

**EXHIBIT M**

**SDX Trading Rule Book**

# **SDX TRADING, LLC RULEBOOK**

BY BECOMING A PARTICIPANT OR BY ACCESSING, OR ENTERING ANY ORDER OR SUBMITTING ANY SWAP INTO SDX TRADING, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A PARTICIPANT, ITS ACCOUNT MANAGERS, AUTHORIZED TRADERS, SUPERVISED PERSONS, CLIENTS AND CUSTOMERS AGREE (I) TO BE BOUND BY, AND COMPLY WITH, THESE SDX TRADING RULES AND OBLIGATIONS, SWAP SPECIFICATIONS AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT; (II) TO BECOME SUBJECT TO THE JURISDICTION OF SDX TRADING WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH PERSON; AND (III) TO ASSIST SDX TRADING IN COMPLYING WITH ITS LEGAL AND REGULATORY OBLIGATIONS, COOPERATE WITH SDX TRADING AND THE COMMODITY FUTURES TRADE COMMISSION (“CFTC”) IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING, AND AUTHORIZE SDX TRADING TO PROVIDE INFORMATION REGARDING IT TO THE REGULATORY SERVICES PROVIDER, THE CFTC OR ANY SELF-REGULATORY ORGANIZATION.

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## CHAPTER 1. DEFINITIONS

### RULE 101. Definitions

When used in this Rulebook the following terms shall have the respective meanings as follows:

"Account Manager" means a Person other than an individual that acts as an agent and attorney-in-fact to buy or sell Swaps via SDX Trading in the name and on behalf of another Person. An Account Manager may also be a Participant.

"Affected Person" means a Person whose Trading Privileges or status as a Participant or Authorized Trader is declined, denied, revoked or conditioned by SDX Trading as set forth in Rule 307.

"Affiliate" means, with respect to any juridical entity, any Person that directly or indirectly through one or more intermediaries, Controls such entity, is Controlled by such entity, or is under common Control with such entity.

"Appeal Panel" means a panel comprised of a chair and two individuals appointed by the Board to consider appeals under Chapter 8.

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

"Authorized Representative" means any Person who is authorized by a Participant to represent the Participant in SEF matters pursuant to Rule 310.

"Authorized Trader" means a person who is either employed or is an agent of a Participant and who is authorized to utilize SDX Trading to place orders and execute transactions on behalf of such Participant.

"Block Trade" means a privately negotiated swap transaction in a Swap that meets (i) certain quantity thresholds; and (ii) is permitted to be executed off the centralized market pursuant to Chapter 7.

"Board" means the Board of Directors of SDX Trading constituted from time to time in accordance with the Operating Agreement.

"Business Day" means a day on which SDX Trading is open for trading.

"By-Laws" means, with respect to any Person that is not an individual, the By-Laws or Operating Agreement of such Person, and, if no other Person is specified, means the By-Laws or Operating Agreement of SDX Trading.

"CFTC" means the U.S. Commodity Futures Trading Commission.

"CFTC Regulations" means the rules and regulations promulgated by the CFTC, as amended.

"Chief Compliance Officer" means the individual appointed by the Board as SDX Trading's Chief Compliance Officer in accordance with the Operating Agreement, with the duties and responsibilities as may be prescribed by the Board from time to time as set forth in Rule 209.

“Chief Executive Officer” means the individual appointed by the Board as SDX Trading’s chief executive officer in accordance with the Operating Agreement, with the duties and responsibilities as may be prescribed by the Board from time to time.

"Cleared Swap" means a Swap that is subject to the mandatory clearing requirement of Section 2(h)(1)(A) of the CEA or any Swap that is accepted by a Derivatives Clearing Organization for clearing and which Participants have elected to submit for clearing by a Derivatives Clearing Organization.

“Clearing Firm” means a member of a Clearing House that is authorized to clear trades in any or all Swaps for a Participant or its Clients or Customers.

"Clearing House Rules" means the Certificate of Incorporation, the Bylaws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Clearing House relating to any or all of the Swaps.

"Clearing House" means such Derivatives Clearing Organization(s) or non-U.S. central clearing counterparty(ies) recognized or approved by the CFTC that provide clearing services with respect to any or all of Swaps traded on SDX Trading.

"Client" means a Person, other than an individual, that granted in Writing to an Account Manager investment authority to enter Orders and execute Trades on SDX Trading on behalf and in the name of such Person.

“Commodity Exchange Act” or “CEA” or “Act” means the Commodity Exchange Act, as amended from time to time.

"Compliance Department" means all SEF Officials and/or agents of SDX Trading (including the Regulatory Services Provider) that assist SDX Trading with the implementation, surveillance and enforcement of SDX Trading Rules and other Obligations.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by Swap, or otherwise. The terms "controlling" or "controlled" shall have meanings correlative to the foregoing.

“Control Desk” shall have the meaning set forth in Rule 534.

“Customer Type Indicator” or “CTI” has the meaning set forth in Rule 525 and CFTC Regulation § 1.35(e).

"Customer Account" means an account carried by a Participant on behalf of a Customer.

"Customer" has the meaning set forth in the CFTC Regulation 1.3(k).

"Daily Settlement Price" means the settlement price for a Swap calculated each Business Day by or on behalf of SDX Trading.

"Designated Contract Market” or DCM" means a designated contract market as set forth in section 7 of the CEA.

“De-Registration Basis” means, with respect to a Person, any basis upon which the CFTC could, subject to applicable procedural requirements, refuse to register, register conditionally, or suspend or place

restrictions upon the registration of such Person under Section 8a(2) of the CEA.

"Derivatives Clearing Organization" has the meaning attributed to such term by Section 1a(9) of the CEA.

"Director" means any member of the Board.

"Disciplinary Action" has the meaning set forth in Rule 801(c).

"Disciplinary Offense" has the meaning set forth in CFTC Regulation § 1.63(a)(6).

"Disciplinary Panel" means one or more Review Panels and one or more Hearing Panels collectively which are responsible for conducting hearings, rendering decisions and imposing sanctions with respect to disciplinary matters. At least one member of the Disciplinary Panel must be a Person who would not be disqualified from serving as a Public Director.

"Eligible Contract Participant" or "ECP" has the meaning set forth in Section 1a(18) of the CEA.

"Eligibility Criteria" means the criteria set forth in Rule 302(a).

"Emergency" means any occurrence or circumstance which, in the opinion of the Board or a person duly authorized to make the determination, requires immediate action and which threatens, or may threaten, the fair and orderly trading in, or the clearance, settlement or integrity of, any Swap, including, but not limited to, any physical emergency, any circumstance that would materially affect its ability to carry out performance of its contractual obligations, including the bankruptcy of a service provider, any action taken by a governmental agency which would have a direct impact on SDX Trading carrying out its functions, and any other circumstance having a severe, adverse effect upon the functioning of SDX Trading.

"Emergency Action" has the meaning set forth in Rule 213(a).

"Emergency Rules" has the meaning set forth in Rule 213(a).

"End-User Clearing Exemption" means the exemption from the clearing requirement set forth in Section 2(h)(l) of the Act because one counterparty to the transaction is entitled to the exemption from the clearing requirement set forth in Section 2(h)(7) of the Act.

"End-User Transaction" shall mean a Trade exempt from the clearing requirement of Section 2(h)(l) of the Act because one of the counterparty to the Trade is entitled to and has elected to use the End-User Clearing Exemption.

"Executive Committee" shall have the meaning set forth in CFTC Regulation § 1.3(bbb).

"Final Decision" has the meaning set forth in CFTC Regulation § 1.63(a)(5).

"Futures Commission Merchant" or "FCM" has the meaning set forth in Section 1a(28) of the CEA.

"Governmental Agency" means any governmental entity, body or agency of any government (including the United States, or a foreign government).

"Hearing Panel" means a panel responsible for adjudicating disciplinary cases pursuant to a notice of charges authorized by a Review Panel.

“Immediate Relation” means, with respect to a natural person, a spouse, parent, child, or sibling of such natural person, in each case, whether by blood, marriage, or adoption, or any person residing in the home of such natural person or an Immediate Relation of such natural person.

“Interested Person” has the meaning attributed to such term in Rule 214(a).

“Introducing Broker” or “IB” has the meaning set forth in Section 1a(31) of the CEA.

“Investigation” means an investigation conducted by the Compliance Department pursuant to Chapter 8.

“Investigative Report” shall have the meaning set forth in Rule 803(b).

“ISV” means independent software vendor.

“Legal Entity Identifier” has the meaning set forth in Part 45 of the CFTC Regulations.

“Major Swap Participant” has the meaning used in Section 1a(33) of the CEA.

“Material Relationship”, with respect to a Director, has the meaning set forth in CFTC Regulation §1.3(ccc).

“Minimum Trading Functionality” shall mean the trading methods described in Rule 536(a).

“NFA” means the National Futures Association.

“Non-Public Information” means any information that SDX Trading owns or otherwise deems confidential, such as intellectual property belonging to: (i) SDX Trading; or (ii) a third party, which SDX Trading receives on a confidential basis.

“Non-Cleared Swap” means a Swap that is not a Cleared Swap.

“Notice of Charges” shall have the meaning set forth in Rule 806(a).

“Notice to Participants” means a communication sent by or on behalf of SDX Trading to all Participants as described in Rule 312.

“Obligation” means each SDX Trading Rule, order or procedure issued by SDX Trading, including Notice to Participants, and other requirement implemented by SDX Trading under SDX Trading Rules.

“Operating Agreement” means the Limited Liability Company Agreement of SDX Trading, LLC as the same may be amended from time to time.

“Officer” has the meaning attributed to such term in Rule 203.

“Order” means (i) a response to a Request For Quote; (ii) a response to a Resting Quote that is executable within a prescribed time period of the posting of a quote on the Trading System; or (iii) the display of a firm quote on the Order Book.

“Order Book” means the trading system operated by SDX Trading in which all market participants in the trading system or platform have the ability to enter multiple bids and offers, observe or receive bids and

offers entered by other market participants, and transact on such bids and offers.

"Participant Documentation" means the agreements (together with any applicable schedules, exhibits or appendices thereto required by SDX Trading) in form and substance acceptable to SDX Trading, that are required to be executed and delivered to SDX Trading before a Person may access SDX Trading.

"Participant" means any Person that has been granted, and continues to have, Trading Privileges under SDX Trading Rules. A reference to a Participant includes any person who is either employed by or is an agent of such Participant (including, but not limited to an Authorized Trader) or any person who accesses or utilizes SDX Trading pursuant to a User ID linked to a Participant. Subject to the Applicable Law, a Participant may trade for its own proprietary account or for or on behalf of a Customer or Client.

"Permitted Transaction" means any transaction involving a Swap that is not a Required Transaction.

"Proprietary Account" has the meaning ascribed to it by CFTC Regulation 1.3(y).

"Proprietary Data" means, with respect to any Person, any information that separately discloses business transactions, market positions, or trade secrets of such Person.

"Person" or "person" has the meaning ascribed to it by Section 1a(38) of the CEA.

"Public Director" means a Director who has been found by the Board, on the record, to have no Material Relationships with SDX Trading in accordance with Rule 202(e).

"Public Participant" has the meaning set forth in CFTC Regulation § 40.9(c)(3).

"Recipient Participant" means, with respect to any Requesting Participant sending any RFQ via the Request for Quote functionality of the Trading System, a Participant other than the Requesting Participant that (1) is not an Affiliate of or Controlled by the Requesting Participant; and (2) is not an Affiliate of or Controlled by any other Recipient Participant receiving the same RFQ of the Requesting Participant.

"Regulatory Oversight Committee" means the committee of the Board constituted in accordance with Rule 208.

"Regulatory Services Agreement" means the agreement between SDX Trading and the Regulatory Services Provider whereby the Regulatory Service Provider provides market surveillance and trade practice surveillance functions as well as other compliance related services to SDX Trading.

"Regulatory Services Provider" means the organization which provides regulatory services to SDX Trading pursuant to a Regulatory Services Agreement.

"Reporting Counterparty" has the meaning set forth in Part 45 of the CFTC Regulations.

"Request for Quote" or "RFQ" means an electronic message disseminated on the Trading System for the purposes of soliciting bids or offers for a specific Swap pursuant to Rule 536(a).

"Required Transaction" means any transaction involving a Swap that is subject to the trade execution requirement of Section 2(h)(8) of the Act and that is not a Block Trade or an End-User Transaction.

"Resting Quote" means any firm or indicative bid or offer displayed on the Order Book of the Trading System.

"Review Panel" means a panel responsible for determining whether a reasonable basis exists for finding a violation of SDX Trading Rules, and for authorizing the issuance of notices of chargers against persons alleged to have committed violations if the Review Panel believes that the matter should be adjudicated.

"Rule" or "Rules" means any of the Participant Documentation, Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals and directives of SDX Trading in part or in whole.

"Rulebook" means this SDX Trading Rulebook.

"SEC" means the U.S. Securities and Exchange Commission.

"SEF Action" has the meaning set forth in Rule 214(a).

"SDX Trading Activity" means business of a Participant or a Supervised Person of such Participant that is subject to the Rules, that is purportedly conducted subject to SDX Trading Rules, or which should have been conducted subject to SDX Trading Rules, including any use by such Person of the Trading System.

"SEF Official" means any Director or Officer of, or individual employed directly by, SDX Trading, the Regulatory Services Provider or any individual rendering similar services to SDX Trading under an administrative or similar agreement.

"SEF Proceeding" has the meaning set forth in Rule 214.

"Swap Execution Facility" or "SEF" means a swap execution facility as defined in Section 1a(50) of the CEA.

"Self-Regulatory Organization" shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation § 1.3(ee) and, in addition, shall include a Derivatives Clearing Organization. SDX Trading is a self-regulatory organization.

"Serious Disciplinary Offense" means, with respect to a natural person, that such person committed any serious disciplinary offense, such as: (1) was found within the prior three years by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction, or the CFTC to have committed a Disciplinary Offense; (2) entered into a Settlement Agreement within the prior three years in which any of the findings, or in the absence of such findings, any of the acts charged, included a Disciplinary Offense; (3) currently is suspended from trading on any Contract Market, is suspended or expelled from membership with any Self-Regulatory Organization, is serving any sentence or probation or owes any portion of a fine imposed pursuant to either: (a) a finding by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a Disciplinary Offense, or (b) a Settlement Agreement in which any of the findings or, in the absence a Settlement Agreement in which any of the findings, or in the absence of such findings, any of the acts charged, included a Disciplinary Offense; (4) currently is subject to an agreement with the CFTC or any Self-Regulatory Organization not to apply for registration with the CFTC or membership in any Self-Regulatory Organization; (5) currently is subject to or has had imposed on him within the prior three years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the CEA; or (6) currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any "self-regulatory organization" as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

“Settlement Agreement” has the meaning set forth in CFTC Regulation §1.63(a)(7).

“Summary Action” has the meaning set forth in Rule 822(a).

"Supervised Persons" means any directors, officers, employees or agents (including any Authorized Traders) of any Participant.

"Swap" means any instrument that is a swap as defined in Section 1a(47) of the CEA and as further defined by the CFTC, which is traded on the Trading System or subject to SDX Trading Rules.

“Swap Data Repository” or “SDR” has the meaning set forth in Section 1a(48) of the CEA.

"Swap Dealer" has the meaning set form in Section 1a(49) of the CEA.

"Swap Specification" means, with respect to any Swap, the rules or other trading protocols containing specifications for such Swap, as adopted, amended, supplemented or otherwise modified from time to time by SDX Trading.

“Technology Services Agreement” means the agreement(s) between SDX Trading and a Technology Services Provider whereby technology services are provided to SDX Trading.

“Technology Services Provider” means the organization, if any, which provides technology services to SDX Trading.

"Trade" or “Transaction” means any purchase or sale of any Swap available on the Trading System or subject to SDX Trading Rules.

"Trading Account" means, with respect to each Participant, Client or Customer each account established and maintained by such Participant at SDX Trading through which the Participant's Authorized Traders will trade Swaps and through which SDX Trading will monitor the open Swap positions and closed Swap positions of such Participants, Clients or Customers.

"Trading Hours" means, for any Business Day, the hours as may be published by SDX Trading in a Notice to Participants from time to time.

"Trading Privileges" means the right granted to a Participant to, directly or indirectly, transmit Orders and/or enter transactions for certain or all Swaps through the Trading System or subject to SDX Trading Rules. No Person may exercise Trading Privileges on behalf of a Participant during any suspension of such Participant's Trading Privileges.

“Trading System” means SDX Trading’s electronic trade execution system that is used for trading Swaps, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

“User ID” means a unique identifier assigned to each Authorized Trader which enables SDX Trading to identify the individual ender Orders into the Trading System. User ID may include other identification codes created by other parties (i.e. broker or firm id).

“Web Site” means either the SDX Trading homepage or a web site to which SDX Trading homepage has a link.

"Written" or "Writing" means printing, lithography, photography, and other modes of representing or reproducing words or data in a visible form, including electronic transmissions.

**RULE 102. Rules of Construction.**

The following rules of construction shall apply to the Rules:

- (a) References to any juridical person or Government Agency include any successor to such juridical person or Government Agency.
- (b) References to any agreement, policy, statute or regulation refer to such agreement, policy, statute or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and references to any section of any agreement, policy, statute or regulation include any successor to such section.
- (c) Words denoting a singular number include the plural number where the context permits and vice versa.
- (d) References to any gender include each other gender.
- (e) All references to time are to local time in New York, New York except where expressly provided otherwise.
- (f) The headings are for convenience only and do not affect the construction of the Rules.
- (g) Wherever the word "include", "includes", or "including" is used, it shall be deemed to be followed by the words "without limitation".

**RULE 103. Amendment or Repeal of Rules**

- (a) If an amendment or repeal of a SDX Trading Rule or adoption of a new SDX Trading Rule does not materially change the terms or conditions of a Swap and does not affect the value of open Swaps, then the effective date of any amendment or repeal of a Rule or adoption of a new Rule relating to Swaps is binding on all Swaps entered into before and after the effective date of such amendment, repeal or adoption.
- (b) If an amendment or repeal of a SDX Trading Rule or adoption of a new SDX Trading Rule materially changes the terms or conditions of a Swap or materially affects the value of open Swaps, then the amendment, repeal or new SDX Trading Rule is binding only on Swaps listed for trading after the effective date of such amendment, repeal or adoption, and Swaps listed as of the effective date of such amendment, repeal or adoption with no open positions then in existence, unless otherwise specifically provided by the Board.

## CHAPTER 2. OWNERSHIP AND GOVERNANCE

### RULE 201. Ownership

- (a) SDX Trading LLC (“SDX Trading”) is a Delaware limited liability company. The management and operation of the SDX Trading is governed by the Operating Agreement. All of the equity interests of SDX Trading are owned by Super Derivatives, Inc.

