

EXHIBIT L¹

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>Sec. 5(a) Applications – “A board of trade applying to the Commission for designation as a contract market shall submit an application to the Commission that includes any relevant materials and records the Commission may require consistent with the Act.”</p>	<p>trueEX LLC is submitting Form DCM and exhibits thereto (the “<u>Exhibits</u>”) in accordance with 17 C.F.R. Part 38, Appendix A dated January 31, 2012 as an application for designation as a contract market (the “<u>Application</u>”).</p>	<p>All materials submitted with the Application.</p>
<p>Sec. 5(d) Core Principles for Contract Markets</p>		
<p>Core Principle 1 – Designation as Contract Market: “(A) <i>In General.</i>—To be designated, and maintain a designation, as a contract market, a board of trade shall comply with—(i) any core principle described in this subsection; and (ii) any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5). (B) <i>Reasonable Discretion of Contract Market.</i>— Unless otherwise determined by the Commission by rule or regulation, a board of trade described in subparagraph (A) shall have</p>	<p>See generally the Application.</p>	<p>All materials submitted with the Application.</p>

¹ References herein to a “Rule” refer to the applicable rule in the rulebook submitted as Exhibit M (the “Rulebook”). Terms used but not defined herein have the meanings assigned to them in the Rulebook.

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
reasonable discretion in establishing the manner in which the board of trade complies with the core principles described in this subsection.”		
<p>Core Principle 2 – Compliance with Rules: “(a) <i>In General.</i>—The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including—(i) access requirements; (ii) the terms and conditions of any contracts to be traded on the contract market; and (iii) rules prohibiting abusive trade practices on the contract market. (b) <i>Capacity of Contract Market.</i>—The board of trade shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market. (c) <i>Requirement of Rules.</i>—The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this subsection, including the capacity to carry out such international information-sharing agreements as the Commission may require.”</p>	<p>The front cover of the Rulebook clearly sets forth, and Rule 301 repeats, that all Subject Persons accessing the Trading System thereby agree to be bound by the Rulebook and all other Obligations of such Subject Person, (ii) become subject to the jurisdiction of the Exchange, and (iii) agree to assist the Exchange in complying with its legal and regulatory obligations (including through cooperation with the Exchange and the CFTC in any inquiry and investigation). The authority of the Exchange Regulation Department to investigate matters within its jurisdiction and the obligations of each Subject Person to cooperate with such investigations are set forth in Rule 602. Chapter 4 sets forth Obligations of Participants and other Subject Persons, which include certain disclosure Obligations to the Exchange pursuant to Rule 402. Under Rule 403, the Exchange may, directly or through the National Futures Association (“NFA”), examine the systems, data, books and records of a Participant, and may require a Participant to furnish on a one-time or periodic basis information concerning its Exchange Activity.</p> <p>Access to the Exchange will be granted in an</p>	<p>Rulebook; trueEX Market Oversight Manual; Regulatory Services Agreement.</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>impartial manner as described in connection with Core Principle 19 (Antitrust Considerations). The Exchange Access Committee will review eligibility determinations and amendments to the Rules so as to prevent unfair discrimination among Participants under Rule 207. See Core Principle 17 (Composition of Governing Boards of Contract Markets). The Chief Regulatory Officer in consultation with the Regulatory Oversight Committee will resolve potential conflicts of interest, as provided in Rule 209. See Core Principle 16 (Conflicts of Interest).</p> <p>Under Rule 309, fee information will be made available on the Web Site. The Exchange will not privately negotiate fees for access to its Trading System.</p> <p>Chapter 5 of the Rulebook imposes an extensive set of restrictions designed to protect users of the Exchange from forms of abusive, disruptive, fraudulent, noncompetitive and unfair conduct and trade practices. See Core Principle 12 (Protection of Markets and Market Participants). Prohibited conduct and trade practices include, but are not limited to, trading ahead of customer orders (Rules 516 and 517), trading against customer orders (Rule 518), accommodation trading (Rule 524), improper cross trading (Rule 520), front-running (Rules 517 527), wash-trading (Rule 521), pre-arranged trading</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>(Rules 520 and 524), fraudulent trading (Rule 505), money passes (Rule 506), and other abusive trading practices (Rules 505, 507, 508, 510). Manipulative or disruptive trading practices are further prohibited under Rules 505, 507, 508 and 510.</p> <p>Suspected conduct and trade practices will be investigated and prosecuted as summarized in connection with Core Principle 4 (Prevention of Market Disruption). As described in connection with Core Principle 4 (Prevention of Market Disruption), Chapter 6 of the Rulebook sets forth the procedures and sanctions used in enforcing compliance with the rules of the Exchange and Subject Persons' other obligations (including those under the CEA and regulations promulgated by the CFTC).</p> <p>The Regulatory Oversight Committee will prepare an annual report assessing, for the Board and CFTC, the regulatory program of the Exchange under Rule 208. This report will: (i) describe the self-regulatory program of the Exchange; (ii) set forth the expenses of the regulatory program; (iii) describe the staffing and structure of the same; (iv) catalogue Investigations and disciplinary actions taken during the year; and (v) review the performance of disciplinary committees and panels. Acting in accordance with Rule 218, the Exchange will enter into a contract with a third party provider of</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>regulatory services, the NFA. See Regulatory Services Agreement with NFA. The Exchange, with assistance from the NFA, will perform automated trade surveillance and real-time market monitoring as described in connection with Core Principle 4 (“Prevention of Market Disruption”), below.