct alleged in the Notice; and

(6) that the failure of the Respondent to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

(b) A Respondent shall have the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process, except by any member of the Board, Review Panel or Hearing Panel, any employee of the SEF or any person substantially related to the underlying investigation, such as a material witness or Respondent.

Rule 505. Answer; Request for Hearing; Failure to Answer or Deny Charges

(a) The Respondent shall serve on the Chief Compliance Officer a written answer (an "**Answer**") to the Notice and a written request for a hearing on the charges within thirty (30) days of the date of service of the Notice. The Answer must include a statement that the Respondent admits, denies, or does not have and is unable to obtain sufficient information to deny each allegation. A statement of lack of sufficient information shall have the effect of a denial of the allegation.

(b) The Respondent's failure to file an Answer within such thirty (30) day period shall be deemed an admission of all allegations contained in the Notice.

(c) The Respondent's failure to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

(d) The Respondent's failure to request a hearing within such thirty (30) day period, absent good cause shown, shall be deemed a waiver of Respondent's right to a hearing.

Rule 506. Selection of Hearing Panel

(a) Formal hearings on any Notice shall be conducted by the Hearing Panel selected by the Board. The Hearing Panel shall include at least two Participants and at least two non-Participants. The Board shall also select, as chairman of the Hearing Panel ("**Hearing Panel Chairman**"), a person who would not be disqualified from serving as a "Public Director" as defined in Commission Regulations. The Hearing Panel Chairman, in his or her sole discretion, shall set a date for the hearing (the "**Hearing Date**"). The Hearing Panel may not include any members of the Market Regulation Staff, or any person involved in adjudicating any other stage of the same Proceeding.

(b) The Hearing Panel Chairman shall notify the Market Regulation Staff and the Respondent of the Hearing Date and the names of the members of the Hearing Panel at least fifteen (15) days prior to the Hearing Date.

(c) No member of the Hearing Panel shall hear a case in which that member has a direct financial, personal or other interest in the matter under consideration.

Rule 507. Challenge to Members of the Hearing Panel

Within ten (10) days after service on the Respondent of notice of the Hearing Date and names of the members of the Hearing Panel, the Respondent may challenge, in writing, the inclusion of any member of the Hearing Panel for cause, including without limitation, if the member has a direct financial, personal or other interest in the matter under consideration. The merits of such challenge shall be finally decided by the Regulatory Oversight Committee. If said written challenge is not received within such ten (10) day period, absent good cause shown, any such right to challenge is deemed waived.

Rule 508. Hearing on Sanctions in the Event of Failure to Deny Charges; Failure to Request Hearing Deemed Acceptance of Sanctions

In the event the Respondent fails to file an Answer or admits or fails to deny the charge of a Violation contained in the Notice, the Hearing Panel shall find the Respondent guilty of each such Violation and may impose a sanction for each such Violation subject to the limitations set forth in Rule 511(f). The Hearing Panel shall promptly notify the Respondent of any such sanction and of the Respondent's right to a hearing on the sanction within the period of time which shall be stated in the notice, after the imposition of such sanction. Failure to request a hearing on the sanction in a timely manner, absent good cause shown, shall be deemed to be acceptance of the sanction.

Rule 509. Settlement Prior to Commencement of Hearing

(a) Prior to the commencement of the hearing, the Hearing Panel may accept a written offer of settlement from the Respondent, whereby the Respondent, without either admitting or denying any Violations, may agree to:

(1) a cease and desist order;

(2) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed $100,000 per Violation);

(3) restitution of any counterparty harm; and/or

(4) revocation or suspension of Trading Privileges or Customer status of the Respondent.

(b) If the Hearing Panel accepts an offer of settlement, it must issue a written decision specifying each Rule Violation it has reason to believe was committed, including the basis for the Hearing Panel's conclusions. The sanctions must include full counterparty restitution where counterparty harm is demonstrated, except where the amount of restitution or to whom it should be provided cannot be reasonably determined. If an offer of settlement is accepted without the support of the Market Regulation Staff, the decision must adequately support the Hearing Panel's acceptance of the settlement. Where applicable, the decision must include a statement that the Respondent has accepted the sanctions imposed without either admitting or denying any Violations. Any sanctions imposed pursuant to an offer of settlement must take into account the Respondent's disciplinary history.

(c) The Respondent may withdraw an offer of settlement at any time before final acceptance by the Hearing Panel. If an offer is withdrawn after submission, or is rejected by the Hearing Panel, the Respondent may not be deemed to have made any admissions by reason of the offer of settlement and may not be otherwise prejudiced by having submitted the offer of settlement.

Rule 510. Hearing Procedures

(a) In every instance where a Respondent has requested a hearing on a charge that is denied, or on a sanction set by the Hearing Panel pursuant to Rule 508, the Respondent will have the opportunity for a hearing in accordance with the procedures of this Rule.

(b) The Hearing Panel shall determine the procedures to be followed in any hearing before it, except that the following shall apply in every case:

(1) The hearing must be fair and must be promptly convened after reasonable notice to the Respondent.

(2) The prosecution shall be conducted by the Market Regulation Staff.

(3) The Respondent shall be allowed to appear personally at the hearing, and to be represented by legal counsel or any other representative of its choosing and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses.

(4) The Market Regulation Staff and the Respondent shall deliver to each other a statement listing the witnesses expected to be called and the documents expected to be introduced into evidence, together with copies of such documents, by ten (10) days' notice prior to the hearing or as the Hearing Panel may reasonably specify. Unless the Hearing Panel, in its discretion, waives compliance with this requirement, no witness may testify and no documentary evidence may be introduced into evidence unless listed in and, in the case of documents, furnished with such statement. On written request, the Market Regulation Staff shall provide the Respondent with access to all books, documents or other tangible evidence in the possession or under the control of the SEF which are to be relied upon by the Market Regulation Staff or which are relevant to the charges; provided, however, that protected attorney work product, attorney-client communications and investigative work product, including the investigation report, are neither discoverable by a Respondent nor subject to review by a Respondent as part of the investigation file.

(5) The SEF shall require that persons within its jurisdiction who are called as witnesses participate in the hearing and produce evidence, and will make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant. Failure by a Participant or Customer to so participate and produce evidence when requested by the SEF shall be a Violation of these Rules.

(6) No formal rules of evidence shall apply, and the Hearing Panel shall be free to accept or reject any and all evidence it considers proper, but the hearing may not be so informal as to deny a fair hearing.

(7) Neither the Market Regulation Staff, the Respondent, any witnesses testifying before the Hearing Panel nor any other person within the SEF's jurisdiction shall engage in conduct that may impede the progress of a hearing or the fair and just resolution of the subject matter thereof, and any such conduct may itself constitute a Violation.

(8) Ex parte contacts by any of the parties with members of the Hearing Panel shall not be permitted.

(9) A substantially verbatim record capable of being accurately transcribed shall be made of the Proceeding, provided, however, that such record need not be transcribed, unless the transcript is requested by the Respondent or an applicable regulator, or unless the decision is appealed to the Commission or reviewed by the Commission on its own motion. In all other instances, a summary record of the hearing is permitted.

(10) The cost of transcribing the record of the hearing must be borne by a Respondent who requests the transcript, or whose application for Commission review of the disciplinary action has been granted. In all other instances, the cost of transcribing the record will be borne by the SEF.

(11) The Notice, the Answer, any stenographic transcript of the hearing, the documentary evidence and any other material presented to the Hearing Panel by either party with notice to the other shall constitute the record of the hearing (the "**Hearing Record**").

(12) The burden of proof shall be on the prosecution to prove a Violation by a preponderance of the evidence. A finding of a Violation shall be made by majority vote based on the Hearing Panel's decision as to the weight of the evidence contained in the Hearing Record.

(13) All sanctions imposed by the Hearing Panel must be commensurate with the Violations committed and must be clearly sufficient to deter additional similar Violations by the Respondent and similar Violations by other Participants and Customers. All sanctions must take into account the Respondent's disciplinary history. In the event of demonstrated counterparty harm, any sanctions must include full counterparty restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.

Rule 511. Written Decision of Hearing Panel

The Hearing Panel shall render a written decision based upon the weight of evidence in the Hearing Record and must provide a copy to the Respondent. The written decision shall include:

(a) a summary of the Violations alleged in the Notice;

(b) a summary of the Answer;

(c) a summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;

(d) a statement of the findings and conclusions of the Hearing Panel with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;

(e) an indication of each specific Rule that the Respondent was found to have violated; and

(f) an order stating any sanctions imposed, including the basis for the sanctions, and the effective date of such sanctions; the sanctions that may be imposed on the Respondent shall be one or more of the following:

(1) a cease and desist order;

(2) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed $100,000 per Violation);

(3) restitution of counterparty harm, except where the amount of restitution or to whom it should be provided cannot be reasonably determined; and/or

(4) the issuance of a suspension or revocation of Trading Privileges or Customer status of the Respondent.

(g) The Hearing Panel shall take into consideration the Respondent's disciplinary history prior to imposing any disciplinary sanctions.

Rule 512. Liability for Expenses

Any Respondent that, after notice and opportunity for hearing, has been found to have committed a Violation may, in the discretion of the Hearing Panel appointed in the matter, be required to pay to the SEF an amount equal to any and all reasonable and documented out-of-pocket expenses incurred by the SEF in connection with the prosecution of such Violations, in addition to any fine or other monetary sanction which may be imposed upon such Respondent by virtue of the Violations found by the Hearing Panel.

Rule 513. Effective Date of Sanctions

(a) If a Respondent submits an offer of a settlement to the Hearing Panel, any sanction included as a part of such settlement shall become final and effective on the date that the Hearing Panel approves such settlement, or on such other date as is specified in the decision.

(b) Any decision (including any sanctions) by a Hearing Panel shall be the final decision of the SEF and shall become effective fifteen (15) days, or such longer time as the Hearing Panel may specify, after a copy of the written decision of the Hearing Panel has been served on the Respondent; provided, however, that in any case where the Respondent has consented to the action taken and to the timing of its effectiveness, the Hearing Panel may cause the decision involving any disciplinary action (including any sanctions) to become effective prior to the fifteen (15) day period.

(c) Any fine or other monetary sanction imposed by a Hearing Panel shall be due and payable on the effective date of the decision imposing such fine or sanction, or on such later date as the Hearing Panel may specify.

Rule 514. Summary Suspension

(a) A Participant or Customer (as identified by Market Regulation Staff in an investigation or by a Trading Privilege Holder acting as an Intermediary for such Customer) may be summarily and immediately suspended from trading on the SEF, upon a written determination based on a reasonable belief, by the Chairman of the Regulatory Oversight Committee that such immediate action is necessary to protect the best interest of the market place.

(b) The Participant or Customer against whom such summary action is taken shall be served with a notice of the action either before the action is taken or at the earliest possible opportunity thereafter. The notice shall state the action taken, the reasons for the action, the effective date and time, and the duration of the action.

(c) The Participant or Customer may as soon as practicable, upon written request, have a hearing before the Hearing Panel pursuant to the procedures of Rule 510.

(d) Promptly following the hearing, the Hearing Panel shall render a written decision based upon the weight of the evidence in the record and shall provide a copy to the Participant or Customer. The decision shall include a description of the summary action taken, the reasons for the summary action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the summary action should be affirmed, modified or reversed, a declaration of any action to be taken pursuant to the determination, and the effective date and duration of the action.

Rule 515. Extension of Time Limits

Any time limit provided for in Rules 504, 505, 506, 507, 508, or 510 may be extended by mutual consent of the Respondent and the Market Regulation Staff, or by the Hearing Panel Chairman.

CHAPTER 6
CONTRACTS TO BE TRADED

Rule 601. Listing Procedures

Any Trading Privilege Holder may propose to the SEF the listing of a Swap on the SEF by submitting a listing application to the SEF. The Chief Executive Officer of the SEF shall have authority, subject to complying with Rule 602, to submit the contract to the Commission, either with a request for prior approval, or with a self-certification.

Rule 602. Swaps Not Readily Susceptible to Manipulation

Before submitting a Swap to the Commission for prior approval or with a self-certification, the Chief Executive Officer of the SEF shall determine that the Swap is not readily susceptible to manipulation, and shall submit to the Commission the following information required by Appendix C to Part 38 of Commission Regulations to show that the Swap complies with Core Principle 3:

(a) For cash-settled Swaps, documentation demonstrating that the settlement price index is a reliable indicator of market values and conditions, is highly regarded by industry/market agents, and is publicly available on a timely basis.

(b) Where an independent, private-sector third party calculates the referenced price index, verification that the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash settlement prices included in the index.

(c) Where the SEF generates the cash settlement prices included in the index, information demonstrating that the calculation procedures safeguard against potential attempts to artificially influence the price, and a description of how the calculation procedures eliminate or reduce the impact of potentially unrepresentative data.

(d) Appropriate speculative limits to prevent manipulation.

(e) Procedures for intraday market restrictions that pause or halt trading in the event of extraordinary price moves that may result in distorted prices.

CHAPTER 7
GOVERNING LAW, JURISDICTION AND DISPUTE RESOLUTION

Rule 701. Choice of Law

The laws of the State of New York, without regard to its conflict of laws principles, will govern this Rulebook and all disputes arising out of or related to the SEF or any transaction on the SEF.

Rule 702. Disputes Among Trading Privilege Holders, Authorized Traders, Authorized Trading Firms and Customers

All disputes between and among Trading Privilege Holders, Authorized Traders, Authorized Trading Firms and Customers that arise out of or relate to the SEF or any transaction that was made or attempted to be made on the SEF shall be resolved exclusively in the state or federal courts located in New York, New York except as follows:

(a) If all parties to the dispute are members or associates of the NFA, the dispute will be resolved in NFA Member Arbitration.

(b) If all parties separately agree to another forum, the dispute will be resolved in the other forum.

Rule 703. Disputes with the SEF

(a) Subject to Rule 102, all disputes between and among the SEF on the one hand, and Trading Privilege Holders and/or Authorized Traders and/or Authorized Trading Firms and/or Customers on the other hand, that arise out of or relate to the SEF, or any transaction that was made or attempted to be made on the SEF, shall be resolved exclusively in the state or federal courts located in New York, New York. Suit on any such dispute must be brought within one year from the time the cause of action has accrued.

(b) Any current or former Trading Privilege Holder, Authorized Trader, Authorized Trading Firm or Customer who does not substantially prevail in a lawsuit or any other type of legal proceeding instituted in a court of law or otherwise against the SEF or any of its officers, directors, committee members, volunteers, employees or agents, shall pay to the SEF any and all reasonable expenses and disbursements, including reasonable attorneys' fees, incurred by the SEF to defend such lawsuit or proceeding.

CHAPTER 8
CONTRACT SPECIFICATIONS

Contract specifications will be added as Contracts are listed.

Document comparison by Workshare Compare on Friday, May 30, 2014 2:59:37 PM

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Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	63
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	136

Exhibit D

ICAP SEF (US) LLC

Swap Execution Facility

Rulebook

Version: 1.7

Revised

May 2014

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SEF Rulebook

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Contract specifications will be added as Contracts are listed. 44

DEFINITIONS

Except where the context requires otherwise, the following terms shall have the following meanings when used in the Rules. Use of the singular shall include the plural and vice versa, unless the context requires otherwise.

Act means the Commodity Exchange Act, as amended from time to time.

Affiliate means, with respect to any person, any other person who controls, is controlled by or is under common control with such person.

Answer shall have the meaning set forth in Rule 505.

Applicable Law means, with respect to any person, any statute, law, regulation, rule or ordinance of any Governmental Authority applicable to such person, including but not limited to the Act and Commission Regulations.

Associated Person shall have the same meaning as in the Act and Commission Regulations.

Authorized Trader means an individual designated as such by, and acting on behalf of, a Trading Privilege Holder to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and execute transactions in Contracts.

Authorized Trading Firm means an entity designated as such by a Trading Privilege Holder to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and execute transactions in Contracts either as an Intermediary for such Trading Privilege Holder or as a Customer with DMA granted by such Trading Privilege Holder.