### RULE 202. Board

- (a) The Officers shall manage the day-to-day business operations of SDX Trading. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers.
- (b) The Board may act only by the decision of a majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.
- (c) At all times, at least 35%, but no less than two (2), of the Directors shall be Public Directors. Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.
- (d) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to SDX Trading.
- (e) To qualify as a Public Director, an individual must be found, by action of the Board, to have no Material Relationship with SDX Trading. The Board must make such finding upon the nomination or appointment of the Public Director and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually.
- (f) The members of the Board, including the Public Directors, shall be of good repute and, where applicable, have sufficient expertise in financial services and risk management.
- (g) Any of the relationships set forth in the definition of Material Relationship apply to the “immediate family” of such Director, i.e., spouse, parent, children, and sibling.
- (h) The compensation of the Public Directors and other non-executive members of the Board shall not be linked to the business performance of SDX Trading.
- (i) A Public Director may also serve as a director of an Affiliate of SDX Trading, if he or she otherwise meets the requirements in paragraphs (e) and (h) of this Rule.
- (j) The Board shall review its performance and that of its individual members annually and shall consider periodically using external facilitators for such review.
- (k) The Board shall have procedures to remove a member from the Board where the conduct of such member is likely to be prejudicial to the sound and prudent management of SDX Trading.

### **RULE 203. Officers**

- (a) The Board shall appoint a Chief Executive Officer, a Chief Compliance Officer, and such other officers of SDX Trading (each, an “Officer”) as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement.
- (b) Any Officer may also be a director, officer, partner or employee of SDX Trading or any of its Affiliates.
- (c) The Officers shall have such powers and duties in the management of SDX Trading as the Board may prescribe from time to time, subject to the terms of the Operating Agreement.
- (d) Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to SDX Trading.

### **RULE 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Officers**

- (a) A Director or Officer must meet the qualifications set forth by the Board and in the Operating Agreement.
- (b) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or, directly or indirectly, owns 10% of any one class of equity interest in SDX Trading, if the individual:
  - (1) within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC or any Self-Regulatory Organization, to have committed any Serious Disciplinary Offense;
  - (2) within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a Serious Disciplinary Offense;
  - (3) is currently suspended from trading on a SEF or DCM, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation or owes any portion of a fine or penalty related to either:
    - (i) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC or any Self-Regulatory Organization; or
    - (ii) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
- (c) An individual may not serve as a Director or an Officer, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or, directly or indirectly, own greater than 10% of any one class of equity interest in SDX Trading if a De-Registration Basis exists with respect to such individual or meets one or more of the criteria in the definition of Serious Disciplinary Offense.
- (d) Any Director, Officer, member of a committee established by the Board, any member of a Disciplinary Panel, or Appeal Panel, any individual nominated to serve in any such role, any individual who, directly or indirectly, owns greater than 10% of any one class of equity interest in the SDX Trading and any individual authorized by the SDX Trading Compliance Department to take summary action shall immediately notify

the Chief Executive Officer if such individual meets one or more applicable criteria in Rule 204(b) or Rule 204(c).

**RULE 205. Standing Committees**

- (a) The Board shall initially have one standing committee: the “Regulatory Oversight Committee.” The Board may from time to time constitute and appoint such additional standing committees of the Board as it may from time to time deem necessary or advisable.
- (b) Each member of such standing committees must be a Director. Each standing committee shall have a chairperson who shall be designated by the Board.
- (c) Each standing committee shall assist in the supervision, management and control the affairs of SDX Trading to the extent it is duly authorized to do so by the Board.
- (d) Subject to the authority of the Board, each standing committee shall determine the manner and form in which its proceedings shall be conducted. Each standing committee may act only by the decision of a majority in number of the members of such committee, by vote at a meeting or by unanimous written consent without a meeting. The Board has the authority to overrule the decisions of any standing committee.

**RULE 206. [Reserved]**

**RULE 207. [Reserved]**

**RULE 208. Regulatory Oversight Committee**

- (a) The Regulatory Oversight Committee of the Board shall consist of at least two Public Directors appointed from time to time by the Board.
- (b) Each member of the Regulatory Oversight Committee shall serve for a term of two (2) calendar years from the date of his/her appointment or for the remainder of his/her term as a Public Director, and until the due appointment of his/her successor, or until his/her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve for multiple terms.
- (c) The Regulatory Oversight Committee shall oversee SDX Trading’s regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. It shall make such recommendations to the Board as will, in its best judgment, promote the interests of SDX Trading. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time or as required under CFTC rules.
- (d) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall:
  - (1) Monitor the compliance program of SDX Trading for sufficiency, effectiveness, and independence;
  - (2) Oversee all facets of the compliance program, including:

- (i) Trade practice and market surveillance; audits, examinations, and other regulatory responsibilities conducted by the Regulatory Services Provider and other regulatory responsibilities with respect to Participants, Customers and Clients (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of Investigations;
  - (ii) Reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of compliance personnel;
  - (iii) Review the performance of the Chief Compliance Officer of SDX Trading;
  - (iv) Recommending changes that would ensure fair, vigorous, and effective compliance; and
  - (v) Reviewing all compliance proposals prior to implementation and advising the Board as to whether and how such changes may impact compliance.
- (3) The resolution of any conflicts of interest that may arise involving the Chief Compliance Officer.
- (e) The Regulatory Oversight Committee reports to the Board. .

**RULE 209. Chief Compliance Officer**

- (a) The Board shall appoint and approve the Chief Compliance Officer. The Board shall approve the compensation of the Chief Compliance Officer. The vote of the majority of the Board is required to remove the Chief Compliance Officer. SDX Trading shall notify the CFTC of the appointment or removal of the Chief Compliance Officer within two (2) Business Days of such appointment.
- (b) The individual designated to serve as Chief Compliance Officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to Sections 8a(2) or 8a(3) of the CEA may serve as a Chief Compliance Officer. The Chief Compliance Officer may not be a member of SDX Trading's legal department and may not serve as its general counsel.
- (c) The Board shall meet with the Chief Compliance Officer at least annually. The Chief Compliance Officer shall also meet with the Regulatory Oversight Committee at least quarterly. Each such meeting may occur in person or by means of conference telephone. The Chief Compliance Officer shall provide any information regarding the regulatory program of SDX Trading that is requested by the Board or the Regulatory Oversight Committee.
- (d) The position of Chief Compliance Officer shall carry with it the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for Chief Compliance Officers in CFTC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff acting in furtherance of the Chief Compliance Officer's Obligations.
- (e) The Chief Compliance Officer's duties shall include, but are not limited to, the following:
  - (1) Overseeing and reviewing the compliance of SDX Trading with Section 5h of the Act and any CFTC regulations;
  - (2) In consultation with the Board or the senior officer of SDX Trading, resolving any conflicts of interest

that may arise, including: (1) conflicts between business considerations and compliance requirements; (2) conflicts between business considerations and the requirement that SDX Trading provide fair, open, and impartial access as set forth in CFTC Regulation 37.202; and (3) conflicts between SDX Trading's management and members of the Board;

- (3) Establishing and administering written policies and procedures reasonably designed to prevent violation of the Act and any rules adopted by the CFTC;
- (4) Taking reasonable steps to ensure compliance with the Act and CFTC Regulations relating to agreements, contracts, or transactions, and with CFTC Regulations under Section 5h of the CEA;
- (5) Establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint;
- (6) Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues;
- (7) Establishing and administering a compliance manual designed to promote compliance with the applicable laws, rules, and regulations and administering a Written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct;
- (8) Supervising SDX Trading's compliance program with respect to trade practice surveillance; market surveillance; real-time market monitoring; compliance with audit trail requirements; enforcement and disciplinary proceedings; audits, examinations conducted by the Regulatory Services Provider, and other regulatory responsibilities with respect to Participants, Clients and Customers (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements);
- (9) Supervising the effectiveness and sufficiency of any regulatory services provided to SDX Trading by the Regulatory Services Provider;
- (10) Preparing and filing the annual compliance report of SDX Trading; and
- (11) Liaising with the regulatory examiners and investigators regarding ongoing compliance, audits and reviews.

#### **RULE 210. Power of the Board to Review Decisions**

- (a) The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board.

#### **RULE 211. Compliance Staff and Resources**

- (a) SDX Trading shall establish and maintain sufficient compliance staff and resources to ensure that it can conduct effective audit trail reviews, trade practice surveillance, market surveillance, and real-time market monitoring. SDX Trading's compliance staff shall also be sufficient to address unusual market or trading events as they arise and to complete investigations in a timely manner in accordance with CFTC Rule 37.203(f)(2).

## **RULE 212. Additional Board Committees and SDX Trading Panels**

- (a) In addition to the standing committee, subject to the Rules and Operating Agreement, the Board may from time to time constitute and appoint, special committees of the Board and designate their composition, responsibilities and powers. If any standing committee constituted by the Board shall exercise the functions of an Executive Committee then at least 35% and no fewer than two of such committee's members shall be Public Directors.
- (b) The Board may create additional committees of SDX Trading, or panels for such purposes as may from time to time be necessary or advisable. Members of each such panel may be Directors, natural persons who are Supervised Persons of a Participant and such other natural persons as may be qualified to serve on such panel.
- (c) Except as otherwise specifically provided in the SDX Trading Rules or the Operating Agreement, the members of any standing committee, special committee, or panel shall be appointed as determined by the Board. Each such committee and panel shall have a chairperson who shall be designated by the Board.
- (d) Each additional committee established pursuant to Rule 212(a) or panel established pursuant to Rule 212(b) may supervise, manage or control the affairs of SDX Trading to the extent it is duly authorized to do so by the Board.
- (e) Subject to the authority of the Board, each additional committee or panel shall determine the manner and form in which its proceedings shall be conducted. Each additional committee or panel may act only by the decision of an absolute majority in number of the members of such committee or panel, either by vote at a meeting or by unanimous written consent without a meeting.

## **RULE 213. Emergency Rules**

- (a) During an Emergency, SDX Trading may implement temporary emergency procedures and rules ("Emergency Rules") pursuant to Rule 213(b), subject to the applicable provisions of the CEA and CFTC Regulations.

Emergency Rules authorize SDX Trading, the Board, any committee of the Board, the Chief Executive Officer, or any other Officer to take actions necessary or appropriate to respond to the Emergency (each such action, an "Emergency Action"), directly or through third party providers of clearing or the Regulatory Service Provider, including, but not limited to, the following actions:

- (1) suspend or curtail trading or limit trading to liquidation for any of SDX Trading Swaps (in whole or in part);
- (2) extend or shorten the last trading date for SDX Trading Swaps;
- (3) provide alternative settlement mechanisms for any of SDX Trading Swaps;
- (4) order the transfer, reduction or liquidation of open positions in any SDX Trading Swaps;
- (5) extend, shorten or change the Trading Hours or the expiration date of any SDX Trading Swap;
- (6) temporarily modify or suspend any provision of SDX Trading Rules or Obligations;
- (7) impose or modify position limits;

- (8) imposing or modifying price limits, intraday market restrictions, or bands;
  - (9) transferring a Participant's or Customer's positions and margin; or
  - (10) take actions as may be directed by the CFTC.
- (b) Before any Emergency Rule may be adopted and enforced, a required vote of either the Board or the Regulatory Oversight Committee must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may remotely attend such a meeting by teleconference, or similar means. If either the Chief Executive Officer or the Chief Compliance Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Regulatory Oversight Committee can reasonably be convened, then the Chief Executive Officer and the Chief Compliance Officer shall have the authority, without Board or committee action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, either the Chief Executive Officer or the Chief Compliance Officer must convene a meeting as soon as practicable. Whenever the Board, Regulatory Oversight Committee, Chief Executive Officer, or the Chief Compliance Officer takes an Emergency Action, a duly authorized representative of SDX Trading, where possible, will post an announcement in a Market Notice.
- (c) Either the Regulatory Oversight Committee or the Chief Compliance Officer may determine that an Emergency has been reduced sufficiently to allow SDX Trading to resume normal functioning, in which case any Emergency Actions responding to such Emergency will be terminated and a duly authorized representative of SDX Trading will post an announcement in a Market Notice.
- (d) SDX Trading will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, SDX Trading will notify the CFTC as soon as possible or reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating such rule.
- (e) Upon taking any Emergency Action, SDX Trading will document the decision-making process related to such Emergency Action, including the process for minimizing conflicts of interest. Such documentation will be maintained in accordance with Rule 216 and kept for at least five (5) years following the date on which the Emergency ceases to exist or to affect SDX Trading, and all such documentation will be provided to the CFTC upon request.

**RULE 214. Conflicts of Interest**

- (a) A Director, Officer, Disciplinary Panel member or other Person authorized to exercise SDX Trading's authority concerning any inquiry, investigation, disciplinary proceeding (including any summary proceeding or Emergency Disciplinary Action) or appeal from any of the foregoing (any such action, a "SEF Proceeding"), or Emergency Action taken pursuant to Rule 213 (each such a SEF Proceeding or an Emergency Action, a "SEF Action") who knowingly has a "material conflict of interest" between his or her position as a Director, Officer, panel member or exercise of authority concerning a SEF Action and his or her personal interests (each, an "Interested Person") may not participate in any deliberations or vote of the Board Committee, panel or exercise any authority with respect to such SEF Action involving his or her personal interest, except as described in Rule 214(d).
- (b) For purposes of Rule 214(a), a Director, Officer, Disciplinary Panel member or other Person has a "material conflict of interest" with respect to a SEF Action if such Person:

- (1) is named as a respondent or potential respondent in such SEF Action;
  - (2) is an employer, employee or fellow employee of (x) a respondent or potential respondent in such SEF Action, or (y) an Affiliate of a respondent or a potential respondent in such SEF Action;
  - (3) has any significant, ongoing business relationship with (x) a respondent or potential respondent in such SEF Action, or (y) an Affiliate of a respondent or a potential respondent in such SEF Action;
  - (4) has a family relationship with a respondent or potential respondent in such SEF Action (including as the respondent's or potential respondent's spouse, co-habitant, former spouse, parent, step-parent, child, step- child, sibling, step-sibling, grandparent, grandchild, uncle, aunt, nephew, niece, parent-in-law, or sibling-in-law); and/or
  - (5) has a direct and substantial financial interest in the result of the deliberations or vote based upon either SDX Trading or non-SEF positions (as referenced in CFTC Regulation § 1.69), other than a direct or indirect equity or other interest in SDX Trading, that could reasonably be expected to be affected by such SEF Action. A direct and substantial financial interest includes positions in Swaps in accounts of, controlled by, or affiliated with the Interested Person or in any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the deliberations or vote; or
  - (6) otherwise has personal interests that may be prejudiced by a fair and impartial exercise of such Person's authority with respect to such SEF Action.
  - (7) any other circumstance that gives rise to a conflict between the Director's, Officer's, Disciplinary Panel Member's or other Person's exercise of authority concerning any SEF Action and his or her personal interests.
- (c) Before considering any SEF Action, an Interested Person must disclose in writing to the Board the material facts concerning his or her relationship or interest in the matter.
- (d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 214(a) as a result of having a direct and substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if:
- (1) the material facts about the Interested Person's financial interest in the matter are disclosed or known to the Board;
  - (2) the Board determines that the participation by the Interested Person would be consistent with the public interest; and
  - (3) a majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.
- (e) If a determination is made pursuant to Rule 214(d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.
- (f) If a determination is made that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have if the Directors were not Interested Persons with respect to such matter.

- (g) SDX Trading and any Director, Officer or member of any committee or panel established by the Board shall not use or disclose for any purpose other than the performance of his or her official duties and responsibilities as a Director, Officer or committee or panel member any material, non-public information obtained as a result of the individual's duties and responsibilities as a Director, Officer or committee or panel member. No Director, Officer or committee or panel member shall, directly or indirectly, disclose or use at any time, either during his or her association with SDX Trading or thereafter, any confidential information of which he or she becomes aware. Each Director, Officer, committee or panel member, employee or agent in possession of confidential information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.
- (h) Notwithstanding Rule 214(g), a Director, Officer or committee or panel member may disclose confidential information if required by law or a court order to be revealed to the United States Department of Justice or the CFTC.
- (i) For the purposes of Rule 210(g), the terms "material information" and "non-public information" shall each have the meaning set forth in CFTC Regulation 1.59(a).

**RULE 215. Material, Non-Public Information**

- (a) SDX Trading may not use for business or marketing purposes any material, non-public information, Proprietary Data, or personal information it collects or receives, from or on behalf of any person, for the purpose of fulfilling its regulatory obligations, including information that separately discloses business transactions, market positions, or trade secrets; provided, however, SDX Trading may use such information or Proprietary Data for business or market purposes where such person provides express consent for such purpose. SDX Trading shall not condition access to its market(s) or market services on a Person's consent to SDX Trading's use of Proprietary Data for business or marketing purposes. SDX Trading, where necessary for regulatory or trading purposes, may share such non-public information, Proprietary Data, or personal information with the CFTC and one or more SEFs, DCMs, Derivatives Clearing Organizations or CFTC registered Self-Regulatory Organizations for regulatory purposes.
- (b) No member of the Board or of any Board committee, member of any other committee, officer, or employee, consultant, or agent of SDX Trading shall:
  - (1) trade for such person's own account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through the performance of such person's official duties;
  - (2) use or disclose, for any purpose other than the performance of such person's official duties, any material, non-public information obtained by such person as a result of such person's official duties, provided, however, that this Section shall not prohibit disclosures made by such person in the course of his or her official duties or disclosures made to the CFTC, any self-regulatory organization, a court of competent jurisdiction or any agency or department of the federal or state governments; or
  - (3) trade, directly or indirectly, in any:
    - (i) Swap traded on SDX Trading;
    - (ii) related swap; or
    - (iii) swap on any DCM or SEF or cleared by any Clearing House if such person has access to material non-public information concerning such Swap.

- (c) For the purposes of this Rule, the terms “material information” and “non-public information” shall have the meanings set forth in CFTC Regulation § 1.59(a).

**RULE 216. Maintenance of Books and Records by SDX Trading**

- (a) SDX Trading shall keep, or cause to be kept, complete and accurate books and records, including all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations.
- (b) SDX Trading shall retain all such books and records for at least five (5) years, and shall make such books and records readily accessible for inspection by the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC during the first two (2) years of such five-year period; provided, however, that all records required to be kept relating to swap transactions must be retained with respect to each swap throughout the life of the swap and for a period of at least five (5) years following the final termination of the swap; provided further that each record related to a swap transaction shall be:
  - (1) readily accessible via real time electronic access throughout the life of the swap and for the two years following the final termination of the swap; and
  - (2) for the remaining three years of the five (5) year period following the final termination of the swap, such record shall be retrievable within three business days.
- (c) Each Participant must keep complete and accurate books and records, including records of its activities, when applicable, in any index or instrument used as a reference price for SDX Trading Swaps or related derivatives markets. Each Participant must make its books and records available, upon request, to SDX Trading, the Regulatory Service Provider, and the CFTC.

