

**EXHIBITS – COMPLIANCE**

## **EXHIBIT L – APPLICATION CHART**

While Eris Exchange, LLC is applying to be a Designated Contract Market under the Commodity Exchange Act. The amended Core Principles under the Act, as amended by Dodd-Frank Wall Street Reform and Consumer Protection Act, are not effective until July 15, 2011. Eris Exchange has included the amended Core Principles for informational purposes only.



**ERIS EXCHANGE, LLC**  
**APPLICATION FOR CONTRACT MARKET DESIGNATION**

**APRIL 18, 2011**

**ERIS EXCHANGE, LLC**  
**APPLICATION FOR CONTRACT MARKET DESIGNATION**  
**COMPLIANCE WITH DESIGNATION CRITERIA AND CORE PRINCIPLES**

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**\*Note: the Subheadings in the Table of Contents in Blue and Italics are the new Core Principles under the Dodd-Frank Act.**

**ERIS EXCHANGE, LLC  
APPLICATION FOR CONTRACT MARKET DESIGNATION  
COMPLIANCE WITH DESIGNATION CRITERIA AND CORE PRINCIPLES<sup>1</sup>**

<b>CEA/CFMA – Contract Market Criteria for Designation</b>	<b>Dodd-Frank DFA (DFA) – Contract Market Criteria for Designation<sup>2</sup></b>	<b>Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application</b>	<b>Relevant Eris Exchange Documents, Rules, or Agreements</b>
<b>Sec. 5(a) Applications</b> – A board of trade applying to the Commission for designation as a contract market shall submit an application to the Commission that includes any relevant materials and records the Commission may require consistent with the Act.	Same.	See Application.	

**ANALYSIS OF COMPLIANCE WITH THE DESIGNATION CRITERIA FOR DCMs SET FORTH IN THE CEA**

<b>CEA/CFMA – Section 5(b) Criteria for Contract Market Designation</b>	<b>The Designation Criteria have been struck from the CEA by the Dodd-Frank Act.</b>	<b>Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application</b>	<b>Relevant Eris Exchange Documents, Rules, or Agreements</b>
<b>Designation Criterion 1 – In General:</b> To be designated as a contract market, the board of trade shall demonstrate to the Commission that the board of trade meets the criteria specified in this subsection.	N/A	See generally the Application.	All materials submitted with the Application, including but not limited to the Eris Exchange Rulebook (“Rules” or “Rulebook”) (Exhibit M-1).
<b>Designation Criterion 2 – Prevention of Market Manipulation:</b> The board of trade shall have the capacity to prevent	N/A	The Exchange’s self-regulatory obligations are fulfilled by the Exchange’s Regulatory Oversight Committee, the Chief Regulatory Officer, the Market Regulation Department, and the Exchange’s third-	Regulatory Services Agreement between Eris Exchange and NFA (Exhibit N-1).

<sup>1</sup> Unless otherwise provided, capitalized terms have the meanings set forth in the Eris Exchange Rulebook.

<sup>2</sup> While Eris Exchange, LLC is applying to be a Designated Contract Market under the Commodity Exchange Act. The amended Core Principles under the Act, as amended by Dodd-Frank Wall Street Reform and Consumer Protection Act, are not effective until July 15, 2011. Eris Exchange has included the amended Core Principles for informational purposes only.

CEA/CFMA – Section 5(b) Criteria for Contract Market Designation	The Designation Criteria have been struck from the CEA by the Dodd-Frank Act.	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
<p>market manipulation through market surveillance, compliance, and enforcement practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p>		<p>party Regulatory Services Provider (collectively “Market Regulation Personnel”). See Exhibit M-1 (Eris Exchange Rulebook), Exhibit N-1 (Regulatory Services Agreement), Exhibit O-1 (Eris Exchange Market Regulation Procedures Manual).</p> <p>The Market Regulation Department (“MRD”) and its employees are under the supervision of the Chief Regulatory Officer (“CRO”). See Exhibit M-1 (Rule 209(b)) and Exhibit O-1. The MRD monitors the Exchange’s compliance with all regulatory, legal, and internal rules, policies and procedures. The Chief Regulatory Officer reports to the Regulatory Oversight Committee of the Board of the Exchange (“ROC”). See Exhibit M-1 (Rule 209(c)). The Chief Regulatory Officer enforces Eris Exchange Rules and has available to him the resources of the MRD and such other Exchange resources as may be necessary to conduct investigations of alleged rule violations and market conditions. See Exhibit M-1 (Rule 209(b)). The ROC oversees the Exchange’s regulatory program on behalf of the Board. See Exhibit M-1 (Rule 208(c)). The ROC has the authority, among other things, to (1) monitor the regulatory program of the registered entity for sufficiency, effectiveness, and independence and (2) oversee all facets of the regulatory program. See Exhibit M-1 (Rule 208(b)).</p> <p>The Regulatory Services Provider (“RSP”) provides certain regulatory services to the Exchange pursuant to a Regulatory Services Agreement (“RSA”). See Exhibit N-1. NFA will utilize an automated system (the “Surveillance System”) to perform such regulatory services on a trade day plus one basis (T +1). NFA will review Eris Exchange’s trades on a routine basis to determine whether suspicious activity relating to Exchange’s trading standards exists.</p>	<p>Market Regulation Department Procedures Manual (Exhibit O-1). Rules related to Market Regulation (see Exhibit M-1): Rule 208 (Regulatory Oversight Committee); Rule 209 (Chief Regulatory Officer); Rule 212 (Emergency Rules); Rule 216 (Services Agreement with the Regulatory Services Provider); Rule 403 (Inspections by the Exchange).</p> <p>Trading Practice &amp; Business Conduct Rules (see Exhibit M-1): Rule 401 (Duties and Responsibilities of Participants); Rule 501 (Scope); Rule 502 (Procedures); Rule 504 (Rule Violations); Rule 505 (Fraudulent Acts Prohibited); Rule 506 (Fictitious, Wash or Non-Competitive Transactions); Rule 507 (Market Disruption Prohibited); Rule 508 (Market Manipulation Prohibited); Rule 509 (Disruptive Trading Practices Prohibited); Rule 510 (Prohibition of Misstatements); Rule 511 (Acts Detrimental to Welfare of Exchange); Rule 512 (Adherence to Law); Rule 513 (Supervision); Rule 515 (Misuse of the Eris Trading System); Rule 518 (Withholding Orders Prohibited); Rule 519 (Priority of Customers’ Orders); Rule 520 (Handling of Customer Orders); Rule 521 (Disclosing Orders Prohibited); Rule 522 (Simultaneous Buy And Sell Orders</p>

CEA/CFMA – Section 5(b) Criteria for Contract Market Designation	The Designation Criteria have been struck from the CEA by the Dodd-Frank Act.	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>Eris Exchange shall be responsible for monitoring overall activity on its market on a real-time basis. The Exchange will provide NFA with a real-time, view-only market monitor screen, and NFA shall act as a secondary real time monitor by viewing trading activity, tracking specific traders, monitoring pricing and volume and being alerted to market messages.</p> <p>NFA’s Compliance Department will be primarily responsible for performing most of the investigatory work relating to trade practice and market surveillance inquiries and investigations.</p> <p>NFA may conduct preliminary inquiries of potential irregularities or exceptions and request information from Participants and/or Clearing Firms. NFA will inform the Chief Regulatory Officer of all such preliminary inquiries.</p> <p>If, after the preliminary inquiry NFA has reason to believe that further investigation is required, NFA shall open a case matter, inform the Exchange's CRO and conduct further investigation. In conducting this investigation, NFA may engage in certain activities, including but not limited to the following: (1) request documents; (2) conduct trader interviews, which at NFA's discretion, may be conducted under oath; (3) review other trade activity; and (4) gather any additional information that NFA deems necessary.</p> <p>If at the conclusion of the investigation: (1) NFA does not have reason to believe that the matter should be forwarded to the Exchange for the Exchange's review in conjunction with the Exchange’s Rules, NFA will close the case matter internally and so notify the CRO; or (2) NFA has reason to believe that the matter should be forwarded to the Exchange for the Exchange's review in conjunction with the Exchange</p>	<p>For Different Beneficial Owners); Rule 523 (Wash Sales Prohibited); Rule 525 (Prearranged, Pre-Negotiated And Noncompetitive Trades Prohibited); Rule 526 (Responsibility For Customer Orders) Rule 527 (Discretionary Orders); Rule 528 (Priority Of Execution); Rule 601 (Block Trades).</p> <p>Disciplinary Rules (<i>see</i> Exhibit M-1): Rule 701 (General); Rule 702 (Inquiries and Investigations); Rule 703 (Reports of Investigations); Rule 704 (Opportunity to Respond); Rule 705 (Review of Investigative Reports); Rule 706 (Notice of Charges); and the remainder of Chapter 7: Disciplinary Rules.</p>

