

DW SEF LLC

Compliance with SEF Core Principles

This Exhibit L-1 consists of a narrative (with references to supporting documents included with this Application) that describes the manner in which DW SEF LLC (“**DW SEF**” or the “**Company**”), is able to comply with each core principle applicable to a swap execution facility (“**SEF**”). The basis for this narrative description is a compliance analysis that has mapped each requirement imposed on a SEF by the Commodity Exchange Act (“**CEA**”) or the Commodity Futures Trading Commission (“**CFTC**”) Regulations to a rule, policy or procedure of DW SEF that supports compliance with such requirement.

For convenience, this narrative has been broken down into sections corresponding to the 15 core principles for SEFs:

| SWAP EXECUTION FACILITY CORE PRINCIPLES | DESCRIPTION OF COMPLIANCE | RELEVANT REFERENCES |
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| <p>Core Principle 1. Compliance with Core Principles.</p> <p>(a) <i>In general.</i> To be registered, and maintain registration, as a swap execution facility, the swap execution facility shall comply with—</p> <p>(1) The core principles described in section 5h of the Act; and</p> <p>(2) Any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act.</p> <p>(b) <i>Reasonable discretion of a swap execution facility.</i> Unless otherwise determined by the Commission by rule or regulation, a swap execution facility described in paragraph (a) of this section shall have reasonable discretion in establishing the manner in which the swap execution facility complies with the core principles described in section 5h of the Act.</p> | <p>All materials submitted with the application of DW SEF for designation as a SEF (the “Application”), including but not limited to the Company Rulebook (the “Rules”) provided in Exhibit M-1 to the Application.</p> <p>Capitalized terms that are used in this Exhibit L-1 without definition have the meaning ascribed to those terms in the Rules.</p> | <p>This Application; the Rules</p> |
| <p>Core Principle 2. Compliance with rules.</p> | <p>Operation of the SEF and Compliance with Rules</p> <p>DW SEF has adopted and will impartially enforce a comprehensive set of</p> | <p>Rules 404 and 412;</p> |

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| <p>A swap execution facility shall:</p> <p>(a) Establish and enforce compliance with any rule of the swap execution facility, including the terms and conditions of the swaps traded or processed on or through the swap execution facility and any limitation on access to the swap execution facility;</p> <p>(b) Establish and enforce trading, trade processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules, including means to provide market participants with impartial access to the market and to capture information that may be used in establishing whether rule violations have occurred;</p> <p>(c) Establish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades; and</p> <p>(d) Provide by its rules that when a swap dealer or major swap participant enters into or facilitates a swap that is subject to the mandatory clearing requirement of section 2(h) of the Act, the swap</p> | <p>Rules for the conduct of trading on the SEF. Rule 404 sets forth the trading procedures that must be followed by members when entering and executing orders traded or posted on the SEF. Rule 404 requires Participants to execute Required Transactions that do not qualify as Block Trades through the Order Book. Rule 412 sets forth the procedures for entering Block Trades.</p> <p>DW SEF has established and enforces compliance with the Rules, including the Rules related to the terms and conditions of swaps traded or processed on or through the SEF (Rule 401 and Chapter 9 of the Rules), access to the SEF (Chapter 3 of the Rules), audit trail requirements (Rule 506), disciplinary procedures (Chapter 7 of the Rules), and mandatory trading requirements (Rule 501).</p> <p>Access Requirements</p> <p>Chapter 3 of the Rules provides clear and transparent access criteria and requirements for Participants, Independent Software Vendors, Authorized Users and Supervised Persons. Rule 303 sets forth the qualification standards for Participants, including that an applicant must represent that it qualifies as an eligible contract participant (“ECP”) and must itself be a member of or have entered into an arrangement with a Derivatives Clearing Organization or registered clearing agency to clear Swaps that it executes on or pursuant to the Rules of the SEF. See also Core Principle 7 (Financial Integrity of Transactions). Rule 303(c) provides that a Person seeking to act as an Independent Software Vendor may not be a Participant and must satisfy the Company’s technological integrity requirements and not adversely affect the Company’s ability to comply with the CEA and CFTC Regulations. Rule 305 provides clear and transparent criteria and requirements for Authorized Users and Supervised Persons who access the SEF.</p> <p>Rule 303 provides the Company’s access criteria, which will be applied in an impartial manner through the application process described in Rule 303 and the Participation Committee appeal process described in Rule 204. Failure of an applicant to demonstrate a capacity to comply with the requirements of the Rules or of Applicable Law may lead to a denial of the application under Rule 302(b). Applicants have the right to appeal a denial or conditional grant of</p> | <p>Exhibit Q</p> <p>Chapters 3, 7 and 9 of the Rules; Rules 401; 501 and 506</p> <p>Chapter 3 of the Rules</p> <p>Rules 204, 302, 303, 305 and 306</p> |

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| <p>dealer or major swap participant shall be responsible for compliance with the mandatory trading requirement under section 2(h)(8) of the Act.</p> | <p>their Participant application under Rule 303(d). Other provisions in the Rulebook, including Rules 302, 305 and 306, set forth the authority of the Company to revoke, suspend or limit the access of a Participant, Authorized User or Supervised Person .</p> <p>As set forth in Exhibit K, the Company shall charge consistent fees for all Participants that receive comparable access to the SEF.</p> <p>Rule 301 requires any Participants, Authorized Users and other Persons accessing the SEF to abide by the Rules and consent to the Company's jurisdiction when entering orders on the SEF or executing trades on or pursuant to the Rules of the SEF. Rule 302(c) provides that DW SEF may suspend, condition or revoke the Trading Privileges of any Person that fails to meet any of the qualification requirements for Trading Privileges, fails to meet any condition placed on such Trading Privileges, violates any agreement with the Company, or has summary action taken against it by the Company. Under Rule 718, the Chief Compliance Officer ("CCO") may, after consultation if practicable with the Regulatory Oversight Committee ("ROC"), summarily suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of a Participant or Authorized User. The hearing and appeals process described in Rule 718 will ensure that any limitations on access are applied in a fair and impartial manner.</p> <p>Rule Enforcement Program</p> <p>The Company has established and enforces compliance with its trading, trade practice and participation Rules. See Rules and Exhibit O-1 DW SEF LLC Swap Execution Facility Compliance Manual (the "Compliance Manual").</p> <p><i>Abusive trading practices prohibited.</i> Chapter 6 of the Rules sets forth the Company's business conduct standards and specifically prohibits several forms of abusive trading practices. The prohibited conduct and trading practices include: front-running (Rule 612), wash trading (Rule 613), impermissible pre-arranged trading (Rule 614), fraudulent acts (Rule 603), fictitious trading (Rule 604), money passes (Rule 614), market disruption (Rule 605), market manipulation (Rule 606), and disruptive trading practices (Rule 607). The Company has also adopted broad Rules requiring</p> | <p>Exhibit K</p> <p>Rule 301, 302 and 718</p> <p>Compliance Manual</p> <p>Chapter 6 of the Rules</p> |

