

Exhibit L-1

DCM Core Principles Regulatory Compliance

CONTRACT MARKET CORE PRINCIPLES	EXPLANATIONS AND REFERENCES TO RELEVANT DOCUMENTS, RULES AND AGREEMENTS
<p>Sec. 5(a) Applications - “A board of trade applying to the Commission for designation as a contract market shall submit an application to the Commission that includes any relevant materials and records the Commission may require consistent with the Act.”</p>	<p>The Form DCM and narratives and documents attached thereto constitute the application of Electron Exchange DCM, LLC (the “Exchange” or “EX DCM”) for designation as a contract market (“Form DCM”) and contain relevant materials and records as required by the Commission.</p>
<p>Core Principle 1 - Designation as Contract Market:</p> <p>(A) In General.—To be designated, and maintain a designation, as a contract market, a board of trade shall comply with—</p> <ul style="list-style-type: none">(i) any core principle described in this subsection; and(ii) any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5). <p>(B) Reasonable Discretion Of Contract Market.— Unless otherwise determined by the Commission by rule or regulation, a board of trade described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the board of trade complies with the core principles described in this subsection.</p>	<p>See the EX Rulebook (the “Rulebook”; each rule thereof, a “Rule”) (Exhibit M-1) and the Market Oversight Manual (Exhibit O-1) and other Exhibits submitted as part of Form DCM.</p>

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<p>Core Principle 2 - Compliance with Rules:</p> <p>(A) In General.—The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including—</p> <ul style="list-style-type: none"> (i) access requirements; (ii) the terms and conditions of any contracts to be traded on the contract market; and (iii) rules prohibiting abusive trade practices on the contract market. <p>(B) Capacity of Contract Market.—The board of trade shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.</p> <p>(C) Requirement of Rules.—The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this subsection, including the capacity to carry out such international information-sharing agreements as the Commission may require.</p>	<p>See the Rulebook (Exhibit M-1) and the Operations and Compliance Manual (Exhibit O-1), and other Exhibits submitted with Form DCM, as follows:</p> <p>(A)(i) Access requirements can be found in Chapter 3 of the Rulebook.</p> <p>(A)(ii) Chapter 9 of the Rulebook has been reserved for adding contract terms and conditions rules for each contract the Exchange will list for trading.</p> <p>(A)(iii) Rules prohibiting abusive trading are found in Chapter 6 of the Rulebook.</p> <p>(B) The Exchange has entered into a Regulatory Services Agreement with the National Futures Association (“NFA”) (Exhibit N-1) to detect rule violations and can investigate, and sanction persons as provided in Chapter VII of the Rulebook. The Exchange will also staff a control desk to conduct real-time surveillance of trading.</p> <p>(C) Rule 2.12 provides for regulatory cooperation and authorizes the Exchange to enter into information sharing agreements as necessary.</p>

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<p>Core Principle 3 - Contracts Not Readily Subject to Manipulation: The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.</p>	<p>The Exchange will submit rules setting out the terms and conditions of contracts in accordance with Part 40. Rules submitted for self-certification under 17 C.F.R. § 40.2 will include a narrative that addresses market structure and the reasons the Exchange believes the contract is not readily susceptible to manipulation.</p> <p>Similarly, any contract for which the Exchange seeks Commission approval under 17 C.F.R. § 40.3 will also include a narrative that addresses market structure and the reasons the Exchange believes the contract is not readily susceptible to manipulation.</p> <p>In presenting its analysis, the Exchange will rely on guidance in Appendix C to Part 38 in meeting this Core Principle for new product listings.</p>

