**ForecastEx, LLC Rulebook**

**March 10, 2022**

By accessing ForecastEx, regardless of any further action, undertaking, or agreement, any Person agrees to be bound by and comply with the Rules of the Exchange, The Rules of the Clearinghouse and Applicable Law, in each case to the extent applicable to it, and to become subject to the jurisdiction of ForecastEx with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person.

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# Chapter 1 – Definitions

## Rule 101 - Definitions

(a) When used in this Rulebook, the following terms shall have the respective meanings as follows:

(1) Access Privileges – The right to access, place Bids, and enter Event Positions in the ForecastEx system.

(2) Affiliate – IBG, Interactive Brokers Group, Inc., and its member companies which include any legal entity under IBG’s or Interactive Brokers Group, Inc.’s direct or indirect control.

(3) Affiliated Customer – A customer who is also an affiliate with permission to input Bids and enter Event Positions subject to the limitations in Rule 208.

(4) Appeals Panel – A panel of Board Members chosen by the ROC who oversee the appeals of disciplinary proceedings as described in Rule 707.

(5) Applicable Law – With respect to any Person, any statue, law, regulation, rule, or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA, CFTC Regulations, and state regulations where applicable.

(6) Authorized Representative - With respect to any Clearing Member, an Officer of the Clearing Member who is responsible for supervising all activities of the Clearing Member, its Authorized Users, and its employees, and for providing information regarding the Clearing Member to ForecastEx upon request.

(7) Authorized User - A natural Person who is either employed by or is an agent of a Clearing Member or Sponsored FCM and who is authorized by the respective Clearing Member or Sponsored FCM to enter Bids and Event Positions on behalf of Customers, provided that the Clearing Member maintains supervisory authority over such individual’s trading activities, but Authorized Users shall not include (i) employees or agents of Customers or (ii) Customers that are natural Persons.

(8) Bank Account – A bank account established with an approved Settlement Bank pursuant to Rule 601.

(9) Bid – An order to enter an Event Position. An Event Position is not entered until a “Yes” Bid and an opposing “No” Bid have a combined price of $1.01 or greater per Rule 401.

(10) Board – The Board of Directors of ForecastEx LLC as described in Rule 202

(11) CEA – The Commodity Exchange Act, as amended from time to time.

(12) CEO – The Chief Executive Officer of ForecastEx, LLC as described in Rule 204.

(13) CFTC – The Commodities Futures Trading Commission or any successor regulatory body.

(14) CFTC Regulation – The regulations of the CFTC, as in effect from time to time, including any CFTC-issued orders, interpretative letters, or no-action letters.

(15) The Clearinghouse – The activities of ForecastEx in its capacity as a Derivatives Clearing Organization.

(16) Clearing Fund – The fund established pursuant to Rule 614.

(17) Clearing Member – An FCM to which ForecastEx has granted Access Privileges, Clearing Privileges and related services.

(18) Clearing Privileges – Any right granted by the Clearinghouse to a Clearing Member to Clear Event Positions.

(19) Collateral Account – With respect to a Clearing Member, an account opened and maintained by Clearing Member at the Clearinghouse to which (a) a Clearing Member transfers proprietary or Customer funds and (b) from which ForecastEx is authorized to debit fees, and debit or credit Settlement payments, as applicable.

(20) Contract Specifications- With respect to any Event Position, the rules or other trading protocols containing specifications for such Event Position, as adopted, amended, supplemented or otherwise modified from time to time by ForecastEx.

(21) Compliance Department – The department, reporting to the CRO, that is responsible for compliance, investigations, and disciplinary proceedings.

(22) Contract – Any derivative, including Event Positions, traded on ForecastEx.

(23) CRO – The Chief Regulatory Officer of ForecastEx, LLC.

(24) Customer – Any Person for whom a Clearing Member carries an account, or from whom a Clearing Member solicits or accepts an order.

(25) Customer Account – A Customer segregated account in accordance with CFTC Rules.

(26) Director – A member of the Board of Directors of ForecastEx LLC.

(27) Disciplinary Panel – in the event of disciplinary proceeding, three individuals selected by the CRO from Board Members and/or Market Participants, including at least one individual who would qualify as a Public Director and acts as Chairman of the Panel.

(28) ERO – The Enterprise Risk Officer of ForecastEx, as set forth in CFTC Regulation 39.10(d)(4) and performing the duties of the Chief Risk Officer as set forth in CFTC Regulation 39.13(c).

(29) The Exchange – The activities of ForecastEx in its capacity as a Designated Contract Market.

(30) Event Market – A listing of an intrinsically paired “Yes” Event Position and a “No” Event Position with the same Event Question.

(31) Event Position – Either a “Yes” Position or a “No” Position listed in an Event Market by ForecastEx and entered by Market Participants through inverse pricing as described in Rule 401.

(32) Event Question – Binary Yes/No questions based on whether specific real world events will occur at or before a specific time period. The Outcome of an Event Question is either “Yes” or “No”.

(33) FCM – A Futures Commission Merchant as defined by the CFTC and registered with NFA.

(34) ForecastEx – ForecastEx, LLC, a Delaware LLC.

(35) ForecastEx Rules – The ForecastEx Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals, and directives of ForecastEx.

(36) IBG – IBG LLC the majority owner and controlling member off ForecastEx. IBG and ForecastEx are affiliates of Interactive Brokers Group, Inc (Nasdaq: IBKR).

(37) Insider - Any Person who has access to or is in a position to have access to material non-public information before such information is made publicly available.

(38) Market Participant – Collectively, Clearing Members, Sponsored FCMs, the Authorized Users of Clearing Members, the Related Parties of Clearing Members and Sponsored FCMs, and the Customers of Clearing Members and Sponsored FCMs.

(39) Market Participant Director – A Director who has been found by the Board to be an Authorized Representative of a Clearing Member and suitable to be a Director pursuant to Section 5b(c)(2)(Q) of the CEA.

(40) NFA – The National Futures Association

(41) “No” Position – An Event Position that pays out at its Resolution Time if the Outcome of the Event Question is “No”.

(42) Obligation – Any Rule, order or procedure issued by ForecastEx, including a Clearing Member Notice or other requirement implemented by ForecastEx under the Rules (including Contract Specifications), as well as any contractual Obligations between, on the one hand, a Person, and on the other hand, ForecastEx, and any Bid or Event Position entered into by a Market Participant or its Authorized User.

(43) Officers – Collectively, the Chairman, CEO, CRO, ERO and any other such Officers who have been appointed by the CEO as described in Rule 204.

(44) Operating Agreement – The Limited Liability Company Operation Agreement of ForecastEx, as it may be modified from time to time.

(45) Outcome – As related to Event Questions, whether an Event Question resolves to “Yes” or “No”

(46) Platform – The ForecastEx pairing, trading, and clearing systems.

(47) Person – Any natural or legal Person, association, partnership, limited liability company, joint venture, corporation, or any other type of entity.

(48) ROC – The Regulatory Oversight Committee as described in Rule 203.

(49) Related Party – With respect to any Market Participant, any partner, Director, Officer, branch manager, or employee of such Market Participant, or any Person. Additionally, any Person directly or indirectly, Controlling, Controlled by, or under common Control with such Market Participant.

(50) Resolution Time – The time when the Outcome of an Event Market is determined, and Settlement is initiated.

(51) Self-Regulatory Organization – Unless otherwise provided, the meaning set forth in CFTC Regulation 1.3 and Derivatives Clearing Organizations.

(52) Settlement – The process by which the Clearinghouse debits and credits the Collateral or Bank Accounts of Clearing Members to satisfy Settlement Obligations or Clearing Fund deficiency.

(53) Settlement Bank - A depository, bank or trust which has entered into an agreement with the Clearinghouse to facilitate Settlement on behalf of Clearing Members.

(54) Settlement Value – The value of an Event Question at Resolution Time after its Outcome has been determined.

(55) Source Agency – Any agency, whether public or private, that publishes data used to determine the Outcome of an Event Question.

(56) Sponsored Clearing Agreement – An agreement between a Sponsored FCM and a Clearing Member through which the Clearing Member authorizes the Sponsored FCM to submit Bids for Event Positions to be cleared and settled in a designated account of such Clearing Member.

(57) Sponsored FCM – An FCM that is not a Clearing Member, but is sponsored by a Clearing Member to have Access Privileges in accordance with Rule 303.

(58) User ID – The unique identifier registered with ForecastEx that the Exchange assigns to an Authorized User, and which is included on each Bid to enable ForecastEx to identify the Person entering such Bids.

(59) “Yes” Position – An Event Position that pays out at its Resolution Time if the Outcome of the Event Question is “Yes”.

(b) For the purpose of ForecastEx Rules, the following rules of construction shall apply:

(1) Words conveying a singular number include the plural number, where the context permits, and vice versa.

(2) References to any Regulatory Agency include any successor Regulatory Agency.

(3) If, for any reason, a Rule is found or determined to be invalid or unenforceable by a court of law, the Commission or another governmental or quasi-governmental agency with supervisory authority, such Rule shall be considered severed from the Rules and all other Rules shall remain in full force and effect.

(4) All references to time are to the local time in Chicago, Illinois unless expressly provided otherwise.

(5) All terms defined in the UCC and not otherwise defined herein shall have the respective meanings accorded to them therein.

(6) In the event of a conflict between these Rules and a non-disclosure agreement between ForecastEx or an Affiliate of ForecastEx and an FCM Participant or Customer, these Rules shall govern.

(7) In the event of a conflict between these Rules and the CEA or CFTC Regulations, the applicable provision of the CEA and/or CFTC Regulation shall govern.

# Chapter 2 – Governance

## Rule 201 – Ownership

ForecastEx, LLC is a Delaware limited liability company. ForecastEx LLC is a wholly owned subsidiary of IBG LLC and is governed by the Operating Agreement and the ForecastEx Rules.

## Rule 202 – Board of Directors

(a) General. The Board is empowered to direct the business and affairs of ForecastEx. The Board may affirm, modify, overrule, or review any decisions by its standing committees, special committees, or Officers, except for decisions by the Regulatory Oversight Committee and Event Review Committee.

(b) Composition.

(1) The Chairman and the CEO shall serve as a members of the Board.

(2) The other members of the Board will be appointed by IBG.

(3) The number of Directors can be changed by IBG, provided that the number of Public Directors represents more than 35% of the Board members.

(c) Public Directors.

(1) Qualifications of public directors. Public Directors must not have a material relationship with ForecastEx that could affect the independent judgment or decision making of the Person as a Public Director. A material relationship will be determined to exist if one of the following circumstances is true or was true within the past year:

(i) The Director has been an employee or Officer of ForecastEx, or an Affiliate;

(ii) The Director has been a Clearing Member of ForecastEx, or an officer or director of a Clearing Member;

(iii) The Director has received more than $100,000 in combined annual payments from ForecastEx or an Affiliate for legal, accounting, or consulting services. Compensation for services as a Director of ForecastEx or an Affiliate do not count towards the $100,000 limit, nor does deferred compensation for services prior to becoming a Director, so long as such compensation is in no way contingent, conditioned, or revocable; or

(iv) Paragraphs (i), (ii) or (iii) of this Rule 202(c)(1) apply to a Director’s immediate family (i.e. spouse, children, parents, and siblings).

(2) Public Directors are not disqualified from serving as Directors of Affiliates if they otherwise meet the qualifications of a Public Director listed in Rule 2(c)(1).

(3) ForecastEx shall disclose to the CFTC which members of its Board are Public Directors and describe the basis for the determination that each Board member is qualified to server as a Public Director.

(4) This rule shall be deemed to be modified to conform to any change to the definition of “Public Director” set forth in Core Principle 15 of Section 5(d) of the CEA or any CFTC regulation.

(d) Tenure. Each Director shall serve until their death, resignation, or removal, whichever occurs first, in a manner permitted by Applicable Law. The Board shall have procedures which allow it to remove a Director for cause. The Board will review the performance of its members on no less than an annual basis.

(e) Eligibility. No Person may serve as a member of the Board, or of a subcommittee of the Board if the Person:

(1) Within the prior three years has been found, by a final decision of a court of competent jurisdiction, an administrative law judge, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;

(2) Within the prior three 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 disciplinary offense;

(3) Is currently suspended from trading on a Designated Contract Market or a Swap Execution Facility, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty imposed pursuant to either: a finding by final decision of a court of competent jurisdiction, an administrative law judge, the CFTC or any Self-Regulatory Organization that such Person committed a disciplinary offense; or 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) Is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;

(5) Is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC, or has been convicted within the past three years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;

(6) Is currently subject to a denial, suspension or disqualification from serving on a Disciplinary Panel, 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;

(7) Is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA; or

(8) Is disqualified from serving on the Board or any of its committees due to CFTC Regulation 1.63 which is incorporated here by reference.

If any member of the Board, or a member of a committee or subcommittee of the Board is ineligible or becomes ineligible, they must immediately notify the CEO.

(f) Frequency of Board meetings. The Board will regularly meet at the times and places, and in the manner and frequency determined appropriate by the Board.

(g) Decision-making. A majority of the Directors serving on the Board, including at least one Public Director, shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting, and the Board may act only by the decision of a majority of the Directors constituting a quorum by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

## Rule 203 – Committees

(a) General. The Board may create by resolution one or more committees which shall be comprised of individuals appointed by the Board. At the Board’s discretion, these committees also include members who are not Directors. Members on ForecastEx Committees who are not Directors must meet the qualification requirements in Rule 202(e). These committees will have the power and authority to exercise the functions delegated to them by the Board.

(b) Decision-making. Subject to the approval of the Board, each committee will create rules to govern its proceedings. At least one public Director will serve on each committee. Each Committee may only act by the decision the majority vote of a quorum at a meeting or by unanimous written consent without a meeting. The Board will designate the chairperson of each committee.

(c) Regulatory Oversight Committee

(1) General. The Board will establish the ROC as a standing committee. The ROC shall be responsible for overseeing ForecastEx’s regulatory program. The Board will ensure that the ROC is delegated sufficient authority, resources, and time to accomplish its mandate.

(2) Composition. The ROC shall be composed entirely of Public Directors.