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| | <p>Participants to adhere to just and equitable principles of trade (Rule 602) and prohibiting Participants, Authorized Users or Supervised Persons from committing acts detrimental to the welfare of the Company (Rule 609). Chapter 6 also includes Rules regarding misstatements (Rule 608), supervision (Rule 610), disclosing Orders (Rule 611) and recordkeeping (Rule 615).</p> <p>DW SEF does not permit intermediated transactions, and, therefore, has not adopted rules prohibiting customer related abuses such as trading ahead of customer orders, trading against customer orders and improper cross-trading.</p> <p><i>Capacity to detect and investigate rule violations.</i> The Company has made adequate arrangements and has adequate resources to enforce its Rules. The Company's ROC, Market Regulation Team (including the Regulatory Services Provider ("RSP")) are responsible for detecting, investigating and taking action with respect to violations of the Rules. Pursuant to Rule 504, the Company and its RSP have the right to inspect the systems, equipment and software of Participants, Authorized Users and Supervised Persons. Rule 702 requires Participants and Authorized Users to produce books and records related to a Rule, inquiry or investigation as requested by the Market Regulation Team (including the staff of the RSP). As set forth in Chapter 8 of the Compliance Manual, the Market Regulation Team performs trade practice surveillance, market surveillance and real-time market monitoring to analyze the data collected by the SEF and determine whether any rule violations have occurred.</p> <p><i>Compliance staff and resources.</i> The Company has establish sufficient compliance resources to ensure that it can conduct audit trail reviews, trade practice surveillance, market surveillance, real-time market monitoring and complete any inquiries or investigations in a timely manner. The Company's compliance staffing and resources include: the CCO, two additional DW SEF employees on the Market Regulation Team and the resources available through the Regulatory Services Agreement ("RSA") with the National Futures Association ("NFA").</p> <p>As set forth in Sections 3.4 and 3.5 of the Compliance Manual, NFA is primarily responsible for financial surveillance, daily market surveillance, daily</p> | <p>Rules 504 and 702; Chapter 8 of the Compliance Manual</p> <p>Compliance Manual, Sections 3.4 and 3.5</p> |

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| | <p>trade practice surveillance and inquiries and investigations. The Company's employees within the Market Regulation Team are primarily responsible for real-time market monitoring. NFA also performs real-time market monitoring and provides services related to disciplinary proceedings.</p> <p>The ROC is responsible for monitoring the sufficiency, independence and effectiveness of the Company's regulatory program. According to Rule 205, the Board authorizes the ROC to: (i) oversee the Company's regulatory program on behalf of the Board; (ii) monitor the Company's regulatory program for sufficiency, effectiveness and independence; (iii) review all regulatory proposals, actions or changes prior to implementation; (iv) review the size and allocation of the regulatory budget and resources, and review the number, hiring and termination, and compensation of regulatory personnel; (v) review the performance of the CCO and make recommendations to the Board accordingly; (vi) prepare an annual report assessing Company's self-regulatory program for the Board and CFTC; (vii) recommend changes that would ensure fair, vigorous and effective regulation; and (viii) exercise any other function assigned to it by the Rules.</p> <p><i>Automated trade surveillance system.</i> Pursuant to the RSA, NFA will perform trade practice and market surveillance using an automated surveillance system known as the Sophisticated Warning Analysis Profiling System ("SWAPS"). Additional information on the SWAPS system is provided in Section 8.1 of the Compliance Manual. As set forth in Section 8.2 of the Compliance Manual, NFA uses SWAPS to monitor for certain types of suspicious transactions in connection with the time, size and percentage parameters that will be set based on the Company's Rules or NFA standards, which may be revised from time to time based on product offerings, market activities, trader profile information and the Company's procedures. NFA will review all trades executed on the SEF or pursuant to the SEF Rules.</p> <p><i>Real-time market monitoring.</i> As set forth in Section 8.5 of the Compliance Manual, the Company has primary responsibility for the SEF's real-time market monitoring. The Market Regulation Team will review trading activity on the SEF. The Market Regulation Team will receive and review reports of aberrational prices, excessive volume and other anomalies in trading on the SEF. NFA also performs real-time market monitoring of trading activity on the</p> | <p>Rule 205</p> <p>Compliance Manual, Sections 8.1 and 8.2; RSA</p> <p>Compliance Manual, Section 8.5</p> |

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| | <p>Company using a view-only market monitor screen through which NFA can track the activity of specific traders, monitor price and volume information and is alerted to any market messages. See also Core Principle 4 (Monitoring of trading and trade processing).</p> <p>Pursuant to Rule 408, DW SEF may cancel or adjust trades when necessary to mitigate market disrupting events caused by the improper or erroneous use of the SEF or by system defects or malfunctions. The Company may review a trade based on its independent analysis of market conditions or upon request from a Participant. In such circumstances, the Company will notify Participants and Authorized Users pursuant to Rule 408 that a trade is under review.</p> <p><i>Investigations and investigative reports.</i> Chapter 7 of the Rules describes the Company's disciplinary and enforcement procedures and demonstrates the Company's capacity to detect and investigate rule violations. In accordance with Rules 701 through 705, the Market Regulation Team will conduct inquiries and investigations relating to real-time surveillance, trade practices and market surveillance. Rules 706 through 721 govern disciplinary proceedings, including the initiation, litigation, and resolution of such proceedings.</p> <p>Rule 702 grants the Market Regulation Team the express authority to initiate and conduct inquiries and investigations, and requires Company Participants, Authorized Users and other Supervised Persons to cooperate with Company investigations and appear and testify in disciplinary proceedings.</p> <p>As described in Chapter 9 of the Compliance Manual, the RSP is responsible for performing the investigatory work relating to trade practice, market surveillance and real-time market monitoring inquiries and investigations. Pursuant to Section 9.1 of the Compliance Manual, the RSP will commence an investigation upon the receipt by the Company of a request from CFTC staff or upon the discovery or receipt of information by the RSP or the Company that indicates a possible basis for finding that a violation has occurred or will occur.</p> <p>Pursuant to Rule 703, the Market Regulation Team will prepare a written</p> | <p>Rule 408</p> <p>Chapter 7 of the Rules</p> <p>Rule 702</p> <p>Compliance Manual, Chapter 9</p> <p>Rule 703</p> |