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<p>Core Principle 4 - Prevention of Market Disruption:</p> <p>The board of trade shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures, including—</p> <p style="padding-left: 40px;">(A) methods for conducting real-time monitoring of trading;</p> <p>and</p> <p style="padding-left: 40px;">(B) comprehensive and accurate trade reconstructions.</p>	<p>The Exchange will implement practices and procedures to monitor trading to prevent manipulation, price distortion and disruptions of trading and the settlement process. The Exchange intends to coordinate with the NFA to address market actions found to be a violation of the rules through the NFA’s ongoing trade practice surveillance activities. The Exchange has also developed and implemented a Compliance Manual (Exhibit O-1) with written policies and procedures to address protections against market disruptions.</p> <p>(A) The Exchange will staff a control desk to conduct real-time surveillance of trading during market hours as provided in the Operations and Compliance Manual.</p> <p>(B) All orders placed by Participants and any subsequent trade executions will be stored in the Exchange’s transaction database such that a complete history of orders and transactions may be reconstructed.</p>

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<p>Core Principle 5 - Position Limitations or Accountability:</p> <p>(A) To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators.</p> <p>(B) For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a), the board of trade shall set the position limitation of the board of trade at a level not higher than the position limitation established by the Commission.</p>	<p>The Exchange will include position accountability thresholds or position limits in the rules setting out the terms and conditions for a contract that it will file under 17 C.F.R. § 40.2 or § 40.3. These will be included in the terms and conditions of each contract.</p> <p>For any contract that is subject to a position limitation established by the Commission pursuant to CEA § 6a(a) (currently set out in 17 C.F.R. § 150.2), the Exchange will set a position limit at a level not higher than the position limitation established by the Commission. The Exchange does not anticipate that any contracts to be listed initially will be subject to Commission position limits.</p> <p>The Exchange will monitor compliance with the position limits and reportable position thresholds.</p>
<p>Core Principle 6 - Emergency Authority: The board of trade, in consultation or cooperation with the Commission, shall adopt rules to provide for the exercise of emergency authority, as is necessary and appropriate, including the authority—</p> <p>(A) to liquidate or transfer open positions in any contract;</p> <p>(B) to suspend or curtail trading in any contract; and</p> <p>(C) to require market participants in any contract to meet special margin requirements.</p>	<p>Procedures and guidelines for the exercise of emergency authority by the Exchange are set forth in Rule 2.7, which authorizes the board or officers of the Exchange to act as they deem necessary to meet the emergency at hand. Among other things, Rule 2.7 requires the Exchange to notify the Commission of any emergency action taken, or proposed to be taken, and to document its decision-making process and reasons for using its emergency action authority.</p>

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<p>Core Principle 7 - Availability of General Information: The board of trade shall make available to market authorities, market participants, and the public accurate information concerning—</p> <p>(A) the terms and conditions of the contracts of the contract market; and</p> <p>(B)</p> <p>(i) the rules, regulations, and mechanisms for executing transactions on or through the facilities of the contract market; and</p> <p>(ii) the rules and specifications describing the operation of the contract market’s—</p> <p>(I) electronic matching platform; or</p> <p>(II) trade execution facility.</p>	<p>Rule 3.6(f) provides that the Rulebook, all amendments thereto and notices and policies thereunder, as well as the specifications for all contracts from time to time traded on the Exchange, will be publicly available on the Exchange’s website.</p> <p>The Exchange web address will be www.elextronx.com when it becomes operational.</p>
<p>Core Principle 8 - Daily Publication of Trading Information: The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.</p>	<p>Rule 4.9 requires that the Exchange shall make public daily information on pricing, current volume and open interest for actively traded contracts. This information will be published to the Exchange website, the address of which will be www.elextronx.com.</p> <p>The Exchange will publish additional reports from time to time in accordance with, and as specified in, the applicable Contract Rules.</p>