(3) Duties. In addition to the general responsibility described in section (b)(1) of this Rule 203, the ROC will:

(i) monitor and regularly review the ForecastEx’s regulatory program for sufficiency, effectiveness, and independence;

(ii) Oversee the regulatory program of ForecastEx, including market surveillance, trade practice, audits, examinations, regulatory responsibilities with respect to Market Participants, and conducting investigations;

(iii) Oversee the regulatory budget, determine the sufficiency of resources allocated to market regulation, and review the number, hiring, termination, and compensation of regulatory personnel;

(iv) Supervise the CRO;

(v) Prepare an annual report detailing ForecastEx’s self-regulatory program. This report will list the Compliance Department’s expenses, staffing, and structure. The report will also describe the disciplinary actions taken during the previous year as well as the performance of any disciplinary reviews and panels. The report will be presented to the Board and to the CFTC;

(vi) Recommend changes to the Compliance Department that encourage effective regulation;

(vii) As needed, appoint individuals to any Disciplinary Panels. At least one Person on each Disciplinary Panel should not be disqualified from serving as a Public Director; and

(viii) Advise the Board on whether and how regulatory proposals may impact the effectiveness of the Compliance Department.

(d) Clearing Committee.

(1) General. The Clearing Committee is a committee comprised of members of the Board and at least one Market Participant Director. The purpose of the committee is to review and provide oversight of the risk management activities of the Clearinghouse. The Clearing Committee shall prioritize the safety and efficiency of the Clearinghouse while supporting the stability of the broader financial system. The Clearing Committee shall be composed of no fewer than one Public Director, one Market Participant Director, and one other Board Member.

(2) Duties. The duties of the Clearing Committee include the following:

(i) Review the adequacy of financial safeguards for the Clearinghouse, and receive regular risk reports from the Clearinghouse Officers.

(ii) Approve all substantive changes to the ForecastEx rulebook that impact the Clearinghouse.

(iii) At least annually, review and approve the risk management framework, the liquidity risk management framework, the credit risk assessment methodology, collateral policy, clearing investment policy, and the Clearinghouse recovery & wind down plan. The Clearing Committee will also review and approve any substantive changes to the above policies. If the Committee recommends changes to these policies that would have a significant impact on the Clearinghouse’s risk profile, the Clearing Committee will submit a recommendation to the Board.

(iv) Approving all financial institutions that perform the functions of a Settlement Bank, a collateral custodian, a cash depository institution, or an investment counterparty for the Clearinghouse.

(v) Approving all new Clearing Members, and Clearing Member mergers, substantive changes, and withdrawals to Clearing Members.

(vi) Review and approve all substantive changes to clearing membership requirements.

(vii) Recommend to the Board for approval the individuals to serve as Officers of the Clearinghouse.

(viii) Oversee the Clearinghouse budget, determine the sufficiency of resources allocated to market regulation, and review the number, hiring, termination, and compensation of Clearinghouse Personnel.

(ix) Any such other matter as the Board may from time to time prescribe.

(e) Event Review Committee.

(1) General. The Event Review Committee shall be responsible for conducting the Event Review process described in Rule 613.

(2) Composition. The Event Review Committee members shall be appointed by the Board. A majority of Event Review Committee members must be Public Directors. Public Directors may concurrently serve on both the Event Review Committee and the ROC.

## Rule 204 – Officers

(a) General.

(1) Designation. The Chairman, CEO, CRO, and ERO shall be appointed by the Board. Other Officers may be appointed at the discretion of the CEO.

(2) Salaries. The salaries of all Officers of ForecastEx shall be approved by the Board.

(3) Eligibility. All Officers must meet the eligibility requirements for Board members in Rule 202(e).

(4) Affiliation. Any Officer may also be a Director, Officer, partner, or employee of an Affiliate subject to disclosure and resolution of conflicts of interest.

(b) Chairman. The Chairman shall be a member of the Board and, if present, preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to them by the Board. The same individual may serve as CEO and Chairman.

(b) Chief Executive Officer. The CEO shall be in charge of the Business of the Exchange, subject to the discretion and approval of the Board. The CEO shall discharge all executive duties of the Exchange and such other duties delegated by the Board. The CEO shall be responsible for carrying into effect the directions of the Board, except where the responsibility is specifically assigned to another Person by the Board of authority is expressly delegated to another Officer of the Exchange.

(c) Chief Regulatory Officer. The CRO shall be in charge of overseeing compliance matters and managing the day-to-day regulatory functions of the Exchange. The CRO will report to the ROC for all regulatory, compliance, supervisory, and surveillance matters. The CRO will report to the CEO on all other matters.

(d) Enterprise Risk Officer. The ERO shall be responsible for overseeing the Clearinghouse’s Enterprise Risk Management Program. The ERO shall perform the duties of the Enterprise Risk Officer as set forth in CFTC Regulation 39.10(d)(4) and the duties of the Chief Risk Officer as set forth in CFTC Regulation 39.13(c). The ERO will report to the Clearing Committee.

## Rule 205 – Indemnification

(a) General. ForecastEx shall indemnify and hold harmless its Directors and Officers, to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities, whether joint or several, expenses (including legal fees and expenses), judgments, fines and other amounts paid in settlement, incurred or suffered by such Director or Officer, as a party or otherwise, in connection with any threatened, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, arising out of or in connection with the business or the operation of the Company or by reason of their status as a Director or Officer, if (1) the Director or Officer acted in good faith and in a manner he or she reasonably believed to be in the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful, (2) the Indemnitee's conduct did not constitute intentional misconduct, gross negligence, knowing violation of the law or a material breach of any agreement with the Company and (3) the Director or Officer’s conduct did not involve a transaction from which such they derived an improper personal benefit.

(b) Indemnification of other employees. Persons who are not covered by Rule 205(a) and who are or were employees or agents of ForecastEx, may be indemnified to the extent authorized from time to time by the Board.

(c) Other rights of Indemnification. Indemnification provided by ForecastEx shall not be deemed exclusive of any other rights to which a Person may be entitled under any agreement or as a matter of law or otherwise.

(d) Notwithstanding paragraphs (a), (b), and (c) of this Rule 205, no Person shall be indemnified from liability for fraud, bad faith, willful misconduct, or gross negligence. The Directors and Officers of ForecastEx shall be each charged with the same fiduciary duties of care, loyalty, and good faith. Further, no Person shall be indemnified against a civil penalty imposed by the CFTC under Section 6b of the CEA.

## Rule 206 – Conflicts of Interest

(a) Definition. A conflict of interest shall be considered present when:

(1) Relationship to named party. A member of the Board, any Board Committee, or any other disciplinary committee has one of the following relationships:

(i) Is a named party in interest;

(ii) Is an employer, employee, or fellow employee of a named party in interest;

(iii) Has a family relationship with a named party in interest;

(iv) Has any other significant ongoing business relationship with a named party in interest, excluding relationships related to clearing futures or options transactions opposite each other or to clearing futures or option transactions through the same Clearing Member; or

(v) Is associated with another party in interest through a Broker Association as is defined in CFTC Regulation 156.1.

(2) financial interest in significant conflict. A member of the Board, any Board Committee, or any other disciplinary committee knowingly has a direct or substantial financial interest in the result of the vote based upon either an exchange or a non-exchange position that could be reasonably expected to be affected by the action.

(b) Prohibition. No member of the Board, any Board Committee, or any other disciplinary committee shall participate in such body’s deliberations and voting on any significant action where there is a conflict of interest.

(c) Determination by CEO.

(1) Disclosure. Prior to the consideration of any matter involving a conflict of interest each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose the conflict of interest to the CEO, or their designee. In the case of a potential conflict of interest due to a financial interest, the member of the deliberating body must disclose:

(i) Gross positions held at ForecastEx in the member’s Personal accounts or “controlled accounts,” as defined in Commission Regulation 1.3(j);

(ii) Gross positions held at ForecastEx in proprietary accounts, as defined in Commission Regulation 1.17(b)(3), at the member’s affiliated firm;

(iii) Gross positions held at ForecastEx in accounts in which the member is a principal, as defined in Commission Regulation 3.1(a);

(iv) Net positions held at ForecastEx in “Customer” accounts, as defined in Commission Regulation 1.17(b)(2), at the member’s affiliated firm; and

(v) Any other types of positions, whether maintained at ForecastEx or elsewhere, held in the member’s Personal accounts or the proprietary accounts of the member’s affiliated firm that the Self-Regulatory Organization reasonably expects could be affected by the significant action.

(2) Determination. The CEO or their designee shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this Rule 206(b). The determination shall be based on:

(i) information provided by the member pursuant to this Rule 206(c)(1);

(ii) the most recent large trader reports and clearing records available to ForecastEx;

(iii) any other source of information that is held and reasonably available to ForecastEx taking into consideration the exigency of the situation.

(d) Participation in deliberation. Any member of the Board, any Board committee, or any other disciplinary committee who is required to abstain from deliberations and voting pursuant to this Rule 206(b), may participate in deliberations, but not voting if the deliberative body determines that participation would be in the public interest. In making its determination, the following factors shall be considered.

(1) The factors considered by the CEO or their designee in making a determination about conflicts of interest as described in this Rule 206(c);

(2) whether such member’s participation in the deliberations is necessary to achieve a quorum; and

(3) whether such member has unique or special expertise, knowledge, or experience in the matter being considered.

(e) Documentation. Any meeting of the Board, any Board committee, or any other disciplinary committee shall include in their minutes or otherwise document the conflicts determination procedures followed. The records must also include:

(1) The names of all members who attended the meeting either in person or were present by electronic means;

(2) the name of any member who voluntarily recused themselves or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention; and

(3) information on the position information that was reviewed for each member.

## Rule 207 – Confidentiality and Employee Restrictions

(a) Confidentiality of non-public information. No member of the Board, Board Committee, Officer, employee, or consultant of ForecastEx will misuse any material non-public information obtained as a result of their affiliation with ForecastEx. Misuse means any use that is not required as part of the performance of their official duties as a ForecastEx Board member, committee member, Officer, employee or consultant respectively. This includes, but is not limited to:

(1) Disclosing to any Person material nonpublic information for purposes inconsistent with such Person’s official duties;

(2) Using the material nonpublic information for Personal gain, monetary or otherwise; and

(3) trading for their own account or on behalf on any other account, in any commodity interest, related commodity interest, or security for which they have access to material nonpublic information.

(b) No ForecastEx Officer or employee shall directly or indirectly enter any ForecastEx Event Position. This does not prohibit an Officer or employee from buying shares investment vehicles which might enter ForecastEx Event Positions, but only so long as the employee has no control or discretion over the ForecastEx Event Positions entered and closed. This also does not prohibit Affiliates from trading on ForecastEx subject to the limitations of Rule 208 below.

(c) No ForecastEx Officer or employee shall accept any gift, gratuity, compensation, or other form of remuneration valued at an amount greater than $100, either directly or indirectly, from a Market Participant without the approval of the CEO.

(d) For purposes of this Rule, the terms “material information,” “nonpublic information,” “linked

exchange”, “commodity interest,” and “related commodity interest” have the same meanings as they

do in Commission Regulation 1.59 which are incorporated here by reference.

(e) If a Director, Officer, or employee of ForecastEx violates any provision of this Rule 207, they will be required to indemnify ForecastEx for any costs, damages, or losses caused by the violation.

## Rule 208 – Limitation of Affiliate Participation

(a) ForecastEx, pursuant to approval by the Board, may permits an Affiliated Customer to participate on its Platform, subject to the following conditions:

(b) ForecastEx has ensured the Affiliated Customer does not have access to ForecastEx’s material non-public information, and ForecastEx ensures the Affiliated Customer’s access to information is limited to public information available to all Market Participant. (The provision of information to common Directors of ForecastEx, and any Affiliate or the holding company shall not constitute a violation of this proscription.)

(c) ForecastEx maintains operational independence from the Affiliated Customer. Operational independence means that the Affiliated Customer must:

(1) Have no access to ForecastEx operations, including servers, databases, accounts, tools, software, and development tooling, separate from ForecastEx;

(2) Comply with all of the rules in this Rulebook, including the rules regarding Clearing Members;

(3) Have access to the platform limited to that set forth in the rules in this Rulebook;

(4) Not have access to material non-public information, including but not limited to information regarding order flow, trading, Settlement, Event Markets, and compliance; and

(5) Have and maintain physical separation from ForecastEx.

(c) All capital underlying trading by an Affiliated Customer will not originate from ForecastEx.

(d) Any algorithms employed by any Affiliated Customers will not be readily exploitable (e.g., be not readily subject to manipulation, hacking).

(e) There may be multiple Affiliated Customer entities trading on the Platform.

(f) If additional Affiliates of ForecastEx commence trading on the platform, or if the information about the trading activities of the Affiliate changes materially, ForecastEx has put in place necessary controls to ensure that it updates this Rulebook and notifies Market Participants by issuing a notice on the website that discloses any Affiliate’s purpose in trading on the platform, and provides a summary of the procedures in place to manage and disclose actual or potential conflicts of interest and effects on trading to ensure market integrity and fairness are preserved.

## Rule 209 – Recordkeeping

(a) ForecastEx will maintain books of account on a cash or accrual basis to the extent required by the Internal Revenue Code and in accordance with generally accepted accounting principles. These records shall record all income distributions, expenses, and transactions of ForecastEx. The books of account as well as ForecastEx’s income tax returns will be kept for six years.

(b) ForecastEx will maintain records of all trades, orders, disciplinary or investigatory documents, and any other documentation required by the CEA and CFTC Regulations. The books and records shall be maintained in the manner prescribed by CEA and CFTC regulations.

(c) Upon request, ForecastEx will provide information to the CFTC, US Securities and Exchange Commission, the US Department of Justice, or any representative of a prudential regulator as authorized under Applicable Law, in the manner and form required. This includes records relating to Swaps in the Section 1a(47)(A)(v) of the CEA open to inspection and examination by the US Securities and Exchange Commission.

## Rule 210 – Regulatory Cooperation

ForecastEx may enter into agreements with domestic or foreign Self-Regulatory Organizations, associations, boards of trade and their respective regulators providing for the exchange of information and other forms of mutual assistance, for any financial or regulatory purpose that ForecastEx may consider appropriate, or as the CFTC may require. The CEO or their designee is authorized to provide information to an entity that is party to an information sharing agreement with ForecastEx, in accordance with the terms and conditions set forth in each agreement.