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| | <p>Investigation Report regardless of whether the evidence gathered during an inquiry or investigation forms a reasonable basis to believe that a violation within the Company's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through a summary action. Any written Investigation Report will contain the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the analysis, conclusions and recommendation of the RSP. Under Rule 703, all investigations must be completed in a timely manner and, absent mitigating factors, no later than 12 months after the date that the investigation is opened.</p> <p>For each potential respondent, the RSP will recommend either: (i) closing the investigation without further action; (ii) entering into a summary action; (iii) resolving the investigation through an informal disposition, including the issuance by the Market Regulation Team of a warning letter (provided that no more than one warning letter for the same potential violation may be issued to the same potential respondent during a rolling 12-month period); (iv) initiating disciplinary proceedings; or (v) negotiating a settlement. The RSP will provide the CCO with the Investigation Report for a determination as to whether the Investigation Report is complete.</p> <p>Regulatory Services Provided by a Third Party</p> <p>The Company will enter into an RSA with NFA (Exhibit N-1) in accordance with Rule 1108. Pursuant to the RSA, NFA will serve as the SEF's RSP and will perform certain surveillance, investigative, and regulatory functions as described in the Rules and the Compliance Manual. The Company's ROC is charged with monitoring the sufficiency, effectiveness and independence of all facets of the Company's regulatory program as set forth in Sections 3.2 and 3.4 of the Compliance Manual, including ensuring that the RSP has the capacity and resources necessary to provide timely and effective regulatory services.</p> <p>Pursuant to Rule 1108, the Company's CCO has supervisory authority with respect to any functions performed by NFA pursuant to the RSA. As set forth in Section 9.2.4 of the Compliance Manual, the RSP and CCO will hold</p> | <p>Exhibit N-1; Rule 1108; Compliance Manual, Sections 3.2 and 3.4</p> <p>Rule 1108 Compliance Manual, Section 9.2.4</p> |

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| | <p>monthly meetings to discuss new inquiries and investigations and provide a general update relating to the status of continuing inquiries and investigations. The RSP and the CCO will also evaluate the staff and resources devoted to enforcement of DW SEF Rules.</p> <p>The Company will retain exclusive authority over regulatory decisions. Under Rule 408, the Company maintains exclusive authority over decisions to cancel or adjust the price of trades. The decision to issue disciplinary charges will be made by the Market Regulation Team, and will, therefore, remain under the exclusive authority of the Company. Pursuant to Rule 303, the Company also retains exclusive authority to deny access to the Company.</p> <p>As described in Section 3.4 of the Compliance Manual, the Market Regulation Team is responsible for documenting any differences between actions taken by the Company and any recommendation made by the NFA acting as RSP.</p> <p>Audit Trail</p> <p>As described in Section 8.6 of the Compliance Manual, the Company has established audit trail processes that capture trading information to facilitate the Company's trade practice and market surveillance activities. The audit trail program is based on original source documents that are unalterable, sequentially identified records. The records reflect the terms of the order entered, the time of the order, a unique user identifier for the user entering the order and an account identifier. The system further reflects information regarding orders which are filled, unfilled or cancelled.</p> <p>The audit trail also includes an electronic transaction history database that contains a history of all Orders and trades as well as the following: (i) all data entered into the trade entry / order matching system to allow the transaction to match and clear; (ii) the customer type indicator code; (iii) timing and sequencing data enabling each order to be reconstructed; (iv) if the trade is to be allocated, the identity of each account to which fills are allocated and information regarding order allocation including legal entity identifier of the agent; and (v) the legal entity identifier of the Reporting Counterparty. All audit trail data contained in the transaction database is organized in a manner that allows the Market Regulation Team to search, sort and present the</p> | <p>Rules 303 and 408</p> <p>Compliance Manual, Section 3.4</p> <p>Compliance Manual, Section 8.6</p> |

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| | <p>information in order to reconstruct trading and identify potential violations.</p> <p>All data gathered as part of the audit trail is maintained in accordance with the Commission's recordkeeping requirements and is kept in a manner that does not allow for unauthorized alteration, erasure or other potential loss.</p> <p>As described in Section 6.2 of the Compliance Manual, NFA will review for compliance with the SEF's audit trail and recordkeeping requirements. Upon completion of such review, the RSP will identify to the Market Regulation Team Participants that have demonstrated deficiencies in complying with the SEF's audit trail requirements, and the Market Regulation Team may sanction such Participants for purposes of deterring additional violations. Such sanctions are subject to the restrictions on warning letters described in Rule 703.</p> <p>Disciplinary Procedures and Sanctions</p> <p>Chapter 7 of the Rules and the RSA provide the framework for the SEF's disciplinary procedures. These procedures are designed to allow the Company to discipline, suspend or expel any Participant that violates the Rules.</p> <p><i>Enforcement Staff.</i> The Market Regulation Team is responsible for enforcing the Rules and conducting investigations into alleged violations of the Rules. The Market Regulation Team consists of the CCO, three additional SEF employees and the staff of the NFA responsible for providing services to the Company pursuant to the RSA. As described in Rule 205, the ROC will review the size and allocation of regulatory resources and number of regulatory personnel to ensure that the Company has adequate enforcement staff.</p> <p>Rule 214 ensures that any person with a conflict of interest will not be permitted to participate in any Company enforcement action or Disciplinary Panel.</p> <p><i>Disciplinary Panels.</i> Pursuant to Rule 710, each Disciplinary Panel will be composed of three individuals selected by the CCO. Except in cases limited</p> | <p>Compliance Manual, Section 6.2; Rule 703</p> <p>Chapter 7 of the Rules</p> <p>Compliance Manual, Chapter 9 and Section 3.3; Rule 205</p> <p>Rule 214</p> <p>Rules 210, 710 and 717</p> |

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| | <p>to the timely submission of accurate records, each Disciplinary Panel will be chaired by an individual who would not be disqualified from serving as a Public Director. All members of a Disciplinary Panel must meet the fitness standards provided in Rule 210. In addition, no member of the Market Regulation Team may serve on a Disciplinary Panel.</p> <p><i>Notice of Charges.</i> If the Market Regulation Team authorizes disciplinary proceedings, it will prepare a notice of charges in accordance with Rule 706. The notice of charges will: (i) state the acts, practices or conduct in which the respondent is alleged to have engaged; (ii) state the Rule alleged to have been violated or about to be violated; (iii) advise the respondent of its right to a hearing and its right to be represented by legal counsel or any other representative of its choosing (other than a Director, Officer, DW SEF employee, member of the Disciplinary Panel or any Person substantially related to the disciplinary proceedings such as a material witness or other respondent) in all succeeding stages of the disciplinary process; (iv) state the period of time within which the respondent can request a hearing on the notice of charges, which will not be less than 20 days after service of the notice of charges; (v) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and (vi) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.</p> <p>Rule 708 provides the Company's procedures for service of the notice of charges.</p> <p><i>Right to Representation.</i> Rule 706(b) requires the notice of charges to advise the respondent of its right to be represented by legal counsel or any other representative of its choosing (other than a Director, Officer, DW SEF employee, member of the Disciplinary Panel or other person substantially related to the underlying investigation) in all succeeding stages of the disciplinary proceedings.</p> <p><i>Answer to charges.</i> Rule 707 provides that if the respondent answers a notice of charges, the respondent must file its response within 20 days after being served the notice, or within such other time period determined</p> | <p>Rule 706</p> <p>Rule 708</p> <p>Rule 706</p> <p>Rule 707</p> |