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<p>Core Principle 9 - Execution of Transactions:</p> <p>(A) The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade.</p> <p>(B) The rules of the board of trade may authorize, for bona fide business purposes—</p> <ul style="list-style-type: none"> (i) transfer trades or office trades; (ii) an exchange of— <ul style="list-style-type: none"> (I) futures in connection with a cash commodity transaction; (II) futures for cash commodities; or (III) futures for swaps; or (iii) a futures commission merchant, acting as principal or agent, to enter into or confirm the execution of a contract for the purchase or sale of a commodity for future delivery if the contract is reported, recorded, or cleared in accordance with the rules of the contract market or a derivatives clearing organization. 	<p>The Rulebook establishes trading rules to ensure fair and equitable trading, and equal access by all participants. Participants and their Authorized Users (as defined in the Rulebook) will have access to the Exchange’s trading platform, including information regarding prices, bids and offers. Orders will be executed competitively in accordance with the principles set forth in Rule 4.4.</p> <p>Rule 6.1(r) provides that all pre-negotiated and pre-arranged transactions that are not expressly permitted are prohibited.</p> <p>Chapter 6 of the Rulebook also contains other rules to prevent trading-related abuses, such as wash trading, accommodation trades, and trading ahead.</p> <p>The NFA, pursuant to the Regulatory Services Agreement (Exhibit N- 1), will maintain systems and surveillance procedures to detect abuses such as wash trading, accommodation trades, trading ahead and other types of market manipulation or fraud.</p> <p>At present, the Exchange does not expect to provide for negotiated off-exchange transactions in the contracts it will list for trading. To the extent that such transactions are introduced at a later time, the Rulebook will be amended to include provisions for such transactions.</p>

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<p>Core Principle 10 - Trade Information: The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information—</p> <p>(A) to assist in the prevention of customer and market abuses; and</p> <p>(B) to provide evidence of any violations of the rules of the contract market.</p>	<p>The Exchange will comply with § 1.31 regarding document retention, including the requirement that all records which relate to the terms of transactions made or to be made on or subject to the Rules of the Exchange must be kept for a minimum of five years, or in the case of swaps, the life of the swap plus five years.</p> <p>In addition, the NFA, the Exchange’s Regulatory Services Provider, will record full data entry and trade details and safely store audit trail data to assist in the prevention of customer and market abuses and provide evidence of any violations of the rules of the contract market.</p> <p>The technical aspects of the capture and storage of information are discussed in Exhibit S.</p>

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<p>Core Principle 11 - Financial Integrity of Transactions: The board of trade shall establish and enforce—</p> <p>(A) rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization); and</p> <p>(B) rules to ensure—</p> <p>(i) the financial integrity of any—</p> <p>(I) futures commission merchant; and</p> <p>(II) introducing broker; and</p> <p>(ii) the protection of customer funds.</p>	<p>All Contracts traded on the Exchange will be cleared by Electron Exchange DCO, LLC (the “Clearinghouse” or “EX DCO”), an affiliated entity of the Exchange, pursuant to the Rulebook.</p> <p>Original margin shall, in all cases, be “Fully-Collateralized”, that is equal to or greater than an amount equal to the maximum loss amount a Participant could suffer upon liquidation or settlement of positions and will be determined and required in the relevant Contract Rules.</p> <p>Furthermore, all Participants shall be required to have the specified amount of funds necessary for original margin on deposit with the Clearinghouse prior to establishing any position.</p> <p>As a non-intermediated market, all Participant funds will be held by the Clearinghouse. The Clearinghouse will maintain internal bookkeeping accounts for Participants in which it will record their funds, and it will hold Participants’ funds at one or more custodians in account(s) that will be appropriately titled as accounts holding funds of Participants. The Clearinghouse will hold Participants’ funds at the custodial level in accounts that are separate from those holding proprietary funds of the Clearinghouse or Exchange.</p>

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<p>Core Principle 12 - Protection of Markets and Market Participants: The board of trade shall establish and enforce rules—</p> <p style="padding-left: 40px;">(A) to protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and</p> <p style="padding-left: 40px;">(B) to promote fair and equitable trading on the contract market.</p>	<p>Chapter 6 of the Rulebook contains prohibitions against fraudulent acts and market manipulation. The NFA will provide surveillance practices and procedures to protect Participants and Authorized Users from abusive practices. The market is non- intermediated, and agency relationships are not permitted.</p> <p>Rule 6.1 prohibits conduct that is contrary to fair and equitable principles of trade or the best interests of the market.</p>
<p>Core Principle 13 - Disciplinary Procedures: The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for performing the same functions, including delegation of the functions to third parties.</p>	<p>Chapter 7 of the Rulebook implements the disciplinary procedures required by this Core Principle. These procedures are consistent with the Commission’s guidance in Appendix B to Part 38, and the requirements of 17 C.F.R. §§ 38.700 - 38.712.</p>
<p>Core Principle 14 - Dispute Resolution: The board of trade shall establish and enforce rules regarding, and provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.</p>	<p>Chapter 8 of the Rulebook implements the dispute resolution procedures required by this Core Principle.</p>

