



# ICAP SEF (US) LLC

**Swap Execution Facility**

**Rulebook**

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# SEF Rulebook

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## DEFINITIONS

Except where the context requires otherwise, the following terms shall have the following meanings when used in the Rules. Use of the singular shall include the plural and vice versa, unless the context requires otherwise.

**Act** means the Commodity Exchange Act, as amended from time to time.

**Affiliate** means, with respect to any person, any other person who controls, is controlled by or is under common control with such person.

**Affirm** means the process by which the counterparties to a Cleared Contract verify that they agree on the details of the transaction after execution on the SEF but prior to submission to the relevant DCO, which may be done by any means acceptable to the counterparties, including the use of an Affirmation Hub, and “**Affirmations**” shall be construed accordingly.

**Affirmation Hub** means a third-party service designated by the SEF to route Cleared Contracts to DCOs and which may provide Participants with the opportunity to Affirm the Cleared Contracts.

**Answer** shall have the meaning set forth in Rule 505.

**Applicable Law** means, with respect to any person, any statute, law, regulation, rule or ordinance of any Governmental Authority applicable to such person, including but not limited to the Act and Commission Regulations.

**Appropriate Minimum Block Size** shall have the meaning set forth in Rule 308.

**Associated Person** shall have the same meaning as in the Act and Commission Regulations.

**Authorized Trader** means an individual designated as such by, and acting on behalf of, a Trading Privilege Holder or an Authorized Trading Firm or a Customer to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and execute transactions in Contracts.

**Authorized Trading Firm** means an entity designated as such by a Trading Privilege Holder, including another Prime Broker, to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and execute transactions in Contracts as an Intermediary for such Trading Privilege Holder, as a Customer with DMA granted by such Trading Privilege Holder, or as a Participant entering Bids/Offers on the EBS Order Book in the name of a Prime Broker.

**BASIC** shall have the meaning set forth in Rule 205(f).

**Bid/Offer** means a bid or offer entered into a Trading Platform operated by the SEF or submitted to the SEF in response to an RFQ.

**Block Trade** means that a Swap transaction that is publicly reportable under Part 43 of the Commission Regulations that:

- a) Involves a Swap that is listed on the SEF;
- b) Occurs away from the SEF and is executed pursuant to Rule 308;
- c) Has a notional or principal amount at or above the Appropriate Minimum Block Size; and
- d) Is reported to the SEF as provided in Rule 308.

**Board** means the Board of Directors of the SEF.

**Breakage Agreement** means an agreement or any other arrangement between the parties that provides for the assessment of liability or payment of damages between the parties to a Cleared Contract in the event that the Cleared Contract is rejected from clearing.

**Bulk Risk Mitigation Service** means a service designated by the SEF that assists participating Participants and Customers in managing risk exposures by providing a netting mechanism that reduces the outstanding Swap count and outstanding gross notional value of Swaps in such Participants' and Customers' portfolios by terminating, modifying or replacing existing Swaps with offsetting transactions.

**Business Day** means any day on which a Contract is available for trading on the SEF.

**Call Option** means an Option whereby (i) the purchaser has the right, but not the obligation, to buy an Underlying Interest, at the strike price specified; and (ii) the grantor has the obligation, upon exercise, to enter into an Underlying Interest for delivery in such Delivery Month, at such strike price.

**Chairman of the Board** means the chairman of the Board of the SEF.

**Chief Compliance Officer** means the chief compliance officer of the SEF, or one duly authorized to act with the authority of the Chief Compliance Officer.

**Chief Executive Officer** means the Chief Executive Officer and President of the SEF, or one duly authorized to act with the authority of such officer.

**Class** means, with respect to any Swap, a Contract covering the same Underlying Interest.

**Cleared Contract** means any Contract that is listed for clearing by the SEF.

**Clearing Firm** means a clearing member of a DCO that is authorized pursuant to the rules of such DCO to clear transactions in any or all Contracts.

**Clearing Firm Representation** shall have the meaning set forth in Rule 204(f).

**CME** means Chicago Mercantile Exchange Inc.

**Commission** means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

**Commission Regulations** means any rule, regulation, order, directive and any interpretation thereof promulgated by the Commission, as amended.

**Commodity** shall have the same meaning as in the Act.

**Commodity Interest** shall have the meaning set forth in Commission Regulation 1.3.

**Confirmation** shall have the same meaning as in Commission Regulation 45.1.

**Confidential Information** means all non-public information that is stated to be or that can reasonably be expected to be of a confidential or trade secret nature in any form obtained by a Participant from the SEF in accessing or using the Systems, including, but not limited to, any processes, or proprietary data, information or documents regarding the Systems, save to the extent that such information: (i) is already in the public domain at the time of disclosure; (ii) enters the public domain other than by a breach of any obligation of confidentiality; (iii) is required to be disclosed by reason of Applicable Law, provided that, where permitted by Applicable Law, prior notice of such disclosure shall be provided to the SEF as soon as practicable in order to permit the SEF to seek a protective order or take other appropriate action to safeguard the Confidential Information; or (iv) is permitted to be disclosed pursuant to the Rules.

**Contract** means any Swap listed for trading on the SEF.

**Covered Package Transaction** means a “MAT/Non-MAT Uncleared Package Transaction,” a “MAT/Non-Swap Instruments Package Transaction,” and a “MAT/Non-CFTC Swap Package Transaction,” each as defined in NAL 16-76, expiring November 15, 2017.

**Customer** means any person (including another Trading Privilege Holder), or such person’s agent with the legal ability to direct trading on behalf of such person, that transacts on the SEF through a Participant acting as an Intermediary.

**Customer Type Indicator Codes** shall have the meaning set forth in Rule 208.

**DCO** means, with respect to any Swap, a derivatives clearing organization authorized to clear such Swap.

**Delivery Month** means, with respect to any Contract, the month in which delivery of an Underlying Interest is to be made pursuant to the terms of such Contract.

**Director** means a member of the Board of the SEF.

**DMA** means a Trading Privilege Holder (including an Intermediary) permitting a Customer to transmit orders electronically to the Trading Privilege Holder’s systems for onward transmission to a Trading Platform utilizing the Trading Privilege Holder’s trading identification.

**DTCC** means DTCC Data Repository (U.S.) LLC.

**EBS Order Book** means the Order Book for the EBS Trading Platform.

**Emergency** shall have the meaning set forth in Rule 104.

**Erroneously Cleared Transactions** shall have the meaning set forth in Rule 315(h).

**Error** shall have the meaning set forth in Rule 315(g).

**Expiration Day** means the day on which an Option expires.

**Execution Specialist** means a SEF employee responsible for assisting Participants with entering Bids/Offers in the Order Book, issuing and responding to RFQs, executing and receiving reports of Block Trades and executing Pre-Arranged Crosses.

**Financial Entity** has the meaning set forth in the Act.

**Governmental Authority** means any domestic or foreign government (or political subdivision), governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any self-regulatory association).

**Hearing Date** shall have the meaning set forth in Rule 506.

**Hearing Panel** shall have the meaning set forth in the Operating Agreement.

**Hearing Panel Chairman** shall have the meaning set forth in Rule 506.

**Hearing Record** shall have the meaning set forth in Rule 510.

**Held Order** means a firm executable Bid/Offer placed for entry onto the Order Book.

**ICAP** means ICAP Broking Holdings North America LLC, the sole limited liability member of the SEF.

**ICE** means ICE Trade Vault, LLC.



**ID** shall have the meaning set forth in Rule 302.

**ICAP Indemnified Party** shall have the meaning set forth in Rule 108(f).

**Indemnified Party** shall have the meaning set forth in Rule 108(f).

**Indemnifying Party** shall have the meaning set forth in Rule 108(f).

**Information** shall have the meaning set forth in Rule 107.

**Intellectual Property Rights** means all right, title and interest in and to (i) trademarks, service marks, brand names and other indications of origin and the goodwill associated with the foregoing; (ii) inventions, patents, trade secrets, know-how, processes and systems; (iii) copyright and database rights; and (iv) any other intellectual property or similar proprietary rights in any jurisdiction, in each case whether registrable or not.

**Intermediary** means any futures commission merchant, introducing broker or commodity trading advisor registered with the Commission, or any other person that is exempt from such registration, or not required by Applicable Law to register, and acts in compliance with Applicable Law in performing similar functions, that enters Bids/Offers into a Trading Platform, issues and responds to RFQs, reports block trades or submits Pre-Arranged Crosses to the SEF on behalf of Customers or provides such Customers with DMA.

**Intermediated Transaction** means any transaction on the SEF conducted through an Intermediary.

**ISDA** means the International Swaps and Derivatives Association, Inc.

**ISDA Reporting Party Rules** means the reporting party rules set forth in the document published by ISDA entitled “Dodd Frank Act – Swap Transaction Reporting Party Requirements” dated July 15, 2013, as set forth in Annex 1.

**JSCC** means Japan Securities Clearing Corporation.

**Last Trading Day** means, with respect to any Swap, the last day on which trading is permitted for such Swap in accordance with the Rules.

**Legal Entity Identifier** or **LEI** shall have the same meaning as in Commission Regulations.

**Losses** shall have the meaning set forth in Rule 102(a).

**Major Swap Participant** shall have the same meaning as in the Act and Commission Regulations.

**Market Regulation Staff** means the employees of the SEF designated by the SEF as members of the Market Regulation Staff, any agents of the SEF that assist the SEF in the implementation, surveillance, and enforcement of its rules and related obligations, and the SEF’s Regulatory Services Provider.

**NAL** means Commission No-Action Letter.

**NDF Contract** means a Contract that is a non-deliverable foreign exchange forward contract.

**NFA** means the National Futures Association.

**Non-Cleared Contract** means a Contract that is not a Cleared Contract.

**Non-Cleared Contract Agreement** means an agreement that governs the performance and settlement of a Non-Cleared Contract including, without limitation, any ISDA master agreements, other master agreements, terms supplements, master confirmation agreements, incorporated industry definitions and any applicable credit support and default provisions.

**Notice** shall have the meaning set forth in Rule 504.

**Operating Agreement** means the limited liability company agreement of the SEF.

**Option** means a Swap whereby one party grants to another the right, but not the obligation, to buy or sell a Commodity or other Underlying Interest.

**Order** means an instruction by a Customer to a Participant to execute a transaction on behalf of such Customer.

**Order Book** means a Trading Platform in which all Trading Privilege Holders have the ability to enter, observe and transact on multiple Bids/Offers.

**Package Transaction** means a transaction executed on the SEF or subject to the Rules involving two or more instruments: (i) that is executed between two or more parties that are Participants or Customers; (ii) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; (iii) that has at least one component that is a Swap that has been made available to trade pursuant to section 2(h)(8) of the Act; and (iv) where the execution of each component is contingent upon the execution of all other components.

**Participant** means any Trading Privilege Holder, Authorized Trader or Authorized Trading Firm.

**Participant Indemnified Party** shall have the meaning set forth in Rule 108(f).

**Participation Committee** shall have the meaning set forth in the Operating Agreement.

**Permitted Transaction** means any transaction involving a Swap that is not subject to the trade execution requirement in section 2(h)(8) of the Act.

**person** means any individual, sole proprietorship, corporation, limited liability company, limited liability partnership, partnership, association, estate, trust, governmental agency, unincorporated organization or any other legal entity.

**Physical Emergency** shall have the meaning set forth in Rule 104.

**Position Limit** means the maximum position, either net long or net short, in one Series or a combination of various Series of a particular Class that may be held or controlled by one person, or subject to aggregation with such person's position, as prescribed by the SEF and/or Commission.

**Pre-Arranged Cross** means a Permitted Transaction pre-arranged pursuant to Rule 304(b).

**Prime Broker** means a Trading Privilege Holder or Authorized Trading Firm that agrees to permit a Participant to enter Bids/Offers on the EBS Order Book in the name of, and for the risk of, the Trading Privilege Holder or Authorized Trading Firm, where the Participant intends to enter into a back-to-back transaction with the Trading Privilege Holder or Authorized Trading Firm, as the case may be, pursuant to a side agreement between the Participant and such Trading Privilege Holder or Authorized Trading Firm, a copy of which the SEF may request from time to time.

**Prime Broker Transaction** means a transaction in a Non-Cleared Contract that is a Permitted Transaction where one counterparty is a Prime Broker and the other is a Participant with which the Prime Broker has a Non-Cleared Contract Agreement.

**Proceeding** shall have the meaning set forth in Rule 108(f).

**Proprietary Data and Personal Information** means data and information that separately discloses business transactions, market positions or trade secrets of a person with respect to that person, but excludes information in a Confirmation or Trade Communication that discloses the identity of another person.

**Public Director** means any person who qualifies as a “public director” within the meaning set forth in the Commission Regulations.

**Put Option** means an Option whereby (i) the purchaser has the right, but not the obligation, to sell an Underlying Interest at the strike price specified; and (ii) the grantor has the obligation, upon exercise, to buy an Underlying Interest at such strike price.

**Recipient** means a Participant who is a recipient of an RFQ.

**Regulatory Agency** means any government body, including the Commission and the U.S. Securities and Exchange Commission (“**SEC**”), and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, the NFA and any other SRO, not including the SEF.

**Regulatory Oversight Committee** shall have the meaning set forth in the Operating Agreement.

**Regulatory Services Provider** means an outside organization which provides regulatory services to the SEF pursuant to an agreement.

**Rejected Leg** shall have the meaning set forth in Rule 315(h).

**Rejected Transactions** shall have the meaning set forth in Rule 315(h).

**Related Parties** shall have the meaning set forth in Rule 107.

**Request for Quote or RFQ** means a request by one Participant to at least such minimum number of Participants as may be required by Commission Regulations from time to time for a market quote that shall constitute a Bid/Offer. The SEF does not currently offer RFQ functionality.

**Required Transaction** means any transaction involving a Swap that is subject to the trade execution requirement in section 2(h)(8) of the Act.

**Respondent** shall have the meaning set forth in Rule 504(a).

**Review Panel** shall have the meaning set forth in the Operating Agreement.

**Risk-Based Limits** means the risk-based limits established by a Clearing Firm in accordance with Commission Regulation 1.73.

**Rule or Rules** means the rules, resolutions, interpretations, statements of policy, decisions, directives and orders of the SEF.

**Secretary** means the individual appointed by the Board from time to time to serve as secretary of the SEF.

**SEF** means swap execution facility, as defined in the Act, or ICAP SEF (US) LLC, as the context requires.

**SEF Subject Person** means any person that has consented to the jurisdiction of the SEF and agreed to be bound by and comply with the Rules pursuant to Rule 201(e).

**Series** means all Contracts of the same Class having identical terms.

**SRO** means self-regulatory organization.

**Swap** shall have the same meaning as in the Act and Commission Regulations.

**Swap Data Repository** or **SDR** shall have the same meaning as in the Act.

**Swap Dealer** shall have the same meaning as in the Act and Commission Regulations.

**Systems** means the Trading Platforms, including various proprietary and third party software, firmware, hardware, keypads and supporting documentation to which Participants are granted access by the SEF.

**System Protocol** means the terms from time to time in force upon which a Participant may access a specific Trading Platform, including any supplemental written guidelines provided by the SEF to the Participant, as amended from time to time. The System Protocols shall be posted on the SEF website. In the event of any inconsistency between the provisions of any System Protocol and the Rules, the terms of the System Protocol shall prevail.

**Terms Incorporated by Reference** shall have the meaning set forth in Rule 312.

**Trade Communication** shall have the meaning set forth in Rule 312.

**Trading Platform** means any of the separate electronic central limit order books and other systems administered by or on behalf of the SEF for the trading of Contracts pursuant to specific System Protocols for each such system.

**Trading Privilege Holder** means an individual or entity with Trading Privileges on the SEF granted pursuant to Rule 201 (including an Intermediary), but does not include an Authorized Trading Firm or Authorized Trader.

**Trading Privileges** means permission from the SEF given to any Trading Privilege Holder in accordance with Rule 201 to access the SEF, or to any Authorized Trading Firm or Authorized Trader in accordance with Rule 202 to access the SEF.

**Trading Session** means, with respect to any Contract, the period of hours on any Business Day during which such Contract is available for trading, as specified in the Rules governing such Contract.

**Underlying Interest** means the interest which is the subject of a Swap.

**Violation** means a violation of any of the Rules.

## CHAPTER 1 MARKET GOVERNANCE

### Rule 101. Board of Directors and Officers

(a) *Management.* ICAP, the sole limited liability member of the SEF, has vested the power to manage, operate and set policies for the SEF exclusively in the Board. The Board has the power to appoint such officers of the SEF as it may deem necessary or appropriate from time to time.

(b) *Operating Agreement.* The provisions of Article 6 (Board of Directors) and Article 7 (Officers) of the Operating Agreement shall be deemed to be part of the Rules, and shall be deemed to be incorporated herein, to the same extent and with the same force and effect as if set forth herein in their entirety.

### Rule 102. Limitation of Liability

(a) TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT FOR PRIVATE RIGHTS OF ACTION UNDER SECTION 22(b) OF THE ACT OR IN INSTANCES WHERE AN ICAP PARTY (AS DEFINED BELOW) HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE, OR WILLFUL OR WANTON MISCONDUCT, THE SEF AND ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS AND LICENSORS (EACH, AN "ICAP PARTY"), SHALL NOT BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES) IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM, ARISING FROM:

(1) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY PARTICIPANTS, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, FIRMWARE AND PRINTERS RELATING THERETO; OR

(2) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY SYSTEM OR SERVICE OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR

(3) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR ANY SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS, SERVICES OR FACILITIES; EXCEPT FOR INCORRECT ORDER STATUS; OR

(4) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

(b) NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) ARE PROVIDED BY THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, OR LICENSORS RELATING TO ANY SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR

SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING A TRADING PLATFORM, WHICH ARE PROVIDED "AS IS" TO PARTICIPANTS. NEITHER THE SEF NOR ICAP MAKE ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED THAT ANY SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING A TRADING PLATFORM, WILL MEET A PARTICIPANT'S REQUIREMENTS, HAVE UNINTERRUPTED OR ERROR-FREE OPERATION, BE AVAILABLE DURING ANY SPECIFIED BUSINESS HOURS (WHETHER ADVERTISED OR NOT) OR OPERATE IN CONJUNCTION WITH OTHER SOFTWARE.

(c) ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS OR LICENSORS IS A PARTY MUST BE BROUGHT WITHIN ONE YEAR FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. ANY SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY PROVISIONS OF NEW YORK LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.

(d) EXCEPT IN INSTANCES WHERE AN ICAP PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE, OR WILLFUL OR WANTON MISCONDUCT, IN NO EVENT SHALL THE ICAP PARTIES' TOTAL COMBINED AGGREGATE LIABILITY FOR ALL CLAIMS ARISING OUT OF ANY NEGLIGENCE, FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, ORDER STATUS ERRORS OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SEF'S OR ICAP'S (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, OR THE NEGLIGENCE OF SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) STAFF, EXCEED \$50,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS ON A SINGLE DAY; \$200,000 FOR ALL LOSSES SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$500,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS IN A SINGLE CALENDAR YEAR.

(e) A CLAIM AGAINST THE SEF OR ICAP (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), ARISING OUT OF ANY FAILURE OR MALFUNCTION SHALL ONLY BE ALLOWED IF SUCH CLAIM IS BROUGHT IN ACCORDANCE WITH THIS RULE.

(f) NOTWITHSTANDING THE FOREGOING, THE LIMITATION OF LIABILITY PURSUANT TO THIS RULE 102 IS LIMITED TO CLAIMS ARISING OUT OF THE SEF'S AND ICAP'S (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES) OPERATION OF THE SEF AND/OR PROVISION OF SERVICES TO THE SEF.

### **Rule 103. Confidentiality**

(a) The SEF shall not, and shall cause its Affiliates not to, use for business or marketing purposes any Proprietary Data or Personal Information it or any of its Affiliates collects or receives, from or on behalf of any person, for the purpose of fulfilling the SEF's regulatory obligations, unless the person who provided such data or information provides prior written consent to the SEF's use of such data or information for such purposes. In furtherance of Applicable Law, the SEF may share such data and information with its Affiliates, the Commission, one or more SEFs, SDRs, DCOs or Designated Contract Markets registered with the Commission, and, to the extent permitted by Applicable Law, other Governmental Authorities, including those in countries outside the U.S. The SEF may, upon request of a Trading Privilege Holder, provide a list of current Trading Privilege Holders of the SEF on a confidential basis. The receiving Trading Privilege Holder shall not disclose the contents of the list without the prior consent of the SEF. Proprietary Data and Personal Information shall not include aggregated price and volume information not identified with a specific Participant or Customer, and the SEF may use such aggregated information for business and marketing purposes.

- (b) No SEF employee shall trade, directly or indirectly, in any:
- (1) Contract;
  - (2) Commodity Interest related to a Contract;
  - (3) Commodity Interest traded on designated contract markets or SEFs or cleared by DCOs if the employee has access to material, non-public information concerning such Commodity Interest; or
  - (4) Commodity Interest traded on or cleared by a linked exchange if the employee has access to material, non-public information concerning such Commodity Interest.
- (c) No SEF Affiliate, member of the Board or any committee established by the Board or by or pursuant to the Rules of the SEF, or any officer or other employee or consultant of the SEF, shall, either during or after service with the SEF:
- (1) trade for such person's own account, or for or on behalf of any other account, in any Commodity Interest, on the basis of any material, non-public information obtained through special access related to the performance of such person's official duties; or
  - (2) absent prior written consent of the SEF, use, directly or indirectly, information that is deemed to be non-public information, or disclose non-public information to others, except (i) to others within the SEF, the SEF's Affiliates or to outside advisors thereof or other service providers for the SEF, provided that such advisors and service providers are subject to confidentiality obligations, and that, in each case, such disclosure is necessary for the performance of SEF-related duties by the individual or entity, (ii) if required by regulatory authority, or (iii) if compelled to do so by valid legal process, provided that the individual or entity notifies the SEF in advance thereof to the extent permitted.
- (d) Subject to Rule 103(a), the SEF shall not, except as reasonably necessary to operate any Trading Platform, to fulfill its obligations under this Rulebook or to comply with Applicable Law or any request of the Commission, without the prior written consent of a Trading Privilege Holder in each instance, (i) use in advertising, publicity, marketing or other promotional materials, the name, trade name, trademark, trade device, service mark or symbol of such Trading Privilege Holder or any of its Affiliates, or (ii) represent that any product or any service provided by the SEF has been approved or endorsed by such Trading Privilege Holder or any of its Affiliates.
- (e) For purposes of this Rule 103, the terms "**employee**," "**material information**" and "**non-public information**" have the meanings ascribed to them in Commission Regulation § 1.59.

#### **Rule 104. Emergency Action**

- (a) *Definitions.* As used in this section:

The term "**Emergency**" shall mean any occurrence or circumstance which, in the opinion of the SEF, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of, or delivery pursuant to, any Contracts on the SEF, including any manipulative or attempted manipulative activity; any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions; any circumstances which may materially affect the performance of Contracts traded on the SEF, including failure of the payment system or the bankruptcy or insolvency of any Participant; any action taken by any Governmental Authority, or any other board of trade, swap execution facility, market or facility which may have a direct impact on trading on the SEF and any other circumstance which may have a severe, adverse effect upon the functioning of the SEF.

(b) Emergency action may be taken by the following:

- (1) By the Board in the case of any Emergency;
- (2) By any two members of the Board in the case of any Emergency where it is impracticable, in the opinion of the Chairman of the Board or in his or her absence, any two (2) members of the Board, to call a meeting of the Board to deal with the Emergency; or
- (3) By any committee of the SEF pursuant to powers conferred on said committee under the Rules or by the Board.

(c) *Vote Required*

The vote required of the Board or committee authorized to take any Emergency action hereunder shall be:

- (1) In the case of action by the Board, the affirmative vote of a majority of the members of the Board present and voting at a meeting at which there is a quorum; or
- (2) In the case of action by a committee, the affirmative vote of two (2) or more persons constituting not less than a majority of the members of said committee present and voting at a meeting at which there is a quorum;

The consent in writing to any Emergency action of all members of the Board or of a committee, as applicable, shall be sufficient to take such Emergency action without a meeting. A member of the Board or of a committee shall be deemed present or in attendance at a meeting if such a person participates in the meeting by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

(d) *Action which may be taken*

(1) In the event of an Emergency, the SEF may, subject to Part 40 of the Commission Regulations under the Act, place into immediate effect a Rule which may provide for, or may authorize the SEF, or any committee, to undertake actions which, in the opinion of the SEF are necessary or appropriate to meet the Emergency, including, but not limited to, such actions as:

- (i) Extending or shortening the expiration date for trading in Contracts;
- (ii) Extending the time of delivery under or expiration of Contracts;
- (iii) Extending, limiting or changing hours of trading;
- (iv) Imposing or modifying price limits;
- (v) Imposing or modifying Position Limits;
- (vi) Imposing or modifying intraday market restrictions;
- (vii) Ordering the liquidation or transfer of open positions in any Contract;
- (viii) Ordering the fixing of a settlement price;
- (ix) Suspending trading pursuant to Rule 105 or curtailing trading in any Contract;
- (x) Altering any Contract's settlement terms or conditions; and



(xi) Modifying or suspending any provision of the Rules.

(2) In the event of an Emergency when a quorum of the Board is not available, all trading on the SEF may be suspended by an affirmative vote of a majority of the Directors present, or by action of one Director if only one Director is present, for such period of time as in their or his or her judgment is necessary. In the event of an Emergency which prevents normal attendance at a meeting of the Board, when no Director is present, any authorized officer of the SEF shall have authority to order suspension of trading on the SEF for such period of time as in his or her judgment is necessary. Any action taken under this paragraph (b) shall be subject to review and modification by the Board.

(3) Whenever any action is taken under this Rule pursuant to which trading is suspended or other changes in procedure are made, all matters relating to notices, deliveries and other obligations may be suspended or deferred in such manner as the Board or committee, as the case may be, may determine.

(4) The SEF may be required to take an Emergency action when directed by the Commission. If a Contract is traded both on the SEF and on one or more other swap execution facilities, any Emergency action to liquidate or transfer of open positions in any Contract will be made in consultation with the Commission or Commission staff.

(e) *Physical Emergencies*

(1) In the event the physical functions of the SEF are, or are threatened to be, severely and adversely affected by a physical emergency, such as fire or other casualty, bomb threat, substantial inclement weather, power failure, communication or transportation breakdown, computer malfunction, screen-based Trading Platform break-down, malfunction of plumbing, heating, ventilation and air conditioning systems, backlog or delay in clearing or in the processing of data related to clearing Cleared Contracts (a “**Physical Emergency**”), the Chairman of the Board, or in his or her absence the Chief Executive Officer, or in both of their absences any other officer may take any action which, in the opinion of such officer is necessary or appropriate to deal with the Physical Emergency, including, but not limited to, suspending trading in any one or more Contracts, delaying the opening of trading in any one or more Contracts, extending the Last Trading Day and/or the time of trading.

(2) In the event a designated officer has ordered suspension of trading, the Chairman of the Board or the Chief Executive Officer, or in their absence any other officer may order restoration of trading on the SEF, or may remove other restrictions so imposed, if such officer determines that the Physical Emergency has sufficiently abated to permit the physical functions of the SEF to continue in an orderly manner.

(f) The SEF will promptly report any action taken hereunder to the Commission and explain the decision-making process, the reasons for the exercise of emergency authority and how any conflicts of interest were addressed. Any emergency Rule or Rule amendment shall be filed with the Commission in accordance with Part 40 of the Commission Regulations under the Act.

(g) In exercising its authority under this Rule 104, the SEF shall, in its reasonable discretion, and where appropriate, permitted by Applicable Law and not precluded by exigent circumstances, consult and coordinate with DCOs, other swap execution facilities, boards of trade, relevant Participants, and other parties in considering what actions to take hereunder.

### **Rule 105. Suspension of Trading**

The Board may, in its discretion, by an affirmative vote of a majority of the Directors present at a meeting at which there is a quorum (which, in an Emergency other than a Physical Emergency, may be held without previous notice), close the SEF or suspend trading in any one or more Contracts on such days or portions of days as will, in its judgment, serve to promote the best interest of the SEF.

## **Rule 106. Risk Controls for Trading**

The Regulatory Oversight Committee may impose controls to reduce the potential risk of market disruption, including but not limited to market restrictions that pause or halt trading in specified market conditions.

## **Rule 107. Market Data**

Subject to Rule 103, and each Participant's and Customer's rights in its own Proprietary Data and Personal Information, the SEF owns all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, database rights, trademarks and trade secrets, or similar proprietary rights in any jurisdiction whether or not registrable) in and to any data, analytics, research or other information (including without limitation Bids/Offers, RFQs, Pre-Arranged Crosses, the contents of Confirmations and Trade Communications, such Confirmations and Trade Communications themselves, prices and volumes of transactions) contained in, displayed on, generated by or derived from the SEF and the Trading Platforms (collectively the "**Information**"). The SEF shall not decompile or reverse engineer any of a Participant's or Customer's Proprietary Data and Personal Information for the purpose of ascertaining such Participant's or Customer's trading strategies, except to the extent reasonably necessary for the SEF's operations, to perform its surveillance and monitoring functions or to otherwise comply with Applicable Law. Subject to each Participant's and Customer's rights in its own Proprietary Data and Personal Information, each Participant and Customer (i) agrees to keep the Information confidential and cause each of its employees, Affiliates, Authorized Trading Firms, Customers, agents, consultants, independent software vendors and other persons affiliated with any of the foregoing, as applicable (collectively "**Related Parties**"), to keep the Information confidential, and (ii) agrees not to, and shall cause its applicable Related Parties not to, sell, lease, license, transfer, provide or otherwise make available to any third party any form of access to or use of any of the Information, or use the Information for any purpose other than such Participant's or Customer's own trading activity (and not, for the avoidance of doubt, for use by such Participant's or Customer's sales, risk management, research, wealth management or asset management departments/functions). Each Participant and Customer agrees that it shall not, and shall cause its Related Parties not to, alter, enhance, make derivative works of, download to computer or reverse engineer all or any part of the Information (other than such Participant's or Customer's Proprietary Data and Personal Information).

## **Rule 108. Intellectual Property**

(a) The Systems are the exclusive Intellectual Property of the SEF or its affiliates or licensors. Participants have no access to the Systems and no rights with respect to the Systems, except as expressly granted by the SEF. Subject to any required approvals from any applicable Regulatory Agency, the SEF shall have the right to modify at any time a System's functionality, configuration, appearance, content and the Swaps made available for trading via a System.

(b) Upon granting Trading Privileges to a Participant, the SEF grants to that Participant a revocable, non-exclusive, non-transferable license to access and use the Systems in accordance with the Rules for the sole purpose of (i) entering into Swaps via the Systems, and (ii) receiving and transmitting information generated by or made available through the Systems from time to time. Such license shall terminate when the Participant's Trading Privileges terminate.

(c) Intellectual Property Rights

(1) By becoming a Participant, each Participant acknowledges and agrees that the Intellectual Property Rights in the Systems are a valuable asset of the SEF or its affiliates or licensors or their respective successors. Each Participant shall protect and safeguard the Intellectual Property Rights in and to the Systems by using the same degree of care that the Participant generally uses to protect its own Intellectual Property Rights and business assets, but in any event with no less than a reasonable degree of care.

(2) Each Participant shall promptly notify the SEF upon becoming aware of any infringement or misappropriation of any Intellectual Property Rights of the SEF or its affiliates or licensors. Each Participant shall comply with all reasonable requests made by the SEF (at the SEF's reasonable expense) to protect and enforce the Intellectual Property Rights of the SEF or its affiliates or licensors in the Systems.

(d) Restrictions

(1) Subject to Rule 202, a Participant shall not sell, lease, license, transfer, provide or otherwise make available to any third party (including an affiliate of Participant), any form of access to or use of the System.