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		<p>Rules, NFA will prepare a written report summarizing NFA’s investigative findings and provide such report to the CRO.</p> <p>After reviewing NFA’s written report, the Exchange’s CRO will decide whether to conduct additional investigation and/or forward the matter to the Exchange’s Disciplinary Panel.</p> <p>In addition, the MRD will also conduct inquiries and investigations relating to real-time surveillance, trade practice and market surveillance. The MRD’s investigations are governed by Chapter 7 of the Rulebook, specifically, Rules 701 through 705. See Exhibit M-1. Chapter 7 of the Rulebook governs disciplinary proceedings, including the initiation, litigation, and resolution of such proceedings. See Exhibit M-1. The Exchange has appointed several individuals to function as a Disciplinary Panel. See Exhibit M-1 (Rule 710).</p> <p>While the Exchange has a RSP, the Exchange retains ultimate decision-making authority with respect to any functions that are contracted to the RSP. See Exhibit M-1 (Rule 216). The Exchange is ultimately responsible for conducting market regulation activities.</p> <p>Eris Exchange’s Rules broadly prohibit fraudulent acts, market disruption, market manipulation, and misstatements of material fact.</p> <p>Eris Exchange has the authority to enforce compliance with Eris’s anti-market manipulation rules and other trade practice rules.</p> <p>Separately, Eris Exchange has the ability, at any time, to revoke, suspend, limit, condition, restrict, or qualify the trading privileges of any Participant, if in the sole discretion of Eris Exchange, such action is in the best interest of Eris Exchange. Eris Exchange also may, in its</p>	

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		<p>sole discretion, revoke or suspend the designation of an authorized trader of the Participant. See Exhibit M-1 (Rules 212 and 304).</p> <p>Finally, Eris Exchange has enforcement procedures in place in the event that Participants do not comply with Eris Exchange’s anti-market manipulation rules. See Exhibit M-1 (Chapter 7)</p>	
<p><b>Designation Criterion 3 – Fair and Equitable Trading:</b> The board of trade shall establish and enforce trading rules to ensure fair and equitable trading through the facilities of the contract market, and the capacity to detect, investigate, and discipline any person that violates the rules.</p>	N/A	<p>The Eris Trading System</p> <p>Eris Exchange’s trading platform technology consists of a Central Limit Order Book (“CLOB”) and a transparent Request for Quote facility (“RFQ”) integrated on a single electronic trading platform (the “Eris Trading System”).</p> <p>The Eris Trading System provides a competitive, open and efficient market and mechanism for executing transactions through the CLOB and the transparent RFQ. The Eris Trading System provides Participants with a CLOB for standard maturities of the Eris Interest Rate Swap Futures Contract (“Contract”) and a separate RFQ facility for standard and non-standard maturities of the Contract and for trading a seasoned Contract, which includes closing a position in a Contract. The RFQ facility can also be used for soliciting actionable quotes for large sizes when the Contract size in the CLOB does not satisfy a Participant’s requirements.</p> <p>Both the CLOB and transparent RFQ are necessary for trading Contracts due to the vast number of maturities and fixed rates available to a Participant. The CLOB permits the Eris Trading System to establish markets for standard maturities of the Contract (i.e., 2-year, 3-year, 5-year, 7-year, and 10-year), while the transparent RFQ permits Participants with the flexibility to request a market as needed</p>	<p>Regulatory Services Agreement between Eris Exchange and NFA (Exhibit N-1).</p> <p>Technology Services Agreement between Technology Services Provider and Eris Exchange (Exhibit N-2).</p> <p>Market Regulation Department Procedures Manual (Exhibit O-1).</p> <p>Eris Exchange Trading Platform User Documentation (Exhibit M-9); Eris Exchange: Client Portal User Documentation (Exhibit M-10); TSP Hub Administrator User Guide (Exhibit M-11).</p> <p>Technology Questionnaire (Exhibit V) and related Exhibits.</p> <p>Eris Exchange Clearing Firm Agreement (Exhibit M-2 ); Eris Exchange Participant Firm Agreement (Exhibit M-3); Eris Exchange Broker Firm Agreement (Exhibit M-4); User ID Request Form (Exhibit M-</p>

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		<p>for a non-standard maturity (e.g., a 6 ½-year Contract). This flexibility is needed as there are millions of potential instruments that could possibly be traded in a given day, even though only a small fraction of instruments actually trade. The Eris Trading System provides the necessary system flexibility to address the realities of the market structure through the RFQ facility, resulting in an efficient market mechanism. The anonymity of the RFQ facility combined with the fact that all Participants can solicit bids and offers, all Participants can respond with bids and offers to other Participants RFQs, the information available through the CLOB, and the post-trade information available from the market data, results in an open and efficient market with price discovery for the Contract.</p> <p>Eris Exchange anticipates that most of transactions in the Contracts will occur through the CLOB and will monitor the activity in the CLOB and RFQ to determine if the Eris Trading System should list additional standard maturities in the CLOB. In addition, the Exchange will monitor activity in the CLOB and activity through the RFQ facility to ensure that the Exchange’s Rules are followed and that the price discovery process of the Eris Trading System is protected. The Rules relating to trading are intended to ensure fair and equitable trading on Eris Exchange.</p> <p>The Central Limit Order Book</p> <p>The CLOB allows all Participants to enter a bid or offer into the Eris Trading System, which can be executed by any other Participant. In addition, Liquidity Providers provide competitive streaming actionable bids and offers for standard maturities of the Contract that all Participants can execute against. The CLOB uses a Price/Time algorithm (also known as the First In, First Out or FIFO method).</p>	<p>5); Eris Exchange End User License Agreement (Exhibit M-6).</p> <p>Market Regulation Rules (<i>see</i> Exhibit M-1): Rule 208 (Regulatory Oversight Committee); Rule 209 (Chief Regulatory Officer); Rule 212 (Emergency Rules); Rule 216 (Services Agreement with the Regulatory Services Provider); Rule 403 (Inspections by the Exchange).</p> <p>Participants Rules (<i>see</i> Exhibit M-1): Rule 301 (Criteria for Becoming a Participant); Rule 302 (Participant Application Process); Rule 303 (Trading Privileges of Participants); Rule 304 (Limitations on Access to the Eris Platform); Rule 401 (Duties and Responsibilities of Participants); Rule 404 (Minimum Financial and Related Reporting Requirements); Rule 902 (Qualifications and Requirements of Clearing Firms).</p> <p>Chapter 11: Contract Specifications (<i>see</i> Exhibit M-1).</p> <p>Trading Practice &amp; Business Conduct Rules (<i>see</i> Exhibit M-1): Rule 401 (Duties and Responsibilities of Participants); Rule 501 (Scope); Rule 502 (Procedures); Rule</p>

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		<p>Under the Price/Time algorithm, orders will be matched with the earliest bid or offer to arrive in the Eris Trading System at the best price. If there are multiple bids and offers from multiple Liquidity Providers or Participants that have the same price, the earliest to arrive in the Eris Trading System will be the bid or offer to which the order is matched. If the order exceeds the quantity of the bid or offer, the Participant will be filled at the next, best bid or offer for their order.</p> <p>The Request for Quote Facility: The RFQ Initiated CLOB</p> <p>The RFQ facility allows all Participants to solicit actionable quotes (bids and offers) from all of the Participants on the Eris Trading System for a given Contract (e.g., effective date, maturity date, coupon, and size). Upon the Participant’s submission of the RFQ, the Eris Trading System provides a message to all Participants that provides the details of the RFQ and the Eris Trading System generates a central limit order book for the trading of the instrument (“RFQ Initiated CLOB”). All Participants are then permitted to access and participate in the trading of the instrument through the RFQ Initiated CLOB just as in the CLOB functionality described above (i.e., a Participant can provide bids and offers, better existing bids and offers, and hit the bid or lift the offer). Therefore, the RFQ facility is open and transparent because all Participants are permitted to submit an RFQ for any given Contract at any time, all Participants are notified of the RFQ Initiated CLOB, and all Participants are permitted to participate in the RFQ Initiated CLOB. The RFQ Initiated CLOB uses the same Price/Time Algorithm as the CLOB, meaning orders will be matched with the earliest bid or offer to arrive in the Eris Trading System at the best price. If there are multiple bids and offers from multiple Participants that have the same price, the earliest to arrive in</p>	<p>504 (Rule Violations); Rule 505 (Fraudulent Acts Prohibited); Rule 506 (Fictitious, Wash or Non-Competitive Transactions); Rule 507 (Market Disruption Prohibited); Rule 508 (Market Manipulation Prohibited); Rule 509 (Disruptive Trading Practices Prohibited); Rule 510 (Prohibition of Misstatements); Rule 511 (Acts Detrimental to Welfare of Exchange); Rule 512 (Adherence to Law); Rule 513 (Supervision); Rule 515 (Misuse of the Eris Trading System); Rule 518 (Withholding Orders Prohibited); Rule 519 (Priority of Customers’ Orders); Rule 520 (Handling of Customer Orders); Rule 521 (Disclosing Orders Prohibited); Rule 522 (Simultaneous Buy And Sell Orders For Different Beneficial Owners); Rule 523 (Wash Sales Prohibited); Rule 525 (Prearranged, Pre-Negotiated And Noncompetitive Trades Prohibited); Rule 526 (Responsibility For Customer Orders) Rule 527 (Discretionary Orders); Rule 528 (Priority Of Execution);; Rule 601 (Block Trades).</p> <p>Rule 516 (Errors and Omissions in Handling Orders); Rule 537 (The Eris Trading System Control Center (the “ECC”), describing the ECC, which is responsible for problem management);</p>