Bid/Offer means a bid or offer entered into a Trading Platform operated by the SEF or submitted to the SEF in response to an RFQ.

Block Trade shall have the meaning set forth in Rule 308.

Board means the Board of Directors of the SEF.

Breakage Agreement means an agreement or any other arrangement between the parties that provides for the assessment of liability or payment of damages between the parties to a Cleared Contract in the event that the Cleared Contract is rejected from clearing.

Business Day means any day on which a Contract is available for trading on the SEF.

Call Option means an Option whereby (i) the purchaser has the right, but not the obligation, to buy an Underlying Interest, at the strike price specified; and (ii) the grantor has the obligation, upon exercise, to enter into an Underlying Interest for delivery in such Delivery Month, at such strike price.

Chairman of the Board means the chairman of the Board of the SEF.

Chief Compliance Officer means the chief compliance officer of the SEF, or one duly authorized to act with the authority of the Chief Compliance Officer.

Chief Executive Officer means the Chief Executive Officer and President of the SEF, or one duly authorized to act with the authority of such officer.

Class means, with respect to any Swap, a Contract covering the same Underlying Interest.

Cleared Contract means any Contract that is listed for clearing by the SEF.

Clearing Firm means a clearing member of a DCO that is authorized pursuant to the rules of such DCO to clear transactions in any or all Contracts.

Clearing Firm Representation shall have the meaning set forth in Rule 204(f).

Commission means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

Commission Regulations means any rule, regulation, order, directive and any interpretation thereof promulgated by the Commission, as amended.

Commodity shall have the same meaning as in the Act.

Confirmation shall have the same meaning as in Commission Regulation 45.1.

Contract means any Swap listed for trading on the SEF.

Customer means any person (including another Trading Privilege Holder) that transacts on the SEF through a Participant acting as an Intermediary.

Customer Type Indicator Codes shall have the meaning set forth in Rule 208.

DCO means, with respect to any Swap, a derivatives clearing organization authorized to clear such Swap.

Delivery Month means, with respect to any Contract, the month in which delivery of an Underlying Interest is to be made pursuant to the terms of such Contract.

Director means a member of the Board of the SEF.

DMA means a Trading Privilege Holder (including an Intermediary) permitting a Customer to transmit orders electronically to the Trading Privilege Holder's systems for onward transmission to a Trading Platform utilizing the Trading Privilege Holder's trading identification.

Emergency shall have the meaning set forth in Rule 104.

Expiration Day means the day on which an Option expires.

Execution Specialist means a SEF employee responsible for assisting Participants with entering Bids/Offers or electronic RFQs in the Order Book, issuing and responding to voice RFQs, executing and receiving reports of Block Trades and executing Pre-Arranged Crosses.

Financial Entity has the meaning set forth in the Act.

Governmental Authority means 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 association).

Hearing Date shall have the meaning set forth in Rule 506.

Hearing Panel shall have the meaning set forth in the Operating Agreement.

Hearing Panel Chairman shall have the meaning set forth in Rule 506.

Hearing Record shall have the meaning set forth in Rule 510.

ICAP means ICAP Broking Holdings North America LLC, the sole limited liability member of the SEF.

ID shall have the meaning set forth in Rule 302.

Information shall have the meaning set forth in Rule 107.

Intermediary means any futures commission merchant, introducing broker or commodity trading advisor registered with the Commission, or any other person that is exempt from such registration, or not required by Applicable Law to register, and acts in compliance with Applicable Law in performing similar functions, that enters Bids/Offers or electronic RFQs into a Trading Platform, issues and responds to RFQs, reports block trades or submits Pre-Arranged Crosses to the SEF on behalf of Customers or provides such Customers with DMA.

Intermediated Transaction means any transaction on the SEF conducted through an Intermediary.

ISDA means the International Swaps and Derivatives Association, Inc.

ISDA Reporting Party Rules means the document published by ISDA entitled "Dodd Frank Act – Swap Transaction Reporting Party Requirements" dated July 15, 2013, as amended from time to time.

Last Trading Day means, with respect to any Swap, the last day on which trading is permitted for such Swap in accordance with the Rules.

Legal Entity Identifier or **LEI** shall have the same meaning as in Commission Regulations.

Major Swap Participant shall have the same meaning as in the Act and Commission Regulations.

Market Regulation Staff means the employees of the SEF designated by the SEF as members of the Market Regulation Staff, any agents of the SEF that assist the SEF in the implementation, surveillance, and enforcement of its rules and related obligations, and the SEF's Regulatory Services Provider.

NFA means the National Futures Association.

New Leg shall have the meaning set forth in Rule 204(i).

Non-Reviewable Range means the amounts stated in the specifications for each particular Contract that are above and below the fair market value for each Contract as determined in accordance with Rule 315.

Notice shall have the meaning set forth in Rule 504.

Operating Agreement means the limited liability company agreement of the SEF.

Option means a Swap whereby one party grants to another the right, but not the obligation, to buy or sell a Commodity or other Underlying Interest.

Order means an instruction by a Customer to a Participant to execute a transaction on behalf of such Customer.

Order Book means a Trading Platform in which all Trading Privilege Holders have the ability to enter, observe and transact on multiple Bids/Offers and electronic RFQs.

Package Transaction means a transaction executed on or subject to the Rules involving two or more instruments: (i) that is executed between two or more parties that are Participants or Customers; (ii) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; (iii) that has at least one component that is a Swap that the SEF has made available to

trade pursuant to section 2(h)(8) of the Act; and (iv) where the execution of each component is contingent upon the execution of all other components.

Participant means any Trading Privilege Holder, Authorized Trader or Authorized Trading Firm.

Participation Committee shall have the meaning set forth in the Operating Agreement.

Permitted Transaction means any transaction involving a Swap that is not subject to the trade execution requirement in section 2(h)(8) of the Act.

person means any individual, sole proprietorship, corporation, limited liability company, limited liability partnership, partnership, association, estate, trust, governmental agency, unincorporated organization or any other legal entity.

Physical Emergency shall have the meaning set forth in Rule 104.

Position Limit means the maximum position, either net long or net short, in one Series or a combination of various Series of a particular Class that may be held or controlled by one person, or subject to aggregation with such person's position, as prescribed by the SEF and/or Commission.

Pre-Arranged Cross means a Permitted Transaction pre-arranged pursuant to Rule 304(b).

Proceeding shall have the meaning set forth in the Operating Agreement.

Proprietary Data and Personal Information means data and information that separately discloses business transactions, market positions or trade secrets of any person.

Public Director means any person who qualifies as a "public director" within the meaning set forth in the Commission Regulations.

Put Option means an Option whereby (i) the purchaser has the right, but not the obligation, to sell an Underlying Interest at the strike price specified; and (ii) the grantor has the obligation, upon exercise, to buy an Underlying Interest at such strike price.

Recipient means a Participant who is a recipient of an RFQ.

Regulatory Agency means any government body, including the Commission and the U.S. Securities and Exchange Commission ("**SEC**"), and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, the NFA and any other SRO, not including the SEF.

Regulatory Oversight Committee shall have the meaning set forth in the Operating Agreement.

Regulatory Services Provider means an outside organization which provides regulatory services to the SEF pursuant to an agreement.

Rejected Leg shall have the meaning set forth in Rule 204(i).

Related Parties shall have the meaning set forth in Rule 107.

Request for Quote or **RFQ** means a request by one Participant to at least such minimum number of Participants as may be required by Commission Regulations from time to time for a market quote that shall constitute a Bid/Offer.

Required Transaction means any transaction involving a Swap that is subject to the trade execution requirement in section 2(h)(8) of the Act.

Respondent means any person who is charged with a Rule violation.

Review Panel shall have the meaning set forth in the Operating Agreement.

Risk-Based Limits means the risk-based limits established by a Clearing Firm in accordance with Commission Regulation 1.73.

Rule or Rules means the rules, resolutions, interpretations, statements of policy, decisions, directives and orders of the SEF.

Secretary means the individual appointed by the Board from time to time to serve as secretary of the SEF.

SEF means swap execution facility, as defined in the Act, or ICAP SEF (US) LLC, as the context requires.

Series means all Contracts of the same Class having identical terms.

SRO means self-regulatory organization.

Swap shall have the same meaning as in the Act and Commission Regulations.

Swap Data Repository or **SDR** shall have the same meaning as in the Act.

Swap Dealer shall have the same meaning as in the Act and Commission Regulations.

System Protocol means the terms from time to time in force upon which a Participant may access a specific Trading Platform, including any supplemental written guidelines provided by the SEF to the Participant, as amended from time to time. The System Protocols shall be posted on the SEF website. In the event of any inconsistency between the provisions of any System Protocol and the Rules, the terms of the System Protocol shall prevail.

Terms Incorporated by Reference shall have the meaning set forth in Rule 312.

Trade Communication shall have the meaning set forth in Rule 312.

Trading Platforms means any of the separate electronic trading platforms and other systems administered by or on behalf of the SEF for the trading of Contracts pursuant to specific System Protocols for each such system.

Trading Privilege Holder means an individual or entity with Trading Privileges on the SEF granted pursuant to Rule 201 (including an Intermediary), but does not include an Authorized Trading Firm or Authorized Trader.

Trading Privileges means permission from the SEF given to any Trading Privilege Holder in accordance with Rule 201 to access the SEF, or to any Authorized Trading Firm or Authorized Trader in accordance with Rule 202 to access the SEF.

Trading Session means, with respect to any Contract, the period of hours on any Business Day during which such Contract is available for trading, as specified in the Rules governing such Contract.

Underlying Interest means the interest which is the subject of a Swap.

Violation means a violation of any of the Rules.

CHAPTER 1
MARKET GOVERNANCE

Rule 101. Board of Directors and Officers

(a) *Management.* ICAP, the sole limited liability member of the SEF, has vested the power to manage, operate and set policies for the SEF exclusively in the Board. The Board has the power to appoint such officers of the SEF as it may deem necessary or appropriate from time to time.

(b) *Operating Agreement.* The provisions of Article 6 (Board of Directors) and Article 7 (Officers) of the Operating Agreement shall be deemed to be part of the Rules, and shall be deemed to be incorporated herein, to the same extent and with the same force and effect as if set forth herein in their entirety.

Rule 102. Limitation of Liability

(a) TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT IN INSTANCES WHERE AN ICAP PARTY (AS DEFINED BELOW) HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE, OR WILLFUL OR WANTON MISCONDUCT, THE SEF AND ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS AND LICENSORS (EACH, AN "ICAP PARTY"), SHALL NOT BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES) IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM, ARISING FROM:

(1) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY PARTICIPANTS, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, FIRMWARE AND PRINTERS RELATING THERETO; OR

(2) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY SYSTEM OR SERVICE OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR

(3) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR ANY SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS, SERVICES OR FACILITIES; EXCEPT FOR INCORRECT ORDER STATUS; OR

(4) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

(b) NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) ARE PROVIDED BY THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, OR LICENSORS RELATING TO ANY SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR

SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING A TRADING PLATFORM.

(c) ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS OR LICENSORS IS A PARTY MUST BE BROUGHT WITHIN ONE YEAR FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. ANY SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY PROVISIONS OF NEW YORK LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.

(d) EXCEPT IN INSTANCES WHERE AN ICAP PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE, OR WILLFUL OR WANTON MISCONDUCT, IN NO EVENT SHALL THE ICAP PARTIES' TOTAL COMBINED AGGREGATE LIABILITY FOR ALL CLAIMS ARISING OUT OF ANY NEGLIGENCE, FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, ORDER STATUS ERRORS OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SEF'S OR ICAP'S (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, OR THE NEGLIGENCE OF SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) STAFF, EXCEED $50,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS ON A SINGLE DAY; $200,000 FOR ALL LOSSES SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND $500,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS IN A SINGLE CALENDAR YEAR.

(e) A CLAIM AGAINST THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), ARISING OUT OF ANY FAILURE OR MALFUNCTION SHALL ONLY BE ALLOWED IF SUCH CLAIM IS BROUGHT IN ACCORDANCE WITH THIS RULE.

(f) NOTWITHSTANDING THE FOREGOING, THE LIMITATION OF LIABILITY PURSUANT TO THIS RULE 102 IS LIMITED TO CLAIMS ARISING OUT OF THE SEF'S AND ICAP'S (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OPERATION OF THE SEF AND/OR PROVISION OF SERVICES TO THE SEF.

Rule 103. Confidentiality

(a) The SEF shall not, and shall cause its Affiliates not to, use for business or marketing purposes any Proprietary Data or Personal Information it or any of its Affiliates collects or receives, from or on behalf of any person, for the purpose of fulfilling the SEF's regulatory obligations, unless the person who provided such data or information consents to the SEF's use of such data or information for such purposes. In furtherance of Applicable Law, the SEF may share such data and information with its Affiliates or one or more SEFs, SDRs, DCOs or Designated Contract Markets registered with the Commission. The SEF may, upon request of a Trading Privilege Holder, provide a list of current Trading Privilege Holders of the SEF on a confidential basis. The receiving Trading Privilege Holder shall not disclose the contents of the list without the prior consent of the SEF. Proprietary Data and Personal Information shall not include aggregated price and volume information not identified with a specific Participant or Customer, and the SEF may use such aggregated information for business and marketing purposes.

(b) Absent prior written consent of the SEF, no SEF Affiliate, member of the Board or any committee established by the Board or by or pursuant to the Rules of the SEF, or any officer or other employee or consultant of the SEF, shall, either during or after service with the SEF, use, directly or indirectly, information that is deemed to be non-public information, or disclose non-public information to others, except (i) to others within the SEF, the SEF's Affiliates or to outside advisors thereof or other service providers for the SEF, provided that such advisors and service providers are subject to confidentiality obligations, and that, in each case, such disclosure is necessary for the performance of SEF-related duties by the individual or entity, (ii) if required by regulatory authority, or (iii) if compelled to do so by valid

legal process, provided that the individual or entity notifies the SEF in advance thereof to the extent permitted.

(c) Subject to Rule 103(a), the SEF shall not, except as reasonably necessary to operate any Trading Platform, to fulfill its obligations under this Rulebook or to comply with Applicable Law or any request of the Commission, without the prior written consent of a Trading Privilege Holder in each instance, (i) use in advertising, publicity, marketing or other promotional materials, the name, trade name, trademark, trade device, service mark or symbol of such Trading Privilege Holder or any of its Affiliates, or (ii) represent that any product or any service provided by the SEF has been approved or endorsed by such Trading Privilege Holder or any of its Affiliates.

(d) For purposes of this Rule 103, the terms "**employee**," "**material information**" and "**non-public information**" have the meanings ascribed to them in Commission Regulation § 1.59.

Rule 104. Emergency Action

(a) *Definitions*. As used in this section:

The term "**Emergency**" shall mean any occurrence or circumstance which, in the opinion of the SEF, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of, or delivery pursuant to, any Contracts on the SEF, including any manipulative or attempted manipulative activity; any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions; any circumstances which may materially affect the performance of Contracts traded on the SEF, including failure of the payment system or the bankruptcy or insolvency of any Participant; any action taken by any Governmental Authority, or any other board of trade, swap execution facility, market or facility which may have a direct impact on trading on the SEF and any other circumstance which may have a severe, adverse effect upon the functioning of the SEF.

(b) Emergency action may be taken by the following:

(1) By the Board in the case of any Emergency;

(2) By any two members of the Board in the case of any Emergency where it is impracticable, in the opinion of the Chairman of the Board or in his or her absence, any two (2) members of the Board, to call a meeting of the Board to deal with the Emergency; or

(3) By any committee of the SEF pursuant to powers conferred on said committee under the Rules or by the Board.