</p> <p>The annual report produced under Rule 208 will include an assessment of the capacity and resources of the NFA to provide timely and effective regulatory services under the Regulatory Services Agreement contemplated by the Regulatory Services Agreement with NFA. The Exchange Regulation Department will include personnel who supervise the quality and effectiveness of the services provided by the NFA. The decision as to whether to cancel an executed trade or adjust the price of such a trade is reserved for the Exchange under Rule 541. The decision as to whether to initiate an Investigation will be made by the Exchange under Rule 605. The decision as to whether to impose sanctions and if so the form such sanctions should take will be made by the Exchange under Rules 614 and 615. The decision as to whether to deny, revoke, or condition an application for Trading Privileges, or to become a Clearing Firm or Participant, (or Supervised Person of the foregoing) will be made by the Exchange under Rule 307.</p> <p>Under Rule 602, the Exchange Regulation</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>Department will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Exchange Regulation Department, indicates a possible basis for finding that a violation has occurred or will occur. Under Rule 605, each Investigation will be completed in a timely manner, and, absent mitigating circumstances, each Investigation will be completed within 12 months of being initiated. Under Rule 603, an Investigative Report will be prepared for every Investigation. Under Rule 603, an Investigation may be resolved through an informal disposition (including the issuance of a warning letter); such disposition will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter and no more than one warning letter for the same potential violation may be issued to the same Subject Person during a rolling 12-month period.</p> <p>Rule 217 permits the Exchange to enter into information-sharing agreements to coordinate surveillance with other markets on which financial instruments related to the Contracts trade.</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>Core Principle 3 – Contracts Not Readily Susceptible to Manipulation: “The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.”</p>	<p>Trading on or through the Exchange will be initially limited to interest rate swaps, although the Exchange may subsequently list and trade other swaps, as well as futures, options, forwards or other products that are not readily susceptible to manipulation.</p> <p>Interest rate swaps that will be traded on the Exchange are settled in cash at the applicable Clearing House. The settlement amount is based on the net amount of interest owed between the swap counterparties. The amount of interest owed by each party is calculated on the basis of a reference interest rate applied over a period of time to a notional amount, where the referenced rates, period of time and notional amount are fixed by the relevant swap contract. Each reference rate may be constant or may be determined on the basis of the 1-3- or 6-month LIBOR rate for U.S. dollar deposits, U.K. pound sterling deposits and euro deposits. Each of the terms of an interest rate swap contract is set forth in additional detail in the relevant Contract specification pursuant to Rule 901.</p> <p>The fixed terms of a Contract will not be subject to manipulation as they are predetermined, stored and backed up by the Exchange. See Core Principle 10 (Trade Information). To the extent that Contracts are settled based on reference rates that are not fixed, such rates are also not susceptible to manipulation.</p>	<p>Chapter 6, Rule 508, Rule 519 and Rule 901 of the Rulebook. Contract specifications.</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>The only non-fixed rate that initially will be referenced by the contracts is LIBOR. LIBOR refers to a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money interbank market. LIBOR rates are widely used as a reference rate for financial instruments such as interest rate futures and swaps. The British Bankers Association (“BBA”) enlists a panel of banks in which each bank supplies the rate at which they perceive they could be offered funds in the London market in a certain currency and for a certain maturity.</p> <p>Thomson Reuters is the designated calculation agent for BBA. Thomson Reuters audits the data submitted by panel banks and creates the rates using the definitions provided by BBA’s FX & MM Committee, under the supervision of BBA. The LIBOR rate produced by Thomson Reuters is calculated by using a trimmed arithmetic mean. Once Thomson Reuters receive each bank’s submissions Thomson Reuters ranks them in descending order and then drops the top and bottom quartiles – this is known as the trimming. The middle two quartiles, reflecting 50% of the quotes, are then averaged to create the LIBOR quote.</p> <p>The BBA drops the bottom and top quartiles in the</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>calculation in order to increase the accuracy of the LIBOR quotes. Dropping the outliers is done because an outlier does not reflect the market rate and doing so limits the ability of any one bank to influence the calculation and affect the LIBOR quote.</p> <p>Because the reference rate is based on LIBOR, a rate that is derived by a third-party and is subject to an auditable process by the BBA, the Contract is not readily subject to manipulation.</p> <p>Further, the Contracts are part of the interest rate market which is the largest derivative asset class in the world, with an estimated \$465 trillion in notional principal outstanding in the OTC market as of December 2010 and an additional \$62 trillion in notional principal outstanding on organized exchanges, according to the Bank for International Settlements. See BIS Quarterly Review, June 2011, Page A131, Table 19 (OTC), Page A136 Table 23A (Exchange) http://www.bis.org/publ/qtrpdf/r_qa1109.pdf. Due to its profound depth and the natural absence of barriers to delivery due to the contracts being cash settled, this market is well protected from manipulation.</p> <p>Finally, the Rulebook restricts trading on the basis of non-public information. In particular, Rule 215</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	prohibits insiders (e.g., direct or indirect owners of the Exchange, its directors, officers, committee members, and employees) from trading in Contracts or related contracts absent prior written consent from the Exchange; and Rule 519 prohibits persons from acting directly or indirectly on the basis of non-public Order information.	