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		<p>the Eris Trading System will be the bid or offer to which the order is matched. If the order exceeds the quantity of the bid or offer, the Participant will be filled at the next, best bid or offer for their order.</p> <p>After a Contract has traded, a Participant can close out or unwind its seasoned Contract through the RFQ Initiated CLOB. The process is the same as above, however, rather than yield, the Responses are traded in terms of the Net Present Value (“NPV”) of the Contract. In addition, off-coupon swap futures can be are traded in terms of NPV.</p> <p>Trade Data</p> <p>Once a trade is matched through the CLOB or the RFQ facility, the data from that trade (i.e., price, volume, size, duration, and maturity) is disseminated to all Participants simultaneously, on a real-time, equal basis. No Participant will have greater or earlier access to any data prior to any other Participant.</p> <p>Technology Services Provider Eris Exchange has contracted with State Street Bank &amp; Trust Company (“State Street” or “Technology Services Provider” or “TSP”), to perform certain technology functions for the Exchange, pursuant to the Technology Services Agreement (“TSA”). The Exchange retains ultimate decision-making authority with respect to any functions that are contracted to the TSP.</p> <p>The Rules relating to trading are intended to ensure fair and equitable trading on Eris Exchange.</p> <p>As discussed above with respect to Designation Criterion 2, the Eris Exchange Rules broadly prohibit fraudulent acts, market disruption,</p>	<p>Rule 539 (Trade Cancellations and Price Adjustments) <i>See</i> Exhibit M-1.</p> <p>Rule 534 (Eris Trading System Access Restrictions). <i>See</i> Exhibit M-1.</p> <p>Position Limit/Accountability Rules (<i>see</i> Exhibit M-1): Rule 530 (Position Limits and Exemptions); Rule 531 (Position Accountability); Rule 532 (Reports of Large Positions); Rule 533 (Position Limits, Position Accountability, and Reportable Level Table). <i>See</i> Exhibit M-1.</p> <p>Disciplinary Rules (<i>see</i> Exhibit M-1): Rule 701 (General); Rule 702 (Inquiries and Investigations); Rule 703 (Reports of Investigations); Rule 704 (Opportunity to Respond); Rules 705 (Review of Investigative Reports); Rule 706 (Notice of Charges); and the remainder of Chapter 7: Disciplinary Rules; Rule 213 (Conflicts of Interest and Misuse of Material, Non-Public Information).</p> <p>Rule 538 (The Eris Trading System Trade Matching Algorithm) <i>See</i> Exhibit M-1.</p>

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		<p>market manipulation and misstatements of material fact, and Eris Exchange has mechanisms in place for surveillance of the contract market and enforcement of the Eris Exchange Rules.</p> <p>Eris Exchange has rules in place in the event that errors occur in the Eris Trading System or if trades need to be cancelled. See Rule 516 (Errors and Omissions in Handling Orders); Rule 537 (The Eris Trading System Control Center (the “ECC”), describing the ECC, which is responsible for problem management); Rule 539(Trade Cancellations and Price Adjustments).</p> <p>The Exchange also permits Block Trades, which are privately negotiated futures transaction, that meet certain quantity thresholds, and are permitted to be executed off the centralized market pursuant to Rule 601. Block trades must be submitted to the ECC or directly through the Eris Block Box within the time periods designated in the Rules. The details of Block Trades are reported to the market.</p> <p>The Exchange also permits Exchange of Derivatives for Related Positions, which are privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument pursuant to Rule 602.</p> <p>Eris Exchange places access restrictions on access to the Eris Exchange Trading System See Rule 537 (Eris Trading System Access Restrictions).</p> <p>The Eris Trading System has been subject to objective testing and review by a third party technology consultant. The results of the review are included with the Application. In addition, the Exchange will perform periodic testing of the Eris Trading System.</p>	

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		<p>Eris Exchange can also provide a demonstration of the Eris Trading System, make available its technical staff to answer questions, and/or provide tours of relevant data centers.</p> <p><i>See also</i> Designation Criterion 4 (Trade Execution Facility).</p>	
<p><b>Designation Criterion 4 – Trade Execution Facility:</b> The board of trade shall (A) establish and enforce rules defining, or specifications detailing, the manner or operation of the trade execution facility maintained by the board of trade, including rules or specifications describing the operation of any electronic matching platform; and (B) demonstrate that the trade execution facility operates in accordance with the rules or specifications.</p>	N/A	<p>The Eris Trading System is a competitive trade execution facility. The rules detailing the manner of operation of the trade execution facility are set forth in Chapter 5 of the Rulebook. In addition the Exchange’s User and Technical Manuals provide information regarding the operation of the Eris Trading System.</p> <p><i>See also</i> Designation Criterion 3 (Fair and Equitable Trading).</p>	<p><i>See</i> documents referenced in Designation Criterion 3 (Fair and Equitable Trading).</p>
<p><b>Designation Criterion 5 – Financial Integrity of Transactions:</b> The board of trade shall establish and enforce rules and procedures for ensuring the financial integrity of transactions entered into by or through the facilities of the contract market, including the clearance and settlement of the transactions with a derivatives clearing organization.</p>	N/A	<p>Eris Exchange has entered into a clearing agreement with Chicago Mercantile Exchange, Inc. (“CME”) which is part of CME Group, a registered Designated Clearing Organization, to clear all Eris Trading System transactions, including block trades.</p> <p>In addition, the Eris Exchange Rulebook sets forth detailed criteria for becoming a Participant of the Exchange, which includes being an Eligible Contract Participant, as well as, the trading privileges of Participants. The Exchange requires Participants to be ECPs given the typical user of traditional interest rate swaps market user. The Exchange’s trading model envisions the utilization of Liquidity</p>	<p>Clearing Services Agreement between CME and Eris Exchange (Exhibit T-1).</p> <p>Eris Exchange Clearing Firm Agreement (Exhibit M-2 ); Eris Exchange Participant Firm Agreement (Exhibit M-3); Eris Exchange Broker Firm Agreement (Exhibit M-4); User ID Request Form (Exhibit M-5); Eris Exchange End User License Agreement (Exhibit M-6).</p>

CEA/CFMA – Section 5(b) Criteria for Contract Market Designation	The Designation Criteria have been struck from the CEA by the Dodd-Frank Act.	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>Providers. In order to be a Liquidity Provider, the Liquidity Provider must agree to satisfy certain obligations.</p> <p>The Eris Exchange Rulebook also sets forth detailed criteria for being a Clearing Firm eligible to clear the Contracts. A Clearing Firm must meet the requirements of, and be approved for, Clearing membership at CME Clearing that is authorized pursuant to the Clearing House Rules to clear trades in any or all of the contracts offered on Eris Exchange. Once the requisite Agreements are executed, a Clearing Firm can clear trades for Participants. Clearing Firms must meet the requirements set forth by the Clearing House.</p> <p>Eris Exchange also has an Exchange Participant Committee, which determines the standards and requirements for initial and continuing Participant eligibility; reviews appeals of staff denials of Participant applications; and approves rules that would result in different categories or classes of Participants receiving disparate access to the Exchange.</p> <p>The Eris Trading System permits a Clearing Firm to set real-time risk limits for the Participant’s use of the Platform. Eris Exchange does not set such risk limits. Participants and Clearing Firms are required to employ practices to monitor and enforce compliance with risk limits. The Eris Trading System applies the risk limit for the Participant. The system prevents a Participant from entering an order or sending a request-for-quote on the Eris Trading System if that risk limit will be exceeded. However, if the risk limit is somehow exceeded by the Participant or there is a failure in the credit or risk controls, the trade is binding on the Participants. The Participant Firm Agreement, Clearing Firm Agreement, and the Rulebook govern such a situation. In such a situation, the potential liability rests</p>	<p>Rule 517 (Liquidity Provider Programs). See Exhibit M-1.</p> <p>Eris Exchange Rulebook – Chapter 9 (Clearing). See Exhibit M-1.</p> <p>CME Group Rulebook – Clearinghouse Rules; Chapters 8, 8.C. 8.F., and 9 of the Clearing House Rules. See <a href="http://www.cmegroup.com">www.cmegroup.com</a> (for current rules).</p> <p>Rule 301 (Criteria for Becoming a Participant); Rule 302 (Participant Application Process); Rule 303 (Trading Privileges of Participants); Rule 304 (Limitations on Access to the Eris Platform); Rule 401 (Duties and Responsibilities of Participants); Rule 404 (Minimum Financial and Related Reporting Requirements). See Exhibit M-1.</p> <p>Rule 408 (Treatment of Customer Funds and Securities); Rule 902 (Qualifications and Requirements of Clearing Firms). See Exhibit M-1.</p>

CEA/CFMA – Section 5(b) Criteria for Contract Market Designation	The Designation Criteria have been struck from the CEA by the Dodd-Frank Act.	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>between the Participants and their respective Clearing Firms.</p> <p>The Exchange has the authority to revoke, suspend, limit, condition, restrict or qualify a Participant’s Trading Privileges and/or ability to access the Eris Trading System, if in the sole discretion of the Exchange, such action is in the best interests of the Exchange. See Rule 304(a) (Exhibit M-1). In addition, during an Emergency, the Exchange may implement temporary emergency procedures and rules, subject to the applicable provisions of the CEA and CFTC Regulations. See Rule 212 (Exhibit M-1).</p> <p>The Participant Firm Agreement provides that “Participant Firm agrees to effect transactions in Contracts via the Eris Trading System in accordance with the terms and conditions of this Agreement, the EULA and such other terms and conditions as may be established by Eris Exchange from time to time. Participant Firm agrees to accept full responsibility for any transactions effected on Eris Exchange and for any use of the Eris Trading System made by Participant Firm or Participant Firm’s Authorized Traders, including Broker Firms authorized by Participant Firm’s Clearing Firm. Participant Firm will be responsible for such trades even if the orders received via the Eris Trading System (i) were entered as a result of a failure in the security controls and/or credit controls, other than due to the gross negligence of Eris Exchange, or (ii) were entered by an unknown or unauthorized user.” Participant Firm Agreement, Section 2.</p> <p>In addition, the Clearing Firm Agreement provides that “Clearing Firm agrees that it will be financially responsible for (i) any transactions effected on Eris Exchange and for any use of the Eris Trading System made by Clearing Firm, Participant Firms, Authorized Traders, Broker Firms, or Authorized Brokers and (ii) all orders that are entered using</p>	