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| | <p>appropriate by the CCO. Rule 707 also sets forth the requirements for the answer, the consequences of failing to file a timely answer, and the consequences of failing to deny the allegations described in the notice of charges.</p> <p><i>Admission or failure to deny charges.</i> Under Rule 707(d), if a respondent admits or fails to specifically deny any of the allegations in the notice of charges, the Disciplinary Panel shall find that the violations set forth in such allegations have been committed and shall impose a sanction for such violations. The Disciplinary Panel shall promptly notify the respondent in writing of any sanction imposed pursuant to Rule 707 and advise the respondent that the respondent may request a hearing on such sanction within 20 days of the respondent being served with such notice.</p> <p><i>Denial of Charges; Right to Hearing.</i> Pursuant to Rule 707(b), a respondent may request a hearing before a Disciplinary Panel in an answer to a statement of charges. A respondent may also request a hearing following the imposition of a sanction under Rule 707(d).</p> <p><i>Settlement offers.</i> Pursuant to Rule 709, a respondent or potential respondent may, at any time, submit a written offer to settle anticipated or instituted disciplinary proceedings. The Disciplinary Panel may accept the offer of settlement, but may not alter the terms of a settlement offer unless the respondent or potential respondent agrees.</p> <p><i>Hearings.</i> Rules 710, 711, 712 and 713 establish detailed procedures for forming a Disciplinary Panel, convening a disciplinary proceeding, reviewing evidence and conducting hearings. Under Rule 711, all hearings will be conducted before a Disciplinary Panel, which will be promptly convened following reasonable notice to each respondent.</p> <p><i>Decisions.</i> Pursuant to Rule 714, following a hearing, the Disciplinary Panel will issue an order rendering its decision based on the weight of the evidence. A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel. The Company will serve a copy of the order of the Disciplinary Panel to the respondent and the Market Regulation Team. The order will include: (i) the notice of charges or summary of the allegations; (ii)</p> | <p>Rules 707</p> <p>Rules 707</p> <p>Rule 709</p> <p>Rules 710-713</p> <p>Rules 714 and 716</p> |

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| | <p>the answer, if any, or a summary of the answer; (iii) a brief summary of the evidence introduced at the hearing (or, where appropriate, incorporation by reference of the Investigation Report); (iv) findings of fact and conclusions concerning each allegation, including each specific Rule that the respondent is found to have violated; (v) the imposition of sanctions, if any, and the effective date of each sanction; and (vi) notice of the respondent's right to appeal pursuant to Rule 716.</p> <p><i>Right to appeal.</i> Rule 716 provides appeal procedures that allow the respondent to appeal an adverse decision of the Disciplinary Panel to an Appeals Panel. The Appeals Panel's written order will be the final action of the Company and is not subject to appeal within the Company.</p> <p><i>Summary Fines.</i> Pursuant to Rule 717, the CCO may summarily impose a fine against a Participant or Authorized User that fails to (i) timely pay fees, costs, charges or fines, (ii) make timely and accurate submissions to the Company of notices, reports or other information required by the Rules or (iii) keep any books and records required by the Rules. The Company will set the amount of summary fines imposed pursuant to Rule 717, with the maximum fine not exceeding \$5,000 for each violation.</p> <p>The Market Regulation Team will give notice of any summary fine imposed pursuant to Rule 717 to each Participant or Authorized User subject to the fine. The notice will specify (i) the Rule violation for which the fine is being imposed, (ii) the date of the violation and (iii) the amount of the fine.</p> <p>Under Rule 717, all summary fines must be paid or appealed pursuant to Rule 716 within 20 days of serving the notice of fine.</p> <p><i>Summary Actions.</i> If the CCO reasonably believes that immediate action is necessary to protect the best interests of the Company or the marketplace, the CCO may, in accordance with Rule 718, summarily suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of a Participant or Authorized User and may take other summary action against a Participant or any of its Authorized Users or Supervised Persons in accordance with the Rules. Before taking such action, the CCO must consult with the ROC.</p> | <p>Rule 716</p> <p>Rule 717</p> <p>Rule 717</p> <p>Rules 716 and 717</p> <p>Rule 718</p> |

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| | <p>Whenever practicable, the Market Regulation Team will provide prior written notice to the Participant, Authorized User or other Person against whom the action is brought. If prior written notice is not practicable, the Company will give notice at the earliest possible opportunity pursuant to Rule 718(b). Such notice will state the action, the reasons for the action, and the effective time, date and duration of the action. Upon serving the notice, the Market Regulation Team will advise the recipient of its right to a prompt hearing before a Disciplinary Panel and its right to be represented by legal counsel or other representative at such hearing.</p> <p>If a hearing is requested, the Disciplinary Panel will promptly convene a hearing to be conducted in accordance with Rule 713. After the hearing, the Disciplinary Panel will issue to the respondent a written order affirming, modifying or reversing the summary action. The order will include a description of the summary action taken, a summary of the evidence introduced at the reinstatement hearing, a statement of findings of fact and conclusions, a description of any action taken or to be taken by the Company and the effective date, time and duration thereof.</p> <p>A respondent whose Trading Privileges are suspended, revoked, limited, conditioned, restricted or qualified pursuant to Rule 718 may apply for reinstatement through the process described in Rule 719.</p> | <p>Rule 718</p> <p>Rule 713</p> <p>Rules 718 and 719</p> |
| <p>Core Principle 3. Swaps not readily susceptible to manipulation.</p> <p>The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.</p> | <p>The Company intends to permit trading only in swaps based on underlying markets such as those for currencies, interest rates and default indices that are large and highly liquid and thus are inherently unlikely candidates for manipulation.</p> <p>The Company proposes to list interest rate Swaps for which the Chicago Mercantile Exchange (“CME”), LCH.Clearnet Limited (“LCH”) and/or ICE Clear Credit (“ICE”) act as a Derivatives Clearing Organization (“DCO”).</p> <p>All Swaps that will be traded on the SEF are settled in cash by the DCO.</p> <p>For example, the settlement amount for interest rate Swaps is based on the net amount of interest owed between the swap counterparties. The amount</p> | |