# Chapter 3 – Membership and Access Privileges

## Rule 301 – Applications for Clearing Membership

(a) ForecastEx will provide Access Privileges, Clearing Privileges, and related services to Clearing members. Applications for Clearing Membership will be considered, approved, or rejected in an impartial, transparent, fair and non-discriminatory manner. In order to become a Clearing Member, an FCM applicant must:

(1) Be an FCM registered with the CFTC;

(2) Complete and submit the ForecastEx Clearing Member Application and Agreement, User Agreement, and application fee, as may be established by ForecastEx from time to time;

(3) Not be subject to any economic or trade sanctions programs administered by Office of Foreign Assets Control or other relevant U.S. or non-U.S. authority, and must not include any Person listed on Office of Foreign Assets Control’s List of Specially-Designated Nationals and Blocked Persons among its beneficial owners;

(4) Be validly organized, and in good standing, in the United States;

(5) Not be prohibited from using the services of ForecastEx for any reason whatsoever;

(6) Have a good reputation and business integrity and maintain adequate financial resources and credit;

(7) Not have filed for bankruptcy and not be insolvent;

(8) Comply with Capital and other rules of the CFTC and NFA.

(9) Designate at least one Authorized User;

(10) Designate at least two Authorized Representatives who are responsible for supervising all activities of the Clearing Member, its Authorized User(s) and its employees relating to transactions, for initiating requests and for providing any information ForecastEx may request regarding such Clearing Member; provided, that upon request ForecastEx may permit an entity applicant to designate a single Authorized Representative in the Chief Compliance Officer’s sole discretion;

(11) Have sufficient operational capabilities and resources to support the Platform transfer requirements, including sufficient: (a) policies and procedures, (b) understanding of and support for Event Positions, (c) asset security and cyber security procedures and (d) AML controls;

(12) Have sufficient ability, appropriate accounts and technical support to clear Event Positions, including maintenance of the requisite Collateral Accounts at all times;

(13) Submit to ForecastEx a letter confirming that the applicant will maintain all Customer Funds deposited with it in connection with trading any Event Position in appropriately labeled and segregated Customer Accounts, as required by Commission regulations;

(14) Satisfy the minimum Clearing Fund Requirement;

(15) Designate Sponsored FCMs, if any, to fill and give up Bids for clearing on its behalf; and

(16) Meet any other criteria and provide ForecastEx with any other information ForecastEx may request regarding the Clearing Member.

(b) Prior to becoming an Clearing Member, FCM applicants must submit to ForecastEx: (1) a guarantee agreement on a form prescribed by ForecastEx defining the Clearing Member’s Obligation to financially guarantee the applicant’s Bids and Event Positions and those of the applicant’s Customers, signed by the Clearing Member; and (2) an agreement authorizing ForecastEx to unilaterally debit any Bank or Collateral Account in accordance with these Rules, Company policies and procedures and in amounts solely determined by ForecastEx.

(c) ForecastEx may in its sole discretion approve, deny, or condition any Clearing Member application as ForecastEx deems necessary or appropriate.

(d) If a Clearing Member application is approved by ForecastEx, the applicant will be a Clearing Member of ForecastEx with Access Privileges and Clearing Privileges with respect to its Customers and its Proprietary Account, as applicable.

(e) Submission of a Clearing Member Application and Agreement to ForecastEx constitutes the applicant’s agreement to be bound by the Rules and the published policies of ForecastEx.

(f) No Person affiliated, within the meaning of Section 5b(c)(2)(O)(ii)(V) of the CEA, with a Director of ForecastEx or an Clearing Member (for purposes of this Rule, an “affiliate”) shall meet the CFTC’s criteria for refusal to register a Person under Section 8a(2) of the CEA, unless the Clearing Committee finds that there are special circumstances warranting the application of such criteria with respect to the affiliate.

(1) With respect to affiliates, the Board shall be entitled to rely on a representation from the relevant Director or Clearing Member that, to the best of such Person’s knowledge, none of its affiliates is subject to disqualification pursuant to ForecastEx’s fitness standards and that such Person will notify ForecastEx if at any time such Director or Clearing Member becomes aware that any such affiliate fails to meet the fitness standards.

(2) Section 5b(c)(2)(O)(ii)(IV) of the CEA requires each DCO to establish Fitness Standards for Persons with direct access to the Settlement or clearing activities of the DCO (“Access Persons”). The only Persons with such access are Authorized Users of Clearing Members.

(g) Applicants for Clearing Member status of ForecastEx may withdraw their applications at any time without prejudice or without losing their right to apply at a future time.

(h) The Clearinghouse may, in its sole discretion, deny any Clearing Member application, or suspend, revoke, limit, condition, restrict, or qualify the Access Privileges or Clearing Privileges of any account owner or any Authorized Trader as deemed necessary or appropriate.

(1) Any Clearing Member whose Access Privileges or Clearing Privileges have been limited will be provided in writing the reason such action was taken.

(2) Any Person whose Clearing Member application was denied or whose Access Privileges or Clearing Privileges have been limited can file a petition with ForecastEx for review of the decision within 20 business days from the date of the notice of denial or limitation. ForecastEx will have sole discretion as to whether to grant the petition. A Person denied Membership will not eligible for re-application for six months.

## Rule 302 – Clearing Member Responsibilities

(a) Access Privileges shall be given to Clearing Members with respect to their proprietary and Customer Bids.

(b) Related Parties authorized by a Clearing Member may be given Access Privileges for proprietary accounts of the Clearing Member. Related Parties authorized by a Clearing Member to handle Customer orders must be registered if required by Applicable Law.

(c) Clearing Members must establish, maintain, and administer written supervisory procedures reasonably designed to ensure that their Related Parties comply with Applicable Law and ForecastEx Rules.

(d) KYC and AML.

(1) Clearing Members must provide the Clearinghouse with information related to know your Customer or anti-money laundering as the Clearinghouse may from time-to-time require.

(2) Clearing Members consent to the Clearinghouse providing information related to know your Customer or anti-money laundering to Settlement Banks or potential Settlement Banks.

(e) Each Clearing Member must represent to the Clearinghouse that each such Clearing Member will adhere to the Clearinghouses’ collateral transfer procedures. Each Clearing Member agrees to provide and accept collateral when required to do so by the Clearinghouse.

(f) Each Clearing Member must inform ForecastEx of: (i) any change to its email address within 24 hours after such change; (ii) any changes to the regulatory registration information of the Clearing Member’s Authorized Users within two Settlement Bank Business Days of such change; and (iii) other information provided in the Clearing Member Application and Agreement within five days after any such change or sooner if such change is material to the Clearing Member’s continued compliance with ForecastEx Rules.

## Rule 303 – Sponsored Access

(a) Clearing Members may elect to settle and clear transactions on behalf of a Sponsored FCM submitting its own Customer or proprietary Bids subject to the Clearing Member meeting the following requirements.

(b) Clearing Members are responsible for the activities of FCMs for whom they sponsor access. This includes:

(1) Registering a Sponsored Clearing Agreement in a form approved by the Clearinghouse prior to offering settlement and clearing services to any Sponsored FCM;

(2) Guaranteeing and assuming settlement responsibility for all activity submitted by the Sponsored FCM on ForecastEx;

(3) Assisting the Exchange in any investigation related to the Sponsored FCM. The assistance will be timely and use reasonable efforts to require the Sponsored FCM to product documents or otherwise participate in the investigation by the Exchange;

(4) Suspend or terminate the Sponsored FCM’s Access Privileges, if the Exchange determines that the sponsored FCM’s activity on ForecastEx poses a threat to the integrity or liquidity of any Event Market, a threat to the integrity of the ForecastEx marketplace, violates Applicable Law, the Rules of ForecastEx, or refuses to cooperate in any investigation; and

(5) Upon receipt of a termination notice in respect of a Sponsored Clearing Agreement, the Clearinghouse shall promptly notify the affected Sponsored FCM and Clearing Member of the termination. A mutually agreed upon termination shall be effective when both the Sponsored FCM and Clearing Member thereto notify the Clearinghouse that they have agreed to terminate their Sponsored Clearing Agreement registration. A unilateral termination shall be effective at 8:00 CST on the business day immediately succeeding the business day on which notice of termination was given to the Clearinghouse. Clearing Members will maintain responsibility for performance on open Event Positions to be cleared on behalf of such Sponsored FCM prior to termination.

(c) Prior to approval by ForecastEx, Sponsored FCMs must submit an application to ForecastEx which contains the names of all the Authorized Users of that Sponsored FCM as well as any other information that ForecastEx may from time to time require.

## Rule 304 – Customer Account Requirements

(a) Clearing Members must comply with the requirements set forth in Parts 1 and 22 of CFTC Regulations. This includes, but is not limited to, the following:

(1) Maintaining sufficient funds at all times in Customer Accounts.

(2) Computing, recording and reporting completely and accurately the balances in the Statement of Segregation Requirements and Funds in Segregation and the Statement of Segregation Requirements.

(3) Obtaining satisfactory Customer Segregated Account acknowledgment letters and identifying Customer Segregated Account as such.

(4) Preparing complete and materially accurate daily Customer Segregated Account in a timely manner.

(b) All Clearing Members must submit a daily Customer Segregated Account statement through Company-approved electronic transmissions by 12:00 CST on the following Settlement Bank Business Day.

(c) Clearing Members must provide the ForecastEx’s Compliance Department with access to Customer Account information in a form and manner prescribed by the Compliance Department.

(d) All Clearing Members must provide written notice to the Compliance Department of a failure to maintain sufficient funds in Customer Accounts. The Compliance Department must receive immediate written notification when a Clearing Member knows or should have known of such failure.

(e) ForecastEx may prescribe additional Customer Account requirements.

## Rule 305 – Large Trade Reporting

(a) Large Trader Position Reporting. Clearing Members are required to report position information on behalf of Customer Accounts carried on that books that have a position at or above the reportable level. ForecastEx will collect large trade data and transmit it to the CFTC on behalf of all Clearing Members.

(b) Reportable Level. A reportable account is any account, including Customer, firm, or market maker that meets the reportable level. Each account that has been reportable must also be reported on the first day that it falls below the reportable level. The reportable level is one Event Position.

(c) Methods of Reporting. Clearing Members carrying Customer, firm, or market maker positions must make arrangements to report those positions to the Clearinghouse. Reports must be submitted daily to the Clearinghouse by 7:00 CST.

## Rule 306 – Withdrawal of a Clearing Member

(a) A Clearing Member can withdraw from ForecastEx by submitting notice requesting withdrawal of their Clearing Membership. The notice will be accepted immediately and become effective once all of the Clearing Member’s positions are closed and the conditions in Rule 614 are met.

(b) Once a withdrawal notice has been accepted, all Access and Clearing Privileges terminate except for those necessary to close or transfer existing positions. The Clearing Member has 30 days to remove all Event Positions from its books by offset or Settlement. If this is not accomplished in 30 days, the Clearinghouse may exercise its rights under Rule 607(e) to liquidate or transfer the open Event Positions of the Clearing Member.

(c) After withdrawal, a Clearing Member remains subject to the ForecastEx Rules to the extent that they apply to the Clearing Member’s activity at ForecastEx. Withdrawal is final and the Clearing Member can only be re-instated via a new membership application.

## Rule 307 – Dues, Fees, and Assessments

(a) The Exchange shall have the sole power to set the dates and amounts of any dues, assessments, or fees levied by the Exchange.

(b) If a Market Participant fails to pay any Exchange dues, assessments, or fees, the Exchange may suspend, revoke, limit, condition, restrict, or qualify the Access Privileges of such Market Participant

## Rule 308 – Application of Rules and Jurisdiction

(a) By accessing the Platform, a Market Participant agrees to be bound by the rules of ForecastEx, and be subject to the jurisdiction of ForecastEx with respect to all matters arising from, related to, or in connection with their activity on ForecastEx without any need for any further action, undertaking, or agreement.

(b) Any Person submitting a Bid or entering an Event Position on the Exchange directly or through an intermediary, and any Person for whose benefit such Bid or Event Position is entered, expressly consents to the jurisdiction of ForecastEx and agrees to be bound by and comply with the Rules of ForecastEx in relation to such transactions, including but not limited to rules requiring cooperating and participating in investigatory and disciplinary processes.

(c) If a Market Participant has their Access Privileges revoked or terminated, they remain bound by ForecastEx Rules. They are subject to the rules to the extent applicable and remain subject to the jurisdiction of ForecastEx with respect to any and all matters arising from, related to, or in connection with their former participation in the ForecastEx marketplace.

(d) ForecastEx may provide all information it possesses about any Market Participant to the CFTC or any other regulatory agency, law enforcement authority, or judicial tribunal, including foreign regulatory or self-regulatory bodies without notifying the Market Participant.

## Rule 309 – Recording Conversations

ForecastEx may record conversations where Officers, employees, or agents of ForecastEx are on one side and Market Participants are on the other. These recordings may be kept by ForecastEx in a manner and for a duration determined to be appropriate by ForecastEx and CFTC Rules.

## Rule 310 – Public Information

(a) ForecastEx will maintain up to date copies of this Rulebook on its website

(b) If ForecastEx decides to make an alteration to its rulebook, it will publish a notice describing the changes to ForecastEx Rules prior to the effective date of the rule change. In order to enable Clearing Members and Access Person to become aware of the rule change, at minimum, ForecastEx will post the notice on ForecastEx website when it is published.

(c) ForecastEx will publish to its website the following trade information at the end of each trading day:

(1) For each currently listed Event Position: the previous day’s volume, open interest, highest, lowest, volume weighted average, and last prices; and

(2) a list of trades including the Event Position symbol, price distribution, quantity, and time.

(d) Contract Specifications for every listed Event Position will be posted to the ForecastEx website.

(e) If ForecastEx creates an emergency rule in accordance with Rule 409, ForecastEx will publish a notice of the action on its website and notify Clearing Members via email.

## Rule 311 – Default of a Clearing Member

(a) A Clearing Member that is unable to meet its Obligations, is insolvent, or becomes the subject of a bankruptcy petitions, receivership proceeding, or the equivalent shall immediately notify ForecastEx by telephone and email of such event. Such notice shall be confirmed in writing promptly by the Clearing Member. The occurrence of any of the events described in this Rule 311(a) shall constitute an event of “default” with respect to a Clearing Member.