**RULE 217. Information-Sharing Agreements**

- (a) SDX Trading may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments related to the Contracts trade. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, SDX Trading may:
  - (1) provide market surveillance reports to other markets;
  - (2) share information and documents concerning current and former Participants with other markets;
  - (3) share information and documents concerning ongoing and completed Investigations with other markets; or
  - (4) require its current or former Participants to provide information and documents to SDX Trading at the request of other markets with which SDX Trading has an information-sharing agreement or other arrangements or procedures.
- (b) SDX Trading may enter into any arrangement with any Person or body (including the CFTC, the NFA, any Self-Regulatory Organization, any exchange, market, or clearing organization, or foreign regulatory authority) if SDX Trading considers such arrangement to be in furtherance of SDX Trading’s purpose or duties under the Rules or any law or regulation.
- (c) SDX Trading may disclose to any Person or entity information concerning or associated with a Participant

or other Person that SDX Trading believes 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.

- (d) SDX Trading may not disclose information to another Person or body pursuant to Rule 217 (a) – (c) unless it is satisfied that any material, non-public information, Proprietary Data, or personal information obtained through its regulatory obligations:
  - (1) will not be used for business or marketing purposes; and
  - (2) will not be disclosed except in connection with an adjudication action, SEF Action, or SEF Proceeding.

**RULE 218. Services Agreement with a Regulatory Services Provider**

- (a) SDX Trading may contract with a Regulatory Services Provider to provide certain regulatory services to SDX Trading pursuant to a Regulatory Services Agreement. In accordance with the relevant Regulatory Services Agreement, a Regulatory Services Provider may perform certain surveillance, investigative, and regulatory functions under the Rules and SDX Trading may provide information to such Regulatory Services Provider in connection with the performance by such Regulatory Services Provider of those functions.
- (b) SDX Trading shall retain ultimate decision-making authority with respect to any powers or functions that are delegated to such Regulatory Services Provider.
- (c) SDX Trading shall supervise any Regulatory Services Provider by, among other things:
  - (1) ensuring that the Regulatory Services Provider has the necessary capacity and resources to provide timely and effective regulatory services;
  - (2) retaining sufficient compliance staff to supervise the qualify and effectiveness of the Regulatory Services Provider;
  - (3) holding regular meetings to discuss ongoing investigations, trading patterns, market participants, and other similar matters; and
  - (4) conducting and documenting periodic reviews of the adequacy and effectiveness of services provided.

**RULE 219. Services Agreement with a Technology Services Provider**

- (a) SDX Trading may contract with one or more Technology Services Providers to provide certain technology services to SDX Trading pursuant to a Technology Services Agreement. In accordance with a Technology Services Agreement, a Technology Services Provider may perform certain functions under SDX Trading Rules and SDX Trading may provide information to the Technology Services Provider in connection with the performance by the Technology Services Provider of those functions.
- (b) SDX Trading shall retain ultimate decision-making authority with respect to any functions that are contracted to a Technology Services Provider.

## CHAPTER 3. TRADING PRIVILEGES

### **RULE 301. Jurisdiction & Application of Rules**

- (a) By becoming a Participant or by accessing, or entering any Order or submitting any Swap into SDX Trading, and without any need for any further action, undertaking or agreement, a Participant, its Account Managers, Authorized Traders, Supervised Persons, Clients and Customers agree (i) to be bound by, and comply with, SDX Trading Rules and Obligations, Swap Specifications and Applicable Law, in each case to the extent applicable to it; (ii) to become subject to the jurisdiction of SDX Trading with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person; and (iii) to assist SDX Trading in complying with its legal and regulatory obligations, cooperate with SDX Trading and the CFTC in any inquiry, investigation, audit, examination or proceeding, and authorize SDX Trading to provide information regarding it to the Regulatory Services Provider, the CFTC or any Self-Regulatory Organization.
- (b) Any Participant whose Trading Privileges are revoked or terminated shall remain bound by SDX Trading Rules and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of SDX Trading with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant prior to such revocation or termination.
- (c) A Client, Customer, Supervised Person or Authorized Trader who is suspended for any period remains subject to SDX Trading Rules, the Obligations and SDX Trading's jurisdiction throughout the period of suspension. After revocation or termination or revocation of the designation of a Client, Customer, Supervised Person or Authorized Trader, the Client, Customer, Supervised Person or Authorized Trader remains subject to SDX Trading Rules, the Obligations and the jurisdiction of SDX Trading for acts done and omissions made while registered or acting as a Client, Customer, Supervised Person or Authorized Trader. Any SDX Trading Proceeding relating to a Client, Customer, Supervised Person or Authorized Trader shall occur as if the Client, Customer, Supervised Person or Authorized Trader were still registered or acting as such.

### **RULE 302. Participant Eligibility Criteria**

- (a) To be eligible for admission as a Participant, an applicant must demonstrate to the satisfaction of SDX Trading that it:
  - (1) is an ECP that is eligible to enter into the asset classes of Swaps it wishes to trade on SDX Trading;
  - (2) is of good reputation and business integrity;
  - (3) maintains adequate financial resources and credit;
  - (4) is validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to trade Swaps;
  - (5) has not filed for bankruptcy;
  - (6) is not a SDX Trading Official, agent or affiliate of SDX Trading;

- (7) is not prohibited from using the services of SDX Trading for any reason whatsoever;
  - (8) holds all registrations required under Applicable Law, if any;
  - (9) is not subject to statutory disqualification under Section 8a(2) of the CEA;
  - (10) satisfies any other criteria that SDX Trading may require from a Participant; and
  - (11) is not an individual.
- (b) Each Participant that is an Account Manager must cause its Client in the name or on behalf of which it places any Order on SDX Trading to become a Participant or be subject to SDX Trading Rules. Each Participant that is an Account Manager must provide SDX Trading with all information necessary for SDX Trading to establish Trading Accounts for each Client and provide SDX Trading with written representation or proof of authority to place Orders and execute Trades on SDX Trading on behalf or in the name of each Client.
  - (c) Each Participant that is not an Account Manager must either be a Clearing Firm of a Clearing House where the Cleared Swaps are cleared or have a clearing account with a Clearing Firm with respect to such Cleared Swap and provide SDX Trading with evidence of such relationship.
  - (d) Each Participant that is an Account Manager must ensure that each of its Clients has established a clearing account with a Clearing Firm of the Clearing House accepting for clearance Cleared Swaps traded on SDX Trading.
  - (e) Participants that do not have a relationship with a Clearing Firm as set forth in subsection (c) or (d) of this Rule 302 are prohibited from entering Orders in Cleared Swaps on SDX Trading.
  - (f) Once admitted, the Participant shall continue to comply with all applicable eligibility criteria in this Rule 302.
  - (g) SDX Trading shall monitor its Participants to ensure that each Participant continues to qualify as an ECP.
  - (h) Upon request of SDX Trading, Account Manager shall promptly provide to SDX Trading or its Regulatory Services Provider (i) the names and dates of birth of its Customers or Clients; and (ii) such information about its Authorized Traders as SDX Trading requests, including but not limited to, the names and dates of birth of such Authorized Traders.

**RULE 303. Authorized Traders**

Authorized Traders:

- (a) Each Participant shall appoint one or more natural persons to act as an Authorized Traders, who will be responsible for all SDX Trading Activity conducted on behalf of the Participant. The Participant must notify SDX Trading of all Authorized Traders.
- (b) Each Authorized Trader of the Participant:
  - (1) must be a natural person;
  - (2) may have Trading Privileges with respect to the Trading Account or Trading Accounts, as the case may

be, of one and only one Participant; and

- (3) must satisfy any and all requirements as may be prescribed by SDX Trading from time to time;
- (c) Any Participant that authorizes Trading Privileges to a third party to trade for its Trading Account on a discretionary basis pursuant to a power of attorney or other instrument must identify a specific natural person as its Authorized Trader with respect to such Trading Account.
- (d) Without limiting the foregoing, each Authorized Trader will consent, in a form satisfactory to SDX Trading, to abide by SDX Trading Rules and Applicable Law prior to accessing SDX Trading, and each Participant will ensure on an ongoing basis that:
  - (1) none of its Authorized Traders is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto);
  - (2) each of its Authorized Traders will be technically proficient;
  - (3) each of its Authorized Traders will conduct its business in a fair and equitable manner; and
  - (4) each of its Authorized Traders will conduct its business in accordance with SDX Trading Rules.
- (e) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with, SDX Trading Rules and Obligations. Among other duties and responsibilities that SDX Trading may impose, an Authorized Trader must:
  - (1) have the authority, at SDX Trading's request, to adjust or withdraw any Order submitted under any User ID assigned to him or her; and
  - (2) ensure that any SDX Trading Activity conducted under any User ID assigned to him or her complies with all SDX Trading Rules and Obligations.
- (f) To nominate an Authorized Trader, a Participant must follow the procedures established by SDX Trading. SDX Trading may establish criteria that individuals must fulfill to become an Authorized Trader. SDX Trading will not accept the registration as an Authorized Trader of any individual who is a SDX Trading Official.
- (g) SDX Trading will promptly notify a Participant in Writing of the approval of nominated Authorized Traders or if SDX Trading declines to approve the nomination.
- (h) SDX Trading will maintain a list of all appointed Authorized Traders for each Participant.
- (i) SDX Trading may, in its sole discretion revoke or suspend the designation of an Authorized Trader and shall promptly notify the Participant in Writing of such action. Upon such request SDX Trading will disable access of such Authorized Trader to SDX Trading.

*Revocation by Participant:*

- (j) Each Participant may at any time revoke an authorization granted by it to any Authorized Trader by providing written notice of such revocation to SDX Trading in accordance with the procedures established by SDX Trading. SDX Trading shall specify the effective date of the revocation. SDX Trading may, in its sole discretion, refuse to accept a request to revoke the registration of an Authorized Trader, or may

postpone the effective date of the termination of registration if SDX Trading considers it necessary for the protection of the best interests of the relevant Participant or SDX Trading. Based on the information provided to, and other information gathered by, SDX Trading regarding the request to revoke the registration of an Authorized Trader SDX Trading will determine whether to:

- (1) accept the request to revoke the designation;
  - (2) postpone the effective date of revocation of the designation; or
  - (3) impose any terms or conditions before or after the effective date of revocation of the designation.
- (k) The Participant shall take immediate measures appropriate to ensure that, after the effective date of any such revocation, that:
- (1) the affected Authorized Trader shall not have access to the Trading System; and
  - (2) the affected Authorized Trader shall not utilize its User ID, as applicable.

SDX Trading shall act promptly, but in any event within one Business Day of the effective date of such revocation, to disallow Order entry by the affected Authorized Trader.

*Responsibility of Participants:*

- (l) All Obligations of Participants shall also apply to each of their Supervised Persons, and each Participant shall be responsible for the actions and omissions, including but not limited to violations of Applicable Law or these SDX Trading Rules, of each of its Supervised Persons. Each Participant will ensure on an ongoing basis that none of its Supervised Persons is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and that each of its Supervised Persons will, as applicable, be technically proficient in the use of the Trading System. Each Participant shall have procedures for performing day-to-day monitoring of its Supervised Persons to ensure that each will conduct its business in a fair and equitable manner and in accordance with SDX Trading Rules. Each Participant shall be responsible to SDX Trading for any failures by any of such Participant's, Supervised Persons to comply with any Obligation or Applicable Law.

*References to Trading Privileges, Orders, and Knowledge:*

- (m) For purposes of these SDX Trading Rules, any reference to:
- (1) the Trading Privileges of a Participant shall also be deemed to refer and apply to the exercise of Trading Privileges by any of such Participant's Supervised Persons;
  - (2) a Participant submitting or receiving Orders, bids, offers or message traffic into or from the Trading System or engaging in transactions in Swaps on the Trading System, shall be deemed to also refer and apply to any such actions engaged in by any of such Participant's Supervised Persons; and
  - (3) the knowledge of, or matters known to, any Participant shall be deemed to also refer to and include the knowledge of, or matters known to, its Supervised Persons.

*Deemed Members:*

- (n) Each Authorized Trader shall be deemed to be a "member" of SDX Trading for all purposes under the CEA.

**RULE 304. [Reserved]**

**RULE 305. Application**

- (a) Each application to become a Participant or Authorized Trader shall be in such form as may from time to time be prescribed by SDX Trading. Each applicant shall promptly update its application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application. SDX Trading shall act upon, and approve or disapprove, any such application without unreasonable delay.
- (b) Any Person who desires to become a Participant shall:
  - (1) submit a signed SDX Trading user agreement in the form determined by SDX Trading from time to time;
  - (2) agree in Writing to abide by SDX Trading Rules and Applicable Law;
  - (3) provide such information and documentation as may be requested by SDX Trading, and follow the procedures established by SDX Trading;
  - (4) have an existing contractual relationship, or establish a contractual relationship, with a Clearing Firm, unless such Person will only trade Non-Cleared Swaps; and
  - (5) consent to the jurisdiction of SDX Trading.

Additionally, any Participant organized or located outside of the United States shall enter into a Written agreement acceptable to SDX Trading appointing a third party within the United States as its agent for service of process for purposes of CFTC Regulation 15.05, and shall provide SDX Trading with a copy of the agreement.

- (c) In considering an application of a potential Participant, SDX Trading may require additional information from the applicant or conduct an Investigation to verify information submitted by the applicant.
- (d) If SDX Trading decides to grant an applicant Trading Privileges or admit an applicant as a Participant, or designate such applicant as an Authorized Trader, SDX Trading shall promptly notify such applicant and state in such notice the date on which such approval becomes effective and any conditions thereto. If the application process is not completed within six months of the applicant's initial submission, the application shall be deemed to be withdrawn, unless extended by SDX Trading.

**RULE 306. [Reserved]**

**RULE 307. Denial, Conditioning, and Termination**

- (a) SDX Trading may deny, condition, or terminate the Participant status of any Person:
  - (1) if such Person is unable to satisfactorily demonstrate its ability to satisfy the Eligibility Criteria to become or remain a Participant;

- (2) if such Person is unable to satisfactorily demonstrate its capacity to adhere to all applicable SDX Trading Rules;
  - (3) if such Person would bring SDX Trading into disrepute as determined by SDX Trading in its sole discretion; or
  - (4) if such Person lacks any required registrations under Applicable Law, including any registration required of an Introducing Broker or Futures Commission Merchant;
  - (5) if a De-Registration Basis exists with respect to such Person; or
  - (6) for such other cause as SDX Trading may reasonably determine.
- (b) If SDX Trading decides to decline or condition an application for admission as a Participant, or terminate a Person's status as a Participant, SDX Trading shall promptly notify such Affected Person thereof in a Writing sent to the address provided by the applicant or maintained in the SDX Trading registry of Participants. Such Affected Person may, within seven (7) calendar days, request in Writing that SDX Trading provide the reasons for the denial, conditioning or termination of Participant status. Within fourteen (14) calendar days after receiving such Written request, SDX Trading shall send in Writing to the Affected Person the reasons for the denial, conditioning or termination. Within fourteen (14) calendar days of receiving SDX Trading's written response, the Affected Person may request in Writing that SDX Trading reconsider its determination, and may provide any relevant representations or other information that such Affected Person believes to be relevant to the reconsideration.
- (c) Any Person applying to become a Participant who has been rejected by SDX Trading pursuant to these Rules shall not be eligible for re-application during the six months immediately following such rejection.

**RULE 308. Scope and Continuation of Rights and Privileges**

- (a) By virtue of obtaining Trading Privileges, becoming a Participant, or an Authorized Trader, a Person shall not obtain any equity or other interest in SDX Trading, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving SDX Trading or otherwise. All such rights shall be owned exclusively as specified in the Operating Agreement.
- (b) Upon admission to SDX Trading as a Participant, the Participant must execute such Participant Documentation as required from time to time by SDX Trading, and such Participant Documentation must remain in effect for the Participant to access SDX Trading.
- (c) Pursuant to such Participant Documentation the performance of all Orders in Cleared Swaps submitted by a Participant on SDX Trading must be guaranteed by a Participant or its Client or Customer and a by Clearing Firm of the Participant or of the Client or Customer. Pursuant to such Participant Documentation all Cleared Swaps executed by a Participant on SDX Trading must be submitted for clearing to a Clearing House.
- (d) Any Person that is temporarily or permanently revoked, terminated or suspended as a Participant and/or Supervised Person, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended, shall remain bound by its Obligations and subject to Applicable Law and the jurisdiction of SDX Trading and each relevant Clearing Firm with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person prior to such revocation, termination or suspension. Any SDX Trading Proceeding relating to any Participant or Supervised Persons that is

temporarily or permanently revoked, terminated or suspended, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended, shall occur as if the Participant or Supervised Person were still registered as such, and the same shall be true of any Supervised Person of any Participant that is temporarily or permanently revoked, terminated or suspended, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended.

- (e) All Trading Privileges, and all other rights and privileges of a Participant or its Supervised Person terminate upon, and all Obligations of such Participant or its Supervised Person shall survive, the death or incapacity of such Participant or Supervised Person (if an individual) or the dissolution of such Person (if an entity).
- (f) All Trading Privileges, and all other rights and privileges of a Participant and its Supervised Persons are non-transferable, non-assignable and may not be sold or leased.
- (g) SDX Trading may at any time revoke, suspend, limit, condition, restrict or qualify the Trading Privileges of any Participant or its Supervised Person with or without notice to such Participant or Supervised Person if, in the sole discretion of SDX Trading, such action is in the best interest of SDX Trading.
- (h) A Clearing Firm may at any time revoke the authorization of any Participant guaranteed by it, with or without prior notice to such Participant. For purposes of the relationship between the relevant Clearing Firm and SDX Trading, and the obligations of such Clearing Firm to SDX Trading, any such revocation shall become effective upon receipt of written notice thereof by SDX Trading. Upon such receipt, unless the Participant is authorized by another Clearing Firm, the Trading Privileges of the Participant subject thereto shall be automatically terminated, and such Participant must obtain another guarantee from a Clearing Firm before its Trading Privileges will be reinstated.

#### **RULE 309. Dues, Assessments and Fees**

- (a) SDX Trading shall have the authority to set the amounts and times of payment for any dues, assessments or fees (including the Trading System fees, clearing fees, brokerage fees, and/or any transaction surcharges) to be paid by Participants, provided that such fees shall be levied on an equitable and non-discriminatory basis to all Participants similarly situated in the same market.
- (b) Each Participant agrees to pay such dues, assessments, and fees as are published by SDX Trading from time to time. Each Participant agrees to pay such dues, assessments, and fees when due to SDX Trading.
- (c) If a Participant fails to pay when due any dues, assessments or fees levied on such Participant by SDX Trading, and such payment obligation remains unsatisfied for thirty (30) days after its due date, SDX Trading may suspend, revoke, limit, condition, restrict or qualify the Participant's Trading Privileges or ability to otherwise access the Trading System as it deems necessary or appropriate.
- (d) SDX Trading may charge different fees to ISVs based on the access or services they receive from SDX Trading and may provide special rules for ISVs preventing them from misusing data, including but not limited from providing the trade or Proprietary data to a different SEFs.