(2) A Participant shall not alter, enhance, make derivative works of, download to computer, decompile, disassemble or reverse engineer all or any part of the Systems except solely to the extent (i) expressly required by Applicable Law or permitted by the Rules, or (ii) necessary in direct connection with support functions related to transactions on or subject to the Rules.

(e) Notwithstanding Rule 102, the SEF represents and warrants that it owns or is licensed all Intellectual Property Rights in or to the Systems.

(f) Indemnities

(1) The SEF shall defend, indemnify and hold harmless each Participant and its officers, directors, employees and agents (each a "**Participant Indemnified Party**") from and against all Losses as a result of any third party claim or proceeding of any nature ("**Proceeding**") against a Participant Indemnified Party determining that the Systems (other than the EBS NDF System, which includes but is not limited to the technology known as EBS Dealing Service and Brokernet), or the use thereof by the Participant Indemnified Party as authorized hereunder, violates any Intellectual Property Rights of any third party provided that such Losses do not result from (i) any Participant Indemnified Party's fraud, gross negligence or willful misconduct; (ii) violation of Applicable Law by the Participant Indemnified Party; or (iii) the Participant's breach of the Rules.

(2) Each Participant shall defend, indemnify and hold harmless the SEF and each ICAP Party (each an "**ICAP Indemnified Party**") from and against any Losses to which any ICAP Indemnified Party may become subject, insofar as such Losses arise out of or in connection with, or are based upon any Proceeding against an ICAP Indemnified Party that arises out of or relates to any access, use or misuse of the Systems by the Participant or by any person accessing the Systems using the Participant's ID provided that such Losses do not result from (i) an ICAP Indemnified Party's fraud, gross negligence or willful misconduct; (ii) violation of Applicable Law by the ICAP Indemnified Party; or (iii) the ICAP Indemnified Party's breach of the Rules.

(3) If a Proceeding is commenced against a party entitled to indemnification under this Rule 108 (the "**Indemnified Party**"), notice shall be given to the party obligated to provide such indemnification (the "**Indemnifying Party**") as soon as reasonably practicable. The Indemnifying Party shall be entitled to take control of the Proceeding and any settlement of it, and the Indemnified Party shall give the Indemnifying Party, at the Indemnifying Party's reasonable cost, all reasonable assistance in relation to the Proceeding.

(4) Notwithstanding anything to the contrary contained in Rule 102 or a System Protocol, no limitation or exclusion of liability shall apply with respect to any direct losses or claims based on confidentiality, or to the SEF's intellectual property infringement indemnification obligations set forth in this Rule 108.

(g) Confidentiality

Each Participant shall keep confidential all Confidential Information of the SEF or the SEF's affiliates or licensors, both during the term and after termination of the license granted by this Rule 108. Each Participant may disclose Confidential Information to its professional advisers but otherwise may only disclose Confidential Information to those of its employees and representatives who need to know such Confidential Information for the purposes of exercising or performing the rights and obligations of Participant under the Rules and have been informed of the confidential nature of the Confidential Information divulged. No Participant will disclose Confidential Information to any third party except as follows: (i) with the consent of the SEF; (ii) as necessary to a DCO of which such Participant is a member or in connection with the clearing of a Swap; (iii) subject to appropriate confidentiality requirements no less stringent than the confidentiality provisions hereunder, to any person providing services to such party relating to transactions on or subject to the Rules; or (iv) to the SEF's Regulatory Services Provider.

(h) Each Participant shall maintain commercially available virus checking software to protect itself and the Systems from viruses, notify the SEF immediately of any defect in the System or any unauthorized access or change to the System of which the Participant becomes aware and comply with any security measures and procedures for authentication required by the SEF from time to time.

## CHAPTER 2 TRADING PRIVILEGES

### Rule 201. Trading Privilege Holders

(a) *Trading Privileges*

(1) Subject to the requirements and procedures set forth in this Chapter 2, Trading Privileges will be granted on an impartial basis to all applicants from time to time approved by the SEF as eligible to be Trading Privilege Holders, subject to any limitations or restrictions from time to time imposed by the SEF. Trading Privileges are nontransferable (except under certain limited circumstances which must be approved by the SEF), non-assignable and may not be sold or leased. Circumstances under which Trading Privileges may be transferred, subject to SEF approval, include, for example, transfers due to corporate reorganizations. Each Trading Privilege Holder will have the right to access a Trading Platform, subject to the applicable System Protocol, including the right to:

(i) place Bids/Offers, RFQs and Pre-Arranged Crosses for each of its proprietary accounts;

(ii) if otherwise registered in any required capacity (or exempt from registration) and authorized to act on behalf of Customers under the Act and Commission Regulations thereunder or any foreign equivalent law or regulations, place Bids/Offers, RFQs and Pre-Arranged Crosses for the accounts of such Customers as an Intermediary; and

(iii) appoint other persons to act on its behalf as an Authorized Trader or an Authorized Trading Firm pursuant to Rule 202.

(2) By virtue of obtaining Trading Privileges, a Trading Privilege Holder will not obtain any equity or other interest in the SEF, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger or consolidation involving the SEF or otherwise.

(3) In granting Trading Privileges, the SEF may impose such restrictions or limitations as it may deem necessary or appropriate. The SEF shall apply such restrictions or limitations to applicants in an impartial, non-discriminatory manner, consistent with the Act and Commission Regulations thereunder. The SEF will deny the grant of Trading Privileges where an applicant has failed to meet any requirements for such grant.

(b) *Financial Requirements*

(1) Any person that wishes to have Trading Privileges must be of good financial standing and must meet the financial and related reporting requirements set forth in this Rule 201.

(2) Each Trading Privilege Holder must provide a signed written or electronic representation, prior to being granted access to the SEF, that it qualifies as an “eligible contract participant” as defined in the Act upon initial application for Trading Privileges.

(3) Each Trading Privilege Holder shall, no less frequently than annually, provide the SEF either with (i) its annual financial report that it provides to the Commission or (ii) a written or electronic representation providing that such Trading Privilege Holder has been, and continues to be as of such date, an “eligible contract participant” as defined in the Act.

(4) Each Trading Privilege Holder must notify the SEF’s Chief Compliance Officer immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(5) Unless and until a Trading Privilege Holder is able to demonstrate to the SEF that it is in compliance with the minimum financial requirements applicable to it, such Trading Privilege Holder may not engage in any transactions subject to the Rules of the SEF, except for the purpose of closing open positions that were opened on the SEF.

(c) *Fitness Standards*

(1) The SEF may deny the grant of Trading Privileges, or may prevent a person from becoming an Authorized Trader or an Authorized Trading Firm, if such person:

(i) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the SEF, Rules of any DCO to which the Trading Privilege Holder submits Cleared Contracts for clearing, Commission Regulations and SRO regulations, including those concerning recordkeeping, reporting, financial requirements and trading procedures;

(ii) would bring the SEF into disrepute; or

(iii) for such other cause as the SEF reasonably may decide.

(2) The SEF may determine not to permit a Trading Privilege Holder or any Authorized Trader or Authorized Trading Firm to keep its, his or her Trading Privileges or maintain its, his or her association with a Trading Privilege Holder or Authorized Trading Firm, as the case may be, if such Trading Privilege Holder, Authorized Trader or Authorized Trading Firm:

(i) fails to meet any of the qualification requirements for Trading Privileges or Authorized Trader or Authorized Trading Firm status after such Trading Privileges or Authorized Trader or Authorized Trading Firm status has been approved;

(ii) fails to comply with any limitation placed by the SEF on such Trading Privileges or Authorized Trader or Authorized Trading Firm status; or

(iii) commits a material Violation.

(3) Any decision made by the SEF pursuant to this Rule 201 must be consistent with both the provisions of this Rule and the Act and Commission Regulations thereunder.

(d) The SEF may (i) deny the grant of Trading Privileges, (ii) prevent a person from becoming an Intermediary, Authorized Trader or an Authorized Trading Firm, and (iii) determine not to permit a Trading Privilege Holder or any Intermediary, Authorized Trader or Authorized Trading Firm to keep its, his or her Trading Privileges or maintain its, his or her association with a Trading Privilege Holder or Authorized Trading Firm, as the case may be, if such Trading Privilege Holder, Intermediary, Authorized Trader or Authorized Trading Firm causes or would cause the SEF to be in violation of Applicable Law.

(e) *Consent to SEF Jurisdiction*

Prior to obtaining access to the SEF and each time a Participant or Customer initiates or executes a transaction on the SEF, directly or through an Intermediary, each Participant and each Customer shall be deemed to have expressly consented to the jurisdiction of the SEF and agreed to be bound by and comply with the Rules. At the time any Clearing Firm provides a Clearing Firm Representation, each such Clearing Firm shall expressly consent to the jurisdiction of the SEF and agree to be bound by and comply with the Rules.

## Rule 202. Authorized Traders and Authorized Trading Firms

(a) Each Trading Privilege Holder may from time to time permit one or more persons to enter Bids/Offers, issue and respond to RFQs, submit Pre-Arranged Crosses, access a Trading Platform and effect transactions in Contracts on the SEF. Such authority may be granted to one or more Authorized Traders or to one or more Authorized Trading Firms.

### (1) *Authorized Traders*

(i) Each Trading Privilege Holder which is trading for its own account as a principal may permit one or more individuals as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on its behalf. In such case, the Trading Privilege Holder shall be principal to any resulting transactions made on its behalf by such Authorized Traders.

(ii) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers may permit one or more individuals as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on its behalf as an Intermediary for such Customers. In such cases, the Trading Privilege Holder has responsibility for all actions and failures to act of such Authorized Traders, but the Customer on whose behalf each transaction is made shall be the principal to any transactions made on its behalf by such Authorized Traders.

(iii) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers that are natural persons may provide such a Customer with DMA to the SEF by permitting the Customer to become an Authorized Trader to enter Bids/Offers and RFQs on behalf of the Customer. In such case, the Customer shall be the principal to any transactions entered into as an Authorized Trader. As provided for in section (b)(3) below, the SEF may grant or deny DMA to a Customer in its sole discretion.

(iv) The Trading Privilege Holder shall be responsible to the SEF for acting with reasonable care in granting Authorized Trader status.

### (2) *Authorized Trading Firms*

(i) Each Trading Privilege Holder which is an Intermediary trading for the accounts of Customers that are entities may provide such a Customer with DMA to the SEF by permitting the Customer to become an Authorized Trading Firm and by permitting one or more individuals associated with the Authorized Trading Firm to become Authorized Traders to enter Bids/Offers and RFQs on behalf of the Customer. In such case, the Customer on whose behalf each transaction is made shall be the principal to any transactions made on its behalf by such Authorized Trading Firm through the Authorized Traders. As provided for in section (b)(3) below, the SEF may grant or deny DMA to a Customer in its sole discretion.

(ii) Each Trading Privilege Holder may provide an Intermediary trading for the account of the Trading Privilege Holder with access to the SEF by permitting such Intermediary to become an Authorized Trading Firm and by permitting one or more individuals associated with the Authorized Trading Firm to become Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on behalf of the Trading Privilege Holder. In such case, the Trading Privilege Holder shall be the principal to any transactions made on its behalf by such Authorized Trading Firm through the Authorized Traders.

(iii) *Prime Brokers.* Each Trading Privilege Holder that is a Prime Broker may provide a potential counterparty with access to the SEF by permitting such potential counterparty to become an Authorized Trading Firm of such Prime Broker, with one or more individuals associated with the Authorized Trading Firm to be designated by the Authorized Trading Firm as Authorized Traders to enter Bids/Offers and RFQs and Pre-Arranged Crosses on behalf of the

Prime Broker. In such cases, the Authorized Trading Firm shall enter into a Swap with the Prime Broker on a back-to-back basis with the Swap being executed on the SEF on behalf of the Prime Broker. An Authorized Trading Firm of a Prime Broker which is itself a Prime Broker may designate one or more individuals associated with its potential counterparty as Authorized Traders who will enter Bids/Offers and RFQs and pre-Arranged Crosses on behalf of the Prime Broker that is a Trading Privilege Holder. In such case, there will be two back-to-back Swap transactions based on the Swap executed on the SEF on behalf of the Prime Broker that is a Trading Privilege Holder. One back-to-back Swap will be between the Prime Broker that is a Trading Privilege Holder and the Prime Broker that is an Authorized Trading Firm, and the second back-to-back Swap transaction will be between the Prime Broker that is an Authorized Trading Firm and the potential counterparty with which the Authorized Traders are associated.

(iv) The Trading Privilege Holder shall be responsible to the SEF for acting with reasonable care in granting Authorized Trading Firm status.

(v) Each Trading Privilege Holder will obtain a signed written or electronic representation, prior to being granted access to the SEF, that each of its Authorized Trading Firms continues to qualify as an "eligible contract participant" as defined in the Act and provide such representation to the SEF and shall notify the SEF if any Authorized Trading Firm no longer qualifies as an "eligible contract participant".

(b) *SEF Approval*

(1) No person may act as an Authorized Trader or Authorized Trading Firm before being approved to do so by the SEF, which the SEF will do on an impartial basis.

(2) Each prospective Authorized Trader and Authorized Trading Firm will submit an application in the form required by the SEF and will satisfy such requirements as may be prescribed by the SEF from time to time. No Authorized Trading Firm or Authorized Trader shall satisfy such requirements unless the Authorized Trading Firm and related Authorized Traders expressly consent to the jurisdiction of the SEF and agree to be bound by and comply with the SEF Rules. Each prospective Authorized Trading Firm must provide a written or electronic representation, prior to being granted access to the SEF, that it qualifies as an "eligible contract participant" as defined in the Act and that it has all registrations, licenses and consents required by its constituent documents and Applicable Law to transact in Contracts.

(3) DMA to the SEF by an Authorized Trader or an Authorized Trading Firm shall be granted or denied in the sole discretion of the SEF. The SEF will notify a Trading Privilege Holder of its approval or disapproval of the designation of an Authorized Trader or Authorized Trading Firm for DMA. The SEF may, in its sole discretion, revoke or suspend the designation of an Authorized Trader or Authorized Trading Firm for DMA, and shall notify the Trading Privilege Holder of such action in accordance with procedures established by the SEF.

(c) *Responsibilities to the SEF.*

(1) Each Trading Privilege Holder shall notify the SEF in writing if its relationship with an Authorized Trader or Authorized Trading Firm has been terminated, and such Trading Privilege Holder may at any time revoke any authorization granted by it to any Authorized Trader or Authorized Trading Firm by providing written notice of such revocation to the SEF.

(2) By permitting any of its Authorized Traders and/or Authorized Trading Firms to access and use a Trading Platform from any jurisdiction or to act as an Intermediary for trades on behalf of Customers located in any jurisdiction, each Trading Privilege Holder represents and warrants that each such access to or use of a Trading Platform, or action as an Intermediary, does not violate any law



applicable to the Trading Privilege Holder, the Authorized Trader, the Authorized Trading Firm or, to such Trading Privilege Holder's knowledge, the SEF.

(d) *Intermediation*

(1) A Participant may not act as an Intermediary for any other entity or person unless the Trading Privilege Holder or Authorized Trading Firm is registered with the Commission as a futures commission merchant, introducing broker or commodity trading advisor, or is exempt from such registration, or not required by Applicable Law to register, and the Authorized Trader of a futures commission merchant or introducing broker is registered as an Associated Person of such futures commission merchant or introducing broker, or is exempt from such registration.

(2) A Trading Privilege Holder, Authorized Trader or Authorized Trading Firm may not transact as an Intermediary for any Customer unless the Trading Privilege Holder or Authorized Trading Firm has submitted a signed representation to the SEF that each of its Customers is an "eligible contract participant" as defined in the Act.

**Rule 203. Financial Integrity**

(a) Each Trading Privilege Holder, Authorized Trading Firm and Customer must be an "eligible contract participant" as defined in the Act (i) prior to obtaining access to the SEF, and (ii) at the time that such person enters into each transaction on the SEF or subject to the Rules.

(b) For Cleared Contracts:

(1) each Trading Privilege Holder or Authorized Trading Firm transacting on the SEF as a principal is required to demonstrate to the SEF, with appropriate documentary evidence as required by the SEF from time to time, that such Trading Privilege Holder or Authorized Trading Firm is a Clearing Firm or that it has clearing arrangements in place with a Clearing Firm, including having the Clearing Firm Representation required by Rule 204(f); and

(2) each Trading Privilege Holder acting as an Intermediary shall confirm that each of its Customers has clearing arrangements in place with a Clearing Firm and obtain from its Customers any documentary evidence as required by the SEF from time to time to that effect, including any Clearing Firm Representation required by Rule 204(f). The Trading Privilege Holder shall provide such documentary evidence to the SEF.

(c) For Contracts listed on the SEF as bilateral Contracts, each Trading Privilege Holder, Authorized Trading Firm or Customer that enters into such Contracts as a principal must undergo such credit checks and provide such credit information as the SEF may require from time to time.

**Rule 204. Clearing**

(a) All Contracts executed on the SEF that are subject to mandatory clearing under Section 2(h) of the Act must be cleared through a DCO by a Clearing Firm. Any other Contracts executed on the SEF may be cleared at the discretion of the parties to such transaction; provided that such Contracts are able to be cleared through a DCO by a Clearing Firm. After being submitted to and accepted by the relevant DCO, each Cleared Contract will be subject to the rules, policies and procedures of such DCO.

(b) *Pre-Execution Credit Check / Risk Screening.*

(1) In advance of submitting each Bid/Offer or Pre-Arranged Cross to the SEF for any Cleared Contract, each Trading Privilege Holder or Authorized Trading Firm shall identify the Clearing Firm to which any resulting transaction will be submitted for clearing at the relevant DCO and:

(i) if acting as principal, shall ensure that it has sufficient credit with such Clearing Firm for the resulting transaction and that the resulting transaction satisfies such Clearing Firm's Risk-Based Limits; and

(ii) if acting as an Intermediary, other than with respect to DMA, shall confirm that its Customer has sufficient credit with the Customer's Clearing Firm for the resulting transaction and that the resulting transaction satisfies such Clearing Firm's Risk-Based Limits.

In the event that there is insufficient credit or the transaction does not satisfy a Clearing Firm's Risk-Based Limits, the Trading Privilege Holder or Authorized Trading Firm may not submit such Bid/Offer or Pre-Arranged Cross to the SEF.

(2) Each Clearing Firm that provides a Clearing Firm Representation for a Participant or Customer may notify the SEF of Risk-Based Limits it has established for such Participant or Customer, and such Risk-Based Limits shall become effective upon acknowledgment of receipt by the SEF. Any change to such Risk-Based Limits shall become effective only upon acknowledgment of receipt by the SEF.

(c) A Clearing Firm that seeks to effect transactions on the SEF for its own account or the account of any Customer must be a Trading Privilege Holder.

(d) The SEF may share information with any DCO that would assist such DCO in evaluating and monitoring a Clearing Firm's compliance with these criteria. A Clearing Firm agrees to cooperate with the SEF and each relevant DCO in any such monitoring.

(e) Clearing Firms shall clear Cleared Contracts in accordance with all applicable Rules and DCO rules.

(f) *Clearing Firm Representation*

(1) Each Trading Privilege Holder or Authorized Trading Firm that is not a Clearing Firm and is transacting in Cleared Contracts on the SEF as a principal shall obtain a representation from a Clearing Firm, in form and substance satisfactory to, and approved by, the SEF (a "**Clearing Firm Representation**"). Under such representation, the Clearing Firm must accept for clearing all Cleared Contracts of each Trading Privilege Holder or Authorized Trading Firm for which it clears Cleared Contracts, subject to any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2). Where a Trading Privilege Holder or Authorized Trading Firm uses the services of multiple Clearing Firms, a Clearing Firm shall be responsible only to the extent that it has been designated by such Trading Privilege Holder or Authorized Trading Firm to clear a particular Cleared Contract.

(2) Each Trading Privilege Holder acting as Intermediary shall obtain from the Customer a Clearing Firm Representation from a Clearing Firm pursuant to which the Clearing Firm accepts for clearing all transactions in Cleared Contracts entered into by the Customer, subject to any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2). Where a Customer uses the services of multiple Clearing Firms, a Clearing Firm shall be responsible only to the extent that it has been designated by such Customer to clear a particular Cleared Contract.

(3) Every Contract that is subject to a Clearing Firm Representation and results from a Bid/Offer or Pre-Arranged Cross that is within any Risk-Based Limits that are in effect pursuant to Rule 204(b)(2) is deemed accepted for clearing by the Clearing Firm upon execution.

(4) A Clearing Firm may at any time (but on prior written notice to the SEF) revoke any Clearing Firm Representation made by it to a Trading Privilege Holder, Authorized Trading Firm or Customer (as applicable) in accordance with paragraph (1) and/or (2) above, by providing prior written notice of such revocation to the SEF. The Clearing Firm Representation will remain in effect for all

Contracts for which Bids/Offers or Pre-Arranged Cross were submitted to a Trading Platform prior to the SEF's acknowledgement of the revocation, which the SEF shall undertake to effectuate as promptly as practicable.

(5) Each Trading Privilege Holder, Authorized Trading Firm or, if applicable, Customer must assist its Clearing Firm and the DCO in the clearing of its Cleared Contracts.

(6) Upon notice that a Clearing Firm has revoked any authorization granted and Clearing Firm Representation made by it to a Trading Privilege Holder, Authorized Trading Firm or Customer pursuant to this Rule 204(f), the right of such Trading Privilege Holder, Authorized Trading Firm or Customer (as applicable) to enter into Cleared Contracts will be automatically terminated, and such Trading Privilege Holder, Authorized Trading Firm or Customer must obtain another Clearing Firm Representation from a Clearing Firm before the Trading Privilege Holder, Authorized Trading Firm or Customer's right to access to trade Cleared Contracts via the SEF will be reinstated.

(g) A DCO may be given access to the SEF for the purpose of obtaining any information required by the DCO to clear contracts, including, without limitation, real-time data regarding Bids/Offers, Pre-Arranged Crosses and the execution of transactions. The SEF may impose such restrictions on a DCO's access that it determines, in its sole discretion, are necessary and appropriate.

(h) *Failure to Clear*

(1) Subject to a Clearing Firm's obligation to accept for clearing all Contracts resulting from Bids/Offers or Pre-Arranged Crosses that satisfy the Risk-Based Limits in effect for a Participant or Customer, any Cleared Contract, including one leg of a Package Transaction, that is rejected for clearing by a Clearing Firm or DCO for any reason, including an error by the SEF in permitting a Bid/Offer or Pre-Arranged Cross to be made that did not satisfy the Risk-Based Limits in effect at the time the Bid/Offer or Pre-Arranged Cross was made, shall be void *ab initio* and will be canceled by the SEF. For the avoidance of doubt, any component leg of a Package Transaction that was accepted for clearing will not be affected by the rejection of another leg of the same Package Transaction.

(2) Any Contract, including any component leg of a Package Transaction, that was executed on the SEF without the intent to be cleared, but later determined by the parties to the transaction to be cleared, will not be void if rejected for clearing by a DCO to which the Contract or component leg of the Package Transaction was submitted.

(3) In the event a Cleared Contract, including one leg of a Package Transaction, is canceled by the SEF pursuant to this Rule 204(h), the SEF will report such cancellation to the relevant SDR pursuant to Part 43 of the Commission Regulations.

(4) Any transaction canceled under this Rule 204(h) (except for transactions rejected by a DCO for credit reasons) may be re-executed pursuant to the procedures set forth in Rule 315(h).

(i) *Submission of Cleared Contracts to DCOs*

(1) The SEF shall route each Cleared Contract executed on the SEF and accepted for clearing by a Clearing Firm to the DCO identified pursuant to Rule 208(d) as soon as technologically practicable after execution, and in no event later than ten (10) minutes after execution. The SEF may do so either by submitting the Cleared Contract directly to the DCO or by routing the Cleared Contract through an Affirmation Hub.

(2) Cleared Contracts that are routed through an Affirmation Hub shall be routed in accordance with the following procedures:

(i) All Cleared Contracts executed as Pre-Arranged Crosses (other than those resulting from Bids/Offers generated by a Bulk Risk Mitigation Service) or on the Order Book with the assistance of an Execution Specialist, must be Affirmed by Participants or Customers, as applicable, as soon as technologically practicable after execution, and in no event later than ten (10) minutes after execution; and

(ii) All other Cleared Contracts, including Pre-Arranged Crosses resulting from Bids/Offers generated by a Bulk Risk Mitigation Service, shall be automatically submitted by the Affirmation Hub to the relevant DCO as soon as technologically practicable after receipt from the SEF, without Participants or Customers being provided the opportunity to Affirm.

(3) Failure by a Participant or Customer to Affirm a Cleared Contract routed through an Affirmation Hub within the ten (10) minute time frame required by this Rule 204(i) shall be a Violation; provided that:

(i) such failure shall be a Violation only by the Participant(s) or Customer(s), as applicable, that failed to Affirm the Cleared Contract in accordance with this Rule; and

(ii) no such failure shall be a Violation where the failure was substantially the result of, as determined in the SEF's discretion, any errors or delays caused by the SEF or any Execution Specialist.

(4) The Chief Compliance Officer or a designated member of the Market Regulation Staff shall, on a monthly basis, review the previous month's Affirmations by Participants and Customers for compliance with this Rule 204(i). Notwithstanding such regular monthly reviews, the Chief Compliance Officer or any member of the Market Regulation Staff may investigate possible Violations of this Rule 204(i) at any time upon becoming aware of such possible Violation. Investigations of possible Violations of this Rule 204(i) shall be conducted in accordance with Rule 502, including that the Chief Compliance Officer may determine to impose summary fines in accordance with Rule 516. The Chief Compliance Officer or a designated member of the Market Regulation Staff shall review each possible Violation of this Rule 204(i) in light of all the facts and circumstances, including whether any errors or delays were caused by the SEF or any Execution Specialist.

(j) *Breakage Agreements Prohibited.* Participants and Customers are prohibited from requiring a Breakage Agreement from any other Participant or Customer as a condition of trading with that other Participant or Customer.

## **Rule 205. Application for and Grant of Trading Privileges**

(a) *Application Requirement.* Each applicant for Trading Privileges will submit an application to the SEF in a form and manner prescribed by the SEF. Each applicant will promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application. The SEF will act upon, and approve or disapprove, any such application without unreasonable delay.

(b) Upon submission of an application and satisfaction of the requirements and procedures set forth in this Chapter 2, and approval by the SEF, a person applying for Trading Privileges will be granted Trading Privileges. If the application process is not completed by the applicant within six months of submission of an application and payment of any applicable fee, the application will be deemed to be withdrawn.

(c) Any applicant who has been denied Trading Privileges or Authorized Trader or Authorized Trading Firm status with a Trading Privilege Holder, and any Trading Privilege Holder or Authorized Trader or Authorized Trading Firm of a Trading Privilege Holder who is not permitted to keep its, his or her Trading Privileges or maintain his or her status as an Authorized Trader or Authorized Trading Firm

may request an appeal of the SEF's decision pursuant to the procedures set forth in Rule 205(e). No determination of the SEF to discontinue a person's Trading Privileges or Authorized Trader or Authorized Trading Firm status will take effect until the review procedures hereunder have been exhausted or the time for review has expired.

(d) Any applicant to become a Trading Privilege Holder who has been denied Trading Privileges pursuant to this Rule 205 will not be eligible for re-application during the six months immediately following such denial.

(e) *Appeal of Denial of Trading Privileges or Suspension or Termination of Access*

(1) If the SEF, pursuant to this Rule, denies an application for Trading Privileges or association with a Trading Privilege Holder as an Authorized Trader or Authorized Trading Firm, or determines not to permit a person to keep its Trading Privileges or maintain its association as an Authorized Trader or Authorized Trading Firm, or suspends or revokes a Participant's or Customer's access to the SEF pursuant to Rule 206(a) or (e), then, in any such case, the affected applicant, Trading Privilege Holder, Authorized Trader, Authorized Trading Firm, Participant or Customer, as the case may be, within seven days after receiving written notice of such decision, may request in writing that the SEF provide the reasons therefor in writing. Within 14 days of receiving any such written request, the SEF will provide the applicant, Trading Privilege Holder, Authorized Trader, Authorized Trading Firm, Participant or Customer, as the case may be, with such reasons in writing. Within 14 days of receiving the SEF's written response, the applicant, Trading Privilege Holder, Authorized Trader, Authorized Trading Firm, Participant or Customer, as the case may be, may request, in writing, that the SEF's Participation Committee reconsider the SEF's initial decision and may provide any written representations or other information that the applicant, Trading Privilege Holder, Authorized Trader, Authorized Trading Firm, Participant or Customer, as the case may be, believes is relevant to the reconsideration.

(2) Within 28 days of receiving either a written request for reconsideration or written representations or information from the applicant, Trading Privilege Holder, Authorized Trader, Authorized Trading Firm, Participant or Customer, as the case may be, or a statement from such person that no such representation or information is to be made or supplied, the Participation Committee will either confirm, reverse or modify the initial decision and will promptly notify the applicant, Trading Privilege Holder, Authorized Trader, Authorized Trading Firm, Participant or Customer, as the case may be, accordingly. The Participation Committee may in its discretion schedule a hearing or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Any decision by the Participation Committee pursuant to this subparagraph (2) constitutes the final action of the SEF with respect to the matter in question and is not subject to appeal. Any action that may be taken by the Participation Committee under this Rule 205(e) or (f) may be taken by the Board if no Participation Committee has been established.

(f) *Effective Date of Denial of Trading Privileges or Suspension or Termination of Access*

(1) If the SEF, pursuant to this Rule, makes a final determination to deny an application for Trading Privileges or association with a Trading Privilege Holder as an Authorized Trader or Authorized Trading Firm, or determines not to permit a person to keep its Trading Privileges or maintain its association as an Authorized Trader or Authorized Trading Firm, or suspends or revokes a Participant's or Customer's access to the SEF pursuant to Rule 206(a) or (e), then the Participation Committee shall provide written notice within thirty (30) days of its determination to the applicant, Participant or Customer, as applicable. The written notice must include:

(i) the name of the applicant, Participant or Customer;

(ii) a statement of the Participation Committee's reasons for the denial of Trading Privileges, suspension or revocation of access to the SEF, including a listing of any Rules the Participation Committee determined were Violated and whether the Violation resulted in any financial harm to Customers;

(iii) a statement of the conclusions and findings of the Participation Committee with respect to each Violation, or, in the event of a settlement, a statement specifying the alleged Violations;

(iv) the terms of the denial of Trading Privileges, suspension or revocation of access to the SEF;

(v) the date on which the determination was made and the effective date of the determination; and

(vi) a statement informing the applicant, Participant or Customer that the denial of Trading Privileges, suspension or revocation of access to the SEF may be appealed to the Commission pursuant to Part 9 of the Commission Regulations.

(2) The SEF shall also provide the written notice to the NFA through the NFA's Background Affiliation Status Information Center ("BASIC"), or deliver the written notice to NFA to be input into BASIC.

(3) Any decision by the SEF to deny Trading Privileges or to suspend or revoke access to the SEF pursuant to this Rule shall be the final decision of the SEF and shall become effective in accordance with the timeline set forth in Rule 513(b).

(4) If the SEF denies Trading Privileges or to suspends or revokes access to the SEF pursuant to this Rule, it must publicly publish the information contained in the written notice pursuant to Rule 206(f)(1).

#### **Rule 206. Participant and Customer Obligations; Suspension or Termination of Access**

(a) Each Participant and Customer must comply with these Rules, applicable provisions of the Act, and relevant Commission Regulations. Each Participant and Customer must also cooperate promptly and fully with the SEF, its agents, its Regulatory Services Provider, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include a duty to provide supplemental verbal or other information if the Participant or Customer learns that a previous response is incomplete or incorrect in any material respect. Additionally, each Trading Privilege Holder must update its email address promptly after any change and update all other material information provided in its application for Trading Privileges within five days after that information has changed. If any Participant or Customer fails to satisfy these obligations, the SEF may revoke or suspend the Participant's or Customer's access to the SEF in full or in part.