CEA/CFMA – Section 5(b) Criteria for Contract Market Designation	The Designation Criteria have been struck from the CEA by the Dodd-Frank Act.	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>User IDs assigned by Eris Exchange and for clearing any trades that are matched as a result of such orders. Clearing Firm will be responsible to clear such trades even if the orders received via the Eris Trading System: (a) exceeded Clearing Firm’s credit parameters, (b) were entered as a result of a failure in the security controls and/or credit controls, other than due to the gross negligence of Eris Exchange, or (c) were entered by an unknown or unauthorized user.” Clearing Firm Agreement, Section 2.</p>	
<p><b>Designation Criterion 6 – Disciplinary Procedures:</b> The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.</p>	<p>N/A</p>	<p>Eris Exchange has a Market Regulation Department which is the oversight and enforcement arm of the Exchange. The Market Regulation Department is headed by the Chief Regulatory Officer, who reports to the Regulatory Oversight Committee.</p> <p>The Eris Exchange Rulebook provides detailed rules related to preliminary inquiries, investigations, disciplinary actions, appeals, and sanctions for violating the Exchange’s Rulebook. All Participants, Authorized Trades, and other Supervised Persons and Clearing Firms are subject to the Exchange’s jurisdiction.</p> <p>As a result of a disciplinary action, the Exchange can impose sanctions on a Participant, which includes: (1) censure; (2) limitation on Trading Privileges, ability to otherwise access the Eris Trading System, and/or other activities, functions or operations; (3) suspension of Trading Privileges and/or ability to otherwise access the Eris Trading System; (4) fines of up to \$1,000,000 per violation; (5) restitution or disgorgement; (6) termination of Trading Privileges and/or ability to otherwise access the Eris Trading System; or (7) any other sanction or remedy deemed to be appropriate.</p> <p>In addition, the CRO can summarily fine, suspend, revoke, limit, condition, restrict or qualify a Participant’s Trading Privileges and/or</p>	<p>Market Regulation Department Procedures Manual (Exhibit O-1).</p> <p>Regulatory Services Agreement between Eris Exchange and NFA (Exhibit N-1).</p> <p>Eris Exchange Clearing Firm Agreement (Exhibit M-2); Eris Exchange Participant Firm Agreement (Exhibit M-3); Eris Exchange Broker Firm Agreement (Exhibit M-4); User ID Request Form (Exhibit M-5); Eris Exchange End User License Agreement (Exhibit M-6).</p> <p>Disciplinary Rules (see Exhibit M-1): Rule 701 (General); Rule 702 (Inquiries and Investigations); Rule 703 (Reports of Investigations); Rule 704 (Opportunity to Respond); Rule 705 (Review of Investigative Reports); Rule 706 (Notice of Charges); Rule 707 (Answer to Notice of Charges); Rule 708 (Service of Notice</p>

CEA/CFMA – Section 5(b) Criteria for Contract Market Designation	The Designation Criteria have been struck from the CEA by the Dodd-Frank Act.	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>ability to otherwise access the Eris Trading System for certain Rule violations.</p> <p>As noted above in Designation Criterion 3, some investigatory functions are performed by the NFA, however, the Exchange retains ultimate decision-making authority with respect to any functions that are contracted to the Regulatory Services Provider. The Exchange is responsible, as described above, for prosecuting violations of the Rules.</p>	<p>of Charges); Rule 709 (Settlements); Rule 710 (Disciplinary Panel); Rule 711 (Convening Hearings of the Disciplinary Panel); Rule 712 (Respondent Review of Evidence); Rule 713 (Conducting Hearings of Disciplinary Panel); Rule 714 (Decision of Disciplinary Panel); Rule 716 (Appeal from Disciplinary Panel Decisions); Rule 717 (Summary Imposition of Fines); Rule 718 (Summary Suspensions and Other Sanctions); Rule 719 (Rights and Responsibilities After Suspension or Termination); Rule 720 (Notice to Respondent, the Regulatory Services Provider and the Public).</p> <p>Rule 213 (Conflicts of Interest and Misuse of Material, Non-Public Information). See Exhibit M-1.</p> <p>Rule 303 (Trading Privileges of a Participant); Rule 304 (Limitations on Access to the Eris Trading System). See Exhibit M-1.</p>
<p><b>Designation Criterion 7 – Public Access:</b> The board of trade shall provide the public with access to the rules, regulations, and contract specifications of the board of trade.</p>	<p>N/A</p>	<p>Eris Exchange maintains a website at <a href="http://www.erisfutures.com">www.erisfutures.com</a>. Eris Exchange provides access to the Rulebook and any amendments thereto, all Participant and Clearing Firm notices, policies and specifications for Contracts, and all Participant Agreements.</p>	<p>Eris Exchange’s website: <a href="http://www.erisfutures.com">www.erisfutures.com</a></p> <p>Rule 309 (Notices to Participants). See Exhibit M-1.</p>

CEA/CFMA – Section 5(b) Criteria for Contract Market Designation	The Designation Criteria have been struck from the CEA by the Dodd-Frank Act.	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		The website also is where the Exchange publishes daily market data and historical data, as well as other information on the Exchange.	
<p><b>Designation Criterion 8 – Ability to Obtain Information:</b> The board of trade shall establish and enforce rules that will allow the board of trade to obtain any necessary information to perform any of the functions described in this subsection, including the capacity to carry out such international information-sharing agreements as the Commission may require.</p>	N/A	Eris Exchange’s Rulebook sets forth the requirements of Participants to maintain documents and keep documents and information available for the inspection by the Exchange, the Commission or the United States Department of Justice.	<p>Market Regulation Department Procedures Manual (Exhibit O-1).</p> <p>Regulatory Services Agreement between Eris Exchange and NFA (Exhibit N-1).</p> <p>Rule 214 (Maintenance of Books and Records by the Exchange); Rule 215 (Information Sharing Agreements); Rule 401(a)(13) (Duties and Responsibilities of Participants); Rule 403 (Inspections by the Exchange); Rule 404 (Minimum Financial and Related Reporting Requirements); Rule 524 (Recordkeeping Requirements for Entering Orders into the Eris Trading System); Rule 526 (Responsibility for Customer Orders); Rule 529(b)(4) (Average Prices System); Rule 539(d)(3) (Trade Cancellation and Price Adjustments); Rule 601(b)(9) (Block Trades); Rule 702 (Inquiries and Investigations). See Exhibit M-1.</p>

**ANALYSIS OF COMPLIANCE WITH THE CORE PRINCIPLES FOR DCMs SET FORTH IN THE CEA**

<b>CEA – CFMA – Core Principles for DCMs</b>	<b>Dodd-Frank Act (DFA) – Core Principles for DCMs</b>	<b>Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application</b>	<b>Relevant Eris Exchange Documents, Rules, or Agreements</b>
Sec. 5(d) Core Principles for Contract Markets	Sec. 5(d) Core Principles for Contract Markets		
<p><b>Core Principle 1 – In General:</b> To maintain the designation as a contract market, the board of trade shall comply with the core principles specified in this subsection.</p>	<p><b>Core Principle 1 - Designation as Contract Market:</b>                      (A) In General.—To be designated, and maintain a designation, as a contract market, a board of trade shall comply with—(i) any core principle described in this subsection; and (ii) any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5).                      (B) Reasonable Discretion of Contract Market.— Unless otherwise determined by the Commission by rule or regulation, a board of trade described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the board of trade complies with the core principles described in this subsection.</p>	<p>The application as a whole satisfies this Core Principle.</p>	<p>DCM Application of Eris Exchange and supporting documents.</p>
<p><b>Core Principle 2 – Compliance with Rules:</b> The board of trade shall monitor and enforce compliance with the rules of the contract market, including the terms and conditions of any contracts to be traded and any limitations on</p>	<p><b>Core Principle 2 – Compliance with Rules:</b>                      (A) In General.—The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including—</p>	<p>See the information set forth in Designation Criterion 2 (Prevention of Market Manipulation), Designation Criterion 3 (Fair and Equitable Trading), Designation Criterion 6 (Disciplinary Procedures), and Designation Criterion 8 (Ability to Obtain Information).</p>	<p>See the documents referenced in Designation Criterion 2 (Prevention of Market Manipulation), Designation Criterion 3 (Fair and Equitable Trading), Designation Criterion 6 (Disciplinary Procedures), and Designation Criterion 8</p>

CEA – CFMA – Core Principles for DCMs	Dodd-Frank Act (DFA) – Core Principles for DCMs	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
access to the contract market.	<p>(i) access requirements;</p> <p>(ii) the terms and conditions of any contracts to be traded on the contract market; and</p> <p>(iii) rules prohibiting abusive trade practices on the contract market.</p> <p>(B) Capacity of Contract Market.— The board of trade shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.</p> <p>(C) Requirement of Rules.—The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this subsection, including the capacity to carry out such international information sharing agreements as the Commission may require.</p>		(Ability to Obtain Information).
<p><b>Core Principle 3 – Contracts Not Readily Subject to Manipulation:</b> The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.</p>	<p><b>Core Principle 3 – Contracts Not Readily Subject to Manipulation:</b> The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.</p>	<p>The Eris Interest Rate Swap Futures Contract is a cash settled futures contract based on interest rates. The Eris Interest Rate Swap Futures Contract embeds all of the economics of a standard over-the-counter interest rate swap into a single futures price. The Contract is independently marked-to-market and settled every day based on data from the overall interest rate market. The Contract does not</p>	<p>Chapter 11: Contract Specifications. See Exhibit M-1.</p> <p>Eris Exchange Settlement Curve Construction (Exhibit M-12).</p>