(b) Each Clearing Member must immediately notify ForecastEx in writing upon becoming aware:

(1) That the Clearing Member, any of the Clearing Member’s Officers or any of the Clearing Member’s Authorized Users or Sponsored FCMs has had trading or Clearing Privileges suspended, access to, or membership or clearing membership in any Regulatory Agency denied;

(2) That the Clearing Member, any of the Clearing Member’s Officers or any of the Clearing Member’s Authorized Users or Sponsored FCMs has been convicted of, pled guilty or no contest to, or entered a plea agreement to any felony in any domestic, foreign or military court, or with the CFTC, as applicable;

(3) That the Clearing Member, any of the Clearing Member’s Officers or any of the Clearing Member’s Authorized Users or Sponsored FCMs has been convicted of, plead guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign or military court, or with the CFTC, as applicable, which involves:

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

(ii) Any Transaction in or advice concerning swaps, futures, options on futures or securities;

(4) That the Clearing Member, any of the Clearing Member’s Officers or any of the Clearing Member’s Authorized Users or Sponsored FCMs has been subject to, or associated with a firm that was subject to, regulatory proceedings before any Regulatory Agency;

(5) Of information that concerns any financial or business developments that may materially affect the Clearing Member’s ability to continue to comply with applicable participation requirements;

(6) Of becoming subject to early warning reporting under CFTC Regulation 1.12; or

(7) Of any failure to segregate or maintain adequate Customer Funds as required by the CFTC and CFTC Regulations.

(c) A Clearing Member who is subject to the conditions listed in this Rule 311(a) or 311(b) may be summarily suspended according to the procedures in Rule 709.

# Chapter 4 – Participation at ForecastEx

## Rule 401 – ForecastEx Event Positions

(a) General. The Contracts listed at ForecastEx are Event Positions. Each Event Market lists a “Yes” Event Position and a “No” Event Position on the same Event Question.

(b) Event Questions. The Settlement of an Event Position is based on the Outcome of an Event Question.

1. Event Questions can be based on economic, business, environmental, legislative, or social events, or any other event that ForecastEx chooses subject to the exclusions listed in this Rule 401(b)(ii).
2. ForecastEx will not list Event Markets deemed prohibited by the CFTC pursuant to Section 5c(5)(C) of the CEA.

(c) Entering Positions. Market Participants enter ForecastEx Event Positions by Bidding for either a “Yes” Position or a “No” Position in an Event Market and then being paired with a Market Participant who has Bid on the other contract in the Event Market. For a Market Participant to enter a “Yes” Position, their Bid must be paired with another Market Participant who has Bid on the paired “No” Position, and vice versa.

(d) Inverse Pricing. The paired “Yes” and “No” Positions of an Event Market are entered via inverse pricing. Market Participants Bid prices between $0.02 and $0.99. When the combined Bids for the “Yes” Position and “No” Position equal or exceed $1.01, the Exchange recognizes that Event Positions can be formed, and reports the potential Event Positions to the Clearinghouse. To be accepted for Clearing, each party is required to post collateral equal to the price they enter their Event Position at (e.g. If a $0.20 Bid for a “Yes” Position and a $0.81 Bid for a “No” Position are paired, the “Yes” participant is required to post $0.20 USD per Event Position and the “No” participant is required to post $0.81 USD per Event Position).

(e) Resolution. At the Resolution Time, the Outcome of an Event Question will be either “Yes” or “No”. Resolved Event Positions will be settled in accordance with Rule 602.

(f) The minimum unit of trading is one Event Position.

(g) The minimum Bid increment for each Event Position is $0.01.

(h) Event Positions are non-marginable and have no loan value.

## Rule 402 – Hours of Operation

Market Participants may place Bids and enter Event Positions at any time, except for those times needed to perform system maintenance. The times for system maintenance will be announced in advance by the Exchange.

## Rule 403 – Bid Entry

(a) All Bids must be entered into the Platform via electronic transmission. Each Clearing Member shall be responsible for any and all Bids entered by it, the Clearing Member’s sponsored FCMs, or its employees, and for compliance by its Related Parties with this Rule 403. Prior to entering a Bid, the relevant Market Participant shall access the Platform by inputting the user identification assigned by ForecastEx to that Market Participant. Each order must contain the following:

(i) Bid type;

(ii) Event Position identifiers including symbol and Resolution Time;

(iii) Whether the Bid is for the “Yes” Position or “No” Position;

(iv) quantity;

(v) price;

(vi) account type;

(vii) account number; and

(viii) any other information required from time to time by ForecastEx.

(b) Audit Trail Requirements

(1) Clearing Members that provide connectivity to ForecastEx are responsible for maintaining, or causing to be maintained, a Bid routing or front-end audit trail for all electronic Bids, including Bid entry, modification, cancellation and responses to such messages, entered on the Exchange through any gateway to the Platform. The audit trail must contain all Bid receipt, Bid entry, Bid modification or cancellation, and response or receipt times to the highest level of precision achievable by the operating system, in accordance with CFTC requirements for electronic Bids. The times captured must not be able to be modified by the Person entering the Bid.

(2) Clearing Members, including Authorized Users, must maintain audit trail information as required by the CEA and CFTC Regulations, including, but not limited to, CFTC Regulations 1.31 and 1.35 if applicable, and must be able to produce this data in a standard format upon request from the Regulatory Oversight Committee, Compliance Department or other relevant department of ForecastEx.

(3) Clearing Members must maintain a complete record of all of Customer Bids to trade ForecastEx Event Positions received by the Clearing Member, and any other transaction records, communications or data received by the Clearing Member regarding its Customer Accounts.

(4) The audit trail must capture required fields, which include but are not limited to the following: all fields relating to Bid entry, including the ID of an Event Position, quantity, Bid type, User ID(s), Customer Type Indicator Code, timestamps, and, where applicable, stop/trigger price, type of action and action status code, and applicable information contained in this Rule 403(b).

(5) For Bids that are filled, the audit trail must record the fill time of the Event Position and all fill information.

## Rule 404 – Placing Bids

(a) Bid Types. Market Participants may input the following Bid types into the Exchange:

1. Limit. A Limit Bid is a Bid to enter a stated number of “Yes” Positions or “No” Positions at a specified price or at a lower price.

(b) Bid Modification. Any Bid may be modified or cancelled until it has been Filled. The Exchange will attempt to cancel an existing Bid as soon as possible after a Clearing Member enters a cancellation instruction. The Bid may be filled before the Exchange is able to cancel it.

## Rule 405 – Filling Bids

(a) Subject to Rule 405(b), bids are prioritized by price-time priority. The Bids for the highest price will be filled first. If there are multiple Bids at the same price, the Bid that was entered first will be filled first.

(b) If an Affiliated Customer enters a Bid at the same price level as a Bid of a non-affiliated Customer, the Bid for the non-affiliated Customer will always be filled first, regardless of the time that the Affiliated Customer entered their Bid. Affiliated Customer Bids are always filled last at every price level.

## Rule 406 – Offsetting Positions

(a) A Market Participant may not simultaneously hold both “Yes” Positions and “No” Positions for the same Event Market. If a Market Participant enters into a transaction which results in such offsetting positions prior to Resolution Time, the responsible Clearing Member must notify the Clearinghouse that the Event Positions should be offset.

(b) When Event Positions are offset, the Clearing Member’s account is credited or debited an amount equal to $1.00 minus the combined price for the “Yes” Position and “No” Position. If the offset is for a Clearing Member’s Customer, the Clearing Member is obligated to pass the offset payments to the applicable Customer accounts. When Event Positions are offset, open interest in both the “Yes” and “No” Event Positions decrease. The Clearing Member must accurately report large trader positions and open interest in both the “Yes” Positions and “No” Positions.

(c) Clearing Members must offset Event Positions in a manner consistent with CFTC Regulation 1.46.

## Rule 407 – Entering Event Positions on Behalf of Customers

All Customer Bids must be transmitted to the Exchange by each Customer’s Clearing Member. Each Clearing Member shall maintain a secure connection to ForecastEx and comply with all technical and other requirements established by ForecastEx for this purpose.

## Rule 408 - Error Trades

(a) Error Trades. The Exchange shall adopt policies and procedures for resolving error trades.

(b) Errors in handling of Customer Bids. If a Market Participant discovers that there was an error in the handling of a Customer Bid after the fill has been completed and the Bid cannot be filled at a price that is better than or equal to the price that the Bid should have been filled, such Market Participant shall fill the Bid in the market and make an appropriate cash adjustment so that the Customer receives a price equal to or better than what they should have originally received.

## Rule 409 – Position Limits

All Event Positions entered on the Exchange are subject to Position Accountability. By opening more than 250,000 Event Positions in any one Event Question, a Market Participant agrees to provide in a timely fashion, upon request by the Exchange, information regarding the nature of the Event Positions, trading strategy, and hedging information if applicable, and consent to either stop increasing the number of Event Positions they have opened or reduce the number of open Event Positions if the Exchange so orders.

## Rule 410 - Emergencies

(a) General. If the CEO, or an individual designated by the CEO and approved by the Board, determines that an emergency exists, the CEO or their designee may create a temporary emergency rule. The emergency rule can remain in effect for up to 30 business days. ForecastEx will document its decision-making process and reasons for taking emergency action.

(b) Emergency Powers. ForecastEx’s emergency powers include:

(1) Preventing Market Participants from opening new Event Positions that do not offset existing Event Positions;

(2) Changing the Resolution Time of any Event Market;

(3) Imposing or modifying price and/or position limits for any Event Market;

(4) Ordering the liquidation of existing Event Positions;

(5) Ordering the transfer of Event Positions held by any Clearing Member to one or more other Clearing Members obligated to assume such Event Positions;

(6) Limiting or changing the hours of operation;

(7) Suspending or curtailing Bidding in any or all Event Markets; and

(8) modifying or suspending any provision of this ForecastEx rulebook.

(c) Emergency Event. Emergency conditions include the following:

(1) Any circumstance that severely and adversely affects, or threatens to severely and adversely affect, the physical functions of ForecastEx, or threatens to severely and adversely affect the physical functions of ForecastEx. This includes but is not limited to the following: fire, casualty, bomb threats, terrorism, computer system breakdowns, trading system breakdowns, or transportation breakdowns.

(2) Any activity that manipulates or attempts to manipulate an Event Market entered at the Exchange.

(3) Circumstances or actions that may materially affect the performance of Event Positions entered on the Exchange.

(4) Circumstances or actions that may materially affect the ability of ForecastEx to perform its normal functions.

(5) Actions taken by a governmental body, a Self-Regulatory Organization, a contract market, or any other exchange, market, facility, or trade association that may directly impact trading on the Exchange.

(6) Circumstances where a Market Participant cannot continue conducting business with ForecastEx without jeopardizing the safety of the Exchange or Market Participants;

(7) Bankruptcy or insolvency of ForecastEx or the imposition of any injunction or other restraint by any government agency, clearing house, court or arbitrator on ForecastEx which may affect the ability of ForecastEx to perform on an Event Position;

(8) Any circumstance which may have a material impact on the reliability or transparency of the Underlying Event related to an Event Market.

(9) Any other circumstance which the CEO determines threatens or may threaten fair and orderly markets.

(d) Notification. In accordance with CFTC Regulation 40.6, ForecastEx will notify the CFTC or any emergency rule or emergency action taken.

(e) Conflicts of interest. The CEO, or their designee, is bound by the Conflict of Interest provisions set forth in Rule 206. If a conflict of interest is found to exist involving the CEO or their designee, the Board shall be responsible for taking the Emergency action.

## Rule 411 – Transfers

(a) Existing Event Positions may be transferred from one Clearing Member to another Clearing Member or on the books of a Clearing Member provided:

(i) The Clearing Member notifies ForecastEx prior to the Transfer; and

(ii) An error was made in the reporting or clearing of an Event Position, the transfer moves the Event Position to an error account of the Clearing Member, and the transfer is completed within two business days after the Event Position is opened.

(b) Event Positions may also be transferred for reasons other than those listed in 411(a) provided that the Clearing Member receives approval for the transfer from ForecastEx prior to transferring the Event Positions.

(c) Transfers will be reported to the Clearinghouse in a form determined acceptable by ForecastEx. Clearing Members will maintain a record of all transfers.

## Rule 412 – Market Data Available to Market Participants

(a) The Exchange will make information regarding filled Event Positions, Bids, and other matters it may deem appropriate available to Market Participants at such times and in such manner as the Exchange may consider necessary or appropriate. Each Market Participant receiving any such information through the ForecastEx system may redistribute such information only to such extent and in such manner as may be permitted by the Board from time to time.

(b) An acknowledgement of each filled Bid will be forwarded to the party who opened the Event Position resulting from such Bid.

## Rule 413 – Precedence of Federal Law

Any change in instructions, order, ruling, directive, or law issued or enacted by any court or agency of the Federal Government of the United States that conflicts with the Rules contained in this Rulebook shall take precedence, immediately become a part of these Rules, and be effective for all currently active and newly listed Event Markets.

# Chapter 5 – Obligations of Clearing Members

## Rule 501 – Recordkeeping

(a) Each Clearing Member and Sponsored FCM shall prepare and keep current all books, ledgers, and other similar records required to be kept by it pursuant to CEA, CFTC regulations, and the Rules of ForecastEx, as well as any other books and records that ForecastEx may prescribe. Such books and records will be made available to the Exchange upon request.

(b) Each Clearing Member and Sponsored FCM shall keep all books and records required in Rule 501(a) for a period of five years from the date that they were first prepared, unless otherwise provided in ForecastEx Rules or required by law. The books and records shall be readily available during the first two years of the five-year period. During the five-year period, all books and records will be made available to the Exchange or its representatives upon request.

## Rule 502 – Financial Reporting Requirements

(a) Each Clearing Member and Sponsored FCM shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. Clearing Members and Sponsored FCMs shall provide to ForecastEx a copy of any filing required to be filed with the CFTC pursuant to CFTC Regulation 1.12.

(b) Clearing Members and Sponsored FCMs shall be required to satisfy such minimum financial requirements, and comply with such Obligations that may be established from time to time by ForecastEx.