(b) Each Participant and Customer consents to allow the SEF to provide all information the SEF has about the Participant or Customer, including the Participant's or Customer's trading activity, to the Regulatory Services Provider, the Commission or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, judicial tribunals and any other service provider to the SEF solely in connection with the service provider's performance of services to the SEF and subject to the service provider's agreeing to maintain such information as confidential, including that such service provider shall not:

- (1) use such information for any purpose other than in connection with providing services to the SEF (including that it may not otherwise use such information for its own business or marketing purposes), unless specifically required in order to fulfill such service provider's regulatory obligations; or
- (2) disclose such information to any other person, except (i) to its employees or Affiliates, provided that the employees or Affiliates are subject to confidentiality obligations at least as

stringent as those applicable to the service provider, and that, in each case, such disclosure is necessary for the performance of services to the SEF by the service provider, or (ii) if compelled to do so by valid legal or regulatory process, provided that the service provider notifies the SEF in advance thereof to the extent permitted.

(c) Each Participant is required to review the “Notices” section of the SEF website to make itself aware of material changes to these Rules or other notices that may affect their rights and obligations as a Participant.

(d) Each Trading Privilege Holder must diligently supervise all activities of the Trading Privilege Holder’s employees and/or agents, including all Authorized Traders and Authorized Trading Firms, relating to transactions effected on the SEF. Any Violation by any employee of a Trading Privilege Holder, including an Authorized Trader or Authorized Trading Firm, shall constitute a Violation by such Trading Privilege Holder.

(e) The SEF may revoke or suspend a Participant’s access to the SEF in full or in part if the Participant acts as an Intermediary on behalf of a Customer and such Customer maintains a position in any Contract that, when considered in light of the other positions maintained by the Participant through which such Customer accesses the SEF, and any other factors that the SEF reasonably deems relevant, the SEF reasonably believes could jeopardize the financial safety of such Participant or any of such Participant’s other Customers. In making this determination, the SEF may consider any relevant factors, including, as applicable, (i) the positions maintained by such Participant, such Participant’s Authorized Traders, Authorized Trading Firms and other Customers, (ii) financial information provided by such Participant; and (iii) in consultation and coordination with the relevant DCOs, the level of margin maintained by such Participant at such Participant’s Clearing Firm.

(f) Each Trading Privilege Holder which is a Swap Dealer or Major Swap Participant and enters into or facilitates a Swap that is subject to mandatory clearing under Section 2(h) of the Act shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the Act.

#### **Rule 207. Customers**

(a) No Participant shall act as an Intermediary for the account of a Customer unless the Participant has entered into an agreement with the Customer that provides that the Customer agrees that all Contracts shall be governed by the Rules, the Act and the Commission Regulations, insofar as they are applicable to that Contract, although no such agreement shall be required by these Rules when the Customer of a Trading Privilege Holder is another Trading Privilege Holder.

(b) Where a Customer and the Intermediary are both Trading Privilege Holders, the Customer shall provide the SEF with such notice of the relationship as the SEF may require from time to time.

(c) Each Customer shall be the principal to all executed transactions resulting from any Bids/Offers or Pre-Arranged Crosses entered on behalf of the Customer. Where a Participant is acting as an Intermediary on behalf of a Customer, the Participant shall have no liability, whether or not the identity of the Customer has been disclosed, in respect of any transactions executed on behalf of a Customer, to any other party, including any other Participant or the Customer of any other Participant.

(d) Except to the extent that the SEF sends Confirmations of Contracts directly to the relevant Customer, each such Customer authorizes the SEF to send Confirmations of Contracts entered into through an Intermediary to the Intermediary and authorizes such Intermediary to accept such Confirmations on behalf of the Customer.

#### **Rule 208. Recordkeeping**

(a) Each Participant and Customer must prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to Applicable Law and the Rules of the SEF.

(b) Each Participant and Customer shall keep records of the Swaps it trades on or subject to the Rules of the SEF, and of its trading in each index, instrument or commodity underlying such Swaps, as well as of its trading of other derivatives that are based on any such index, instrument or commodity. These records shall include records of purchases, sales, ownership, production, processing and use of such Swaps, indices, instruments, commodities and derivatives, and may be in the form customarily generated in accordance with sound commercial practices in the relevant markets.

(c) Each Participant and Customer must keep all books and records required to be kept by it pursuant to the Rules of the SEF for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the SEF or required by Applicable Law. Such books and records must be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records must be made available for inspection by, and copies thereof must be delivered to, the SEF, the SEF's Regulatory Services Provider, the Commission, the U.S. Department of Justice and their authorized representatives upon request.

(d) The following information must be provided to the SEF by each Participant prior to entering a Bid/Offer or Pre-Arranged Cross with respect to any Swap traded on the SEF:

- Authorized Trader ID;
- Trading Privilege Holder ID;
- Swap;
- Series, if applicable;
- DCO where Swap is to be cleared;
- Price;
- Quantity;
- Side of the Bid/Offer;
- Customer Type Indicator Code (defined below);
- Trading account and other relevant account information, including Clearing Firm;
- LEI of the Participant placing the Bid/Offer or initiating the RFQ;
- For Intermediated Transactions, the LEI of the Customer;
- Yes/no indication of whether the Participant or Customer is a Swap Dealer for that Swap;
- Yes/no indication of whether the Participant or Customer is a Major Swap Participant;
- Yes/no indication of whether the Participant or Customer is a Financial Entity;
- Yes/no indication of whether the Participant or Customer is a U.S. person as defined by the Commission;
- Yes/no indication of whether the Contract is a Prime Broker Transaction;
- For Cleared Contracts, confirmation of the availability of credit at the Clearing Firm to which any resulting transaction will be submitted for clearing at the relevant DCO;
- Any information required by the applicable System Protocol; and
- If the Swap will be allocated:
  - an indication that the Swap will be allocated;
  - the LEI of the Account Manager;
  - if the Swap is a pre-execution allocated Swap, the account



- and LEI for each Customer that will receive allocations;
- an indication of whether the Swap is a post-execution allocation Swap; and
- if the Swap is a post-execution allocation Swap, the unique Swap identifier of the original transaction between the reporting counterparty and the agent.

For purposes of this Rule 208, the “**Customer Type Indicator Codes**” are as follows:

**CTI 1** – Bid/Offer for the proprietary account of a Trading Privilege Holder that is a natural person.

**CTI 2** – Bid/Offer for the proprietary account of a Trading Privilege Holder that is not a natural person.

**CTI 3** – Bid/Offer which an individual Trading Privilege Holder or Authorized Trader executes for the proprietary account of another Trading Privilege Holder or for an account which the other Trading Privilege Holder controls or has an ownership or financial interest in.

**CTI 4** – Any Bid/Offer not meeting the definition of **CTI 1, 2 or 3**, including those entered on behalf of Customers.

(e) The Rules of the SEF regarding the recordkeeping obligations set forth in this Rule 208 shall be promulgated to achieve the purposes and requirements of Applicable Law. While the SEF will have sole discretion, subject to Applicable Law, to determine such Rules, the SEF will take into consideration in doing so comparable requirements applicable to Participants.

#### **Rule 209. Communications of the SEF with Participants**

(a) *Written Notices*

The SEF will publish a notice with respect to each addition to, modification of, or clarification of the Rules of the SEF, or of any action taken to implement any Rule of the SEF, in a form and manner that is reasonably designed to enable each Trading Privilege Holder to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof; provided that any failure of the SEF to so publish a notice will not affect the effectiveness of the addition or modification in question. Each Trading Privilege Holder will provide its respective Authorized Traders, Authorized Trading Firms and Customers with copies of any such notice. For purposes of publication in accordance with the first sentence of this Rule 209(a), it will be sufficient (without limiting the discretion of the SEF as to any other reasonable means of communication) if a notice is (a) sent to each Trading Privilege Holder by mail, recognized courier service, facsimile or electronic mail (including by means of a hyperlink included in an electronic mail message), to the address, facsimile number or electronic mail address (as applicable) provided by such Trading Privilege Holder for such purpose or (b) published on the SEF’s website. Each Trading Privilege Holder, on its own behalf, and on behalf of its Authorized Trading Firms, Authorized Traders and Customers, as applicable, must monitor the SEF’s website for any notices published under this Rule 209(a).

(b) *Recording of Communications*

The SEF and Trading Privilege Holders may record conversations and retain copies of electronic communications between officers, employees or agents of the SEF, on the one hand, and Trading Privilege Holders (including their Affiliates), Authorized Traders, Authorized Trading Firms or Customers, on the other hand. Any such recordings or other records may be retained by the SEF or such Trading Privilege Holder, as the case may be, in such manner and for such periods of time as the SEF, or such Trading Privilege Holder, as the case may be, may deem necessary or appropriate.

## Rule 210. Required Disclosures to the SEF

Each Trading Privilege Holder must promptly notify the SEF in writing upon becoming aware:

(a) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or any Authorized Trading Firms has been the subject of a material sanction, penalty or other adverse action by any Regulatory Agency which is related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(b) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or any Authorized Trading Firms has been convicted of, pled guilty or no contest to, or entered in a plea agreement of a material nature in any domestic, foreign or military court which involves:

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

(2) any transaction in or advice concerning Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(c) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms is subject to material regulatory proceedings before any Regulatory Agency which are related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(d) that the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms have been denied or withdrawn any application for registration or license submitted to any Regulatory Agency, and of any material revocation, suspension or conditioning of any registration or license granted by any Regulatory Agency, which in each case is related to transactions in Swaps, futures, options on futures, securities, commodities, or Swaps-related banking;

(e) that any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms have:

(1) had their status as an Authorized Trader or Authorized Trading Firm permanently revoked by the Trading Privilege Holder, whether due to employment termination, termination of status as a Customer or otherwise; or

(2) had their access to the SEF temporarily revoked by the Trading Privilege Holder;

(f) of any material change:

(1) in any information contained in the Trading Privilege Holder's membership application, or in an Authorized Trader's or Authorized Trading Firm's application pursuant to Rule 202, including a Trading Privilege Holder's, Authorized Trading Firm's or Customer's status as an "eligible contract participant;" or

(2) to an Authorized Trader's or Authorized Trading Firm's signed representation to the SEF that each of its Customers is an "eligible contract participant" pursuant to Rule 202(d);

(g) of any withdrawal from membership by the Trading Privilege Holder, any of the Trading Privilege Holder's officers or any of the Trading Privilege Holder's Authorized Traders or Authorized Trading Firms, in any SRO, designated contract market, DCO or swap execution facility;

- (h) of any damage to, or failure or inadequacy of, the systems, facilities or equipment used to effect transactions or perform financial obligations under or in connection with Contracts of the Trading Privilege Holder or any of its Authorized Traders or Authorized Trading Firms;
- (i) of any change in the location of the principal office of the Trading Privilege Holder or any of the Trading Privilege Holder's Authorized Traders and Authorized Trading Firms;
- (j) of any failure to maintain segregated funds as required by the Commission when the Trading Privilege Holder is a futures commission merchant registered with the Commission;
- (k) of becoming subject to early warning reporting under Commission Regulation 1.12; and
- (l) of becoming the subject of a bankruptcy proceeding or being unable to meet any financial obligation as it becomes due.

#### **Rule 211. Dues, Fees and Expenses**

- (a) The Board has the sole power to set the payment dates and amounts of any dues, assessments or fees to be levied on Trading Privilege Holders, which dues, assessments or fees will be paid to the SEF when due. Fees will be comparable for Trading Privilege Holders receiving comparable access to, or services from, the SEF.
- (b) If a Trading Privilege Holder fails to pay when due any SEF dues, assessments or fees levied on such Trading Privilege Holder, and such payment obligation remains unsatisfied thirty (30) days after its due date, the SEF may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Trading Privilege Holder as it deems necessary or appropriate.

#### **Rule 212. Market Maker Programs**

The SEF may from time to time adopt, pursuant to Part 40 of the Commission Regulations, one or more programs under which one or more Trading Privilege Holders or others may be approved and designated as market makers with respect to one or more Contracts in order to provide liquidity and orderliness in the market or markets for such Contract or Contracts. Any such program may provide for any or all of the following:

- (a) qualifications, including any minimum net capital requirements, that any such market maker must satisfy;
- (b) the procedure by which Trading Privilege Holders or others may seek and receive designation as market holders;
- (c) the obligations of such market makers, including any applicable minimum bid and offer commitments;
- (d) the benefits accruing to such market makers, including priority in the execution of transactions effected by Trading Privilege Holders or others as approved by the SEF in their capacity as market makers, reduced transaction fees or the receipt of compensatory payments from the SEF; and
- (e) the requirement that such designated market makers agree to abide by the Rules of the SEF and are subject to the jurisdiction of the SEF.

#### **Rule 213. Independent Software Vendors**

The SEF shall provide impartial access to independent software vendors who enter into a development and maintenance agreement with the SEF (an "**ISV Development and Maintenance Agreement**"). Fees

will be comparable for independent software vendors receiving comparable access to, or services from, the SEF. Each independent software vendor that enters into an ISV Development and Maintenance Agreement must satisfy the following criteria, which the SEF shall apply in a fair and nondiscriminatory manner:

- (a) If required to be registered in any capacity under Applicable Law, it has duly registered in such capacity and such registration is in effect and has not lapsed or been revoked, suspended or withdrawn;
- (b) It complies with the applicable technical access standards, system compatibility requirements, security protocols and technical specifications for connection to the SEF's electronic system as may be specified by the SEF from time to time;
- (c) It must ensure that each person that uses the independent software vendors to access the SEF is either a Participant or a Customer of a Participant authorized as such in accordance with these Rules;
- (d) It may provide data obtained from the SEF solely to such Participants or Customers of Participants in connection with their actual and proposed trading activity in Contracts and similar contracts, and shall not provide such data to any other swap execution facility, security-based swap execution facility, designated contract market, national securities exchange or other trading facility or system without the prior written consent of the SEF;
- (e) In the case of any RFQ or Bid/Offer submitted to the SEF through an independent software vendor, the independent software vendor will provide sufficient detail to identify the Participant (and, in the case of a Customer transaction, the Customer) as required by the SEF; and
- (f) It satisfies such other impartial and transparent criteria as the SEF may specify from time to time, subject to Applicable Law.

#### **Rule 214. Withdrawal of Participant**

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

while a Participant, and must cooperate in any proceeding under Chapter 5 as if such withdrawal had not taken place.

(f) Upon delivery of a withdrawal notice:

- (1) Participant shall promptly notify its Authorized Traders and any Authorized Trading Firms that they may no longer access the SEF on behalf of Participant, and Participant shall with reasonable diligence, to the extent practicable, terminate electronic access of its Authorized Traders to the SEF;
- (2) the SEF shall suspend Participant's access to the SEF, promptly notify its relevant personnel that Participant and its Authorized Trading Firms may no longer access the SEF on behalf of Participant, and with reasonable diligence, to the extent practicable, terminate electronic access of Participant's Authorized Traders to the SEF.

## **CHAPTER 3 TRADING PROCEDURES**

### **Rule 301. Trading Sessions**

Except as otherwise provided in these Rules or determined by the Board, transactions in any Contract will only be executed during the Trading Session for such Contract. The SEF may from time to time modify its regular Trading Session and establish Trading Sessions, in addition to the regular Trading Sessions, as it deems appropriate.

### **Rule 302. Access to SEF's Order Book**

(a) Each Authorized Trader and each Trading Privilege Holder that is an individual will receive a user identification (“ID”) and password. As a Trading Privilege Holder or Authorized Trader, such person will be able to access the SEF's Order Book, which functions as an electronic central limit order book and provides the highest priority to Bids/Offers with the best price, for trading in the Swap asset classes or sub-products approved for such Trading Privilege Holder or Authorized Trader, enter and accept Bids/Offers, and otherwise access information regarding, or perform functions for, such person's account using its ID and password.

(b) For account security and audit trail purposes, each Trading Privilege Holder and Authorized Trader agrees that the SEF may maintain logs of the IP address used to log on to the SEF.

(c) Each Trading Privilege Holder will be responsible for protecting from improper disclosure its ID and password, and the IDs and passwords of its Authorized Traders. In addition, a Trading Privilege Holder may not knowingly or negligently permit any person not authorized by the SEF and by the Trading Privilege Holder to use the ID and password to access the SEF. Each Trading Privilege Holder is required to immediately notify the SEF if it knows, or has reason to believe, that its ID and/or password, or the ID and/or password of any Authorized Trader have been disclosed to any person not authorized by the SEF and the Trading Privilege Holder to use such ID and/or password.

(d) Except as otherwise provided in Rule 102:

(1) each Trading Privilege Holder will be liable for all costs and any losses that it may incur from transactions executed on the SEF by any person, authorized or not, using its ID and password or the ID and/or password of any of its Authorized Traders; and

(2) the SEF will not be responsible in any way for unauthorized transactions for a Trading Privilege Holder's account.

(e) Each Trading Privilege Holder is responsible for contracting with a network provider through which it will access the SEF and for having a backup service provider if the Trading Privilege Holder deems it necessary. Each Trading Privilege Holder is also responsible for maintaining a network connection speed adequate for its needs. The SEF will not be responsible in any way for any Bids/Offers delayed or transactions missed or not executed in a timely fashion because of failure of the Trading Privilege Holder's Internet service provider or slowness of its network connection speed. No communication from a Trading Privilege Holder will be deemed to have been received by the SEF until that communication is logged by the SEF server.

### **Rule 303. Required Transactions**

(a) No Participant shall execute a Required Transaction on ICAP SEF other than via the SEF's Order Book, unless such transaction is a Block Trade, in which case it shall be executed in accordance with Rule 308.

(b) Upon execution of a Required Transaction on the SEF, the SEF will report the transaction to the SDR as soon as technologically practicable after execution in accordance with Rule 309.

(c) *Package Transactions.* In accordance with NAL 16-76, expiring November 15, 2017, a Participant may execute a Swap component of a Covered Package Transaction through any method of execution offered by the SEF, notwithstanding that execution of such Swap component would otherwise be a Required Transaction.

#### **Rule 304. Permitted Transactions**

(a) Participants may enter Bids/Offers for Permitted Transactions directly into the SEF's Order Book for that Contract.

(b) Participants may submit to an Execution Specialist for execution Permitted Transactions negotiated and agreed to outside the SEF's Order Book, at prices mutually agreed, with regard to Contracts that have been designated by the SEF for such purpose (each such transaction a "**Pre-Arranged Cross**"). Pre-Arranged Crosses that are submitted to an Execution Specialist for execution must be submitted by the seller, unless otherwise agreed to by the parties; however, in the case of an Intermediated Transaction, the Participant acting as the Intermediary shall have the obligation to submit the Pre-Arranged Cross to the Execution Specialist. The Participant submitting the Pre-Arranged Cross to the Execution Specialist must provide the information required by Rule 208(d).

(c) An Execution Specialist may facilitate the negotiation and execution of a Pre-Arranged Cross by two Participants only as follows: upon request of a Participant, the Execution Specialist may, without using any Trading Platform, Order Book or RFQ procedure, contact one or more other Participants to determine interest in a Pre-Arranged Cross.

(d) Upon execution of the Permitted Transaction on the SEF, the SEF will report the transaction to the SDR as soon as technologically practicable after execution in accordance with Rule 309.

(e) Each Participant that is party to, or Intermediary in, a Pre-Arranged Cross executed pursuant to section (b) of this Rule 304 must record the following details of the transaction: the Contract (including the Delivery Month) to which such transaction relates; the number of Contracts traded; the price of execution or premium; the identity of the counterparty; and, if applicable, details regarding the Customer for which the transaction was executed, as well as, if applicable, the Underlying Interest and whether the transaction involved a put or a call and the strike price. Upon request by the SEF, such Participant must produce satisfactory evidence, including the transaction information referred to in the preceding sentence, that the transaction meets the requirements set forth in this Rule.

#### **Rule 305. Execution Methods for Required Transactions**

(a) *Execution through the SEF's Order Book*

(1) A Participant may enter Bids/Offers to transact in Contracts by electronic transmission over a network or through an Execution Specialist. If a Participant submits a Bid/Offer to the Order Book through an Execution Specialist, the Execution Specialist shall provide the Participant with a confirmation that the Bid/Offer was entered into the Order Book as soon as possible after such entry.

(2) A Participant will enter a Bid/Offer to transact in one or more Contracts by indicating to the SEF in the manner required by a Trading Platform or the Execution Specialist the information required by Rule 208(d).

(3) The Participant will be responsible for any and all Bid/Offer entries it posts on the SEF. Posted Bids/Offers are subject to acceptance by other Participants.

(4) The Order Book will keep an electronic record of all Bids/Offers to transact in Contracts, and all executed transactions.

(5) The records kept by the SEF will include all of the Bid/Offer terms identified in this Rule as well as the date and time that the transaction was executed.

(6) The Order Book will provide Participants with the ability to post firm Bids/Offers on a centralized electronic screen that is accessible to all Participants with access to the Order Book. Each Participant may then choose to transact on the basis of a firm Bid/Offer by entering a Bid/Offer which accepts the firm Bid/Offer.

(7) For a Participant who has the ability to accept a Bid/Offer it submits on behalf of a Customer or to execute Bids/Offers from two Customers against each other, or for two Participants who desire to execute offsetting Bids/Offers as a result of pre-execution discussions, the Participant or Participants must allow at least a 15 second delay between the entry of those two Bids/Offers, such that one side of the potential transaction is disclosed and made available to other Participants for at least 15 seconds (or such other time as the SEF may publish for particular contracts) before the second side of the potential transaction, whether for the Participant's own account or for Participant's Customer, is submitted for execution. Participants and Customers may engage in pre-execution discussions with regard to such Bids/Offers in accordance with Rule 404(c).

(b) [Reserved].

#### **Rule 306. [Reserved]**

#### **Rule 307. Acceptable Bids and Offers**

(a) A Bid/Offer may be for a single Swap or for a strategy or spread involving multiple Swaps.

(b) Subject to the System Protocols, a Bid/Offer may be designated as "all-or-none," and if so designated, may be accepted only if accepted in its entirety.

(c) A Participant submitting a Held Order for less than the Appropriate Minimum Block Size for execution on the SEF shall submit such a Held Order directly to the Order Book or, if submitted to the SEF through an Execution Specialist, such Execution Specialist shall submit such a Held Order directly to the Order Book.

#### **Rule 308. Block Trades**

Participants must enter into uncleared Block Trades away from the SEF, *i.e.*, outside a Trading Platform, System, Order Book, RFQ procedure or Prearranged Cross procedure under Rule 304(b). Participants may enter into Block Trades in Cleared Contracts in accordance with Rule 308(f). All Block Trades must be executed at prices mutually agreed, with regard to Contracts that have been designated by the SEF for such purpose, subject to the following conditions:

(a) The Block Trade must be for at least such minimum number of Contracts as will from time to time be specified by the SEF (the "**Appropriate Minimum Block Size**"). Except as may otherwise be permitted by Commission Regulation 43.6(h)(6), Participants shall not aggregate Contracts of different Participants or Customers to achieve the Appropriate Minimum Block Size. Furthermore, each leg of a Package Transaction must achieve the Appropriate Minimum Block Size independently of each other leg of the Package Transaction. The current Appropriate Minimum Block Sizes are posted on the "Regulation" section of the SEF website.

(b) When negotiating or executing a Block Trade, a Participant must ensure that the price quoted for a Block Trade represents a fair and reasonable price. The price at which a Block Trade is executed must



be fair and reasonable in light of (i) the size of such Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets at the relevant time, and (iv) the circumstances of the parties to such Block Trade.

(c) Block Trades that are not Cleared Contracts must be reported to the SEF by the seller, unless otherwise agreed to by the parties, as soon as technologically practicable after execution, and in no event later than ten (10) minutes after execution, by contacting an Execution Specialist; however, in the case of an Intermediated Transaction, the Participant acting as the Intermediary shall have the obligation to report the Block Trade to the SEF as soon as technologically practicable after execution. The Participant reporting the Block Trade to the SEF must explicitly state to the Execution Specialist that the parties are electing to have the Block Trade treated as such, must state the time of execution to the nearest second and must provide the information required by Rule 208(d).

(d) The SEF will review the information submitted by the Participants for a Block Trade that is not a Cleared Contract and will post the transaction to a Trading Platform if the details are complete and accurate in accordance with this Rule. The SEF will report the transaction to the SDR as soon as technologically practicable after execution in accordance with Rule 309 and will identify the Block Trade as such in the report. The SEF will not disclose any detail of a Block Trade that is not a Cleared Contract prior to the public dissemination of the Block Trade by the SDR.

(e) Each Participant that is party to, or Intermediary for, a Block Trade that is not a Cleared Contract must record the following details of the transaction: the Contract (including the Delivery Month) to which such transaction relates; the number of Contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer for which the transaction was executed, as well as, if applicable, the Underlying Interest and whether the transaction involved a put or a call and the strike price. Upon request by the SEF, such Participant must produce satisfactory evidence, including the information referred to in the preceding sentence, that the transaction meets the requirements set forth in this Rule.

(f) In accordance with NAL 16-74, expiring November 15, 2017, a Participant may execute a Block Trade that is a Cleared Contract as a Pre-Arranged Cross in accordance with the procedures in Rule 304, notwithstanding that the execution of the Block Trade does not occur away from the SEF's trading system. Each Block Trade executed pursuant to this Rule 308(f) must involve Contracts listed by the SEF, be executed pursuant to the Rules and meet the Appropriate Minimum Block Size. The SEF will report each Block Trade transaction to the SDR as soon as technologically practicable after execution in accordance with Rule 309. The SEF will not disclose any detail of such a Block Trade prior to the public dissemination of the Block Trade by the SDR.

(g) Each counterparty to a Block Trade must be an "eligible contract participant" as defined in the Act.

(h) Each Intermediary entering into a Block Trade on behalf of a Customer (or in the case of an Authorized Trader acting as an Intermediary, its Trading Privilege Holder's Customer) must have received a written instruction or consent to do so from the Customer prior to the execution of the Block Trade. The written instruction or consent must be specific as to Block Trades but may be included in a power of attorney or similar document in which the customer provides the Intermediary with a discretionary trading authority to direct the trading in the Customer's account.

(i) Any Block Trade in violation of these requirements will constitute conduct which is inconsistent with just and equitable principles of trade.

(j) Nothing in this Rule 308 shall prohibit a Participant from executing a transaction via the Order Book that exceeds the Appropriate Minimum Block Size. Such transactions will not receive treatment as Block Trades and will not be afforded a reporting time delay under Part 43 of the Commission Regulations.

## Rule 309. Reporting and Data Collection

(a) In furtherance of Applicable Law, the SEF will capture and retain all transaction data, so as to be able to reconstruct all transactions within a reasonable period of time and to provide evidence of any Violations.

(b) In furtherance of Applicable Law, the SEF will retain records for all transactions executed on the SEF. This includes all Bids/Offers, RFQs and Pre-Arranged Crosses, whether accepted, unaccepted, canceled or modified, and all acceptances of such transactions.

(c) In furtherance of Applicable Law, the SEF shall maintain an electronic transaction history database, which includes a history of all Bids/Offers and transactions, and also includes: (i) all data that are input into the trade entry system; (ii) the categories of Participant or Customer for which each transaction is executed, including whether the Participant or Customer executed the transaction for its own account; (iii) timing and sequencing data adequate to reconstruct trading; and (iv) subject to Rule 309(h), identification of each Participant or Customer to which fills are allocated.

(d) The SEF will use the electronic transaction history database to reconstruct trading and identify possible Violations. In furtherance of Applicable Law, the SEF will conduct an annual review of compliance by all Participants and Customers that are responsible for, or in control of, the creation of audit trail records with its audit trail and recordkeeping requirements and will identify Participants and Customers that may have failed to comply with such requirements. Such Participants will be subject to investigation by the Market Regulation Staff for possible disciplinary action. The annual review must include, but is not limited to, reviews of randomly-selected samples of front end audit trail data for order routing systems; a review of the process by which user identifications are assigned and user identification records are maintained; a review of usage patterns associated with user identifications to monitor for violations of user identification Rules; and reviews of account numbers and Customer Type Indicator Codes in transaction records to test for accuracy and improper use.

(e) All such information will be maintained by the SEF in a manner that protects it from unauthorized alteration, as well as from accidental erasure or other loss.

(f) The SEF will publish trading information as required by Core Principle 9, Commission Regulation § 37.901 and Part 16 of the Commission Regulations.

(g) *Reporting to SDRs.*

(1) The SEF will report all transactions in Contracts executed on the SEF pursuant to the Rules to an SDR of the SEF's choice as soon as technologically practicable after the execution of such transaction. The SEF will report such transactions as set forth below:

- (i) Cleared Contracts, including all legs of a Package Transaction, in all asset classes: the SEF reports to DTCC;
- (ii) Non-Cleared Contracts, including all legs of a Package Transaction, in all asset classes: the SEF reports to DTCC;
- (iii) Cleared Contracts, including all legs of a Package Transaction, in commodity asset classes: the SEF reports to DTCC, ICE or CME;
- (iv) Non-Cleared Contracts, including all legs of a Package Transaction, in commodity asset classes: the SEF reports to DTCC, ICE or CME.

With respect to Cleared Contracts, the SEF determines the SDR to which a transaction will be reported as follows: (a) all Cleared Contracts cleared by LCH.Clearnet, Ltd., ASX Clear (Futures)

Pty Limited or JSCC will be reported to DTCC; (b) all Cleared Contracts cleared by CME shall be reported to CME; and (c) all Cleared Contracts cleared by ICE Clear Europe Limited shall be reported to ICE. With respect to Non-Cleared Contracts, the SEF reports all such transactions to DTCC; provided that the reporting counterparty determined in accordance with Rule 316 may, prior to the execution of the transaction, provide the SEF with written instructions directing the SEF to report the transaction to ICE or CME instead of DTCC.

- (2) As soon as technologically practicable after the execution of a Contract, the SEF will report to both counterparties, and to the DCO, if any, that will clear the Contract: (i) the identity of the SDR to which the Contract was reported; and (ii) the Contract's unique Swap identifier.
- (3) All real-time data required by Part 43 of the Commission Regulations and all creation data, including primary economic terms and confirmation data, required by Part 45 of the Commission Regulations will be reported to the relevant SDR as provided for under Part 43 and Part 45 of the Commission Regulations.
- (4) The SEF will disseminate swap transaction and pricing data relating to Contracts to Participants no earlier than the transmittal of such information to the relevant registered SDR.
- (5) After becoming aware of or being notified of any errors or omissions in the transaction or pricing data set forth in a Confirmation by a Participant pursuant to Rule 312, the SEF shall then promptly submit corrected data to the relevant SDR.
- (6) Neither the SEF nor any Participant may submit or agree to submit a cancellation or correction for the purposes of re-reporting Swap transaction and pricing data in order to gain or extend a delay in public dissemination of accurate Swap transaction or pricing data or to otherwise evade the reporting requirements of Part 43 of the CFTC Regulations.

(h) *Post Trade Allocations.*

- (1) In reliance on NAL 15-68, expiring November 15, 2017, the SEF will not capture post-trade allocations in its audit trail data or conduct associated audit trail reviews of post-trade allocations.
- (2) Each Participant and Customer shall provide the SEF post-trade allocation information to the SEF upon the request of the SEF.
- (3) During the course of any trade practice surveillance or market surveillance investigation into any trading activity involving post-trade allocations, upon the request of the CFTC or otherwise, the SEF shall ascertain whether a post-trade allocation was made. Upon determining that such an allocation was made, the SEF shall request, obtain and review the post-trade allocation information as part of its investigation.

**Rule 310. Bid/Offer Cancellation**

(a) A Participant can submit instructions to either cancel or modify a Bid/Offer which that Participant has placed on the SEF if that Bid/Offer has not yet been accepted. Upon receipt of instructions to cancel a Bid/Offer that has not been executed, a Trading Platform will withdraw the Bid/Offer and confirm the cancellation of the Bid/Offer. If a Participant modifies a Bid/Offer that has not been executed, the SEF will treat the modified Bid/Offer as a new Bid/Offer.