CEA – CFMA – Core Principles for DCMs	Dodd-Frank Act (DFA) – Core Principles for DCMs	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>have periodic cash flows like standard OTC swaps, but replicates the economics of accrued and expected cash flows in the futures price, resulting in cash transfers through the daily variation margin process. The Eris Interest Rate Swap Futures Contract Specifications sets forth in detail the terms of the Contract. Eris Exchange believes the Contract and the data on which it is based makes it unlikely that the Contract will be susceptible to manipulation.</p> <p>The Contract is based on changes in the interest rates between a fixed rate determined by the Participants entering into the Contract and a floating rate based on 3-month dollar London Interbank Offered Rate (or LIBOR). The Contract has a \$1 million notional principal (or face value) and the term of the contract is based on a mutually agreed-upon term to maturity. While a par swap Contract is created in yield (i.e. the fixed rate), once the Contract is entered into, it is priced at par (i.e. 100) and changes in the value of the Contract are represented in this price. Seasoned Contracts, off-coupon swap futures, and forward dated swap futures are traded in terms of NPV. See Exhibit M-1 (Rule 1101. Contract Specifications (Daily Settlement Price)).</p> <p>As noted above, LIBOR is the interest rate underlying the Contract. LIBOR refers to a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money interbank market. LIBOR rates are widely used as a reference rate for financial instruments such as interest rate swaps. The British Bankers Association (“BBA”) enlists a panel of banks in which each bank supplies the rate they perceive they could be offered funds in the London market for a certain currency and maturity.</p>	<p>See bbalibor™ Explained at <a href="http://www.bbalibor.com/">http://www.bbalibor.com/</a>.</p> <p>Clearing Services Agreement between CME and Eris Exchange (Exhibit T-1).</p> <p>Market Regulation Department Procedures Manual (Exhibit O-1); Regulatory Services Agreement between Eris Exchange and NFA (Exhibit N-1).</p> <p>Trading Practice &amp; Business Conduct Rules (see Exhibit M-1): Rule 401 (Duties and Responsibilities of Participants); Rule 501 (Scope); Rule 502 (Procedures); Rule 504 (Rule Violations); Rule 505 (Fraudulent Acts Prohibited); Rule 506 (Fictitious, Wash or Non-Competitive Transactions); Rule 507 (Market Disruption Prohibited); Rule 508 (Market Manipulation Prohibited); Rule 509 (Disruptive Trading Practices Prohibited); Rule 510 (Prohibition of Misstatements); Rule 511 (Acts Detrimental to Welfare of Exchange); Rule 512 (Adherence to Law); Rule 513 (Supervision); Rule 515 (Misuse of the Eris Trading System); Rule 518 (Withholding Orders Prohibited); Rule 519 (Priority of Customers’ Orders); Rule 520 (Handling of Customer Orders); Rule 521 (Disclosing Orders Prohibited); Rule 522 (Simultaneous Buy And Sell Orders</p>

CEA – CFMA – Core Principles for DCMs	Dodd-Frank Act (DFA) – Core Principles for DCMs	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>Thomson Reuters is the designated calculation agent for BBA. Thomson Reuters audits the data submitted by panel banks and creates the rates using the definitions provided by BBA’s FX &amp; MM Committee, under the supervision of BBA. The LIBOR rate produced by Thomson Reuters is calculated by using a trimmed arithmetic mean. Once Thomson Reuters receive each bank’s submissions Thomson Reuters ranks them in descending order and then drops the top and bottom quartiles – this is known as the trimming. The middle two quartiles, reflecting 50% of the quotes, are then averaged to create the LIBOR quote.</p> <p>The BBA drops the bottom and top quartiles in the calculation in order to increase the accuracy of the LIBOR quotes. Dropping the outliers is done because an outlier does not reflect the market rate and it does not permit any one bank contributor to influence the calculation and affect the LIBOR quote.</p> <p>Because the Contract is based on LIBOR, a rate that is derived from a third-party (not the Exchange’s Participants) and is an auditable process by the BBA, the Contract is not readily subject to manipulation.</p> <p>Further, the Contract is related to the over-the-counter interest rate market which is the largest derivative asset class in the world, with an estimated \$451 trillion in notional principal outstanding as of June 2010 according to the Bank for International Settlements. See BIS Quarterly Review, December 2010, Page A121, Table 19 and Page A123, Table 21A at <a href="http://www.bis.org/publ/qtrpdf/r_qt1012.htm">http://www.bis.org/publ/qtrpdf/r_qt1012.htm</a>. Interest rate swaps have an estimated \$347 trillion in notional principle outstanding as of June 2010. Id. According to statistics from the new ICAP/TriOptima trade repository for interest rate derivative, as of October 1, 2010, the average trade size was \$126 million,</p>	<p>For Different Beneficial Owners); Rule 523 (Wash Sales Prohibited); Rule 525 (Prearranged, Pre-Negotiated And Noncompetitive Trades Prohibited); Rule 526 (Responsibility For Customer Orders) Rule 527 (Discretionary Orders); Rule 528 (Priority Of Execution);; Rule 601 (Block Trades).</p> <p>Disciplinary Rules (see Exhibit M-1): Rule 701 (General); Rule 702 (Inquiries and Investigations); Rule 703 (Reports of Investigations); Rule 704 (Opportunity to Respond); Rule 705 (Review of Investigative Reports); Rule 706 (Notice of Charges); Rule 707 (Answer to Notice of Charges); Rule 708 (Service of Notice of Charges); Rule 709 (Settlements); Rule 710 (Disciplinary Panel); Rule 711 (Convening Hearings of the Disciplinary Panel); Rule 712 (Respondent Review of Evidence); Rule 713 (Conducting Hearings of Disciplinary Panel); Rule 714 (Decision of Disciplinary Panel); Rule 716 (Appeal from Disciplinary Panel Decisions); Rule 717 (Summary Imposition of Fines); Rule 718 (Summary Suspensions and Other Sanctions); Rule 719 (Rights and Responsibilities After Suspension or Termination); Rule 720 (Notice to Respondent, the Regulatory Services Provider and the Public).</p>

CEA – CFMA – Core Principles for DCMs	Dodd-Frank Act (DFA) – Core Principles for DCMs	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>representing 3.8 million trades. See The TABB Group Study on the Global Risk Transfer Market: Developments in OTC and Exchange-Traded Derivatives, November 17, 2010 at 61.</p> <p>The calculation of the Contract’s Final Settlement Price and Daily Settlement Price is set forth in the Contract Specification. The Daily Settlement Price is determined by the Exchange in conjunction with CME Clearing and is based on a composite curve from liquidity providers, end-users, and third-party sources. See Exhibit M-12 (Eris Exchange Curve Construction). In addition, the Eris Interest Rate Swap Futures formula discounts using OIS for daily futures settlement prices. The Eris formula credits overnight interest at the Fed Effective Rate. <i>Id.</i></p> <p>The Exchange provides CME with daily settlement and intra-day (twice daily) prices based on CME Clearing House approved and industry standard pricing methodology, including third-party inputs. CME Clearing may modify the Settlement Price in its discretion in accordance with the applicable Clearing House Rules. See Exhibit M-1 (Rule 906).</p> <p>In summary, the cash settlement of the Contract is at a price reflecting the underlying market, will not be subject to manipulation or distortion, and is based on data that is reliable, acceptable, publicly available and timely.</p> <p>In addition, it should be noted that CME Group and NASDAQ OMX offer the trading of a similar interest rate swap futures contract, which have been either approved or certified by the Commission. The Contract uses the same underlying rate as these other contracts.</p>	

CEA – CFMA – Core Principles for DCMs	Dodd-Frank Act (DFA) – Core Principles for DCMs	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
		<p>Finally, as noted in Designation Criterion 2 (Prevention of Market Manipulation), Designation Criterion 3 (Fair and Equitable Trading), Designation Criterion 6 (Disciplinary Procedures), and Designation Criterion 8 (Ability to Obtain Information), Core Principle 2 (CFMA/DFA) (Compliance with Rules); Core Principle 4 (CFMA) (Monitoring of Trading)/ Core Principle 4 (DFA) (Prevention of Market Disruption); Core Principle 5 (CFMA/DFA) (Position Limitations and Accountability); Core Principle 13 (DFA) (Disciplinary Procedures) the Exchange: sets position limits and position accountability levels and receives reports of large positions in order to assess a trader’s power; maintains both a trade practice and market surveillance program to monitor for market abuses, including manipulation; and, has disciplinary procedures for violations of the Rules.</p>	
<p><b>Core Principle 4 – Monitoring of Trading:</b> The board of trade shall monitor trading to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process.</p>	<p><b>Core Principle 4 – Prevention of Market Disruption:</b> The board of trade shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures, including—  (A) methods for conducting real-time monitoring of trading; and  (B) comprehensive and accurate trade reconstructions.</p>	<p>The Exchange, through the Regulatory Services Provider uses a computerized Surveillance System that monitors the trading on the Exchange to prevent manipulation, price distortion and disruptions of the cash settlement process. The Exchange (and on a secondary basis the Regulatory Services Provider) also perform real-time market surveillance.</p> <p>The Exchange sets position limits and position accountability levels and receives reports of large positions in order to assess a trader’s market power; maintains both a trade practice and market surveillance program to monitor for market abuses, including manipulation; and, has disciplinary procedures for violations of the Rules.</p>	<p>See the documents referenced in Designation Criterion 2 (Prevention of Market Manipulation), Designation Criterion 3 (Fair and Equitable Trading), Designation Criterion 6 (Disciplinary Procedures), and Designation Criterion 8 (Ability to Obtain Information), Core Principle 2 (CFMA/DFA) (Compliance with Rules); Core Principle 4 (CFMA) (Monitoring of Trading)/ Core Principle 4 (DFA) (Prevention of Market Disruption); Core Principle 5 (CFMA/DFA) (Position Limitations and Accountability); Core Principle 13 (DFA) (Disciplinary Procedures).</p>