(c) *Vote Required*

The vote required of the Board or committee authorized to take any Emergency action hereunder shall be:

(1) In the case of action by the Board, the affirmative vote of a majority of the members of the Board present and voting at a meeting at which there is a quorum; or

(2) In the case of action by a committee, the affirmative vote of two (2) or more persons constituting not less than a majority of the members of said committee present and voting at a meeting at which there is a quorum;

The consent in writing to any Emergency action of all members of the Board or of a committee, as applicable, shall be sufficient to take such Emergency action without a meeting. A member of the Board or of a committee shall be deemed present or in attendance at a meeting if such a person participates in

the meeting by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

(d) *Action which may be taken*

(1) In the event of an Emergency, the SEF may, subject to Part 40 of the Commission Regulations under the Act, place into immediate effect a Rule which may provide for, or may authorize the SEF, or any committee, to undertake actions which, in the opinion of the SEF are necessary or appropriate to meet the Emergency, including, but not limited to, such actions as:

(i) Extending or shortening the expiration date for trading in Contracts;

(ii) Extending the time of delivery under or expiration of Contracts;

(iii) Extending, limiting or changing hours of trading;

(iv) Imposing or modifying price limits;

(v) Imposing or modifying Position Limits;

(vi) Imposing or modifying intraday market restrictions;

(vii) Ordering the liquidation or transfer of open positions in any Contract;

(viii) Ordering the fixing of a settlement price;

(ix) Suspending trading pursuant to Rule 105 or curtailing trading in any Contract;

(x) Altering any Contract's settlement terms or conditions; and

(xi) Modifying or suspending any provision of the Rules.

(2) In the event of an Emergency when a quorum of the Board is not available, all trading on the SEF may be suspended by an affirmative vote of a majority of the Directors present, or by action of one Director if only one Director is present, for such period of time as in their or his or her judgment is necessary. In the event of an Emergency which prevents normal attendance at a meeting of the Board, when no Director is present, any authorized officer of the SEF shall have authority to order suspension of trading on the SEF for such period of time as in his or her judgment is necessary. Any action taken under this paragraph (b) shall be subject to review and modification by the Board.

(3) Whenever any action is taken under this Rule pursuant to which trading is suspended or other changes in procedure are made, all matters relating to notices, deliveries and other obligations may be suspended or deferred in such manner as the Board or committee, as the case may be, may determine.

(4) The SEF may be required to take an Emergency action when directed by the Commission. If a Contract is traded both on the SEF and on one or more other swap execution facilities, any Emergency action to liquidate or transfer of open positions in any Contract will be made in consultation with the Commission.

(e) *Physical Emergencies*

(1) In the event the physical functions of the SEF are, or are threatened to be, severely and adversely affected by a physical emergency, such as fire or other casualty, bomb threat, substantial inclement weather, power failure, communication or transportation breakdown, computer malfunction,

screen-based Trading Platform break-down, malfunction of plumbing, heating, ventilation and air conditioning systems, backlog or delay in clearing or in the processing of data related to clearing Cleared Contracts (a "**Physical Emergency**"), the Chairman of the Board, or in his or her absence the Chief Executive Officer, or in both of their absences any other officer may take any action which, in the opinion of such officer is necessary or appropriate to deal with the Physical Emergency, including, but not limited to, suspending trading in any one or more Contracts, delaying the opening of trading in any one or more Contracts, extending the Last Trading Day and/or the time of trading.

(2) In the event a designated officer has ordered suspension of trading, the Chairman of the Board or the Chief Executive Officer, or in their absence any other officer may order restoration of trading on the SEF, or may remove other restrictions so imposed, if such officer determines that the Physical Emergency has sufficiently abated to permit the physical functions of the SEF to continue in an orderly manner.

(f) The SEF will promptly report any action taken hereunder to the Commission and explain the decision-making process, the reasons for the exercise of emergency authority and how any conflicts of interest were addressed. Any emergency Rule or Rule amendment shall be filed with the Commission in accordance with Part 40 of the Commission Regulations under the Act.

(g) In exercising its authority under this Rule 104, the SEF shall, in its reasonable discretion, and where appropriate, permitted by Applicable Law and not precluded by exigent circumstances, consult and coordinate with DCOs, other swap execution facilities, boards of trade, relevant Participants, and other parties in considering what actions to take hereunder.

Rule 105. Suspension of Trading

The Board may, in its discretion, by an affirmative vote of a majority of the Directors present at a meeting at which there is a quorum (which, in an Emergency other than a Physical Emergency, may be held without previous notice), close the SEF or suspend trading in any one or more Contracts on such days or portions of days as will, in its judgment, serve to promote the best interest of the SEF.

Rule 106. Risk Controls for Trading

The Regulatory Oversight Committee may impose controls to reduce the potential risk of market disruption, including but not limited to market restrictions that pause or halt trading in specified market conditions.

Rule 107. Market Data

Subject to Rule 103, and each Participant's and Customer's rights in its own Proprietary Data and Personal Information, the SEF owns all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, database rights, trademarks and trade secrets, or similar proprietary rights in any jurisdiction whether or not registrable) in and to any data (including without limitation Bids/Offers, RFQs, Pre-Arranged Crosses, prices and volumes of transactions), analytics, research or other information contained in, displayed on, generated by or derived from the SEF and the Trading Platforms (collectively the "**Information**"). The SEF shall not decompile or reverse engineer any of a Participant's or Customer's Proprietary Data and Personal Information for the purpose of ascertaining such Participant's or Customer's trading strategies, except to the extent reasonably necessary for the SEF's operations, to perform its surveillance and monitoring functions or to otherwise comply with Applicable Law. Subject to each Participant's and Customer's rights in its own Proprietary Data and Personal Information, each Participant and Customer (i) agrees to keep the Information confidential and cause each of its employees, Affiliates, Authorized Trading Firms, Customers, agents, consultants, independent software vendors and other persons affiliated with any of the foregoing, as applicable (collectively "**Related Parties**"), to keep the Information confidential, and (ii) agrees not to, and shall cause its applicable Related Parties not to, sell, lease, license, transfer, provide or otherwise make

available to any third party any form of access to or use of any of the Information. Each Participant and Customer agrees that it shall not, and shall cause its Related Parties not to, alter, enhance, make derivative works of, download to computer or reverse engineer all or any part of the Information (other than such Participant's or Customer's Proprietary Data and Personal Information) except solely to the extent necessary in performing transaction-related support functions.

CHAPTER 2
TRADING PRIVILEGES

Rule 201. Trading Privilege Holders

(a) *Trading Privileges*

(1) Subject to the requirements and procedures set forth in this Chapter 2, Trading Privileges will be granted to all applicants from time to time approved by the SEF as eligible to be Trading Privilege Holders, subject to any limitations or restrictions from time to time imposed by the SEF. Trading Privileges are nontransferable (except under certain limited circumstances which must be approved by the SEF), non-assignable and may not be sold or leased. Circumstances under which Trading Privileges may be transferred, subject to SEF approval, include, for example, transfers due to corporate reorganizations. Each Trading Privilege Holder will have the right to access a Trading Platform, subject to the applicable System Protocol, including the right to:

(i) place Bids/Offers, RFQs and Pre-Arranged Crosses for each of its proprietary accounts;

(ii) if otherwise registered in any required capacity (or exempt from registration) and authorized to act on behalf of Customers under the Act and Commission Regulations thereunder or any foreign equivalent law or regulations, place Bids/Offers, RFQs and Pre-Arranged Crosses for the accounts of such Customers as an Intermediary; and

(iii) appoint other persons to act on its behalf as an Authorized Trader or an Authorized Trading Firm pursuant to Rule 202.

(2) By virtue of obtaining Trading Privileges, a Trading Privilege Holder will not obtain any equity or other interest in the SEF, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the SEF or otherwise.

(3) In granting Trading Privileges, the SEF may impose such restrictions or limitations as it may deem necessary or appropriate. The SEF shall apply such restrictions or limitations to applicants in an impartial, non-discriminatory manner, consistent with the Act and Commission Regulations thereunder. The SEF will deny the grant of Trading Privileges where an applicant has failed to meet any requirements for such grant.

(b) *Financial Requirements*

(1) Any person that wishes to have Trading Privileges must be of good financial standing and must meet the financial and related reporting requirements set forth in this Rule 201.

(2) Each Trading Privilege Holder must provide a written or electronic representation, prior to being granted access to the SEF, that it qualifies as an “eligible contract participant” as defined in the Act upon initial application for Trading Privileges.

(3) Each Trading Privilege Holder shall, no less frequently than annually, provide the SEF either with (i) its annual financial report that it provides to the Commission or (ii) a written or electronic representation providing that such Trading Privilege Holder has been, and continues to be as of such date, an “eligible contract participant” as defined in the Act.

(4) Each Trading Privilege Holder must notify the SEF’s Chief Compliance Officer immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(5) Unless and until a Trading Privilege Holder is able to demonstrate to the SEF that it is in compliance with the minimum financial requirements applicable to it, such Trading Privilege Holder may

not engage in any transactions subject to the Rules of the SEF, except for the purpose of closing open positions that were opened on the SEF.

(c) *Fitness Standards*

(1) The SEF may deny the grant of Trading Privileges, or may prevent a person from becoming an Authorized Trader or an Authorized Trading Firm of a Trading Privilege Holder, if such person:

(i) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the SEF, Rules of any DCO to which the Trading Privilege Holder submits Cleared Contracts for clearing, Commission Regulations and SRO regulations, including those concerning recordkeeping, reporting, financial requirements and trading procedures;

(ii) would bring the SEF into disrepute; or

(iii) for such other cause as the SEF reasonably may decide.

(2) The SEF may determine not to permit a Trading Privilege Holder or any Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder to keep its, his or her Trading Privileges or maintain his or her association with a Trading Privilege Holder, as the case may be, if such Trading Privilege Holder, Authorized Trader or Authorized Trading Firm:

(i) fails to meet any of the qualification requirements for Trading Privileges or Authorized Trader or Authorized Trading Firm status after such Trading Privileges or Authorized Trader or Authorized Trading Firm status has been approved;

(ii) fails to comply with any limitation placed by the SEF on such Trading Privileges or Authorized Trader or Authorized Trading Firm status; or

(iii) commits a material Violation.

(3) Any decision made by the SEF pursuant to this Rule 201 must be consistent with both the provisions of this Rule and the Act and Commission Regulations thereunder.

(d) The SEF may (i) deny the grant of Trading Privileges, (ii) prevent a person from becoming an Intermediary, Authorized Trader or an Authorized Trading Firm of a Trading Privilege Holder, and (iii) determine not to permit a Trading Privilege Holder or any Intermediary, Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder to keep its, his or her Trading Privileges or maintain his, her or its association with a Trading Privilege Holder, as the case may be, if such Trading Privilege Holder, Intermediary, Authorized Trader or Authorized Trading Firm causes or would cause the SEF to be in violation of Applicable Law.

(e) *Consent to SEF Jurisdiction*

By initiating or executing a transaction on the SEF, directly or through an Intermediary, or clearing such a transaction, each Participant and each Customer and each Clearing Firm, and any person who is a beneficial owner of such a transaction that has been initiated, executed or cleared, expressly consents to the jurisdiction of the SEF and agrees to be bound by and comply with the SEF Rules.

Rule 202. Authorized Traders and Authorized Trading Firms

(a) Each Trading Privilege Holder may from time to time permit one or more persons to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and effect transactions in Contracts on the SEF. Such authority may be granted to one or more Authorized Traders or to one or more Authorized Trading Firms.

(1) *Authorized Traders*

(i) Each Trading Privilege Holder which is trading for its own account as a principal may permit one or more individuals as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on its behalf. In such case, the Trading Privilege Holder shall be principal to any resulting transactions made on its behalf by such Authorized Traders.

(ii) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers may permit one or more individuals as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on its behalf as an Intermediary for such Customers. In such cases, the Trading Privilege Holder has responsibility for all actions and failures to act of such Authorized Traders, but the Customer on whose behalf each transaction is made shall be the principal to any transactions made on its behalf by such Authorized Traders.

(iii) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers that are natural persons may provide such a Customer with DMA to the SEF by permitting the Customer to become an Authorized Trader to enter Bids/Offers and RFQs on behalf of the Customer. In such case, the Customer shall be the principal to any transactions entered into as an Authorized Trader. As provided for in section (b)(3) below, the SEF may grant or deny DMA to a Customer in its sole discretion.

(iv) The Trading Privilege Holder shall be responsible to the SEF for acting with reasonable care in granting Authorized Trader status.

(2) *Authorized Trading Firms*

(i) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers that are entities may provide such a Customer with DMA to the SEF by permitting the Customer to become an Authorized Trading Firm and by permitting one or more individuals associated with the Authorized Trading Firm to become Authorized Traders to enter Bids/Offers and RFQs on behalf of the Customer. In such case, the Customer on whose behalf each transaction is made shall be the principal to any transactions made on its behalf by such Authorized Trading Firm through the Authorized Traders. As provided for in section (b)(3) below, the SEF may grant or deny DMA to a Customer in its sole discretion.

(ii) Each Trading Privilege Holder may provide an Intermediary trading for the account of the Trading Privilege Holder with access to the SEF by permitting such Intermediary to become an Authorized Trading Firm and by permitting one or more individuals associated with the Authorized Trading Firm to become Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on behalf of the Trading Privilege Holder. In such case, the Trading Privilege Holder shall be the principal to any transactions made on its behalf by such Authorized Trading Firm through the Authorized Traders.

(iii) The Trading Privilege Holder shall be responsible to the SEF for acting with reasonable care in granting Authorized Trading Firm status.

(iv) Each Trading Privilege Holder will obtain a representation that each of its Authorized Trading Firms continues to qualify as an “eligible contract participant” as defined in the Act.

(b) *SEF Approval*

(1) No person may act as an Authorized Trader or Authorized Trading Firm before being approved to do so by the SEF.

(2) Each prospective Authorized Trader and Authorized Trading Firm will submit an application in the form required by the SEF and will satisfy such requirements as may be prescribed by the SEF from time to time. No Authorized Trading Firm or Authorized Trader shall satisfy such requirements unless the Authorized Trading Firm and related Authorized Traders expressly consent to the jurisdiction of the SEF and agree to be bound by and comply with the SEF Rules. Each prospective Authorized Trading Firm must provide a written or electronic representation, prior to being granted access to the SEF, that it qualifies as an "eligible contract participant" as defined in the Act and that it has all registrations, licenses and consents required by its constituent documents and Applicable Law to transact in Contracts.

(3) DMA to the SEF by an Authorized Trader or an Authorized Trading Firm shall be granted or denied in the sole discretion of the SEF. The SEF will notify a Trading Privilege Holder of its approval or disapproval of the designation of an Authorized Trader or Authorized Trading Firm for DMA. The SEF may, in its sole discretion, revoke or suspend the designation of an Authorized Trader or Authorized Trading Firm for DMA, and shall notify the Trading Privilege Holder of such action in accordance with procedures established by the SEF.

(c) *Responsibilities to the SEF.*

(1) Each Trading Privilege Holder shall notify the SEF in writing if its relationship with an Authorized Trader or Authorized Trading Firm has been terminated, and such Trading Privilege Holder may at any time revoke any authorization granted by it to any Authorized Trader or Authorized Trading Firm by providing written notice of such revocation to the SEF.

(2) By permitting any of its Authorized Traders and/or Authorized Trading Firms to access and use a Trading Platform from any jurisdiction or to act as an Intermediary for trades on behalf of Customers located in any jurisdiction, each Trading Privilege Holder represents and warrants that each such access to or use of a Trading Platform, or action as an Intermediary, does not violate any law applicable to the Trading Privilege Holder, the Authorized Trader, the Authorized Trading Firm or, to such Trading Privilege Holder's knowledge, the SEF.

(d) *Intermediation*

(1) A Participant may not act as an Intermediary for any other entity or person unless the Trading Privilege Holder or Authorized Trading Firm is registered with the Commission as a futures commission merchant, introducing broker or commodity trading advisor, or is exempt from such registration, or not required by Applicable Law to register, and the Authorized Trader of a futures commission merchant or introducing broker is registered as an Associated Person of such futures commission merchant or introducing broker, or is exempt from such registration.

(2) A Trading Privilege Holder, Authorized Trader or Authorized Trading Firm may not transact as an Intermediary for any Customer unless the Trading Privilege Holder or Authorized Trading Firm has submitted a signed representation to the SEF that each of its Customers is an "eligible contract participant" as defined in the Act.