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| | <p>of interest owed by each party is calculated on the basis of a reference interest rate applied over a period of time to a notional amount, where the referenced rates, period of time and notional amount are fixed by the relevant swap contract. Each reference rate may be constant or may be determined on the basis of the 1-, 3- or 6-month LIBOR, Euribor, Bank Bill swap rate for U.S. dollar, U.K. pound sterling, Euro or Australian dollar deposits, as well as such other reference rates as may be the subject of interest rate swap clearing by CME, LCH and/or ICE.</p> | |
| <p>Core Principle 4. Monitoring of trading and trade processing.</p> <p>The swap execution facility shall:</p> <p>(a) Establish and enforce rules or terms and conditions defining, or specifications detailing:</p> <p>(1) Trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility; and</p> <p>(2) Procedures for trade processing of swaps on or through the facilities of the swap execution facility; and</p> <p>(b) Monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p> | <p>Overview/General Requirements</p> <p>Under the oversight of the ROC, the Market Regulation Team (including the RSP) will implement the Company’s monitoring, surveillance and other enforcement functions. The Rules, RSA and the Compliance Manual provide the framework for the Company’s surveillance activities. As described in Chapter 8 of the Compliance Manual, SWAPS monitors trading activity on a trade day plus one (“T+1”) basis. The Company’s RSP (NFA) uses the data collected by SWAPS to monitor market conditions, price movements, volumes and detect suspicious activity such as manipulation, disruptive trading and other abnormal market activity. The Company also provides market monitoring on a real-time basis and provides NFA with a view-only screen so that it can act as a second set of eyes. As described in Section 8.5 of the Compliance Manual, the Company reviews reports of aberrational prices, excessive volume and other anomalies in trading on the SEF as part of its real-time market monitoring process.</p> <p>The Company has established comprehensive audit trail processes that capture trading information to facilitate the surveillance activities described above. See Section 8.6 of the Compliance Manual for additional information.</p> <p>The RSP conducts product specific monitoring for all SEF products. The product specific monitoring procedures are set forth in Section 8.7 of the Compliance Manual and vary depending on whether the specific Swap is physically delivered or cash-settled.</p> <p>Additional Requirements for Physical-Delivery Swaps</p> | <p>Compliance Manual, Chapter 8</p> <p>Compliance Manual, Section 8.6</p> <p>Compliance Manual, Section 8.7</p> |

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| | <p>The SEF does not list Swaps that are physically delivered. If the SEF lists such a product in the future, the Company or its RSP will monitor the Swap's terms and conditions as they related to the underlying commodity market, the convergence between the contract price and the price of the underlying commodity and the adequacy of the deliverable supply in the underlying commodity.</p> <p>Additional Requirements for Cash-Settled Swaps</p> <p>As described in Section 8.7 of the Compliance Manual, in respect of cash-settled Swaps linked to a commodity index that are listed for trading on or pursuant to the SEF Rules, the RSP will monitor the pricing of the index against which the Swap will be settled.</p> <p>Ability to Obtain Information</p> <p>Pursuant to Section 8.7 of the Compliance Manual, to achieve sufficient monitoring of cash-settled Swaps linked to a price or index derived from prices of products listed for trading on another venue, DW SEF must have either Rules or agreements that allow DW SEF to have access to information on the activities of its Participants on such other venue(s).</p> <p>Pursuant to Rule 503, all Participants must maintain all records required by the CEA, CFTC or the Rules including all records of trading, activity in the underlying commodity and activity in related markets. All such books and records shall be made available for inspection by, and copies thereof shall be delivered to, the Company and its authorized representatives upon request.</p> <p>In addition, under Rule 303, in order to be eligible for admission as a Participant and to maintain continued access to the Company, the applicant must be in compliance with all recordkeeping requirements set forth in the Rules as well as the Applicable Law.</p> <p>Risk Controls for Trading</p> <p>As described in Chapter 11 of the Compliance Manual, DW SEF has established certain risk controls, including the imposition of trading pauses or</p> | <p>Compliance Manual, Section 8.7</p> <p>Compliance Manual, Section 8.7</p> <p>Rule 503</p> <p>Rule 303</p> <p>Compliance Manual, Chapter 11</p> |

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| | <p>halts, to address risks posed by potential market disruptions. To the extent practicable, the Company will coordinate its trading controls with other DCM(s) and/or SEF(s).</p> <p>Trade Reconstruction As set forth in Sections 4.15 and 8.6 of the Compliance Manual, the Company will maintain comprehensive audit trail data to accurately reconstruct all trading on the SEF.</p> | <p>Compliance Manual, Sections 4.15 and 8.6</p> |
| <p>Core Principle 5. Ability To Obtain Information.</p> <p>The swap execution facility shall:</p> <p>(a) Establish and enforce rules that will allow the facility to obtain any necessary information to perform any of the functions described in section 5h of the Act;</p> <p>(b) Provide the information to the Commission on request; and</p> <p>(c) Have the capacity to carry out such international information-sharing agreements as the Commission may require.</p> | <p>Establish and Enforce Rules</p> <p>Rule 503 requires each Participant to prepare and maintain all books, ledgers and other records required by CFTC Regulations and the Rules and make them available at the request of the Company, the Commission or the Department of Justice. Pursuant to Rule 504, the Company and its RSP have the right to inspect the systems, equipment and software of Participants and Authorized Users.</p> <p>Collection of Information</p> <p>Rule 702 requires Participants, Authorized Users and Supervised Persons to produce books and records as requested by the Market Regulation Team, including the staff of the RSP.</p> <p>Provide Information to the Commission</p> <p>As set forth in Rule 215, the Company will keep, or cause to be kept, all books and records required to be maintained pursuant to the CEA and CFTC Regulations and will make such books and records readily accessible for inspection, in each case in the form and manner required under the CEA and CFTC Regulations.</p> <p>Information-Sharing Agreements</p> <p>Pursuant to Rule 1107 and Chapter 12 of the Compliance Manual, DW SEF has broad discretion to enter into information-sharing agreements to</p> | <p>Rule 503 and 504</p> <p>Rule 702</p> <p>Rule 215</p> <p>Rule 1107; Compliance Manual,</p> |