CEA – CFMA – Core Principles for DCMs	Dodd-Frank Act (DFA) – Core Principles for DCMs	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
<p><b>Core Principle 5 – Position Limitations or Accountability:</b> To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, the board of trade shall adopt position limitations or position accountability for speculators, where necessary and appropriate.</p>	<p><b>Core Principle 5 – Position Limitations or Accountability:</b></p> <p>(A) In General.—To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators.</p> <p>(B) Maximum Allowable Position Limitation.—For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a), the board of trade shall set the position limitation of the board of trade at a level not higher than the position limitation established by the Commission.</p>	<p>The Exchange has rules related to position limits and position accountability levels and receives reports of large positions in order to assess a trader’s power. The Exchange does not currently have position limits set for the Contract, due in part, to the fact that the Contract does not have a deliverable supply. See Core Principle 3 – Contract Not Readily Susceptible to Manipulation. At this time, the Exchange has determined that position accountability limits will allow the Exchange to monitor the market and enforce the rules. The Market Regulation Department and the Regulatory Services Provider monitor for positions that exceed meet or exceed reportable levels.</p> <p>The Surveillance System will also generate alerts for various situations regarding open interest and large trader reported positions. The alerts include, but are not limited to, the following: (a) whenever an account is identified as a large trader for the first time; (b) whenever large trader positions exceeds reportable level; (c) whenever large trader positions exceeds speculative position limits; and, (d) whenever firm open interest exceeds contract open interest by pre-defined limits.</p> <p>The Exchange sanctions Participants for violating position limits pursuant to Rule 532(k)(5). For a first violation, a Participant receives a warning letter. For a second violation, a Participant receives an automatic fine of either \$5,000 or \$15,000 depending on the level of the violation. Any third or subsequent violation is referred to the CRO for consideration of an issuance of charges.</p>	<p>Chapter 11: Contract Specifications. See Exhibit M-1.</p> <p>Rule 530 (Position Limits and Exemptions); Rule 531 (Position Accountability); Rule 532 (Reports of Large Positions); Rule 533 (Position Limits, Position Accountability, and Reportable Level Table). See Exhibit M-1.</p>
<p><b>Core Principle 6 – Emergency Authority:</b> The board of trade shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission,</p>	<p><b>Core Principle 6 – Emergency Authority:</b> The board of trade, in consultation or cooperation with the Commission, shall adopt rules to provide for the exercise of</p>	<p>The Eris Exchange Rulebook sets procedures for decision-making and emergency intervention in the market. Emergency Actions include, but are not limited to: (1) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part); (2) extending or shortening the last trading date for Contracts; (3) providing</p>	<p>Market Regulation Department Procedures Manual (Exhibit O-1).</p> <p>Regulatory Services Agreement between Eris Exchange and NFA (Exhibit N-1).</p>

CEA – CFMA – Core Principles for DCMs	Dodd-Frank Act (DFA) – Core Principles for DCMs	Eris Exchange, LLC (“Eris Exchange” or “Exchange”) Application	Relevant Eris Exchange Documents, Rules, or Agreements
<p>where necessary and appropriate, including the authority to—</p> <p>(A) liquidate or transfer open positions in any contract;</p> <p>(B) suspend or curtail trading in any contract; and</p> <p>(C) require market participants in any contract to meet special margin requirements.</p>	<p>emergency authority, as is necessary and appropriate, including the authority—</p> <p>(A) to liquidate or transfer open positions in any contract;</p> <p>(B) to suspend or curtail trading in any contract; and</p> <p>(C) to require market participants in any contract to meet special margin requirements.</p>	<p>alternative settlement mechanisms; (4) ordering the liquidation of Contracts, the fixing of a settlement price, or the reduction of positions; (5) extending, limiting or changing the Trading Hours; (6) temporarily modifying or suspending any provision of the Eris Exchange Rules or Obligations; (7) changing the amount of money to be paid in connection with a Contract, whether previously or thereafter delivered; (8) requiring Participants to meet special margin requirements; (9) imposing or modifying price limits; and/or (10) imposing or modifying position limits.</p> <p><i>See also</i>, Designation Criterion 5 (Financial Integrity of Transactions), Core Principle 4 (CFMA) (Monitoring of Trading), Core Principle 4 (DFA) (Prevention of Market Disruption).</p>	<p>Rule 212 (Emergency Rules); Rule 213 (Conflicts of Interest and Misuse of Material, Non-Public Information); Rule 530 (Position Limits and Exemptions); Rule 531 (Position Accountability); Rule 906 (Settlement Prices). <i>See</i> Exhibit M-1.</p> <p><i>See also</i>, documents referenced in Designation Criterion 5 (Financial Integrity of Transactions), Core Principle 4 (CFMA) (Monitoring of Trading), Core Principle 4 (DFA) (Prevention of Market Disruption).</p>
<p><b>Core Principle 7 – Availability of General Information:</b> The board of trade shall make available to market authorities, market participants, and the public information concerning—</p> <p>(A) the terms and conditions of the contracts of the contract market; and</p> <p>(B) the mechanisms for executing transactions on or through the facilities of the contract market.</p>	<p><b>Core Principle 7 – Availability of General Information:</b> The board of trade shall make available to market authorities, market participants, and the public accurate information concerning—</p> <p>(A) the terms and conditions of the contracts of the contract market; and</p> <p>(B)(i) the rules, regulations, and mechanisms for executing transactions on or through the facilities of the contract market; and</p> <p>(ii) the rules and specifications describing the operation of the contract market’s—</p> <p>(I) electronic matching platform; or</p> <p>(II) trade execution facility.</p>	<p><i>See</i> Designation Criterion 4 (Trade Execution Facility) and Designation Criterion 7 (Public Access).</p>	<p><i>See</i> documents referenced in Designation Criterion 4 (Trade Execution Facility) and Designation Criterion 7 (Public Access).</p>

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<p><b>Core Principle 8 – Daily Publication of Trading Information:</b> The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.</p>	<p><b>Core Principle 8 – Daily Publication of Trading Information:</b> The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.</p>	<p>The Eris Exchange Website will provide the public with information regarding settlement prices, price range, volume, open interest, and other related market information.</p> <p>Eris Exchange has developed transparent solutions to the challenges of listing futures with the flexible characteristics of interest rate swaps. Interest Rate Swaps are inherently characterized by an ever-expanding list of tradable instruments, dynamic concentrations of liquidity that move from one instrument to another instrument daily, and existence of open positions that are held by a small group of market participants, requiring some level of pooled reporting mechanisms to ensure anonymity.</p> <p>Eris Exchange will report end-of-day information in the following fashion.</p> <p><u>Daily Volume and Pricing Information</u>  Each trading day, Eris Exchange will publish publicly the following information for, at a minimum, each tradable instrument that has had an open position with the past 30 days. By reporting this information publicly via the Eris Exchange web site at the most granular level possible, Eris Exchange ensures that all potential market participants can transparently observe daily market activity and pricing information.</p> <ul style="list-style-type: none"> <li>o Volume</li> <li>o Settlement price</li> <li>o Previous sessions’ settlement price</li> <li>o Highest price of a trade (if applicable)</li> <li>o Lowest price of a trade (if applicable)</li> <li>o Last price of a trade (if applicable)</li> </ul>	<p>Eris Exchange’s website: <a href="http://www.erisfutures.com">www.erisfutures.com</a></p> <p>Rule 1003 (Market Data). See Exhibit M-1.</p>

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		<p><u>Daily Open Interest Information</u>  Each trading day, Eris Exchange will publish publicly a summary of open interest for Eris Exchange. Information will be grouped in the following buckets of remaining tenor of each instrument:</p> <ul style="list-style-type: none"> <li>o 0 to 2 years</li> <li>o 2+ to 5 years</li> <li>o 5+ to 8 years</li> <li>o 8+ to 11 years</li> <li>o 11+ to 16 years</li> <li>o 16+ to 21 years</li> <li>o 21+ to 26 years</li> <li>o 26+ to 30 years</li> </ul>	
<p><b>Core Principle 9 – Execution of Transactions:</b> The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions.</p>	<p><b>Core Principle 9 – Execution of Transactions:</b>  (A) In General.—The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade.  (B) Rules.—The rules of the board of trade may authorize, for bona fide business purposes—  (i) transfer trades or office trades;  (ii) an exchange of—  (I) futures in connection with a cash commodity transaction;  (II) futures for cash commodities; or  (III) futures for swaps; or</p>	<p>See Designation Criterion 3 (Fair and Equitable Trading) and Designation Criterion 4 (Trade Execution Facility).</p>	<p>See documents referenced in Designation Criterion 3 (Fair and Equitable Trading).</p>