(c) Clearing Members and Sponsored FCMs must immediately notify the CEO or their designee immediately upon becoming aware that if ails to satisfy the minimum financial requirements applicable to it.

(d) If a Clearing Member or Sponsored FCM is subject to the early warning requirements set forth in CFTC Regulation 1.12, the CEO or their designee may impose, as they deem necessary or appropriate, any restriction or conditions on the business and operation of such Clearing Member.

(e) If a Clearing Member or Sponsored FCM cannot demonstrate that it is in compliance with the minimum financial requirements applicable to it, they may not participate on the Exchange except for the purpose of offsetting open Event Positions.

## Rule 503 – Treatment of Customer Funds

Each Clearing Member and Sponsored FCM shall comply with the provisions of CFTC Regulations and Applicable Law relating to the treatment of Customer funds and the maintenance of books and records with respect thereto. Any Clearing Member or Sponsored FCM that violates the aforementioned CFTC Regulations will be deemed to have violated this Rule 503.

## Rule 504 – Confirmations and Customer Statements

(a) Confirmations. Clearing Members and Sponsored FMCs that enter into an Event Position on behalf of a Customer shall provide a confirmation to the Customer no later than the business day following the fill date. The confirmation shall be in the form that the Exchange shall from time to time prescribe and at minimum indicate the symbol, whether a “Yes” Position or “No” Position was entered, the price, and quantity.

(b) Customer Statements. Clearing Members and Sponsored FCMs that enter into Event Positions on behalf of Customers shall furnish a monthly statement of account to each Customer, in accordance with applicable CFTC Regulations.

## Rule 505 – Responsibility for Customer Bids

(a) Market Participants handling Bids for Customers shall exercise due diligence in the handling and execution of such Bids. Failure to act with due diligence shall be considered negligence.

(b) Market Participants are prohibited from directly or indirectly guaranteeing a fill of a Bid or any of its terms (such as quantity or price). This Rule 505(b) shall not be construed to prevent a Clearing Member or Sponsored FCM from assuming or sharing losses resulting from an error in mishandling a Bid.

(c) Market Participants shall not adjust the price at which a Bid was filled or be held responsible for executing or failing to fill a Bid unless they were negligent or are settling a dispute regarding negligence.

## Rule 506 – System Security

(a) Clearing Members must establish and maintain cyber security policies and procedures to protect each Clearing Member’s systems, including but not limited to any API.

(b) Clearing Members must at all times have at least one employee or agent designated as its administrator. The Administrator is responsible for overseeing the activity by the Authorized Users of that Clearing Member.

(c) Each Authorized User must have a unique User ID.

(d) Each Order entered by a Clearing Member on behalf of a Customer must contain: (1) such Customer’s User ID or Customer ID; and (2) the User ID of the Clearing Member’s Authorized User that entered the Order.

(e) No Person may use a User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist with the unauthorized use of a User ID. Each Clearing Member and Authorized User shall ensure that no User ID is used by any Person not authorized by these Rules. Each Clearing Member shall establish and maintain policies and procedures to ensure the proper use and protection of User IDs. An Authorized User is prohibited from using another Person’s User ID, unless the Authorized User is entering the Order of a Customer in accordance with the Rules.

(f) Each Clearing Member shall be solely responsible for controlling and monitoring the use of all User IDs issued to its Authorized Users.

(g) Each Clearing Member shall notify ForecastEx of the need to terminate any User IDs or the status of any of its Authorized Users.

(h) Each Clearing Member shall keep confidential and secure all User IDs, except as permitted pursuant to these Rules, and any account numbers and passwords related to the Platform and shall notify ForecastEx promptly upon becoming aware of:

(1) Any unauthorized disclosure or use of any User ID and of any other compromise to a User ID that would reasonably cause ForecastEx to deactivate the User ID;

(2) Any loss of any User ID; and

(3) Any unauthorized access to ForecastEx by any Person using a User ID assigned to such Clearing Member.

(i) Each trading system that automates the generation and routing of Orders to ForecastEx must have a User ID.

## Rule 507 – Documents Provided to Customers

Clearing Members must provide their Customers a copy of the ForecastEx Risk Disclosure statement and ForecastEx Rulebook prior to accepting any Bids from such Customers for submission to the Exchange.

## Rule 508 - Fraudulent or Misleading Communications

(a) No Market Participant shall make any fraudulent or misleading communications relating to the entering of Bids or the entering of Event Positions on the Exchange.

(b) No Market Participant shall make any misstatement of a material fact to ForecastEx, including the Board, any committee thereof, or any Director, Officer, or employee of ForecastEx.

## Rule 509 – Prohibited Actions and Activities

(a) Fraudulent Acts. No Market Participant shall engage in any fraudulent act or engage in any scheme to defraud, deceive, or trick in connection with any Event Market or any other activity related to ForecastEx.

(b) Fictitious Transactions. No Market Participant shall create fictious Event Positions or fill any Bid for a fictitious Event Position with knowledge of its nature.

(c) Market Manipulation. Any manipulation of an Event Market is prohibited. Bids entered into the Exchange for the purpose of generating unnecessary volatility or creating a condition where probabilities do not reflect fair market value is prohibited. Any Market Participant who makes or in any way assists in carrying out or attempting to carry out any plan or scheme for manipulating the market will have engaged in an act detrimental to the Exchange.

(d) Adherence to Law.

(1) General. No Market Participant shall engage in conduct in violation of Applicable Law or the Rules of ForecastEx.

(2) Sales Practice Rules. Without limiting the generality of Rule 509(d)(i), Each Market Participant shall comply with any and all sales practice rules from time to time promulgated by NFA, including those related to bunched orders, opening and approval of accounts, suitability, use of discretion, supervision of accounts, risk disclosure document delivery, communications, monthly statements and confirmations, registration, qualification and continuing education, Customer complaints, and prohibition against guarantees and profit sharing.

(e) Misuse of Access Privileges. No Market Participant may use its Access Privileges in any way which could bring disrepute upon such Market Participant or ForecastEx.

(f) Acts Detrimental to the Exchange. No Market Participant shall engage in any act detrimental to ForecastEx or engage in conduct inconsistent with just and equitable principles of trade.

(g) Pre-arranged Fills.

(1) Non-competitive Fills. No Market Participant shall enter into any non-competitive Event Positions on the Platform including any accommodation fills or any fill that has been directly or indirectly pre-arranged.

(2) Wash Trading. No Market Participant shall enter or attempt to enter into any Event Position on ForecastEx that (i) does not result in a change of beneficial ownership; (ii) is designed to unnaturally inflate trading volume; (iii) in any way attempts to circumvent the Exchange’s order processing, fill systems, or other circumvents exposure of the Bid to open and competitive Bidding on the Exchange; or (iv) has some other illegitimate purpose.

(3) Money Pass. No Market Participant shall engage in any activity that is intended to accomplish “Money Pass” as is defined by the CFTC.

(h) Insider Trading

(1) Access to non-public information. If a Market Participant (i) is an Insider that has access to material non-public information that is the subject of an Event Question for any Event Market, or (ii) has the ability to exert any influence of the subject of an Event Question for any Event Market, that Market Participant is prohibited from entering or attempting to enter any Event Position on the Exchange for that Event Market.

(2) Employees of Source Agencies. a Market Participant who is an employee or affiliate of a Source Agency for any Event Question is prohibited from entering or attempting to enter any Event Position on the Exchange for Event Markets with such Event Questions regardless of whether the Market Participant possesses material non-public information.

(3) If a Market Participant is a decision maker, who either directly or indirectly, or has any influence, either directly or indirectly, no matter the scale or importance of the influence, on the Outcome of an Event Question for any Event Market, that Market Participant is prohibited from entering into or attempting to enter into those Event Positions on the Exchange.

(i) No Market Participant shall engage in any activity that constitutes fraudulent or abusive trading, including but not limited to violating Bids, demonstrating intentional or reckless disregard for the orderly entering of Event Positions, or spoofing.

(j) No Market Participant shall engage in any activity that is intended to accomplish “front-running” as is defined by the CFTC.

(k) Integrity of Exchange. No Market Participant shall engage in any activity that adversely affects the integrity of the Exchange Platform or its underlying systems.

(l) Insufficient funds.

(1) Market Participants are prohibited from entering Bids on the Exchange if there are insufficient funds in the Market Participant’s account to satisfy the Bids if they are fill.

(2) Clearing Members are prohibited from depositing funds into their Clearinghouse account from an account which does not hold sufficient funds at the time of deposit, an at the time the deposit is presented to the Clearinghouse for payment.

(3) No Clearing Member shall allow its Customer’s account balance to become negative by any means. In the event that a Clearing Member’s Bank Account balance becomes negative, the Clearing Member must immediately deposit additional funds to correct the deficiency. Any Clearing Member whose Bank Account carries a negative balance for 30 days or more is subject to summary termination of membership.

(m) Priority of Customer Bids.

(1) No Market Participant shall knowingly enter an Event Position for a Personal or proprietary account of such Market Participant or an account where the Market Participant has a proprietary interest when the Market Participant has in hand Bids for the same Event Position for any other Person at the same price, a higher price, or at the market price.

(2) No Market Participant shall knowingly enter a discretionary Bid for an Event Position including, without limitation, a Bid allowing such Market Participant discretion as to time and price, for an immediate family member or for a Personal or proprietary account of any other Market Participant when the Market Participant entering the discretionary Bid has in hand a Customer market Bid for the same Event Position. This provision does not apply if the Customer has consented to this activity.

(3) No Market Participant entering Bids into the Exchange must enter all Customer Bids that the Exchange is capable of accepting prior to entering a Bid for a Personal or proprietary account of such Market Participant, an account in which the Market Participant has a proprietary interest, or an Bid for a discretionary account in which the Market Participant has a Personal or proprietary interest.

(4) No Market Participant that consists of more than one individual, shall be deemed to have violated this Rule 509(m) if (i) such Market Participant has in place appropriate “firewall” or separation of function procedures and (ii) the individual executing the proprietary or discretionary Bid has no direct knowledge of the Customer Bid for the same Event Position.

(n) Trading Against Customers’ Bids. No Market Participant shall enter a Bid in an Event Market on behalf of a Customer in which the Market Participant intentionally enters an opposing Bid in the same Event Market that results in both Bids being filled.

(o) Withholding Bids. No Market Participant shall withhold or withdraw from the Exchange any Bid or part of a Bid, placed by a Customer with the Market Participant.

(p) Disclosing Bids. No Market Participant will disclose to any Person any Bid placed by a Customer, except to the Exchange or the CFTC.

(q) Supervision. Each Clearing Member and Sponsored FCM is responsible for the supervision of its Related Parties and ensuring that they remain in compliance with the ForecastEx Rulebook. This includes having appropriate written supervisory procedures for activity on ForecastEx as well as reasonable monitoring of Related Parties to ensure compliance with ForecastEx Rules. Clearing Members and Sponsored FCMs may be held responsible for the actions of their Related Parties.

# Chapter 6: Clearing and Settlement

## Rule 601 – Clearing

(a) Bank Accounts. Clearing Members are required to maintain a Bank Account with an approved Settlement Bank and shall authorize the Clearinghouse to debit such Bank Account to satisfy the Obligations of the Clearing Member or in accordance with other provisions of ForecastEx Rules. It is the responsibility of Clearing Members to ensure that any Sponsored FCM or other Customer who sends a Bid to the Exchange has the funds required to fully collateralize their position if their Bid is filled. Clearing Members must maintain segregation of Customer funds from House funds at the level of the Clearing Member, the Clearinghouse, and the Settlement Bank.

(b) Credit Check.

(1) Prior to submitting a Bid, the Clearing Member will conduct a review of its Collateral Account to ensure the Clearing Member can fully collateralize the Bids prior to entering into any Event Positions. A Clearing Member cannot submit a Bid if they do not have the necessary funds and/or Collateral.

(2) Prior to accepting a Bid, ForecastEx will conduct a review of the Clearing Member’s Collateral Account to ensure that the Clearing Member can fully collateralize the Bids prior to entering into any Event Positions.

(c) Clearing Agreement. Upon submission of a Bid by a Sponsored FCM, the Clearinghouse will conduct a review to ensure that a valid Clearing Agreement exists between that Sponsored FCM and the Clearing Member designated to clear and settle the Event Position(s). If such Clearing Agreement is in effect the Bid will be accepted and, if the Event Position is entered, the Clearinghouse shall transfer the filled trade to the designated account of the Clearing Member. ForecastEx will reject any Bid submitted by a Sponsored FCM where after such review it has determined a valid Clearing Agreement does not exist.

(d) Clearing. Upon recognition by the Exchange that the $1.01 threshold for creating Event Positions has been reached, the Exchange shall notify the Clearinghouse of the potential Event Positions that can be entered into, and the Clearinghouse shall confirm that the relevant Clearing Members have sufficient balance in their collateral accounts and then enter the Market Participants into the Event Positions. At this point, the Clearing Members and ForecastEx will have entered into a Contract, and ForecastEx has the Obligation to pay all monies required at such time as the Event Position Settles. This shall be effective in law for all such purposes. Clearing Members consent to this process by entering Bids and the ForecastEx consents to the process by accepting the Bids.

(e) All terms of a cleared Event Position must conform to the Contract Specifications.

(f) If the Clearinghouse rejects a potential Event Position for clearing for any reason, there is no Event Position for either Market Participant. An Event Position does not exist until the Clearinghouse accepts it.

## Rule 602 – Settlement of Event Positions

(a) At an Event Contract’s Resolution Time, if the Outcome of the Event Question is “Yes”, then holders of the “Yes” Position will be entitled to receive the Settlement Value of $1.00 per contract and holders of the “No” Position will receive $0.00. If the Outcome of the Event Question is “No”, then holders of the “No” Position will be entitled to receive the Settlement Value of $1.00 per contract and holders of the “Yes” Position will receive $0.00.

(b) At the Resolution Time, the Exchange will cause and/or instruct the Clearinghouse to:

(1) Notify all Clearing Members whether they will receive a Settlement Value pursuant to this Rule 602(a);

(2) Settle the Event Positions as follows:

(i) In the case of the Clearing Member holding an Event Position having a Settlement Value of $0.00, debit such Member’s Collateral Account by an amount equal to $1.00 less the Bid price at which each Event Position was filled. If the Clearing Member does not maintain sufficient cash in the Collateral Account to satisfy the debit, the Clearinghouse will issue a debit instruction for the balance due to the Clearing Member’s Customer or Non-Customer Bank Account, as applicable.