#### **RULE 310. Authorized Representatives**

- (a) Each Participant shall designate one or more Authorized Representative who will represent such Participant, before SDX Trading and its committees and receive notices on behalf of the Participant.
- (b) The Authorized Representative shall be empowered by the Participant to act on its behalf and SDX Trading

shall be entitled to rely on the actions of the Authorized Representative as binding on such Participant.

- (c) Each Participant shall provide SDX Trading with current contact and other requested information for each of its Authorized Representatives so that SDX Trading is able to immediately contact the Authorized Representatives.

**RULE 311. Recording of Communications**

- (a) SDX Trading may record conversations and retain copies of electronic communications between officers, employees or agents of SDX Trading, on one hand, and Participants, and any of its Account Managers, Authorized Traders and Supervised Persons, on the other hand. Any such recordings may be retained by SDX Trading in such manner and for such periods of time as SDX Trading may deem necessary or appropriate. SDX Trading will retain such records as required to comply with CFTC Regulations §§1.31, 1.35. The Regulatory Services Provider will have access to such recordings to the extent required to perform certain regulatory services to SDX Trading pursuant to the Regulatory Services Agreement.

**RULE 312. Notices to Participants**

- (a) SDX Trading shall publish a notice with respect to each addition to, modification of, or clarification of, SDX Trading Rules or of any action to implement any SDX Trading Rules either on SDX Trading Website, via electronic mail distribution, or in a form or manner reasonably designed to enable each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof (each a "Notice to Participants").
- (b) Any Notice to Participants shall also be deemed to have been made to all of its Account Managers, Authorized Traders and Supervised Persons.

**RULE 313. Communications between SDX Trading and Participants**

- (a) Each Clearing Firm and Participant must provide SDX Trading with its current electronic mail address and telephone number and the electronic mail address and telephone number of any of its Authorized Traders and immediately (and in any event within 24 hours) update this information whenever it changes.
- (b) All communications between SDX Trading and the Participant will be transmitted by electronic mail and/or posted on SDX Trading website, except as otherwise specified by SDX Trading.
- (c) Each Participant shall be responsible for conveying such communications to all of its Supervised Persons.
- (d) Each Participant will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from SDX Trading to the Participant or any of its Account Managers, Authorized Traders, or its other Supervised Persons;
- (e) All communications made to a Participant shall also be deemed to have been made to all its Account Managers, Authorized Traders and its Supervised Persons.

**RULE 314. Description of Status**

- (a) Each Participant shall ensure that the form, content and context of any description of the Participant's status on SDX Trading to Customers is not inconsistent with, and does not misrepresent, the capacity of such Participant on SDX Trading under SDX Trading Rules or the registration of such Clearing Firm or Participant, if any, under the CEA, or under any other Applicable Law.

**RULE 315. Withdrawal of Participant**

- (a) To withdraw from SDX Trading, a Participant must notify SDX Trading, following such procedures as may be established by SDX Trading.
- (b) SDX Trading may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if SDX Trading considers it necessary for the protection of the Participant's Customers, other Participants or otherwise in the interests of SDX Trading.
- (c) Based on the information provided to, and other information gathered by, SDX Trading regarding a Participant's withdrawal request, SDX Trading will determine whether to:
  - (1) accept the withdrawal request;
  - (2) postpone the effective date of the withdrawal; or
  - (3) impose any terms or conditions before or after the effective date of withdrawal.
- (d) If SDX Trading refuses to accept a Participant's withdrawal request or postpones the effective date of withdrawal of a Participant, SDX Trading may waive the obligation to pay some or all of the fees, costs and charges that SDX Trading would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.
- (e) When SDX Trading accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including the Trading Privileges and ability to access the Trading System). The accepted withdrawal of a Participant shall not affect the rights of SDX Trading under SDX Trading Rules or relieve the former Participant of its Obligations (including any contractual obligations relating to any Contracts entered into by such Participant, or the payment of any SDX Trading fees, costs, or charges incurred prior to such withdrawal). Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the jurisdiction of SDX Trading for acts done and omissions made while a Participant, and must cooperate in any DCS SEF Proceeding under Chapter 8 as if such withdrawal had not taken place.

**RULE 316. Direct Access by Customers**

- (a) No Participant shall allow any of its Customers to access the Trading System using the Participant's User ID. All Orders and quotes must be entered into the Trading System by either the Participant or a Supervised Person of the Participant.

**Rule 317. Impartial Access**

- (a) SDX Trading shall not restrict access or impose burdens on access in a discriminatory manner among similarly situated Participants.

**Rule 318. Compliance with CEA**

- (a) All Participants shall comply with the provisions of the CEA and the rules and regulations issued pursuant to thereto by the CFTC, including the filing of reports, maintenance of books and records, and permitting inspection and visits by duly authorized representatives of the CFTC or other Governmental Agency.

## CHAPTER 4. OBLIGATIONS OF SDX TRADING USERS

### RULE 401. Duties and Responsibilities of Participants

- (a) Each Participant shall, and shall cause all of its Account Managers, Authorized Traders and Supervised Persons to:
- (1) ensure that SDX Trading System are used in a responsible manner and are not used for any improper purpose;
  - (2) ensure that only SDX Trading System are used to conduct SDX Trading Activity;
  - (3) ensure that all SDX Trading Activity conducted by the Participant, its Account Managers, Authorized Traders and Supervised Persons is performed in a manner consistent with SDX Trading Rules and their respective Obligations;
  - (4) comply with all SDX Trading Rules and Obligations and act in a manner consistent with each SDX Trading Rule and Obligation;
  - (5) observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or attempting to conduct any SDX Trading Activity, or any aspect of any business connected with or concerning SDX Trading;
  - (6) not knowingly mislead or conceal any material fact or matter in any dealings or filings with SDX Trading or in response to any SDX Trading Proceeding;
  - (7) keep all User IDs, account numbers and passwords related to the Trading System confidential and secure;
  - (8) be fully liable for all trading losses, Orders and transactions in SDX Trading Swaps effected by Participant;
  - (9) be responsible for promptly informing SDX Trading of any material changes to Eligibility Criteria information provided to SDX Trading by the Participant; and
  - (10) comply with all CFTC and NFA Rules, to the extent applicable to it, and act in a manner consistent with the CFTC and NFA Rule, to the extent applicable;
  - (11) employ practices to monitor and enforce compliance with risk limits (if applicable);
  - (12) have in place and enforce adequate anti-money laundering policies and procedures; and
  - (13) keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records required to be maintained pursuant to the CEA, the CFTC Regulations or SDX Trading Rules, for at least five (5) years after the termination of SDX Trading Swap and required to be readily accessible during the first two (2) years of the five-year period, and make such books and records available for inspection by any representative of SDX Trading, the CFTC, the United States Department of Justice, or other relevant regulatory or governmental body.

#### **RULE 402. Required Disclosures to SDX Trading**

- (a) Each Participant shall immediately notify the Compliance Department upon becoming aware of any of the following events:
- (1) any material change to the contact information provided to SDX Trading by the Participant;
  - (2) any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Participant to effect transactions pursuant to SDX Trading Rules or to timely perform the Participant's financial obligations under or in connection with SDX Trading Swaps of such Participant or any Customer, Client or Supervised Person of such Participant;
  - (3) any refusal of admission to, or withdrawal by the Participant of any application for membership in, any Self-Regulatory Organization, SEF, DCM, or Derivatives Clearing Organization;
  - (4) any expulsion, suspension or fine in excess of \$5,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant by any Self-Regulatory Organization, SEF, DCM, Derivatives Clearing Organization or relevant regulatory or governmental body;
  - (5) any denial or withdrawal of any application for any registration or license by or from any Governmental Agency, and any revocation, suspension or conditioning of any registration or license granted by any regulatory or governmental body;
  - (6) any indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by, the Participant or Clients, Customers or Supervised Persons for any felony or misdemeanor involving, arising from or related to, the purchase or sale of any commodity, futures contract, option, security, securities futures product, swap securities-based swap, mixed swap or other financial instrument, or involving or arising from fraud or moral turpitude;
  - (7) the commencement of any judicial or administrative proceeding against the Participant, Client, Customer or any Supervised Person or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any or relevant regulatory or governmental body;
  - (8) the Participant's becoming the subject of a petition for bankruptcy;
  - (9) the appointment of a receiver, trustee or administrator for the Participant;
  - (10) the presentment of a petition, or the passing of a resolution, for the winding-up of the Participant;
  - (11) the commencement of proceedings for the Participant's dissolution; or
  - (12) the occurrence of an event of insolvency with respect to the Participant.

#### **RULE 403. Inspections by SDX Trading**

- (a) SDX Trading (or the Regulatory Services Provider or other authorized representatives), shall have the right with such prior reasonable advance notice as is practicable under the circumstances, in connection with determining whether all SDX Trading Rules and Obligations are being, will be, or have been complied with by the Participant, to:

- (1) inspect systems, equipment and software of any kind operated by the Participant in connection with SDX Trading Activity, wherever located;
  - (2) access, either physically or electronically, the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or equipment, during the regular business hours and the Trading Hours of SDX Trading, without prior notice to Participants; and/or
  - (3) remove, copy or reproduce any data to which SDX Trading has access under this Rule.
- (b) Each Participant and all of its Account Managers, Authorized Traders and Supervised Persons shall provide the Regulatory Services Provider with the same access to their books and records and offices as they are required to provide to SDX Trading under SDX Trading Rules and Applicable Law.
- (c) The Compliance Department may require a Participant to furnish (periodically or on a particular occasion) information concerning the Participant's SDX Trading Activity or open trading positions, SDX Trading Swaps to which the Participant is a party, or any other information related to the Participant's SDX Trading Activity.

#### **RULE 404. Minimum Financial and Related Reporting Requirements**

- (a) Each Participant and Clearing Firm that is registered with any Government Agency or Self-Regulatory Organization shall comply with the provisions of Applicable Law, including but not limited to the rules and regulation such Government Agency or Self-Regulatory Organization imposes on a Participant relating to:
- (1) minimum financial and related reporting and recordkeeping requirements; and
  - (2) the treatment of Customer funds and the maintenance of books and records with respect thereto.
- (b) Any Participant that is an FCM or IB and any Clearing Firm shall be required to deliver to SDX Trading a copy of any notice or written report required to be filed with the CFTC pursuant to CFTC Regulations §§ 1.10 and 1.12 within the time periods prescribed for such filing or delivery in CFTC Regulations §§ 1.10 and 1.12.
- (c) A Participant or Clearing Firm that violates any provisions of Applicable Law (including any CFTC Regulations) shall be deemed to have violated this Rule 404.

#### **RULE 405. Confidentiality of Financial and Other Information**

- (a) All information and data obtained or received by the Compliance Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports on financial condition will be treated as confidential by SDX Trading; provided, however, this Rule does not supplant Rule 213 and the Rules in Chapter 8, or any other requirement of Applicable Law.

#### **RULE 406. Authority to Impose Restrictions**

- (a) Whenever a Participant or Clearing Firm is subject to the early warning requirements set forth in CFTC Regulation § 1.12, SDX Trading may impose such conditions or restrictions on the business and operations of such Participant and any of its Account Managers, Authorized Traders and Supervised Persons as SDX

Trading may deem necessary or appropriate for the protection of any Clearing Firm, Participant, Customer, or SDX Trading.

#### **RULE 407. Customers and Clients**

- (a) No Participant shall carry an account for a Customer or enter an Order in the name of a Client unless the Participant has entered into a Written agreement with the Customer or Client containing such terms as may from time to time be prescribed in SDX Trading Rules.
- (b) Without prejudice to the generality of paragraph (a) of this Rule 407, each Written agreement with a Customer or Client must:
  - (1) contain a representation from a Customer or Client that the Customer or Client is an ECP at the time of execution of any SDX Trading Swap;
  - (2) require each Customer or Client to consent to the jurisdiction of SDX Trading in connection with and with respect to any SDX Trading Swap executed for or on behalf of such Client or Customer on SDX Trading;
  - (3) import into every SDX Trading Swap executed for the Customer or Client all the terms of SDX Trading Rules insofar as they are applicable to that SDX Trading Swap;
  - (4) in relation to any business done with the Customer or Client, enable the Participant to comply with all requirements of SDX Trading Rules and any other arrangements, provisions and directions given by SDX Trading; and
  - (5) obligate the Customer or Client to provide SDX Trading and its agents, including its Regulatory Service Provider, access to all books and records, staff and other information necessary for monitoring and enforcement of SDX Trading Rules.

#### **RULE 408. Disclosure Requirements; Know Your Counterparty Requirements**

- (a) Participants that are Swap Dealers or Major Swap Participants shall verify the status of each counterparty as an ECP with respect to each Swap Trade as provided in Part 23 of the CFTC Regulations applicable to business conduct standards for Swap Dealers and Major Swap Participants in their dealing with counterparties.
- (b) Participants that are FCMs must verify the status of each of their Customers as an ECP.
- (c) Participants that are Account Managers must verify the status of each of their Clients as an ECP.
- (d) Each Participant and Supervised Person, Client or Customer of a Participant must comply with all disclosure requirements set forth in applicable CFTC Regulations and NFA Rules and regulations and any additional disclosure requirements imposed by SDX Trading.

#### **RULE 409. Information Regarding Orders**

- (a) SDX Trading will make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to Participants and other Persons at such times and in

such manner (whether through the Trading System, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time.

- (b) Each Participant or other Person receiving any such information through the Trading System may redistribute such information only to such extent and in such manner as may be permitted by SDX Trading from time to time.

**RULE 410. Responsibility from Mandatory Trading**

- (a) Each Participant that is a Swap Dealer or Major Swap Participant shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the CEA.

## **CHAPTER 5. TRADING PRACTICES AND BUSINESS CONDUCT**

### **RULE 501. Scope**

This Chapter 5 prescribes rules concerning trading practices and business conduct on SDX Trading, and applies to all orders and transactions in SDX Trading Swaps, defined in Chapter 1.

### **RULE 502. Procedures**

- (a) With respect to trading on or through the Trading System SDX Trading may adopt, without limitation, procedures relating to transactions in SDX Trading Swaps and trading on the Trading System, including procedures to:
- (1) disseminate the prices of bids and offers on, and trades in, SDX Trading Swaps;
  - (2) record, and account for, SDX Trading Swaps and SDX Trading Activity and regulate administrative matters affecting SDX Trading Swaps and SDX Trading Activity;
  - (3) perform market surveillance and regulation on matters affecting SDX Trading Swaps and SDX Trading Activity;
  - (4) establish limits on the number and size of Orders that may be submitted or the number and size of trades executed by a Participant through the Trading System or subject to SDX Trading Rules;
  - (5) establish limits on the number of Swaps that may be held by a Participant or a Customer;
  - (6) establish a limit on the maximum daily price fluctuations for any SDX Trading Swap and provide for any related restriction or suspension of trading in the Swap;
  - (7) establish minimum price quoting increments for each SDX Trading Swap; and
  - (8) require a suspended or expelled Participant, or a Participant with restricted trading rights, that have Swaps executed for the Participant to reduce or eliminate any open position or exposure to future price changes for the Participant in any Swap.
- (b) SDX Trading may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 502(a), and will publish the amendments in a Notice to Participant or in any other manner determined appropriate by SDX Trading.

### **RULE 503. Business Days and Trading Hours**

- (a) Except as provided in Rule 213 with respect to Emergencies, SDX Trading shall determine and publish a Notice to Participants listing the Business Days of SDX Trading and the Trading Hours for each SDX Trading Swap. All time references shall be based on local time prevailing in The City of New York, New York, unless otherwise expressly set forth. Trading Hours may vary among different Swaps. Notice shall be issued pursuant to Rule 312 for any modification to or establishment of Business Days or Trading Hours.

**RULE 504. Rule Violations**

- (a) It shall be a violation for Participants or any of its Account Managers, Authorized Traders or Supervised Persons to violate any SDX Trading Rule or any agreement made with SDX Trading, or to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade.
- (b) Participants shall assist SDX Trading in any investigation into potential violations of SDX Trading Rules or the CEA. Such assistance must be timely and may include, but not be limited to, requiring any Participant, Client, Customer or Supervised Persons to produce documents, to answer questions from SDX Trading or its designee, and/or to appear in connection with an investigation.
- (c) If a Participant has actual or constructive notice of a violation of SDX Trading Rules in connection with the use of SDX Trading by a Participant, Client, Customer or Supervised Person and the Participant fails to take appropriate action, the Participant may be found to have committed an act detrimental to the interest or welfare of SDX Trading.

**RULE 505. Fraudulent Acts Prohibited**

- (a) No Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any SDX Trading Activity. Specifically, no Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall engage in front running, fraudulent trading, money passes, trading ahead of customers, trading against customers, or accommodation trading.

**RULE 506. Fictitious, Wash, Non-Competitive Transactions Prohibited**

- (a) No Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall create fictitious transactions, wash transactions, or non-competitive transactions except, in the case of noncompetitive transactions, as otherwise authorized by SDX Trading Rules, or execute any such Order with knowledge of its nature as a fictitious transaction, wash transaction, or non-competitive transaction.
- (b) No Participant or any of its Account Managers, Authorized Traders or Supervised shall engage in a non-competitive transaction except with respect to Block Trades effected pursuant to Chapter 7.

**RULE 507. Market Disruption and Market Manipulation Prohibited**

- (a) No Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall engage in any trading, practice, or conduct that that violates bids or offers or demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, or is, is of the character of, or is commonly known to the trade as, “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution), as described in Section 4c of the CEA. Disruptive trading practices shall include any SDX Trading Activity that:
  - (1) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period;
  - (2) consists of placing one or more Order with an intent to cancel such Order(s) prior to execution;

- (3) consists of submitting or cancelling Orders with an intent to overload the Trading System;
  - (4) consists of submitting or cancelling bids or offers with an intent to delay another person's execution of trades; or
  - (5) consists of submitting or cancelling multiple bids or offers to create an appearance of false market depth.
- (b) Clauses 507(a)(1) through (5) shall not apply to Block Trades for related positions.
- (c) Orders entered into the Trading System for the purpose of upsetting the equilibrium of the market in any SDX Trading Swap or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant or any of its Account Managers, Authorized Traders or Supervised Persons who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to SDX Trading.
- (d) No Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall directly or indirectly manipulate, or attempt to manipulate, the price of any SDX Trading Swap. Furthermore, no Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall intentionally or recklessly engage, or attempt to engage, in the following in connection with any SDX Trading Swap: use manipulation to defraud, make an untrue or misleading statement or omit a material fact, engage in fraudulent or deceitful business practices, or deliver misleading or inaccurate reports concerning market information that affect the price of any SDX Trading Swap.