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<p>Core Principle 15 - Governance Fitness Standards: The board of trade shall establish and enforce appropriate fitness standards for directors, members of any disciplinary committee, members of the contract market, and any other person with direct access to the facility (including any party affiliated with any person described in this paragraph).</p>	<p>Chapter 2 of the Rulebook implements the governance fitness standards required by this Core Principle.</p>
<p>Core Principle 16 - Conflicts of Interest: The board of trade shall establish and enforce rules—</p> <p style="padding-left: 40px;">(A) to minimize conflicts of interest in the decision-making process of the contract market; and</p> <p style="padding-left: 40px;">(B) to establish a process for resolving conflicts of interest described in subparagraph (A).</p>	<p>Chapter 2 of the Rulebook implements the conflicts of interest standards required by this Core Principle.</p>
<p>Core Principle 17 - Composition of Governing Boards of Contract Markets: The governance arrangements of the board of trade shall be designed to permit consideration of the views of market participants.</p>	<p>Chapter 2 of the Rulebook implements the conflicts of interest standards required by this Core Principle. Rule 2.1(c) requires that the board be composed of at least five members, at least two of whom are public directors.</p>
<p>Core Principle 18 - Recordkeeping: The board of trade shall maintain records of all activities relating to the business of the contract market—</p> <p style="padding-left: 40px;">(A) in a form and manner that is acceptable to the Commission; and</p>	<p>The Exchange will maintain records of all activities related to its business for a period that is the greater of five years or the life of the contract plus 5 years as required by 17 C.F.R. § 1.31.</p>

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(B) for a period of at least 5 years.	
<p>Core Principle 19 - Antitrust Considerations: Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall not—</p> <p>(A) adopt any rule or taking any action that results in any unreasonable restraint of trade; or</p> <p>(B) impose any material anticompetitive burden on trading on the contract market.</p>	<p>The Exchange believes that its Rules avoid unreasonable restraints of trade and avoid the imposition of any material anticompetitive burden on trading for each contract to be traded on the Exchange.</p> <p>Access to the Exchange will not require Participants to acquire any equity interests in EX DCM (or EX DCO) and will be available to all persons on a fair, equitable, and timely basis. The Exchange will operate through precise and predetermined electronic algorithms that treat all classes of Participants equitably. Trade information will be disseminated both to Participants and to the public on a continuous basis.</p>

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<p>Core Principle 20 - System Safeguards: The board of trade shall:</p> <p>(A) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity;</p> <p>(B) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the board of trade; and</p> <p>(C) periodically conduct tests to verify that backup resources are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.</p>	<p>The Exchange demonstrates its compliance with this Core Principle in Exhibit V.</p>

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<p>Core Principle 21 - Financial Resources:</p> <p>(A) <i>In General.</i>—The board of trade shall have adequate financial, operational, and managerial resources to discharge each responsibility of the board of trade.</p> <p>(B) <i>Determination of Adequacy.</i> —The financial resources of the board of trade shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the contract market to cover the operating costs of the contract market for a 1-year period, as calculated on a rolling basis.</p>	<p>The Exchange demonstrates its compliance with this Core Principle in Exhibit I.</p>
<p>Core Principle 22 - Diversity Of Board of Directors:</p> <p>The board of trade, if a publicly traded company, shall endeavor to recruit individuals to serve on the board of directors and the other decision-making bodies (as determined by the Commission) of the board of trade from among, and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates.</p>	<p>Not Applicable.</p>
<p>Core Principle 23 - Securities and Exchange Commission: The board of trade shall keep any such records relating to swaps defined in section 1a(47)(A)(v) open to inspection and examination by the Securities and Exchange Commission.</p>	<p>Not Applicable.</p>