(ii) In the case of the Clearing Member holding an Event Position having a Settlement Value of $1.00, credit such Member’s Collateral Account by an amount equal to $1.00 less the Bid price at which each Event Position was filled; This credit, along with release of the collateral deposited in support the filled Bid price sums to the $1.00 Settlement Value; and

(iii) Any excess of the debit over the credit shall be considered a fee due the Exchange in accordance with Rule 307.

(3) Delete all Event Positions from Clearing Member accounts, as applicable.

(c) Prior to Settlement, ForecastEx may, at its sole discretion, initiate the Event Outcome Review Process as provided in Rule 613.

(d) ForecastEx will distribute notification via electronic mail at Settlement to all Clearing members who hold the relevant Event Positions.

(e) Settlement is irrevocable and unconditional.

(f) If in order to cover its Settlement liabilities, the Clearinghouse is forced to tap the line of credit provided by a Clearing Member, the Clearing Member will be responsible for all fees associated with using that line of credit.

## Rule 603 – Deposit Procedures

(a) Deposits of funds or securities are to be initiated through a Clearing Member’s Bank Account and such deposits are available for immediate credit upon receipt.

(b) Clearing Members are responsible for all transfers of funds from their Bank Account to the Collateral Accounts of the Clearinghouse for credit to the relevant Customer Event Positions. Clearing Members must maintain separate Collateral Accounts for house and Customer positions.

## Rule 604 – Clearing Member Withdrawal Requests

(a) Only an Authorized Representative may submit a withdrawal notification through the Clearing Member before ForecastEx transfers funds to a Clearing Member’s Bank Account. Upon receipt of a withdrawal notification, ForecastEx no longer permits funds in the amount listed in the withdrawal notification to be used for Access Privileges and Clearing Privileges. The Clearinghouse will reject any withdrawal request if the effect of that request, if processed, were to result in a deficiency in the Clearing Member’s Collateral Account.

(b) Clearing Members are responsible for providing accurate account numbers to allow ForecastEx to effect transfers to the Clearing Members.

(c) The Clearinghouse will make a good faith effort to process all excess collateral withdrawal requests received prior to 13:00 CST that same business day. Requests not processed on that same business day will be processed the following business day assuming the Clearing Member maintains sufficient collateral after giving effect to the withdrawal.

## Rule 605 – Reconciliation

The Clearinghouse shall reconcile the positions and cash and collateral balances of each Clearing Member on a continuous basis as close to real time as practical. The Clearinghouse shall make available to each Clearing Member the position, cash, and collateral balances of each Clearing Member and any Customers of the Clearing Member. All Clearing Members shall be responsible for reconciling their records with the records that the Clearinghouse makes available to Clearing Members.

## Rule 606 – Full Collateralization Required

Each Clearing member on behalf of itself and its Customers, shall deposit and maintain with the Clearinghouse funds to fully collateralize any Event Positions held by the Clearing member. A Clearing Member, or any other Market Participant sponsored by the Clearing Member will not be permitted to enter a Bid for an Event Position unless the Clearing Member deposits and maintains sufficient collateral to fully collateralize any potential Event Position that could result from the Bid. Collateral transfers made by a Clearing member to the Clearinghouse or by the Clearinghouse to a Clearing Member are irrevocable and unconditional when effected except in the case of funds transferred to a Clearing Member in the event of fraud or error.

## Rule 607 – Collateral

(a) Subject to the terms and conditions of the Clearinghouse, the Clearinghouse will accept from Clearing Members the following as collateral: cash, and any other form of collateral deemed acceptable by the Clearing Committee. Upon the Clearing Committee’s approval of a form of collateral, the approval will be communicated through notices to Clearing Members and listed on the ForecastEx website. The Clearinghouse will value non-cash collateral as it deems appropriate.

(b) Except as otherwise provided herein, Collateral must be and remain unencumbered. Each Clearing Member posting collateral hereby grants to the Clearinghouse a continuing first priority security interest in, lien on, right of setoff against, and collateral assignment of all such Clearing Member’s right, title, and interest in and to any property and collateral deposited with the Clearinghouse by the Clearing Member, whether now owned or existing or hereafter acquired or arising, including without limitation such Clearing Member’s Customer Account and all securities entitlements held therein and all funds held in a Collateral Account, and all proceeds of the foregoing. A Clearing Member shall execute any documents required by the Clearinghouse to create, perfect, and enforce such lien. Collateral is protected from claw back by creditors of a defaulting Clearing Member.

(c) A Clearing Member must transfer the collateral the Clearinghouse or to a Collateral Account and the Clearinghouse will hold collateral transferred to the Clearinghouse on behalf of the Clearing Member. The Clearinghouse will credit to the Clearing Member the collateral such Clearing Member deposits. Collateral shall be held by the Clearinghouse until a Clearing Member submits a withdrawal notification unless otherwise stipulated by ForecastEx Rules.

(d) The Clearinghouse will not be responsible for any diminution in value of collateral that a Clearing Member deposits with the Clearinghouse. Any Fluctuation in markets is the risk of each Clearing Member. Any Interest earned by the Clearinghouse through reinvestment of collateral maintained by a Clearing Member in its Collateral Account may be retained by the Clearinghouse.

(e) The Clearinghouse has the right to liquidate a Clearing Member’s Event Positions or non-cash collateral to the extent necessary to close or transfer Event Positions, fulfill Obligations to the Clearinghouse or other Clearing Members, and to return collateral in the event that (1) the Clearing Member ceases to be a Clearing Member, (2) the Clearinghouse suspends or terminates the Clearing Members Access Privileges or Clearing Privileges, (3) the Clearing Member’s open position in any Event Position becomes less than fully collateralized, or (4) the Clearinghouse determines in its sole discretion that it is necessary to take such measures.

## Rule 608 - Segregation of Funds

The Clearinghouse shall separately account for and segregate from the Clearinghouse’s proprietary funds all Clearing Member funds used to enter Event Positions and all money accruing to such Clearing Members as the result of Event Positions so carried in a Collateral Account. The Clearinghouse shall maintain a proprietary account that will be credited with fees or other payments owed to the Clearinghouse that are debited from the Collateral Account as a result of Clearing Member Event Positions and Settlements. The Clearinghouse shall maintain a record of each Clearing Member’s account balances and Event Positions. The Clearinghouse shall not hold, use, or dispose of Clearing Member funds except as belonging to Clearing Members.

## Rule 609 – Concentration limits

The Clearinghouse may apply appropriate limitations or charges on the concentration of assets posted as collateral, as necessary, in order to ensure its ability to liquidate such assets quickly with minimal adverse price effects, and may evaluate the appropriateness of any such concentration limits or charges, on a periodic basis. In the event that the Clearinghouse determines in its sole discretion that the Clearing Member’s deposit in their Collateral Account is too concentrated in non-cash assets, the Clearinghouse shall have the right to (1) transfer non-cash collateral back to a Clearing Member, and Clearing Member agrees to accept the transfer, or (2) take any other action the Clearinghouse deems necessary to safeguard the collateral. The Clearinghouse is entitled to charge fees related to holding non-cash collateral in material excess of the amount necessary to collateralize a Clearing Member’s Event Positions.

## Rule 610 – Investment of Clearing Member Funds

(a) Clearing Member funds on deposit with the Clearinghouse will be held in a Collateral Account segregated as Clearing Member Property.

(b) The Clearinghouse may invest such funds subject to the limitations and conditions set forth in CFTC Regulations 22.2(e)(1) and 1.25.

(C) The Clearinghouse may pass interest to Clearing Member’s accounts at a floating rate to be determined by the Clearinghouse on funds in Clearing Member’s accounts in excess of an amount to be determined by the Clearinghouse.

(d) The Clearinghouse will retain all profits from investment of Clearing Member funds not paid to Clearing Members.

## Rule 611 – Contract Modifications

(a) Source Agency. If any event or circumstance which may have a material impact on the reliability or transparency of an Event Market’s Source Agency or the underlying data related to the Event Market arises, including but not limited to if an Event Market’s Source Agency is unavailable or undergoes significant modifications, ForecastEx retains the authority to designate a new Source Agency and Underlying for that Event Market and to change any associated Contract Specifications after the first day of trading. The new Source Agency and Underlying are required to be objective and verifiable. Any such change will be posted to the ForecastEx website.

(b) Resolution Time. If the Event Question that determines the Outcome of an Event Market is based on an Event occurring, or occurring multiple times, within a stated timeframe, ForecastEx may accelerate the Resolution Time of the Event Market if the Outcome of the Event Question has been determined prior to the initial Resolution Time.

## Rule 612 – Accelerated Settlement

(a) If any circumstance arises which would prevent the Event Question from being answered accurately at the Resolution Time, including but not limited to the cancellation of the event that determines the Outcome of the Event Question, ForecastEx shall have the power to accelerate the Settlement of the Event Market.

(b) If ForecastEx determines to accelerate the Settlement of an Event Market, ForecastEx will determine the payouts to the Market Participants who hold “Yes” Positions and “No” Positions based on the affected Event Question.

(1) Upon determining to accelerate the Settlement of an Event Market, the Exchange will post a public notice on its website and send emails to effected Clearing Members. At this time, the Exchange will also suspend trading in the effected Event Market.

(2) If available, ForecastEx will use the most recent last prices of the Event Positions affected to determine to the payout.

(3) If the most recent last price is not available, or if ForecastEx determines in its sole discretion that the most recent last price does not represent a fair allocation, the Event Review Committee will be responsible for making a binding determination of fair allocation. In no event shall the combined payout for a single “Yes” Position and a single “No” Position exceed $1.00. Determinations by the Event Review Committee are final and not subject to review.

(4) ForecastEx will settle the Event Market as soon as is practical after initiating the Accelerated Settlement process.

## Rule 613 – Event Review Process

(a) Before Settlement, the Exchange may initiate the Event Review Process, at is sole discretion and by taking into account several factors including any circumstances that may have a material impact on the reliability or transparency of the Underlying related to the Event Market. Under this process, the Event Review Committee will determine the Event Resolution. Settlement will occur on the date that the Event Review Committee reaches a determination on the resolution of an Event Market’s Event Question. If the Event Review Process is initiated, ForecastEx will post on its website that the Event Market’s Outcome is under review.

(b) The Event Review Committee shall review all relevant evidence and determine a final Outcome as soon as is feasible after the Event Review Process is initiated.

(c) the Event Review Committee has full discretion in resolving the Event Review Process. The determinations by the Event Review Committee are final.

## Rule 614 – Clearing Fund Contributions

(a) ForecastEx shall maintain a Clearing Fund to which each Clearing Member shall contribute to make good certain losses suffered by the Clearinghouse. The size of the Clearing Fund shall at all times be subject to minimum size of at least $1,000,000 per Clearing Member.

(b) ForecastEx shall have the authority to increase the size of the Clearing Fund at any time for the protection of the Clearinghouse, Clearing Members or the general public. Any such determination to implement an increase in Clearing Fund size, temporary or otherwise, would (i) be based upon then-existing facts and circumstances, (ii) be in furtherance of the integrity of the Clearinghouse and the stability of the financial system, and (iii) take into consideration the legitimate interests of Clearing Members and market participants. Any temporary increase in the Clearing Fund shall be determined by the Clearing Committee.

(c) Contributions to the Clearing Fund shall be in cash or in Government securities. For purposes of valuing government securities for calculating contributions to the Clearing Fund, government securities shall be valued at (1) 99.5% of the current market value for maturities less than one year; (2) 98% of the current market value for maturities between one and five years; (3) 96.5% of the current market value for maturities between five and ten years; and (4) 95% of the current market value for maturities in excess of ten years. For the purposes of this Rule 614, the current market value of government securities shall be determined by ForecastEx at such intervals as the Clearing Committee shall from time to time prescribe, but not less often than monthly, on the basis of the quoted Bid price therefor supplied by a source designated by ForecastEx.

(d) Any interest or gain received or accrued on government securities included within a Clearing Fund contribution shall belong to the contributing Clearing Member. Cash contributions to the Clearing Fund may from time to time be partially or wholly invested by ForecastEx for its account in government securities and any interest earned on such investments will accrue to the benefit of ForecastEx.

(e) Contributions of government securities shall be deposited by the Clearing Member in an account of ForecastEx in an approved custodian in the name of ForecastEx or by such other method as ForecastEx may from time to time approve.

(f) ForecastEx may set a minimum cash requirement for the Clearing Fund based on analysis of the ForecastEx’s projected liquidity demands and may require a two-day notification period for any Clearing Member requesting to substitute government securities for cash deposits.

(g) If the contribution to the Clearing Fund to be made by a Clearing Member is increased as a result of an amendment to the ForecastEx Rules, the increase shall not become effective until the Clearing Member is given two business days prior written notice of the amendment. Unless a Clearing Member notifies ForecastEx in writing that it wishes to terminate its membership and closes out or transfers all of its open positions before the effective date of such amendment, such Clearing Member shall be liable to make the increased contribution by 9:00 CST on the second business day following the day on which notice is provided by ForecastEx.

(h) If the Clearing Member’s Clearing Fund contribution is less than the amount required due to an increased minimum cash requirement or decline in value of government securities, ForecastEx may draft the Clearing Member’s Bank Account to satisfy the deficiency. Members shall be liable to satisfy the deficiency by 9:00 CST on the business day following the day on which notice of the deficiency is provided by ForecastEx.

(i) If a Clearing Member fails to pay any Settlement amount to ForecastEx when due, ForecastEx shall liquidate all non-cash deposits in the Collateral Account as needed and shall apply the proceeds thereof to reduce the deficit. If any portion of the Settlement amount remains unsatisfied after application of Collateral Account deposits, ForecastEx shall seek to satisfy the remaining deficit as follows: (i) first, apply the defaulting Clearing Member’s clearing fund contribution; and (ii) second, in the event ForecastEx decides not to satisfy the remaining deficit with its own assets, make a pro rata charge against the Clearing Fund contributions of other Clearing Members in accordance with the Rules. Such pro rata charge shall be determined without reference to the possibility of any subsequent recovery in respect thereof, through insolvency proceedings or otherwise.