(b) The SEF will attempt to cancel or modify an existing Bid/Offer after a Participant enters a cancellation or modification instruction. However, the Bid/Offer may be executed before the SEF is able to cancel or modify it. If a Bid/Offer has been filled in whole or in part, a Participant may modify or cancel only that portion of the Bid/Offer (if any) that has not been executed. Once canceled by the SEF, a Bid/Offer will not be executed.

(c) Upon suspension or revocation of a Participant's trading privileges by the SEF, any unaccepted Bid/Offer on the SEF for such Participant shall be canceled by the SEF.

### **Rule 311. [Reserved]**

### **Rule 312. Enforceability of Transactions**

#### **(a) Settlement**

(1) Each Participant or, where a transaction is on behalf of a Customer, the relevant Customer, is obligated to settle all transactions executed, pursuant to the Rules in this Chapter 3.

(2) A transaction executed on the SEF or subject to the Rules shall not be void, voidable, subject to rescission, otherwise invalidated or rendered unenforceable as a result of:

(i) a violation by the SEF of Section 5h of the Act or Part 37 of the Commission Regulations;

(ii) any Commission proceeding to alter or supplement a rule, term or condition under Section 8a(7) of the Act or to declare an emergency under Section 8a(9) of the Act; or

(iii) any other proceeding the effect of which is to: (A) alter or supplement a specific term or condition or trading rule or procedures; or (B) require the SEF to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

(b) *Issuance of SEF Confirmations for Cleared Contracts.* Participants and Customers are obligated to submit for clearing all Contracts so required by the Act, Commission Regulations and any other applicable law. For Cleared Contracts, the SEF will provide the Trading Privilege Holder a Confirmation of all the terms of each transaction executed on the SEF at the time of execution; provided that where a Trading Privilege Holder is a Customer in an Intermediated Transaction, the confirmation will be provided to the Intermediary in accordance with Rule 313(c). The Confirmation provided by the SEF for Cleared Contracts will be the final legally binding confirmation of the terms of any transaction executed on the SEF and will supersede any conflicting confirmation or agreement provided to, or between, as applicable, Participants and Customers, regardless of when such other confirmation is provided.

#### **(c) Issuance of SEF Confirmations for Uncleared Transactions**

(1) The economic terms specific to the transaction agreed by each Participant and/or Customer on the SEF with respect to an uncleared transaction shall be reflected by the SEF in a written communication (the "**Trade Communication**") issued to each applicable Participant and/or Customer at the time of execution of the uncleared transaction. The Trade Communication, together with the documents and agreements (including, without limitation, ISDA master agreements, other master agreements, terms supplements, master confirmation agreements, and incorporated industry definitions) governing such transaction existing at the time of such commitment to which each Participant and/or Customer are party (the "**Terms Incorporated by Reference**") shall, taken together, for purposes of Commission Regulation 37.6(b), comprise all of the terms of such transaction and serve as the Confirmation of such transaction.

(2) In satisfaction of the obligations imposed on the SEF under Commission Regulation 37.6(b), (i) each Trade Communication is deemed to incorporate the Terms Incorporated by Reference set forth in this Rule 312(c) upon issuance of the Trade Communication, (ii) each Participant and Customer hereby agrees that the provisions of Rule 312(c)(3) shall govern any conflicting terms, and (iii) the resulting Confirmation takes place at the time of execution of, and contains all the terms of, the transaction.

(3) In the event of any conflict between (x) the Trade Communication and (y) the Terms Incorporated by Reference, the Trade Communication shall prevail to the extent of any inconsistency and each Trade Communication shall state the same.

(4) In accordance with NAL 16-25, expiring March 31, 2017, upon the request of the SEF, each Participant and Customer shall provide copies of the Terms Incorporated by Reference to the SEF.

(5) In accordance with NAL 16-25, expiring March 31, 2017, upon the request of the Commission, the SEF shall request the Terms Incorporated by Reference from the relevant Participant or Customer and shall provide such Terms Incorporated by Reference to the Commission as soon as possible after receipt from the Participant or Customer.

(d) *Review of Confirmations.* Each Participant shall review the contents of each Confirmation issued to it pursuant to this Rule 312 and shall promptly report any errors or omissions in the transaction or pricing data therein to the counterparty to the Contract. Each Participant that is the reporting counterparty for such Contract, as determined pursuant to Rule 316, shall report all such errors or omissions to the Facility as soon as technologically practicable after becoming aware of the errors or omissions.

### **Rule 313. Intermediated Transactions**

(a) Subject to Rule 305(a)(7), Participants who are Intermediaries shall immediately enter into a Trading Platform all executable Orders received by telephone from their Customers, and shall immediately submit all RFQs and Pre-Arranged Crosses to an Execution Specialist. If an Order, RFQ or Pre-Arranged Cross cannot be immediately entered into a Trading Platform or submitted to an Execution Specialist, as applicable, an electronic record which includes the account identifier that relates to the account owner, time of receipt, and terms of the Order, RFQ or Pre-Arranged Cross must immediately be created, and the Order, RFQ or Pre-Arranged Cross must be entered into a Trading Platform or submitted to an Execution Specialist as soon as practicable.

(b) *Priority of execution.* Non-discretionary executable Customer Orders received by a Participant who is an Intermediary shall be entered into the SEF in the sequence received. Non-discretionary Orders that cannot be immediately entered must be entered when the Orders become executable, in the sequence in which the Orders were received.

(c) The SEF shall provide all Confirmations of Intermediated Transactions to the Intermediary upon execution of the transaction. Except to the extent that the SEF sends Confirmations of Contracts directly to the relevant Customer, any Participant that transacts as an Intermediary for any Customer shall be responsible for ensuring that such Customers receive all Confirmations of Contracts entered into on behalf of such Customers as soon as technologically practicable after receipt of the Confirmation from the SEF.

### **Rule 314. Bunched Orders**

Bunched Orders must be allocated and recorded in accordance with Commission Regulation 1.35(b)(5) and the NFA's Interpretive Notice related to Compliance Rule 2-10. Bunched Orders may be entered using a designation for a group of accounts or suspense account number; provided, however that:

(1) the Bid/Offer or Pre-Arranged Cross is being placed by a Participant who is, or is acting on behalf of, an account manager for multiple accounts eligible for post execution allocation; or

(2) a written, pre-determined allocation scheme that defines the group of accounts has been provided to the Clearing Firm accepting or clearing the Bid/Offer or Pre-Arranged Cross prior to the time that such Bid/Offer or Pre-Arranged Cross is entered.

## **Rule 315. SEF Authority over Transactions**

### **(a) *SEF Authority Regarding Cancellations, Price Adjustments and New or Offsetting Transactions***

The SEF has authority to cancel any transaction or adjust the price of any transaction executed on the SEF, or to execute or require the execution of a new or offsetting transaction: (i) when the SEF determines in its sole discretion such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of a Trading Platform or by system defects; (ii) at any time the SEF determines, in its sole discretion, that allowing a transaction to stand as executed may have a material adverse effect on the integrity of the market; or (iii) in accordance with Rules 204(h), 315(c), 315(d), 315(g) or 315(h). All decisions of the SEF regarding the SEF's cancellation of transactions or the adjustment of transaction prices and the execution of new or offsetting transactions shall be final, subject to Rule 315(d).

### **(b) *Determination to Review a Transaction's Price***

(1) The SEF may determine to review a transaction's price based on its independent analysis of market activity or upon a Participant's request. A Participant's request for review must be made (i) for an uncleared Pre-Arranged Cross, within one (1) Business Day of the execution of such transaction and (ii) for any other transaction executed on the SEF, within 15 minutes of the execution of such transaction. In the absence of a timely request for review, the SEF may determine whether or not a transaction will be subject to review in its sole discretion. Notwithstanding the foregoing, subject to Applicable Law, the SEF shall amend the terms of, or cancel, any transaction that the parties, together with the DCO, as applicable, mutually agree to amend or cancel, in the event that such amendment or cancellation is not submitted to the SEF within the applicable review period specified above.

(2) If the SEF determines to review a transaction's price, it will promptly issue an alert to all Participants via a Trading Platform or electronic mail indicating that the transaction is under review.

### **(c) *Review of a Transaction's Price***

(1) In reviewing a transaction, the SEF will first determine whether the price of the transaction is so far above or below the fair market value for the relevant Contract that it indicates the transaction was executed in error. In doing so, the SEF shall determine the fair value price for the Swap at the time the transaction under review occurred. The SEF may consider any relevant information, including, but not limited to, the last transaction price of the Swap or a better Bid/Offer, a more recent price for a different maturity date, the price of the same or related Swap established in another venue or another market, the market conditions at the time of the transaction, the theoretical value of an Option based on the most recent implied volatility and responses to an RFQ.

(3) If the SEF determines that the price of a transaction does not indicate that the transaction was executed in error, the SEF will issue an alert indicating that the transaction shall stand as executed.

(4) If the SEF determines that the price of a transaction indicates that the transaction was executed in error, the SEF shall have the right, in its sole discretion, to cancel or adjust the price of such transaction.

### **(d) *Alternative Resolution by Agreement of Parties for Transactions Reviewed for Price***

(1) With the approval of the SEF, parties to a transaction that is under review for price or that has had its price adjusted may instead, together with the DCO, as applicable, mutually agree to cancel or otherwise adjust the price of the transaction.

(2) With the approval of the SEF, parties to a transaction that is canceled may instead, together with the DCO, as applicable, mutually agree to adjust the price of such transaction to a fair value price.

(3) Subject to sections (d)(1) and (d)(2), parties to a transaction that is canceled or that has had its price adjusted may mutually agree to a cash adjustment.

(4) Any cancellation or adjustment made pursuant to sections (d)(1), (d)(2) or (d)(3) must be reported to the SEF by the parties within one (1) Business Day and the parties must maintain a record of such adjustment.

(e) *Liability for Losses Resulting from Cancellations or Price Adjustments*

(1) A party that through error or mistake enters a Bid/Offer, RFQ or Pre-Arranged Cross that results in a cancellation or price adjustment shall be responsible for demonstrated claims of realized losses incurred by persons whose transaction prices were canceled or adjusted; provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.

(2) A claim for a loss pursuant to this Rule 315 must be submitted to the SEF within one (1) Business Day of the event giving rise to the claim. The SEF will reject any claim that is not filed in a timely manner and such decision shall be final. Eligible claims shall be forwarded by the SEF to the party responsible for the Bid/Offer, RFQ or Pre-Arranged Cross that resulted in a cancellation or a price adjustment of a transaction and the Participant through which the transaction was submitted to the SEF. Such party, or Participant on behalf of such party, shall, within ten (10) Business Days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten (10) Business Days shall be deemed a denial of liability.

(3) To the extent that liability is admitted, payment shall be made within ten (10) Business Days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten (10) Business Days shall be deemed a denial of liability for the purposes of this Rule 315. A copy of any such written agreement must be provided to the SEF.

(4) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Rule 702. Such claims must be submitted to the SEF within ten (10) Business Days of the date the party was issued notification that liability was denied.

(f) *Records of Cancellations and Price Adjustments*

(1) Canceled transactions and any prices that have been adjusted shall be canceled in the SEF's official records.

(2) Transactions that have had their price adjusted shall be reflected in the SEF's official records at the adjusted price.

(g) *Review of Transactions for Errors*

(1) If a Participant, Customer or Clearing Firm believes that any transaction in one or more Contracts was executed, cleared or rejected for clearing as a result of an Error, as defined in Rule 315(g)(3), such person may request review of the transaction.

(2) Upon receipt of a request for review of a transaction, or if the SEF determines on its own initiative to conduct such a review, the SEF will review its records to determine if an Error occurred.

(3) The SEF may cancel or adjust the transaction, or execute or require the execution of a new or offsetting Cleared Contract under the procedures of Rule 315(h), as appropriate, if the review described in this Rule reveals that:

(i) a Trading Platform or an Execution Specialist made a material mistake or that a mistake occurred as a result of a malfunction in a Trading Platform or by human error;

(ii) a Bid/Offer or RFQ or Pre-Arranged Cross was incorrectly displayed and/or executed and/or reported;

(iii) a Trading Platform, an Execution Specialist, Participant or Customer made a clerical or operating error or omission that caused a transaction to be rejected from clearing and void *ab initio*; or

(iv) a Clearing Firm or DCO rejected a leg of a Package Transaction for clearing because of the sequencing of submission for clearing of the legs of the applicable Package Transaction (each of the foregoing, an “**Error**”).

(4) If the review described in this Rule reveals that no Error occurred, the SEF will inform any person who requested the review that the SEF has determined that the transaction was properly handled, the evidence supporting that determination, and that a cancelation, adjustment or a new or offsetting transaction under Rule 315(h) will not be made.

(5) The SEF will document in writing all requests for review of transactions received by the SEF, or any review on its own initiative, the time and manner in which the SEF reviewed its electronic audit trail in response to the request or review on its own initiative, the outcome of that review, and the action or actions taken by the SEF in response to that review.

(6) If a transaction is reviewable for price under Rule 315(b), the procedures of this Rule 315(g) shall not apply.

(h) *Procedures for Correcting Errors.*

(1) The procedures of this Rule 315(h) are in accordance with NAL 16-58, expiring June 15, 2017, and are limited to:

(i) A Cleared Contract that was rejected for clearing and void *ab initio* because of a clerical or operational error or omission by the SEF, a Participant or a Customer (each, a “**Rejected Transaction**”),

(ii) A leg of a Package Transaction that was rejected for clearing because of the sequencing of submission for clearing of the legs of the applicable Package Transaction and only for such rejected leg (each, a “**Rejected Leg**”), and

(iii) A Cleared Contract that is carried on a DCO’s books as a result of a clerical or operational error or omission by the SEF, a Participant or a Customer that was not identified until after the Cleared Contract had been cleared (each, an “**Erroneously Cleared Transaction**”),

in each case where the SEF has affirmatively determined that the transaction or a term thereof resulted from an Error.

(2) For Rejected Transactions and Rejected Legs, if a Participant, Customer or Clearing Firm believes that a transaction qualifies as a Rejected Transaction or a Rejected Leg, such Participant, Customer or Clearing Firm shall request review of the transaction pursuant to Rule 315(g).



(i) Upon completion of the review of the transaction pursuant to Rule 315(g), if the SEF determines that an Error resulted in a Rejected Transaction or a Rejected Leg and:

(A) If the SEF is able to determine how to correct the Error, the SEF shall execute a new Cleared Contract with the same terms as the Rejected Transaction or Rejected Leg, other than the Error, without obtaining consent of the Participant that submitted the Rejected Transaction or Rejected Leg or the Customer on whose behalf such transaction was submitted. The new Cleared Contract must be submitted by an Execution Specialist as a Pre-Arranged Cross, and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b).

(B) If the SEF is unable to determine how to correct the Error, the SEF shall consult with the Clearing Firms for the Rejected Transaction or Rejected Leg and the Participants and Customers involved in such transaction, as necessary, and the Clearing Firms for such transactions may, with the consent of each respective Customer or Participant, agree to a new Cleared Contract with the same terms as the rejected Cleared Contract, other than the Error. Such Customer or Participant consent may not be obtained in advance, and must be sought and obtained by each Clearing Firm on a case-by-case basis, after the Cleared Contract has been rejected. If there is such agreement and consent, the new Cleared Contract must be submitted by the Participant specified in Rule 304(b) as a Pre-Arranged Cross pursuant to the procedure in Rule 304(b), and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b).

(ii) Upon execution of such Pre-Arranged Cross by the SEF to replace a Rejected Transaction or Rejected Leg, the SEF shall submit the transaction to the DCO for clearing as quickly as technologically practicable, but in any case no later than 60 minutes from the issuance of the notice of rejection by the DCO to the Clearing Firms.

(iv) If the new Cleared Contract resulting from such Pre-Arranged Cross is rejected from clearing, it is void *ab initio* and no additional new Cleared Contract will be permitted to be submitted under the procedure in this Rule 315(h)(2).

(v) The SEF shall report Swap transaction data to the relevant SDR pursuant to Rule 309(f) for a new Cleared Contract that clears with the same terms as the Rejected Transaction or Rejected Leg, as applicable, other than the Error, including: a Part 43 cancellation for the original transaction, a Part 45 termination indicating the original transaction is void *ab initio*, and swap transaction data pursuant to Parts 43 and 45 for the new Cleared Contract. Such data shall reference the original canceled trade, indicate that it has been reported pursuant to the procedures described in this Rule 315(h)(2) and link the original canceled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

(vi) The procedures in this Rule 315(h)(2) are not available for Rejected Legs of Package Transactions that are rejected for clearing by a Clearing Firm or DCO because the Package Transaction as a whole failed to satisfy the applicable Risk-Based Limits.

(3) For Erroneously Cleared Transactions, if a Participant, Customer or Clearing Firm believes that a Cleared Contract is carried on the books of a DCO as a result of an Error, such Participant, Customer or Clearing Firm may request review of the transaction pursuant to Rule 315(g).

(i) Upon completion of the review of the transaction pursuant to Rule 315(g), if the SEF determines that an Error resulted in an Erroneously Cleared Transaction and:

- (A) If the SEF is able to determine how to correct the Error, the SEF shall execute a Cleared Contract that offsets the Erroneously Cleared Transaction carried on the books of the relevant DCO through the same Clearing Firms that cleared the Erroneously Cleared Transaction and the SEF shall execute a new Cleared Contract with the same terms as the Erroneously Cleared Transaction, other than the Error, in each case without obtaining consent of the Participant that submitted the Erroneously Cleared Transaction or the Customer on whose behalf such transaction was submitted; provided that, where an Erroneously Cleared Transaction did not satisfy the Risk-Based Limits of a Participant's Clearing Firm, the SEF shall obtain the consent of the relevant Clearing Firm prior to executing such offsetting Cleared Contract. The new Cleared Contract must be submitted by an Execution Specialist as a Pre-Arranged Cross, and such Pre-Arranged Cross shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b).
- (B) If the SEF is unable to determine how to correct the Error, the SEF shall consult with the Clearing Firms for Erroneously Cleared Transactions and the Participants and Customers involved in such transaction, as necessary, and the relevant Customer or Participant may agree to execute a Cleared Contract that offsets the Erroneously Cleared Transaction carried on the books of the relevant DCO through the same Clearing Firms that cleared the Erroneously Cleared Transaction and to execute to a new Cleared Contract with the same terms as the rejected Cleared Contract, other than the Error. The new Cleared Contracts must be submitted by the Participant specified in Rule 304(b) as Pre-Arranged Crosses pursuant to the procedure in Rule 304(b), and such Pre-Arranged Crosses shall be subject to pre-execution credit check and risk screening pursuant to Rule 204(b).

(ii) Upon execution of such Pre-Arranged Crosses by the SEF to offset an Erroneously Cleared Transaction and to enter into a new Cleared Contract, the SEF shall submit the transactions to the DCO for clearing as quickly as technologically practicable, but in any case no later than three days after the Erroneously Cleared Transaction was executed.

(4) For the avoidance of doubt, the procedures of this Rule 315(h) are not applicable to any transaction rejected by a DCO for credit reasons.

(i) *Prime Broker Transaction*

(1) A Prime Broker that is a Trading Privilege Holder, but not a Prime Broker acting in its capacity as an Authorized Trading Firm pursuant to Rule 202(a)(2)(iii), shall have the right to cancel any Prime Broker Transaction within 48 hours after the execution of such transaction if any of the following criteria are met:

(i) such transaction was executed in excess of a limit established by the Prime Broker with respect to the Prime Broker Transaction; or

(ii) such transaction was in a Contract that the Prime Broker did not authorize its Authorized Trading Firms and Authorized Traders to transact on its behalf.

(2) The Prime Broker shall communicate the cancellation directly to the SEF and the counterparty and indicate which of the two criteria the Prime Broker is relying on for the cancellation.

(3) In the event a Prime Broker Transaction is canceled by the Prime Broker pursuant to this Rule 315(i), the SEF will cancel such transaction and will report such cancellation to the relevant SDR pursuant to Part 43 of the Commission Regulations.

(4) In the event the counterparty to the canceled Prime Broker Transaction disputes the right of the Prime Broker to cancel such transaction, the dispute will be resolved in accordance with the procedures of Chapter 7.

### **Rule 316. Reporting Counterparty**

(a) For each Contract executed on or subject to the Rules of the SEF, the SEF shall report all required data to an SDR in accordance with Rule 309, and shall include in such creation data the identification of the reporting counterparty. The reporting counterparty will be determined by the SEF, if possible, in accordance with Commission Regulation 45.8 (a) – (f) and, in the event the counterparties to the Contract are of the same hierarchy level, the ISDA Reporting Party Rules, the relevant portion of which is attached to this Rulebook as Annex 1, and identify to the counterparties which is the reporting counterparty. If the SEF is unable to determine the reporting counterparty in accordance with Commission Regulation 45.8 (a) – (f) and the ISDA Reporting Party Rules, the SEF will identify the buyer of the Contract as the reporting counterparty in the creation data. By executing the Contract on the SEF, the counterparties agree to the use of the ISDA Reporting Party Rules and, where necessary, the identification of the buyer as reporting counterparty, and waive the opportunity to agree separately upon a reporting counterparty and to receive notice from the SEF, as provided in Commission Regulation 45.8(d) and 45.8(f).

(b) Notwithstanding paragraph (a) of this Rule 316, for Contracts in the commodity asset class (as set forth in the ISDA Reporting Party Rules) between counterparties of the same hierarchy level, as determined by Commission Regulation 45.8 (a) – (f), the counterparties to such a Contract may agree separately upon a reporting counterparty. In the event that such counterparties do not agree upon a reporting counterparty, the reporting counterparty will be determined under paragraph (a) of this Rule 316.

(b) For each Contract executed on or subject to the Rules of the SEF, the reporting counterparty and/or the relevant DCO is responsible for reporting continuation data to the SDR to which the creation data for the Contract was first reported in accordance with Commission Regulations 45.4 and 45.10.

## CHAPTER 4 TRADING STANDARDS

### **Rule 401. Fraudulent Statements and Acts**

(a) No Participant or Customer shall make or attempt to make any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading, in connection with or related to any transaction on or other activity related to the SEF.

(b) No Participant or Customer may engage in or attempt to engage in any fraudulent act, or engage in or attempt to engage in any manipulative device, scheme or artifice to cheat, defraud or deceive, in connection with or related to any transaction on or other activity related to the SEF.

### **Rule 402. Abusive Trading Practices**

(a) No Participant or Customer shall create fictitious or wash transactions on the SEF or execute any Bid/Offer for a fictitious or wash transaction with knowledge of its nature.

(b) No Participant or Customer shall engage in trading on or subject to the Rules of the SEF for the purpose of passing money or transferring equity from one account to another.

(c) No Participant trading as an Intermediary on behalf of a Customer shall engage in trading ahead of a Customer Order, trading against a Customer Order without the Customer's consent, front running a Customer Order, accommodation trading or improper cross trading.

### **Rule 403. Good Faith Bids/Offers and RFQs**

(a) A Participant or Customer shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ into the SEF other than in good faith for the purpose of executing bona fide transactions.

(b) A Participant or Customer shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ unless such Participant or Customer has sufficient funds to provide the required collateral for the related Contract should the Contract be executed.

### **Rule 404. Pre-Execution Discussions and Pre-Arranged Transactions**

No Participant or Customer shall prearrange or pre-negotiate or non-competitively execute any transaction on the SEF except as follows:

(a) Block Trades are not subject to this prohibition.

(b) Permitted Transactions executed pursuant to Rule 304 are not subject to this prohibition.

(c) Participants and Customers may engage in pre-execution discussions with regard to transactions executed on the SEF in accordance with Rule 305(a)(7); *provided, however*, that:

(1) A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the transaction is being made has previously consented to permit such communications.

(2) Parties to pre-execution communications shall not:

(i) disclose to a nonparty the details of such communications; or

(ii) enter a Bid/Offer to take advantage of information conveyed during such communications except in accordance with this Rule.

(3) Notwithstanding paragraph (c)(2) of this Rule, a party may disclose or use such communications if such disclosure or use is authorized in writing by the counterparty, or is necessary:

(i) for the effective execution of any Swap for or with the counterparty;

(ii) to hedge or mitigate any exposure created by such Swap; or

(iii) to comply with a request of the Commission, the U.S. Department of Justice, any self-regulatory organization, or an applicable prudential regulator, or as otherwise required by law.

(d) Where a transaction is executed pursuant to Rule 315(h), communications concerning such transaction shall not be considered pre-execution communications prohibited by this Rule 404.

#### **Rule 405. Manipulation and Price Distortion**

(a) Any manipulation or attempted manipulation of the price of any Contract is prohibited.

(b) Bids/Offers entered into a Trading Platform or Pre-Arranged Crosses submitted to an Execution Specialist for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited and it shall also be prohibited for any Participant or Customer to make or assist in entering any such Bid/Offer or Pre-Arranged Cross with knowledge of the purpose thereof or, with such knowledge, to assist in carrying out any plan or scheme for the entering of any such Bid/Offer or Pre-Arranged Cross.

(c) Any other manipulative and disruptive behavior not otherwise prohibited by the Rules is prohibited to the extent prohibited by the Act or Commission Regulations, including but not limited to Sections 6(c)(1) and (3), 9(a)(2), 4c(a)(5)(A) and (C) of the Act and Commission Regulations 180.1(a) and 180.2.

#### **Rule 406. Disruptive Trading Practices**

(a) No Participant or Customer shall enter or cause to be entered any Bid/Offer or other message with the intent to:

(1) mislead other Participants;

(2) overload, delay, or disrupt the Order Book or any other systems of the SEF or other Participants; and

(3) disrupt the orderly conduct of trading or the fair execution of transactions.

(b) No Participant or Customer shall engage in any trading, practice or conduct on or subject to the Rules of the SEF that (1) violates Bids/Offers; (2) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; (3) is, is of the character of, or is commonly known to the trade as, "spoofing" (entering a Bid/Offer with the intent to cancel the Bid/Offer before execution); or (4) is any other manipulative or disruptive trading practice prohibited by the Act or Commission Regulations.

#### **Rule 407. General Offenses**

It will be an offense for a Participant or Customer to:

- (a) violate any Rule of the SEF regulating the conduct or business of a Participant or Customer or any agreement made with the SEF;
- (b) engage in any act detrimental to the SEF's operations or self-regulatory function or the SEF's ability to enforce its Rules or is detrimental to the interest or welfare of the SEF;
- (c) fail to observe the proper standards of conduct expected of market participants;
- (d) engage in any conduct which tends to impair the dignity or good name of the SEF;
- (e) engage in conduct inconsistent with just and equitable principles of trade;
- (f) engage in dishonorable or uncommercial conduct;
- (g) aid or abet the commission of any Violation by another person;
- (h) fail to supervise its employees or agents in the conduct of the Participant's or Customer's business related to the SEF; and
- (i) engage in conduct in violation of Applicable Law or the rules of any DCO which clears a Cleared Contract in connection with or related to any transaction on or other activity related to the SEF

#### **Rule 408. Position Limits and Position Accountability**

- (a) To reduce the potential threat of market manipulation or congestion, the SEF shall adopt for each Contract, as is necessary and appropriate, Position Limits or position accountability levels for speculators.
- (b) The SEF hereby adopts the Commission's Position Limits for any Contract for which the Commission has adopted a Position Limit. In no event will the SEF set its Position Limits at a level higher than the Commission's Position Limits.
- (c) For Permitted Transactions, the SEF may set and enforce position accountability levels or send the Commission a list of the Permitted Transactions transacted on the SEF.
- (d) All Participants and Customers must comply with all SEF and Commission requirements regarding Position Limits or position accountability levels.
- (e) Each Participant required to file any report, statement, form or other information with the Commission pursuant to Commission Regulations concerning a Position Limit on any Contract or commodity underlying a Contract must simultaneously file a copy of such report, statement, form or other information with the SEF. Such information shall include, for Participants who are Intermediaries, information concerning the Customers for which transactions are made on the SEF.
- (f) Any Participant or Customer who exceeds a SEF or Commission Position Limit by entering into a transaction on the SEF shall be deemed in violation of the Rules of the SEF. In addition, any Participant or Customer entering bids or offers, if accepted, which would cause that Participant or Customer to exceed the applicable SEF or Commission Position Limit, shall be in violation of the Rules of the SEF.
- (g) Without limiting any provision of these Rules, the SEF shall have the authority to obtain from any Participant or Customer, on request, information with respect to all positions of such Participant or Customer in Contracts which are equivalent, for purposes of SEF or Commission Position Limits, to those transacted in by the Participant on the SEF.

## **CHAPTER 5 RULE ENFORCEMENT**

### **Rule 501. Jurisdiction**

(a) The SEF shall have the authority to initiate and conduct investigations, and prosecute Violations of these Rules committed by SEF Subject Persons, and to impose sanctions for such Violations as provided in these Rules.

(b) Each Participant and Clearing Firm, upon becoming a Participant or Clearing Firm and thereafter upon any change of address shall file with the SEF a written notice designating an address for receiving service of documents. If a Participant or Clearing Firm fails to designate such an address, service by U.S. mail to its address on file with the SEF shall be good service, and delivery thereof shall be deemed to have occurred as of the date of such mailing.

### **Rule 502. SEF Market Regulation Staff Powers and Duties**

(a) It shall be the duty of the Chief Compliance Officer to enforce these Rules, and he or she shall have the authority to inspect the books and records of all SEF Subject Persons and the authority to require any SEF Subject Person to appear before him or her to answer questions regarding matters being investigated by the Market Regulation Staff. The Chief Compliance Officer may also delegate such authority to Market Regulation Staff who shall consist of employees of the SEF, and such other Regulatory Services Providers as the SEF may hire on a contract basis. The Chief Compliance Officer shall ensure that surveillance systems are established to monitor trading to prevent manipulation and price distortion. Such monitoring may be done by the Market Regulation Staff or a third party provider, and shall include real time monitoring and the ability to conduct comprehensive and accurate transaction reconstructions.

(b) The Market Regulation Staff shall conduct investigations of possible Violations of these Rules, prepare written reports respecting such investigations, furnish such reports to the Review Panel and conduct the prosecution of such Violations. An investigation must be commenced upon receipt of a request from Commission staff or receipt of information (such as data produced by automated surveillance systems) by the SEF that in the judgment of the Market Regulation Staff indicates a reasonable basis for finding that a Violation may have occurred or will occur. Absent mitigating factors, each investigation will be completed no later than 12 months after the investigation is opened. Mitigating factors include the complexity of the investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential Violations to be investigated and the volume of documents and data to be examined and analyzed by Market Regulation Staff.

(c) If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that there is a reasonable basis for finding a Violation of these Rules, he or she shall (i) present an investigation report concerning the matter to the Review Panel or (ii), in the case of Violations subject to Rule 516, proceed in accordance with Rule 516. The investigation report must include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; Market Regulation Staff's analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. The report may also include the SEF Subject Person's disciplinary history at the SEF, including copies of any warning letters. The Market Regulation Staff may issue a warning letter, including for minor transgressions. However, no more than one warning letter may be issued to the same person found to have committed the same Violation more than once in a rolling 12-month period.

(d) If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that no reasonable basis exists for finding a Violation of these Rules, he or she must prepare a written investigation report including the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and Market Regulation Staff's analysis and conclusions. The Chief Compliance Officer or another member of the

Market Regulation Staff may issue a warning letter in any case where it is concluded that no reasonable basis exists for finding a Violation of these Rules, without limitation on the number of warning letters issued to a person.

(e) Before presenting an investigation report to the Review Panel, the Market Regulation Staff may, in its sole discretion, inform the prospective Respondent that it intends to submit the matter to the Review Panel, and at such time the proposed Respondent may submit an offer of settlement to the Hearing Panel, in accordance with the procedures of Rule 509, prior to presentation of the investigation report to the Review Panel.

(f) The SEF has contracted with NFA to act as Regulatory Services Provider to provide certain regulatory services to the SEF, including reviews of the SEF's audit trail information for potential violations of SEF Rules. The SEF will retain ultimate decision-making authority with respect to any regulatory services to be provided by NFA.