#### **RULE 508. Execution of Required Transactions**

- (a) No Participant shall execute a Required Transaction other than via the Minimum Trading Functionality, unless such transaction is a Block Trade or an End-User Transaction. No Participant shall enter into an End-User Transaction unless it or its counterparty can claim an End-User Clearing Exemption. Upon request of SDX Trading, a Participant shall submit to SDX Trading all documentation supporting its eligibility for the End-User Clearing Exemption.

#### **Rule 508. Use of Trading Privileges**

- (a) No Participant or any of its Account Managers, Authorized Traders or Supervised Persons may use its Trading Privileges or access SDX Trading in any way that could be expected to bring disrepute upon such Participant or any of its Account Managers, Authorized Traders or Supervised Persons, or SDX Trading.

#### **RULE 509. Prohibition of Misstatements**

- (a) No Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall knowingly make any misstatement of a material fact to SDX Trading, any SDX Trading Official, any committee of the Board, SDX Trading Panel, the Compliance Department and/or any agent of SDX Trading (including the Regulatory Service Provider).

**RULE 510. Acts Detrimental to Welfare of SDX Trading Prohibited**

- (a) It shall be an offense to engage in any act that is detrimental to the interest or welfare of SDX Trading.

**RULE 511. Adherence to Law**

- (a) No Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall engage in conduct in violation of any Applicable Law or SDX Trading Rules.

**RULE 512. Supervision**

- (a) Participants shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of its Account Managers, Authorized Traders, and Supervised Persons with SDX Trading Rules and any applicable provisions of the CEA or CFTC and such Participant may be held accountable for the actions of such Account Managers, Authorized Traders or Supervised Persons.

**RULE 513. Misuse of the Trading System**

- (a) Misuse of the Trading System is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of SDX Trading to willfully or negligently engage in unauthorized use of the Trading System, to assist any Person in obtaining unauthorized access to the Trading System, to trade on the Trading System without an agreement, to alter the equipment associated with the Trading System, to interfere with the operation of the Trading System, to intercept or interfere with information provided thereby, or in any way to use the Trading System in a manner contrary to SDX Trading Rules.

**RULE 515. Mishandling of Customer Orders**

- (a) Any Participant that mishandles any Order shall bear all losses associated with such Order and must take appropriate remedial action at its own cost.

**RULE 516. Withholding Orders Prohibited**

- (a) Any Participant entering Orders on SDX Trading for its Customers shall not withhold or withdraw from the market any Order, or any part of an Order, for the benefit of any Person other than the Customers.
- (b) A Participant must enter immediately into SDX Trading all Orders or Requests for Quotes received from its Customers that are executable immediately. If a Participant cannot immediately enter into the Trading System an Order or Request for Quote received from its Customer, the Participant must enter the Order or Request for Quote into SDX Trading as soon as practicable, and must immediately create an electronic record as provided in SDX Trading Rule 538.

**RULE 517. Priority of Customers' Orders**

- (a) No Person shall enter an Order into SDX Trading for his own account, an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an Order allowing discretion as to time and price, when such Person is in possession of

any Order for another Person that SDX Trading is capable of accepting.

**RULE 518. Handling of Customer Orders**

- (a) No Person in possession of a Customer's Order shall knowingly take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.
- (b) The foregoing restriction shall not apply to the following:
  - (1) Transactions executed pursuant to Chapter 7; and
  - (2) Transactions where the Customer has consented in Writing no more than 12 months prior to the transaction to waive the application of Rule 518a. The Participant must clearly identify, by appropriate Order entry system indicator, all such transactions.

**RULE 519. Disclosing Orders Prohibited**

- (a) No Person shall disclose another Person's Order to buy or sell except to a designated SDX Trading Official or the CFTC, and no Person shall solicit or induce another Person to disclose Order information. No Person shall take action or direct another to take action based on non-Public Order information, however acquired.

**RULE 520. Simultaneous Buy and Sell Orders For Different Beneficial Owners**

- (a) A Participant that is a broker or a dealer which seeks to execute against a Customer's Order or to execute two Customers against each other must expose one side of the transaction for a minimum of 15 seconds to the other SDX Trading Participants before the second side of the transaction (whether for the Participant's own account or for a second Customer) can be submitted for execution. The Participant must display one side of the transaction as a firm quote on the Order Book. If the Order is not executed by another Participant after 15 seconds, the Participant displaying one side of the transaction can execute the other side of the transaction against its own Order Book quote.

**RULE 521. Wash Sales Prohibited**

- (a) No Participant or any of its Account Managers, Authorized Traders or Supervised Persons shall place or accept buy and sell Orders in the same product and expiration month, where the person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

**RULE 522. Discretionary Customer Orders**

- (a) No Person shall submit a discretionary Customer Order to the Trading System without the prior written consent of such Customer to the exercise of such discretion. A Customer Order that solely gives a

Participant, Authorized Trader or Authorized User time and price discretion shall not be subject to this Rule.

**RULE 523. Reporting to SDR**

- (a) SDX Trading will report all data required by Parts 43 and 45 of the CFTC's regulations on each Swap executed on, or otherwise pursuant to the Rules of, SDX Trading to an SDR of SDX Trading's choice as soon as technologically practicable.

**RULE 524. Updating Required Swap Creation Data**

- (a) Any Participant, Account Manager, Authorized Trader, Supervised Person or Customer that becomes aware of an error, omission or required amendment to Required Swap Creation Data for a Contract submitted on its behalf shall promptly submit corrected data to SDX Trading and, if the error or omission relates to a Block Trade, the counterparty to such Block Trade.

**RULE 525. Financial or Other Incentive Programs**

- (a) SDX Trading may from time to time establish programs that provide Participants with financial or other incentives for meeting trading volume, liquidity or other thresholds as may be established by SDX Trading.

**RULE 526. Publication of Market Data**

- (a) SDX Trading will record and report to the CFTC all data required by Part 16 of the CFTC's Regulations in the form and manner required by the CFTC.

**RULE 527. Orders Entered Prior to SDX Trading Opening**

- (a) Participants are prohibited from sending any Request for Quote or Order or using the Order Book or any other facility of SDX Trading prior to the opening of the trading session.

**RULE 528. Trading System Access Restrictions**

- (a) All Participants permitted to trade Cleared Swaps on the Trading System, must supply proof of a valid clearing arrangement with a Clearing Firm that assumes financial responsibility for the clearing of such Cleared Swaps traded on the Trading System. With respect to transactions given up to other Clearing Firms, such guarantee is effective only until such time that the other Clearing Firm accepts the trade. A trade given up to another Clearing Firm will be deemed to have been accepted by such Clearing Firm if the trade is not rejected by the close of business on the business day following the trade date. The acceptance of a trade by a Clearing Firm shall not relieve any Participant or any of its Account Managers, Authorized Traders or Supervised Persons of the duty to act in accordance with SDX Trading Rules. Each Clearing Firm that guarantees a transaction must ensure that such transaction is cleared through a Clearing House.
- (b) All individuals entering Customer Orders in other than a clerical capacity must have appropriate industry registration. Customer Orders may be entered only from the premises of an entity registered to conduct Customer business.

#### **RULE 529. Policies Governing Use of User IDs**

No Person may use a User ID to place any Order except as permitted by these SDX Trading Rules, nor may any Person knowingly permit or assist the unauthorized use of a User ID. Each Participant on behalf of itself and each of its Supervised Persons shall ensure that no User ID is used by any Person not authorized by these SDX Trading Rules.

Each Participant must have in place policies and procedures acceptable to SDX Trading, which:

- (a) Restrict access through password protection to any system capable of submitting Orders to the Trading System to individual users authorized by the relevant Participant and having a User ID;
- (b) Require creation, maintenance and retention, as required in Rule 538, of accurate and complete records regarding each individual that is issued, or authorized to use, a User ID;
- (c) Require that their Supervised Persons protect and maintain the security of all User IDs;
- (d) Prohibit the use of User IDs by any Person, including any subsidiary, affiliate, division or business unit of Participant, except as permitted by this Rulebook. Multiple individuals trading in the name of a single Participant are permitted to trade provided that each order submitted by each such individual is identified by that individual's unique User ID.

#### **RULE 530. Identification of Authorized Traders**

- (a) Each Authorized Trader shall be identified to SDX Trading, in the manner prescribed by SDX Trading, and shall be subject to SDX Trading Rules. It is the duty of the Participant to ensure that Authorized Trader registration is current and accurate at all times. Each individual must use a User ID to access SDX Trading. In no event may a Person enter an Order or permit the entry of an Order by an individual using a User ID other than the individual's own User ID.

#### **RULE 531. Modification and Cancellation of Orders; Expiration**

- (a) Any Order that has been entered into the Trading System may be modified or cancelled unless and until the execution process has been initiated or executed or has otherwise expired. Any such modification or cancellation requires that a modification order or cancellation order, as the case may be, with respect to the original Order be entered into the Trading System. Such modification or cancellation will become effective upon receipt by the Trading System of the modification order or cancellation order, as the case may be.
- (b) Every Order automatically expires at the earlier of: (i) a 'time to live' expiration period defined by the Participant, (ii) session expiration time defined by SDX Trading (currently four minutes, subject to modification by SDX Trading), (iii) end of the Trading Hours on the calendar day such Order is placed, (iv) in the event of any suspension or curtailment of trading, or (v) in the case of any failure of the Trading System.

**RULE 532. Priority of Execution**

- (a) Non-discretionary Customer Orders received by a Participant, an Authorized Trader or other Supervised Person shall be entered into the Trading System in the sequence received; provided, however, that a Customer may request verbally or by electronic communications that a Participant delay submission of its Order in which case such Customer shall provide such Participant with written consent to delay submission of its Order. Non-discretionary Orders that cannot be immediately entered into the Trading System must be entered when the Orders become executable in the sequence in which the Orders were received.

**RULE 533. [Reserved]**

**RULE 534. Control Desk**

(a) *Customer Support.*

- (1) The control center of SDX Trading (the “Control Desk”) provides the Trading System customer support and problem management only to Clearing Firms and Participants.
- (2) In order to be eligible for Control Desk support, a Supervised Person must first be identified by the relevant Participant or Clearing Firm, as the case may be, as an authorized contact (“Authorized Contact”) with the Control Desk. The Control Desk provides customer support via a specified telephone number and during specified hours.
- (3) Control Desk employees may not always be available to assist Authorized Contacts.
- (4) Individuals other than Authorized Contacts must contact a Participant or a Clearing Firm to make support requests.

(b) *Control Desk Communications.*

- (1) As provided in Rule 542, SDX Trading shall not be liable for any loss resulting from any inability to communicate with the Control Desk.
- (2) The liability of SDX Trading for the negligent acts of Control Desk staff shall be subject to the limitations and conditions of Rule 542.
- (3) In no event shall SDX Trading be liable for the negligence of the Control Desk if the Person claiming to have suffered a loss could have secured the support it sought from the Control Desk through its own administrative terminal, a terminal of its Clearing Firm or a terminal of an independent software vendor (“ISV”).
- (4) For purposes of this rule, a Person is deemed able to take action through its own administrative terminal, a Clearing Firm’s terminal or an ISV’s terminal unless such terminal was inoperative or such terminal service was interrupted at the time the Control Desk took action.

(c) *Order Status.*

- (1) A Person who believes it has received an incorrect Order status or does not receive an appropriate

status shall immediately notify the Control Desk. Additionally, such Person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect Order status or lack of appropriate Order status immediately after the Person knew or should have known that the Order status information was incorrect or should have been received. Any liability of the Exchange for incorrect Order status shall be subject to the limitations and conditions of Rule 542.

- (2) Notwithstanding the above, SDX Trading shall not be liable for losses related to incorrect Order status information if SDX Trading provides prior notification that an SDX Trading system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct Order status information from such system, service or facility. In the event that the Control Desk and an SDX Trading system, service or facility provide conflicting information relating to an Order status, a Person may only reasonably rely on the information received from the Control Desk. Any liability of SDX Trading shall be subject to the liability caps and conditions of Rule 542.

#### **RULE 535. Errors**

- (a) If an Order was incorrectly executed or rejected by SDX Trading, a Participant or its Authorized Trader may, within ten (10) minutes thereafter, request review of the Order by providing the confirmation number for the Order and stating the grounds for the disagreement.
- (b) Upon receipt by SDX Trading of a request for review of an Order and the accompanying confirmation number, SDX Trading will review its electronic audit trail to determine if SDX Trading correctly executed the Order. Such review will be completed by the end of the following Business Day.
- (c) If the review described in this Rule reveals that the Order was incorrectly executed, then the Order in question shall be cancelled in the Trading Accounts of all affected Participants.
- (d) If the review described in this Rule reveals that the Order was correctly executed by SDX Trading, then no adjustment shall be made in the Trading Accounts of any Participants.
- (e) Notwithstanding anything to the contrary in this Rule, if SDX Trading determines its sole discretion that the execution of any trade was the result of Orders being incorrectly processed by the Trading System, or any other cause beyond the control of any Participant, then SDX Trading may cancel such trade in the Trading Accounts of all affected Participants.

#### **RULE 536. Execution of Orders on the Trading System**

- (a) Required Transactions

- (1) Request for Quote Functionality

Under the Request for Quote functionality, a Participant (the “Requesting Participant”) may submit an RFQ to buy or sell a Swap to not less than the minimum number of market participants (“Recipient Participant”) required by CFTC Regulations.

- (i) A Recipient Participant affiliated with a Requesting Participant will not count towards the minimum number of makers required by CFTC Regulations, and Recipient Participants that are Affiliates shall for such purposes count only as a single Recipient Participant.

- (ii) At the same time that the Requesting Participant receives the first responsive Quote from a Recipient Participant, the Requesting Participant will also receive any firm Resting Quotes pertaining to the same contract resting on the Trading System's Order Book.
- (iii) The Requesting Participant shall have the opportunity to (A) execute against any responsive Quote from a Recipient Participant or a firm Resting Quote provided pursuant to subparagraph (2); or (B) submit a counteroffer to one or more of the Recipient Participants that have responded to the RFQ as long as any such counteroffer is submitted to at least the minimum number of Recipient Participants required by CFTC Regulations.

(2) Order Book

If the Trading System allows trading through an Order Book, a Participant must indicate if a bid or offer posted on the Order Book is firm or indicative. Firm bids or offers may be posted on the Order Book only in the name or on behalf of a Guaranteed Person (as defined in Rule 901).

(b) Permitted Transactions

Permitted Transactions are not required to be cleared; such transactions will be subject to the credit approval of each counterparty to the transaction before the matched Transaction is confirmed. The Trading System will provide the execution methods as described in Paragraph (a) above for Permitted Transactions. In addition, the Trading System may provide various other execution methods for Permitted Transactions as notified by SDX Trading to Participants and Authorized Traders from time to time. A Permitted Transaction will be deemed executed on the Trading System upon SDX Trading providing a record of the terms of executed Order to each counterparty as provided in Rule 536(c).

(c) Confirmation of Transactions

Swaps that have not been submitted for clearing shall be settled in accordance with the terms agreed to by the parties to the Transaction. SDX Trading will provide each Participant that is a counterparty to a Trade a Written record of all of the terms of the Trade. A Contract that is effected as a Block Trade shall be confirmed by SDX Trading when it is executed on the Trading System. Such terms shall legally supersede any previous agreement and serve as a confirmation of the Trade. Upon notice by Participants that are parties to an executed Permitted Transaction that they wish voluntarily to submit an executed Transaction to a Clearing House that offers clearing of the Swap and to which both have established a relationship with, SDX Trading will submit the transaction to the Clearing House that they designate, on their behalf. Swaps that have been voluntarily submitted for clearing shall be settled in accordance with the rules of the Clearing House.

**RULE 537. Pre-Execution Credit Checks**

- (a) Prior to the execution of any Order for Cleared Swap, SDX Trading will take steps to verify that the Person in the name and on behalf of which the Order is placed has a sufficient credit or trading limit with its Clearing House to which the resulting Trade will be submitted for clearing. If the credit or trading limit is not sufficient for the execution of such Order as determined and communicated by the Clearing House to SDX Trading, SDX Trading will cancel the Order.

- (b) Prior to the execution of any Order for Non-Cleared Swaps, SDX Trading will generally take steps to verify that the Person in the name and on behalf of which the Order is placed has a sufficient credit or trading limit with their Prime Broker other party or satisfies such credit filters as SDX Trading may put in place from time to time in furtherance of SDX Trading's duty to help promote the financial integrity of transactions occurring via the SDX Trading platform. SDX Trading may prevent or cancel such Orders flagged by any internal system or member of SDX Trading's compliance personnel as not satisfying applicable standards

**RULE 538. Recordkeeping; Audit Trail**

- (a) Each Participant originating or responding to a Request for Quote in the Trading System shall include with such Order or Request for Quote such information as may be required by SDX Trading, including, to the extent applicable, the Legal Entity Identifier identifying the Participant placing such Order, the User ID identifying the individual placing such Order, an identifier of the Clearing Firm that will clear any resultant contracts, its type, the price or yield, the quantity, the product, the maturity or expiration month or date, the customer type indicator ("CTI") code and account number, and the assigned to each party to a Swap and to each party for whom an Order is submitted or Request for Quote is originated or responded to. If a Person receives a Customer Order that cannot be immediately entered into the Trading System or as to which such Person has been given time and price discretion, such Person shall create an electronic record that identifies the Customer from whom the Customer Order has been received, including an electronic timestamp reflecting the date and time (to the nearest second) of receipt.
- (b) Participants that provide connectivity to the Trading System to Authorized Traders, Customers or other third parties are responsible for maintaining or causing such Authorized Traders, Customers or other third parties to maintain a routing/front-end audit trail for all Orders and Requests for Quotes, including entry, modification, cancellation and responses to such messages, entered into the Trading System through any gateway to the Trading System, including the times thereof to the highest level of precision achievable by the Participant's operating system, but at least to the nearest second ("Audit Trail"). Times that are so captured must not be capable of being modified.
- (c) Participants shall maintain, or shall cause Authorized Traders, Customers and other third parties to whom they have provided connectivity to the Trading System to maintain, Audit Trail data in the form and manner required by CFTC Regulations and in accordance with such additional requirements as may be established by SDX Trading. Participants must have the ability to produce such data, or cause such data to be produced, in a standard format upon request of the Compliance Department.
- (d) A Participant whose Customer is itself a Participant may agree with such Customer that it is the Customer's obligation to maintain the Audit Trail for such Customer's Orders and Requests for Quotes. Any such agreement shall be in writing, a copy of which shall be provided to the Compliance Department.

**Rule 539. Customer Type Indicator (CTI) Codes**

- (a) Each Participant must include the customer type indicator ("CTI") code with each Order and Request for Quote. The CTI codes are as follows:
  - (1) CTI 2 - Transactions executed for the Proprietary Account of a Participant.
  - (2) CTI 4 - Any transaction not meeting the definition of CTI 2.