(j) If a loss charged proportionately against the contributions of Clearing Members is afterward recovered by ForecastEx, in whole or in part, the net amount of such recovery shall be paid to the Clearing Members against whose contributions the loss was charged in proportion to the amounts charged against their respective contributions, whether or not they are still Clearing Members.

(k) Any unused portion of a defaulting Member’s Clearing Fund contribution shall be returned to that Clearing Member or held for distribution to the persons entitled thereto under applicable law, as appropriate, at such time as ForecastEx has determined that it has been fully reimbursed for losses and expenses.

(l) Whenever an amount is paid out of the Clearing Fund contribution of a Clearing Member, whether by proportionate charge or otherwise, such Clearing Member shall be liable to promptly make good the deficiency in its required contribution resulting from such payment by replenishment of the Clearing Fund by 9:00 CST on the first business day following the day on which ForecastEx notifies the Clearing Member of such deficiency.

(m) Clearing Fund contributions shall be returned to a non-defaulting Clearing Member upon termination of its membership, but not until all confirmed trades and open positions have been closed or transferred and any amounts chargeable its Clearing Fund contribution pursuant to this Rule and unpaid fees fulfilled.

# Chapter 7 – Discipline and Enforcement

## Rule 701 – Monitoring the Market

(a) Data Retention. The Exchange will record and store for a period of not less than five years in a searchable, read-only database a record of all data entered into the Exchange, including the Market Participant identities, any Bids or Event Positions entered to the Exchange, and Large Trader Reports collected by the Exchange. These records will be maintained in a manner so that they can be readily accessed during the first two years.

(b) Compliance Responsibilities. The Compliance Department will:

(1) Conduct market surveillance using the data collected per this Rule 701(a) with programs and procedures designed to alert the Exchange when potentially unusual market activity occurs.

(2) Initiate reviews and when appropriate, commence investigations of unusual market activity or other activity that the Compliance Department has cause to believe could constitute a violation of ForecastEx Rules.

(c) No Director, Officer, or Employee of ForecastEx will interfere or attempt to interfere with 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.

(d) Market Participants have the right to be represented by Counsel during any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension, or other summary actions.

## Rule 702 – Investigations

(a) The Compliance Department will investigate any matter within ForecastEx’s jurisdiction that it has reasonable cause to believe could constitute a violation of ForecastEx Rules. 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 ForecastEx. The Compliance Department will also open investigations at the request of the CFTC.

(b) The Compliance Department will maintain a log of all investigations commenced and their disposition. The Compliance Department will prepare a written report of each investigation regardless of their disposition. Each written report will include the reason for initiating the investigation and the recommendation of the Compliance Department which can include:

(1) Closing the investigation without further action;

(2) Resolving the investigation through an informal disposition, including the issuing a warning letter;

(3) Summary Action; or

(4) Initiating Disciplinary proceedings.

(c) The Compliance Department will endeavor to complete any investigations within 12 months from the time that were initiated unless there are extenuating circumstances.

(d) Upon the completion of an investigation, the CRO will promptly review the completed investigation report to determine whether a reasonable basis exists to believe that a violation of ForecastEx Rules has occurred or is about to occur. The CRO will determine if any further action is necessary.

(e) Each Market Participant is obligated to appear, testify, or respond in writing to any inquiries sent by the Compliance Department. Each Market Participant is obligated to produce books, records, papers, documents, or other tangible evidence in their possessions, custody, or control. Market participants shall respond to the Compliance Department within the time period and in the manner required by the Compliance Department.

(f) If the Compliance Department initiates an investigation in which any Affiliate of ForecastEx is a subject, the CRO shall notify the CFTC Division of Market Oversight of that fact. At the conclusion of any such investigation, the CRO shall provide the CFTC Division of Market Oversight with a copy of the documentation specified in paragraph (b) of this Rule.

## Rule 703 – Notice of Charges

(a) If the CRO authorizes initiating disciplinary proceedings at the conclusion of an investigation, the Compliance Department will prepare and serve a notice of charges to the Market Participant(s) that the Compliance Department believes has violated ForecastEx Rules (the “Respondent”).

(b) A notice of charges will include:

(1) The reason the investigation was initiated;

(2) The charges or a summary of the charges, including the rule or rules alleged to have been violated;

(3) The proposed sanctions;

(4) an advisement that the Respondent has a right to a hearing;

(5) the period of time within which the Respondent can request a hearing on the notice of charges, which will not be less than 15 business days after the notice of charges is served;

(6) an advisement that the failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and

(7) an advisement that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

(c) If the Respondent determines to answer a notice of charges, the Respondent must file an answer within 15 business days of being served the notice of charges or such other time period as the Compliance Department listed in the notice of charges.

(d) 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 deny or admit;

(3) Specify any facts that contradict the notice of charges;

(4) Specify any affirmative defenses to the notice of charges; and

(5) Sign and serve the answer to the Compliance Department.

(e) 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 the notice and will constitute a waiver of the right to a hearing or appeal. Any failure to answer one or more allegations will be deemed an admission to those allegations.

(f) Service. Any notice of Charges will be considered served when delivered by electronic mail to the Respondent at the email address that appears on the books and records of the Exchange. Any answer to a notice of charges will be considered served when delivered by electronic mail to the Compliance Department in the form and manner described in the notice of charges.

## Rule 704 – Offers of Settlement

(a) A Respondent may at any time propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of Settlement shall include proposed finding and sanctions and be submitted to the Compliance Department. The Respondent may propose Settlement that does not deny or admit the charges against it, but must accept the Exchange’s jurisdiction.

(b) The CRO will review the offer of settlement and make a recommendation to the ROC whether to accept or reject the offer of settlement. The ROC will make a final determination whether to accept or reject the offer.

(c) If the offer of settlement is accepted, the Compliance will serve an order of the disciplinary proceedings consistent with the offer of Settlement to the Respondent. This order will become final after 15 business days. The finalization of a Settlement is deemed to constitute a waiver of the right to notice, opportunity for a hearing, and review and appeal.

(d) If the offer of settlement is rejected, or withdrawn prior to becoming final, the disciplinary proceeding will continue as if the offer was not made. An offer of Settlement cannot be used as evidence or as an admission of guilt in a disciplinary hearing or an appeal.

## Rule 705 – Disciplinary Hearings

(a) A Disciplinary Panel will conduct hearings in connection with any disciplinary proceedings.

(1) A separate Disciplinary Panel will be established for each disciplinary proceeding requiring a hearing.

(2) A Respondent may seek disqualify any individual named to a Disciplinary Panel by serving written notice of the Compliance Department within 10 business days of being notified of the appointment of the Disciplinary Panel. The CRO will in their sole discretion decides the merits of any such request. The CRO’s decision is not subject to appeal.

(b) The Respondent has a right to examine all relevant books, documents, or other evidence in the possession of the Compliance Department, except that the Exchange may withhold from inspection any documents that:

(1) are privileged or that constitute attorney work product;

(2) were prepared by any employee of the Exchange but will not be offered in evidence in the disciplinary proceedings;

(3) may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or

(4) disclose the identity of a confidential source.

(c) All disciplinary proceedings will be conducted at a hearing before the Disciplinary Panel. Hearings will be held privately and confidentially.

(1) The Disciplinary Panel may appoint an expert to attend hearings and assist in deliberations if the expert is subject to appropriate confidentiality.

(2) The Disciplinary Panel will convene a hearing after reasonable notice to each Respondent.

(3) The Chairman of the Disciplinary Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. The Disciplinary Panel is not bound by evidentiary or procedural rules of law.

(4) Except for procedural and evidentiary matters, the entire Disciplinary Panel must be present, either in Person or via electronic means, for the entire hearing and related deliberations.

(d) At a hearing conducted by a Disciplinary Panel, the Compliance Department will present its case supporting the proposed allegations and sanctions. The Respondent is entitled to attend and participate in the hearing.

(1) The Compliance Department and each Respondent may: present evidence and facts determined relevant by the Chairman of the Disciplinary Panel, call and examine witnesses, and cross-examine witnesses called by other parties.

(2) Any Person entitled, required, or called upon to attend a hearing before a Disciplinary Panel will be given reasonable notice, confirmed in writing, specifying the date, time, and place of the hearing, and the caption of the Disciplinary Proceedings. Any Market Participant called as a witness is required to appear and produce evidence.

(3) If during a hearing, the Disciplinary Panel determines that the Respondent violated, or may have violated a ForecastEx Rule not contained in the Notice of Charges, the Disciplinary Panel may consider those violations after providing the Respondent with an opportunity to answer the additional allegations in accordance with Rule 703.

(4) The Disciplinary Panel may summarily impose sanctions on any Market Participant which impedes or delays the progress of a hearing.

(5) The Exchange will arrange for the proceedings of a hearing to be recorded verbatim, or substantively verbatim. The Respondent may request a transcript of the proceedings if they agree to pay the costs for transcribing the recording.

(e) The Disciplinary Panel will issue an order rendering its decisions as promptly as reasonable following a hearing. A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel. The Compliance Department will serve a copy of the order to the Respondent, which will include:

(1) The notice of charges and the Respondent’s answer;

(2) Summary of the evidence introduced at the hearing;

(3) Findings of fact and conclusions with respect to each charge;

(4) The imposition of any sanctions, and effective date of each sanction; and

(5) Notice of the Respondent’s right to appeal within 15 business days.

(f) If the Respondent does not appeal within 15 business days of being served the order of the Disciplinary Panel, the order will become final.

## Rule 706 – Sanctions

After notice and opportunity for hearing in accordance with ForecastEx Rules, the Exchange will impose sanctions on any Market Participant found to have violated to the Rules of ForecastEx or Applicable Law for which the Exchange possesses disciplinary jurisdiction. The Exchange may impose any of the following sanctions:

(a) Issue a Warning Letter. No more than one Warning Letter may be issued to the same Market Participant for the same rule violation within a rolling-12 month period;

(b) Monetary Fines. Any fine imposed by the Exchange must be for an amount that is necessary to deter recidivism. If a fine is not paid within 30 days, then interest will accrue on the sum of the fine from that the date it is payable at the quoted prime rate plus three percentage points;

(c) Disgorgement of profits that resulted from the rule violation and/or restitution of damages to any unoffending counterparties;

(d) Limitation, temporary suspension, or permanent termination of Access Privileges for any Market Participants; or

(e) Any other sanction or remedy deemed to be appropriate.

## Rule 707 – Appeal

(a) If a Respondent exercises their right to appeal, they must file a notice of appeal which states the grounds for appeal, including the finding of fact, conclusion, or sanction to which the Respondent objects. Any restriction of Access Privileges imposed by the Disciplinary Panel will remain in effect during the appeal process. Other penalties will be delayed until the Appeals Panel makes its formal decision.

(b) Upon notice of appeal, the ROC will appoint an Appeals Panel formed from among the Board of Directors, including at least one Public Director who will act as Chairman.

(c) Within 15 business days of filing a notice of appeal, the Respondent must file a brief supporting the notice of appeal. 15 business days after the Respondent’s supporting brief, the Compliance Department will serve its brief in opposition. 10 business days after the brief in opposition, the Respondent may file a brief in reply. These timelines may be extended at the request of the Respondent or the Compliance Department and with the consent of the Appeals Committee.

(d) The Appeals Panel will consider the submitted briefs, and if necessary, hold a hearing where the parties may present oral arguments. Any hearing will be conducted privately and confidentially. The Appeals Panel is not bound by evidentiary or procedural rules of law.

(e) The Appeals Panel may affirm, modify, or reverse any order of the Disciplinary Panel or any summary action under appeal, in whole or in part. The Appeals Panel may also order a new hearing if the Appeals Panel determines it appropriate.

(f) The Appeals Panel will issue a written order rendering its decision for the matter on appeal. The written order will be the final action of the Exchange and not subject to further appeal.

(g) The filing of an appeal pursuant to this Rule 707 shall not impair the validity or stay the effect of a suspension or other restriction on access to ForecastEx. The reversal of a suspension shall not invalidate any acts of ForecastEx taken prior to such reversal, and the rights of any Person which may arise out of any such acts shall not be affected by the reversal of such suspension.

## Rule 708 – Summary Fines

(a) The CRO may summarily impose a fine against a Market Participant for failing:

(1) To keep books and records required by Rule 501;

(2) To submit accurate Large Trader Reports;

(3) To make timely submissions of Ownership and Control Information;

(4) To keep accurate audit trail data;

(5) To respond to an inquiry sent in accordance with Rule 702 in a timely manner; or

(6) To satisfy Settlement or other payment due to the Clearinghouse in a timely manner.

(b) The Compliance Department will serve a notice of the summary fine to the Market Participant. The Market Participant has 15 business days in which to either pay the file or file notice of an appeal. Appeals to a summary fine will be held in accordance with Rule 707.

(c) If the Compliance Department issues more than 1 summary fine to the same Market Participant for the same offense within a 12-month rolling period, the second fine will be no less than twice the penalty of the first offense. If the Market Participant commits a third offense of the same type within a rolling 12-month period, the Compliance Department will initiate disciplinary proceedings.

(d) The ability to issue a summary fine for a rule violation does not preclude the CRO from instead choosing to initiate disciplinary proceedings.

## Rule 709 – Summary Suspension

(a) The CRO may summarily suspend a Market Participant, after consultation with the ROC. If the Market Participant is a Clearing Member, and the suspension is based on Rule 709(b)(5) or Rule 709(b)(6), the CRO will consult with the Clearing Committee prior to issuing the suspension.

(b) Suspension may be made based on the following conditions.

(1) The Market Participant has been expelled or suspended from any self-regulatory organization or has become statutorily disqualified from registration;

(2) The Clearing Member has failed to make any delivery of cash, collateral, or other property to the Clearinghouse in a timely manner as required by the Rules;

(3) The Market Participant has failed to pay fees, costs, charges, fines, or arbitration award in a timely manner;

(4) The Market Participant is in such financial or operating difficulty that ForecastEx determines that suspension is necessary to protect the market, ForecastEx, the public, or other Market participants;

(5) The CRO determines that the Market Participant is engaging in, or is about to engage in manipulative activity that would disrupt the ForecastEx market;

(5) The Clearing Member has notified the ForecastEx of a circumstance listed in Rule 311(a); or

(6) The Clearing Member has notified ForecastEx of a circumstance listed in Rule 311(b) and in the determination of the Clearinghouse and the Clearing Committee that circumstance materially impedes the ability of the Market Participant to fulfill its obligations or that the Market Participant presents undue risk to ForecastEx.