<p>Core Principle 4 – Prevention of Market Disruption: “The board of trade shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures, including—(A) methods for conducting real-time monitoring of trading; and (B) comprehensive and accurate trade reconstructions.”</p>	<p>Pursuant to Rule 208, the Regulatory Oversight Committee (“ROC”) will have the authority to monitor trading on the Exchange and the Exchange’s regulatory program for sufficiency, effectiveness and independence, and to oversee all facets of the Exchange’s regulatory program, including (A) trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Clearing Firms and Participants, and Supervised Person and other agents of Participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of Investigations; (B) reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel; (C) supervising the Chief Regulatory Officer of the Exchange, who will report directly to the Regulatory Oversight Committee; (D) recommending changes that would ensure fair, vigorous, and effective regulation; and (E) reviewing all regulatory proposals prior to</p>	<p>Rule 208, Rule 218, Chapter 5, and Chapter 6 of the Rulebook; Regulatory Services Agreement as contemplated by the Regulatory Services Agreement with NFA provided in Exhibit N; trueEX Market Oversight Manual; Regulatory Services Agreement.</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>implementation and advising the Board as to whether and how such changes may impact regulation.</p> <p>Chapter 5 of the Rulebook sets forth prohibited trading practices and business conduct, including manipulation, price distortion, and disruptions of the contract settlement process.</p> <p>Subject to the oversight of the Regulatory Oversight Committee, the Chief Regulatory Officer (the “CRO”) will oversee the monitoring, surveillance and other enforcement functions of the Exchange with the support of the Exchange Regulation Department pursuant to Rule 209. The Exchange Regulation Department will consist of staff of the Exchange supported by NFA personnel. The Exchange has contracted with the NFA, the Exchange’s designated Regulatory Services Provider, to perform many of the Exchange’s trading and market surveillance, audit and investigatory functions in accordance with Rule 218. These functions will be supported by the Exchange’s technology, which will collect, array and transmit bid, offer and trade data to NFA; the performance of these functions will be supervised by Exchange staff that report to the CRO. Market supervision staff of the Exchange will be responsible for market supervision and will monitor trading on a real-time basis. They will coordinate with NFA to ensure</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>such real-time monitoring is integrated with the NFA’s surveillance functions. As set forth in greater detail in the Regulatory Services Agreement with the NFA, the NFA will provide the Exchange with market and trade practice surveillance and assistance with enforcement matters. The trueEX Market Oversight Manual further describes the assistance the NFA will provide to the Exchange Regulation Department in ensuring compliance with laws, regulations and other obligations applicable to Clearing Firms, Participants, their representatives and other parties subject to the jurisdiction of the Exchange.</p> <p>Chapter 6 of the Rulebook sets forth the disciplinary and enforcement process, which includes steps to inquire into, investigate, adjudicate and sanction potential rule violations within the disciplinary jurisdiction of the Exchange. The CRO with assistance from the Exchange Regulation Department, the Disciplinary Panels and Appeal Panels will take part in the prosecution and adjudication of potential violations of the Rules as described in Chapter 6.</p> <p>In particular, under Rule 605, the CRO and a Review Panel will each decide whether a Notice of</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>Charges should be issued on the basis of a completed Investigative Report.² If a Notice of Charges is issued, it will be served³ on the relevant respondent(s) and the Exchange will provide a statement of the obligation(s) violated by such respondent(s), the underlying facts, proposed sanctions, and the respondent's procedural rights pursuant to Rule 606. The Respondent will be able to answer a Notice of Charges pursuant to Rule 607 and/or seek a settlement pursuant to Rule 609. Charges that are not resolved through settlement will be resolved through a hearing in front of a Hearing Panel pursuant to Rules 611 and 613. Decisions of a Hearing Panel are to be issued based on the weight of evidence contained in the record pursuant to Rule 614, and may be appealed pursuant to Rule 616. If a violation is found, sanctions may be imposed pursuant to Rule 615. The Exchange also has authority to summarily impose fines pursuant to Rule 617 and institute emergency disciplinary actions (including suspensions) pursuant to Rule 618.</p> <p>In addition, the Exchange will provide a range of risk management functionalities. Prior to the Exchange granting access to its Trading System to</p>	

² Disagreements between the CRO and Review Panel are resolved by the ROC. See Rule 605(b)(iii).

³ See Rule 608.

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>any Participant, the trades of such Participant, must be guaranteed by a Clearing Firm. Such Clearing Firm must establish an initial set of risk controls for such Participant. The Exchange provides an interface to each Clearing Firm that allows each such firm to administer the risk level and type of Contracts that the Clearing Firm will guarantee for its Participants and monitor its Participants' positions and trading activity. All Orders submitted to the Trading System are subject to satisfying applicable risk controls prior to their acceptance by the Trading System.</p>	
<p>Core Principle 5 – Position Limitations or Accountability: “(A) <i>In General.</i>—To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators. (B) <i>Maximum Allowable Position Limitation.</i>—For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a), the board of trade shall set the position limitation of the board of trade at a level not higher</p>	<p>Position limits and position accountability requirements will be imposed by the Exchange under Rules 529, 530 and 532. Rule 529 includes exemptions for certain qualified hedging transactions and sets forth applicable aggregation rules. The Exchange does not currently have position limits set for any Contract, due to the fact that the Contracts do not have a deliverable supply (and are not subject to minimum position limits under statute or Commission regulations); instead the Contracts are cash settled and such settlement does not depend on the supply of physical commodities or related securities. <u>See</u> Core Principle 4 discussion, <u>supra</u>. At this time, the Exchange has determined that position accountability limits will allow the Exchange to monitor the market and enforce the rules of the</p>	<p>Rules 305(c)(iv), 529, 530, 531 and 532 of the Rulebook; Regulatory Services Agreement; trueEX Market Oversight Manual.</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>than the position limitation established by the Commission.”</p>	<p>Exchange. The Exchange Regulation Department will monitor for positions that meet or exceed reportable levels.