(g) The SEF or its Regulatory Services Provider shall have the right, with such prior reasonable advance notice as is practicable under the circumstances (unless in furtherance of regulatory purposes, in which case without prior notice to SEF Subject Persons), in connection with determining whether all SEF Rules are being, will be, or have been complied with by the SEF Subject Person, to: (i) inspect systems, equipment and software of any kind operated by the SEF Subject Person in connection with accessing, and the SEF Subject Person's transacting on, the SEF, wherever located; (ii) access, either physically or electronically, the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or equipment, during the regular business hours; and/or (iii) copy or reproduce any data to which the SEF has access under this Rule. Each SEF Subject Person shall provide the Regulatory Services Provider with the same access to its books and records and offices as it is required to provide to the SEF under the SEF Rules and Applicable Law.

### **Rule 503. The Review Panel**

(a) The Review Panel shall have the power to direct that an investigation of any suspected Violation be conducted by the Market Regulation Staff, and shall hear any matter referred to it by the Market Regulation Staff regarding a suspected Violation.

(b) The Review Panel shall be appointed by the Board, and shall be comprised of five persons, including at least two Participants and at least two non-Participants. In the case where the subject of the investigation is a Clearing Firm, at least one member of the Review Panel shall be a Clearing Firm. The Board shall appoint a chairman (the "**Review Panel Chairman**") of the Review Panel. At such time as may be required by the Commission Regulations, the Review Panel Chairman shall be a person who would not be disqualified from serving as a Public Director. Three panel members shall constitute a quorum for any action, so long as they are in attendance at the time of the relevant action. The Review Panel may not include any members of the Market Regulation Staff, any person involved in adjudicating any other stage of the same Proceeding, or any person with a history of disciplinary offenses that would be disqualifying under CFTC Regulation § 1.63(c). The Review Panel shall include at least one member that is not a member of the SEF whenever the Review Panel is: (i) acting with respect to a disciplinary action in which the Respondent is a member of the Board, the Review Panel or the Hearing Panel; or (ii) when the suspected Violation involves manipulation (or attempted manipulation) of the price of a Contract or conduct which directly results in financial harm to a non-member of the SEF. The Review Panel shall include sufficient different membership interests so as to ensure fairness and to prevent special treatment or preference for any person.

(c) All information, records, and documents provided to the Review Panel, and all related records and documents shall be treated as confidential and shall not be disclosed, except as necessary to further a SEF investigation or as required by Applicable Law.



(d) Upon receipt of an investigation report, the Review Panel shall promptly review the report and, within thirty (30) days of receipt, take one of the following actions:

(1) If the Review Panel determines that additional investigation or evidence is needed, it shall promptly direct the Market Regulation Staff to conduct further investigation;

(2) If the Review Panel determines that no reasonable basis exists for finding a Violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and must include a written statement setting forth the facts and analysis supporting the decision; or

(3) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, it must direct that the SEF Subject Person alleged to have committed the Violation be served with a notice of charges as set forth in Rule 504.

(e) If the Review Panel determines that there may have been a Violation but that no adjudication is warranted, the Review Panel may issue a warning letter to the SEF Subject Person informing it that there may have been a Violation and that such continued activity may result in disciplinary sanctions. Where a Violation is determined to have occurred, no more than one warning letter for the same potential Violation may be issued to the same person during a rolling 12 month period.

#### **Rule 504. Notice of Charges**

(a) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, the Chief Compliance Officer shall serve a notice of charges (a “**Notice**”) on the SEF Subject Person alleged to have been responsible for the Violation (such SEF Subject Person, the “**Respondent**”). Such Notice shall state:

(1) the acts, practices or conduct with which the Respondent is charged;

(2) the Rules allegedly violated and how such acts, practices or conduct constitute a Violation of such Rules;

(3) that the Respondent is entitled, upon written request filed with the SEF, within twenty (20) days of service of the Notice, to a formal hearing on the charges;

(4) that the failure of the Respondent to request a hearing within twenty (20) days of service of the Notice, except for good cause shown, shall be deemed a waiver of its right to a hearing;

(5) that the failure of the Respondent to file an Answer (as defined in Rule 505) with the Market Regulation Staff within twenty (20) days of service of the Notice shall be deemed an admission of all of the acts, practices or conduct alleged in the Notice; and

(6) that the failure of the Respondent to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

(b) A Respondent shall have the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process, except by any member of the Board, Review Panel or Hearing Panel, any employee of the SEF or any person substantially related to the underlying investigation, such as a material witness or Respondent.

#### **Rule 505. Answer; Request for Hearing; Failure to Answer or Deny Charges**

(a) The Respondent shall serve on the Chief Compliance Officer a written answer (an “**Answer**”) to the Notice and a written request for a hearing on the charges within thirty (30) days of the date of service

of the Notice. The Answer must include a statement that the Respondent admits, denies, or does not have and is unable to obtain sufficient information to deny each allegation. A statement of lack of sufficient information shall have the effect of a denial of the allegation.

(b) The Respondent's failure to file an Answer within such thirty (30) day period shall be deemed an admission of all allegations contained in the Notice.

(c) The Respondent's failure to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

(d) The Respondent's failure to request a hearing within such thirty (30) day period, absent good cause shown, shall be deemed a waiver of Respondent's right to a hearing.

#### **Rule 506. Selection of Hearing Panel**

(a) Formal hearings on any Notice shall be conducted by the Hearing Panel selected by the Board. The Hearing Panel shall include at least two Participants and at least two non-Participants. In the case where any Respondent is a Clearing Firm, at least one member of the Hearing Panel shall be a Clearing Firm. The Board shall also select a chairman of the Hearing Panel ("**Hearing Panel Chairman**"). At such time as may be required by the Commission Regulations, the Hearing Panel Chairman shall be a person who would not be disqualified from serving as a Public Director. The Hearing Panel Chairman, in his or her sole discretion, shall set a date for the hearing (the "**Hearing Date**"). The Hearing Panel may not include any members of the Market Regulation Staff, any person involved in adjudicating any other stage of the same Proceeding, or any person with a history of disciplinary offenses that would be disqualifying under CFTC Regulation § 1.63(c). The Hearing Panel shall include at least one member that is not a member of the SEF whenever the Hearing Panel is: (i) acting with respect to a disciplinary action in which the Respondent is a member of the Board, the Review Panel or the Hearing Panel; or (ii) when the suspected Violation involves manipulation (or attempted manipulation) of the price of a Contract or conduct which directly results in financial harm to a non-member of the SEF. The Hearing Panel shall include sufficient different membership interests so as to ensure fairness and to prevent special treatment or preference for any person.

(b) The Hearing Panel Chairman shall notify the Market Regulation Staff and the Respondent of the Hearing Date and the names of the members of the Hearing Panel at least fifteen (15) days prior to the Hearing Date.

(c) No member of the Hearing Panel shall hear a case in which that member has a direct financial, personal or other interest in the matter under consideration.

#### **Rule 507. Challenge to Members of the Hearing Panel**

Within ten (10) days after service on the Respondent of notice of the Hearing Date and names of the members of the Hearing Panel, the Respondent may challenge, in writing, the inclusion of any member of the Hearing Panel for cause, including without limitation, if the member has a direct financial, personal or other interest in the matter under consideration. The merits of such challenge shall be finally decided by the Regulatory Oversight Committee. If said written challenge is not received within such ten (10) day period, absent good cause shown, any such right to challenge is deemed waived.

#### **Rule 508. Hearing on Sanctions in the Event of Failure to Deny Charges; Failure to Request Hearing Deemed Acceptance of Sanctions**

In the event the Respondent fails to file an Answer or admits or fails to deny the charge of a Violation contained in the Notice, the Hearing Panel shall find the Respondent guilty of each such Violation and may impose a sanction for each such Violation subject to the limitations set forth in Rule 511(b)(7). The Hearing Panel shall promptly notify the Respondent of any such sanction and of the Respondent's right to

a hearing on the sanction within the period of time which shall be stated in the notice, after the imposition of such sanction. Failure to request a hearing on the sanction in a timely manner, absent good cause shown, shall be deemed to be acceptance of the sanction.

#### **Rule 509. Settlement Prior to Commencement of Hearing**

(a) Prior to the commencement of the hearing, the Hearing Panel may accept a written offer of settlement from the Respondent, whereby the Respondent, without either admitting or denying any Violations, may agree to:

- (1) a cease and desist order;
- (2) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed \$100,000 per Violation);
- (3) restitution of any counterparty harm; and/or
- (4) revocation or suspension of Trading Privileges or Customer or Clearing Firm status of the Respondent.

(b) If the Hearing Panel accepts an offer of settlement, it must issue a written decision specifying each Rule Violation it has reason to believe was committed, including the basis for the Hearing Panel's conclusions. The sanctions must include full counterparty restitution where counterparty harm is demonstrated, except where the amount of restitution or to whom it should be provided cannot be reasonably determined. If an offer of settlement is accepted without the support of the Market Regulation Staff, the decision must adequately support the Hearing Panel's acceptance of the settlement. Where applicable, the decision must include a statement that the Respondent has accepted the sanctions imposed without either admitting or denying any Violations. Any sanctions imposed pursuant to an offer of settlement must take into account the Respondent's disciplinary history.

(c) The Respondent may withdraw an offer of settlement at any time before final acceptance by the Hearing Panel. If an offer is withdrawn after submission, or is rejected by the Hearing Panel, the Respondent may not be deemed to have made any admissions by reason of the offer of settlement and may not be otherwise prejudiced by having submitted the offer of settlement.

#### **Rule 510. Hearing Procedures**

(a) In every instance where a Respondent has requested a hearing on a charge that is denied, or on a sanction set by the Hearing Panel pursuant to Rule 508, the Respondent will have the opportunity for a hearing in accordance with the procedures of this Rule.

(b) The Hearing Panel shall determine the procedures to be followed in any hearing before it, except that the following shall apply in every case:

- (1) The hearing must be fair and must be promptly convened after reasonable notice to the Respondent.
- (2) The prosecution shall be conducted by the Market Regulation Staff.
- (3) The Respondent shall be allowed to appear personally at the hearing, and to be represented by legal counsel or any other representative of its choosing and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses.
- (4) The Market Regulation Staff and the Respondent shall deliver to each other a statement listing the witnesses expected to be called and the documents expected to be introduced into evidence,

together with copies of such documents, by ten (10) days' notice prior to the hearing or as the Hearing Panel may reasonably specify. Unless the Hearing Panel, in its discretion, waives compliance with this requirement, no witness may testify and no documentary evidence may be introduced into evidence unless listed in and, in the case of documents, furnished with such statement. On written request, the Market Regulation Staff shall provide the Respondent with access to all books, documents or other tangible evidence in the possession or under the control of the SEF which are to be relied upon by the Market Regulation Staff or which are relevant to the charges; provided, however, that protected attorney work product, attorney-client communications and investigative work product, including the investigation report, are neither discoverable by a Respondent nor subject to review by a Respondent as part of the investigation file.

(5) The SEF shall require that persons within its jurisdiction who are called as witnesses participate in the hearing and produce evidence, and will make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant. Failure by a SEF Subject Person to so participate and produce evidence when requested by the SEF shall be a Violation of these Rules.

(6) No formal rules of evidence shall apply, and the Hearing Panel shall be free to accept or reject any and all evidence it considers proper, but the hearing may not be so informal as to deny a fair hearing.

(7) Neither the Market Regulation Staff, the Respondent, any witnesses testifying before the Hearing Panel nor any other person within the SEF's jurisdiction shall engage in conduct that may impede the progress of a hearing or the fair and just resolution of the subject matter thereof, and any such conduct may itself constitute a Violation.

(8) Ex parte contacts by any of the parties with members of the Hearing Panel shall not be permitted.

(9) A substantially verbatim record capable of being accurately transcribed shall be made of the Proceeding, provided, however, that such record need not be transcribed, unless the transcript is requested by the Respondent or an applicable regulator, or unless the decision is appealed to the Commission or reviewed by the Commission on its own motion. In all other instances, a summary record of the hearing is permitted.

(10) The cost of transcribing the record of the hearing must be borne by a Respondent who requests the transcript, or whose application for Commission review of the disciplinary action has been granted. In all other instances, the cost of transcribing the record will be borne by the SEF.

(11) The Notice, the Answer, any stenographic transcript of the hearing, the documentary evidence and any other material presented to the Hearing Panel by either party with notice to the other shall constitute the record of the hearing (the "**Hearing Record**").

(12) The burden of proof shall be on the prosecution to prove a Violation by a preponderance of the evidence. A finding of a Violation shall be made by majority vote based on the Hearing Panel's decision as to the weight of the evidence contained in the Hearing Record.

(13) All sanctions imposed by the Hearing Panel must be commensurate with the Violations committed and must be clearly sufficient to deter additional similar Violations by the Respondent and similar Violations by other SEF Subject Persons. All sanctions must take into account the Respondent's disciplinary history. In the event of demonstrated counterparty harm, any sanctions must include full counterparty restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.

## **Rule 511. Written Decision of Hearing Panel**

(a) Promptly following a hearing conducted in accordance with Chapter 5 of the Rules, the Hearing Panel shall render a written decision based upon the weight of evidence in the Hearing Record and must provide a copy to the Respondent within thirty (30) days of such decision.

(b) The written decision shall include:

(1) the name of the Respondent;

(2) a summary of the charges alleged in the Notice;

(3) a summary of the Answer;

(4) a summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;

(5) a statement of the findings and conclusions of the Hearing Panel with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge, or, in the event of a settlement, a statement specifying the alleged Violations;

(6) an indication of each specific Rule that the Respondent was found to have violated and whether the Violation resulted in any financial harm to Customers;

(7) an order stating any sanctions imposed, including the basis for the sanctions, any terms of the sanctions, the date the determination to impose sanctions was made and the effective date of such sanctions; the sanctions that may be imposed on the Respondent shall be one or more of the following:

(i) a cease and desist order;

(ii) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed \$100,000 per Violation);

(iii) restitution of counterparty harm, except where the amount of restitution or to whom it should be provided cannot be reasonably determined; and/or

(iv) the issuance of a suspension or revocation of Trading Privileges or Customer or Clearing Firm status of the Respondent; and

(8) a statement informing the Respondent that the imposition of sanctions may be appealed to the Commission pursuant to Part 9 of the Commission Regulations.

(c) The Hearing Panel shall take into consideration the Respondent's disciplinary history prior to imposing any disciplinary sanctions.

(d) The SEF shall also provide the written decision to the NFA through BASIC, or deliver the written decision to the NFA to be input into BASIC.

(e) If the SEF suspends or revokes the Trading Privileges or Customer or Clearing Firm status of the Respondent, it must publicly publish the information contained in the written notice pursuant to Rule 511(b).

## **Rule 512. Liability for Expenses**

Any Respondent that, after notice and opportunity for hearing, has been found to have committed a Violation may, in the discretion of the Hearing Panel appointed in the matter, be required to pay to the SEF an amount equal to any and all reasonable and documented out-of-pocket expenses incurred by the SEF in connection with the prosecution of such Violations, in addition to any fine or other monetary sanction which may be imposed upon such Respondent by virtue of the Violations found by the Hearing Panel.

## **Rule 513. Effective Date of Sanctions**

(a) If a Respondent submits an offer of a settlement to the Hearing Panel, any sanction included as a part of such settlement shall become final and effective on the date that the Hearing Panel approves such settlement, or on such other date as is specified in the decision.

(b) Subject to Rule 513(c) and (d), any decision (including any sanctions) by a Hearing Panel pursuant to this Chapter 5 or the Participation Committee pursuant to Rule 205 shall be the final decision of the SEF and shall become effective fifteen (15) days, or such longer time as the Hearing Panel or Participation Committee may specify, after a copy of the written decision of the Hearing Panel or Participation Committee has been served on the Respondent, applicant, Participant or Customer, as applicable.

(c) In any case where a Respondent, applicant, Participant or Customer has consented to the action taken and to the timing of its effectiveness, the Hearing Panel or Participation Committee may cause the decision involving any disciplinary action (including any sanctions) to become effective prior to the fifteen (15) day period.

(d) Any decision (including any sanctions) by a Hearing Panel or the Participation Committee may become effective prior to the time set forth in Rule 513(b) if:

(1) the SEF reasonably believes, and so states in its written decision, that immediate action is necessary pursuant to Rule 514;

(2) if the SEF determines, and so states in its written decision, that the actions of a SEF Subject Person have impeded the progress of a disciplinary hearing; or

(3) the SEF determines a SEF Subject Person has violated Rules relating to timely submission of accurate records required for clearing or verifying each day's transactions or other similar activities.

(e) If a decision is to become effective earlier than the time set forth in Rule 513(b) pursuant to Rule 513(c) or (d), the SEF shall notify the Respondent, applicant, Participant or Customer in writing stating the reasons for the determination.

(f) Any fine or other monetary sanction imposed by a Hearing Panel shall be due and payable on the effective date of the decision imposing such fine or sanction, or on such later date as the Hearing Panel may specify.

## **Rule 514. Summary Suspension**

(a) A SEF Subject Person (as identified by Market Regulation Staff in an investigation or by a Trading Privilege Holder acting as an Intermediary for such SEF Subject Person) may be summarily and immediately suspended from trading on the SEF, upon a written determination based on a reasonable belief, by the Chairman of the Regulatory Oversight Committee that such immediate action is necessary to protect the best interest of the market place.

(b) The SEF Subject Person against whom such summary action is taken shall be served with a notice of the action either before the action is taken or at the earliest possible opportunity thereafter. The notice shall state the action taken, the reasons for the action, the effective date and time, and the duration of the action.

(c) The SEF Subject Person may as soon as practicable, upon written request, have a hearing before the Hearing Panel pursuant to the procedures of Rule 510.

(d) Promptly following the hearing, the Hearing Panel shall render a written decision based upon the weight of the evidence in the record and shall provide a copy to the SEF Subject Person. The decision shall include a description of the summary action taken, the reasons for the summary action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the summary action should be affirmed, modified or reversed, a declaration of any action to be taken pursuant to the determination, and the effective date and duration of the action.

#### **Rule 515. Extension of Time Limits**

Any time limit provided for in Rules 504, 505, 506, 507, 508, or 510 may be extended by mutual consent of the Respondent and the Market Regulation Staff, or by the Hearing Panel Chairman.

#### **Rule 516. Summary Fines**

(a) Notwithstanding any other provision of this Chapter 5, the Chief Compliance Officer or his designee shall have the authority to impose summary fines on Participants and Customers without the need for any formal disciplinary procedures with respect to Violations of any Rule listed in Rule 516(e). Pursuant to Rule 202(a)(1)(ii), a Participant that is an Intermediary may be held responsible for a Violation by its Customer. Investigations of possible Violations of such a Rule shall be conducted in accordance with Rule 502, but otherwise actions taken pursuant to this Rule 516 shall be made in accordance with the procedures set forth herein rather than the procedures set forth in the remainder of this Chapter 5. The authority to impose a summary fine under this Rule 516 does not prevent the Chief Compliance Officer from submitting a Violation of any rule listed in Rule 516(e) to the Review Panel in accordance with the formal disciplinary procedures of this Chapter 5.

(b) The Chief Compliance Officer or its designee shall give written notice to each Participant and Customer subject to any summary fine imposed pursuant to this Rule 516. The written notice ("Fine Notice") shall set forth: (i) the provision of the Rules allegedly Violated; (ii) the act or omission constituting each such Violation; (iii) the fine imposed for each Violation; and (iv) the date by which such fine becomes final and must be paid or contested as provided below, which date shall be not less than 30 days after the date the Fine Notice was provided to the Participant or Customer.

(c) Any Participant or Customer against whom a summary fine is imposed pursuant to this Rule 516 may contest the imposition of such fine by serving on the Chief Compliance Officer a written answer to the Fine Notice. Such answer ("Notice of Contest") must: (i) state that the Participant or Customer contests the imposition of the fine; (ii) acknowledges that the alleged Violation will be referred to the Review Panel; and (iii) be submitted to the Chief Compliance Officer on or before the date specified in the Fine Notice. Upon submission of a Notice of Contest the matter shall become subject to review by the Review Panel in accordance with the formal disciplinary procedures set forth in the remainder of this Chapter 5 and shall no longer be subject to this Rule 516.

(d) For purposes of imposing fines pursuant to this Rule 516, the Chief Compliance Officer shall review all the facts and circumstances prior to determining whether a Violation occurred and may aggregate individual Violations and treat such Violations as a single offense.

(e) The Chief Compliance Officer shall set the amount of any fine imposed pursuant to this Rule 516, with the maximum aggregate fine for Violations of the same Rule, or subsection thereof, imposed by the Chief Compliance Officer not to exceed \$7,000 on an annual basis. If, in any case, the Chief Compliance Officer or another member of the Market Regulation Staff, designated for this purpose by the Chief Compliance Officer, concludes that there is a reasonable basis for finding an additional Violation, he or she shall present an investigation report concerning the matter to the Review Panel in accordance with Rule 502, which shall proceed in accordance with Rule 503. The following schedule lists the recommended actions that the Chief Compliance Officer may impose:

| Rule Violation | Action Taken Per each Violation in a Rolling 12-month period |                  |                 |  |
|----------------|--|------------------|-----------------|--|
|                | First Violation  | Second Violation | Third Violation | Fourth Violation   |
| Rule 204(i)    | Warning Letter   | \$2,000          | \$5,000         | Referral to Review Panel for formal disciplinary procedures. |



## CHAPTER 6 CONTRACTS TO BE TRADED

### **Rule 601. Listing Procedures**

Any Trading Privilege Holder may propose to the SEF the listing of a Swap on the SEF by submitting a listing application to the SEF. The Chief Executive Officer of the SEF shall have authority, subject to complying with Rule 602, to submit the contract to the Commission, either with a request for prior approval, or with a self-certification.

### **Rule 602. Swaps Not Readily Susceptible to Manipulation**

Before submitting a Swap to the Commission for prior approval or with a self-certification, the Chief Executive Officer of the SEF shall determine that the Swap is not readily susceptible to manipulation, and shall submit to the Commission the following information required by Appendix C to Part 38 of Commission Regulations to show that the Swap complies with Core Principle 3:

- (a) For cash-settled Swaps, documentation demonstrating that the settlement price index is a reliable indicator of market values and conditions, is highly regarded by industry/market agents, and is publicly available on a timely basis.
- (b) Where an independent, private-sector third party calculates the referenced price index, verification that the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash settlement prices included in the index.
- (c) Where the SEF generates the cash settlement prices included in the index, information demonstrating that the calculation procedures safeguard against potential attempts to artificially influence the price, and a description of how the calculation procedures eliminate or reduce the impact of potentially unrepresentative data.
- (d) Appropriate speculative limits to prevent manipulation.
- (e) Procedures for intraday market restrictions that pause or halt trading in the event of extraordinary price moves that may result in distorted prices.

**CHAPTER 7**  
**GOVERNING LAW, JURISDICTION AND DISPUTE RESOLUTION**

**Rule 701. Choice of Law**

The laws of the State of New York, without regard to its conflict of laws principles, will govern this Rulebook and all disputes arising out of or related to the SEF or any transaction on the SEF.

**Rule 702. Disputes Among Trading Privilege Holders, Authorized Traders, Authorized Trading Firms and Customers**

All disputes between and among SEF Subject Persons that arise out of or relate to the SEF or any transaction that was made or attempted to be made on the SEF shall be resolved exclusively in the state or federal courts located in New York, New York except as follows:

- (a) If all parties to the dispute are members or associates of the NFA, the dispute will be resolved in NFA Member Arbitration.
- (b) If all parties separately agree to another forum, the dispute will be resolved in the other forum.

**Rule 703. Disputes with the SEF**

(a) Subject to Rule 102, all disputes between and among the SEF on the one hand, and SEF Subject Persons on the other hand, that arise out of or relate to the SEF, or any transaction that was made or attempted to be made on the SEF, shall be resolved exclusively in the state or federal courts located in New York, New York. Suit on any such dispute must be brought within one year from the time the cause of action has accrued.

(b) Any current or former SEF Subject Person who does not substantially prevail in a lawsuit or any other type of legal proceeding instituted in a court of law or otherwise against the SEF or any of its officers, directors, committee members, volunteers, employees or agents, shall pay to the SEF any and all reasonable expenses and disbursements, including reasonable attorneys' fees, incurred by the SEF to defend such lawsuit or proceeding.

## CHAPTER 8 CONTRACT SPECIFICATIONS

### Rule 801. Interest Rate Swaps Products Descriptions

#### **Trading Hours**

Unless otherwise indicated in a Swap's specifications, the trading hours for all Swaps governed by this Rule 801 are as follows:

- Order Book: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.
- Voice RFQ: Not Available.
- All Pre-Arranged Crosses: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.

#### **Products — Rule 801:**

- (1) Fixed for Floating IRS
  - (a) Colombian IRS
  - (b) Colombian UVR (Inflation) IRS
  - (c) Colombian Cross Currency IRS
  - (d) Peruvian Cross Currency IRS
  - (e) Peruvian IRS
  - (f) Peruvian VAC (Inflation) IRS
  - (g) Argentine Cross Currency IRS
  - (h) Argentine CER (Inflation) IRS
  - (i) Mexican IRS
  - (j) General Collateral Index Swaps (GCIS)
- (2) Basis Swaps
  - (a) Colombian Cross-Currency Basis Swaps
  - (b) Cross Currency Mexican Basis
  - (c) US Floating Libor Rate vs Camara Floating Rate Basis Swap
- (3) Forward Rate Agreements (FRA)
- (4) Overnight Index Swaps (OIS)
  - (a) CLP Fixed vs Camara Floating Rate OIS
  - (b) CLF Fixed vs Camara Floating Rate XCCY OIS
- (5) Non Deliverables Swaps
  - (a) Non Deliverable Swap (NDS)
  - (b) Non Deliverable IRS (ND IRS)
  - (c) Non Deliverable OIS (ND OIS)
  - (d) Cross Currency Swap (CCS)
- (6) Interest Rate Options
  - (a) Swap Options
  - (b) Inflation Swaps
  - (c) Inflation Rate Options
  - (d) Exotic Options and Swaps
  - (e) Interest Rate Options on the Mexican Peso
  - (f) TIPS Asset Swaps

## Product Specifications

### Rule 801(1) — Fixed for Floating IRS

A Fixed for Floating IRS is an Interest Rate Swap for which settlement is in the form of periodic fixed interest payments and a stream of periodic floating interest payments based on an interest rate over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount.

| Currencies |     |     |
|------------|-----|-----|
| USD        | AUD | HUF |
| EUR        | CHF | RON |
| JPY        | SEK | NZD |
| GBP        | DKK | SAR |
| CLP        | NOK | SGD |
| COL        | ZAR | HKD |
| ARS        | PLN | THB |
| PEN        | TRY | RUB |
| MXN        | CZK | KRW |
| BRL        | ILS |     |
| CAD        | AED |     |

### Specifications

#### Trading Conventions

- Buyer (Payer) pays fixed interest rate and receives floating interest rate.
- Seller (Receiver) receives fixed interest rate and pays floating interest rate.

#### Swap Leg Conventions

- The terms of Fixed versus Floating Interest Rate Swaps are based on a number of combinations of the criteria below.
  - Fixed Leg
    - Payment Frequency
      - Monthly, Quarterly, Semi-Annually, or Annually
    - Day Count Convention
      - Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual /366, actual / actual
    - Holiday Calendar
      - Applied in accordance for the country currency denoted for the instrument
    - Business Day Convention
      - Modified following with adjustment to period end dates. Business days in this convention must be valid business days for the countries denoted by the currency. If not, it will be the next day that is a business day on both calendars.
    - Fixed Rate
      - The traded interest rate yield or basis points on Trade Date
  - Floating Leg
    - Reset Frequency
      - Monthly, Quarterly, Semi-Annual
    - Day Count Convention
      - Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual /366, actual / actual

- Holiday Calendar
  - Applied in accordance for the country currency denoted for the instrument
- Business Day Convention
  - Modified Following with adjustment to period end dates. Business days in this convention must be valid business days for the countries denoted by the currency. If not, it will be the next day that is a business day on both calendars.
- Fixed Rate
  - The traded interest rate yield or basis points on Trade Date
- Interest Rate Benchmark
  - EBOR, BBSW, LIBOR, EURIBOR, CIDOR, PRIBOR, CIBOR2, BUBOR, TELBOR, NIBOR, BKBM, WIBOR, STIBOR, JIBAR, SAIBOR, TIBOR, CZEONIA, TRLIBOR, MOSPRIME

#### Effective Date

- The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date or the Value Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

#### Trade Start Type

- Spot Starting
  - A swap whose Effective Date is 2 business days from the Trade Date (T+2).
- Forward Starting
  - A swap whose Effective Date is anything after the Effective Date for a Spot Starting swap.
- Same Day Starting
  - A swap whose Effective Date is the same as the Trade Date (T+0)

#### Maturity Date

- The final date until which Fixed and Floating amounts accrue

#### Tenor

- The duration of time from the Effective Date to the Maturity Date. Tenors of any duration greater than 0 years to 50 years.
  - Listed Tenors, also known as On-the-Run, are whole calendar year Spot Starting Contracts with a Tenor of 1 through 60 years.
  - Other Tenors, also known as Off-the-Run, means any partial year Tenor (Months, Weeks, Days).

#### Roll Day Convention

- The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods.
- For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect.

#### Floating Reset Dates

- Dates utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the contract. Except in the case of a Stub Period, the Reset Date is aligned with the floating rate frequency as determined.

#### First Period Fixing Date

- For Spot Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.
- For Forward Starting swaps, the Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the first floating payment date, taking into account agreed non-working days

#### Stub Period Rate

- For swaps with partial year Tenors, an interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first or last Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period this can be applied either at the start or end of that period: Front or Back.

#### Trade Types

- The Platform may support the following trade types:
  - Outrights
    - An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.
  - Switches or Spreads
    - Is the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).
  - Butterflies
    - Butterflies are a combination of two spreads/switches (e.g. 2 year by 5 year by 10 year).

#### Contract Size

- Minimum notional size is dependent on currency and tenor

#### Minimum Price Fluctuation

- Outrights
  - The interest rate yield is quoted in increments of a minimum of .000025 (1/40th of a basis point).
- Spreads and Butterflies will be quoted in basis points dependent in multiples of the increments of the underlying Outrights

#### Final Settlement Price

- Multiple payments take place during the term of the swap. Settlement price used for the periodic exchange of fixed and floating payments is based on the following factors:
  - Fixed Leg
    - Payment amount on the fixed leg is based on the traded price and notional amounts of the swap on Trade Date. Payment timing on the fixed leg is based on the Payment Frequency, Day Count Convention, Business Day Convention, and Roll Day.
  - Floating Leg
    - Payment on the floating leg is based on the Interest Rate and notional amounts of the swap. Payments on the floating leg are based on the Payment Frequency, Day Count Convention, Business Day Convention, Roll Day Convention and Floating Reset Dates.

## Clearing

- o Additionally, please see clearable contract definitions at <http://www.lchclearnet.com/> and <http://www.cmegroup.com/> and <http://www.asx.com.au/services/clearing/asx-clear-futures.htm> and <http://www.jscc.co.jp/en/>.