#### **RULE 540. Risk Controls**

- (a) SDX Trading may, in its sole discretion, reject any Order or Block Trade placed or reported on the Trading System.
- (b) SDX Trading shall have the right to take any action to reduce the potential of market disruption, including, but not limited to, market restrictions that pause or halt trading in market conditions prescribed by SDX Trading if such action is in the best interest of the swap markets.
- (c) SDX Trading shall have the right in its sole discretion to cancel Trades executed at prices outside the No-Bust Range, but not submitted to the Clearing House. "No-Bust Range" shall mean the price of a Swap that is no more than 10% higher or lower than the prior Business Day's Daily Settlement Price for such Swap.
- (d) If a Swap affected by any action of SDX Trading under this Rule 540 is fungible with, linked to, or a substitute for, other Swaps on SDX Trading, SDX Trading may apply the same action to any such other Swaps.
- (e) If a Swap is fungible with, linked to or a substitute for a financial instrument trading on another trading venue, including any trading venue regulated by the SEC, and such other trading venue placed risk controls on such financial instrument, SDX Trading shall have the right to place similar risk controls on the Swap.

#### **RULE 541. INDEMNIFICATION**

- (a) PARTICIPANT WILL INDEMNIFY AND HOLD HARMLESS SDX TRADING AND ALL OF ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND AFFILIATES FROM ANY LOSSES, CLAIMS, DAMAGES, COSTS OR INJURY (INCLUDING WITHOUT LIMITATION ATTORNEYS' FEES) OF WHATEVER NATURE (WHETHER FORESEEABLE OR NOT) AND HOWEVER CAUSED ARISING FROM OR IN CONNECTION WITH PARTICIPANT'S FAILURE TO COMPLY WITH ANY LEGAL OR REGULATORY REQUIREMENT APPLICABLE TO PARTICIPANT PURSUANT TO THE COMMODITY EXCHANGE ACT OR CFTC REGULATIONS PROMULGATED THEREUNDER, ANY VIOLATION OF THE RULES CONTAINED HEREIN OR USE BY THE PARTICIPANT OF THE TRADING SYSTEM (WHETHER OR NOT SUCH USE IS IN ACCORDANCE WITH SDX TRADING RULES), INCLUDING RESULTING FROM OR RELATING TO THE USE BY SDX TRADING OF OR RELIANCE BY SDX TRADING ON INFORMATION PROVIDED TO IT BY PARTICIPANT THAT SHALL NOT HAVE BEEN ACCURATE AND COMPLETE OR THAT IS MISLEADING IN ANY MATERIAL RESPECT; PROVIDED, HOWEVER, THAT THE TERMS OF THIS RULE 541 SHALL NOT APPLY TO THE EXTENT THAT ANY SUCH CLAIM ARISES BY REASON OF ANY GROSS NEGLIGENCE, FRAUD, OR WILLFUL MISCONDUCT ON THE PART OF SDX TRADING.

#### **RULE 542. LIMITATION OF LIABILITY, NO WARRANTIES**

- (a) NONE OF SDX TRADING, ITS AFFILIATES OR ANY SUB-CONTRACTORS PROVIDING SERVICES RELATED TO SDX TRADING, NOR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, PARTNERS, CONSULTANTS, OR LICENSORS (EACH, A "DISCLAIMING PARTY") SHALL BE LIABLE TO ANY PERSON (INCLUDING ANY PARTICIPANT, SUPERVISED PERSON, CLIENT OR CUSTOMER) FOR ANY

LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), ARISING FROM:

- (1) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER EVENT, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF SDX TRADING, THE TRADING SYSTEM OR SERVICES OF THE DISCLAIMING PARTY, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SDX TRADING, THE TRADING SYSTEM OR SERVICES, INCLUDING ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY PARTICIPANTS, SUPERVISED PERSONS, CLIENTS OR CUSTOMERS, PRICE REPORTING SYSTEMS AND ANY AND ALL COMMUNICATIONS NETWORKS, SOFTWARE AND HARDWARE RELATING THERETO;
- (2) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER EVENT, OF THE TRADING SYSTEM OR ANY SERVICES OF A DISCLAIMING PARTY, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH TRADING SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS OR NETWORK PROVIDERS;
- (3) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE DISCLAIMING PARTY OR IN ANY OF THE DISCLAIMING PARTY'S SYSTEMS, SERVICES, EQUIPMENT OR FACILITIES;
- (4) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY OF THE DISCLAIMING PARTY'S SYSTEMS, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM.

- (b) NOTWITHSTANDING SUBSECTION (a), (c), (e) or (f) OF THIS RULE 542, IN NO EVENT SHALL ANY AFFILIATE OF SDX TRADING ACTING AS THE TRADING SYSTEM TECHNOLOGY SERVICES PROVIDER BE LIABLE TO ANY PERSON NOR SHALL ANY PERSON BRING ANY LEGAL ACTION AGAINST ANY AFFILIATE OF SDX TRADING (WHETHER IN TORT, NEGLIGENCE, OR BREACH OF CONTRACT) FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES INCLUDING, BUT NOT LIMITED TO LOSS OF PROFITS, LOSS OF USE, DIRECT, SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, ARISING FROM THE USE OF SDX TRADING OR THE TRADING SYSTEM.
- (c) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) PROVIDED BY ANY DISCLAIMING PARTY RELATING TO ANY SYSTEMS OR SERVICES OF ANY DISCLAIMING PARTY OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES.

- (d) ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF ANY DISCLAIMING PARTY OR SERVICES, EQUIPMENT, OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE DISCLAIMING PARTY OR DISCLAIMING PARTIES IS A PARTY SHALL BE SUBJECT TO ARBITRATION AS PROVIDED IN RULE 1009(c) AS IF THE DISCLAIMING PARTY WERE SDX TRADING AND THE OPPOSITE PARTY OR PARTIES WERE A PARTICIPANT. ANY ACTIONS, SUITS OR PROCEEDINGS BROUGHT AGAINST ANY DISCLAIMING PARTY MUST BE BROUGHT WITHIN ONE YEAR FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. THIS PARAGRAPH (d) SHALL IN NO WAY BE CONSTRUED TO LIMIT A PARTY'S OBLIGATION TO ARBITRATE ITS CLAIM OR TO CREATE A CAUSE OF ACTION (OR MODIFY THE LIMITATION ON ACTIONS PROVIDED IN RULE 540(a)) AND SHALL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY SDX TRADING RULES. IF FOR ANY REASON, A COURT OF COMPETENT JURISDICTION FINDS THAT A DISPUTE IS NOT ARBITRABLE, SUCH DISPUTE SHALL BE SUBJECT TO THE JURISDICTION OF EACH OF THE FEDERAL AND STATE COURTS LOCATED IN NEW YORK (COUNTY, NEW YORK (IN CONNECTION WITH ANY MATTERS ARISING OUT OF THIS RULEBOOK AND NO PARTY TO SUCH DISPUTE MAY ASSERT A DEFENSE OF FORUM NON CONVENIENS, SOVEREIGN IMMUNITY, ACT OF STATE OR ANALOGOUS DOCTRINES IN CONNECTION WITH ANY ACTION)).
- (e) TO THE EXTENT PERMITTED BY LAW, THE TOTAL COMBINED AGGREGATE LIABILITY OF SDX TRADING SHALL NOT EXCEED (I) \$5,000 FOR ALL LOSSES AND CLAIMS FROM ALL CAUSES SUFFERED ON A SINGLE DAY, (II) \$10,000 FOR ALL LOSSES AND CLAIMS FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR MONTH; AND (III) \$100,000 FOR ALL LOSSES AND CLAIMS FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. ANY DISPUTED CLAIM PURSUANT TO THIS PARAGRAPH (e) SHALL BE SUBJECT TO ARBITRATION TO THE EXTENT PROVIDED IN RULE 1009(c).
- (f) IN NO EVENT SHALL TOTAL COMBINED AGGREGATE LIABILITY OF SDX TRADING FOR ALL CLAIMS AND CLAIMS AGAINST DISCLAIMING PARTIES ARISING OUT OF ANY FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF SDX TRADING OR THE TRADING SYSTEM, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SDX TRADING OR THE TRADING SYSTEM, OR THE NEGLIGENCE OF SDX TRADING EMPLOYEES, AGENTS OR SUBAGENTS EXCEED \$100,000 IN ANY GIVEN CALENDAR YEAR.
- (g) IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY, SINGLE MONTH OR SINGLE YEAR CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.

## **CHAPTER 6. POSITION LIMITS**

### **RULE 601. Position Limits**

- (a) SDX Trading may establish position limits for any SDX Trading Swap.
- (b) Except as otherwise provided by SDX Trading Rules, no Person, including a Participant, may hold or control a position in excess of such position limits and a Participant may not maintain a position in excess of such position limits for a Client or Customer if such Participant knows, or with reasonable care should know, that such position will cause such Client or Customer to exceed the applicable position limits.
- (c) Position limits shall apply to:
  - (1) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading; and
  - (2) all positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.
- (d) A Person who exceeds a position limit as a result of maintaining positions at more than one Clearing Firm shall be deemed to have waived confidentiality regarding its positions and the identity of the Clearing Firms at which those positions are maintained.
- (e) Nothing in this Rule 601 shall in any way limit:
  - (1) the authority of SDX Trading to take Emergency Action; or
  - (2) the authority of the Compliance Department to review at any time the positions owned or controlled by any Person and to direct that such position be reduced to the position limit provided for in Rule 606.

### **RULE 602. Exemptions from Position Limits**

- (a) Any Person seeking an exemption from the position limits referred to in Rule 601 must file an application with SDX Trading in the manner and within the time limits prescribed by SDX Trading. SDX Trading shall notify the applicant whether the exemption has been approved and whether SDX Trading has imposed any limitations or conditions on the exemption. The decision of SDX Trading shall be final.

### **RULE 603. Position Accountability**

- (a) SDX Trading may establish a position accountability level for any Swap. Any Person, including a Participant, who owns or controls Swaps in excess of the applicable position accountability level shall:
  - (1) upon request by the Compliance Department, provide in a timely manner information regarding the nature of the position, trading strategy, and hedging information, if applicable;

- (2) when so ordered by the Compliance Department, liquidate or not further increase positions that exceed the position accountability levels specified in Rule 606; and
  - (3) initiate and/or liquidate any such positions in an orderly manner.
- (b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

**Rule 604. Position Information**

- (a) Without limiting any other rights of SDX Trading under these Rules or otherwise, SDX Trading shall have the right to request position and trading information in respect of a given Swap from any Participant, Account Manager, Authorized Trader, Supervised Person, Customer, or Client that has a position in such Swap at or above the applicable level set out in Rule 606.
- (b) SDX Trading may obtain the position and trading information required under paragraph (a) through an information-sharing agreement entered into pursuant to Rule 217.

**Rule 605. Aggregation of Positions**

- (a) For purposes of Rules 601, 603 and 604, positions in Swaps shall be aggregated in accordance with CFTC Regulations.

**Rule 606. Position Limits and Position Accountability Levels**

- (a) The position limits and position accountability levels for Swaps shall be no higher than the CFTC limit, as amended from time to time, and shall be published on the Website. On this Rulebook publication date the position limits and position accountability levels are as follows.

Swaps	Position Accountability Level	Position Limit Level
Foreign Exchange Options	\$250 billion	N/A
<i>Foreign Exchange Forwards (Delta Hedges)</i>	\$250 billion	N/A

## **CHAPTER 7. BLOCK TRADES**

### **Rule 701. Block Trades**

- (a) Block Trades shall be permitted to the extent consistent with CFTC Regulations and these Rules.
- (b) The following shall govern Block Trades:
  - (1) A Block Trade must be for a quantity that is at or in excess of the applicable minimum block size established by the CFTC. Orders for different accounts may not be aggregated to achieve the minimum block size, except as permitted pursuant to applicable CFTC Regulations, interpretations or guidance.
  - (2) Spread trades may be executed as Block Trades, provided that the quantity of each leg of the spread meets the minimum quantity for each respective maturity.
  - (3) A Participant or Authorized Trader must receive instructions from a Customer or obtain the Customer's prior consent before entering into a Block Trade on behalf of that Customer.
  - (4) A Block Trade may only be executed pursuant to the Rules and Company Requirements and submitted to SDX Trading if both counterparties to the trade are Participants, Authorized Traders or Customers of Participants or Authorized Traders, and all Block Trades must be executed on the Trading System.
- (c) SDX Trading shall transmit all required Block Trade data to a Swap Data Repository as soon as technologically practicable following receipt of such data by SDX Trading.

### **Rule 702. Time-Stamp Requirements for Block Trades**

All Block Trades executed in accordance with Chapter 7 are subject to the following requirements.

- (a) The record of each Block Trade maintained by the parties to the Block Trade pursuant to Rule 401(a)(8) shall include an electronic time-stamp reflecting the date and time of execution.
- (b) SDX Trading shall time-stamp the transaction and pricing data with the date and time (to the nearest second) that SDX Trading receives such data from the party reporting the Block Trade and the date and time when SDX Trading transmits such data to a Swap Data Repository.

### **RULE 703. Minimum Block Trade Sizes**

- (a) The CFTC mandated minimum Block Trade sizes for Foreign Exchange Swaps, pursuant to Part 43 of the Commissions regulations, can be found on the SDX Trading website.

## CHAPTER 8. DISCIPLINARY RULES

### RULE 801. General

- (a) All Participants, Account Managers, Authorized Traders and Supervised Persons shall be subject to SDX Trading's jurisdiction. All Participants, Account Managers, Authorized Traders, Clients, Customers and Supervised Persons are subject to this Chapter 8 if they, or with respect to a Participant, any other Person using any User ID and/or login credentials linked to such Participant, are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any SDX Trading Rule or any provision of Applicable Law for which SDX Trading possesses disciplinary jurisdiction.
- (b) SDX Trading, through the Compliance Department and the Disciplinary Panel, may or will (as appropriate) conduct inquiries, Investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 8.
- (c) No SDX Trading Official, Director, or Officer will interfere with or attempt to influence the process or resolution of any inquiry, Investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (collectively, "Disciplinary Action"), except to the extent provided under SDX Trading Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel or, in the case of an officer, in the fulfillment of their role as a member of SDX's compliance staff; provided, however, that a Director may participate in the proceedings of an Appeal Panel if such Director is a member of such Appeal Panel to the extent otherwise authorized.
- (d) Any Participant, Account Manager, Authorized Trader or Supervised Person may be represented by legal counsel or any other representative of its choosing during any Disciplinary Action; provided, however, that no such legal counsel may be an employee of SDX Trading or any person substantially related to the underlying investigation (such as a material witness or respondent).
- (e) *Participant Liability – Individual, Joint and Controlling Person Liability.*
  - (1) SDX Trading may hold a Participant liable for, and impose sanctions against such Participant, for such Participant's own acts and omissions that constitute a violation as well as for the acts and omissions of each (A) a Supervised Person of such Participant, (B) other persons using a User ID or login credentials linked to such Participant, or (C) other agent, employee or representative of such Participant, in each case that constitutes a violation of the Participant, or (D) Client or Customer of the Participant.
  - (2) SDX Trading may hold an Authorized Trader liable for, and impose sanctions against such Authorized Trader, for such Authorized Trader's own acts and omissions that constitute a violation as well as or for the acts and omissions of any other agent or representative of such Authorized Trader that constitute a violation as if such violation were that of the Authorized Trader.
  - (3) SDX Trading may review an appeal by any applicant of SDX Trading's decision to deny or otherwise limit Trading Privileges of such applicant pursuant to the SDX Trading Rules; provided, however, that any such decision by SDX Trading to deny or otherwise limit applicant's Trading Privileges shall continue in effect during such review.
- (f) *Ex Parte Communications.*

- (1) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or other representative of such Person) and the Compliance Department (and any counsel or other representative of the Compliance Department including any Regulatory Service Provider and Review Panel) shall not knowingly make or cause to be made an *ex parte* communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeal Panel hearing such proceeding.
- (2) Members of a Disciplinary Panel or Appeal Panel shall not knowingly make or cause to be made an *ex parte* communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Compliance Department (and any counsel or representative of the Compliance Department) or the Review Panel (and any counsel or representative of the Review Panel).
- (3) Any Person who receives, makes or learns of any communication that is prohibited by this rule shall promptly give notice of such communications and any response thereto to the Compliance Department and all parties to the proceeding to which the communication relates.
- (4) A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

#### **RULE 802. Inquiries and Investigation**

- (a) The Compliance Department will investigate any matter within SDX Trading's disciplinary jurisdiction of which it becomes aware. The Compliance Department will commence an investigation upon the receipt of a request from CFTC staff or upon the discovery or receipt of information by SDX Trading that, in the judgment of the Compliance Department, indicates a possible basis for finding that a violation has occurred or may occur. The Compliance Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of SDX Trading.
- (b) The Compliance Department has the authority to:
  - (1) initiate and conduct inquiries and investigations;
  - (2) prepare Investigative Reports and make recommendations concerning initiating disciplinary proceedings;
  - (3) prosecute alleged violations within SDX Trading's disciplinary jurisdiction; and
  - (4) represent SDX Trading on summary imposition of fines, summary suspension or other summary action.
- (c) Each Participant, Account Manager, Authorized Trader and other Supervised Person:
  - (1) is obligated to appear and testify and respond in Writing to interrogatories within the time period required by the Compliance Department in connection with any:
    - (i) SDX Trading Rule;
    - (ii) inquiry or investigation; or
    - (iii) preparation by and presentation during a Disciplinary Action by SDX Trading;

- (2) is obligated to produce all books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Compliance Department in connection with any:
  - (i) SDX Trading Rule or SDX Trading Action;
  - (ii) Obligation;
  - (iii) inquiry or investigation; or
  - (iv) preparation by and presentation during a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by SDX Trading; and
- (3) may not impede or delay any Disciplinary Action.
- (d) The Chief Compliance Officer has the authority to delegate the authority to conduct any investigation authorized under this Rule 802 to the Regulatory Service Provider as per the terms of the Regulatory Service Provider Agreement.
- (e) Any investigation will be completed in a timely manner in accordance with CFTC regulation 37.203(f)(2).

### **RULE 803. Reports of Investigations**

- (a) The Compliance Department will maintain a log of each Investigation and its disposition. The Compliance Department will prepare a written report of each Investigation, regardless of whether the evidence gathered during such Investigation forms a reasonable basis to believe that a violation within SDX Trading's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.
- (b) Any written report of Investigation ("Investigative Report") will include the reasons for initiating the Investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, the Participant's disciplinary history at SDX Trading, including copies of the warning letters Compliance Department staff's analysis and conclusions and the recommendation of the Compliance Department. For each respondent, the Compliance Department will recommend either:
  - (1) closing the Investigation without further action;
  - (2) settlement;
  - (3) summary action;
  - (4) the preparation and service of a Notice of Charges for instituting a disciplinary proceeding; or
  - (5) resolving the Investigation through an informal disposition, including the issuance of a warning letter. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter.
- (c) The Investigative Report will be provided to the Chief Compliance Officer for a determination as to whether the Investigative Report is complete. The Chief Compliance Officer will then provide the completed Investigative Report to the Review Panel of the Disciplinary Panel.