</p> <p>In addition, the Exchange will have a number of tools to track traders’ positions. These include reporting obligations applicable to large traders under Rule 531, as well as the monitoring of outstanding resting orders and accumulated positions by Contract. In monitoring trading on the Exchange, the NFA will provide alerts that include (but are not limited to) the following: (a) whenever an account is identified as a large trader for the first time; (b) whenever large trader positions exceed reportable levels; (c) whenever large trader positions exceed speculative position limits, if any; and, (d) whenever firm open interest exceeds contract open interest by predefined limits. See Regulatory Services Agreement as contemplated by the Regulatory Services Agreement with NFA.</p> <p>The Exchange will sanction Participants for violating their obligations to observe position limits and position accountability, as applicable, pursuant to Chapter 6. If the Exchange reasonably believes a Participant maintains positions that could jeopardize the financial safety of Participants or Customers, the Exchange may revoke or condition the Trading Privileges of such Participant pursuant to Rule 305(c)(iv).</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>Core Principle 6 – Emergency Authority: “The board of trade, in consultation with the Commission, shall adopt rules to provide for the exercise of emergency authority, as is necessary and appropriate, including the authority—(A) to liquidate or transfer open positions in any contract; (B) to suspend or curtail trading in any contract; and (C) to require market participants in any contract to meet special margin requirements.”</p>	<p>The Rulebook sets forth procedures for decision-making and emergency intervention in the market. Rule 213 of the Rulebook permits the ROC (or the CRO, if he or she determines that an Emergency Rule must be implemented before a meeting of the ROC may be reasonably convened) to adopt Emergency Rules that authorize or require the Exchange, Board, any Committee of the Board, or an Officer to take certain Emergency Actions. Such Emergency Actions include those under: Rule 213(a)(iv), which satisfies subsection (A) of Core Principle 6 by granting authority to liquidate or transfer open positions in any Contracts (subject to CFTC approval where a swap is traded on more than one platform); Rule 213(a)(i), which satisfies subsection (B) of Core Principle 6 by granting the authority to suspend or curtail trading in any Contract; and Rule 213(a)(vii), which satisfies subsection (C) of Core Principle 6 by granting the authority to require Participants to meet special margin requirements. Other Emergency Actions under Rule 213 provide for authority to: extend or shorten the last trading date for a Contract; provide alternative settlement mechanisms for any Contract (including by altering the settlement terms or conditions or fixing settlement price); extend, shorten or change the trading hours or expiration date of any Contract; or temporarily modify or suspend any provision of the Obligations. Emergency Actions under Rule 213 may be taken</p>	<p>Rules 213, 214 and 618 of the Rulebook.</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>directly or through third party providers of clearing or regulatory services.</p> <p>Under Rule 213(d), the Exchange is required to use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating any Emergency Rule, and where prior notification is not possible or practicable, is required to notify the CFTC as soon as is possible or reasonably practicable. Under Rule 213(e), any decision to take Emergency Action shall be documented by the Exchange (and this documentation will describe the process for minimizing conflicts of interest applied to the decision and reasons for exercising emergency authority under Rule 213).</p> <p>In addition, certain circumstances may require disciplinary actions that do not conform to the full set of procedures provided for in Chapter 6. Such disciplinary actions (including suspensions) may be conducted under Rule 618 when the Chief Regulatory Officer reasonably believes that such Emergency Disciplinary Action is necessary to protect the best interest of the marketplace served by the Exchange.</p> <p>Emergency Actions taken pursuant to Rule 213 and Emergency Disciplinary Actions taken pursuant to Rule 618 are subject to Conflicts of Interest provisions in Rule 214.</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>Core Principle 7 – Availability of General Information: “The board of trade shall make available to market authorities, market participants, and the public accurate information concerning—(A) the terms and conditions of the contracts of the contract market; and (B)(i) the rules, regulations, and mechanisms for executing transactions on or through the facilities of the contract market; and (ii) the rules and specifications describing the operation of the contract market’s—(I) electronic matching platform; or (II) trade execution facility.”</p>	<p>Under Rule 312, the Rulebook as amended from time to time and notices and policies thereunder as well as all Contract Specifications and changes to the Order matching algorithm will be publicly available on the Web Site prior to the earlier of (i) the relevant effective date, and (ii) the relevant changes being filed with the CFTC.</p> <p>The Rulebook includes a description of Orders and Order Qualifiers that may be submitted to the Trading System in Rule 101. How Orders submitted to the Trading System will be matched is described in Rule 539.</p> <p>A detailed description of the trade matching algorithm and examples of how that algorithm works in various trading scenarios involving various types of Orders is provided in Exhibit Q.</p>	<p>Rules 101, 312 and 539 of the Rulebook. Exhibit Q.</p>
<p>Core Principle 8 – Daily Publication of Trading Information: “The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.”</p>	<p>The Exchange will daily publish information on volume, lowest and highest daily price ranges, and opening and closing prices under Rule 804 on the Web Site. Information as to settlement prices will be provided by the Clearing House. The Exchange will also publish the total quantity of block trades and EDRPs that are included in trading volume for each trading day.</p>	<p>Rule 804 of the Rulebook.</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>Core Principle 9 – Execution of Transactions: “(A) <i>In General.</i>—The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade. (B) <i>Rules.</i>—The rules of the board of trade may authorize, for bona fide business purposes—(i) transfer trades or office trades; (ii) an exchange of—(I) futures in connection with a cash commodity transaction; (II) futures for cash commodities; or (III) futures for swaps; or (iii) a futures commission merchant, acting as principle or agent, to enter into or confirm the execution of a contract for the purchase or sale of a commodity for future delivery if the contract is reported, recorded, or cleared in accordance with the rules of the contract market or a derivatives clearing organization.”</p>	<p>All Orders submitted to the Trading System will be matched through the impartial priority rules explained and referenced under Core Principle 7 (“Availability of General Information”), except for Transfer Trades, Exchanges of Futures for Swaps and Block Trades. Rule 101 specifies the Orders and Order Qualifiers that may be entered into the Trading System.