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| if any, set by the swap execution facility. | | |
| <p>Core Principle 7. Financial integrity of transactions. The swap execution facility shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the swaps pursuant to section 2(h)(1) of the Act.</p> | <p>The Company has established a comprehensive set of Rules and procedures to ensure the financial integrity of transactions entered into on the SEF. Chapter 10 of the Rules establishes the Company's requirements for clearing transactions. Under Section 14.3 of the Compliance Manual, if the CFTC has determined that the clearing requirement under Applicable Law applies to a certain type or class of swap, then DW SEF must submit all such Swaps traded on or pursuant to the Rules of the SEF to a DCO, unless DW SEF ascertains that Applicable Law exempts one or both of the parties to the Swap from such clearing requirement.</p> <p>Pursuant to Rule 502, each Participant must notify the Company immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it, including the requirement to qualify as an ECP. Participants are also required to submit financial and related information to the Company and the RSP in the form and manner requested. As set forth in Section 8.4 of the Compliance Manual, the RSP is primarily responsible for reviewing financial and related information for compliance with the SEF's minimum standards.</p> | <p>Rules, Chapter 10; Compliance Manual, Section 14.3</p> <p>Rule 502; Compliance Manual, Section 8.4</p> |
| <p>Core Principle 8. Emergency authority. The swap execution facility shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to liquidate or transfer open positions in any swap or to suspend or curtail trading in a swap.</p> | <p>The Company has adopted procedures and guidelines for implementing an emergency intervention in the market. Under Rule 413, an "Emergency" means any occurrence or circumstance that, in the opinion of the Board, the Chief Executive Officer ("CEO") or the Chief Administrative Officer, requires immediate action and threatens or may threaten the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Swap traded pursuant to the Rules.</p> <p>In the event of an Emergency, the Chief Administrative Officer or any individual designated by the Chief Administrative Officer and approved by the Board may place into immediate effect a temporary emergency addition to the Rules which may provide for, or may authorize the Board or any committee thereof to undertake, actions necessary or appropriate to respond to the Emergency, including such actions as: (i) imposing or modifying position or price limits; (ii) extending, limiting or changing the Trading Hours in respect of</p> | <p>Rule 413</p> |

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| | <p>one or more Swaps; (iii) suspending or curtailing trading, or limiting trading to liquidation only, in any or all Swaps; (iv) ordering the liquidation of Swaps or the reduction of positions; (v) requiring additional margin to be collected; (vi) modifying or suspending any provision of the Rules; and/or (vii) taking market actions as may be directed by the CFTC.</p> <p>If the CEO, Chief Administrative Officer or a designee determines that Emergency Rules must be implemented, the decision must be reviewed by the Board as soon as practicable under the circumstances and may be revoked, suspended or modified by the Board.</p> <p>The Company will promptly notify its Participants whenever the Company, the Board or any officer or designee implements an Emergency Rule. The Company will use reasonable efforts to notify the Commission prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Company will notify the Commission as soon as reasonably practicable, but in all circumstances within 24 hours of the implementation, modification or termination of such Emergency Rule.</p> <p>Any action taken in respect of an Emergency remains subject to the conflict of interest requirements set forth in Rule 214.</p> <p>If the Emergency is related to a Swap that is fungible with financial products traded on another platform, the Company will attempt to coordinate its response with any guidance received from the Commission.</p> <p>Additional information regarding the Company's emergency powers and procedures is set forth in Section 8.8 of the Compliance Manual.</p> | <p>Rule 214</p> <p>Compliance Manual, Section 8.8</p> |
| <p>Core Principle 9. Timely publication of trading information. (a) <i>In general.</i> The swap execution facility shall make public timely information on price, trading volume, and other trading data on</p> | <p>Consistent with Rule 403, the Company will publish information on its website daily regarding prices, trading volume and other data as required by the CEA and CFTC Regulations.</p> <p>Rule 403(a) requires the Company to transmit Required Swap Creation Data for each Swap executed or pursuant to the Rules to the appropriate SDR in</p> | <p>Rule 403</p> <p>Rule 403; Compliance Manual, Chapter 16</p> |

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| <p>swaps to the extent prescribed by the Commission.</p> <p>(b) <i>Capacity of swap execution facility.</i> The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.</p> | <p>the form and manner, and within the timeframe, required by the CEA and CFTC Regulations. The Company may provide such Required Swap Creation Data to Participants and Authorized Users no earlier than the time it transmits such information to an SDR and in a form that does not disclose the identities, or otherwise facilitate identification, of the parties to the Swap. Additional information on the Company's transaction reporting procedures is set forth in Chapter 16 of the Compliance Manual.</p> | |
| <p>Core Principle 10. Recordkeeping and reporting.</p> <p>(a) <i>In general.</i> A swap execution facility shall:</p> <p>(1) Maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and manner acceptable to the Commission for a period of five years;</p> <p>(2) Report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under the Act; and</p> <p>(3) Keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Company Commission.</p> <p>(b) <i>Requirements.</i> The Commission</p> | <p>The Company's recordkeeping program will satisfy the relevant criteria set forth in Commission Regulation 1.31 and Part 45 of the Commission Regulations. As described in Section 17.5 of the Compliance Manual, the SEF will retain all books and records on electronic storage media in a non-rewritable, non-erasable format that fulfill the criteria set forth in CFTC Regulation 1.31(b).</p> <p>Pursuant to Rule 215, the SEF will: (i) keep, or cause to be kept, complete and accurate books and records of accounts of the Company, including all books and records required to be maintained pursuant to the CEA and Commission Regulations; (ii) retain all such books and records for the life of each Swap transacted pursuant to the Rules and five years following the termination of such Swap, and shall make such books and records readily accessible for inspection, in each case in the form and manner required under the CEA and CFTC Regulations; and (iii) may disclose such books and records to any government agency, self-regulatory organization or other Person if the Company believes such disclosure is necessary and appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made.</p> <p>Under Rule 308, the Company may, but is not obligated to, record conversations and retain copies of electronic communications between Officers, employees or agents of the Company, on one hand, and Participants, Authorized Users and other Persons, on the other hand. Any such recordings or copies thereof may be retained as required by Applicable Law.</p> | <p>Compliance Manual, Section 17.5</p> <p>Rule 215</p> <p>Rule 308</p> |

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| <p>shall adopt data collection and reporting requirements for swap execution facilities that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories.</p> | <p>The Company also maintains records relating to the Swaps traded on or pursuant to the Rules of the SEF, including in particular an obligation to maintain full, complete, and systematic records, together with all pertinent data and memoranda, of all of the Company's activities with respect to Swaps, including the real-time swap data reporting requirements set out in Part 43 of the Commission's Regulations as well as the swap creation data reporting requirements in Part 45 of the Commission's Regulations. See also Chapters 16 and 17 of the Compliance Manual. The RSP generates records relating to the provision of services pursuant to the RSA. Such records are maintained in accordance with the CEA and CFTC Regulations, and will be provided to the Company upon request.</p> <p>Exhibit S describes the procedures for maintaining trade data for transactions on the Company. In addition, the Company maintains records of Board and Committee meetings in accordance with the LLC Agreement of the Company.</p> | <p>Compliance Manual, Chapters 16 and 17</p> <p>Exhibit S</p> |
| <p>Core Principle 11. Antitrust considerations.</p> <p>Unless necessary or appropriate to achieve the purposes of the Act, the swap execution facility shall not:</p> <p>(a) Adopt any rules or take any actions that result in any unreasonable restraint of trade; or</p> <p>(b) Impose any material anticompetitive burden on trading or clearing.</p> | <p>The Company's Rules and policies have been designed to avoid unreasonable restraints of trade or the imposition of any material anticompetitive burden on the SEF. The Company has not adopted any rule or taken any action with the intent or result of restraining trade. The Company will not require Participants to acquire an equity interest in the Company and access will be available and, presumably, granted to a broad number of Participants.</p> <p>As set forth in Core Principle 2 (Compliance with Rules), the Company will not restrict access or impose burdens on access in a discriminatory manner within each category or class of Participants or between similarly situated categories or classes of Participants. Moreover, the Company will make public daily information related to Swaps traded on the SEF. See Core Principle 9 (Timely Publication of Trading Information).</p> | |
| <p>Core Principle 12. Conflicts of interest.</p> <p>The swap execution facility shall:</p> <p>(a) Establish and enforce rules to minimize conflicts of interest in its</p> | <p>Rule 201 minimizes conflicts of interest by requiring that, at all times, the Board adheres to the Commission's guidance related to Public Directors. The qualifications for Public Directors are set forth in Rule 209. In addition, Rule 205 requires the SEF to establish an ROC that is composed solely of Public Directors. The ROC will oversee the Company's regulatory program</p> | <p>Rules 201, 205, 207 and 209</p> |