(c) In the Event that a Clearing Member is suspended, ForecastEx, shall cease to act for it except as is specified in this Rule 709(c). ForecastEx will as soon as possible notify all Market Participants of the suspension. Such notice shall state in general terms, how pending transactions, open positions, and other pending matters will be affected and what steps are to be taken in connection therewith.

(d) The Compliance Department shall provide a written notice the Market Participant whose Access Privileges are to be summarily suspended. This notice will state the actions to be taken, the reasons for the action, the time the action becomes effective, the duration of the action, and notify the Market Participant of their right to appeal within 15 days after the notice has been served. If possible, the notice shall be served prior to the suspension becoming effective.

(e) An appeal for a summary suspension will not be considered if the Respondent who is subject to summary suspension owes any fines, fees, charges, or costs to the Exchange, or who is impeding the progress of disciplinary proceedings.

(f) Appeals to summary suspensions will be held in accordance with Rule 707.

## Rule 710 – Reporting Violations

(a) Whenever ForecastEx suspends, expels, fines or otherwise disciplines or denies any Person access to the Platform, ForecastEx will make the disclosures required by CFTC Regulations.

(b) ForecastEx will submit to the Commission a schedule listing all those Company Rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of CFTC Regulation 1.63 and, to the extent necessary to reflect revisions, will submit an amended schedule within thirty days of the end of each calendar year. ForecastEx will maintain the schedule required by this section and post the schedule on ForecastEx’s Website.

(c) Whenever ForecastEx finds by final decision that a Market Participant has violated a Rule or otherwise committed a disciplinary offense and such finding makes such Person ineligible to serve on Forecast’s Disciplinary Panels, Company committees, or the Board, ForecastEx shall inform the Commission of such finding and the length of the ineligibility in a notice it is required to provide to the Commission pursuant to either CEA Section 17(h)(1) or CFTC Regulation 9.11.

(d) Whenever ForecastEx suspends, expels, fines, or otherwise disciplines, or denies any Person access, to ForecastEx, ForecastEx will make the public disclosure required by CFTC Regulations.

# Chapter 8 - Arbitration

## Rule 801 – Matters Subject to Arbitration

(a) Any dispute, controversy, or claim (including related counterclaims) brought against ForecastEx by any Market Participant shall be settled by arbitration.

(b) If so elected by a Clearing Member, Any claim by the Clearing Member against another Clearing Member (including any related counterclaims), shall be settled by arbitration.

(c) If so elected by a Customer, any claim by the Customer against a Market Participant (including any related counterclaims), shall be settled by Arbitration

(d) If a party to a dispute to be settled by Arbitration challenges the appropriateness of submitting a matter arbitration, the CEO or their designee shall make a determination of whether the matter is appropriate for arbitration. The CEO’s decision may be appealed to the Board at the request of a party to the dispute. The Board’s decision is final.

## Rule 802 – Rules of Arbitration

ForecastEx will conduct arbitration in accordance with NFA rules.

(a) If all parties to a dispute are NFA Members, the arbitration will be conducted in accordance with and subject to NFA’s Member Arbitration Rules as in effect from time to time. These rules are incorporated by reference into this Chapter 8.

(b) If all parties to a dispute are not NFA Members, the arbitration will be conducted in accordance with and subject to NFA’s Code of Arbitration as in effect from time to time. This code is incorporated by reference into this Chapter 8.

## Rule 803 – Failure to Honor Arbitration

Any Market Participant who fails to honor an arbitral award or Settlement rendered under this Chapter 8 will be subject to disciplinary proceedings in accordance with Chapter 7.

# Chapter 9 – Governing Law

## Rule 901 – Property Rights

(a) Each Market Participant hereby acknowledges and agrees that ForecastEx owns and shall retain all right, title and interest in and to ForecastEx, all components thereof, including, without limitation, all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation, all registered or unregistered, as applicable, copyright, trademark, service mark, trade secret, trade name, data or database rights, design rights, moral rights, inventions, whether or not capable of protection by patent or registration, rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, patent, and other intellectual property and ownership rights, including applications for the grant of any of the same, in or to ForecastEx and all other related proprietary rights of ForecastEx and/or any of its Affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, other than Proprietary Data and Personal Information, transmitted by means of any of the foregoing, including, without limitation, market data, the “Proprietary Information”). Each Market Participant further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of ForecastEx. Each Market Participant acknowledges and agrees that it shall not reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of ForecastEx or the Proprietary Information. Each Market Participant further agrees to keep the Proprietary Information confidential and not to transfer, rent, lease, copy, loan, sell or distribute, directly or indirectly, all or any portion of ForecastEx or any Proprietary Information.

(b) Subject to the provisions of this Rule 901, each Market Participant hereby acknowledges and agrees that ForecastEx is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in market data, and all derivative works based thereon, and further agree not to distribute, create derivative works based on, or otherwise use or commercially exploit market data and any such derivative works, provided that Market Participants may use market data for their own internal business purposes. Without limiting the generality of the foregoing, Market Participants may not distribute, sell or retransmit market data exchange to any third party.

(c) Notwithstanding any other provision of this Rule 901, each Market Participant retains such rights as it may enjoy under Applicable Law with respect to market data solely in the form such market data was submitted to ForecastEx by such FCM Participant.

(d) Transaction data shall not be disclosed publicly other than on an aggregated or anonymous basis, or in a manner that does not directly or indirectly identify any Market Participant who has submitted such data.

(e) ForecastEx shall not condition access to ForecastEx upon an Market Participant’s consent to the use of Proprietary Data and Personal Information for business or marketing purposes. Proprietary Data and Personal Information may not be used by ForecastEx for business and marketing purposes unless the Market Participant has clearly consented to the use of Proprietary Data and Personal Information in such manner. ForecastEx, where necessary, for regulatory purposes, may share Proprietary Data and Personal Information with one or more Designated Contract Markets or Derivative Clearing Organizations. Nothing in this Rule shall preclude ForecastEx from disclosing Proprietary Data and Personal Information:

(1) As required by Applicable Law or legal process;

(2) As ForecastEx may deem necessary or appropriate in connection with any litigation affecting ForecastEx;

(3) To any Company Representative authorized to receive such information within the scope of his or her duties;

(4) To a third party performing regulatory or operational services for ForecastEx, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by Forecast;

(5) To a duly Authorized Representative of the CFTC lawfully requesting Proprietary Data and Personal Information;

(6) In a manner in which an Market Participant consents to such disclosure;

(7) Pursuant to the terms of an information-sharing agreement; or

(8) As permitted by CFTC Regulations.

## Rule 902 – Signatures

Rather than rely on an original signature, ForecastEx may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

## Rule 903 – Governing Law

The Rules, and the rights and Obligations of ForecastEx and FCM Participants under the Rules, shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to any provisions of Delaware law that would apply the substantive law of a different jurisdiction. The State of Delaware is the “securities intermediary’s jurisdiction” within the meaning of Section 8-110(e) of the UCC for all purposes of the UCC.

## Rule 904 – Legal Proceedings

(a) Any Action, suit, or proceeding against ForecastEx, its Officers, Directors, LLC members, employees, agents, or any member of any committee will be handled by Arbitration, if Arbitration is not barred by CFTC Regulations or Applicable Law.

(b) Any action, suit or proceeding against the ForecastEx, its Officers, Directors, limited liability company members, employees, agents, or any member of any committee must be brought within one year from the time that a cause of action has accrued. Any such action, suit or proceeding shall be brought in the State or Federal courts located within the Illinois. Each Market Participant expressly consents to the jurisdiction of any such court, waives any objection to venue therein, and waives any right it may have to a trial by jury.

(c) In the event that a Market Participant or an Affiliate of such Person who fails to prevail in a lawsuit or other legal proceeding instituted by such Market Participant or such Affiliate against (i) ForecastEx or (ii) any Affiliate of ForecastEx or any of its respective Officers, Directors, equity holders, employees, agents, or any member of any committee, and related to the business of ForecastEx, such Market Participant shall pay to ForecastEx all reasonable costs and expenses, including attorneys’ fees, incurred by ForecastEx in the defense of such proceeding. This Rule 904 shall not apply to ForecastEx Disciplinary Actions, appeals thereof, or an instance in which the Board has granted a waiver of the provisions hereof.

(d) ForecastEx will provide to the CFTC copies of documents pertaining to ForecastEx-related pending legal proceedings as required under CFTC Regulation 1.60.

## Rule 905 – Limitation of Liability

(a) EXCEPT AS PROVIDED BELOW, NONE OF THE EXCHANGE, IBG, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, VENDORS, OWNERS, AND CLEARING MEMBERS SHALL BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS, OR EXPENSES (INCLUDING LOSS OF PROFITTS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES), ARISING FROM:

(1) ANY FAILURE, MAFLUCNTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CASUE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE FORECASTEX SYSTEM, OR ANY EXCHANGE OR CLEARINGHOUSE SERVICES, EQUITYMENT, OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES;

(2) WITHOUT LIMITING THE GENERALTITY OF CLAUSE (i) ABOVE, ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION OF THE FORECASTEX SYSTEM, ANY EXCHANGE OR CLEARINGHOUSE SERVICE OR FACILITY CAUSED BY ANY THIRD PARTY, INCLUDING INDEPENEDENT SOFTWARE VENDORS AND NETWORK PROVIDERS;

(3) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY FORECASTEX, THE FORECASTEX SYSTEM, OR ANY EXCHANGE OR CLEARINGHOUSE SERVICE OR FACILITY;

(4) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF THE FORECASTEX SYSTEM, OR ANY EXCHANGE OR CLEARINGHOUSE SERVICE OR FACILITY BY ANY PERSON; OR

(5) ANY ACTION TAKEN OR OMITTED TO BE TAKEN IN RESPECT OF THE BUSINESS OF FORECASTEX.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY IRRESPECTIVE OF WETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER A CLAIM IS BROUGHT DIRECTLY OR AS A THIRD-PARTY CLAIM. THE FOREGOING LIMITATION OF LIABILITY SHALL BE SUBJECT TO THE CEA AND CFTC REGULATIONS. NOTWITHSTANDING ANYTHING IN THIS PARAGRAPH (a) TO THE CONTRARY, A PARTY WHO HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WILLFUL OR WNATON MISCONDUCT MAY NOT AVAIL ITSELF OF THE PROTECTIONS AFFORDED HEREBY.

(b) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS BY ANY OF THE FORECASTEX, IBG, OR THEIR REPSECTIVE DIRECTORS, OFFICERS, EMPLOYEES AGENTS, CONSULTANTS, LICENSORS, VENDORS, OWNERS, OR CLEARING MEMBERS RELATING TO THE FORECASTEX SYSTEM, OR ANY EXCHANGE OR CLEARINGHOUSE SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEM OR SERVICES, INCLUDING WARRANTIES OF MERCHANT ABILITY OR WARRANTIES OF FITNESS OFR A PARTICULAR PURPOSE OR USE.

(c) ANY DISPUTE ARISING OUT OF THE USE OF THE FORECASTEX SYSTEM, OR ANY EXCHANGE OR CLEARINGHOUSE SERVICES, EQUIPTMENT, OR FACILITIES USED TO SUPPORT SUCH SYSTEM OR SERVICES, IN WHICH ANY OF FORECASTEX, IBG, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, VENDORS, OWNERS, OR CLEARING MEMBERS IS A PARTY SHALL BE ARBITRATED IN ACCORDANCE WITH THE RULES CHAPTER 8 OF THIS RULEBOOK. ANY OTHER ACTION, SUIT, OR PROCEEDING AGAINST ANY OF THE AFREMENTIONED PERSONS SHALL BE BROUGHT WITHIN TWO YEARS FROM THE TIME THAT A CAUSE OF ACTION FIRST AROSE. THIS PARAGRAPH (c) SHALL IN NO WAY BE CONSTRUED TO LIMIT ANY PARTY’S OBLIGATION TO ARBITRATE ITS CLAIM OR TO PROVE A CAUSE OF ACCTION AND SHALL NOTT AUTHORIZE ANY ACTION, SUIT, OR PROCEEDING THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF FORECASTEX. IF FOR ANY REASON A COURT OF COMPENTENT JURISDICTION FINDS THAT NAY SUCH DISPUTE IS NOT ARBITRABLE, SUCH DISPUTE MAY ONLY BE LITIGATED IN THE STATE OF ILLINOIS AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ANY PROVISIONS OF ILLINOIS LAW THAT WOULD APPLY THE SUBTANTIVE LAW OF A DIFFERENT JURISDICTION.

(d) NOTWITHSTANDING ANYTHING IN THIS RULE 905 ABOVE TO THE CONTRARY, IF THE NEGLIGENCE OF ForecastEx PERSONNEL CAUSES A DIRECT, OUT-OF-POCKET LOSS TO ANY PERSON, FORECASTEX MAY, IN ITS SOLE DISCRETION, ASSUME RESPONSIBILITY FOR SUCH DIRECT LOSS, BUT ITS RESULTING OBLIGATIONS SHALL NOT EXCEED, WITH RESPECT TO ALL PERSONS SUFFERING SUCH LOSSES IN THE AGGREGATE: $100,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE DAY; $200,000 FOR ALL LOSSES SUFFERED FROM ALLCAUSES IN A SINGLE CALENDAR MONTTH; AND $1,000,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. IF THE AGGREGAGE AMOUNT OF ANY CLAIMS PURSUANT TO THIS PARAGAPH AT ANY TIME EXCEEDS ANY OF THE DOLLAR LIMITATIONS SET FORTH IN THE IMMEDIATELY PRECEDING SENTENCE, THE TOTAL AMOUNT THEN AVAILABLE SHALL BE ALLOCATED TO SUCH CLAIMS PRO RATA, BASED UPON THE RESPECTIVE AMOUNTS OF SUCH CLAIMS. ANY DISPUTED CLAIM PURSUANTT TO THIS PARAGAPH SHALL BE ABITRATED IN ACCORDANCE WITH THE RULES INCORATED BY REFERENCE INTO RULE 802.