Rule 203. Financial Integrity

(a) Each Trading Privilege Holder, Authorized Trading Firm and Customer that enters into transactions via the SEF must be "eligible contract participants" as defined in the Act at the time that such transactions are entered into.

(b) For Cleared Contracts:

(i) each Trading Privilege Holder or Authorized Trading Firm transacting on the SEF as a principal is required to demonstrate to the SEF, with appropriate documentary evidence as required by

the SEF from time to time, that such Trading Privilege Holder or Authorized Trading Firm is a Clearing Firm or that it has clearing arrangements in place with a Clearing Firm, including having the Clearing Firm Representation required by Rule 204(f); and

(ii) each Trading Privilege Holder acting as an Intermediary shall confirm that each of its Customers has clearing arrangements in place with a Clearing Firm and obtain from its Customers any documentary evidence as required by the SEF from time to time to that effect, including any Clearing Firm Representation required by Rule 204(f). The Trading Privilege Holder shall provide such documentary evidence to the SEF.

(c) For Contracts listed on the SEF as bilateral Contracts, each Trading Privilege Holder, Authorized Trading Firm or Customer that enters into such Contracts as a principal must undergo such credit checks and provide such credit information as the SEF may require from time to time.

Rule 204. Clearing

(a) All Contracts executed on the SEF that are subject to mandatory clearing under Section 2(h) of the Act must be cleared through a DCO by a Clearing Firm. Any other Contracts executed on the SEF may be cleared at the discretion of the parties to such transaction; provided that such Contracts are able to be cleared through a DCO by a Clearing Firm.

(b) *Pre-Execution Credit Check / Risk Screening.*

(1) In advance of submitting each Bid/Offer or Pre-Arranged Cross to the SEF for any Cleared Contract, each Trading Privilege Holder or Authorized Trading Firm shall identify the Clearing Firm to which any resulting transaction will be submitted for clearing at the relevant DCO and:

(i) if acting as principal, shall ensure that it has sufficient credit with such Clearing Firm for the resulting transaction and that the resulting transaction satisfies such Clearing Firm's Risk-Based Limits; and

(ii) if acting as an Intermediary, other than with respect to DMA, shall confirm that its Customer has sufficient credit with the Customer's Clearing Firm for the resulting transaction and that the resulting transaction satisfies such Clearing Firm's Risk-Based Limits.

In the event that there is insufficient credit or the transaction does not satisfy a Clearing Firm's Risk-Based Limits, the Trading Privilege Holder or Authorized Trading Firm may not submit such Bid/Offer or Pre-Arranged Cross to the SEF.

(2) Each Clearing Firm that provides a Clearing Firm Representation for a Participant or Customer may notify the SEF of Risk-Based Limits it has established for such Participant or Customer, and such Risk-Based Limits shall become effective upon acknowledgment of receipt by the SEF. Any change to such Risk-Based Limits shall become effective only upon acknowledgment of receipt by the SEF.

(c) A Clearing Firm that seeks to effect transactions on the SEF for its own account or the account of any Customer must be a Trading Privilege Holder.

(d) The SEF may share information with any DCO that would assist such DCO in evaluating and monitoring a Clearing Firm's compliance with these criteria. A Clearing Firm agrees to cooperate with the SEF and each relevant DCO in any such monitoring.

(e) Clearing Firms shall clear Cleared Contracts in accordance with all applicable Rules and DCO rules.

(f) *Clearing Firm Representation*

(1) Each Trading Privilege Holder or Authorized Trading Firm that is not a Clearing Firm and is transacting in Cleared Contracts on the SEF as a principal shall obtain a representation from a Clearing Firm, in form and substance satisfactory to, and approved by, the SEF (a "**Clearing Firm Representation**"). Under such representation, the Clearing Firm must accept for clearing all Cleared Contracts of each Trading Privilege Holder or Authorized Trading Firm for which it clears Cleared Contracts, subject to any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2). Where a Trading Privilege Holder or Authorized Trading Firm uses the services of multiple Clearing Firms, a Clearing Firm shall be responsible only to the extent that it has been designated by such Trading Privilege Holder or Authorized Trading Firm to clear a particular Cleared Contract.

(2) Each Trading Privilege Holder acting as Intermediary shall obtain from the Customer a Clearing Firm Representation from a Clearing Firm pursuant to which the Clearing Firm accepts for clearing all transactions in Cleared Contracts entered into by the Customer, subject to any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2). Where a Customer uses the services of multiple Clearing Firms, a Clearing Firm shall be responsible only to the extent that it has been designated by such Customer to clear a particular Cleared Contract.

(3) Every Contract that is subject to a Clearing Firm Representation and results from a Bid/Offer or Pre-Arranged Cross that is within any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2) is deemed accepted for clearing by the Clearing Firm upon execution.

(4) A Clearing Firm may at any time (but on prior written notice to the SEF) revoke any Clearing Firm Representation made by it to a Trading Privilege Holder, Authorized Trading Firm or Customer (as applicable) in accordance with paragraph (1) and/or (2) above, by providing prior written notice of such revocation to the SEF. The Clearing Firm Representation will remain in effect for all Contracts for which Bids/Offers or Pre-Arranged Cross were submitted to a Trading Platform prior to the SEF's acknowledgement of the revocation, which the SEF shall undertake to effectuate as promptly as practicable.

(5) Each Trading Privilege Holder, Authorized Trading Firm or, if applicable, Customer must assist its Clearing Firm and the DCO in the clearing of its Cleared Contracts.

(6) Upon notice that a Clearing Firm has revoked any authorization granted and Clearing Firm Representation made by it to a Trading Privilege Holder, Authorized Trading Firm or Customer pursuant to this Rule 204(f), the right of such Trading Privilege Holder, Authorized Trading Firm or Customer (as applicable) to enter into Cleared Contracts will be automatically terminated, and such Trading Privilege Holder, Authorized Trading Firm or Customer must obtain another Clearing Firm Representation from a Clearing Firm before the Trading Privilege Holder, Authorized Trading Firm or Customer's right to access to trade Cleared Contracts via the SEF will be reinstated.

(g) A DCO may be given access to the SEF for the purpose of obtaining any information required by the DCO to clear contracts, including, without limitation, real-time data regarding Bids/Offers, Pre-Arranged Crosses and the execution of transactions. The SEF may impose such restrictions on a DCO's access that it determines, in its sole discretion, are necessary and appropriate.

(h) *Failure to Clear*

(1) Subject to a Clearing Firm's obligation to accept for clearing all Contracts resulting from Bids/Offers or Pre-Arranged Crosses that satisfy the Risk-Based Limits in effect for a Participant or Customer, any Cleared Contract that is rejected for clearing by a Clearing Firm or DCO for any reason, including an error by the SEF in permitting a Bid/Offer or Pre-Arranged Cross to be made that did not satisfy the Risk-Based Limits in effect at the time the Bid/Offer or Pre-Arranged Cross was made, shall be void *ab initio* and will be canceled by the SEF.

(2) Any Contract that was executed on the SEF without the intent to be cleared, but later determined by the parties to the transaction to be cleared, will not be void if rejected for clearing by a DCO to which the Contract was submitted.

(3) For Cleared Contracts that are rejected for clearing because of a clerical or operational error or omission resulting in a mismatch of the terms of the Cleared Contract, the Clearing Firms for the Cleared Contract may, with the consent of each respective Customer or Participant, agree to a new Cleared Contract with the same terms as the rejected Cleared Contract. Such Customer or Participant consent may not be obtained in advance, and must be sought and obtained by each Clearing Firm on a case-by-case basis, after the Cleared Contract has been rejected. If there is such agreement and consent, the new Cleared Contract must be submitted by the Participant specified in Rule 304(b) as a Pre-Arranged Cross pursuant to the procedure in Rule 304(b), and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b). Upon execution of such Pre-Arranged Cross by the SEF, the SEF shall submit the transaction to the DCO for clearing as quickly as technologically practicable, but in any case no later than 30 minutes from the issuance of the notice of rejection by the DCO to the Clearing Firms. If the new Cleared Contract resulting from such Pre-Arranged Cross is rejected from clearing, it is void *ab initio* and no additional new Cleared Contract will be permitted to be submitted under the procedure in this Rule 204(h)(3). Swap transaction data reported pursuant to Rule 309(f) for a new Cleared Contract that clears with the same terms as the rejected Cleared Contract will reference the original canceled trade, indicate that it has been reported pursuant to the procedures described in this Rule 204(h)(3) and link the original canceled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

(4) Participants and Customers are prohibited from requiring a Breakage Agreement from any other Participant or Customer as a condition of trading with that other Participant or Customer.

(i) *Package Transactions*

(1) Any component leg of a Package Transaction that is rejected for clearing by a Clearing Firm or DCO for any reason shall be void *ab initio* and will be canceled by the SEF (each such leg, a "**Rejected Leg**"). For the avoidance of doubt, any component leg of a Package Transaction that was accepted for clearing will not be affected by the rejection of the Rejected Leg.

(2) Any component leg of a Package Transaction that was executed on or subject to the Rules of the SEF without the intent to be cleared, but later determined by the parties to the transaction to be cleared, will not be void if rejected for clearing by a DCO to which such leg of the Package Transaction was submitted.

(3) For Rejected Legs that are rejected for clearing because of the sequencing of submission for clearing of the legs of the applicable Package Transaction and only for such Rejected Legs, the Clearing Firms for the Rejected Leg may, with the consent of each respective Customer or Participant, agree to a new transaction with the same terms as the Rejected Leg (the "**New Leg**"). Such Customer or Participant consent may not be obtained in advance, and must be sought and obtained by each Clearing Firm on a case-by-case basis, after the Rejected Leg has been rejected. If there is such agreement and consent, the New Leg must be submitted by the Participant specified in Rule 304(b) as a Pre-Arranged Cross pursuant to the procedure in Rule 304(b), and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b). Upon execution of such Pre-Arranged Cross by the SEF, the SEF shall submit the transaction to the DCO for clearing as quickly as technologically practicable, but in any case no later than 60 minutes from the issuance of the notice of rejection of the Rejected Leg by the DCO to the Clearing Firms. If the New Leg resulting from such Pre-Arranged Cross is rejected from clearing, it is void *ab initio* and no additional New Leg will be permitted to be submitted under the procedure in this Rule 204(i)(3). The procedures in this Rule 204(i)(3) are not available for Package Transactions that are rejected for clearing by a Clearing Firm or DCO because the Package Transaction as a whole failed to satisfy the applicable Risk-Based Limits, Swap transaction data reported pursuant to Rule 309(f) for a New Leg that clears will reference the original canceled trade, indicate that it has been reported pursuant to the procedures described in this Rule 204(i)(3) and link the

original canceled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

(4) Participants and Customers are prohibited from requiring a Breakage Agreement from any other Participant or Customer as a condition of trading Package Transactions with that other Participant or Customer.

Rule 205. Application for and Grant of Trading Privileges

(a) *Application Requirement.* Each applicant for Trading Privileges will submit an application to the SEF in a form and manner prescribed by the SEF. Each applicant will 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 SEF will act upon, and approve or disapprove, any such application without unreasonable delay.

(b) Upon submission of an application and satisfaction of the requirements and procedures set forth in this Chapter 2, and approval by the SEF, a person applying for Trading Privileges will be granted Trading Privileges. If the application process is not completed by the applicant within six months of submission of an application and payment of any applicable fee, the application will be deemed to be withdrawn.

(c) Any applicant who has been denied Trading Privileges or Authorized Trader or Authorized Trading Firm status with a Trading Privilege Holder, and any Trading Privilege Holder or Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder who is not permitted to keep its, his or her Trading Privileges or maintain his or her status as an Authorized Trader or Authorized Trading Firm may request an appeal of the SEF's decision pursuant to the procedures set forth in Rule 205(e). No determination of the SEF to discontinue a person's Trading Privileges or Authorized Trader or Authorized Trading Firm status will take effect until the review procedures hereunder have been exhausted or the time for review has expired.

(d) Any applicant to become a Trading Privilege Holder who has been denied Trading Privileges pursuant to this Rule 205 will not be eligible for re-application during the six months immediately following such denial.

(e) *Appeal of Denial of Trading Privileges*

(1) If the SEF, pursuant to this Rule, denies an application for Trading Privileges or association with a Trading Privilege Holder as an Authorized Trader or Authorized Trading Firm, or determines not to permit a person to keep its Trading Privileges or maintain its association as an Authorized Trader or Authorized Trading Firm, then, in any such case, the affected applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, within seven days after receiving written notice of such decision, may request in writing that the SEF provide the reasons therefor in writing. Within 14 days of receiving any such written request, the SEF will provide the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, with such reasons in writing. Within 14 days of receiving the SEF's written response, the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, may request, in writing, that the SEF's Participation Committee reconsider the SEF's initial decision and may provide any written representations or other information that the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, believes is relevant to the reconsideration.

(2) Within 28 days of receiving either a written request for reconsideration or written representations or information from the applicant, Trading Privilege Holder, Authorized Trader or Authorized Trading Firm, as the case may be, or a statement from such person that no such representation or information is to be made or supplied, the Participation Committee will either confirm, reverse or modify the initial decision and will promptly notify the applicant, Trading Privilege Holder,

Authorized Trader or Authorized Trading Firm, as the case may be, accordingly. The Participation Committee may in its discretion schedule a hearing or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Any decision by the Participation Committee pursuant to this subparagraph (2) constitutes the final action of the SEF with respect to the matter in question and is not subject to appeal. Any action that may be taken by the Participation Committee under this Rule 205(f) may be taken by the Board if no Participation Committee has been established.

Rule 206. Participant and Customer Obligations; Suspension or Termination of Access

(a) Each Participant and Customer must comply with these Rules, applicable provisions of the Act, and relevant Commission Regulations. Each Participant and Customer must also cooperate promptly and fully with the SEF, its agents, its Regulatory Services Provider, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding. Additionally, each Trading Privilege Holder must update its email address promptly after any change and update all other material information provided in its application for Trading Privileges within five days after that information has changed. If any Participant or Customer fails to satisfy these obligations, the SEF may revoke or suspend the Participant's or Customer's access to the SEF in full or in part.

(b) Each Participant and Customer consents to allow the SEF to provide all information the SEF has about the Participant or Customer, including the Participant's or Customer's trading activity, to the Commission or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, judicial tribunals, the Regulatory Services Provider, and any other service provider to the SEF in connection with the performance of the SEF's services.

(c) Each Participant is required to review the "Notices" section of the SEF website to make itself aware of material changes to these Rules or other notices that may affect their rights and obligations as a Participant.

(d) Each Trading Privilege Holder must diligently supervise all activities of the Trading Privilege Holder's employees and/or agents, including all Authorized Traders and Authorized Trading Firms, relating to transactions effected on the SEF. Any Violation by any employee of a Trading Privilege Holder, including an Authorized Trader or Authorized Trading Firm, shall constitute a Violation by such Trading Privilege Holder.

(e) The SEF may revoke or suspend a Participant's access to the SEF in full or in part if the Participant acts as an Intermediary on behalf of a Customer and such Customer maintains a position in any Contract that, when considered in light of the other positions maintained by the Participant through which such Customer accesses the SEF, and any other factors that the SEF reasonably deems relevant, the SEF reasonably believes could jeopardize the financial safety of such Participant or any of such Participant's other Customers. In making this determination, the SEF may consider any relevant factors, including, as applicable, (i) the positions maintained by such Participant, such Participant's Authorized Traders, Authorized Trading Firms and other Customers, (ii) financial information provided by such Participant; and (iii) in consultation and coordination with the relevant DCOs, the level of margin maintained by such Participant at such Participant's Clearing Firm.

(f) Each Trading Privilege Holder which is a Swap Dealer or Major Swap Participant and enters into or facilitates a Swap that is subject to mandatory clearing under Section 2(h) of the Act shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the Act.

Rule 207. Customers

(a) No Participant shall act as an Intermediary for the account of a Customer unless the Participant has entered into an agreement with the Customer that provides that the Customer agrees that all

Contracts shall be governed by the Rules, the Act and the Commission Regulations, insofar as they are applicable to that Contract, although no such agreement shall be required by these Rules when the Customer of a Trading Privilege Holder is another Trading Privilege Holder.