</p> <p>The Exchange will conduct periodic objective testing and review of the Trading System to ensure it is reliable, secure and scalable as described in the Technology Questionnaire included in Exhibit V.</p> <p>Rule 542 governs Block Trades.</p> <p>Rule 543 governs Exchanges of Derivatives for Related Positions. Rule 543 requires that EDRPs meet the requirements of proposed CFTC Regulation § 38.505.</p> <p>Transfers of positions between accounts at one or more Clearing Firm may be effected pursuant to Rule 806(a), provided that such transfer either (i) does not affect the beneficial ownership of such position, or (ii) such transfer is made to correct an error made in the clearing of a trade within two Business Days of the date on which such trade was made. Transfers between accounts at one or more Clearing Firm may also be effected under Rule</p>	<p>Chapter 5, and Rule 101, Rule 316, Rule 542, 543 and Rule 806 of the Rulebook. Technology Questionnaire provided in Exhibit V.</p> <p>See materials submitted in connection with Core Principle 2 (Compliance with Rules); Core Principle 20 (Systems Safeguards).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>806(b) in connection with mergers, asset purchases, consolidations and similar non-recurring transactions where one or more entity becomes the successor in interest to one or more other entity. Transfers effected under Rule 806 must be recorded and carried on the books of the receiving Clearing Firm and must be reported (with appropriate indicators) to the relevant Clearing House(s).</p>	
<p>Core Principle 10 – Trade Information: “The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information—(A) to assist in the prevention of customer and market abuses; and (B) to provide evidence of</p>	<p>The Trading System will maintain all information with respect to each Order (whether or not such Order results in a consummated trade) and each consummated trade, as well as all other information relating to the trade environment that determines the matching and clearing of trades (such as information from Clearing Firms indicating the number and types of Contracts such Clearing Firms will clear for Participants). Because all information relating to Orders submitted to the Trading System and relevant</p>	<p>Rules 401(k), 502, 522, and 603 of the Rulebook; trueEX Market Oversight Manual; Technology Questionnaire provided in Exhibit V.</p> <p>See materials submitted in connection with Core Principle 4 (Prevention of Market Disruption); Core Principle 18 (Recordkeeping); Core Principle 20 (Systems Safeguards).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>any violations of the rules of the contract market.”</p>	<p>environmental parameters will be retained, any Order could be tracked from the time it is entered into the Trading System to the time it is matched, expires or is otherwise disposed of. The Exchange may adopt further procedures to record and account for Contracts and Exchange Activity pursuant to Rule 502(a)(ii).</p> <p>Rule 522 requires users of the Trading System to enter all information necessary to process an Order pursuant to the Rules when placing an Order on the Exchange, and provides that the Exchange shall maintain such information. This information includes an indicator of customer type.</p> <p>Audit trail data will be stored in a manner that protects it from unauthorized alteration as well as from accidental erasure or other loss. Audit trail data will be maintained as described in the Technology Questionnaire included in <u>Exhibit V</u> hereto. See Core Principle 20 (Systems Safeguards); <u>Exhibit S</u>. All data in our production site will be copied and moved over to the disaster recovery site on a periodic basis, roughly every minute for trades and every 30 seconds for orders.</p> <p>As described in the Technology Questionnaire included in <u>Exhibit V</u> hereto, the Exchange will perform functional testing of its audit trail at least annually. Under Rule 522(b), each Participant is</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>required to maintain a front-end audit trail, which stores data related to Orders placed by such Participant or any of its Authorized Customers. Such data is accessible to the Exchange pursuant to Rule 403. Using sampling techniques, the Exchange Regulation Department will review the front-end audit trail data retained by Participants at least annually. Such review will include examination of (i) the process by which user identifications are assigned and user identification records are maintained, (ii) usage patterns associated with user identifications to monitor for violations of user identification rules and (iii) account numbers and CTI codes in trade records to ensure that they are accurate and being properly used. Furthermore, the Exchange will review compliance with recordkeeping obligations at least annually. In addition to retaining front-end audit trail data, Participants will be required to retain their books and records for at least five years pursuant to Rule 401(k). Recordkeeping and data retention requirements apply to trades conducted outside the Trading System under Rule 544.</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>Core Principle 11 – Financial Integrity of Transactions: “The board of trade shall establish and enforce—(A) rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization); and (B) rules to ensure—(i) the financial integrity of any—(I) futures commission merchant; and (II) introducing broker; and (ii) the protection of customer funds.”</p>	<p>The Exchange has entered into a clearing arrangement with LCH as provided in the Trade Execution Venue Agreement (the “LCH Clearing Agreement”) between LCH.Clearnet Ltd. and trueEX LLC. The Exchange has also entered into a clearing agreement with the Chicago Mercantile Exchange Inc. (CME) as provided in the <u>Amended and Restated</u> Clearing Services Agreement between trueEX LLC and CME (the “CME Clearing Agreement”).</p> <p>Under Rule 304, all Contracts traded on the Exchange must be cleared through a Clearing House by a Clearing Firm. Chapter 8 governs the clearing of Contracts. Specific rules and procedures applicable to the execution and clearing of Contracts that are cleared through LCH are provided in the LCH Clearing Agreement. Similarly, specific rules and procedures applicable to the execution and clearing of Contracts that are cleared through CME are provided in the CME Clearing Agreement.</p> <p>Only Participants will be permitted to submit Orders to the Exchange. Each Participant must be a Clearing Firm or establish a clearing relationship with a Clearing Firm under Rule 306(c). Detailed eligibility requirements for Clearing Firms, Participants, and their Supervised Persons are provided in Chapter 3. See Core Principle 15 (Governance Fitness Standards). Under Rule 303,</p>	<p>Chapters 3 and 8, and Rules 207, 404 and 406 of the Rulebook. LCH Clearing Agreement provided under Exhibit N; CME Clearing Agreement provided under Exhibit N; Participation and License Agreement; trueEX Market Oversight Manual; Regulatory Services Agreement.</p> <p>See materials submitted in connection with Core Principle 15 (Governance Fitness Standards).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>each Participant is responsible for the actions of its Supervised Persons. Similarly, under Rule 535, each Participant is responsible for actions taken under its Firm ID.