## Colombian Interest Rate Swaps

The plain vanilla swap, fixed Colombian versus IBR (which is a Colombian floating overnight lending rate) is quoted with both fixed and floating side payment frequencies of bullet (or at maturity) for trades of 1 month to 18 months, or quarterly, 2 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Bullet (1 month to 18 month), Quarterly (2 year to 30 year)

Fixed/ Floating Rate Day count: ACT/360

This market is subject to modified NY and Bogota business days. When a swap matures on a NY or Bogota holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

## Colombian UVR (Inflation) Interest Rate Swaps

The plain vanilla swap, fixed UVR (which is a Colombian floating inflation index) versus floating 6 Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Semi-Annually (1 year to 30 year)

Fixed/ Floating Rate Day count: ACT/360

This market is subject to modified NY and Bogota business days. When a swap matures on a NY or Bogota holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

## Colombian Cross Currency Interest Rate Swaps

The plain vanilla swap, fixed Colombian versus floating 6 Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Semi-Annually (1 year to 30 year)

Fixed/ Floating Rate Day count: ACT/360

This market is subject to modified NY and Bogota business days. When a swap matures on a NY or Bogota holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

## Peruvian Cross Currency Interest Rate Swaps

The plain vanilla swap, fixed Peruvian versus floating 6 Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Semi-Annually (1 year to 30 year)

Fixed/ Floating Rate Day count: ACT/360

This market is subject to modified NY and Lima business days. When a swap matures on a NY or Lima holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

### **Peruvian Interest Rate Swaps**

The plain vanilla swap, fixed Peru versus TIS (which is a Peruvian floating overnight lending rate) is quoted with both fixed and floating side payment frequencies of bullet (or at maturity) for trades of 1 month to 11 months, or quarterly, 1 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Bullet (1 month to 11 month), Quarterly (1 year to 30 year)

Fixed/ Floating Rate Day count: ACT/360

This market is subject to modified NY and Lima business days. When a swap matures on a NY or Lima holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

### **Peruvian VAC (Inflation) Interest Rate Swaps**

The plain vanilla swap, fixed VAC (which is a Peruvian floating inflation index) versus floating 6 Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Semi-Annually (1 year to 30 year)

Fixed/ Floating Rate Day count: ACT/360

This market is subject to modified NY and Lima business days. When a swap matures on a NY or Lima holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

### **Argentine Cross Currency Interest Rate Swaps**

The plain vanilla swap, fixed Argentine versus floating 6 Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Semi-Annually (1 year to 30 year)

Fixed/ Floating Rate Day count: 30/360

This market is subject to modified NY and Buenos Aires business days. When a swap matures on a NY or Buenos Aires holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

### **Argentine CER (Inflation) Interest Rate Swaps**

The plain vanilla swap, fixed CER (which is a Argentine floating inflation index) versus floating 6 Month US Dollar Libor, is quoted with both fixed and floating side payment frequencies of semi-annually, 1 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Semi-Annually (1 year to 30 year)

Fixed/ Floating Rate Day count: 30/360



This market is subject to modified NY and Buenos Aires business days. When a swap matures on a NY or Buenos Aires holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

### **Mexican Interest Rates Swaps**

The plain vanilla swap is quoted with both fixed and floating side payment frequencies of 28 days. Since the payment periods are 28 day “months”, a one year swap will have 13 payment periods and a maturity of 364 days, a two year swap will have 26 periods, and so on.

Value: T+1

Fixed/ Floating Rate Frequency: 28 day rolls

Fixed/ Floating Rate Day count: ACT/360

This market is subject to Mexico following business day convention. When a 28 day period ends in a Mexican holiday, it is rolled forward to the next good business day in Mexico.

Prior to the 1998 inception of the Mexican TII IRS market, and in the absence of a viable repo market, forward foreign exchange provided the only opportunity to express bidirectional interest rate views. The interest rate swap market evolved at this time, as an alternative vehicle for both hedgers and speculators to go short or long, and at the same time reducing the credit profile of the trade along the term structure.

### **General Collateral Index Swaps (GCIS)**

| <b>Currencies</b> |
|-------------------|
| USD               |

#### ***Specifications***

##### Trading Conventions

- Buyer – A buyer of GCIS will pay the Fixed Rate and receive the Floating Rate
- Seller – A seller of GCIS will pay the Floating Rate and receive the Fixed Rate

##### GCIS Terms

- Effective Date
  - Trade Date + 2
- Termination Date
  - End Date (Maturity of trade)
- Floating Rate
  - DTCC GCF Repo Index

##### Day Count Convention

- Act/360

##### Holiday Calendar Conventions

- SIFMA/FICC

##### Business Day Conventions

- Modified Following

##### Effective Date

- The effective date will be a valid business day

##### Termination Date

- The maturity date will be a valid business day

#### Settlement

- Two business days after Termination date

#### Contract Size

- Minimum and Incremental Sizes
  - 50mm minimum
  - 25mm incremental

#### Quoting Convention

- GCIS are all quoted in percentage or fraction

#### Minimum and Incremental Price

- GCIS
  - No minimum
  - .00125

#### Reporting

- All GCIS trades are reported in accordance with NFA and SDR requirements

#### Clearing

- GCIS traded on ICAP SEF are not cleared

## Rule 801(2) — Basis Swaps

A Basis Swap is an Interest Rate Swap for which settlement is in the form of periodic floating interest payments and periodic floating interest payments based on interest rate benchmarks over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount.

| Currencies |     |     |
|------------|-----|-----|
| USD        | AUD | HUF |
| EUR        | CHF | RON |
| JPY        | SEK | NZD |
| GBP        | DKK | SAR |
| CLP        | NOK | SGD |
| COL        | ZAR | HKD |
| ARS        | PLN | THB |
| PEN        | TRY |     |
| MXN        | CZK |     |
| ISK        | ILS |     |
| CAD        | RUB |     |

### Specifications

#### Trading Conventions

- Buyer (Payer) pays floating interest rate plus/minus a spread and receives floating interest rate.
- Seller (Receiver) receives floating interest rate plus/minus a spread and pays floating interest rate.

#### Swap Leg Conventions

- The terms of Floating vs. Floating Interest Rate Swaps are based on a number of combinations of the criteria below.
  - Floating Leg 1
    - Payment Frequency
      - Monthly, Quarterly, Semi-Annually, or Annually
    - Day Count Convention
      - Money Market Basis (actual/360), actual/365, actual/actual, actual/366, 360/360, 30/360, 30E/360 or AFI/365
    - Holiday Calendar
      - Applied in accordance for the country currency denoted for the instrument
    - Business Day Convention
      - Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the calendars. If not, it will be the next day that is a business day on both calendars.
    - Floating Rate
      - The floating interest rate yield or basis points on Trade Date
  - Floating Leg 2
    - Reset Frequency
      - Monthly, Quarterly, Semi-Annual or Annually
    - Day Count Convention
      - Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual /366, actual / actual
    - Holiday Calendar.
      - Applied in accordance for the country currency denoted for the instrument

- Business Day Convention
  - Modified Following with adjustment to period end dates
    - Business days in this convention must be valid business days on both calendars
    - If not, it will be the next day that is a business day on calendars.
- Interest Rate Benchmark
  - LIBOR, EURIBOR, WIBOR, NIBOR, CIBOR, BBSW, STIBOR, PRIBOR, BUBOR, TELBOR, BKBM, MOSPRIME, JIBAR, TIBOR

#### Effective Date

- The first date from which floating interest amounts accrue. It is also referred to as the Start Date or the Value Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

#### Trade Start Type

- Spot Starting
  - A swap whose Effective Date is 2 business days from the Trade Date (T+2).
- Forward Starting
  - A swap whose Effective Date is anything after the Effective Date for a Spot Starting swap.
- Same Day Starting
  - A swap whose Effective Date is the same as the Trade Date (T+0)

#### Maturity Date

- The final date until which Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date.

#### Tenor

- The duration of time from the Effective Date to the Maturity Date. The Exchange will support Tenors of any duration greater than 0 years to 50 years.
- Listed Tenors, also referred to as On-the-Run, means whole year Spot Starting or Same Day Starting Instruments with a Tenor of 1 through 15, 20, 25, 30, 35, 40, 45 and 50 years.
- Other Tenors means any whole year Tenors other than the Listed Tenors and any partial year Tenor.

#### Roll Day Convention

- The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Floating interest accrual periods.
- For On-the-Run Instruments, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Instruments, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect.
  - Note: Subject to good business days – as with all instruments, will never roll forward to the following month.

#### Floating Reset Dates

- Dates utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the Instrument. Except in the case of a Stub Period, the Reset Date is 2 business days (USD, EUR) or zero business days (GBP) prior to the Roll Date for that interest accrual period.

#### First Period Fixing Date

- For Spot Starting and Same Day Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating Rates.
- For Forward Starting swaps, the Floating Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date.

#### Stub Period Rate

- For swaps with partial year Tenors, an interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first

or last Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period this can be applied either at the start or end of that period: Front or Back.

#### Trade Types

- The Platform may support the following trade types:
  - Outrights
    - An Outright swap is where one party is the payer of the floating rate 1 plus/minus a spread and receiver of the floating rate 2 and the other party is the receiver of the floating rate 1 plus/minus a spread and payer of the floating rate 2.
  - Switches
    - Switches are the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).
  - Butterflies
    - Butterflies are the simultaneous purchase(s) and sale(s) of three different tenors of the yield curve (e.g. 2 year by 5 year by 10 year).

#### Instrument minimum and incremental Size.

- Minimum notional size is dependent on currency and tenor
- Block Trades
  - Minimum notional size as stated by the Commission and increments dependent on currency and tenor.

#### Quoting Convention

- Outrights are quoted in interest rate yield in a minimum 1/10th of a basis point increments.
- Spreads and Butterflies are quoted in interest rate yield differential in minimum 1/10th basis point increments.
  - Spot Starting
    - Close of business on Trade Date.
  - Forward Starting
    - Close of business three business days prior to the Effective Date of the swap.
  - Block Trades must occur outside the Order Book and in a quantity that meets or exceeds Appropriate Minimum Block Sizes set by the Commission.

#### Clearing

- Additionally, please see clearable contract definitions at <http://www.lchclearnet.com/> and <http://www.cmegroup.com/> and <http://www.asx.com.au/services/clearing/asx-clear-futures.htm> and <http://www.jscc.co.jp/en/>.

### Colombian Cross-Currency Basis Swaps

The plain vanilla basis swap, 3 month US Dollar Libor versus IBR (which is a Colombian floating overnight lending rate) is quoted with both fixed and floating side payment frequencies of quarterly, 2 year thru 30 year.

Value: T+2

Fixed/ Floating Rate Frequency: Quarterly (2 year to 30 year)

Fixed/ Floating Rate Day count: ACT/360

This market is subject to modified NY and Bogota business days. When a swap matures on a NY or Bogota holiday, we will roll forward to the next good business day, unless month end, in which case we will roll back to the first good business day.

## **Mexican Cross-Currency Basis Swaps**

Mexican TIIE/LIBOR basis swaps are quoted 28-day TIIE FLAT and 1 Month USD Libor as a spread over or under.

On the day of trading, market convention is to use that days USD LIBOR fix and the same days TIIE fix for 2 day value, thereafter the TIIE reverts to fixing 1 day prior.

The market is quoted as non mark-to-market cross currency swap with principal exchanged front and back.

Basis swaps trade more infrequently than the IRS market but the same type of Participants are involved. This is more of a customer based product historically than the IRS and is much less volatile.

## **US Floating Libor Rate vs Camara Floating Rate Basis Swap**

This swap trades the 6 month Libor rate against the Camara Floating rate. Normal Price convention considers the basis spread over the Camara against a flat 6 month Libor.

|                |   |
|----------------|---|
| Value Date     | t+2                                       |
| Rate Day Count | ACT/360                                   |
| Rate Frequency | Semi-annual from 6 months up to 30 years. |
| Day Convention | Modified Following                        |
| Calendars      | New York & Santiago                       |

### Rule 801(3) — Forward Rate Agreement (FRA)

A Forward Rate Agreement is an Interest Rate Swap for which settlement is in the form of one fixed interest payment and one floating interest payment based on an interest rate benchmark to be paid or received on an obligation beginning at a future start date. The interest rate payments are exchanged based on a notional amount.

| Currencies |     |
|------------|-----|
| USD        | CZK |
| EUR        | ILS |
| JPY        | AED |
| GBP        | HUF |
| AUD        | RUB |
| CHF        | NZD |
| SEK        | SAR |
| DKK        |     |
| NOK        |     |
| ZAR        |     |
| PLN        |     |

#### **Specifications**

##### Trading Conventions

- Buyer (Payer) pays fixed interest rate and receives floating interest rate.
- Seller (Receiver) receives fixed interest rate and pays floating interest rate.

##### Swap Leg Conventions

- The terms of FRAs are based on a number of combinations of the criteria below.
  - Fixed Leg
    - Payment Frequency
      - Once
    - Day Count Convention
      - Money Market Basis (actual/360), or actual/365, 30/360, 30E/360, AFI/360, 360/360
    - Holiday Calendar
      - Applied in accordance with the country relating to the currency of the instrument
    - Business Day Convention
      - Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the holiday calendars of that country. If not, it will be the next day that is a business day on both calendars.
    - Fixed Rate
      - The traded interest rate yield or basis points on Trade Date
  - Floating Leg
    - Reset Frequency
      - Once
    - Day Count Convention
      - Money Market Basis (actual/360), or actual/365, 30/360, 30E/360, AFI/360, 360/360
    - Holiday Calendar
      - Applied in accordance with the country relating to the currency of the instrument

- Business Day Convention
  - Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the calendars for each country. If not, it will be the next day that is a business day on both respective country holiday calendars.
- Interest Rate Benchmark
  - EBOR, BBSW, LIBOR, EURIBOR, CDOR, PRIBOR, CIBOR2, BUBOR, TELBOR, NIBOR, BKBM, WIBOR, STIBOR, JIBAR, SAIBOR, TIBOR, MOSPRIME

#### Effective Date

- The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date or the Value Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

#### Trade Start Type

#### Maturity Date

- The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date.

#### Tenor

- The duration of time from the Effective Date to the Maturity Date Tenors will be support for any duration greater than 0 month to 12 months.
- Listed Tenors, also referred to as On-the-Run, means whole year Spot Starting or Same Day Starting Instruments with a Tenor of an integer number of months.
- Other Tenors means any Tenors other than the Listed Tenors.

#### Floating Reset Dates

- Dates utilized to determine the Floating Rate amount for the interest accrual period during the Tenor of the Instrument. Except in the case of a Stub Period, the Reset Date is adjusted business days dependent on the currency prior to the Roll Date for that interest accrual period.

#### First Period Fixing Date

- The Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date

#### Trade Types

- The Platform may support the following trade types:
  - Outrights
    - An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.
  - Switches also known as Spreads
    - These are the simultaneous purchase and sale of two different Tenors of the yield curve (e.g.3x6 by 9x12).

#### Instrument minimum and incremental Size.

- Minimum notional size is dependent on currency and tenor
- Block Trades. Minimum notional size as stated by the Commission and increments Dependent on currency and tenor

#### Quoting Convention

- Outrights are quoted in interest rate yield in minimum of 1/40th of a basis point increments.
- Spreads/Switches will be quoted in basis points dependent in multiples of the increments of the underlying Outrights

#### Last Trading Day.

- Spot Starting
  - Close of business on Trade Date.
- Forward Starting
  - Close of business three business days prior to the Effective Date of the swap.



## Clearing

- FRA traded on ICAP SEF are not cleared.

Block Trades must occur outside the Order Book and in a quantity that meets or exceeds Appropriate Minimum Block Sizes set by the Commission.

## Rule 801(4) — Overnight Index Swaps (OIS)

| Contract Specification | Details  |
|------------------------|--|
| Product Description    | An Overnight Index Swap is an interest rate swap for which settlement is in the form of periodic fixed interest payments and periodic floating interest payments based on an overnight rate being exchanged for a fixed interest rate over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount.   |
| Currencies             | <p>The interest rate cash flows are net settled in the following major currencies on fixing date:</p> <p>USD AUD ILS<br/>EUR CHF CZK<br/>JPY SEK HUF<br/>GBP DKK NZD<br/>CAD PLN RUB</p>   |
| Trading Conventions    | <ul style="list-style-type: none"><li>• Buyer (Payer) pays fixed interest rate and receives floating interest rate.</li><li>• Seller (Receiver) receives fixed interest rate and pays floating interest rate.</li></ul>  |
| Swap Leg Conventions   | <p>The terms of Fixed vs. Floating Interest Rate Swaps are based on a number of combinations of the criteria below.</p> <ul style="list-style-type: none"><li>• Fixed Leg<ul style="list-style-type: none"><li>○ Payment Frequency<ul style="list-style-type: none"><li>▪ At Maturity Date, Annually, semi-annual, Quarterly, or monthly.</li></ul></li><li>○ Day Count Convention<ul style="list-style-type: none"><li>▪ Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual /366, actual / actual</li></ul></li><li>○ Holiday Calendar<ul style="list-style-type: none"><li>▪ Applied in accordance for the country currency denoted for the instrument</li></ul></li><li>○ Business Day Convention<ul style="list-style-type: none"><li>▪ Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the calendars. If not, it will be the next day that is a business day on both calendars.</li></ul></li><li>○ Fixed Rate<ul style="list-style-type: none"><li>▪ The traded interest rate yield or basis points on Trade Date</li></ul></li></ul></li><li>• Floating Leg<ul style="list-style-type: none"><li>○ Reset Frequency<ul style="list-style-type: none"><li>▪ Daily</li></ul></li><li>○ Day Count Convention<ul style="list-style-type: none"><li>▪ Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual /366, actual / actual</li></ul></li><li>○ Holiday Calendar<ul style="list-style-type: none"><li>▪ Applied in accordance for the country currency denoted for the instrument</li></ul></li><li>○ Business Day Convention<ul style="list-style-type: none"><li>▪ Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both calendars. If not, it will be the next day that is a business day on both calendars.</li></ul></li><li>○ Overnight Rate</li></ul></li></ul> |

| Contract Specification    | Details  |
|---------------------------|--|
| Effective Date            | <ul style="list-style-type: none"> <li>▪ Federal Funds, EONIA, SONIA, AONIA, CANADA OIS, TIS, PRIBOR, CITA, BUBOR, TELBOR01, TONAR, RBNZ02, POLONIA, MOSC, STINA, BRIBOR 01, TIBOR, RONIA</li> </ul> <p>The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date or the Value Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.</p>  |
| Trade Start Type          | <ul style="list-style-type: none"> <li>• Spot Starting <ul style="list-style-type: none"> <li>○ A swap whose Effective Date is 2 business days from the Trade Date (T+2).</li> </ul> </li> <li>• Forward Starting <ul style="list-style-type: none"> <li>○ A swap whose Effective Date is anything after the Effective Date for a Spot Starting swap.</li> </ul> </li> <li>• Same Day Starting <ul style="list-style-type: none"> <li>○ A swap whose Effective Date is the Trade Date (T+0)</li> </ul> </li> <li>• Day +1 Starting <ul style="list-style-type: none"> <li>○ A swap whose Effective Date is the Trade Date (T+1)</li> </ul> </li> </ul> |
| Maturity Date             | <p>The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date.</p>  |
| Tenor                     | <p>The duration of time from the Effective Date to the Maturity Date. The Exchange will support Tenors of any duration greater than 0 years to 50 years.</p> <ul style="list-style-type: none"> <li>• Listed Tenors, also referred to as On-the-Run, means whole year Spot Starting or Same Day Starting Instruments with a Tenor of 1 through 15, 20, 25, 30, 35, 40, 45 and 50 years.</li> <li>• Other Tenors means any whole year Tenors other than the Listed Tenors and any partial year Tenor.</li> </ul>  |
| Roll Day Convention       | <p>The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods.</p> <ul style="list-style-type: none"> <li>• For On-the-Run Instruments, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Instruments, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect.</li> </ul>   |
| Floating Reset Dates      | <p>Dates utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the Instrument. Except in the case of a Stub Period, the Reset Date is adjusted business days dependent on the currency prior to the Roll Date for that interest accrual period.</p>   |
| First Period Fixing Date. | <ul style="list-style-type: none"> <li>• For Spot Starting and Same Day Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.</li> <li>• For Forward Starting swaps, the Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date</li> </ul>   |
| Stub Period Rate          | <p>For swaps with partial year Tenors, an interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first or last Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period this can</p>  |

| Contract Specification                   | Details   |
|--|---|
|  | be applied either at the start or end of that period: Front or Back.  |
| Trade Types                              | <ul style="list-style-type: none"> <li>○ The Platform may support the following trade types: <ul style="list-style-type: none"> <li>● Outrights <ul style="list-style-type: none"> <li>○ An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.</li> </ul> </li> <li>● Switches also known as Spreads <ul style="list-style-type: none"> <li>○ These are the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).</li> </ul> </li> <li>● Butterflies <ul style="list-style-type: none"> <li>○ Butterflies are the simultaneous purchase(s) and sale(s) of three different tenors of the yield curve (e.g. 2 year by 5 year by 10 year).</li> </ul> </li> </ul> </li> </ul> |
| Instrument minimum and incremental Size. | <ul style="list-style-type: none"> <li>● Minimum notional size is dependent on currency and tenor</li> <li>● Block Trades <ul style="list-style-type: none"> <li>○ Minimum notional size as stated by the Commission and increments dependent on currency and tenor.</li> </ul> </li> </ul>   |
| Quoting Convention                       | <ul style="list-style-type: none"> <li>● Outrights are quoted in interest rate yield in minimum of 1/40th of a basis point increments.</li> <li>● Spreads and Butterflies will be quoted in basis points dependent in multiples of the increments of the underlying Outrights</li> </ul>  |
| Last Trading Day                         | <ul style="list-style-type: none"> <li>● Spot Starting <ul style="list-style-type: none"> <li>○ Close of business on Trade Date.</li> </ul> </li> <li>● Forward Starting <ul style="list-style-type: none"> <li>○ Close of business three business days prior to the Effective Date of the swap.</li> </ul> </li> </ul>   |
| Clearing                                 | <ul style="list-style-type: none"> <li>● OIS traded on ICAP SEF are not cleared.</li> </ul>   |
| Block Trades                             | Block Trades must occur outside the Order Book and in a quantity that meets or exceeds Appropriate Minimum Block Sizes set by the Commission.   |

### CLP Fixed vs Camara Floating Rate OIS

“Camara” is an overnight index calculated on a daily basis by an official entity (ABIF) based on the overnight lending rate published by the Chilean Central Bank.

The swap is quoted with both fixed and floating side payment frequency of bullet (at maturity) for trades of 1 month to 18 months or semi-annual from 2 years and longer (up to 30 years).

|                 |  |
|-----------------|--|
| Value Date      | t+2  |
| Rate Day Count: | ACT/360  |
| Rate Frequency  | Zero Coupon from 1 month to 18 months and s/a from 2 years and longer. |
| Day Convention  | Modified Following   |
| Calendars       | New York & Santiago  |

### **CLF Fixed vs Camara Floating Rate XCCY OIS**

CLF is an Inflation currency derived from the Inflation Index called UF. This swap can be called UF vs Camara or CLF vs Camara. Both (UF & CLF) names are synonymous.

This swap can be considered as Cross Currency Swap because the floating rate is CLP TNA against the Inflation Index currency on the fixed side.

This swap trades from 1 month up to 18 months zero coupon (at maturity) with maturity on the day 9th of the correspondent month, So can be long stub at the beginning of the month and short stub at the end of the month. Example. Today is 2013 October 1st, the Value Date is Oct 3rd (t+2), 1 year tenor will be for Oct 9th 2014 (371 days for 1 year trade), Now if today is October 22nd, Value Date Oct 24th then the 1 year trade will be for Oct 9th 2014 (350 days for 1 year trade).

From 2 years and longer, semi-annual frequency on regular swap dates conventions.

|                |   |
|----------------|---|
| Value Date     | t+2   |
| Rate Day Count | ACT/360   |
| Rate Frequency | Zero Coupon from 1 month to 18 months and s/a from 2 years+ |
| Day Convention | Modified Following  |
| Calendars      | New York & Santiago   |

### Rule 801(5) — Non Deliverable Swaps

An NDIRS/NDS trade has many trade terms. For example, notional amount, fixed interest rate, floating rate, reference rate, holiday convention, etc. The deal is agreed on the basis that net settlement will be made in USD, or another fully convertible currency, to reflect any differential between the agreed fixed rate and the actual floating rate on the settlement dates. Both NDS and ND IRS are quoted as Offer/Bid. For ND IRS the fixed leg is quoted, hence it is Fixed Income Swap.

#### ND IRS

- An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate (most often the LIBOR). The interest rate cash flows are net settled in a major currency on fixing date. A company will typically use interest rate swaps to limit or manage exposure to fluctuations in interest rates, or to obtain a marginally lower interest rate than it would have been able to get without the swap.
- Interest rate swaps are simply the exchange of one set of cash flows (based on interest rate specifications) for another. Because they trade OTC, they are really just contracts set up between two or more parties, and thus can be customized in any number of ways.

#### ND OIS:

- In Singapore, India IRS is traded as ND OIS.

#### NDS

- NDS typically refers to a non-deliverable cross currency Swap where the two legs are a major currency and a non-convertible currency: Periodic interest amount of the two legs are exchanged and converted into a Major currency for net settlement after fixing. NDS can also refer to a non-deliverable interest rate swap, with similar features to IRS, except that the interest rate cash flows are net settled in a major currency on fixing date.

#### Cross Currency Swap (CCS)

- On THB from time to time we see CCS being traded onshore. A CCS, also referred to as cross currency interest rate swap is an agreement between two parties to exchange principal and interest payments denominated in two different currencies. The exchange of interest rate can be in the form of fixed to fixed rate, or floating to fixed rate, or floating to floating rate.

| Currencies |
|------------|
| USD        |
| INR        |
| THB        |
| MYR        |

### **Specifications**

#### Trading Conventions

- Buyer (Payer) pays fixed interest rate and receives floating interest rate.
- Seller (Receiver) receives fixed interest rate and pays floating interest rate.

#### Swap Leg Conventions

- The terms of Fixed versus Floating Interest Rate Swaps are based on a number of combinations of the criteria below.
  - Fixed Leg

- Payment Frequency
  - Monthly, Quarterly, Semi-Annually, or Annually
- Day Count Convention
  - Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual /366, actual / actual
- Holiday Calendar
  - Applied in accordance for the country currency denoted for the instrument
- Business Day Convention
  - Modified following with adjustment to period end dates. Business days in this convention must be valid business days for the countries denoted by the currency. If not, it will be the next day that is a business day on both calendars.
- Fixed Rate
  - The traded interest rate yield or basis points on Trade Date
- Floating Leg
  - Reset Frequency
    - Monthly, Quarterly, Semi-Annual
  - Day Count Convention
    - Actual/360, actual/365, 360/360, 30/360, 30E/360, Actual Fixed/365, actual /366, actual / actual
  - Holiday Calendar
    - Applied in accordance for the country currency denoted for the instrument
  - Business Day Convention
    - Modified Following with adjustment to period end dates. Business days in this convention must be valid business days for the countries denoted by the currency. If not, it will be the next day that is a business day on both calendars.
  - Fixed Rate
    - The traded interest rate yield or basis points on Trade Date
  - Interest Rate Benchmark
    - EBOR, BBSW, LIBOR, EURIBOR, CIDOR, PRIBOR, CIBOR2, BUBOR, TELBOR, NIBOR, BKBM, WIBOR, STIBOR, JIBAR, SAIBOR, TIBOR, CZEONIA, TRLIBOR, MOSPRIME

#### Effective Date

- The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date or the Value Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

#### Trade Start Type

- Spot Starting
  - A swap whose Effective Date is 2 business days from the Trade Date (T+2).
- Forward Starting
  - A swap whose Effective Date is anything after the Effective Date for a Spot Starting swap.
- Same Day Starting
  - A swap whose Effective Date is the same as the Trade Date (T+0)

#### Maturity Date

- The final date until which Fixed and Floating amounts accrue

#### Tenor

- The duration of time from the Effective Date to the Maturity Date. Tenors of any duration, greater than 0 years to 50 years.

#### Roll Day Convention

- The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods.
  - For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date.
  - For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention
- Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect.

#### Trade Types

- The Platform may support the following trade types:
  - Outrights
    - An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.
  - Switches or Spreads
    - Is the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).
  - Butterflies
    - Butterflies are a combination of two spreads/switches (e.g. 2 year by 5 year by 10 year).

#### Contract Size

- Minimum notional size is dependent on the associated Risk. It is represented in terms of DV01. For Emerging Markets ND IRS and NDOIS the minimum is 5K DVO1. For NDS the minimum size is considered USD 5 Mio.

#### Clearing

- Non Deliverable Swaps traded on ICAP SEF are not cleared.

#### Risks associated with interest rate swaps

- A party entering a swap takes on exposure to a given interest rate; the exposure can be long or short depending on whether a counterparty is paying or receiving the fixed rate. At the same time, each party take on the risk known as counterparty credit risk – of the other party defaulting at some time during the life of the contract.