(b) Where a Customer and the Intermediary are both Trading Privilege Holders, the Customer shall provide the SEF with such notice of the relationship as the SEF may require from time to time.

(c) Each Customer shall be the principal to all executed transactions resulting from any Bids/Offers or Pre-Arranged Crosses entered on behalf of the Customer. Where a Participant is acting as an Intermediary on behalf of a Customer, the Participant shall have no liability, whether or not the identity of the Customer has been disclosed, in respect of any transactions executed on behalf of a Customer, to any other party, including any other Participant or the Customer of any other Participant.

(d) Each Customer authorizes the SEF to send Confirmations of Contracts entered into through an Intermediary to the Intermediary and authorizes such Intermediary to accept such Confirmations on behalf of the Customer.

Rule 208. Recordkeeping

(a) Each Participant and Customer must prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to Applicable Law and the Rules of the SEF, including a complete audit trail for each transaction it places for execution, whether or not the transaction ultimately is executed, and records of their activity in the underlying commodity and related derivatives markets. Such books and records must be made available to the SEF, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

(b) Each Participant and Customer must keep all books and records required to be kept by it pursuant to the Rules of the SEF for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the SEF or required by Applicable Law. Such books and records must be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records must be made available for inspection by, and copies thereof must be delivered to, the SEF, the Commission and the U.S. Department of Justice and their authorized representatives upon request.

(c) The following information must be provided to the SEF by each Participant prior to entering a Bid/Offer or Pre-Arranged Cross with respect to any Swap traded on the SEF:

- Authorized Trader ID
- Trading Privilege Holder ID
- Swap
- Series, if applicable
- DCO where Swap is to be cleared
- Price
- Quantity
- Side of the Bid/Offer
- Customer Type Indicator Code (defined below)
- Trading account and other relevant account information, including Clearing Firm
- LEI of the Participant placing the Bid/Offer or initiating the RFQ
- For Intermediated Transactions, the LEI of the Customer
- Yes/no indication of whether the Participant or Customer is a Swap Dealer for that Swap
- Yes/no indication of whether the Participant or Customer is a Major Swap Participant

- Yes/no indication of whether the Participant or Customer is a Financial Entity
- Yes/no indication of whether the Participant or Customer is a U.S. person as defined by the Commission;
- For Cleared Contracts, confirmation of the availability of credit at the Clearing Firm to which any resulting transaction will be submitted for clearing at the relevant DCO; and
- If the Swap will be allocated:
  - an indication that the Swap will be allocated;
  - the LEI of the Account Manager;
  - if the Swap is a pre-execution allocated Swap, the account and LEI for each Customer that will receive allocations;
  - an indication of whether the Swap is a post-execution allocation Swap; and
  - if the Swap is a post-execution allocation Swap, the unique Swap identifier of the original transaction between the reporting counterparty and the agent.

For purposes of this Rule 208, the "**Customer Type Indicator Codes**" are as follows:

CTI 1 – Bid/Offer for the proprietary account of a Trading Privilege Holder that is a natural person.
CTI 2 – Bid/Offer for the proprietary account of a Trading Privilege Holder that is not a natural person.
CTI 3 – Bid/Offer which an individual Trading Privilege Holder or Authorized Trader executes for the proprietary account of another Trading Privilege Holder or for an account which the other Trading Privilege Holder controls or has an ownership or financial interest in.
CTI 4 – Any Bid/Offer not meeting the definition of **CTI 1**, **2** or **3**, including those entered on behalf of Customers.

(d) The Rules of the SEF regarding the recordkeeping obligations set forth in this Rule 208 shall be promulgated to achieve the purposes and requirements of Applicable Law. While the SEF will have sole discretion, subject to Applicable Law, to determine such Rules, the SEF will take into consideration in doing so comparable requirements applicable to Participants.

Rule 209. Communications of the SEF with Participants

(a) *Written Notices*

The SEF will publish a notice with respect to each addition to, modification of, or clarification of the Rules of the SEF, or of any action taken to implement any Rule of the SEF, in a form and manner that is reasonably designed to enable each Trading Privilege Holder 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; provided that any failure of the SEF to so publish a notice will not affect the effectiveness of the addition or modification in question. Each Trading Privilege Holder will provide its respective Authorized Traders, Authorized Trading Firms and Customers with copies of any such notice. For purposes of publication in accordance with the first sentence of this Rule 209(a), it will be sufficient (without limiting the discretion of the SEF as to any other reasonable means of communication) if a notice is (a) sent to each Trading Privilege Holder by mail, recognized courier service, facsimile or electronic mail (including by means of a hyperlink included in an electronic mail message), to the address, facsimile number or electronic mail address (as applicable) provided by such Trading Privilege Holder for such purpose or (b) published on the SEF's website. Each Trading Privilege Holder, on its own behalf, and on behalf of its Authorized Trading Firms, Authorized Traders and Customers, as applicable, must monitor the SEF's website for any notices published under this Rule 209(a).

(b) *Recording of Communications*

The SEF and Trading Privilege Holders may record conversations and retain copies of electronic communications between officers, employees or agents of the SEF, on the one hand, and Trading Privilege Holders (including their Affiliates), Authorized Traders or Authorized Trading Firms, on the other hand. Any such recordings or other records may be retained by the SEF or such Trading Privilege Holder, as the case may be, in such manner and for such periods of time as the SEF, or such Trading Privilege Holder, as the case may be, may deem necessary or appropriate.

Rule 210. Required Disclosures to the SEF

Each Trading Privilege Holder must promptly notify the SEF in writing upon becoming aware:

(a) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or any Authorized Trading Firms has been the subject of a material sanction, penalty or other adverse action by any Regulatory Agency which is related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(b) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or any Authorized Trading Firms has been convicted of, pled guilty or no contest to, or entered in a plea agreement of a material nature in any domestic, foreign or military court which involves:

(1) embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or

(2) any transaction in or advice concerning Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(c) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms is subject to material regulatory proceedings before any Regulatory Agency which are related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(d) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms have been denied or withdrawn any application for registration or license submitted to any Regulatory Agency, and of any material revocation, suspension or conditioning of any registration or license granted by any Regulatory Agency, which in each case is related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(e) that any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms have:

(1) had their status as an Authorized Trader or Authorized Trading Firm permanently revoked by the Trading Privilege Holder, whether due to employment termination, termination of status as a Customer or otherwise; or

(2) had their access to the SEF temporarily revoked by the Trading Privilege Holder.

(f) of any material change in any information contained in the Trading Privilege Holder's membership application, or in an Authorized Trader's or Authorized Trading Firm's application pursuant to Rule 202, including a Trading Privilege Holder's or Authorized Trading Firm's status as an "eligible contract participant;"

(g) of any withdrawal from membership by the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms, in any SRO, designated contract market, DCO or swap execution facility;

(h) of any damage to, or failure or inadequacy of, the systems, facilities or equipment used to effect transactions or perform financial obligations under or in connection with Contracts of the Trading Privilege Holder or any of its Authorized Traders or Authorized Trading Firms;

(i) of any change in the location of the principal office of the Trading Privilege Holder or any of the Trading Privilege Holder's Authorized Traders and Authorized Trading Firms;

(j) of any failure to maintain segregated funds as required by the Commission when the Trading Privilege Holder is a futures commission merchant registered with the Commission;

(k) of becoming subject to early warning reporting under Commission Regulation 1.12; and

(l) of becoming the subject of a bankruptcy proceeding or being unable to meet any financial obligation as it becomes due.

Rule 211. Dues, Fees and Expenses

(a) The Board has the sole power to set the payment dates and amounts of any dues, assessments or fees to be levied on Trading Privilege Holders, which dues, assessments or fees will be paid to the SEF when due. Fees will be comparable for Trading Privilege Holders receiving comparable access to, or services from, the SEF.

(b) If a Trading Privilege Holder fails to pay when due any SEF dues, assessments or fees levied on such Trading Privilege Holder, and such payment obligation remains unsatisfied thirty (30) days after its due date, the SEF may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Trading Privilege Holder as it deems necessary or appropriate.

Rule 212. Market Maker Programs

The SEF may from time to time adopt one or more programs under which one or more Trading Privilege Holders or others may be approved and designated as market makers with respect to one or more Contracts in order to provide liquidity and orderliness in the market or markets for such Contract or Contracts. Any such program may provide for any or all of the following:

(a) qualifications, including any minimum net capital requirements, that any such market maker must satisfy;

(b) the procedure by which Trading Privilege Holders or others may seek and receive designation as market holders;

(c) the obligations of such market makers, including any applicable minimum bid and offer commitments;

(d) the benefits accruing to such market makers, including priority in the execution of transactions effected by Trading Privilege Holders or others as approved by the SEF in their capacity as market makers, reduced transaction fees or the receipt of compensatory payments from the SEF; and

(e) the requirement that such designated market makers agree to abide by the Rules of the SEF and are subject to the jurisdiction of the SEF.

Rule 213. Independent Software Vendors

The SEF shall provide impartial access to independent software vendors who enter into a development and maintenance agreement with the SEF (an "**ISV Development and Maintenance Agreement**"). Fees will be comparable for independent software vendors receiving comparable access to, or services from,

the SEF. Each independent software vendor that enters into an ISV Development and Maintenance Agreement must satisfy the following criteria:

(a) If required to be registered in any capacity under Applicable Law, it has duly registered in such capacity and such registration is in effect and has not lapsed or been revoked, suspended or withdrawn;

(b) It complies with the applicable technical access standards, system compatibility requirements, security protocols and technical specifications for connection to the SEF's electronic system as may be specified by the SEF from time to time;

(c) It must ensure that each person that uses the independent software vendors to access the SEF is either a Participant or a Customer of a Participant authorized as such in accordance with these Rules;

(d) It may provide data obtained from the SEF solely to such Participants or Customers of Participants in connection with their actual and proposed trading activity in Contracts and similar contracts, and shall not provide such data to any other swap execution facility, security-based swap execution facility, designated contract market, national securities exchange or other trading facility or system without the prior written consent of the SEF;

(e) In the case of any RFQ or Bid/Offer submitted to the SEF through an independent software vendor, the independent software vendor will provide sufficient detail to identify the Participant (and, in the case of a Customer transaction, the Customer) as required by the SEF; and

(f) It satisfies such other criteria as the SEF may specify from time to time, subject to Applicable Law.

Rule 214. Withdrawal of Participant

(a) To withdraw from the SEF, a Participant must notify the SEF in writing, following such procedures as may be established by the SEF.

(b) The SEF may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if the SEF considers it necessary for the protection of the Participant's Customers, other Participants or otherwise in the interests of the SEF.

(c) Based on the information provided to, and other information gathered by, the SEF regarding a Participant's withdrawal request, the SEF will determine whether to: (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; or (iii) impose any terms or conditions before or after the effective date of withdrawal.

(d) If the SEF refuses to accept a Participant's withdrawal request or postpones the effective date of withdrawal of a Participant, the SEF may waive the obligation to pay some or all of the fees, costs and charges that the SEF would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.

(e) When the SEF accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including the Trading Privileges and ability to access a Trading Platform). The accepted withdrawal of a Participant shall not affect the rights of the SEF under the Rules or relieve the former Participant of its obligations with respect to previously executed transactions (including any contractual obligations relating to any Contracts entered into by such Participant, or the payment of any fees, costs, or charges incurred prior to such withdrawal). Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the jurisdiction of the SEF for acts done and omissions made while a Participant, and must cooperate in any proceeding under Chapter 5 as if such withdrawal had not taken place.

(f) Upon delivery of a withdrawal notice:

(1) Participant shall promptly notify its Authorized Traders and any Authorized Trading Firms that they may no longer access the SEF on behalf of Participant, and Participant shall with reasonable diligence, to the extent practicable, terminate electronic access of its Authorized Traders to the SEF;

(2) the SEF shall suspend Participant's access to the SEF, promptly notify its relevant personnel that Participant and its Authorized Trading Firms may no longer access the SEF on behalf of Participant, and with reasonable diligence, to the extent practicable, terminate electronic access of Participant's Authorized Traders to the SEF.

CHAPTER 3
TRADING PROCEDURES

Rule 301. Trading Sessions

Except as otherwise provided in these Rules or determined by the Board, transactions in any Contract will only be executed during the Trading Session for such Contract. The SEF may from time to time modify its regular Trading Session and establish Trading Sessions, in addition to the regular Trading Sessions, as it deems appropriate.

Rule 302. Access to SEF's Order Book

(a) Each Authorized Trader and each Trading Privilege Holder that is an individual will receive a user identification ("**ID**") and password. As a Trading Privilege Holder or Authorized Trader, such person will be able to access the SEF's Order Book for trading in the Swap asset classes or sub-products approved for such Trading Privilege Holder or Authorized Trader, enter and accept Bids/Offers, enter electronic RFQs, and otherwise access information regarding, or perform functions for, such person's account using its ID and password.

(b) For account security and audit trail purposes, each Trading Privilege Holder and Authorized Trader agrees that the SEF may maintain logs of the IP address used to log on to the SEF.

(c) Each Trading Privilege Holder will be responsible for protecting from improper disclosure its ID and password, and the IDs and passwords of its Authorized Traders. In addition, a Trading Privilege Holder may not knowingly or negligently permit any person not authorized by the SEF and by the Trading Privilege Holder to use the ID and password to access the SEF. Each Trading Privilege Holder is required to immediately notify the SEF if it knows, or has reason to believe, that its ID and/or password, or the ID and/or password of any Authorized Trader have been disclosed to any person not authorized by the SEF and the Trading Privilege Holder to use such ID and/or password.

(d) Except as otherwise provided in Rule 102:

(1) each Trading Privilege Holder will be liable for all costs and any losses that it may incur from transactions executed on the SEF by any person, authorized or not, using its ID and password or the ID and/or password of any of its Authorized Traders; and

(2) the SEF will not be responsible in any way for unauthorized transactions for a Trading Privilege Holder's account.

(e) Each Trading Privilege Holder is responsible for contracting with a network provider through which it will access the SEF and for having a backup service provider if the Trading Privilege Holder deems it necessary. Each Trading Privilege Holder is also responsible for maintaining a network connection speed adequate for its needs. The SEF will not be responsible in any way for any Bids/Offers or electronic RFQs delayed or transactions missed or not executed in a timely fashion because of failure of the Trading Privilege Holder's Internet service provider or slowness of its network connection speed. No communication from a Trading Privilege Holder will be deemed to have been received by the SEF until that communication is logged by the SEF server.

Rule 303. Required Transactions

(a) No Participant shall execute a Required Transaction on ICAP SEF other than via the SEF's Order Book or Request for Quote procedures unless such transaction is a Block Trade.

(b) Upon execution of the Required Transaction on the SEF, the SEF will report the transaction to the SDR as soon as technologically practicable.

Rule 304. Permitted Transactions

(a) Participants may enter Bids/Offers and electronic RFQs for Permitted Transactions directly into the SEF's Order Book for that Contract.

(b) Participants may submit to an Execution Specialist for execution Permitted Transactions negotiated and agreed to outside the SEF's Order Book, at prices mutually agreed, with regard to Contracts that have been designated by the SEF for such purpose (each such transaction a "**Pre-Arranged Cross**"). Pre-Arranged Crosses that are submitted to an Execution Specialist for execution must be submitted by the seller, unless otherwise agreed to by the parties; however, in the case of an Intermediated Transaction, the Participant acting as the Intermediary shall have the obligation to submit the Pre-Arranged Cross to the Execution Specialist. The Participant submitting the Pre-Arranged Cross to the Execution Specialist must provide the information required by Rule 208(c).

(c) Upon execution of the Permitted Transaction on the SEF, the SEF will report the transaction to the SDR as soon as technologically practicable.

(d) Each Participant that is party to, or Intermediary in, a Pre-Arranged Cross executed pursuant to section (b) of this Rule 304 must record the following details of the transaction: the Contract (including the Delivery Month) to which such transaction relates; the number of Contracts traded; the price of execution or premium; the identity of the counterparty; and, if applicable, details regarding the Customer for which the transaction was executed, as well as, if applicable, the Underlying Interest and whether the transaction involved a put or a call and the strike price. Upon request by the SEF, such Participant must produce satisfactory evidence, including the transaction information referred to in the preceding sentence, that the transaction meets the requirements set forth in this Rule.