### **RULE 804. Opportunity to Respond**

- (a) After completing its Investigative Report, the Compliance Department may, upon approval of the Chief

Compliance Officer, notify each potential respondent that the Compliance Department has recommended formal disciplinary charges against the potential respondent.

- (b) The Compliance Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Compliance Department.

#### **RULE 805. Review of Investigative Reports**

##### **(a) Review of Investigative Reports by the Chief Compliance Officer**

- (1) The Chief Compliance Officer will review the completed Investigative Report within thirty (30) days of receipt to determine whether a reasonable basis exists to believe that a violation within SDX Trading's jurisdiction has occurred or is about to occur.
- (2) If the Chief Compliance Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within SDX Trading's jurisdiction has occurred or is about to occur, the Chief Compliance Officer will direct the Compliance Department to conduct further investigation.
- (3) Upon receiving the Investigative Report pursuant to this Rule the Chief Compliance Officer will determine for each potential respondent whether to authorize:
  - (i) the informal disposition of the Investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted, in which case the Chief Compliance Officer shall provide a written explanation to the Regulatory Oversight Committee; or
  - (ii) the closing of the Investigation without any action because no reasonable basis exists to believe that a violation within SDX Trading's jurisdiction has occurred or is about to occur, in which case the Chief Compliance Officer shall provide a written explanation to the Regulatory Oversight Committee; or
  - (iii) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within SDX Trading's jurisdiction has occurred or is about to occur.

##### **(b) Review of Investigative Reports by the Review Panel of the Disciplinary Panel**

- (1) After receiving a completed Investigative Report pursuant to Rule 805(a), a Review Panel must promptly review the report and, within thirty (30) days of such receipt, must take one of the following actions:
  - (i) If the Review Panel determines that additional investigation or evidence is needed, it must promptly direct the Compliance Department to conduct further investigation.
  - (ii) If the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing, and must include a written statement setting forth the facts and analysis supporting the decision and the Chief Compliance Officer shall provide the written statement to the Regulatory Oversight Committee.

- (iii) If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the person or entity alleged to have committed the violation be served with a Notice of Charges and proceed in accordance with the rules of this Chapter 8.
- (2) A failure of the Disciplinary Panel to act within the time prescribed in Rule 805(b)(1) shall not prevent the Chief Compliance Officer from acting pursuant to Rule 805(a). The Chief Compliance Officer shall inform the Regulatory Oversight Committee of any such failure of the Disciplinary Panel to act.
- (3) Any conflict between the actions of the Chief Compliance Officer pursuant to Rule 805(a) and the Disciplinary Panel pursuant to Rule 805(b) shall be resolved by the Regulatory Oversight Committee.
- (c) Each Investigation shall be completed in a timely manner. Absent mitigating circumstances (it being understood that the complexity of the Investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined may constitute such mitigating circumstances), an Investigation shall be completed within 12 months of such Investigation being initiated pursuant to Rule 802(a).

**RULE 806. Notice of Charges**

- (a) If the Review Panel authorizes disciplinary proceedings pursuant to Rule 805(a)(iii)(C), the Compliance Department will prepare, and serve in accordance with Rule 809, a Notice of Charges (“Notice of Charges”).
- (b) A Notice of Charges will:
  - (1) state the acts, conduct or practices that the respondent is alleged to have engaged in;
  - (2) state the Obligation or provision of Applicable Law alleged to have been violated or about to be violated;
  - (3) state the proposed sanctions;
  - (4) advise the respondent of its right to a hearing;
  - (5) advise the respondent of the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process;
  - (6) state the period of time within which the respondent may request a hearing or file an answer to the Notice of Charges, which will not be less than twenty (20) days after service of the Notice of Charges;
  - (7) advise the respondent that any failure to answer the Notice of Charges or request a hearing within the period stated pursuant to Rule 806(b)(vi) except for good cause, will be deemed to constitute a waiver of the right to participate in a hearing; and
  - (8) advise the respondent that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted.

**RULE 807. Warning Letters**

- (a) SDX Trading authorizes the Compliance Department staff to issue a warning letter to a person or entity under investigation or to recommend that a disciplinary committee take such an action. A warning letter issued in accordance with this Rule is not a penalty or an indication that a finding of a violation has been made. A copy of a warning letter issued by the Compliance Department must be included in the investigation report. No more than one warning letter for the same potential violation may be issued to the same person or entity during a rolling twelve (12) month period.

**RULE 808. Answer to Notice of Charges**

- (a) If the respondent determines to answer a Notice of Charges, the respondent must file answers within twenty (20) days after being served notice, or within such other time period determined by the Chief Compliance Officer.
- (b) To answer a Notice of Charges, the respondent must in writing:
  - (1) specify the allegations that the respondent denies or admits;
  - (2) specify the allegations that the respondent does not have sufficient information to either deny or admit;
  - (3) specify any specific facts that contradict the Notice of Charges;
  - (4) specify any affirmative defenses to the Notice of Charges; and
  - (5) sign and serve the answer on the Chief Compliance Officer, who shall forward a copy of the answer to the relevant Review Panel.
- (c) Any failure by the respondent to timely serve an answer to a Notice of Charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to specifically answer any allegation shall be deemed to be an admission of such allegation. Any allegation in a Notice of Charges that the respondent fails to expressly deny shall be deemed to be admitted. A general denial by the respondent will constitute an admission of all allegations in a Notice of Charges.

**RULE 809. Service of Notice of Charges**

- (a) Any Notice of Charges or other documents to be served pursuant to this Chapter 8 may be served on any respondent:
  - (1) in person to the respondent or an Authorized Representative of the respondent;
  - (2) by delivery to the place of business of the respondent or an Authorized Representative of the respondent, by United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of SDX Trading; or
  - (3) by electronic mail to the electronic mail address of the respondent or an Authorized Representative of the respondent as it appears on the books and records of SDX Trading.

**RULE 810. Denial of Charges and Right to a Hearing**

- (a) In every instance where a respondent has requested a hearing on a charge that is denied, the respondent

may request a hearing. Except for good cause, the hearing must concern only with those charges denied for which a hearing has been requested.

**RULE 811. Admission or Failure to Deny**

- (a) If respondent admits or fails to deny any of the charges; a Hearing Panel may find that the violations alleged in the notice of charges for which the respondent admitted or failed to deny any of the charges have been committed. The Hearing Panel then must take the following action:
- (b) Impose a sanction for each violation found to have been committed;
- (c) Notify the respondent in Writing of any sanction to be imposed and advise the respondent that it may request a hearing on such sanction within a specified period of time;
- (d) If a respondent fails to request a hearing within twenty (20) days as specified in the notice, the respondent will be deemed to have accepted the sanction.

**RULE 812. Denial of Charges and Right to a Hearing**

- (a) In every instance where a respondent has requested a hearing on a charge that is denied, the respondent may request a hearing. Except for good cause, the hearing must concern only with those charges denied for which a hearing has been requested.

**RULE 813. Settlements**

- (a) A respondent at any time after an Investigative Report is completed pursuant to Rule 803 may propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.
- (b) A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of SDX Trading over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.
- (c) Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Compliance Department. The Compliance Department shall provide a copy of any offer of settlement and its recommendation on whether to accept or reject such offer to the Chief Compliance Officer and the Review Panel considering the matter at issue, or if no Review Panel is considering the matter, then the Hearing Panel convened to consider such matter.
- (d) Any preliminary determination by the Chief Compliance Officer to accept the offer shall be submitted for review by the relevant Disciplinary Panel. If the relevant Disciplinary Panel agrees, then the Chief Compliance Officer shall conditionally accept an offer of settlement, and that the settlement will become final upon the expiration of twenty (20) days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.
- (e) If an offer of settlement is accepted by the relevant Disciplinary Panel, the panel accepting the offer must issue a written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must take into account the respondent's disciplinary history and include full customer restitution where harm to a customer and the

customer's identity can be reasonably determined. If an offer of settlement is accepted without the agreement of the Compliance Department or Chief Compliance Officer, the decision must adequately support the Disciplinary Panel's acceptance of the settlement. If applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations.

- (f) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under SDX Trading Rules.
- (g) If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Compliance Officer and the relevant Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Compliance Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

#### **RULE 814. Disciplinary Panels**

- (a) *Review Panel.* The Review Panel shall review completed Investigative Reports in order to determine whether a reasonable basis exists for finding a violation of a respondent's Obligations and for authorizing the issuance of a Notice of Charges against such respondent.
- (b) *Hearing Panel.* The Hearing Panel shall conduct hearings in connection with any disciplinary proceedings (except for summary impositions of fines pursuant to Rule 821), to make findings, render decisions, and impose sanctions pursuant to this Chapter 8.
- (c) *Panel Members.* The Board shall appoint individuals at the recommendation of the Chief Compliance Officer, each to serve for a term of one-year, subject to reappointment by the Board, as potential participants on the Disciplinary Panels. The Chief Compliance Officer shall recommend at least three individuals who would satisfy the conditions for being deemed a Public Director and at least three individuals who represent the views of Participants. The term of an individual that has been selected as a member of a Disciplinary Panel will not expire until the related proceedings are completed.
- (d) *Chairperson.* The chairperson of any Review Panel or Hearing Panel shall be a Public Participant.
- (e) *Disciplinary Panel Selection.* The Chief Compliance Officer shall randomly select a Review Panel and Hearing Panel prior to the commencement of any investigative or disciplinary matter from the potential members of Disciplinary Panels appointed by the Board pursuant to Rule 814(c). Each Disciplinary Panel shall be selected by randomly choosing at least one Public Participant and the remaining individuals from those representing the views of the Participants, with the latter being chosen in a manner that prevents any group or class of industry participants from dominating or exercising disproportionate influence on the Disciplinary Panel being formed.
- (f) If an individual selected is an Interested Person or if a member of the Disciplinary Panel later becomes an Interested Person, a replacement for such individual shall be randomly selected by the Chief Compliance Officer.
- (g) Within ten (10) days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 214 or for any other reasonable grounds, including that such individual has a financial interest in the matter, by

servicing written notice on the Chief Compliance Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The general counsel of SDX Trading will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

- (h) No person shall serve on a Disciplinary Panel unless such person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may come to his attention in his official capacity as a member of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to the Compliance Department, when requested by any Government Agency or Self-Regulatory Organization, or when compelled to testify in any judicial or administrative proceeding.
- (i) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Investigation or as required by law.
- (j) The Chief Compliance Officer has the authority to delegate the formation and staffing of the Disciplinary Panels under this Rule 710 to the RSP as per the terms of the Regulatory Service Agreement.

#### **RULE 815. Convening Hearings of Disciplinary Proceedings**

- (a) A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.
- (b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Compliance Department.
- (c) The chair of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chair of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chair of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The general counsel of SDX Trading, or its designee, will provide guidance to the chair of the Hearing Panel on the conduct of the hearing.
- (d) Except for procedural and evidentiary matters decided by the chair of the Hearing Panel pursuant to Rule 815(c) and Rule 816, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related deliberations.

#### **RULE 816. Respondent Review of Evidence**

- (a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of SDX Trading that the Compliance Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chair of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing sentence, no respondent will have the right to review, and SDX Trading will have no obligation to disclose, any documents that are privileged or constitute attorney work product, documents that were prepared by an employee of SDX Trading but will

not be offered in evidence at the hearing, documents that may disclose a technique or guideline used in examinations, investigations or enforcement proceedings, or documents that disclose the identity of a confidential source.

- (b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other Investigations being conducted by the Compliance Department, the Compliance Department may redact, edit or code such information before furnishing it to the respondent.
- (c) Notwithstanding anything in paragraph (b) above to the contrary, the Compliance Department:
  - (1) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges; and
  - (2) will provide the respondent with access to the information and portions of the documents that the Compliance Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.
- (d) For purposes of this Rule 816, information that could adversely affect competitive positions include positions in Swaps currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant, or other Supervised Person, and the personal finances of any Person.

#### **RULE 817. Conducting Hearings of Disciplinary Proceedings**

- (a) At a hearing conducted in connection with any disciplinary proceedings, the Compliance Department will present its case supporting the allegations and proposed sanctions in the Notice of Charges to the Hearing Panel. If a respondent has timely filed an answer to the Notice of Charges in accordance with Rule 808, the respondent is entitled to attend and participate in the hearing.
- (b) At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Compliance Department and each respondent may:
  - (1) present evidence and facts unless determined irrelevant or inadmissible by the chair of the Hearing Panel;
  - (2) call and examine witnesses; and
  - (3) cross-examine witnesses called by other parties.
- (c) If the respondent has failed to file an answer, has filed a general denial, or otherwise has failed to expressly deny any allegation in the Notice of Charges, the chair of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 808.

- (d) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to Rule 817(b)(ii) will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. All Participants (that are individuals), Account Managers, Authorized Traders or other Supervised Persons that are called as a witness is required to appear at the hearing and, where applicable, produce evidence. SDX Trading will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.
- (e) If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of SDX Trading or a provision of Applicable Law other than the violations alleged in the Notice of Charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 808. In connection with considering apparent violations pursuant to this Rule 817(e), the Hearing Panel may request that the Compliance Department provide the Hearing Panel with any additional information related to the violations at issue.
- (f) The Hearing Panel may summarily impose sanctions on any Participant, Account Manager, Authorized Trader or other Supervised Person that impedes or delays the progress of a hearing (including by failing to comply with the Obligations of such Participant, Authorized Trader or other Supervised Person under Rule 817(d)).
- (g) SDX Trading will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chair of the Hearing Panel may within his or her sole discretion require the respondent to pay the costs for transcribing the recording of the hearing.
- (h) No interlocutory appeals of any rulings made by a Hearing Panel or a chair of a Hearing Panel are permitted.

#### **RULE 818. Decision of Hearing Panel**

- (a) As promptly as reasonable following a hearing, the Hearing Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.
- (b) SDX Trading will serve each of the respondents and the SDX Trading Compliance Department with a copy of the order of the Hearing Panel. The order will include:
  - (1) the Notice of Charges or summary of the charges;
  - (2) the answer, if any, or a summary of the answer;
  - (3) a brief summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the Investigative Report;
  - (4) a statement of findings and conclusions concerning each charge, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each allegation;
  - (5) a reference to each specific Obligation or provision of Applicable Law that the respondent is found to have violated;

- (6) an imposition of all sanctions, if any, including the basis for such sanctions and the effective date of each sanction; and
  - (7) a notice of the respondent's right to appeal pursuant to Rule 820.
- (c) Unless a timely notice of appeal is filed pursuant to Rule 820, the order of the disciplinary proceedings will become final upon the expiration of twenty (20) days after the order is served on the respondent and provided to the Compliance Department.

**RULE 819. Sanctions**

- (a) After notice and opportunity for hearing in accordance with the Rules, SDX Trading will impose sanctions if any Participant, Account Manager, Authorized Trader, Supervised Person, or other Person using any User ID or login credentials linked to the Participant is found to have violated or to have attempted to violate any of the Obligations, SDX Trading Rule(s), or provisions of Applicable Law for which SDX Trading possesses disciplinary jurisdiction. All sanctions must take into account the respondent's disciplinary history and shall be commensurate with the violations committed. In the event of demonstrated customer harm, any sanction must also include full customer restitution where harm to a customer and the customer's identity can be reasonably determined.
- (b) Remedies:
  - (1) a warning letter, provided that no more than one warning letter may be issued to the same person found to have committed the same rule violation within a rolling twelve month period;
  - (2) censure;
  - (3) termination, suspension or restriction of Trading Privileges, ability to otherwise access the Trading System, or the imposition of other limitations on SDX Trading Activity;
  - (4) subject to Rule 819(b), a fine;
  - (5) restitution;
  - (6) disgorgement; or
  - (7) any other sanction or remedy deemed to be appropriate.
- (c) SDX Trading may impose a fine of up to \$1,000,000 for each violation of an Obligation or provision of Applicable Law. If a fine or other amount is not paid within thirty (30) days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. SDX Trading has sole discretion to select the bank on whose quotations to base the prime rate. A Participant shall be responsible for paying any fine or other amount imposed on, but not paid by, any of its Account Managers, Authorized Traders, Supervised Persons, or any other Person using a User ID of such Participant.

**RULE 820. Appeal from Hearing Panel Decision, Summary Impositions of Fines and Other Summary Actions**

- (a) A Participant or any of its Account Managers, Authorized Traders or Supervised Persons found by the

Hearing Panel to have violated (or whose Supervised Person was found to have violated, or whose User ID, as applicable, was used by another Person that was found to have violated) any of its Obligations or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 821 or any summary action imposed pursuant to Rule 822 may appeal the decision within twenty (20) days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended, except as provided in Rule 817(f) with respect to any denial or limit on Trading Privileges or ability to otherwise access the Trading System.

- (b) The notice of appeal must state in writing the grounds for appeal, identifying each finding of fact, conclusion and sanctions to which the appellant objects. An appellant may appeal the order of disciplinary proceedings or any summary decision on the grounds that:
  - (1) the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules;
  - (2) the order or decision exceeded the authority or jurisdiction of the Hearing Panel, the Chief Compliance Officer or SDX Trading;
  - (3) the order or decision failed to observe required procedures;
  - (4) the order or decision was unsupported by the facts or evidence; or
  - (5) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.
- (c) The Chief Compliance Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the 20<sup>th</sup> day after filing a notice of appeal, the appellant must file with the Chief Compliance Officer and serve on the Compliance Department a brief supporting the notice of appeal and documents supporting the brief. On or before the twentieth (20<sup>th</sup>) day after the date on which the appellant serves supporting brief, the appellee must file and serve its brief in opposition with the Compliance Department. On or before the tenth (10<sup>th</sup>) day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply with the Compliance Department.
- (d) In connection with any appeal, the Compliance Department will furnish to the Chief Compliance Officer and to the respondent a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.
- (e) Within thirty (30) days after the last submission filed pursuant to Rule 820(c), the Board will appoint an Appeal Panel to consider and determine the appeal. The Board shall appoint individuals at the recommendation of the Chief Compliance Officer to serve on the Appeal Panel for a term of one year, subject to reappointment by the Board, as potential participants on Appeal Panels. The Chief Compliance Officer's recommendation shall include Public Participants. The term of an individual that has been selected as a member of an Appeal Panel will not expire until the related proceedings are completed. No individual appointed to an Appeal Panel shall be a member of the Compliance Department or have been a member of any Disciplinary Panel involved in the matters on appeal.
- (f) The chair of the Appeal Panel shall be a Public Participant.
- (g) Within ten (10) days of being notified of the appointment of the Appeal Panel, an appellant may seek to disqualify any individual named to the Appeal Panel for the reasons identified in Rule 214 or for any other

reasonable grounds, by serving written notice on the Chief Compliance Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeal Panel. The general counsel of SDX Trading will decide the merits of any request for disqualification within his or her sole discretion.