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| <p>decision-making process; and (b) Establish a process for resolving the conflicts of interest.</p> | <p>and supervise the CCO on behalf of the Board. Rule 207 requires a written report to be sent to the Commission in the event that the Board rejects a recommendation of, or supersedes an action of, the ROC.</p> <p>Rule 214 provides the Rules for minimizing and resolving conflicts of interest. Under Rule 214, no member of the Board or any Standing Committee, Disciplinary Panel or Appeals Panel of the Company may knowingly participate in such body's deliberations or voting on any significant action if such member: (i) is a named party in interest; (ii) is an employer, employee or fellow employee of a named party in interest; (iii) has a family relationship with a named party in interest; or (iv) has any other significant, ongoing business relationship with a named party in interest. Rule 214 also establishes a process for resolving conflicts of interest and requires documentation of all conflicts. Section 3.1.3 of the Compliance Manual provides additional details on the CCO's responsibilities when resolving conflicts.</p> <p>Rule 213 limits the use and disclosure of material, non-public information gained in connection with a Board member's participation on the Board or any committee for any purpose other than the performance of his or her official duties as a member of the Board or committee. In addition, Chapter 5 of the Compliance Manual describes the Company's policies regarding the use of data collected in connection with its regulatory obligations.</p> <p>Pursuant to Rule 710 and Rule 716, a respondent may seek to disqualify any individual named to a Disciplinary Panel or Appeals Panel due to a conflict of interest or for any other reasonable grounds.</p> <p><i>See also</i> Core Principle 2 (Compliance with Rules).</p> | <p>Rule 214; Compliance Manual, Section 3.1.3</p> <p>Rule 213; Compliance Manual, Chapter 5</p> <p>Rules 710 and 716</p> |
| <p>Core Principle 13. Financial resources. (a) <i>In general.</i> The swap execution facility shall have adequate financial, operational, and managerial resources to discharge</p> | <p>The Company has adequate financial, operational and managerial resources to satisfy its financial responsibilities. The Company calculates its financial resources quarterly to ensure that the amount of such resources are sufficient (and sufficiently liquid) to cover its operating costs for a one-year period, as calculated on a rolling basis. In addition, the Company maintains unencumbered, liquid financial assets (<i>i.e.</i>, cash and/or highly liquid</p> | <p>Compliance Manual, Sections 4.1.6 and 14</p> |

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| <p>each responsibility of the swap execution facility.</p> <p>(b) <i>Determination of resource adequacy.</i> The financial resources of a swap execution facility shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the swap execution facility to cover the operating costs of the swap execution facility for a one-year period, as calculated on a rolling basis.</p> | <p>securities) equal to at least six months' operating costs. In preparing these financial resources calculations, the Company applies "haircuts" to the market value of certain resources where appropriate to reflect market and credit risk, and the ROC may require that the value of financial resources be calculated more often than quarterly if the ROC determines that doing so is necessary or advisable. The Company also submits quarterly reports of its financial resources calculations to the Commission. See Sections 4.1.6 and 14 of the Compliance Manual.</p> <p>See also Exhibit E and Exhibit I-1 – Financial Statements (Audited).</p> | <p>Exhibit E; Exhibit I-1</p> |
| <p>Core Principle 14. System safeguards.</p> <p>The swap execution facility 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 automated systems, that:</p> <p>(1) Are reliable and secure; and</p> <p>(2) Have adequate scalable capacity;</p> <p>(b) Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for:</p> <p>(1) The timely recovery and resumption of operations; and</p> <p>(2) The fulfillment of the responsibilities and obligations of the swap execution facility; and</p> | <p>The Company has developed a program of risk analysis and oversight to identify and minimize sources of operational risk, by implementing appropriate controls and procedures, and through the development of reliable, secure and scalable automated systems as described in Exhibit V. Exhibit V also describes the Company's emergency plan and includes a description of the back-up systems and emergency procedures that include recovery time objectives.</p> <p>Business Continuity-Disaster Recovery Planning and Resources</p> <p>The Company's trading platform is fully redundant and replicated real time in its two primary locations in New Jersey and London, England, which are designed to prevent interruptions in the performance of the system as a result of any abnormal conditions or disaster scenarios. The Company has implemented the following specific backup features for the system:</p> <p>1. The network architecture supporting the Company's system has been designed to minimize single points of failure by providing equipment and route redundancy. Redundancy in the system provides for high systemic availability. The Company's systems have dimensioned sufficient bandwidth to handle peak volume. The Company maintains connections</p> | <p>Exhibit V</p> <p>Exhibit V</p> |

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| <p>(c) Periodically conduct tests to verify that the backup resources of the swap execution facility are sufficient to ensure continued:</p> <ol style="list-style-type: none"> (1) Order processing and trade matching; (2) Price reporting; (3) Market surveillance; and (4) Maintenance of a comprehensive and accurate audit trail. | <p>to the internet through two independent internet service providers (“ISPs”) from its New Jersey headquarters and is able to reroute traffic between the ISPs in the event of an ISP outage. The Company’s affiliate, Tradeweb Europe Limited (“Tradeweb Europe”), subscribes to two ISPs from its London headquarters. Data on the system is backed up daily and removed to appropriate off-site location twice a week. Full backups are available off-site for up to six months.</p> <ol style="list-style-type: none"> 2. The network architecture of the Company’s systems is designed to allow for real-time replication between the Company and Tradeweb Europe such that the Company’s systems can be operated from either location in case the other location becomes non-functional. In the event that either of the main facilities becomes inoperable the Participants would be rerouted to the alternate site through the designated telecom points of presence (<i>i.e.</i>, the Elmsford facility in the U.S. and the Heathrow facility in the U.K.). 3. The Company monitors the availability of the network architecture supporting its systems for normal operations, including monitoring of network traffic and congestion levels. Specific monitoring occurs with respect to: functionality and performance of servers and applications, messaging infrastructure, trade and post trade connectivity for Participants, and connectivity for remote access users. Appropriate escalation procedures are in place for resolving any performance or capacity issues. 4. The Company maintains an inventory of pre-configured hardware that may be used should network hardware fail. The hardware inventory is tested periodically in an effort to ensure that it will be operational upon installation. 5. The Company recommends that Participants put in place certain controls with respect to their internal operations related to their activity on the Company. These recommended controls include: proper configuration of firewalls and network routers; appropriate limitations on access to the Company; adequate security protocols for account and customer profiles, including password/PIN security; entitlement review of their user accounts, and development and implementation of data backup and recovery plans. | |