Rule 305. Execution Methods for Required Transactions

(a) *Execution through the SEF's Order Book*

(1) A Participant may enter Bids/Offers to transact in Contracts by electronic transmission over a network or through an Execution Specialist.

(2) A Participant will enter a Bid/Offer to transact in one or more Contracts by indicating to the SEF in the manner required by a Trading Platform or the Execution Specialist the information required by Rule 208(c).

(3) The Participant will be responsible for any and all Bid/Offer entries it posts on the SEF. Posted Bids/Offers are subject to acceptance by other Participants.

(4) The Order Book will keep an electronic record of all Bids/Offers to transact in Contracts, and all executed transactions.

(5) The records kept by the SEF will include all of the Bid/Offer terms identified in this Rule as well as the date and time that the transaction was executed.

(6) The Order Book will provide Participants with the ability to post firm Bids/Offers on a centralized electronic screen that is accessible to all Participants with access to the Order Book. Each Participant may then choose to transact on the basis of a firm Bid/Offer by entering a Bid/Offer which accepts the firm Bid/Offer.

(7) For a Participant who has the ability to accept a Bid/Offer it submits on behalf of a Customer or to execute Bids/Offers from two Customers against each other, or for two Participants who desire to execute offsetting Bids/Offers as a result of pre-execution discussions, the Participant or Participants must allow at least a ~~5~~15 second delay between the entry of those two Bids/Offers, such that one side of the potential transaction is disclosed and made available to other Participants for at least ~~5~~15

seconds (or such other time as the SEF may publish for particular contracts) before the second side of the potential transaction, whether for the Participant's own account or for Participant's Customer, is submitted for execution. Participants and Customers may engage in pre-execution discussions with regard to such Bids/Offers in accordance with Rule 404(c).

(b) *Electronic Request for Quote Systems*

(1) The Trading Platforms will provide Participants with the ability to transmit a request for quote to no less than the required number of Recipients, to which all such Recipients may respond.

(2) Together with the first response from any Recipient, a Trading Platform will display to the requesting Participant any firm resting order for the Swap indicated in the RFQ that is posted in the Order Book together with any responses to the RFQ from the Recipients.

(3) Responses to RFQs must be in the form of a Bid/Offer. The RFQ requestor may accept such RFQ response by submitting a corresponding Bid/Offer.

(4) A Participant that sends an RFQ to fewer than all other Participants may not send an RFQ to another Participant that is affiliated with or controlled by the RFQ requester, or to two or more Participants that are affiliates of or controlled by each other.

(c) *Voice Request for Quote Systems*

(1) Participants may initiate an RFQ by contacting an Execution Specialist.

(2) The Execution Specialist will transmit the RFQ to no less than the required number of Recipients, to which all such Recipients may respond.

(3) Together with the first response from any Recipient, the Execution Specialist, unless otherwise instructed by the Participant, will communicate to the requesting Participant any firm resting order for the Swap indicated in the RFQ that is posted in the Order Book together with any responses to the RFQ from the Recipients.

(4) Responses to RFQs must be in the form of a Bid/Offer. The RFQ requestor may accept such RFQ response by submitting a corresponding Bid/Offer.

(5) A Participant that requests an Execution Specialist to send an RFQ to fewer than all Participants may not request that an Execution Specialist send any RFQ to another Participant that is affiliated with or controlled by the RFQ requester or to two or more Participants that are affiliated with or controlled by each other. An Execution Specialist that sends an RFQ to fewer than all Participants may not knowingly send an RFQ on behalf of the requesting Participant to another Participant that is affiliated with or controlled by the RFQ requester, or to two or more Participants that are affiliated with or controlled by each other.

(6) An Execution Specialist will act in accordance with a Participant's instructions, the Rules and Applicable Law.

Rule 306. Work-Up

Work-up sessions in Required Transactions are permitted in both electronic trading and RFQ, subject to the System Protocol for the Trading Platform for each product. Work-up transactions do not qualify as a Block Trade even if a Participant's transactions as part of the work-up session has a notional or principal amount at or above the appropriate minimum block size applicable to such Swap.

Rule 307. Acceptable Bids and Offers

(a) A Bid/Offer may be for a single Swap or for a strategy or spread involving multiple Swaps.

(b) Subject to the System Protocols, a Bid/Offer may be designated as “all-or-none,” and if so designated, may be accepted only if accepted in its entirety.

Rule 308. Block Trades

Participants may enter into Block Trades outside a Trading Platform, Order Book or RFQ procedure at prices mutually agreed, with regard to Contracts that have been designated by the SEF for such purpose, provided all of the following conditions are satisfied (such transactions, “**Block Trades**”):

(a) The Block Trade must be for at least such minimum number of Contracts as will from time to time be specified by the SEF. Except as may otherwise be permitted by Commission Regulation 43.6(h)(6), Participants shall not aggregate Contracts of different Participants or Customers to achieve the minimum number of Contracts specified by the SEF for a Block Trade.

(b) When negotiating or executing a Block Trade, a Participant must ensure that the price quoted for a Block Trade represents a fair and reasonable price. The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such 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 at the relevant time, and (iv) the circumstances of the parties to such Block Trade.

(c) Block Trades must be reported to the SEF by the seller, unless otherwise agreed to by the parties, within 15 minutes after execution by contacting an Execution Specialist; however, in the case of an Intermediated Transaction, the Participant acting as the Intermediary shall have the obligation to report the Block Trade to the SEF within 15 minutes after execution.

(d) The SEF will review the information submitted by the Participants for the Block Trade and will post the transaction to a Trading Platform if the details are complete and accurate in accordance with this Rule. The SEF will report the transaction to the SDR as soon as technologically practicable.

(e) Each Participant that is party to, or Intermediary for, a Block Trade must record the following details of the transaction: the Contract (including the Delivery Month) to which such transaction relates; the number of Contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer for which the transaction was executed, as well as, if applicable, the Underlying Interest and whether the transaction involved a put or a call and the strike price. Upon request by the SEF, such Participant must produce satisfactory evidence, including the information referred to in the preceding sentence, that the transaction meets the requirements set forth in this Rule.

(f) Any Block Trade in violation of these requirements will constitute conduct which is inconsistent with just and equitable principles of trade.

Rule 309. Reporting and Data Collection

(a) In furtherance of Applicable Law, the SEF will capture and retain all transaction data, so as to be able to reconstruct all transactions within a reasonable period of time and to provide evidence of any Violations.

(b) In furtherance of Applicable Law, the SEF will retain records for all transactions executed on the SEF. This includes all Bids/Offers, RFQs and Pre-Arranged Crosses, whether accepted, unaccepted, canceled or modified, and all acceptances of such transactions.

(c) In furtherance of Applicable Law, the SEF shall maintain an electronic transaction history database, which includes a history of all Bids/Offers, electronic RFQs and transactions, and also includes: (i) all data that are input into the trade entry system; (ii) the categories of Participant or Customer for which each transaction is executed, including whether the Participant or Customer executed the transaction for its own account; (iii) timing and sequencing data adequate to reconstruct trading; and (iv) identification of each Participant or Customer to which fills are allocated.

(d) The SEF will use the electronic transaction history database to reconstruct trading and identify possible Violations. In furtherance of Applicable Law, the SEF will conduct an annual review of compliance with its audit trail and recordkeeping requirements and will identify Participants that may have failed to comply with such requirements. Such Participants will be subject to investigation by the Market Regulation Staff for possible disciplinary action. The annual review must include, but is not limited to, reviews of randomly-selected samples of front end audit trail data for order routing systems; a review of the process by which user identifications are assigned and user identification records are maintained; a review of usage patterns associated with user identifications to monitor for violations of user identification Rules; and reviews of account numbers and Customer Type Indicator Codes in transaction records to test for accuracy and improper use.

(e) All such information will be maintained by the SEF in a manner that protects it from unauthorized alteration, as well as from accidental erasure or other loss.

(f) The SEF will publish trading information as required by Core Principle 9, Commission Regulation § 37.901 and Part 16 of the Commission Regulations. All specified swap data will be reported as provided under Part 43 and Part 45 of the Commission Regulations. The SEF will disseminate swap transaction and pricing data relating to Contracts to Participants no earlier than the transmittal of such information to a registered SDR.

Rule 310. Bid/Offer Cancellation

(a) A Participant can submit instructions to either cancel or modify a Bid/Offer which that Participant has placed on the SEF if that Bid/Offer has not yet been accepted. Upon receipt of instructions to cancel a Bid/Offer that has not been executed, a Trading Platform will withdraw the Bid/Offer and confirm the cancellation of the Bid/Offer. If a Participant modifies a Bid/Offer that has not been executed, the SEF will treat the modified Bid/Offer as a new Bid/Offer.

(b) The SEF will attempt to cancel or modify an existing Bid/Offer after a Participant enters a cancellation or modification instruction. However, the Bid/Offer may be executed before the SEF is able to cancel or modify it. If a Bid/Offer has been filled in whole or in part, a Participant may modify or cancel only that portion of the Bid/Offer (if any) that has not been executed. Once canceled by the SEF, a Bid/Offer will not be executed.

(c) Upon suspension or revocation of a Participant's trading privileges by the SEF, any unaccepted Bid/Offer on the SEF for such Participant shall be canceled by the SEF.

Rule 311. Errors and Disputes

(a) If a Participant believes that a Bid/Offer or RFQ or Pre-Arranged Cross to transact in one or more Contracts was incorrectly displayed and/or executed and/or reported, that Participant may request review of the Bid/Offer or the transaction.

(b) Upon receipt of a request for review of a Bid/Offer or RFQ or Pre-Arranged Cross, the SEF will review its records to determine if a Trading Platform or Execution Specialist correctly displayed and/or executed the Bid/Offer or RFQ or Pre-Arranged Cross.

(c) If the review described in this Rule reveals that a Trading Platform or an Execution Specialist made a material mistake or that a mistake occurred as a result of a malfunction in a Trading Platform or by human error, the transaction will be canceled or adjusted, as appropriate.

(d) If the review described in this Rule reveals that neither a Trading Platform nor an Execution Specialist made a mistake, the SEF will inform the Participant who requested the review that the SEF has determined that the Bid/Offer or RFQ or Pre-Arranged Cross was properly handled, the evidence supporting that determination, and that an adjustment will not be made.

(e) The SEF will document in writing all requests for review of Bids/Offers, RFQs and Pre-Arranged Crosses received by the SEF, the time and manner in which SEF reviewed its electronic audit trail in response to the request, the outcome of that review, and the action or actions taken by the SEF in response to that review.

Rule 312. Enforceability of Transactions

(a) Each Participant or, where a transaction is on behalf of a Customer, the relevant Customer, is obligated to settle all transactions executed, pursuant to the Rules in this Chapter 3.

(b) *Issuance of SEF Confirmations for Cleared Contracts.* Participants and Customers are obligated to submit for clearing all Contracts so required by the Act, Commission Regulations and any other applicable law. For Cleared Contracts, the SEF will provide the Trading Privilege Holder a Confirmation of all the terms of each transaction executed on the SEF at the time of execution; provided that where a Trading Privilege Holder is a Customer in an Intermediated Transaction, the confirmation will be provided to the Intermediary in accordance with Rule 313(c). The Confirmation provided by the SEF for Cleared Contracts will be the final legally binding confirmation of the terms of any transaction executed on the SEF and will supersede any conflicting confirmation or agreement provided to, or between, as applicable, Participants and Customers, regardless of when such other confirmation is provided.

(c) *Issuance of SEF Confirmations for Uncleared Transactions*

(1) The economic terms specific to the transaction agreed by each Participant and/or Customer on the SEF with respect to an uncleared transaction shall be reflected by the SEF in a written communication (the "**Trade Communication**") issued to each applicable Participant and/or Customer. The Trade Communication, together with the documents and agreements (including, without limitation, ISDA master agreements, other master agreements, terms supplements, master confirmation agreements, and incorporated industry definitions) governing such transaction existing at the time of such commitment to which each Participant and/or Customer are party (the "**Terms Incorporated by Reference**") shall, taken together, for purposes of Commission Regulation 37.6(b), comprise all of the terms of such transaction and serve as a Confirmation of such transaction.

(2) In satisfaction of the obligations imposed on the SEF under Commission Regulation 37.6(b), (i) each Trade Communication is deemed to incorporate the Terms Incorporated by Reference set forth in this Rule 312(c), and (ii) each Participant and Customer hereby agrees that the provisions of Rule 312(c)(3) shall govern any conflicting terms.

(3) In the event of any conflict between (x) the Trade Communication and (y) the Terms Incorporated by Reference, the Trade Communication shall prevail to the extent of any inconsistency.

Rule 313. Intermediated Transactions

(a) Subject to Rule 305(a)(7), Participants who are Intermediaries shall immediately enter into a Trading Platform all executable Orders and electronic RFQs received by telephone from their Customers, and shall immediately submit all voice RFQs and Pre-Arranged Crosses to an Execution Specialist. If an Order, RFQ or Pre-Arranged Cross cannot be immediately entered into a Trading Platform or submitted to an Execution Specialist, as applicable, an electronic record which includes the account identifier that

relates to the account owner, time of receipt, and terms of the Order, RFQ or Pre-Arranged Cross must immediately be created, and the Order, RFQ or Pre-Arranged Cross must be entered into a Trading Platform or submitted to an Execution Specialist as soon as practicable.

(b) *Priority of execution.* Non-discretionary executable Customer Orders received by a Participant who is an Intermediary shall be entered into the SEF in the sequence received. Non-discretionary Orders that cannot be immediately entered must be entered when the Orders become executable, in the sequence in which the Orders were received.

(c) The SEF shall provide all Confirmations of Intermediated Transactions to the Intermediary. Any Participant that transacts as an Intermediary for any Customer shall be responsible for ensuring that such Customers receive all Confirmations of Contracts entered into on behalf of such Customers.

Rule 314. Bunched Orders

Bunched Orders must be allocated and recorded in accordance with Commission Regulation 1.35(b)(5) and the NFA's Interpretive Notice related to Compliance Rule 2-10. Bunched Orders may be entered using a designation for a group of accounts or suspense account number; provided, however that:

(i) the Bid/Offer or Pre-Arranged Cross is being placed by a Participant who is, or is acting on behalf of, an account manager for multiple accounts eligible for post execution allocation; or

(ii) a written, pre-determined allocation scheme that defines the group of accounts has been provided to the Clearing Firm accepting or clearing the Bid/Offer or Pre-Arranged Cross prior to the time that such Bid/Offer or Pre-Arranged Cross is entered. In the latter case, if such information has not been provided to the Clearing Firm prior to the time of Bid/Offer or Pre-Arranged Cross entry, each specific account number must be provided to the SEF. Additionally, for all such bunched Bids/Offers or Pre-Arranged Crosses executed on the SEF, the final account-specific allocations must be provided to the SEF no later than the end of each trading day.

Rule 315. SEF Authority over Transactions

(a) *SEF Authority Regarding Cancellations and Price Adjustments of Transactions*

The SEF has authority to cancel any transaction or adjust the price of any transaction executed on the SEF: (i) when the SEF determines in its sole discretion such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of a Trading Platform or by system defects; (ii) at any time the SEF determines, in its sole discretion, that allowing a transaction to stand as executed may have a material adverse effect on the integrity of the market; or (iii) in accordance with Rules 204(h), 204(i), 311, 315(c) or 315(d). All decisions of the SEF regarding the SEF's cancellation of transactions or the adjustment of transaction prices shall be final, subject to Rule 315(d).

(b) *Determination to Review a Transaction*

(1) The SEF may determine to review a transaction based on its independent analysis of market activity or upon a Participant's request. A Participant's request for review must be made (i) for an uncleared Pre-Arranged Cross, within one (1) Business Day of the execution of such transaction and (ii) for any other transaction executed on the SEF, within 15 minutes of the execution of such transaction. In the absence of a timely request for review, the SEF may determine whether or not a transaction will be subject to review in its sole discretion. Notwithstanding the foregoing, subject to Applicable Law, the SEF shall amend the terms of, or cancel, any transaction that the parties, together with the DCO, as applicable, mutually agree to amend or cancel, in the event that such amendment or cancellation is not submitted to the SEF within the applicable review period specified above.