## Rule 801(6) — Interest Rate Options

Interest Rate Options contracts cover the following product areas:

- Interest Rate Options
- Swaptions
- Inflation Swaps
- Inflation Rate Options
- Exotic Options and Swaps

| <b>Currencies</b>               |                     |
|---------------------------------|---------------------|
| <b>Interest Rate Options</b>    |                     |
| USD                             | AUD                 |
| EUR                             | NZD                 |
| JPY                             | SAR                 |
| GBP                             | SGD                 |
| CHF                             | RUB                 |
| SEK                             | ILS                 |
| DKK                             | PLN                 |
| NOK                             | TRY                 |
| ZAR                             |                     |
| <b>Swaptions</b>                |                     |
| USD                             | SEK                 |
| EUR                             | ILS                 |
| JPY                             | AUD                 |
| GBP                             | HKD                 |
| DKK                             | NZD                 |
| ZAR                             | SGD                 |
| <b>Currencies</b>               |                     |
| RUB                             | KRW non deliverable |
| CHF                             |                     |
| <b>Inflation Swaps</b>          |                     |
| GBP                             | ZAR                 |
| EUR                             | ILS                 |
| AUD                             |                     |
| <b>Inflation Rate Options</b>   |                     |
| CHF                             | DKK                 |
| EUR                             | GBP                 |
| RUB                             | SEK                 |
| USD                             | ZAR                 |
| ILS                             |                     |
| <b>Exotic Options and Swaps</b> |                     |
| USD                             | GBP                 |
| EUR                             |                     |

## Specifications

Option Type

- Interest Rate Swaption
  - Type
    - Payer – A buyer of a payer Swaption has the option to pay the underlying swap at the agreed price
    - Receiver – A buyer of a receiver Swaption has the option to receive the underlying swap at the agreed price
  - Term – The future length of the swap
  - Exercise – The date at which the option can be exercised on





- Premium (Traded Price x agreed notional)
- Premium Type
  - Spot
  - Annuity
  - Forward

#### Payment Frequency

- Interest Rate Swaptions – the payment frequency will be an agreed, valid, calendar integer
- Interest Rate Options – the payment frequency will be an agreed, valid, calendar integer
- Exotic Options and Swaps – the payment frequency will be an agreed, valid, calendar integer
- Inflation Swaps – the payment frequency will be an agreed, valid, calendar integer
- Inflation Rate Options – the payment frequency will be an agreed, valid, calendar integer

#### Day Count Convention

- Interest Rate Swaptions
  - 30/360
  - Act/360
  - Act/365
  - 360/360
  - 30E/360
  - AFI/365
  - ACT/366
  - ACT/ACT
- Interest Rate Options
  - ACT/360
  - ACT/365
  - 360/360
  - 30/360
  - 30E/360
  - AFI/365
  - ACT/366
  - ACT/ACT
- Exotic Options and Swaps
  - ACT/360
  - ACT/365
  - 360/360
  - 30/360
  - 30E/360
  - AFI/365
  - ACT/366
  - ACT/ACT
- Inflation Swaps
  - ACT/360
  - ACT/365
  - 360/360
  - 30/360
  - 30E/360
  - AFI/365
  - ACT/3613
  - ACT/ACT

## Holiday Calendar Conventions

- Interest Rate Swaptions
  - ABU DHABI
  - SYDNEY
  - TORONTO
  - PRAGUE
  - COPENHAGEN
  - HONG KONG
  - BUDAPEST
  - LONDON
  - TEL AVIV
  - JAFFA
  - TOKYO
  - WELLINGTON
  - SEOUL
  - BANGKOK
  - TARGET
  - WARSAW
  - MOSCOW
  - RIYADH
  - SINGAPORE
  - ISTANBUL
  - NEW YORK
  - OSLO
  - STOCKHOLM
  - JOHNNESBURG
  - KUALA LUMPAR
  
- Interest Rate Options
  - ABU DHABI
  - SYDNEY
  - TORONTO
  - PRAGUE
  - COPENHAGEN
  - HONG KONG
  - BUDAPEST
  - LONDON
  - TEL AVIV
  - JAFFA
  - TOKYO
  - WELLINGTON
  - SEOUL
  - BANGKOK
  - TARGET
  - WARSAW
  - MOSCOW
  - RIYADH
  - SINGAPORE
  - ISTANBUL
  - NEW YORK
  - OSLO
  - STOCKHOLM
  - JOHNNESBURG
  - KUALA LUMPAR
  
- Exotic Options and Swaps

- ABU DHABI
  - SYDNEY
  - TORONTO
  - PRAGUE
  - COPENHAGEN
  - HONG KONG
  - BUDAPEST
  - LONDON
  - TEL AVIV
  - JAFFA
  - TOKYO
  - WELLINGTON
  - SEOUL
  - BANGKOK
  - TARGET
  - WARSAW
  - MOSCOW
  - RIYADH
  - SINGAPORE
  - ISTANBUL
  - NEW YORK
  - OSLO
  - STOCKHOLM
  - JOHANNESBURG
  - KUALA LUMPUR
- Inflation Swaps
    - NEW YORK
    - LONDON
    - EUROPE
    - Australia
  - Inflation Rate Options
    - NEW YORK
    - LONDON
    - EUROPE

#### Business Day Conventions

- Interest Rate Swaptions
  - Modified
  - Modified Following
- Interest Rate Options
  - Modified
  - Modified Following
- Exotic Options and Swaps
  - Modified
  - Modified Following
- Inflation Swaps
  - Modified
  - Modified Following
- Inflation Rate Options
  - Modified

- Modified Following

#### Effective Date

- Interest Rate Swaptions – The effective date will be a valid business day
- Interest Rate Options – The effective date will be a valid business day
- Exotic Options and Swap – The effective date will be a valid business day
- Inflation Swaps – The effective date will be a valid business day
- Inflation Rate Options – The effective date will be a valid business day

#### Maturity Date

- Interest Rate Swaptions – The maturity date will be a valid calendar day
- Interest Rate Options – The maturity date will be a valid calendar day
- Exotic Options and Swaps – The maturity date will be a valid calendar day
- Inflation Swaps – effective date + tenor of swap
- Inflation Rate Options – Not applicable

#### Tenors

- Interest Rate Swaptions 0 – 100 years inclusive
- Interest Rate Options – 0 – 100 years inclusive
- Exotic options and swaps – 0 – 100 years inclusive
- Inflation Swap – 0 – 100 years inclusive
- Inflation Rate Options 0 – 100 years inclusive

#### Roll Dates

- Interest Rate Swaptions
  - Calendar dates
  - End of month
  - IMM Dates
- Interest Rate Options
  - Calendar dates
  - End of month
  - IMM Dates
- Exotic Options and Swaps
  - Calendar dates
  - End of month
  - IMM Dates
  - None
- Inflation Swaps – 0 – 50 years inclusive
- Inflation Rate Options – 0 – 50 years inclusive

#### Fixing Dates

- Interest Rate Swaptions – The fixing date will be a valid business day
- Interest Rate Options – The fixing date will be a valid business day
- Exotic Options and Swaps – The fixing date will be a valid business day
- Inflation Swaps – The fixing date(s) will be a valid calendar day
- Inflation Options – The fixing date(s) will be a valid calendar day

#### Settlement

- Interest Rate Swaptions
  - Swaptions will be settled by either
    - Cash
    - Delivery of the swap
    - Part Cash; Part Delivery
  - The settlement date(s) will be valid business days

- Interest Rate Options
  - All options contracts are cash settled
  - The settlement date(s) will be valid business days
- Exotic Options and Swaps
  - Contracts will be settled by either
    - Cash
    - Delivery of the swap
    - Part Cash; Part Delivery
  - The settlement date(s) will be valid business days
- Inflation Swaps – Are cash settled in line with the payment frequency
- Inflation Rate Options – Are cash settled in line with the payment frequency

#### Contract Size

- Minimum and Incremental Sizes
  - Interest Rate Swaptions
    - The minimum size for a Swaption is 1,000 of the agreed currency of the trade
    - There is no minimum incremental size for a Swaption
  - Interest Rate Options
    - The minimum size for an option is 1,000 of the currency of the underlying index of the trade
    - There is no minimum incremental size for an option
  - Exotic Options and Swaps
    - The minimum size for an instrument in this category is 1,000 units of the currency of the underlying index of the trade
    - There is no minimum incremental size for instruments in this category
  - Inflation Swaps
    - The minimum size for an instrument in this category is 1,000 units of the currency of the underlying index of the trade
    - There is no minimum incremental size for instruments in this category
  - Inflation Rate Options
    - The minimum size for an instrument in this category is 1,000 units of the currency of the underlying index of the trade
    - There is no minimum incremental size for instruments in this category
- Accreting Size – Any product can be traded on
  - An accreting basis
  - A non-accreting basis

#### Quoting Convention

- Interest Rate Swaptions are all quoted in basis points
- Interest Rate Options are all quoted in basis points
- Exotic Options and Swaps are all quoted in basis points
- Inflation Swaps are all quoted in basis points
- Inflation Options are all quoted in basis points

#### Benchmark Interest Rates

- Contracts will be limited to all or a subset of the following underlying benchmark indices:
  - EBOR
  - BBR
  - CDOR
  - LIBOR



- PRIBOR
- CIBOR
- CIBOR2
- HIBOR
- BUBOR
- TELBOR01
- WIBOR
- MOSPRIME
- SAIBOR
- TRILIBOR
- NIBOR
- STIBOR JIBAR
- EURIBOR
- ISDAFIX
- ICAP Listed Interest Rates Swaps

#### Minimum and Incremental Price

- Interest Rate Swaptions
  - There is no minimum price
  - There is no minimum incremental price
- Interest Rate Options
  - There is no minimum price
  - There is no minimum incremental price
- Exotic Options and Swaps
  - There is no minimum price
  - There is no minimum incremental price
- Inflation Swaps
  - There is no minimum price
  - There is no minimum incremental price
- Inflation Options
  - There is no minimum price
  - There is no minimum incremental price

#### Reporting

- All Interest Rate Options trades are reported in accordance with NFA and SDR requirements

#### Clearing

- Interest Rate Options traded on ICAP SEF are not cleared

#### **Interest Rate Options on the Mexican Peso**

##### TIIE Swap Options

- The Mexican Swap option market allows counterparties to buy or sell
- European style options of various maturities on the MXN fixed/float TIIE interest rate swap market.
- These options enable option buyers the right but not the obligation to pay or receive a fixed interest rate at a given strike price on a given date *in* an agreed upon amount for a given swap maturity. Delta neutral strategies are for the most part quoted as Black and Scholes volatility expressed as a percentage of yield / underlying swap rate. Live premium prices for given structures are also quoted.

- Option Style: European style
- Expiration: 12:30pm New York time
- Premium Payment: Paid in MXN by buyer to option writer value one
- Mexican business day following trade date (T+2).
- Option Maturities:
  - Option maturities are by default, calculated using the Mexican TIIE 28-day calendar but can be date specific or conform to regular calendar maturities. Maturities are calculated from the trade date (T0) to the expiration date.
- Mexican TIIE calendar example:
  - In the case of a six month option using the 28-day TIIE calendar, option expiration will occur 168-days (6 coupons of 28-day TIIE) (T+168) from the trade date (T0).
    - T0 = September-23-2005
    - Expiration = March-10-2006 12:30pm New York time.
  - In the case of expiration falling on a holiday, the expiration date will be adjusted according to Mexican business day following convention.
- USD Swap Option example:
  - In the case of plain vanilla calendar year calculations, a six-month option expiration will be calculated as the date exactly six calendar months after the trade date (T0).
    - T0 = September-23-2005
    - Expiration = March-23-2006 12:30pm New York time.
  - In the case of a MXN option, using this calendar with expiration falling on a holiday, the expiration date will be adjusted according to Mexican business day modified following convention.
  - Option Settlement:
    - Currently, in the event of option exercise the physically delivered Interest Rate swap has an effective date one Mexican business day following option expiry.
  - Cash Settlement:
    - ICAP is currently taking the initiative in creating a daily Interest Rate Swap fixing mechanism to allow counterparties to cash settle swaptions: dramatically reducing the trade's credit profile. ICAP is currently the calculation agent for USD swap fixings.

#### TIIE Caps & Floors

- MXN TIIE caps and floors share the exact same payment calendar as TIIE interest rate swaps except for the initial TIIE reference. Caps and floors initially reference TIIE on trade

date + 28 days, providing for one less calculation period than the corresponding interest rate swap maturity. Intrinsic value, if any, for each caplet or floorlet, is paid by option writer to option buyer in arrears for each subsequent calculation period on an Actual/360 day count basis using a following Mexican business day payment convention.

- Premium Payment:
  - Paid in MXN by buyer to option writer value one Mexican business day following trade date (T+2).

#### UDI/LIBOR Cross Currency Swap

- The UDI vs LIBOR cross currency swap is structured as MXN peso fixed vs USD LIBOR floating swap where the MXN rate is paid as a Real rate of interest calculated to a Mexican Peso notional that is adjusted periodically to inflation using the UDI Index. The UDI Index is published on Reuters Page MEX14, Bloomberg and can also be found on the Banxico website, and is adjusted on a daily basis according to published inflation rates. Although UDI/LIBOR swaps are quoted in USD the value of the UDI Index in tandem with the fair value of Spot USD/MXN at the trade's inception, allows us to determine the structure's UDI notional amount which in turn enables the counterparties to adjust the MXN notional to inflation for each relevant calculation period. The UDI notional is calculated as follows:
  - $\text{USD Notional} \times \text{Spot USD/MXN} / \text{UDI Index as published for value spot.}$
  - The structure of this swap requires an initial and final exchange of currencies.
    - Initial Exchange:
      - The UDI rate payer sells USD notional to the USD rate payer
      - The USD rate payer sells USD x Spot F/X in MXN to the UDI rate payer
    - Final Exchange:
      - The UDI Rate Payer sells UDI Notional to USD Rate Payer
      - The USD Rate payer sells USD notional to the UDI rate payer.
- The vanilla structure is: Effective date value spot. Semi-annual coupons of UDI vs 6-month USD LIBOR paid in arrears on an Act/360 modified following day count basis. The most traded maturity is currently the 10-year.
- On occasion UDI swaps are traded with 28-day TIIE as the floating rate. Price is adjusted using the LIBOR/TIIE cross currency basis swap value for the equivalent maturity vs the UDI/LIBOR fair value.

#### TIPS Asset Swaps

Several variations of the inflation asset swap structure exist. In its simplest form it can be treated as consisting of two separate trades. In return for an upfront payment of par (par inflation asset swap) or the dirty price (market asset swap), the asset swap buyer:

Receives an inflation-linked bond from the asset swap seller. Typically the bond is trading away from par. Depending on the passed life of the trade the bond can trade substantially away from par.

Enters into a series of inflation swaps (equivalent to the OTC inflation bond described in Section 7.1) to pay the asset swap seller inflation coupons equal to that of the asset. In return the asset swap buyer receives regular floating rate payments of Libor plus (or minus) an agreed fixed spread. The transaction is shown in Figure 7.6. The fixed spread to Libor paid by the asset swap seller is known as the asset swap spread and it is set at a breakeven value such that the net present value of the transaction is zero at inception.

Notional

- Typically 25mm and above

Tenors

- Published from the TIPS

Fixed Payment Dates

- Semi-Annually commencing 07/15/2013. In the event that a payment date discrepancy exists between the swap and the Reference Security, the payment date on Reference Security will govern.

Float Payment Dates

- Quarterly on an Act/360 basis, commencing 04/15/2013 (Modified following).

Final Principal Amount (FPA)

- The final principal value of the Reference Security at Maturity

## **Rule 802. Credit Derivatives Products Descriptions**

### ***Trading Hours***

Unless otherwise indicated in a Swap's specifications, the trading hours for all Swaps governed by this Rule 802 are as follows:

- Order Book: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.
- Voice RFQ: Not Available.
- All Pre-Arranged Crosses: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.

### ***Products — Rule 802:***

- (1) Credit Derivatives Indices
- (2) Credit Derivatives Tranches
- (3) [Reserved]
- (4) IOS Index Credit Default Swaps
- (5) iBoxx Total Return Swaps
- (6) iBoxx Liquid Leveraged Loans Total Return Swaps

## Product Specifications

### Rule 802(1) — Credit Derivatives Indices

A credit default swap index is a credit derivative used to hedge credit risk or to take a position on a basket of credit entities (a CDS index is a portfolio of actively traded liquid names in a particular sector of the market). A credit default swap index is standardized, therefore highly liquid and trades on a very small bid-offer spread. This makes it a primary market vehicle for gaining diversified credit exposure.

A new series of CDS indices are issued every six months and attributed a Series indicator by Markit Partners (previously issued series continue to be traded until their expiry date). Prior to the announcement of each series a group of investment banks is polled to determine the credit entities that will form the constituents of the new issue. On the day of issue a fixed coupon is decided for the each index based on the credit spread of the entities in the index. Once this has been decided the index constituents and the fixed coupon are published, and the indices can be actively traded. They are traded according to set rules, which cannot be altered. For example, each series has its own set of expiry dates.

The index is based on the below CDX indices. CDX indices contain North American and Emerging Market companies and are administered by CDS Index Company (CDSIndexCo) and marketed by Markit Group.

New series are determined on the basis of liquidity every 6 months.

| Indices        | Tenors          |
|----------------|-----------------|
| CDX.NA.IG      | 3Y, 5Y, 7Y, 10Y |
| CDX.NA.HY      | 5Y              |
| CDX.EM         | 5Y              |
| CDX.LatAm.Corp | 3Y, 5Y          |

| Currencies |
|------------|
| USD        |
| EUR        |
| JPY        |

CDX.NA.HY Index is composed of one hundred liquid constituents with high yield credit rating. The index is further divided into sub indices:

- CDX.NA.HY.BB
- CDX.NA.HY.B

Each HY Index and related sub-indices will begin on September 27 (or the Business Day immediately thereafter in the event that September 27 is not a Business Day) and March 27 (or the Business Day immediately thereafter in the event that March 27 is not a Business Day) of each calendar year (each such date, a "Roll Date").

CDX.NA.IG Index is composed of one hundred and twenty five liquid constituents with investment grade credit rating. The index is further divided into sub indices:

- Consumer: CDX.NA.IG.CONS
- Energy: CDX.NA.IG.ENRG
- Financials: CDX.NA.IG.FIN
- Industrial: CDX.NA.IG.INDU

- Telecom, Media and Technology: CDX.NA.IG.TMT
- Hi Volatility CDX.NA.IG.HVOL

Each IG Index and related sub-indices will begin on September 20 (or the Business Day immediately thereafter in the event that September 20 is not a Business Day) and March 20 (or the Business Day immediately thereafter in the event that March 20 is not a Business Day) of each calendar year (each such date, a “Roll Date”).

CDX.EM Index is composed of fourteen sovereign issuers from the following regions: Latin America, Middle East, Eastern Europe, Africa and Asia. The EM Index rolls every six months on September 20<sup>th</sup> and March 20<sup>th</sup>.

### **Index Specifications**

#### Trading conventions

- Buyer (Payer). This is the party to a CDS contract which pays a premium for protection in case a credit event occurs. The Protection Buyer can also speculate that the cost of protection will rise and profit from selling the CDS contract at a higher price than was paid
- Seller (Receiver). This is the party to a CDS contract receiving the premium payments, and who is exposed to the credit risk of the reference entity.

#### Swap Leg conventions

- Business Day count: Actual/360
- Business day convention: Following
- Business Day calendar: follow the currency calendar
  - EUR: London and TARGET Settlement Day
  - USD: London and New York

Credit Event: Failure to pay, Bankruptcy, (Modified) Restructuring

Term/Tenor: Refers to the duration of a Credit Default Swap Index contract. Indices are traded at 3, 5, 7 and 10-year maturities and a new series is determined on the basis of liquidity every 6 months.

Maturity Date: Unadjusted date that falls on the 20<sup>th</sup> of Mar and Sep

Coupon Payments: Each coupon is equal to (actual/360), (# of days in accrual period). The accrual period always stretches from (previous coupon payment date) through (this coupon payment date-1), inclusive; except a contract’s last accrual period, which ends with (and includes) the unadjusted maturity date.

- Coupon Payment Dates: Business day adjusted date that falls on 20<sup>th</sup> of Mar, Jun, Sep, and Dec and accrue on a Actual/360. The date will be adjusted to the next business day if 20<sup>th</sup> falls on a weekend.
- The first coupon payment date is determined by the trade date, for example:

Example (Table 1): Consider a 1y \$36mm 100bp standard CDS traded in Feb09, maturing 20Mar10:

| Coupon                  | Accrual Start | Accrual End | # Days | Payment | Payment Date |
|-------------------------|---------------|-------------|--------|---------|--------------|
| 1 <sup>st</sup>         | Mon 22Dec08   | Thu 19Mar09 | 88     | \$88k   | Fri 20Mar09  |
| 2 <sup>nd</sup>         | Fri 20Mar09   | Sun 21Jun09 | 94     | \$94k   | Mon 22Jun09  |
| 3 <sup>rd</sup>         | Mon 22Jun09   | Sun 20Sep09 | 91     | \$91k   | Mon 21Sep09  |
| 4 <sup>th</sup>         | Mon 21Sep09   | Sun 20Dec09 | 91     | \$91k   | Mon 21Dec09  |
| 5 <sup>th</sup> (final) | Mon 21Dec09   | Sat 20Mar10 | 90     | \$90k   | Mon 22Mar10  |

- Coupon Rates: 25bp, 100bp, 500bp, 1000bp

Rolling dates: CDS Index roll semi-annually in March and September.

Recovery rate — Estimate of percentage of par value bondholders will receive after a credit event. CDS for investment grade bonds generally assume a 40% recovery rate. However, CDS for lower rated bonds are more dynamic and often reflect lower estimated recovery rates.

Trade types. CDS Index instruments can be traded either on an outright basis, or as a switch.

- Outrights: An agreement between two parties whereby one party pays the other party periodic payments for the specified life of the agreement
- Rolls/Switches/Spreads: A switch is a single Transaction that results in a simultaneous buy and sell of two or more underlying outright contracts. CDS indices are traded either in spread or in price terms, a generic term describing the difference, generally in basis points, between the levels of two reference values.

Settlement: if a credit event occurs then CDS Index contracts are cash settled.

- Cash settlement: The protection seller pays the buyer the difference between par value and the market price of a debt obligation of the reference entity.

Upfront payments: upfront payments are made at initiation of the trade. It incorporates the difference between the traded level and the index coupon, as well as accrued interest.

Order size: A minimum order size can be defined at the time of order entry.

Clearing:

- ICE, LCH and JSCC. The choice of clearing house is determined at the time of order entry and is based on qualification of each participant's clearing firm.
- For more information on these instruments, including detailed specifications, please see <http://www.markit.com/HYandIG> and <http://www.markit.com/EM>.
- Additionally, please see clearable contract definitions at <http://www.lchclearnet.com/> and <http://www.cmegroup.com/> and <http://www.jsc.co.jp/en/>.



## Rule 802(2) — Credit Derivatives Tranches

Some of the credit indices are also available in a tranching format, which allows investors to gain exposure on a particular portion of the index loss distribution. Tranches are defined by attachment and detachment points. Defaults affect the tranches according to the seniority of the tranche in the capital structure.

| Indices   | Tranches                          |
|-----------|-----------------------------------|
| CDX.NA.HY | 0-10, 10-15, 15-25, 25-35, 35-100 |
| CDX.NA.IG | 0-3, 3-7, 7-15, 15-100            |
| LCDX      | 0-5, 5-8, 8-12, 12-15, 15-100     |

| Currencies |
|------------|
| USD        |
| EUR        |

### *Tranche Mechanics*

The protection buyer of a tranche makes quarterly coupon payments to the protection seller and receives a payment in case there is a credit event in the underlying portfolio. Upfront payments are made at initiation and close of the trade to reflect the change in price. Coupon payments (500bps or 100bps per annum) are made until the notional amount of the tranche gets fully written down due to a series of credit events or until maturity whichever is earlier. Payments are made by the protection seller as long as the losses are greater than the attachment point and less than the detachment point for that tranche. Once the total loss reaches the detachment point, that tranche notional is fully written down. The premium payments are made on the reduced notional after each credit event.

For more information on these instruments, please see <http://www.markit.com>.

**Rule 802(3) — [Reserved]**

## Rule 802(4) — IOS Index Credit Default Swaps

| Contract Specification                    | Details   |
|---|---|
| Product Description                       | An agreement to buy or sell protection on a synthetic total return swap index of 30-year, fixed-rate Fannie Mae mortgage pools.   |
| Index Name                                | Markit IOS Index  |
| Quotation                                 | Contract prices are quoted in dollars and cents per contract.   |
| Units of Trading                          | Contract(s)   |
| Expiration Date                           | Trading shall cease at the end of the last day of the contract designated settlement period.  |
| Settlement                                | <p>Contingent payment - Payments related to credit event settlement will be determined pursuant to the 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement, (i.e., the Big Bang Protocol).</p> <p>Fixed Quarterly cash payments - reflected in basis points and paid by the protection buyer to the protection seller.</p> <p>Upfront fee payment - The upfront fee is a portion of the payments, expressed in percentage points of the notional, which is present valued and paid immediately to the seller.</p> |
| Swap Conventions                          | Fixed coupon payments are calculated at a spread of 100 bps and exchanged on a quarterly basis.   |
| Minimum Price Fluctuation/Price Tick Size | As agreed to by the parties.  |
| Contract Size                             | As agreed to by the parties   |
| Effective Date                            | As agreed to by the parties.  |
| Maturity Date                             | As agreed to by the parties. The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date.  |
| Trade Types                               | IOS Index CDS can be traded as one of the following trade type: <ul style="list-style-type: none"><li>a) Outright</li><li>b) Roll trades</li><li>c) Curve trades</li></ul>  |
| Last Trading Day                          | As agreed to by the parties.  |
| Trading Months                            | All months.   |

| Contract Specification | Details   |
|------------------------|---|
| Trading Hours          | 00:01 – 24:00 (ET) Sunday to Friday   |
| Trading Conventions    | <p>a) Buy = Buy protection. The buyer pays a premium to the seller in case of a credit event occurring. Credit events include bankruptcy and failure to pay.</p> <p>b) Sell = Sell protection. The seller of protection receives the premium payments from the protection buyer. The seller owns the credit risk of the instrument.</p> <p>Investment grade indices are traded on spread.</p> |
| Speculative Limits     | No speculative limits are currently required.   |
| Reportable Levels      | No reportable levels are currently applicable.  |
| Clearing               | IOS Index Credit Default Swaps traded on ICAP SEF are not cleared.  |

## Rule 802(5) — iBoxx Total Return Swaps

| Contract Specification                    | Details  |
|---|--|
| Product Description                       | <p>The Contract is a total return swap where one party (the “Buyer”) is obliged to pay a predetermined set rate, fixed or variable, to the other party (the “Seller”) in exchange for the notional-based return performance of one of the following indices:</p> <ul style="list-style-type: none"> <li>Markit iBoxx EUR Corporates</li> <li>Markit iBoxx EUR Liquid HY</li> <li>Markit iBoxx GBP Corporates</li> <li>Markit iBoxx USD Domestic Corporates</li> <li>Markit iBoxx USD Liquid HY</li> </ul>  |
| Quotation                                 | As agreed to between the parties.  |
| Units of Trading                          | Contract(s)  |
| Expiration Date                           | Trading shall cease at the end of the last day of the contract designated settlement period.   |
| Settlement Terms                          | <p>Cash settled.</p> <p>a) Buyer (Payer): receives appreciation and income of the index; pays depreciation of, if any, the index; pays a fixed rate of interest of a rate of interest plus a differential on the underlying notional amount of the contract, as agreed to between the parties.</p> <p>b) Seller (Receiver): pays appreciation and income of the index; receives depreciation of, if any, the index; receives a fixed rate of interest or a rate of interest plus a differential on the underlying notional amount of the contract, as agreed to between the parties.</p> |
| Minimum Price Fluctuation/Price Tick Size | As agreed to between the parties.  |
| Settlement Price                          | The settlement price will be the price agreed at the commencement of the contract, measured in increments of the applicable minimum price fluctuation.   |
| Contract Size                             | 1 contract, incremental size is 1 contract.  |
| Effective Date                            | As agreed to between the parties.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date; as agreed to between the parties.   |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date; as agreed to between the parties.   |
| Trade Types                               | <p>Contracts can be traded as one of the following trade type:</p> <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread (calendar and/or between indices)</li> </ul>  |

| Contract Specification | Details   |
|------------------------|---|
| Last Trading Day       | Trading terminates at the close of business on the last business day of each contract month.  |
| Trading Months         | All months.   |
| Trading Hours          | 07:00 – 16:00 (ET) Monday to Friday   |
| Swap Leg Conventions   | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following.</li> <li>d) Business Days: If settlement is in GBP or EUR, London and TARGET2, and if USD, New York.</li> <li>d) Set Rate: The agreed rate of the product traded.</li> </ul> |
| Speculative Limits     | No speculative limits are currently required.   |
| Reportable Levels      | No reportable levels are currently applicable.  |
| Clearing               | iBoxx Total Return Swaps traded on ICAP SEF are not cleared.  |

## Rule 802(6) — iBoxx Liquid Leveraged Loans Total Return Swaps

| Contract Specification                    | Details   |
|---|---|
| Product Description                       | The Contract is a total return swap where one party (the “Buyer”) is obliged to pay a predetermined set rate, fixed or variable, to the other party (the “Seller”) in exchange for the notional-based return performance of the Markit iBoxx USD Liquid Leveraged Loans Index.  |
| Quotation                                 | As agreed to between the parties.   |
| Units of Trading                          | Contract(s)   |
| Expiration Date                           | Trading shall cease at the end of the last day of the contract designated settlement period.  |
| Settlement Terms                          | Cash settled.<br><br>a) Buyer (Payer): receives appreciation and income of the index; pays depreciation of, if any, the index; pays a fixed rate of interest of a rate of interest plus a differential on the underlying notional amount of the contract, as agreed to between the parties.<br><br>b) Seller (Receiver): pays appreciation and income of the index; receives depreciation of, if any, the index; receives a fixed rate of interest or a rate of interest plus a differential on the underlying notional amount of the contract, as agreed to between the parties. |
| Minimum Price Fluctuation/Price Tick Size | As agreed to between the parties.   |
| Settlement Price                          | The settlement price will be the price agreed at the commencement of the contract, measured in increments of the applicable minimum price fluctuation.  |
| Contract Size                             | 1 contract, incremental size is 1 contract.   |
| Effective Date                            | As agreed to between the parties.   |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date; as agreed to between the parties.  |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date; as agreed to between the parties.  |
| Trade Types                               | Contracts can be traded as one of the following trade type:<br><br>a) Outright<br>b) Spread (calendar and/or between indices)   |
| Last Trading Day                          | Trading terminates at the close of business on the last business day of each contract month.  |
| Trading Months                            | All months.   |

| Contract Specification | Details   |
|------------------------|---|
| Trading Hours          | 07:00 – 16:00 (ET) Monday to Friday   |
| Swap Leg Conventions   | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following.</li> <li>d) Business Days: If settlement is in GBP or EUR, London and TARGET2, and if USD, New York.</li> <li>d) Set Rate: The agreed rate of the product traded.</li> </ul> |
| Speculative Limits     | No speculative limits are currently required.   |
| Reportable Levels      | No reportable levels are currently applicable.  |
| Clearing               | iBoxx Liquid Leveraged Loans Total Return Swaps traded on ICAP SEF are not cleared.   |



**Rule 803. [Reserved]**

## **Rule 804. Equity Derivatives Products Descriptions**

### ***Trading Hours***

Unless otherwise indicated in a Swap's specifications, the trading hours for all Swaps governed by this Rule 804 are as follows:

- Order Book: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.
- Voice RFQ: Not Available.
- All Pre-Arranged Crosses: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.

### ***Products — Rule 804:***

- (1) Total Return Swaps & Price Return Swaps
- (2) Total Return Index Swaps

## Product Specifications

### SEF Rule 804(1) — Total Return Swaps & Price Return Swaps

The Total Return and Price Return Swap contract is an agreement where cash flows are exchanged between parties where the first party makes payments based on returns on an equity product and the counterparty makes payments of a fixed amount and/or floating amount or payments based on the returns of the equity product.

| Name              | Quoted                    | Tenor         |
|-------------------|---------------------------|---------------|
| Total Return Swap | Basis Points– (+35 / +39) | SPTR (3M/3ML) |

| Currencies |
|------------|
| USD        |
| GBP        |
| EUR        |
| JPY        |
| AUD        |
| SEK        |
| CHF        |
| DKK        |
| CAD        |
| NOK        |
| PLN        |
| CZK        |
| TRY        |
| HKD        |
| KRW        |

### Instrument Specifications

- Trading Conventions
  - Buyer - The buyer of a contract will pay the rate of interest on the underlying leg plus the swap premium, and in return receive the appreciation in value of the underlying equity.
  - Seller - The seller of a contract will receive the rate of interest plus the swap premium and in return pay the value of the appreciation of the underlying equity.
- TRS Leg Conventions
  - Equity Leg
    - Underlying Equity Index – This must be a broad-based security index, as defined by the Commission Regulation 41.1(c).
    - Multiplier – This will be equal at all times to the exchange multiplier of the underlying equity index.
    - Initial Price
      - Immediate – This is when the initial price is agreed at the time of trade.
      - Future – This is when the initial price is set at an agreed time in the future.
      - Fixed Fee – A fixed fee may be agreed that will be added or subtracted to price of the Equity Leg.

- Interest Rate Leg
  - Leg Type
    - Fixed
      - Rate – This will be an agreed rate.
    - Floating
      - Rate Type – This will be an agreed market interest rate
      - Rate Validation Source – The agreed source from which the Interest Rate Leg Fixings prices shall be taken.
- Tenor
  - ICAP SEF will support Tenors of any duration greater than 0 years and less than 50 years.
- Trade Date
  - The trade date of the contract refers to the date on which the swap contract was agreed.
- Initial Equity Valuation Date
  - The initial settlement date of the contract will be an agreed calendar date.
- Equity Effective Date
  - The initial settlement date of the contract will be an agreed calendar date.
- Equity Reset Frequency
  - This is an agreed period of time in any valid time integer.
- Final Equity Valuation Date
  - The final valuation date of the contract will be an agreed calendar date.
- Interest Rate Reset Frequency
  - This is an agreed period of time in any valid time integer.
- Termination Date
  - The maturity date of the contract will be an agreed calendar date. On this date obligations under the contract no longer accrue.
- Trade Types
  - Total Return Swap (TRS) – The calculation of the value of which the equity leg is based will be the appreciation/depreciation of the underlying equity leg plus any returns due from the underlying index.
  - Price Return Swap (PRS) – The calculation of the value of which the equity index leg is based will be the appreciation/depreciation of the underlying equity index leg.
- Business Day Convention
  - The business day convention will be agreed to be one of the following standard convention:
    - Actual
    - Following
    - Modified Following
    - Previous
    - Modified Previous
- Contract Size
  - The minimum size available to trade on the SEF is 1 unit, and sizes are incremental in amounts of 1 unit.
- Quoting Convention
  - Contracts are quoted in basis points.

- Minimum and Incremental Price
  - There is no minimum price for a contract.
  - There is no minimum incremental price for a contract.
- Reporting
  - All trades are reported in accordance with SDR requirements.
- Clearing
  - Equity Derivative Swap Contracts traded on ICAP SEF are not cleared.
- Dividend
  - If a return payment is due as part of the Contract, a formula used to calculate that return shall be agreed.