</p> <p>The Trading System will permit Clearing Firms to set real-time risk limits for use of the Trading System. See Core Principle 4 (Prevention of Market Disruption). The Exchange will not set such risk limits. Clearing Firms will be required to monitor and enforce compliance with risk limits. The Trading System will prevent matching of Orders that would violate applicable risk limits. Where a risk limit is nevertheless exceeded, responsibility for the resulting transaction is allocated between the relevant Participant and Clearing Firm in accordance with the terms of agreements between them.</p> <p>Under Rule 207, the Exchange Access Committee will review rules governing the eligibility of Participants (and ensures that such rules do not restrict access or impose burdens on access in a discriminatory manner). The Participation and License Agreement reserves the right for the Exchange to condition use of the Trading System on a Participant’s direct or indirect relationship with a Clearing House.</p> <p>Rule 302 subjects Participants to disciplinary measures for violating applicable registration</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>requirements, including those imposed on Introducing Brokers and Futures Commission Merchants. Similarly, Rule 404 incorporates into the Rulebook a requirement that each Participant comply with its obligations as a registered entity with any Government Agency or Self-Regulatory Organization (including obligations applicable to Futures Commission Merchants and Introducing Brokers). Rule 404(b) provides for the contemporaneous submission of reports to be provided to the CFTC under CFTC Regulations §§ 1.10, 1.12 to the Exchange, which allows the Exchange to assess its Clearing Firms' and Participants' compliance with minimum financial requirements applicable to futures commission merchants and introducing brokers, as well as obligations to protect customer funds. Rule 406 grants the Exchange authority to impose restrictions on the business or operations of a Clearing Firm or Participant that becomes subject to the early notice requirements of CFTC Regulation § 1.12, which provides for such notice in the event of, <i>e.g.</i> a futures commission merchant's insufficient capital, failure to maintain records, and inadequate segregation of customer funds. As described in the trueEX Market Oversight Manual and the Regulatory Services Agreement, the NFA provides surveillance services to ensure that any Futures Commission Merchant or Introducing Broker that is a Participant complies with applicable regulations.</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>The Exchange evaluates the capacity and resources of the NFA to conduct these surveillance services pursuant to Rule 208.</p>	
<p>Core Principle 12 – Protection of Markets and Market Participants: “The board of trade shall establish and enforce rules—(A) to protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and (B) to promote fair and equitable trading on the contract market.”</p>	<p>The Exchange will conduct a market surveillance and trade practice monitoring program with the assistance of the NFA. See Regulatory Service Agreement; trueEX Market Oversight Manual. As discussed above with respect to Core Principle 4 (Prevention of Market Disruption), the market supervision staff of the Exchange will be responsible for market supervision and will monitor trading on a real-time basis. Exchange staff will coordinate with the NFA to ensure such real-time monitoring is integrated with the NFA’s surveillance functions. Furthermore, order and trade data will be provided to NFA in time to permit t+1 surveillance for abusive trade practices.</p> <p>Chapter 5 of the Rulebook imposes an extensive set of restrictions designed to protect users of the Exchange from forms of abusive, disruptive,</p>	<p>Chapters 5 and 6 of the Rulebook; Regulatory Service Agreement; trueEX Market Oversight Manual; Regulatory Services Agreement.</p> <p>See materials submitted in connection with Core Principle 2 (Compliance with Rules); Core Principle 4 (Prevention of Market Disruption); Core Principle 8 (Daily Publication of Trading Information); Core Principle 9 (Execution of Transactions); Core Principle 13 (Disciplinary Procedures).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>fraudulent, noncompetitive and unfair conduct and trade practices. See Core Principle 2 (Compliance with Rules). Suspected conduct and trade practices will be investigated and prosecuted as summarized in connection with Core Principle 4 (Prevention of Market Disruption) above. As described in connection with Core Principle 4 (Prevention of Market Disruption) above, Chapter 6 of the Rulebook sets forth the procedures and sanctions used in enforcing compliance with the rules of the Exchange and Subject Persons other obligations (including those under the CEA and regulations promulgated by the CFTC).</p> <p>See Core Principle 2 (Compliance with Rules); Core Principle 8 (Daily Publication of Trading Information); Core Principle 9 (Execution of Transactions); Core Principle 13 (Disciplinary Procedures).</p>	
<p>Core Principle 13 – Disciplinary Procedures: “The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including the delegation of the functions to third parties.”</p>	<p>The disciplinary process by which suspected conduct and trade practices will be investigated and prosecuted by the Exchange is summarized above in connection with Core Principle 4 (Prevention of Market Disruption). Chapter 6 of the Rulebook sets forth the procedures and sanctions used in enforcing compliance with the rules of the Exchange and other obligations of Subject Persons (including those under the CEA and regulations promulgated by the CFTC). The jurisdiction of the Exchange is set forth in Rule 301.</p>	<p>Chapter 6 of the Rulebook.</p> <p>See materials submitted in connection with Core Principle 2 (Compliance with Rules); Core Principle 4 (Prevention of Market Disruption); Core Principle 12 (Protection of Markets and Market Participants).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	See Core Principle 2 (Compliance with Rules); Core Principle 4 (Prevention of Market Disruption); Core Principle 12 (Protection of Markets and Market Participants).	
<p>Core Principle 14 – Dispute Resolution: “The board of trade shall establish and enforce rules regarding, and provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.”</p>	Chapter 7 of the Rulebook provides for the resolution of disputes between or among Subject Persons (including Participants and Authorized Traders) and/or the Exchange under the Customer Arbitration and Member Arbitration programs of the NFA, as applicable. The NFA is to provide its arbitration services pursuant to the Regulatory Services Agreement. The Exchange believes that the arbitration programs provided by the NFA satisfy the pertinent criteria set forth in Appendix B to Part 38 of the CFTC Regulations. Under Rule 703, the submission of disputes for resolution through arbitration is not mandatory for Customers who are not Eligible Contract Participants.	Chapter 7 of the Rulebook; trueEX Market Oversight Manual; Regulatory Services Agreement as contemplated by the Regulatory Services Agreement with NFA provided in Exhibit N. See also NFA Code of Arbitration available online at http://www.nfa.futures.org/nfamanual/NFAManual.aspx .