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| | In addition, Rule 413 authorizes the Company to adopt and implement Emergency Rules. See also Core Principle 8 (Emergency Authority). | Rule 413 |
| <p>Core Principle 15. Designation of Chief Compliance Officer.</p> <p>(a) <i>In general.</i> Each swap execution facility shall designate an individual to serve as a chief compliance officer.</p> <p>(b) <i>Duties.</i> The chief compliance officer shall:</p> <ol style="list-style-type: none"> (1) Report directly to the board or to the senior officer of the facility; (2) Review compliance with the core principles in this subsection; (3) In consultation with the board of the facility, a body performing a function similar to that of a board, or the senior officer of the facility, resolve any conflicts of interest that may arise; (4) Be responsible for establishing and administering the policies and procedures required to be established pursuant to this section; (5) Ensure compliance with the Act and the rules and regulations issued under the Act, including rules prescribed by the Commission pursuant to section 5h of the Act; and (6) Establish procedures for the | <p>Designation and Qualifications of CCO</p> <p>The Company has appointed a CCO and has conferred on the CCO all of the obligations and powers specified by the CEA and the Commission Regulations. The authority and resources of the CCO to enforce the Company's policies and procedures designed to achieve compliance with the CEA and Commission Regulations are set forth in Section 3.1 of the Compliance Manual. Under Rule 212 and Section 3.1.8 of the Compliance Manual, the CCO is responsible for supervision of the SEF's self-regulatory program and the Market Regulation Team (see also definition of Market Regulation Team). The minimum qualifications of the CCO are set forth in Exhibit E.</p> <p>Appointment, Supervision and Removal of CCO</p> <p>Rule 212 requires the Board to designate an individual to serve as the CCO, who will report directly to the CEO. As set forth in Section 3.1 of the Compliance Manual, the CCO's compensation is set by a majority of the Board and the CCO shall meet annually with the Board and quarterly with the ROC to provide an overview of the compliance and market surveillance programs of the SEF.</p> <p>Duties of the CCO</p> <p>Under Rule 212 and Section 3.1.8 Compliance Manual, the CCO shall:</p> <ol style="list-style-type: none"> (i) oversee and review the Company's compliance with the Core Principles for SEFs set forth in the CEA and Part 37 of the CFTC Regulations; (iii) resolve, in consultation with the Board, the ROC or the CEO, any conflicts of interest that may arise, including: <ol style="list-style-type: none"> a. conflicts between business considerations and compliance requirements; b. conflicts between business considerations and the requirement that the SEF provide fair, open, and impartial access; or | <p>Rule 212; Compliance Manual, Sections 3.1 and 3.1.8; Exhibit E</p> <p>Rule 212; Compliance Manual, Sections 3.1</p> <p>Rule 212; Compliance Manual, Section 3.1.8</p> |

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| <p>remediation of noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints.</p> <p>(c) <i>Requirements for procedures.</i> establishing procedures under paragraph (b)(6) of this section, the chief compliance officer shall design the procedures to establish the handling, management response, remediation, retesting, and closing of noncompliance issues.</p> <p>(d) <i>Annual reports.</i></p> <p>(1) <i>In general.</i> In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of:</p> <p>(i) The compliance of the swap execution facility with the Act; and</p> <p>(ii) The policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility.</p> <p>(2) <i>Requirements.</i> The chief compliance officer shall:</p> <p>(i) Submit each report described in clause (1) with the appropriate</p> | <p>c. conflicts between the SEF's management and members of the Board;</p> <p>(iv) establish and administer written policies and procedures reasonably designed to prevent violations of the CEA and CFTC Regulations, including without limitation the rules comprising Part 37 of such Regulations;</p> <p>(v) take reasonable steps to ensure compliance with the CEA and CFTC Regulations;</p> <p>(vi) monitor compliance with provisions of the Exchange Act and SEC Regulations thereunder applicable to security-based swap transactions on the security-based SEF (if applicable);</p> <p>(vii) establish and follow appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues identified through compliance office reviews, look-backs, internal or external audit findings, self-reported errors or validated complaints;</p> <p>(viii) supervise the SEF's self-regulatory program administered by the Market Regulation Team with respect to trade practice surveillance, market surveillance, real-time market monitoring, compliance with audit trail requirements, enforcement and disciplinary proceedings, audits, examinations, and other regulatory responsibilities with respect to members and market participants in accordance with CFTC Regulations; and</p> <p>(ix) prepare the Company's Annual Compliance Report.</p> <p>Annual Report</p> <p>The Company's policies and procedures for the CCO's annual compliance report are set forth in Section 6.8 of the Compliance Manual. As described in Section 6.8.1 of the Compliance Manual, CCO's annual compliance report will contain: (i) a summary description of DW SEF's written policies and procedures, including DW SEF's Code of Conduct and conflict of interest policies; (ii) a list of any material changes to DW SEF's compliance policies and procedures; (iii) a compliance chart containing a description of DW SEF's compliance policies and procedures, an assessment of the effectiveness of these policies and procedures and a summary of areas for improvement; (iv) a description of the Company's compliance resources; and (v) a discussion of</p> | <p>Compliance Manual, Section 6.8</p> |

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| <p>financial report of the swap execution facility that is required to be submitted to the Commission pursuant to this section; and</p> <p>(ii) Include in the report a certification that, under penalty of law, the report is accurate and complete.</p> | <p>material compliance matters arising in the previous year. The CCO must certify that, to the best of his or her knowledge and reasonable belief, and under penalty of perjury, the report is accurate and complete.</p> <p>Submission of the Annual Report</p> <p>As set forth in Section 6.8.2 of the Compliance Manual, the CCO's annual compliance report will be provided to the Board prior to submission to the CFTC. The Board does not have the authority to compel the CCO to make any changes to the contents of the Report. Section 6.8.3 of the Compliance Manual provides that the CCO must be submitted to the CFTC not later than 60 days after the end of the SEF's fiscal year and that the CCO must file an amendment to correct any material error or omission.</p> | <p>Compliance Manual, Sections 6.8.2 and 6.8.3</p> |