(2) If the SEF determines to review a transaction, it will promptly issue an alert to all Participants via a Trading Platform or electronic mail indicating that the transaction is under review.

(c) *Review of Transactions*

(1) In reviewing a transaction, the SEF will first determine whether the price of the transaction is in the Non-Reviewable Range.

(2) In applying the Non-Reviewable Range, the SEF shall determine the fair value price for the Swap at the time the transaction under review occurred. The SEF may consider any relevant information, including, but not limited to, the last transaction price of the Swap or a better Bid/Offer, a more recent price for a different maturity date, the price of the same or related Swap established in another venue or another market, the market conditions at the time of the transaction, the theoretical value of an Option based on the most recent implied volatility and responses to an RFQ.

(3) If the SEF determines that the price of a transaction is inside the Non-Reviewable Range, the SEF will issue an alert indicating that the transaction shall stand as executed.

(4) If the SEF determines that the price of a transaction is outside the Non-Reviewable Range, the SEF shall have the right, in its sole discretion, to cancel or adjust the price of such transaction. Canceled transactions and any prices that have been adjusted shall be canceled in the SEF's official records. Transactions that have had their price adjusted shall be inserted in the SEF's official records at the adjusted price.

(d) *Alternative Resolution by Agreement of Parties*

(1) With the approval of the SEF, parties to a transaction that is under review or that has had its price adjusted may instead, together with the DCO, as applicable, mutually agree to cancel or otherwise adjust the price of the transaction.

(2) With the approval of the SEF, parties to a transaction that is canceled may instead, together with the DCO, as applicable, mutually agree to adjust the price of such transaction to a price within the Non-Reviewable Range.

(3) Subject to sections (d)(1) and (d)(2), parties to a transaction that is canceled or that has had its price adjusted may mutually agree to a cash adjustment.

(4) Any cancellation or adjustment made pursuant to sections (d)(1), (d)(2) or (d)(3) must be reported to the SEF by the parties within one (1) Business Day and the parties must maintain a record of such adjustment.

(e) *Liability for Losses Resulting from Cancellations or Price Adjustments*

(1) A party that through error or mistake enters a Bid/Offer, RFQ or Pre-Arranged Cross that results in a cancellation or price adjustment shall be responsible for demonstrated claims of realized losses incurred by persons whose transaction prices were canceled or adjusted; 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.

(2) A claim for a loss pursuant to this Rule 315 must be submitted to the SEF within one (1) Business Day of the event giving rise to the claim. The SEF will reject any claim that is not filed in a timely manner and such decision shall be final. Eligible claims shall be forwarded by the SEF to the party responsible for the Bid/Offer, RFQ or Pre-Arranged Cross that resulted in a cancellation or a price adjustment of a transaction and the Participant through which the transaction was submitted to the SEF. Such party, or Participant on behalf of such party, shall, within ten (10) Business Days of receipt of the

claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten (10) Business Days shall be deemed a denial of liability.

(3) To the extent that liability is admitted, payment shall be made within ten (10) Business Days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten (10) Business Days shall be deemed a denial of liability for the purposes of this Rule 315. A copy of any such written agreement must be provided to the SEF.

(4) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Rule 702. Such claims must be submitted to the SEF within ten (10) Business Days of the date the party was issued notification that liability was denied.

Rule 316. Reporting Counterparty

(a) For each Contract executed on or subject to the Rules of the SEF, the SEF shall report creation data to an SDR, and shall include in such creation data the identification of the reporting counterparty. The reporting counterparty will be determined by the SEF, if possible, in accordance with Commission Regulation 45.8 (a) – (f) and, in the event the counterparties to the Contract are of the same hierarchy level, the ISDA Reporting Party Rules. If the SEF is unable to determine the reporting counterparty in accordance with Commission Regulation 45.8 (a) – (f) and the ISDA Reporting Party Rules, the SEF will identify the buyer of the Contract as the reporting counterparty in the creation data. By executing the Contract on the SEF, the counterparties agree to the use of the ISDA Reporting Party Rules and, where necessary, the identification of the buyer as reporting counterparty, and waive the opportunity to agree separately upon a reporting counterparty and to receive notice from the SEF, as provided in Commission Regulation 45.8(d) and 45.8(f).

(b) Notwithstanding paragraph (a) of this Rule 316, for Contracts in the commodity asset class (as set forth in the ISDA Reporting Party Rules) between counterparties of the same hierarchy level, as determined by Commission Regulation 45.8 (a) – (f), the counterparties to such a Contract may agree separately upon a reporting counterparty. In the event that such counterparties do not agree upon a reporting counterparty, the reporting counterparty will be determined under paragraph (a) of this Rule 316.

(b) For each Contract executed on or subject to the Rules of the SEF, the reporting counterparty and/or the relevant DCO is responsible for reporting continuation data to the SDR to which the creation data for the Contract was first reported in accordance with Commission Regulations 45.4 and 45.10.

CHAPTER 4
TRADING STANDARDS

Rule 401. Fraudulent Statements and Acts

(a) No Participant or Customer shall make any material misrepresentation of fact or omit to state any material fact necessary to prevent a statement from being misleading, in connection with or related to any transaction on or other activity related to the SEF.

(b) No Participant or Customer may engage in any fraudulent act or engage in any scheme to cheat, defraud or deceive, in connection with or related to any transaction on or other activity related to the SEF.

Rule 402. Abusive Trading Practices

(a) No Participant or Customer shall create fictitious or wash transactions on the SEF or execute any Bid/Offer for a fictitious or wash transaction with knowledge of its nature.

(b) No Participant or Customer shall engage in trading on or subject to the Rules of the SEF for the purpose of passing money or transferring equity from one account to another.

(c) No Participant trading as an Intermediary on behalf of a Customer shall engage in trading ahead of a Customer Order, trading against a Customer Order without the Customer's consent, front running a Customer Order, accommodation trading or improper cross trading.

(d) No Participant or Customer shall engage in any trading, practice or conduct on or subject to the Rules of the SEF that (1) violates Bids/Offers; (2) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; or (3) is, is of the character of, or is commonly known to the trade as, "spoofing" (entering a Bid/Offer with the intent to cancel the Bid/Offer before execution).

Rule 403. Good Faith Bids/Offers and RFQs

(a) A Participant or Customer shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ into the SEF other than in good faith for the purpose of executing bona fide transactions.

(b) A Participant or Customer shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ unless such Participant or Customer has sufficient funds to provide the required collateral for the related Contract should the Contract be executed.

Rule 404. Pre-Execution Discussions and Pre-Arranged Transactions

No Participant or Customer shall prearrange or pre-negotiate or non-competitively execute any transaction on the SEF except as follows:

(a) Block Trades are not subject to this prohibition.

(b) Permitted Transactions executed pursuant to Rule 304 are not subject to this prohibition.

(c) Participants and Customers may engage in pre-execution discussions with regard to transactions executed on the SEF by entering a Bid/Offer into a Trading Platform where one party wishes to be assured that a contra party will take the opposite side of the Bid/Offer, provided that the initiating party's Bid/Offer is entered into a Trading Platform for ~~5~~15 seconds, or such other time as the SEF may publish for particular Contracts, before the other party's Bid/Offer is entered; *provided, however*, that:

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

(2) Parties to pre-execution communications shall not:

(i) disclose to a nonparty the details of such communications; or

(ii) enter a Bid/Offer to take advantage of information conveyed during such communications except in accordance with this Rule.

(3) Notwithstanding paragraph (c)(2) of this Rule, a party may disclose or use such communications if such disclosure or use is authorized in writing by the counterparty, or is necessary:

(i) for the effective execution of any Swap for or with the counterparty;

(ii) to hedge or mitigate any exposure created by such Swap; or

(iii) to comply with a request of the Commission, the U.S. Department of Justice, any self-regulatory organization, or an applicable prudential regulator, or as otherwise required by law.

Rule 405. Manipulation and Price Distortion

Any manipulation of the market in any Contract is prohibited. Bids/Offers entered into a Trading Platform or Pre-Arranged Crosses submitted to an Execution Specialist 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 or Customer who makes or assists in entering any such Bid/Offer or Pre-Arranged Cross 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 Bid/Offer or Pre-Arranged Cross, will be deemed to have engaged in an act detrimental to the SEF.

Rule 406. Adherence to Law

No Participant or Customer may engage in conduct in violation of Applicable Law or the rules of any DCO which clears a Cleared Contract in connection with or related to any transaction on or other activity related to the SEF.

Rule 407. Acts Detrimental to the SEF or Inconsistent with Just and Equitable Principles of Trade

It will be an offense for a Participant or Customer to violate any Rule of the SEF regulating the conduct or business of a Participant or Customer or any agreement made with the SEF, or to engage in any act detrimental to the SEF's operations or self-regulatory function or the SEF's ability to enforce its Rules or in conduct inconsistent with just and equitable principles of trade.

Rule 408. Position Limits and Position Accountability

(a) The SEF may set and enforce such Position Limits or position accountability levels with respect to each Contract as the SEF deems necessary to reduce the threat of market manipulation or congestion.

(b) The SEF hereby adopts the Commission's Position Limitations for any Contract for which the Commission has adopted a Position Limit. In no event will the SEF set its Position Limits at a level higher than the Commission's Position Limits.

(c) For Permitted Transactions, the SEF may set and enforce position accountability levels or send the Commission a list of the Permitted Transactions transacted on the SEF.

(d) All Participants and Customers must comply with all SEF and Commission requirements regarding Position Limits or position accountability levels.

(e) Each Participant required to file any report, statement, form or other information with the Commission pursuant to Commission Regulations concerning a Position Limit on any Contract or commodity underlying a Contract must simultaneously file a copy of such report, statement, form or other information with the SEF. Such information shall include, for Participants who are Intermediaries, information concerning the Customers for which transactions are made on the SEF.

(f) Any Participant or Customer who exceeds a SEF or Commission Position Limit by entering into a transaction on the SEF shall be deemed in violation of the Rules of the SEF. In addition, any Participant or Customer entering bids or offers, if accepted, which would cause that Participant or Customer to exceed the applicable SEF or Commission Position Limit, shall be in violation of the Rules of the SEF.

(g) Without limiting any provision of these Rules, the SEF shall have the authority to obtain from any Participant or Customer, on request, information with respect to all positions of such Participant or Customer in Contracts which are equivalent, for purposes of SEF or Commission Position Limits, to those transacted in by the Participant on the SEF.

CHAPTER 5
RULE ENFORCEMENT

Rule 501. Jurisdiction

(a) The SEF shall have the authority to initiate and conduct investigations, and prosecute Violations of these Rules committed by Participants and Customers, and to impose sanctions for such Violations as provided in these Rules.

(b) Each Participant, upon becoming a Participant and thereafter upon any change of address shall file with the SEF a written notice designating an address for receiving service of documents. If a Participant fails to designate such an address, service by U.S. mail to its address on file with the SEF shall be good service, and delivery thereof shall be deemed to have occurred as of the date of such mailing.

Rule 502. SEF Market Regulation Staff Powers and Duties

(a) It shall be the duty of the Chief Compliance Officer to enforce these Rules, and he or she shall have the authority to inspect the books and records of all Participants and Customers and the authority to require any Participant or Customer to appear before him or her to answer questions regarding matters being investigated by the Market Regulation Staff. The Chief Compliance Officer may also delegate such authority to Market Regulation Staff who shall consist of employees of the SEF, and such other Regulatory Services Providers as the SEF may hire on a contract basis. The Chief Compliance Officer shall ensure that surveillance systems are established to monitor trading to prevent manipulation and price distortion. Such monitoring may be done by the Market Regulation Staff or a third party provider, and shall include real time monitoring and the ability to conduct comprehensive and accurate transaction reconstructions.

(b) The Market Regulation Staff shall conduct investigations of possible Violations of these Rules, prepare written reports respecting such investigations, furnish such reports to the Review Panel and conduct the prosecution of such Violations. An investigation must be commenced upon receipt of a request from Commission staff or receipt of information (such as data produced by automated surveillance systems) by the SEF that in the judgment of the Market Regulation Staff indicates a reasonable basis for finding that a Violation has occurred or will occur. Absent mitigating factors, each investigation will be completed no later than 12 months after the investigation is opened. Mitigating factors include the complexity of the investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential Violations to be investigated and the volume of documents and data to be examined and analyzed by Market Regulation Staff.

(c) If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that a Violation of these Rules may have occurred, he or she may issue a warning letter, including for minor transgressions, or shall present an investigation report concerning the matter to the Review Panel. No more than one warning letter may be issued to the same person found to have committed the same Violation more than once in a rolling 12-month period. The investigation report must include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; Market Regulation Staff's analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. The report may also include the Participant's or Customer's disciplinary history at the SEF, including copies of any warning letters.

(d) If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that no reasonable basis exists for finding a Violation of these Rules, he or she must prepare a written investigation report including the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and Market Regulation Staff's analysis and conclusions. The Chief Compliance Officer or another member of the Market Regulation Staff may issue a warning letter in any case where it is concluded that no reasonable

basis exists for finding a Violation of these Rules, without limitation on the number of warning letters issued to a person.

(e) Before presenting an investigation report to the Review Panel, the Market Regulation Staff may, in its sole discretion, inform the prospective Respondent that it intends to submit the matter to the Review Panel, and at such time the proposed Respondent may submit an offer of settlement to the Hearing Panel, in accordance with the procedures of Rule 509, prior to presentation of the investigation report to the Review Panel.

(f) The SEF has contracted with NFA to act as Regulatory Services Provider to provide certain regulatory services to the SEF, including reviews of the SEF's audit trail information for potential violations of SEF Rules. The SEF will retain ultimate decision-making authority with respect to any regulatory services to be provided by NFA.

(g) The SEF or its Regulatory Services Provider shall have the right, with such prior reasonable advance notice as is practicable under the circumstances (unless in furtherance of regulatory purposes, in which case without prior notice to Participants or Customers), in connection with determining whether all SEF Rules are being, will be, or have been complied with by the Participant or Customer, to: (i) inspect systems, equipment and software of any kind operated by the Participant or Customer in connection with accessing, and the Participant's or Customer's transacting on, the SEF, wherever located; (ii) access, either physically or electronically, 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; and/or (iii) copy or reproduce any data to which the SEF has access under this Rule. Each Participant and Customer shall provide the Regulatory Services Provider with the same access to its books and records and offices as it is required to provide to the SEF under the SEF Rules and Applicable Law.

Rule 503. The Review Panel

(a) The Review Panel shall have the power to direct that an investigation of any suspected Violation be conducted by the Market Regulation Staff, and shall hear any matter referred to it by the Market Regulation Staff regarding a suspected Violation.

(b) The Review Panel shall be appointed by the Board, and shall be comprised of five persons, including at least two Participants and at least two non-Participants. The Board shall appoint as chairman (the "**Review Panel Chairman**") of the Review Panel a person who would not be disqualified from serving as a "Public Director" as defined in Commission Regulations. Three panel members shall constitute a quorum for any action, so long as they are in attendance at the time of the relevant action. The Review Panel may not include any members of the Market Regulation Staff, or any person involved in adjudicating any other stage of the same Proceeding.

(c) All information, records, and documents provided to the Review Panel, and all related records and documents shall be treated as confidential and shall not be disclosed, except as necessary to further a SEF investigation or as required by Applicable Law.

(d) Upon receipt of an investigation report, the Review Panel shall promptly review the report and, within thirty (30) days of receipt, take one of the following actions:

(1) If the Review Panel determines that additional investigation or evidence is needed, it shall promptly direct the Market Regulation Staff to conduct further investigation;

(2) If the Review Panel determines that no reasonable basis exists for finding a Violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and must include a written statement setting forth the facts and analysis supporting the decision; or

(3) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, it must direct that the Participant or Customer alleged to have committed the Violation be served with a notice of charges as set forth in Rule 504.