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>Core Principle 15 – Governance Fitness Standards: “The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market, and any other person with direct access to the facility (including any party affiliated with any person described in this paragraph).”</p>	<p>Persons involved in the governance and persons using the Exchange will be subject to fitness and eligibility criteria, respectively, under the Rulebook. More specifically, Directors, Officers, individuals serving as members of Disciplinary Panels and Appeal Panels, as well as individuals holding 10% or more of any class of equity in the Exchange will be subject to fitness standards under Rule 204; Participants will be subject to eligibility standards specified in Rule 302; Authorized Traders and Authorized Brokers will be subject to eligibility standards provided in Rule 303; furthermore, acquiring and retaining Trading Privileges will be subject to eligibility standards provided in Rule 305; Trading Privileges may be denied, revoked or conditioned based on criteria specified in Rule 307; and Clearing Firms will be subject to eligibility standards provided in Rule 304. Exhibit C provides a narrative of the fitness standards applicable to Directors.</p> <p>Each prospective Director will be required to complete a Director Questionnaire, which will be used in evaluating whether such prospective Director would meet applicable fitness standards as well as submit to a background check.</p> <p>Each prospective Participant, Authorized Trader, Authorized Broker, and Clearing Firm will be required to fill out a set of registration documents,</p>	<p>Rules 204, 302, 303, 304, 305, 307 of the Rulebook; Exhibit C; trueEX Market Oversight Manual; Regulatory Services Agreement provided in Exhibit N.</p> <p>See materials submitted in connection with Core Principle 2 (Compliance with Rules); Core Principle 16 (Conflicts of Interest); Core Principle 17 (Composition of Governing Boards of Contract Markets).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>which will be used in evaluating such candidate’s qualification under applicable eligibility criteria.</p>	
<p>Core Principle 16 – Conflicts of Interest: “The board of trade shall establish and enforce rules—(A) to minimize conflicts of interest in the decision-making process of the contract market; and (B) to establish a process for resolving conflicts of interest described in subparagraph (A).”</p>	<p>Rule 214 of the Rulebook establishes rules to minimize conflicts of interest and a process for resolving conflicts of interest. In addition, Rule 215 limits the use and disclosure of material non-public information gained through the performance of official duties by a direct and indirect owners of the Exchange, Directors, Officers, members of Committees, members of Disciplinary Panels and Appeal Panels, members of the Exchange Regulation Department, and other employees of the Exchange.</p> <p>As described in more detail in Rule 208 and with respect to Core Principle 17 (Composition of Governing Boards of Contract Market) below, the Exchange will have a Regulatory Oversight Committee that is composed of 100% Public Directors. The ROC will oversee the Exchange’s regulatory program on behalf of the Board, which role includes assisting the CRO in minimizing actual and potential conflicts of interest under Rule 209.</p>	<p>Rules 214, 610 and 616 of the Rulebook.</p> <p>See materials submitted in connection with Core Principle 4 (Prevention of Market Disruption); Core Principle 17 (Composition of Governing Boards of Contract Markets).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>Disciplinary Panels involved in the enforcement and adjudication process described in connection with Core Principle 4 above are subject to rules regarding composition as to preclude any group or class of industry participants from dominating or exercising disproportionate influence under Rule 610. Under that Rule, each Disciplinary Panel will be chaired by a Public Participant and may include additional Public Participants.</p> <p>Rule 616 provides for appeal of a Hearing Panel’s decision to an Appeal Panel. Under that Rule, an Appeal Panel will be chaired by a Public Participant and may include additional Public Participants.</p> <p>See Core Principle 4 (Prevention of Market Disruption); Core Principle 17 (Composition of Governing Boards of Contract Market).</p>	
<p>Core Principle 17 – Composition of Governing Boards of Contract Markets: “The governance arrangements of the board of trade shall be designed to permit consideration of the views of market participants.”</p>	<p>Organizational documents, including the Operating Agreement of trueEX LLC, are provided in Exhibit G. The Rulebook summarizes relevant governance arrangements of the Exchange in Chapter 2. Pursuant to the Operating Agreement, the Board shall consist of 4 to 7 Directors. In accordance with Rule 202, at least 35% of such Directors shall be Public Directors. The Board will delegate authority to four standing committees, see Rule 205: (i) the Nominating Committee as described in Rule 206, (ii) the Exchange Access Committee as described in Rule 207, (iii) the Regulatory Oversight Committee</p>	<p>Chapter 2 of the Rulebook; Exhibit B; Exhibit C; Exhibit G.</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>as described in Rule 208, and (iv) the Trading Protocol Committee as described in Rule 210.</p> <p>As described in Rule 206, the Nominating Committee will be composed of three Directors, two of whom will be Public Directors (thus over 51% of the Nominating Committee will consist of Public Directors). The Nominating Committee will have the authority to: (i) identify individuals qualified to serve on the Board, consistent with applicable criteria and composition requirements imposed by the Board and CFTC; and (ii) administer a process for the nomination of individuals to the Board.</p> <p>As described in Rule 207, the Exchange Access Committee will be composed of three Directors, two of whom will be Public Directors (thus over 51% of the Exchange Access Committee will consist of Public Directors). The Exchange Access Committee will have authority to: (i) determine the standards and requirements for initial and continuing Participant eligibility; (ii) review appeals of staff denials of applications; and (iii) approve rules that would result in different categories or classes of Participants receiving disparate access to the Exchange.</p> <p>As described in Rule 208, the Regulatory Oversight Committee will be composed of two Directors, each of whom are Public Directors (thus 100% of the</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>Regulatory Oversight Committee will consist of Public Directors). The ROC will oversee the Exchange's regulatory program on behalf of the Board. Though the ROC will report to the Board, the Board must submit a written report to the CFTC if it overrules a recommendation or action of the CFTC. The ROC will prepare annual reports that assess for the Board and the CFTC the regulatory program of the Exchange. Rule 208.</p> <p>As described in Rule 210, the Trading Protocol Committee will be composed of three Directors, two of whom are Public Directors (thus over 51% of the Exchange Access Committee will consist of Public Directors). The Trading Protocol Committee will be authorized to: (i) establish and modify from time to time Contract specifications and trading protocols and conventions for the Exchange; (ii) establish and modify position limits; and (iii) designate and modify from time to time products eligible for listing on the Exchange. The Trading Protocol Board will 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.</p> <p>The initial composition contemplated for the Board is described further in Exhibit B. Fitness standards applicable to members of the Board are described in Exhibit C.</p>	