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	(iii) a futures commission merchant, acting as principal or agent, to enter into or confirm the execution of a contract for the purchase or sale of a commodity for future delivery if the contract is reported, recorded, or cleared in accordance with the rules of the contract market or a derivatives clearing organization.		
<p><b>Core Principle 10 – Trade Information:</b> The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information for purposes of assisting in the prevention of customer and market abuses and providing evidence of any violations of the rules of the contract market.</p>	<p><b>Core Principle 10 – Trade Information:</b> The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information— (A) to assist in the prevention of customer and market abuses; and (B) to provide evidence of any violations of the rules of the contract market.</p>	<p>As an electronic trading system, the Eris Trading System maintains all order information (whether the order results in a consummated trade) and transactions. Therefore, the Exchange maintains a full audit trail enabling the Exchange, the Regulatory Services Provider or the Commission to reconstruct complete details of all trades.</p> <p>The Exchange’s business continuity and disaster recovery plan also requires that a “mirror image” of all Exchange trade information is maintained at a separate data center.</p> <p>Eris Exchange represents that it or the Regulatory Services Provider will provide the Commission with a Trade Capture Report in FIXML format.</p> <p>See Designation Criterion 8 (Ability to Obtain Information); Core Principle 17 (Recordkeeping); Core Principle 20 (System Safeguards).</p>	<p>See documents referenced in Designation Criterion 8 (Ability to Obtain Information).</p> <p>Eris Exchange, LLC Recordkeeping Policy (Exhibit M-7).</p> <p>Eris Exchange, LLC Code of Conduct (Exhibit M-8).</p> <p>Technology Questionnaire (Exhibit V) and related Exhibits.</p>
<p><b>Core Principle 11 – Financial Integrity of Contracts:</b> The board of trade shall establish and enforce rules providing for the financial integrity of any contracts traded on the contract</p>	<p><b>Core Principle 11 – Financial Integrity of Transactions:</b> The board of trade shall establish and enforce— (A) rules and procedures for ensuring the financial integrity of transactions</p>	<p>See Designation Criterion 5 (Financial Integrity of Transactions).</p>	<p>See documents referenced in Designation Criterion 5 (Financial Integrity of Transactions).</p>

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<p>market (including the clearance and settlement of the transactions with a derivatives clearing organization), and rules to ensure the financial integrity of any futures commission merchants and introducing brokers and the protection of customer funds.</p>	<p>entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization); and (B) rules to ensure— (i) the financial integrity of any— (I) futures commission merchant; and (II) introducing broker; and (ii) the protection of customer funds.</p>		
<p><b>Core Principle 12 – Protection of Market Participants:</b> The board of trade shall establish and enforce rules to protect market participants from abusive practices committed by any party acting as an agent for the participants.</p>	<p><b>Core Principle 12 –Protection of Markets and Market Participants:</b> The board of trade shall establish and enforce rules— (A) to protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and (B) to promote fair and equitable trading on the contract market.</p>	<p>Eris Exchange can be accessed by Participant Firms, Clearing Firms, and Broker Firms. All Participants (including Customers of Participants) must be Eligible Contract Participants (“ECP”) as defined in section 1a(12) of the Commodity Exchange Act, as amended. Once the requisite Agreements are executed, a Participant Firm accesses Eris Exchange directly through its Authorized Traders or trades can be executed by Broker Firms or Clearing Firms for their respective Customers.</p> <p>The Rulebook contains provisions which protect Participants and Customers from abusive practices that could be committed by any party acting as an agent for the Participants and Customers. See Rules 312, 407, 408, 409, 516, 518, 519, 520, 521,522, 526, and 528 and <i>see generally</i> Chapter 5 (Exhibit M-1).</p> <p>See the information set forth in Designation Criterion 2 (Prevention of Market Manipulation), Designation Criterion 3 (Fair and Equitable Trading), Designation Criterion 5 (Financial Integrity of Transactions); Designation Criterion 6 (Disciplinary Procedures), and Designation Criterion 8 (Ability to Obtain Information), Core Principle 2</p>	<p>See the documents referenced in Designation Criterion 2 (Prevention of Market Manipulation), Designation Criterion 3 (Fair and Equitable Trading), Designation Criterion 5 (Financial Integrity of Transactions); Designation Criterion 6 (Disciplinary Procedures), and Designation Criterion 8 (Ability to Obtain Information), Core Principle 2 (CFMA/DFA) (Compliance with Rules); Core Principle 4 (CFMA) (Monitoring of Trading)/ Core Principle 4 (DFA) (Prevention of Market Disruption); Core Principle 5 (CFMA/DFA) (Position Limitations and Accountability); Core Principle 11 (CFMA/DFA) (Financial Integrity of Transactions); Core Principle 13 (DFA) (Disciplinary Procedures).</p>

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		(CFMA/DFA) (Compliance with Rules); Core Principle 4 (CFMA) (Monitoring of Trading)/ Core Principle 4 (DFA) (Prevention of Market Disruption); Core Principle 5 (CFMA/DFA) (Position Limitations and Accountability); Core Principle 11 (CFMA/DFA) (Financial Integrity of Transactions); Core Principle 13 (DFA) (Disciplinary Procedures).	
There is no identical Core Principle under the CFMA, however, this DFA Core Principle was incorporated into other CFMA Core Principles and Designation Criteria.	<b>Core Principle 13 - Disciplinary Procedures:</b> The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.	See Designation Criterion 6 (Disciplinary Procedures).	See the documents referenced in Designation Criterion 6 (Disciplinary Procedures).
<b>Core Principle 13 – Dispute Resolution:</b> The board of trade shall establish and enforce rules regarding and provide facilities for alternative dispute resolution as appropriate for market participants and any market intermediaries.	<b>Core Principle 14 – Dispute Resolution:</b> The board of trade shall establish and enforce rules regarding, and provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.	The Rulebook sets forth rules related to arbitration between Participants, Participants and their Customers, and between the Participant and the Exchange. Arbitrations are conducted pursuant to the Rules and the rules of the National Futures Association Arbitration Program, which is the arbitration forum of the Exchange.	Chapter 8: Arbitration Rules See Exhibit M-1.  Regulatory Services Agreement between Eris Exchange and NFA (Exhibit N-1).  See NFA Arbitration Program for NFA Members ( <a href="http://www.nfa.futures.org/NFA-arbitration-mediation/customers.HTML">http://www.nfa.futures.org/NFA-arbitration-mediation/customers.HTML</a> )

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			and Customers <a href="http://www.nfa.futures.org/NFA-arbitration-mediation/members.HTML">http://www.nfa.futures.org/NFA-arbitration-mediation/members.HTML</a>
<p><b>Core Principle 14 – Governance Fitness Standards:</b> The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market, and any other persons with direct access to the facility (including any parties affiliated with any of the persons described in this paragraph).</p>	<p><b>Core Principle 15 – Governance Fitness Standards:</b> The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market, and any other person with direct access to the facility (including any party affiliated with any person described in this paragraph).</p>	<p>Eris Exchange’s Rulebook sets forth the eligibility criteria for the Members of the Board, the Exchange’s Officers, Disciplinary Panels members, Participants and Clearing Firms. The Exchange collects information on the aforementioned categories of persons and verifies the information supporting compliance with such eligibility criteria.</p> <p>Based on the information collected by Eris Exchange, the Board Members, Exchange Officers, and Disciplinary Panel Members satisfy the fitness standards of the Exchange.</p>	<p>Eris Exchange, LLC – Amended and Restated Limited Liability Company Agreement (Exhibit G-1); Nomination Committee Charter (Exhibit G-3).</p> <p>Eris Exchange Clearing Firm Agreement (Exhibit M-2); Eris Exchange Participant Firm Agreement (Exhibit M-3); Eris Exchange Broker Firm Agreement (Exhibit M-4); User ID Request Form (Exhibit M-5); Eris Exchange End User License Agreement (Exhibit M-6).</p> <p>Background information of Board, Officers of Eris Exchange and Disciplinary Panel Members (Exhibit B).</p> <p>Annual Board Member, Disciplinary Panel and Officer Disclosure Form (Exhibit C-1).</p> <p>Rule 202 (Board); Rule 203 (Officers); Rule 204 (Qualifications of Directors and Officers); Rule 206 (Nominating Committee). See Exhibit M-1.</p>