(e) If the Review Panel determines that there may have been a Violation but that no adjudication is warranted, the Review Panel may issue a warning letter to the Participant or Customer informing it that there may have been a Violation and that such continued activity may result in disciplinary sanctions. Where a Violation is determined to have occurred, no more than one warning letter for the same potential Violation may be issued to the same person during a rolling 12 month period.

Rule 504. Notice of Charges

(a) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, the Chief Compliance Officer shall serve a notice of charges (a "**Notice**") on the Participant or Customer alleged to have been responsible for the Violation (such Participant or Customer, the "**Respondent**"). Such Notice shall state:

(1) the acts, practices or conduct with which the Respondent is charged;

(2) the Rules allegedly violated and how such acts, practices or conduct constitute a Violation of such Rules;

(3) that the Respondent is entitled, upon written request filed with the SEF, within twenty (20) days of service of the Notice, to a formal hearing on the charges;

(4) that the failure of the Respondent to request a hearing within twenty (20) days of service of the Notice, except for good cause shown, shall be deemed a waiver of its right to a hearing;

(5) that the failure of the Respondent to file an Answer (as defined in Rule 505) with the Market Regulation Staff within twenty (20) days of service of the Notice shall be deemed an admission of all of the acts, practices or conduct alleged in the Notice; and

(6) that the failure of the Respondent to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

(b) A Respondent shall have the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process, except by any member of the Board, Review Panel or Hearing Panel, any employee of the SEF or any person substantially related to the underlying investigation, such as a material witness or Respondent.

Rule 505. Answer; Request for Hearing; Failure to Answer or Deny Charges

(a) The Respondent shall serve on the Chief Compliance Officer a written answer (an "**Answer**") to the Notice and a written request for a hearing on the charges within thirty (30) days of the date of service of the Notice. The Answer must include a statement that the Respondent admits, denies, or does not have and is unable to obtain sufficient information to deny each allegation. A statement of lack of sufficient information shall have the effect of a denial of the allegation.

(b) The Respondent's failure to file an Answer within such thirty (30) day period shall be deemed an admission of all allegations contained in the Notice.

(c) The Respondent's failure to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

(d) The Respondent's failure to request a hearing within such thirty (30) day period, absent good cause shown, shall be deemed a waiver of Respondent's right to a hearing.

Rule 506. Selection of Hearing Panel

(a) Formal hearings on any Notice shall be conducted by the Hearing Panel selected by the Board. The Hearing Panel shall include at least two Participants and at least two non-Participants. The Board shall also select, as chairman of the Hearing Panel ("**Hearing Panel Chairman**"), a person who would not be disqualified from serving as a "Public Director" as defined in Commission Regulations. The Hearing Panel Chairman, in his or her sole discretion, shall set a date for the hearing (the "**Hearing Date**"). The Hearing Panel may not include any members of the Market Regulation Staff, or any person involved in adjudicating any other stage of the same Proceeding.

(b) The Hearing Panel Chairman shall notify the Market Regulation Staff and the Respondent of the Hearing Date and the names of the members of the Hearing Panel at least fifteen (15) days prior to the Hearing Date.

(c) No member of the Hearing Panel shall hear a case in which that member has a direct financial, personal or other interest in the matter under consideration.

Rule 507. Challenge to Members of the Hearing Panel

Within ten (10) days after service on the Respondent of notice of the Hearing Date and names of the members of the Hearing Panel, the Respondent may challenge, in writing, the inclusion of any member of the Hearing Panel for cause, including without limitation, if the member has a direct financial, personal or other interest in the matter under consideration. The merits of such challenge shall be finally decided by the Regulatory Oversight Committee. If said written challenge is not received within such ten (10) day period, absent good cause shown, any such right to challenge is deemed waived.

Rule 508. Hearing on Sanctions in the Event of Failure to Deny Charges; Failure to Request Hearing Deemed Acceptance of Sanctions

In the event the Respondent fails to file an Answer or admits or fails to deny the charge of a Violation contained in the Notice, the Hearing Panel shall find the Respondent guilty of each such Violation and may impose a sanction for each such Violation subject to the limitations set forth in Rule 511(f). The Hearing Panel shall promptly notify the Respondent of any such sanction and of the Respondent's right to a hearing on the sanction within the period of time which shall be stated in the notice, after the imposition of such sanction. Failure to request a hearing on the sanction in a timely manner, absent good cause shown, shall be deemed to be acceptance of the sanction.

Rule 509. Settlement Prior to Commencement of Hearing

(a) Prior to the commencement of the hearing, the Hearing Panel may accept a written offer of settlement from the Respondent, whereby the Respondent, without either admitting or denying any Violations, may agree to:

(1) a cease and desist order;

(2) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed $100,000 per Violation);

(3) restitution of any counterparty harm; and/or

(4) revocation or suspension of Trading Privileges or Customer status of the Respondent.

(b) If the Hearing Panel accepts an offer of settlement, it must issue a written decision specifying each Rule Violation it has reason to believe was committed, including the basis for the Hearing Panel's conclusions. The sanctions must include full counterparty restitution where counterparty harm is demonstrated, except where the amount of restitution or to whom it should be provided cannot be reasonably determined. If an offer of settlement is accepted without the support of the Market Regulation Staff, the decision must adequately support the Hearing Panel's acceptance of the settlement. Where applicable, the decision must include a statement that the Respondent has accepted the sanctions imposed without either admitting or denying any Violations. Any sanctions imposed pursuant to an offer of settlement must take into account the Respondent's disciplinary history.

(c) The Respondent may withdraw an offer of settlement at any time before final acceptance by the Hearing Panel. If an offer is withdrawn after submission, or is rejected by the Hearing Panel, the Respondent may not be deemed to have made any admissions by reason of the offer of settlement and may not be otherwise prejudiced by having submitted the offer of settlement.

Rule 510. Hearing Procedures

(a) In every instance where a Respondent has requested a hearing on a charge that is denied, or on a sanction set by the Hearing Panel pursuant to Rule 508, the Respondent will have the opportunity for a hearing in accordance with the procedures of this Rule.

(b) The Hearing Panel shall determine the procedures to be followed in any hearing before it, except that the following shall apply in every case:

(1) The hearing must be fair and must be promptly convened after reasonable notice to the Respondent.

(2) The prosecution shall be conducted by the Market Regulation Staff.

(3) The Respondent shall be allowed to appear personally at the hearing, and to be represented by legal counsel or any other representative of its choosing and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses.

(4) The Market Regulation Staff and the Respondent shall deliver to each other a statement listing the witnesses expected to be called and the documents expected to be introduced into evidence, together with copies of such documents, by ten (10) days' notice prior to the hearing or as the Hearing Panel may reasonably specify. Unless the Hearing Panel, in its discretion, waives compliance with this requirement, no witness may testify and no documentary evidence may be introduced into evidence unless listed in and, in the case of documents, furnished with such statement. On written request, the Market Regulation Staff shall provide the Respondent with access to all books, documents or other tangible evidence in the possession or under the control of the SEF which are to be relied upon by the Market Regulation Staff or which are relevant to the charges; provided, however, that protected attorney work product, attorney-client communications and investigative work product, including the investigation report, are neither discoverable by a Respondent nor subject to review by a Respondent as part of the investigation file.

(5) The SEF shall require that persons within its jurisdiction who are called as witnesses participate in the hearing and produce evidence, and will make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant. Failure by a Participant or Customer to so participate and produce evidence when requested by the SEF shall be a Violation of these Rules.

(6) No formal rules of evidence shall apply, and the Hearing Panel shall be free to accept or reject any and all evidence it considers proper, but the hearing may not be so informal as to deny a fair hearing.

(7) Neither the Market Regulation Staff, the Respondent, any witnesses testifying before the Hearing Panel nor any other person within the SEF's jurisdiction shall engage in conduct that may impede the progress of a hearing or the fair and just resolution of the subject matter thereof, and any such conduct may itself constitute a Violation.

(8) Ex parte contacts by any of the parties with members of the Hearing Panel shall not be permitted.

(9) A substantially verbatim record capable of being accurately transcribed shall be made of the Proceeding, provided, however, that such record need not be transcribed, unless the transcript is requested by the Respondent or an applicable regulator, or unless the decision is appealed to the Commission or reviewed by the Commission on its own motion. In all other instances, a summary record of the hearing is permitted.

(10) The cost of transcribing the record of the hearing must be borne by a Respondent who requests the transcript, or whose application for Commission review of the disciplinary action has been granted. In all other instances, the cost of transcribing the record will be borne by the SEF.

(11) The Notice, the Answer, any stenographic transcript of the hearing, the documentary evidence and any other material presented to the Hearing Panel by either party with notice to the other shall constitute the record of the hearing (the "**Hearing Record**").

(12) The burden of proof shall be on the prosecution to prove a Violation by a preponderance of the evidence. A finding of a Violation shall be made by majority vote based on the Hearing Panel's decision as to the weight of the evidence contained in the Hearing Record.

(13) All sanctions imposed by the Hearing Panel must be commensurate with the Violations committed and must be clearly sufficient to deter additional similar Violations by the Respondent and similar Violations by other Participants and Customers. All sanctions must take into account the Respondent's disciplinary history. In the event of demonstrated counterparty harm, any sanctions must include full counterparty restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.

Rule 511. Written Decision of Hearing Panel

The Hearing Panel shall render a written decision based upon the weight of evidence in the Hearing Record and must provide a copy to the Respondent. The written decision shall include:

(a) a summary of the Violations alleged in the Notice;

(b) a summary of the Answer;

(c) a summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;

(d) a statement of the findings and conclusions of the Hearing Panel with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;

(e) an indication of each specific Rule that the Respondent was found to have violated; and

(f) an order stating any sanctions imposed, including the basis for the sanctions, and the effective date of such sanctions; the sanctions that may be imposed on the Respondent shall be one or more of the following:

(1) a cease and desist order;

(2) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed $100,000 per Violation);

(3) restitution of counterparty harm, except where the amount of restitution or to whom it should be provided cannot be reasonably determined; and/or

(4) the issuance of a suspension or revocation of Trading Privileges or Customer status of the Respondent.

(g) The Hearing Panel shall take into consideration the Respondent's disciplinary history prior to imposing any disciplinary sanctions.

Rule 512. Liability for Expenses

Any Respondent that, after notice and opportunity for hearing, has been found to have committed a Violation may, in the discretion of the Hearing Panel appointed in the matter, be required to pay to the SEF an amount equal to any and all reasonable and documented out-of-pocket expenses incurred by the SEF in connection with the prosecution of such Violations, in addition to any fine or other monetary sanction which may be imposed upon such Respondent by virtue of the Violations found by the Hearing Panel.

Rule 513. Effective Date of Sanctions

(a) If a Respondent submits an offer of a settlement to the Hearing Panel, any sanction included as a part of such settlement shall become final and effective on the date that the Hearing Panel approves such settlement, or on such other date as is specified in the decision.

(b) Any decision (including any sanctions) by a Hearing Panel shall be the final decision of the SEF and shall become effective fifteen (15) days, or such longer time as the Hearing Panel may specify, after a copy of the written decision of the Hearing Panel has been served on the Respondent; provided, however, that in any case where the Respondent has consented to the action taken and to the timing of its effectiveness, the Hearing Panel may cause the decision involving any disciplinary action (including any sanctions) to become effective prior to the fifteen (15) day period.

(c) Any fine or other monetary sanction imposed by a Hearing Panel shall be due and payable on the effective date of the decision imposing such fine or sanction, or on such later date as the Hearing Panel may specify.

Rule 514. Summary Suspension

(a) A Participant or Customer (as identified by Market Regulation Staff in an investigation or by a Trading Privilege Holder acting as an Intermediary for such Customer) may be summarily and immediately suspended from trading on the SEF, upon a written determination based on a reasonable belief, by the Chairman of the Regulatory Oversight Committee that such immediate action is necessary to protect the best interest of the market place.

(b) The Participant or Customer against whom such summary action is taken shall be served with a notice of the action either before the action is taken or at the earliest possible opportunity thereafter. The notice shall state the action taken, the reasons for the action, the effective date and time, and the duration of the action.

(c) The Participant or Customer may as soon as practicable, upon written request, have a hearing before the Hearing Panel pursuant to the procedures of Rule 510.

(d) Promptly following the hearing, the Hearing Panel shall render a written decision based upon the weight of the evidence in the record and shall provide a copy to the Participant or Customer. The decision shall include a description of the summary action taken, the reasons for the summary action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the summary action should be affirmed, modified or reversed, a declaration of any action to be taken pursuant to the determination, and the effective date and duration of the action.

Rule 515. Extension of Time Limits

Any time limit provided for in Rules 504, 505, 506, 507, 508, or 510 may be extended by mutual consent of the Respondent and the Market Regulation Staff, or by the Hearing Panel Chairman.

CHAPTER 6
CONTRACTS TO BE TRADED

Rule 601. Listing Procedures

Any Trading Privilege Holder may propose to the SEF the listing of a Swap on the SEF by submitting a listing application to the SEF. The Chief Executive Officer of the SEF shall have authority, subject to complying with Rule 602, to submit the contract to the Commission, either with a request for prior approval, or with a self-certification.

Rule 602. Swaps Not Readily Susceptible to Manipulation

Before submitting a Swap to the Commission for prior approval or with a self-certification, the Chief Executive Officer of the SEF shall determine that the Swap is not readily susceptible to manipulation, and shall submit to the Commission the following information required by Appendix C to Part 38 of Commission Regulations to show that the Swap complies with Core Principle 3:

(a) For cash-settled Swaps, documentation demonstrating that the settlement price index is a reliable indicator of market values and conditions, is highly regarded by industry/market agents, and is publicly available on a timely basis.

(b) Where an independent, private-sector third party calculates the referenced price index, verification that the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash settlement prices included in the index.

(c) Where the SEF generates the cash settlement prices included in the index, information demonstrating that the calculation procedures safeguard against potential attempts to artificially influence the price, and a description of how the calculation procedures eliminate or reduce the impact of potentially unrepresentative data.

(d) Appropriate speculative limits to prevent manipulation.

(e) Procedures for intraday market restrictions that pause or halt trading in the event of extraordinary price moves that may result in distorted prices.

CHAPTER 7
GOVERNING LAW, JURISDICTION AND DISPUTE RESOLUTION

Rule 701. Choice of Law

The laws of the State of New York, without regard to its conflict of laws principles, will govern this Rulebook and all disputes arising out of or related to the SEF or any transaction on the SEF.

Rule 702. Disputes Among Trading Privilege Holders, Authorized Traders, Authorized Trading Firms and Customers

All disputes between and among Trading Privilege Holders, Authorized Traders, Authorized Trading Firms and Customers that arise out of or relate to the SEF or any transaction that was made or attempted to be made on the SEF shall be resolved exclusively in the state or federal courts located in New York, New York except as follows:

(a) If all parties to the dispute are members or associates of the NFA, the dispute will be resolved in NFA Member Arbitration.

(b) If all parties separately agree to another forum, the dispute will be resolved in the other forum.

Rule 703. Disputes with the SEF

(a) Subject to Rule 102, all disputes between and among the SEF on the one hand, and Trading Privilege Holders and/or Authorized Traders and/or Authorized Trading Firms and/or Customers on the other hand, that arise out of or relate to the SEF, or any transaction that was made or attempted to be made on the SEF, shall be resolved exclusively in the state or federal courts located in New York, New York. Suit on any such dispute must be brought within one year from the time the cause of action has accrued.

(b) Any current or former Trading Privilege Holder, Authorized Trader, Authorized Trading Firm or Customer who does not substantially prevail in a lawsuit or any other type of legal proceeding instituted in a court of law or otherwise against the SEF or any of its officers, directors, committee members, volunteers, employees or agents, shall pay to the SEF any and all reasonable expenses and disbursements, including reasonable attorneys' fees, incurred by the SEF to defend such lawsuit or proceeding.

CHAPTER 8
CONTRACT SPECIFICATIONS

Contract specifications will be added as Contracts are listed.

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