- (h) The Appeal Panel will hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeal Panel may appoint an expert to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeal Panel will not be bound by evidentiary or procedural rules or law.
- (i) The Appeal Panel will only consider on appeal the record before the Hearing Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeal Panel determines that good cause exists as to why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.
- (j) After completing its review, the Appeal Panel may affirm, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the DXC SEF Rules, remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings, or ordering a new hearing.
- (k) As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision based on the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a determination for each finding, conclusion and sanction reviewed on appeal; provided, however, that the Appeal Panel need not make any determination with respect to a finding, conclusion or sanction if making such finding or reaching such conclusion would have no effect on the sanctions, remedies or costs imposed on the parties to the appeal.
- (l) The Appeal Panel's written order will be the final action of the DXC SEF and will not be subject to appeal within SDX Trading.

#### **RULE 821. Summary Imposition of Fines**

- (a) The Chief Compliance Officer may summarily impose a fine against a Participant (on behalf of itself or any of its Account Managers, Authorized Traders, other Supervised Persons or other Persons using any of its User IDs) or Authorized Traders for failing:
  - (1) to make timely payments of original or variation margin, Option premiums, fees, cost, charges or fines to SDX Trading or any Clearing House;
  - (2) to make timely and accurate submissions to the SDX Trading of notices, reports or other information required by the Rules; and
  - (3) to keep any books and records required by the Rules.
- (b) The Compliance Department, acting on behalf of the Chief Compliance Officer, will give notice of any fine imposed pursuant to this Rule 821 to each Participant (or any of its Supervised Persons) or Authorized Traders subject thereto. The notice will specify:

- (1) the violations of SDX Trading Rules for which the fine is being imposed;
- (2) the date of the violation for which the fine is being imposed; and
- (3) the amount of the fine.

Within twenty (20) days of serving the notice of fine, the relevant Participant (or any of its Supervised Persons) or Authorized Traders must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 820. Unless timely notice of appeal is filed pursuant to Rule 820, the fine will become final upon the expiration of twenty (20) days after the notice of fine is served on the Participant (or any of its Supervised Persons) or Authorized Traders.

- (c) SDX Trading will set the amount of any fines imposed pursuant to this Rule 821, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 821 will not preclude SDX Trading from bringing any other action against the Participant (or any of its Supervised Persons) Account Managers, or Authorized Trader, as the case may be.

#### **RULE 822. Summary Suspensions and Other Summary Actions**

- (a) Notwithstanding anything in SDX Trading Rules to the contrary, the Chief Regulatory Officer, after consultation with the Regulatory Oversight Committee, if practicable, may summarily suspend, revoke, limit, condition, restrict or qualify any Participant's Trading Privileges or ability to otherwise access the Trading System, and may take other summary action against any Participant or any of its Supervised Persons in accordance with SDX Trading Rules, however, that the Chief Compliance Officer must reasonably believe that the business, conduct or activities of the Participant or any of its Supervised Person in question is not in the best interest of SDX Trading or marketplace, including based on any of the following:
  - (1) statutory disqualification from registration as provided in CEA Section 8a(2) or 8a(3);
  - (2) nonpayment of fees, costs, charges, fines or arbitration awards; or
  - (3) the reasonable belief that immediate action is necessary to protect the public or the best interests of SDX Trading.
- (b) Whenever practicable, SDX Trading shall provide prior written notice to the party against party whom any action in accordance with paragraph (a) shall be taken. If prior notice is not practicable, SDX Trading will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The notice shall state the action taken or to be taken, as applicable, briefly state the reasons for the action, and state the effective time and date, and duration of the action.
- (c) The summary action will become final upon the expiration of 20 days after the notice of action is served on the respondent.
- (d) At the request of SDX Trading, a respondent against whom a summary action is brought pursuant to Rule 822 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, SDX Trading in connection with the enforcement of any Rule, Obligation or provision of Applicable Law of SDX Trading.
- (e) As soon as is reasonably practicable following provision of a written notice pursuant to Rule 822(b), there shall be a hearing pursuant to Rule 815, Rule 816, Rule 817, and Rule 818; provided, however, that the

notice served pursuant to Rule 822(b) shall be used instead of a Notice of Charges; provided, further, that the decision of the Hearing Panel shall specify a description of the summary action, the reasons for the summary action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the summary action should be affirmed, modified or reversed, and a declaration of any action to be taken pursuant to such determination as well as the effective time, date and duration of such action (rather than the information required by Rule 818(b)).

- (f) The decision of the Hearing Panel convened to dispose of a summary action shall be appealable pursuant to Rule 820. A respondent may offer to settle the summary action pursuant to Rule 813 without regard to whether an Investigation has been completed.

#### **RULE 823. Rights and Responsibilities after Suspension or Termination**

- (a) When the Trading Privileges of a Participant or Authorized Trader are suspended for a period of twelve (12) months or less, none of its rights and Trading Privileges (including the right to hold oneself out to the public as a Participant or Authorized Trader, enter Orders into the DXC SEF Trading System and receive Participant rates for fees, costs, and charges at Participant levels) will apply during the period of the suspension, except for the right of the Participant or Authorized Trader in question to assert claims against others as provided in SDX Trading Rules. Any such suspension will not affect the rights of creditors under SDX Trading Rules or relieve the Participant or Authorized Trader in question of its, his or her obligations under SDX Trading Rules to perform any Swaps entered into before the suspension, or for any SEF fees, costs, or charges incurred during the suspension. SDX Trading may discipline a suspended Participant or Authorized Trader under this Chapter 8 for any violation of a SDX Trading Rule or provision of Applicable Law committed by the Participant or Authorized Trader before, during or after the suspension.
- (b) When the Participant or Authorized Trader Trading Privileges and/or ability to otherwise access the Trading System are terminated, all related rights will terminate, except for the right of the Participant or Authorized Trader in question to assert claims against others, as provided in SDX Trading Rules. Any such termination will not affect the rights of creditors under SDX Trading Rules. A terminated Participant or Authorized Trader may only seek to reinstate its Trading Privileges by applying for Trading Privileges pursuant to Rule 302.
- (c) SDX Trading will not consider the application of a terminated Participant or Authorized Trader if such Participant or Authorized Trader, as the case may be, continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.
- (d) A suspended or terminated Participant or Authorized Trader remains subject to SDX Trading Rules and the jurisdiction of SDX Trading for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, appeal of disciplinary proceeding, summary suspension or other summary action as if the suspended or terminated Participant or Authorized Trader still had Trading Privileges or ability to otherwise access the Trading System.
- (e) In the event of the suspension or revocation of the Participant's Trading Privileges and/or ability to otherwise access the Trading System, SDX Trading shall seek to facilitate the transfer of any Customer Accounts held by such Participant to other Participants with Trading Privileges and/or ability to otherwise access the Trading System.

#### **RULE 824. Notice to the Respondent, the Regulatory Services Provider and the Public**

- (a) SDX Trading will provide Written notice of disciplinary proceedings to the parties and the Regulatory

Service Provider consistent with applicable CFTC Regulations. Whenever SDX Trading suspends, expels, fines or otherwise disciplines, or denies any Person access, to SDX Trading, SDX Trading will make the required notices and disclosures required by Part 9 and all other applicable CFTC Regulations.

#### **RULE 825. Costs**

- (a) Regardless of the outcome of any disciplinary proceeding, the Disciplinary Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings that the Disciplinary Panel believes were unnecessarily caused by the respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Compliance Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the Disciplinary Panel.
- (b) The Disciplinary Panel may only award costs against SDX Trading if the Panel concludes that SDX Trading behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The Disciplinary Panel must limit any award of costs against SDX Trading to an amount that the Panel concludes is reasonable and appropriate, but does not exceed the respondent's costs for external legal or other external professional assistance.
- (c) The Disciplinary Panel may determine the amounts and allocation of costs in any manner it may deem appropriate. SDX Trading or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within thirty (30) Business Days of written notice of the amount imposed by the Disciplinary Panel.

## **CHAPTER 9. CLEARING**

### **RULE 901. Cleared Swaps**

- (a) Each Cleared Swap shall be cleared through the Clearing House indicated in the Swap Specification in accordance with the CEA and the CFTC Regulations.
- (b) For each Cleared Swap a Participant expects to enter into via the Trading System or subject to SDX Trading Rules, the Participant or a Client or Customer of the Participant must establish a clearing account with the Clearing House or with a Clearing Firm of the Clearing House, in each case, designated in the Swap Specification for such Cleared Swap.
- (c) All Trades in Cleared Swaps by a Participant or its Client or Customer must be guaranteed by a Clearing Firm that assumes financial responsibility for such Participant, Client or Customer Trades (each such Participant, Client or Customer, a "Guaranteed Person"). Such guarantee is effective only until such time that the Clearing Firm accepts the Trade. A Trade will be deemed to have been accepted by such Clearing Firm if the Trade is not rejected by the close of business on the Business Day following the Trade date. The acceptance of a Trade by a Clearing Firm shall not relieve any Participant, Client or Customer of the duty to act in good faith and with reasonable care and diligence.
- (d) SDX Trading shall submit each Trade to the applicable Clearing Firm. If the Trade is rejected by the Clearing Firm and the Trade is not reconciled by the close of business on the next Business Day following the Trade date, the Trade will be canceled and SDX Trading shall have the right to suspend Trading Privileges of the Participant or Participants that executed the Trade or the account of the Client on those behalf the Participant executed the Trade that was rejected or take any other action permitted by SDX Trading Rules. SDX Trading will report the cancellation of the Trade as required by Part 43 and Part 45 of the CFTC Regulations.

### **RULE 902. Non-Cleared Swaps**

- (a) Any Participant which trades Non-Cleared Swaps shall not be required to clear such Non-Cleared Swaps with a Clearing Firm. Any Participant placing an Order with respect to a Swap that is a Non-Cleared Swap must enter into a written bilateral arrangement or other legally permissible arrangement with its prospective counterparty or another appropriate party to such Swap prior to placing such Order.

### **Rule 903. Clearing Firm Requirements**

- (a) Except as otherwise provided in Rule 1005, a Clearing Firm that seeks to effect transactions on the Trading System for its own account or the account of any other Person must be a Participant.

### **Rule 904. Submission of Swaps to Derivatives Clearing Organization**

- (a) Each Participant and Authorized Trader is responsible for the prompt submission to a Derivatives Clearing Organization, directly or through a Clearing Firm, of all Cleared Swaps entered into on or pursuant

to the Rules. SDX Trading is authorized, but is not obligated, to submit Cleared Swaps entered into on or pursuant to the Rules to a Derivatives Clearing Organization on behalf of the parties to such Cleared Swaps and, if different, their respective Clearing Firms.

#### **Rule 905. Clearing Firm Guarantee**

- (a) Each Participant that is not a Clearing Firm must obtain prior authorization from a Clearing Firm that will guarantee Participant's transactions in Cleared Swaps, or enter into an appropriate arrangement with a Person that has such an authorization from a Clearing Firm. Each such guarantee or other arrangement must be in form and substance satisfactory to, and approved by, SDX Trading. A Clearing Firm must guarantee and assume financial responsibility for all Cleared Swaps of each Participant guaranteed by it. Where such Participant utilizes the services of multiple Clearing Firms, a Clearing Firm shall only be responsible to the extent that it has been designated to clear a particular transaction.
- (b) A Clearing Firm may at any time revoke any authorization granted and guarantee made by it to any Participant in accordance with paragraph (a) above, by providing written notice of such revocation to SDX Trading. The guarantee will remain in effect until the non-Clearing Firm has liquidated or transferred all its Customer and proprietary positions and funds, as applicable, to another Clearing Firm.

#### **Rule 906. Responsibility of Participants and Authorized Traders**

- (a) Participants and Authorized Traders must, if requested, assist their respective Clearing Firms and the relevant Derivatives Clearing Organization in the clearing of its transactions in Cleared Swaps.

#### **Rule 907. Liquidation of Positions by Clearing Firms**

- (a) A Clearing Firm that is not also a Participant may trade an account on behalf of another Person solely for the purpose of liquidating Cleared Swaps carried by such Clearing Firm on behalf of a Person that has failed to perform its obligations to such Clearing Firm.

#### **Rule 908. Rules of the Clearing House**

- (a) The clearing services provided by the Clearing House with respect to any Swap, and the rights and obligations of purchasers and sellers under Cleared Swaps (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), will be governed by the Clearing House Rules.

## **CHAPTER 10. MISCELLANEOUS**

### **RULE 1001. Anti-Money Laundering and Anti-Terrorism**

- (a) It is SDX Trading policy: (1) Not to engage in or knowingly assist any money laundering or other illicit business; and (2) Not to engage in or knowingly assist, or be a conduit for, terrorist financing.
- (b) Participants will be required to provide sufficient information for Participants and their Clients, if applicable, for SDX Trading to complete "know your customer" checks and to conduct restricted list searches, including, but not limited to, searches against the Specially Designated Nationals ("SDN") and Blocked Persons list maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC List").

### **RULE 1002. Gifts and Gratuities**

- (a) Except as permitted in Writing by the Chief Compliance Officer, no Participant or Authorized Trader shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, in excess of (\$100) per individual per year to a SDX Trading Official, including any agents or sub-contractors of SDX Trading. A gift of any kind is considered a gratuity. Furthermore, no SDX Trading Official, including any agents or independent contractors of SDX Trading, may give anything of value to a Participant or Authorized Trader directly or indirectly, including gratuities.

### **RULE 1003. Extension or Waiver of SDX Trading Rules**

- (a) If necessary and expedient, SDX Trading may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations.

### **RULE 1004. Swap Contract Specifications**

- (a) SDX Trading will permit trading in FX Options denominated with minimum notional amounts and durations that will be specified by SDX Trading from time to time.
- (b) Notwithstanding any provision of SDX Trading Rules to the contrary, the Swap Specification with respect to a particular Swap shall govern the applicability of SDX Trading Rules to trading in such Swap and, in the event of any conflict between SDX Trading Rules and the Swap Specification, the SDX Trading Rules shall govern with respect to trading in the relevant Swap.
- (c) The Swap Specification for each individual Swap may specify:
  - (1) different classes of Participants eligible to trade such Swaps. Each such class of Participants shall have the rights and Obligations specified by the Swap Specification for each such Swap;
  - (2) whether such Swap may be settled via cash settlement, physical delivery of the underlying commodity,

or by any other means, as applicable; and

- (3) the method for determining settlement prices.

#### **RULE 1005. Market Data**

- (a) All Participants and all employees, agents, vendors, and other Persons affiliated with the foregoing understand and acknowledge that SDX Trading has a proprietary interest in:
  - (1) the price and quantity data from each and every Transaction executed on the Trading System or subject to SDX Trading Rules, including the time at which the Transaction was executed by, or submitted to, the Trading System;
  - (2) the price and quantity data of each and every bid and offer submitted to the Trading System, including the time at which such bid or offer was submitted to the Trading System;
  - (3) the premium pricing prepared by SDX Trading;
  - (4) any data and information derived from (1), (2) and (3) and the format and presentation thereof; and
  - (5) the transmissions and dissemination of the data and information to Participants, any publisher of the data or information with whom SDX Trading has a written agreement, and any other Persons.
- (b) SDX Trading may at any time restrict or establish utilization fees in respect of data described in Rule 904(a), with respect to all or any Participants, in order to safeguard the security or operations of the Trading System, or to preserve market, integrity, fair and orderly trading, or if otherwise in the public interest.
- (c) Participants and Authorized Traders shall not, and shall cause their Affiliates, Clients and Customers not to, distribute, sell or retransmit information displayed on the Trading System to any third party.
- (d) Notwithstanding Rule 1005(b) and Rule 1005(c), and pursuant to Part 43 and Part 45 of the CFTC Regulations, SDX Trading will report certain of the data described in Rule 1005(a) to the SDR, which shall publicly report such data in a manner that does not disclose the business transactions or market positions of any Participant. Data that is publicly disseminated by the SDR shall be available from an internet website in a format that is freely available and readily accessible to the public.

Notwithstanding Rule 1005(b) and Rule 1005(c), and pursuant to Part 43 and Part 45 of the CFTC Regulations, the CFTC will have access to the data described in Rule 1005(a).

#### **RULE 1006. Timely Publication of Trading Information**

- (a) SDX Trading will publish trading information as required by Core Principle 9 of Part 37, and by Part 16, of the CFTC Regulations.

#### **RULE 1007. Post-Trade Processing**

- (a) Participants all of its Account Managers, Authorized Traders and Supervised Persons hereby permit SDX Trading to share with any derivative transaction processing provider elected and used by SDX Trading, all market data and information that would facilitate the processing and confirmation of Trades.

**Rule 1008. Force Majeure**

- (a) Notwithstanding any other provision of the Rules, any delay in or failure by SDX Trading to perform its obligations under the Rules or any agreement with a Participant (including exhibits and schedules thereto) will not be considered a breach and will be excused to the extent that such delay or failure is caused by any event beyond the reasonable control of SDX Trading, including, without limitation, acts of God, acts of war or terrorism, acts of civil or military authorities, strikes or other labor disputes, fire or other natural disasters, interruption in telecommunications or internet or network provider services, acts or omission of a third party hardware or software supplier or a third party communications provider, power outages and governmental restrictions.

**RULE 1009. Governing Law, Jurisdiction and Dispute Resolution**

- (a) The law of the State of New York governs SDX Trading Rules regardless of the laws that would otherwise apply under applicable choice-of-law principles.
- (b) Any dispute between SDX Trading and a Participant arising from or in connection with SDX Trading Rules or use of the Trading System must be brought to arbitration pursuant to subsection (c) of this Rule 1009 within one (1) year from the occurrence of the event giving rise to the dispute. This Rule 1009 shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by SDX Trading Rules.
- (c) Any dispute between SDX Trading and a Participant arising from or in connection with SDX Trading Rules will be settled by arbitration administered in New York County, New York by the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules. The dispute will be submitted to one arbitrator who will be appointed by the AAA. Any arbitrator appointed for purposes of this Rule 1009 will have experience with and knowledge of commodities, derivatives and Swaps as listed on the National Roster of Arbitrators kept in the AAA's records. Judgment on the award rendered by the arbitrator will be binding on the parties and may be entered in any state or federal court sitting in New York County, New York, and SDX Trading and each Participant shall be deemed to have consented to the personal jurisdiction of any such court. Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; provided, however, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above.

In the event that this Rule 1009 is held to be unenforceable in connection with any dispute or a claim is deemed by a court of competent jurisdiction to be not arbitrable, (i) exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in New York County, New York, (ii) SDX Trading and the Participant involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court, and (iii) an action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue. Finally, all Participants unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.