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<p><b>Core Principle 15 – Conflicts of Interest:</b> The board of trade shall establish and enforce rules to minimize conflicts of interest in the decision making process of the contract market and establish a process for resolving such conflicts of interest.</p>	<p><b>Core Principle 16 – Conflicts of Interest:</b> The board of trade shall establish and enforce rules—  (A) to minimize conflicts of interest in the decision making process of the contract market; and  (B) to establish a process for resolving conflicts of interest described in subparagraph (A).</p>	<p>The Eris Exchange Rulebook contains rules that address conflicts of interest in decision-making, methods to ascertain the presence of conflicts of interest and to make decisions in the event of such a conflict. In addition, the Rulebook contains rules on limitations on the use or disclosure of material non-public information gained through the performance of official duties by Board Members, Committee members and Exchange Personnel gained through the performance of their duties or through an ownership interest in the contract market.</p> <p>The Exchange will have a Regulatory Oversight Committee that is composed of 100% Public Directors. The ROC oversees the Exchange’s regulatory program on behalf of the Board. The ROC makes recommendations to the Board that will, in its judgment, be best to promote the interests of the Exchange. The ROC assists the Exchange in minimizing actual and potential conflicts of interest.</p> <p>The Exchange also maintains a Disciplinary Panel that is subject to certain rules regarding composition as to preclude any group or class of industry participants from dominating or exercising disproportionate influence on the Panels. The Panels will include at least one member who would qualify as a Public Director.</p> <p>The Rulebook also provides for appeal to a panel appointed by the Board and that appellate body must also include at least one person who would qualify as a Public Director.</p>	<p>See the documents referenced in Core Principle 14 (Governance Fitness Standards).</p> <p>See Exhibit A (Ownership); Rule 201 (Ownership). See Exhibit M-1.</p> <p>Rule 208 (Regulatory Oversight Committee); Rule 209 (Chief Regulatory Officer); Rule 212 (Emergency Rules); Rule 216 (Services Agreement with the Regulatory Services Provider). See Exhibit M-1.</p> <p>Rule 213 (Conflicts of Interest and Misuse of Material, Non-Public Information). See Exhibit M-1.</p> <p>Rule 710 (Disciplinary Panel); Rule 711 (Convening Hearings of the Disciplinary Panel); Rule 716 (Appeal from Disciplinary Panel Decisions). See Exhibit M-1.</p> <p>Eris Exchange Code of Conduct (Exhibit M-8).</p> <p>Eris Exchange, LLC – Amended and Restated Limited Liability Company Agreement (Exhibit G-1).</p>

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			Regulatory Oversight Committee Charter (Exhibit G-2); Nomination Committee Charter (Exhibit G-3); Exchange Participant Committee Charter (Exhibit G-4); Exchange Practices Committee Charter (Exhibit G-5).
<p><b>Core Principle 16 – Composition of Boards of Mutually Owned Contract Markets:</b> In case of a mutually owned contract market, the board of trade shall ensure that the composition of the governing board reflects market participants.</p>	<p><b>Core Principle 17 – Composition of Governing Boards of Contract Markets:</b> The governance arrangements of the board of trade shall be designed to permit consideration of the views of market participants.</p>	<p>Core Principle 16 (CFMA) is not applicable to Eris Exchange.</p> <p>Core Principle 17 (DFA) is satisfied as follows:</p> <p>The Nominating Committee is composed of three Directors, two of which will be Public Directors (i.e., at least fifty-one percent Public Directors). The Nominating Committee has the authority to: (1) identify individuals qualified to serve on the Board of Directors, consistent with the criteria that the Board of Directors require and any composition requirement that the Commission promulgates; and (2) administer a process for the nomination of individuals to the Board of Directors.</p> <p>The Exchange Participant Committee consists of three Directors, two of which will be Public Directors (i.e. at least thirty-five percent Public Directors). The Exchange Participant Committee: (1) determines the standards and requirements for initial and continuing Participant eligibility; (2) reviews appeals of staff denials of Participant applications; and (3) approves rules that would result in different categories or classes of Participants receiving disparate access to the Exchange.</p> <p>The Exchange Regulatory Oversight Committee will be composed of 100% Public Directors. The ROC oversees the Exchange’s regulatory program on behalf of the Board. It makes recommendations to the</p>	<p>See the documents referenced in Core Principle 14 (Governance Fitness Standards).</p> <p>Rule 201 (Ownership); Rule 202 (Board); Rule 203 (Officers); Rule 204 (Qualifications of Directors and Officers); Rule 206 (Nominating Committee); Rule 207 (Exchange Participant Committee); Rule 208 (Regulatory Oversight Committee); Rule 209 (Chief Regulatory Officer); Rule 210 (Exchange Practices Committee). See Exhibit M-1.</p> <p>Regulatory Oversight Committee Charter (Exhibit G-2); Nomination Committee Charter (Exhibit G-3); Exchange Participant Committee Charter (Exhibit G-4); Exchange Practices Committee Charter (Exhibit G-5).</p>

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		<p>Board as will, in its judgment, best promote the interests of the Exchange. The ROC assists the Exchange in minimizing actual and potential conflicts of interest.</p> <p>The Exchange Practices Committee of the Board consists of four Director, two of which will be Public Directors (i.e. at least 35%). The Exchange Practices Committee is responsible for: (1) establishing and modifying from time to time Contract specifications and trading protocols and conventions for the Exchange, (2) establishing and modifying position limits, (3) designating and modifying from time to time products eligible for listing on the Exchange.</p>	
<p><b>Core Principle 17 – Recordkeeping:</b> The board of trade shall maintain records of all activities related to the business of the contract market in a form and manner acceptable to the Commission for a period of 5 years.</p>	<p><b>Core Principle 18 – Recordkeeping:</b> The board of trade shall maintain records of all activities relating to the business of the contract market— (A) in a form and manner that is acceptable to the Commission; and (B) for a period of at least 5 years.</p>	<p>Eris Exchange has instituted a recordkeeping policy which provides that all Books and Records required to be kept by the Policy, the Eris Exchange Rulebook, or by the Commodity Exchange Act and CFTC Regulations shall be kept for a period of five years from the date thereof and shall be readily accessible during the first two years of the five year period. “Readily accessible” means immediately available during the time period a futures contract is in effect and 2 years after the termination of the futures contract and for the remainder of the period (year 3 to year 5) within 3 business days. All such books and records shall be open to inspection by any representative of the Commission or the United States Department of Justice. <i>See</i> Exhibit M-7 and <i>see also</i> Rule 214 (Exhibit M-1)</p> <p>Exchange Personnel are responsible for complying with the Recordkeeping policy, as well as the Code of Conduct, which contains similar provisions. <i>See</i> Exhibits M-7 and M-8.</p> <p><i>See</i> Designation Criterion 8 (Ability to Obtain Information).</p>	<p><i>See</i> Designation Criterion 8 (Ability to Obtain Information).</p> <p>Eris Exchange, LLC Recordkeeping Policy (Exhibit M-7).</p> <p>Eris Exchange, LLC Code of Conduct (Exhibit M-8).</p>

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<p><b>Core Principle 18 – Antitrust Considerations:</b> The board of trade shall endeavor to avoid—</p> <p>(A) adopting any rules or taking any actions that result in any unreasonable restraints of trade; or</p> <p>(B) imposing any material anticompetitive burden on trading on the contract market.</p>	<p><b>Core Principle 19 – Antitrust Considerations:</b> Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall not—</p> <p>(A) adopt any rule or taking any action that results in any unreasonable restraint of trade; or</p> <p>(B) impose any material anticompetitive burden on trading on the contract market.</p>	<p>Eris Exchange’s Rules and business have been designed to avoid any unreasonable restraints on trade or the imposition of any material anticompetitive burden on trading.</p>	<p>Eris Exchange Rulebook (Exhibit M-1).</p> <p>Eris Exchange website:  <a href="http://www.erisfutures.com">www.erisfutures.com</a></p>
	<p><b>Core Principle 20 – System Safeguards:</b> The board of trade shall:</p> <p>(A) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity; (B) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the board of trade; and</p> <p>(C) periodically conduct tests to verify that backup resources are sufficient</p>	<p>Eris Exchange has policies and procedures related to information technology, including system safeguards. Compliance with Eris Exchange’s Technology Policies is under the supervision of the Chief Operating Officer, Business Analyst/Project Manager of Technology, and the Chief Regulatory Officer. The Market Regulation Department undertakes audits to assess compliance with the Eris Exchange policies and procedures on an ongoing basis and through the use of an outside assessment firm.</p> <p>The Exchange’s business continuity and disaster recovery plan also requires that a “mirror image” of all Exchange trade information is maintained at a separate data center. The Exchange’s systems reside with a managed hosting provider, and the ability to add new resources in terms of storage space, network bandwidth, and computing power will be constantly monitored and can be scaled up as needed. Additionally, all data will be backed up near real time at multiple locations to ensure integrity for all reporting and trade delivery information is maintained.</p> <p>Users are required to use strong passwords for login, and security</p>	<p>Technology Questionnaire (Exhibit V) and related Exhibits.</p>

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	to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.	certificates will ensure proper authentication. Least privilege policies will ensure that access control is maintained, and regular monitoring and audits as detailed in the Exchange’s information security procedures will ensure safeguards are working and relevant.	
	<p><b>Core Principle 21 – Financial Resources:</b></p> <p>(A) In General.—The board of trade shall have adequate financial, operational, and managerial resources to discharge each responsibility of the board of trade.</p> <p>(B) Determination of Adequacy.—The financial resources of the board of trade shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the contract market to cover the operating costs of the contract market for a 1-year period, as calculated on a rolling basis.</p>	Eris Exchange will maintain financial resources that exceed the total amount that would enable the contract market to cover the operating costs of the contract market for a one-year period, as calculated on a rolling basis.	Eris Exchange Financial Documents (Exhibit I).
	<p><b>Core Principle 22 – Diversity of Board of Directors:</b> The board of trade, if a publicly traded company, shall endeavor to recruit individuals to serve on the board of directors and the other decision-making bodies (as determined by the Commission) of the board of trade from among,</p>	Not applicable as Eris Exchange is not a publicly traded company.	

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	and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates.		
	<b>Core Principle 23 – Securities and Exchange Commission:</b> The board of trade shall keep any such records relating to swaps defined in section 1a(47)(A)(v) open to inspection and examination by the Securities and Exchange Commission.	Not applicable as Eris Exchange does not offer any security-based swaps.	