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
<p>Core Principle 18 – Recordkeeping: “The board of trade shall maintain records of all activities relating to the business of the contract market—(A) in a form and manner that is acceptable to the Commission; and (B) for a period of at least 5 years.”</p>	<p>The Exchange’s recordkeeping program satisfies the relevant criteria set forth in § 1.31 of the CFTC Regulations. Under Rule 208(d), the ROC will oversee all facets of the regulatory program, including compliance with recordkeeping and financial reporting requirements. Under Rule 216, the Exchange will (i) retain complete and accurate books and records of accounts of the Exchange, including all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations, and (ii) retain all such books and records for at least five (5) years, and makes such books and records readily accessible for inspection by the CFTC and the DOJ during the first two (2) years of such five-year period. Rule 216 also provides specific recordkeeping obligations applicable to swaps; under Rule 216, 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 years following the final termination of the swap; during that period, each record related to a swap transaction shall be (i) 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 (ii) for the remaining three years of the five year period following the final termination of the swap, such record shall be retrievable within three business days. See Core Principle 4 (Prevention of Market Disruption).</p>	<p>Rule 208, Rule 216, Rule 311, Rule 502 and Rule 522 of the Rulebook.</p> <p>See materials submitted in connection with Core Principle 2 (Compliance with Rules).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>Under Rule 311, the Exchange may record conversations and retain copies of electronic communications with Subject Persons. Under Rule 502(a), the Exchange may adopt further procedures to record and account for Contracts and Exchange Activity.</p>	
<p>Core Principle 19 – Antitrust Considerations: “Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall not— (A) adopt any rule or tak[e] any action that results in any unreasonable restraint of trade; or (B) impose any material anticompetitive burden on trading on the contract market.”</p>	<p>The Exchange’s Rules have been designed to avoid unreasonable restraints of trade or the imposition of any material anticompetitive burden on trading, as will the specifications for each Contract approved for trading on the Exchange.</p> <p>In particular, access to the Exchange will not require the acquisition of any equity interest but will be available to a broad range and potentially unlimited number of Participants on a fair, equitable and timely basis. Under Rule 207, the Exchange Access Committee inter alia, (i) will have sole authority to approve rules that would result in different categories or classes of Participants receiving disparate access to the Exchange, and (ii) will be mandated not to, and not to permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants. Under Rule 539, the Exchange will operate through precise and predetermined electronic algorithms, without discrimination among different users or user groups. Trade information will be disseminated to</p>	<p>Rule 207 and Rule 539 of the Rulebook.</p> <p>See materials submitted with Core Principle 8 (Daily Publication of Trading Information), Core Principle 9 (Execution of Transactions), Core Principle 15 (Governance Fitness Standards).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
	<p>Participants and the public daily.</p> <p>See Core Principle 8 (Daily Publication of Trading Information), Core Principle 9 (Execution of Transactions), Core Principle 15 (Governance Fitness Standards).</p>	
<p>Core Principle 20 – System Safeguards: “The board of trade shall—(A) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity; (B) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the board of trade; and (C) periodically conduct tests to verify that backup resources are sufficient to ensure continued order processing and trade matching, price reporting, market</p>	<p>Materials submitted in Exhibit V, including the Technology Questionnaire, explain the controls to be used to ensure the proper function, adequate security and capacity of automated trading systems and related systems such as those used for dissemination of market data and recording and safe storage of audit trail information. These controls include periodic, objective testing and review of automated systems to ensure that these systems are reliable, secure and have adequate scalable capacity. Results of such testing are retained as described with respect to Core Principle 18 (Recordkeeping).</p> <p>The Exchange maintains a business continuity / disaster recovery plan as explained in the Technology Questionnaire.</p> <p>The Exchange may take Emergency Actions under Rule 213. See Core Principle 6 (Emergency Authority).</p> <p>Under Rule 202, the members of the Board will,</p>	<p>Rule 202 and Rule 213 of the Rulebook. Exhibit S; Exhibit V.</p> <p>See materials submitted in connection with Core Principle 2 (Compliance with Rules).</p>

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
surveillance, and maintenance of a comprehensive and accurate audit trail.”	where applicable, have sufficient expertise in financial services and risk management.	
<p>Core Principle 21 – Financial Resources: “(A) <i>In General.</i>—The board of trade shall have adequate financial, operational, and managerial resources to discharge each responsibility of the board of trade.</p> <p>(B) <i>Determination of Adequacy.</i>— The financial resources of the board of trade shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the contract market to cover the operating costs of the contract market for a 1-year period, as calculated on a rolling basis.”</p>	<p>The Exchange will maintain financial resources that exceed the total amount that would enable the contract market to cover the operating costs of the contract market for a one-year period, as calculated on a rolling basis. Exhibit I includes a balance sheet, statement of income and expenses, statement of cash flows, and statement of sources and application of revenues and all notes or schedules thereto as well as a narrative of how the value of the financial resources available to the Exchange is at least equal to a total amount that would enable the Applicant to cover its operating costs for a period of at least one year, calculated on a rolling basis, and a description of available unencumbered liquid financial assets equal to at least six months operating costs. The projections in Exhibit I take into account the forecasted costs of development that would be incurred prior to trueEX initiating operations as a designated contract market.</p>	Exhibit I.
<p>Core Principle 22 – Diversity of Board of Directors: “The board of trade, if a publicly traded company, shall endeavor to recruit individuals to</p>	n/a ⁴	

⁴ The Exchange will not be publicly traded.

DESIGNATED CONTRACT MARKET REGISTRATION REQUIREMENTS	TRUEEX APPLICATION	RELEVANT TRUEEX EXCHANGE APPLICATION MATERIALS
serve on the board of directors and the other decision-making bodies (as determined by the Commission) of the board of trade from among, and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates.”		
Core Principles 23 – Securities and Exchange Commission: “The board of trade shall keep any such records relating to swaps defined in section 1a(47)(A)(v) open to inspection and examination by the Securities and Exchange Commission.	n/a ⁵	

⁵ No Contracts will meet the definition of a swap provided in section 1a(47)(A)(v).