## SEF Rule 804(2) — Total Return Index Swaps

The Markit TRX indices are total return swap indices referencing originally rated AAA CMBS securities issued since late 2005. TRX Indices are tradable tools allowing investors to gain exposure to cash CMBS via TRS contracts. The liquidity and standardization of TRX index contracts allow investors to accurately gauge market sentiment around the asset-class, and to take short or long positions accordingly.

| Indices    |
|------------|
| TRX.NA.AAA |
| TRX.II     |

## **Rule 805. Commodities Product Descriptions**

### **Trading Hours**

Unless otherwise indicated in a Swap's specifications, the trading hours for all Swaps governed by this Rule 805 are as follows:

- Order Book: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.
- Voice RFQ: Not Available.
- All Pre-Arranged Crosses: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.

### **Products — Rule 805:**

- (1) Coal Options
- (2) Coal Swaps
- (3) European Natural Gas
- (4) Iron Ore Options
- (5) Iron Ore Swaps
- (6) UK Natural Gas
- (7) UK & European Natural Gas Options
- (8) UK Power
- (9) Agricultural Swaps & Options
  - (a) Swap Contract
  - (b) Option Contract
- (10) Commodity Index Swaps & Options
  - (a) Swap Contract
  - (b) Option Contract
- (11) Soft Swaps & Options
  - (a) Swap Contract
  - (b) Option Contract
- (12) Electricity Swaps & Options
  - (a) Day Ahead Locational Marginal Pricing – Swaps
  - (b) Day Ahead Locational Marginal Pricing – Options
  - (c) Real Time Locational Marginal Pricing – Swaps
  - (d) Real Time Locational Marginal Pricing – Options
  - (e) Day Ahead Settlement Price Point – Swaps
  - (f) Real Time Settlement Price Point – Swaps
  - (g) Day Ahead Market Locational Marginal Pricing – Swaps
  - (h) Day Ahead Market Locational Marginal Pricing – Options
  - (i) Real Time Market Locational Marginal Pricing – Swaps
  - (j) ERCOT Ancillary Services
  - (k) [Reserved]
  - (l) Heat Rate Index Options
- (13) Crude Oil
- (14) Dry Freight Swaps
- (15) Dry Freight Options
- (16) Emissions Swaps
- (17) Emissions Options
- (18) Fuel Oil Swaps
- (19) LNG Swaps
- (20) Middle Distillates Swaps
- (21) Precious Metals Forwards
- (22) Precious Metals Options
- (23) Henry Hub Natural Gas Swaps & Options

- (a) Henry Hub NYMEX Last Day Settlement – Swaps
- (b) Henry Hub NYMEX Penultimate Settlement – Swaps
- (c) Henry Hub NYMEX Last Day Settlement – Options
- (d) Henry Hub NYMEX Penultimate Settlement – Options
- (e) Henry Hub Natural Gas Basis Swaps



## Product Specifications

### Rule 805(1) — Coal Options

| Contract Specification        | Details   |
|-------------------------------|---|
| Product Description           | <p>The ICAP SEF (US) LLC “ICAP SEF” Coal Options are listed with respect to an underlying ICAP SEF Coal Swap.</p> <p>ICAP SEF offers options based on the following:</p> <ul style="list-style-type: none"> <li>• API 2: coal delivered into Amsterdam, Rotterdam and Antwerp</li> <li>• API 4: coal exported from Richard’s Bay, South Africa</li> <li>• gC Newcastle: coal loaded at Newcastle, Australia</li> <li>• Indo Sub-bit: coal loaded at Kalimantan, Indonesia</li> <li>• API 5: coal exported from Australia</li> <li>• API 8: coal delivered into South China</li> </ul> |
| Trading Period/Tenor          | <p>ICAP SEF offers options on the following swap tenors:</p> <ul style="list-style-type: none"> <li>• Up to 60 consecutive months.</li> <li>• Quarter, season, calendar, and any period of consecutive monthly contracts can be registered as a strip. For example, a Q1 option is an option on Jan, an option on Feb, and an option on Mar, with each option expiring thirty calendar days before the start of the relevant contract month.</li> </ul>   |
| Units of Trading              | Traded at 1 SEF Lot equivalent to 1,000 MT of Thermal Coal  |
| Minimum Trading Size          | 1 SEF lot is equivalent to 1,000 MT   |
| Trading Price/Price Tick Size | <p>The contract price is quoted in US dollars and in US cents per metric tonne (\$0.01/MT)</p> <p>The minimum price fluctuation is quoted in increments of one US dollar cent per metric tonne (\$0.01/MT)</p>  |
| Delivery/Settlement Terms     | ICAP SEF Coal options are exercised into the relevant ICAP SEF Coal Swap  |
| Trade Types                   | <p>ICAP SEF offers the following option strategies:</p> <ul style="list-style-type: none"> <li>• Call</li> <li>• Put</li> </ul>   |
| Option Premium                | Equity Style option premiums must be exchanged within 2 business days of the transaction being executed.  |
| Option Style                  | <p>ICAP SEF offers the following option styles:</p> <ul style="list-style-type: none"> <li>• European Style</li> <li>• American Style</li> </ul>  |

| Contract Specification  | Details   |
|-------------------------|---|
| Strike Price Increments | <ul style="list-style-type: none"> <li>• Asian Style</li> </ul> Strike prices are in increments of US dollar and cents per metric tonne of underlying Coal Swap (\$0.01/MT) |
| Position Limits         | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits  |
| Last Trading Day        | Trading will cease on Natural Gas Options at 15:00 (LLT) on expiry date.<br><br>Coal Options expire as per market convention.   |
| Trading Conventions     | <ul style="list-style-type: none"> <li>• Buyer Option</li> <li>• Seller Option</li> </ul>   |
| Clearing                | Coal Options traded on ICAP SEF are not cleared.  |

## Rule 805(2) — Coal Swaps

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>A commodity swap is a contract where the buyer is obliged to buy/sell a Coal product at a predetermined fixed rate and sell/buy the same Coal product at an average rate determined by the price of the underlying Coal product over a single point in time or a series of predefined fixings.</p> <p>ICAP SEF (US) LLC “ICAP SEF” offers Coal swaps based on the following:</p> <ul style="list-style-type: none"> <li>• API 2: coal delivered into Amsterdam, Rotterdam and Antwerp</li> <li>• API 4: coal exported from Richard’s Bay, South Africa</li> <li>• gC Newcastle: coal loaded at Newcastle, Australia</li> <li>• Indo Sub-bit: coal loaded at Kalimantan, Indonesia</li> <li>• API 5: coal exported from Australia</li> <li>• API 8: coal delivered into South China</li> </ul> |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• 48 consecutive month contracts</li> <li>• 12 consecutive quarters</li> <li>• 8 consecutive seasons</li> <li>• 4 consecutive years</li> </ul>   |
| Units of Trading              | Traded at 1 SEF Lot equivalent to 1,000 metric tonnes (MT) of Thermal Coal   |
| Minimum Trading Size          | 1 SEF lot is equivalent to 1,000 MT  |
| Trading Price/Price Tick Size | <p>The contract price is in US dollars and US dollar cents per metric tonne (\$0.01/MT)</p> <p>The minimum price fluctuation is quoted in increments of one US dollar cent per metric tonne (\$0.01/MT)</p>  |
| Delivery/Settlement Terms     | The API 2, API 4, API 5 and API 8 indexes are cash settled against the monthly average of the indexes published in the Argus/McCloskey Coal Price Index Report. The gC Newcastle index is cash settled against the monthly average of the globalCoal Weekly NEWC Index. The Indo Sub-bit is cash settled against the monthly average of the index published in the IHS McCloskey Coal Report.  |
| Trade Types                   | Outright; and/or Spread  |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | <p>Month contracts cease trading at the close of business on the last Friday of the contract delivery period.</p> <p>Quarters, seasons and calendar years cease trading as a quarter/season/calendar year at the close of business on the last Friday of the first month contract in that quarter/season/calendar year.</p>  |

| Contract Specification | Details   |
|------------------------|---|
| Trading Conventions    | <ul style="list-style-type: none"> <li>• Buyer is the Fixed Payer party of the contract who is Long the commodity</li> <li>• Seller is the Floating Payer party of the contract who is Short the commodity</li> </ul> |
| Clearing               | Coal Swaps traded on ICAP SEF are not cleared.  |

## Rule 805(3) — European Natural Gas

| Contract Specification        | Details   |
|-------------------------------|---|
| Product Description           | <p>European Natural Gas contracts are for physical delivery through the transfer of rights in respect of Natural Gas at the relevant physical or virtual gas hub. Delivery is made equally each hour throughout the delivery period.</p> <p>ICAP SEF (US) LLC "ICAP SEF" offers Natural Gas forwards.</p>   |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"><li>• Within Day</li><li>• Daily contracts (including Day Ahead)</li><li>• Balance of Week</li><li>• Weekend</li><li>• Working Days Next Week</li><li>• Balance of Month</li><li>• Month</li><li>• Quarter</li><li>• Season</li><li>• Calendar Year</li><li>• Gas Year</li></ul> |
| Units of Trading              | <p>Traded as 1 SEF lot equivalent to 1 MWh/Hr/Day/delivery period</p> <p>Delivery Period:</p> <ul style="list-style-type: none"><li>• Feb (non Leap year): 672 MWh</li><li>• Feb (leap year): 696 MWh</li><li>• Jan, May, Jul, Aug, Dec: 744 MWh</li><li>• Oct: 745 MWh</li><li>• Apr, Jun, Sep, Nov: 720 MWh</li><li>• March: 743 MWh</li></ul>                        |
| Minimum Trading Size          | 35 SEF lots with increments of 35 SEF lots  |
| Trading Price/Price Tick Size | Contract price are quoted in Euro €0.01/MWh   |
| Delivery/Settlement Terms     | Physical delivery in accordance with the rules of the relevant physical or virtual hub operator.  |
| Trade Types                   | Outright or Spread  |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits  |
| Last Trading Day              | <ul style="list-style-type: none"><li>• Trading of Within Day contracts will cease at the close of business on the contract day.</li><li>• Trading of Daily, Weekends and Working Days Next Week contracts will cease at the close of business on the business day prior to the start of the delivery period.</li></ul>   |

| Contract Specification | Details  |
|------------------------|--|
| Trading Conventions    | <ul style="list-style-type: none"> <li>• Trading of Balance of Month contracts will cease at the close of business on two Business Days prior to the end of the month.</li> <li>• Trading of Month, Quarter, Season and Year will cease at the close of business one Business Day prior to the first calendar day of the delivery month, quarter, season, calendar and gas years.</li> <li>• Buyer is the party of the contract who is Long the commodity</li> <li>• Seller is the party of the contract who is Short the commodity</li> </ul> |
| Clearing               | European Natural Gas contracts traded on ICAP SEF are not cleared.   |

## Rule 805(4) — Iron Ore Options

| Contract Specification        | Details   |
|-------------------------------|---|
| Product Description           | <p>Iron ore is a mineral with metallic iron (Fe) content. High grade iron ore contains at least 60% Fe content, and the industry has adopted the 62% Fe specification as a standard benchmark for derivative transactions. The Iron Ore Swap is based upon The Steel Index (TSI) Ore 62% Fe index.</p> <p>ICAP SEF (US) LLC "ICAP SEF" offers options based on the following:</p> <ul style="list-style-type: none"> <li>• TSI Iron Ore 62% FE Daily Index</li> </ul> |
| Trading Period / Tenor        | <p>ICAP SEF offers options on the following swap tenors:</p> <ul style="list-style-type: none"> <li>• Monthly</li> <li>• Quarterly</li> <li>• Calendar Year</li> </ul>  |
| Units of Trading              | Traded at 1 SEF Lot equivalent to 1 Kilo tonne (kt)   |
| Minimum Trading Size          | One half of a kilo tonne (0.05 kt)  |
| Trading Price/Price Tick Size | The contract price is in US dollars and in US cents per kilo tonne (\$0.01/kt)  |
| Delivery/Settlement Terms     | ICAP SEF Iron Ore options are exercised into the relevant ICAP SEF Iron Ore Swap  |
| Trade Types                   | <p>ICAP SEF offers the following option strategies:</p> <ul style="list-style-type: none"> <li>• Call</li> <li>• Put</li> </ul>   |
| Option Premium                | Equity Style such that premiums are paid at the time the transaction is executed  |
| Option Style                  | <p>ICAP SEF offers the following option styles:</p> <ul style="list-style-type: none"> <li>• European Style</li> <li>• American Style</li> <li>• Asian Style</li> </ul>   |
| Strike Price                  | The strike range is any price associated with the underlying Iron Ore Swap  |
| Increments                    | <p>greater than \$0.00 per metric tonne</p> <p>Increments of \$0.01 per metric tonne</p>  |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits  |
| Last Trading Day              | Trading will cease on Iron Ore Options at 15:00 (LLT) on expiry date.   |
| Trading Conventions           | <p>Iron Ore Options expire as per market convention.</p> <ul style="list-style-type: none"> <li>• Buyer Option</li> <li>• Seller Option</li> </ul>  |
| Clearing                      | Iron Ore Options traded on ICAP SEF are not cleared.  |

## Rule 805(5) — Iron Ore Swaps

| Contract Specification        | Details   |
|-------------------------------|---|
| Product Description           | <p>A commodity swap is a contract where the buyer is obliged to buy /sell an iron ore product (any listed below) at a predetermined fixed rate and sell /buy the same iron ore product at an average rate determined by the price of the underlying product over a series of predefined fixings.</p> <p>Iron ore is a mineral with metallic iron (Fe) content. High grade iron ore contains at least 60% Fe content, and the industry has adopted the 62% Fe specification as a standard benchmark for derivative transactions. The Iron Ore Swap is based upon The Steel Index (TSI) Ore 62% Fe index.</p> <p>ICAP SEF (US) LLC “ICAP SEF” offers Iron Ore based on the following:</p> |
| Trading Period / Tenor        | <ul style="list-style-type: none"> <li>• TSI Iron Ore 62% FE Daily Index</li> </ul> <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• Up to 60 consecutive month contracts</li> <li>• 25 to 28 consecutive quarters</li> <li>• 6 consecutive years</li> </ul>   |
| Units of Trading              | Traded at 1 SEF Lot equivalent to 1 Kilo tonne (kt)   |
| Minimum Trading Size          | One half of a kilo tonne (0.05 kt)  |
| Trading Price/Price Tick Size | The contract price is in US dollars and in US cents per kilo tonne (\$0.01/kt)  |
| Delivery/Settlement Terms     | <p>Iron Ore Swaps are cash settled using The Steel Index (TSI) iron ore reference prices</p> <p>In respect of final settlement, the Floating Price will be a price in US dollar and US cents per metric tonne based on the average of the relevant quotations published in The Steel Index’s Iron Ore Daily Edition.</p>  |
| Trade Types                   | Outright or Spread  |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits  |
| Last Trading Day              | Trading will cease at the close of business on the last Business Day of the traded month, quarter, or calendar year as applicable.  |
| Trading Conventions           | <ul style="list-style-type: none"> <li>• Buyer is the party of the contract who is Long the commodity</li> <li>• Seller is the party of the contract who is Short the commodity</li> </ul>  |
| Clearing                      | Iron Ore Swaps traded on ICAP SEF are not cleared.  |



## Rule 805(6) — UK Natural Gas

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | UK Natural Gas contracts are for physical delivery through the transfer of rights in respect of Natural Gas at the National Balancing Point (NBP) Virtual Trading Point, operated by National Grid, the transmissions system operator in the UK. Delivery is made equally each day throughout the delivery period.   |
| Trading Period / Tenor        | <p>ICAP SEF (US) LLC "ICAP SEF" offers UK Natural Gas forwards. Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• Within Day</li> <li>• Daily contracts (from day ahead to six days ahead)</li> <li>• Balance of Week</li> <li>• Weekends</li> <li>• Working Days Next Week</li> <li>• Balance of Month</li> <li>• Month</li> <li>• Quarter</li> <li>• Season</li> <li>• Calendar Year</li> <li>• Gas Year</li> </ul>   |
| Units of Trading              | <p>Traded as 1 SEF lot equivalent to 1,000 Therms/day/delivery period</p> <p>Contract size per month:</p> <ul style="list-style-type: none"> <li>• Feb (non Leap year): 28,000 Therms</li> <li>• Feb (leap year): 29,000 Therms</li> <li>• Jan, May, Jul, Aug, Dec: 31,000 Therms</li> <li>• Apr, Jun, Sep, Nov: 30,000 Therms</li> </ul>  |
| Minimum Trading Size          | 25 SEF lots with increments of 25 SEF lots   |
| Trading Price/Price Tick Size | Contract price is quoted in UK pounds sterling £0.01/ Therm  |
| Delivery/Settlement Terms     | Physical delivery in accordance to the rules of delivery of the hub operator, the National Grid.   |
| Trade Types                   | Outright or Spread   |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | <ul style="list-style-type: none"> <li>• Trading of Within Day contracts will cease at the close of business on the contract day.</li> <li>• Trading of Daily, Weekends and Working Days Next Week contracts will cease at the close of business on the business day prior to the start of the delivery period.</li> <li>• Trading of Balance of Month contracts will cease at the close of business on two Business Days prior to the end of the month.</li> <li>• Trading of Month, Quarter, Season and Year will cease at the close of business one Business Day prior to the first calendar day of the delivery month, quarter, season, calendar and gas years.</li> </ul> |
| Trading Conventions           | <ul style="list-style-type: none"> <li>• Buyer is the party of the contract who is Long the commodity</li> <li>• Seller is the party of the contract who is Short the commodity</li> </ul>   |
| Clearing                      | UK Natural Gas contracts traded on ICAP SEF are not cleared.   |

## Rule 805(7) — UK & European Natural Gas Options

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | The ICAP SEF (US) LLC “ICAP SEF” offers Natural Gas Options based on the following:  |
| Trading Period / Tenor        | <ul style="list-style-type: none"> <li>• UK Natural Gas</li> <li>• European Natural Gas</li> </ul> ICAP SEF offers options on the following forward tenors: <ul style="list-style-type: none"> <li>• Months</li> <li>• Quarters</li> <li>• Seasons</li> <li>• Calendar Years</li> <li>• Gas Years</li> </ul>   |
| Units of Trading              | <p><b>UK Natural Gas:</b> 1 SEF Lot equivalent to 1,000 Therms of natural gas/day</p> <p><b>European Natural Gas:</b> 1 SEF Lot equivalent to 1 MWh of natural gas/hour/day<br/>1 SEF lot is equivalent to 1,000 Therms per day or 1 MWh/hour /day</p>   |
| Minimum Trading Size          |  |
| Trading Price/Price Tick Size | <p><b>UK Natural Gas:</b> Contract price is in UK Sterling and is £0.01/ Therm</p> <p><b>European Natural Gas:</b> Contract price is in Euro cent and is €0.01/MWh</p>   |
| Delivery/Settlement Terms     | ICAP SEF Natural Gas Options exercise into the relevant ICAP SEF Natural Gas forward   |
| Trade Types                   | ICAP SEF offers the following option strategies: <ul style="list-style-type: none"> <li>• Call</li> <li>• Put</li> </ul>   |
| Option Premium                | Equity Style option premiums must be exchanged within 2 business days of the transaction being executed.   |
| Option Style                  | ICAP SEF offers the following option styles: <ul style="list-style-type: none"> <li>• European Style</li> <li>• American Style</li> <li>• Asian Style</li> </ul>   |
| Strike Price Increments       | <p><b>UK Natural Gas:</b> Multiples of £0.01/Therm. (The strike range is any price associated with the underlying Natural Gas Swap greater than £0.00/Therm.)</p> <p><b>European Natural Gas:</b> Multiples of 0.01 Euro cent per MWh. (The strike range is any price associated with the underlying Natural Gas Swap greater than €0.00 per MWh.)</p> |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | Trading will cease on Natural Gas Options at 15:00 (LLT) on expiry date.   |
| Trading Conventions           | Gas Options expire as per market convention. <ul style="list-style-type: none"> <li>• Buyer Option</li> <li>• Seller Option</li> </ul>   |
| Clearing                      | UK and European Natural Gas contracts traded on ICAP SEF are not cleared.  |

## Rule 805(8) — UK Power

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>UK Electricity contracts are for physical delivery of Electricity through the National Grid, the transmissions system operator in the UK. Delivery is made equally each hour throughout the delivery period. Contracts are based on the Electricity Forwards Agreement (EFA) calendar (Power Trading Committee (PTC) of the Futures and Options Association (FOA)).</p> <p>ICAP SEF (US) LLC "ICAP SEF" offers the following block shapes:</p> <ul style="list-style-type: none"> <li>• Weekday (Monday to Friday) (WD)</li> <li>• Weekend (WE)</li> <li>• Blocks 1/2/3/4/5/6 (and combinations thereof)</li> <li>• Baseload consists of WD 1/2/3/4/5/6 and WE 1/2/3/4/5/6</li> <li>• UK Peaks consist of WD 3/4/5*</li> <li>• UK Off Peaks consist of WD1/2/6 and WE 1/2/3/4/5/6**</li> <li>• Extended Peaks consist of WD and WE 3/4/5/6</li> <li>• Overnights consist of WD and WE 1/2</li> </ul> <p>* Except where Day-ahead denotes Saturday, Sunday or bank holiday in which case applies to blocks 3/4/5. (Note: a bank holiday is always categorised as WD not WE.)</p> <p>** When trading a single day, the off peak is always blocks 1/2 and 6 irrespective of it being a working day or weekend.</p> |
| Trading Period / Tenor        | <p>The Contract terms available to be traded include:</p> <ul style="list-style-type: none"> <li>• Day-ahead* 1,2,3,4</li> <li>• Weekend</li> <li>• Weeks</li> <li>• Months</li> <li>• Quarters</li> <li>• Seasons</li> <li>• Annual</li> </ul> <p>*Day-ahead when traded on a Friday, refers to the following Monday NOT Saturday.</p> <p>When trading Day-ahead, and where that denotes a Saturday, Sunday or bank holiday, blocks 3/4/5 can be traded together and is often referred to as a 'Peak' product although, by definition, this term applies only to a weekday. If in doubt please check.</p>   |
| Units of Trading              | Traded as 1 SEF Lot equivalent to 1 MWH/ hour / day  |
| Minimum Trading Size          | 1 SEF lot is equivalent to 1 MWH / hour/ day   |
| Trading Price/Price Tick Size | Contract price is in GBP and pence per MWH (£0.01 / MWH)   |
| Delivery/Settlement Terms     | Physical delivery is fulfilled by the debit of electricity from the Energy Account of one party and the credit of electricity to the Energy Account of the other party for every half hour settlement period of the delivery period.   |
| Trade Types                   | Outright; Spreads; or Spark Spreads  |
| Position Limits               | *Spark Spreads is a spread between a Gas contract and an Electricity contract Refer to ICAP SEE Rule Book, <b>Rule 408</b> for position limits.  |
| Effective Date                | The Effective Date is the first date of the trading period also known as Trade Date  |

| <b>Contract Specification</b> | <b>Details</b>  |
|-------------------------------|---|
| Last Trading Day              | Gate Closure  |
| Trading Conventions           | <ul style="list-style-type: none"><li>• Buyer is the party of the contract who is Long the commodity</li><li>• Seller is the party of the contract who is Short the commodity</li></ul> |
| Clearing                      | UK Power contracts traded on ICAP SEF are not cleared.  |

## Rule 805(9) — Agricultural Swaps & Options

### (a) Agricultural Swaps

| Contract Specification                    | Details  |      |               |          |               |       |               |
|---|--|------|---------------|----------|---------------|-------|---------------|
| Product Description                       | <p>A commodity swap is a contract where the buyer is obliged to buy (sell) an asset at a predetermined fixed rate and sell (buy) the same asset at an average rate determined by the price of the underlying asset over single point in time or a series (or a strip) of predefined fixings.</p> <p>The following Agricultural products are traded at ICAP:</p> <ul style="list-style-type: none"> <li>Corn (CBOT)</li> <li>Soybeans (CBOT)</li> <li>Wheat (CBOT)</li> <li>Soybean Oil (CBOT)</li> <li>Soybean Meal (CBOT)</li> <li>KCBT Hard Red Winter Wheat (KCBT)</li> <li>Lean Hogs (CME)</li> <li>MGE Hard Red Spring Wheat (MGE)</li> <li>Milling Wheat (Euronext Paris)</li> <li>Live Cattle (CME)</li> <li>London Cocoa (ICE London)</li> <li>Cocoa (ICE US)</li> <li>Coffee (ICE US)</li> <li>Robusta Coffee (ICE London)</li> <li>Sugar No. 11 (ICE US)</li> <li>White Sugar (ICE London)</li> <li>Cotton No. 2 (ICE US)</li> <li>Frozen Concentrated Orange Juice (“FCOJ”) (ICE US)</li> </ul> |      |               |          |               |       |               |
| Quotation                                 | Contract prices are quoted in dollars and cents per contract   |      |               |          |               |       |               |
| Units of Trading                          | Contract(s)  |      |               |          |               |       |               |
| Expiration Date                           | Trading shall cease at the end of the last day of the contract designated settlement period  |      |               |          |               |       |               |
| Settlement Terms                          | Cash settled, referencing the equivalent futures contract at the relevant exchange (CBOT, KCBT, CME, MGE, Euronext Paris, ICE London or ICE US) on the daily settlement price on the equivalent futures exchange listed above. Floating price settled based on the futures contract on specified settlement date.  |      |               |          |               |       |               |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 per contract.  |      |               |          |               |       |               |
| Settlement Price                          | The settlement price will be the price agreed at the commencement of the contract, measured in one cent (\$0.01) per contract.   |      |               |          |               |       |               |
| Contract Size                             | <p>1 contract is defined as follows for each product:</p> <table border="0"> <tr> <td>Corn</td> <td>5,000 Bushels</td> </tr> <tr> <td>Soybeans</td> <td>5,000 Bushels</td> </tr> <tr> <td>Wheat</td> <td>5,000 Bushels</td> </tr> </table>   | Corn | 5,000 Bushels | Soybeans | 5,000 Bushels | Wheat | 5,000 Bushels |
| Corn                                      | 5,000 Bushels  |      |               |          |               |       |               |
| Soybeans                                  | 5,000 Bushels  |      |               |          |               |       |               |
| Wheat                                     | 5,000 Bushels  |      |               |          |               |       |               |

| Contract Specification | Details   |
|------------------------|---|
|                        | Soybean Oil 60,000 Pounds   |
|                        | Soybean Meal 100 Short Tons   |
|                        | KCBT Hard Red Winter Wheat 5,000 Bushels  |
|                        | Lean Hogs 40,000 Pounds   |
|                        | MGE Hard Red Spring Wheat 5000 Bushels  |
|                        | Milling Wheat 50 Metric Tons  |
|                        | Live Cattle 40,000 Pounds   |
|                        | London Cocoa 10 Metric Tons   |
|                        | Cocoa 10 Metric Tons  |
|                        | Coffee 37,500 pounds  |
|                        | Robusta Coffee 10 Metric Tons   |
|                        | Sugar No. 11 112,000 Pounds   |
|                        | White Sugar 50 Metric Tons  |
|                        | Cotton No. 2 50,000 Pounds  |
|                        | FCOJ 50,000 Pounds  |
| Effective Date         | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.   |
| Maturity Date          | The Maturity Date may also be referred to as the Termination Date or End Date.  |
| Tenor                  | The duration of the time from the Effective Date to the Maturity Date.  |
| Trade Types            | Agricultural Products can be traded as one of the following trade type: <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread/Switch</li> </ul>   |
| Last Trading Day       | Trading terminates at the close of business on the last business day of each contract month   |
| Trading Conventions    | <ul style="list-style-type: none"> <li>a) Buyer (Payer), the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions   | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. New York and London</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate. The agreed rate of the product traded</li> </ul> |
| Clearing               | Agricultural Swaps traded on ICAP SEF are not cleared.  |

**( b ) Agricultural Commodity Options**

| <b>Contract Specification</b>   | <b>Details</b>  |
|---------------------------------|---|
| Product Description             | <p>The ICAP SEF (US) LLC “ICAP SEF” Agricultural Commodity Options are listed with respect to an underlying ICAP SEF Agricultural Swap.</p> <p>ICAP SEF offers options based on the following:</p> <ul style="list-style-type: none"><li>Corn (CBOT)</li><li>Soybean (CBOT)</li><li>Wheat (CBOT)</li><li>Soybean Oil (CBOT)</li><li>Soybean Meal (CBOT)</li><li>KCBT Hard Red Winter Wheat (KCTB)</li><li>Lean Hogs (CME)</li><li>MGE Hard Red Spring Wheat (MGE)</li><li>Milling Wheat (Euronext Paris)</li><li>Live Cattle (CME)</li><li>London Cocoa (ICE London)</li><li>Cocoa (ICE US)</li><li>Coffee (ICE US)</li><li>Robusta Coffee (ICE London)</li><li>Sugar No. 11 (ICE US)</li><li>White Sugar (ICE London)</li><li>Cotton No. 2 (ICE US)</li><li>Frozen Concentrated Orange Juice (“FCOJ”) (ICE US)</li></ul> |
| Trading Period/Tenor            | <p>ICAP SEF offers options on the following swap tenors:</p> <ul style="list-style-type: none"><li>• Up to 60 consecutive months.</li><li>• Quarter, season, calendar, and any period of consecutive monthly contracts can be registered as a strip. For example, a Q1 option is an option on Jan, an option on Feb, and an option on Mar, with each option expiring thirty calendar days before the start of the relevant contract month.</li></ul>  |
| Trading Hours                   | 24 hours a day, Monday to Friday  |
| Quotation                       | Contract prices are quoted in dollars and cents per contract.   |
| Units of Trading                | Contract(s)   |
| Expiration Date                 | Trading shall cease at the end of the last day of the contract designated settlement period.  |
| Settlement Terms                | <p>Cash settled 5 business days after expiration based on the settlement price of the underlying Agricultural Swap, which references the equivalent futures contract at the relevant exchange. Floating price of the Agricultural Swap is settled based on the futures contract on specified settlement date.</p> <p>For Asian style options, the payment is determined by the average underlying price over the pre-set period of time.</p> <p>For European style option, the payment is determined by the underlying price on a specific date.</p>  |
| Minimum Price Fluctuation/Price | The minimum price fluctuation is quoted in increments of \$0.01 per contract.   |

| Contract Specification | Details |
|------------------------|---------|
|------------------------|---------|

|                            |  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
|----------------------------|--|------|---------------|---------|---------------|-------|---------------|-------------|---------------|--------------|----------------|----------------------------|---------------|-----------|---------------|---------------------------|--------------|---------------|----------------|-------------|---------------|--------------|----------------|-------|----------------|--------|---------------|----------------|----------------|--------------|----------------|-------------|----------------|--------------|---------------|------|---------------|
| Tick Size                  |  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Settlement Price           | The settlement price will be the price agreed at the commencement of the contract, measured in one cent (\$0.01) per contract.   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Contract Size              | 1 contract is defined as follows for each product: <table border="0" style="margin-left: 20px;"> <tr><td>Corn</td><td>5,000 Bushels</td></tr> <tr><td>Soybean</td><td>5,000 Bushels</td></tr> <tr><td>Wheat</td><td>5,000 Bushels</td></tr> <tr><td>Soybean Oil</td><td>60,000 Pounds</td></tr> <tr><td>Soybean Meal</td><td>100 Short Tons</td></tr> <tr><td>KCBT Hard Red Winter Wheat</td><td>5,000 Bushels</td></tr> <tr><td>Lean Hogs</td><td>40,000 Pounds</td></tr> <tr><td>MGE Hard Red Spring Wheat</td><td>5000 Bushels</td></tr> <tr><td>Milling Wheat</td><td>50 Metric Tons</td></tr> <tr><td>Live Cattle</td><td>40,000 Pounds</td></tr> <tr><td>London Cocoa</td><td>10 Metric Tons</td></tr> <tr><td>Cocoa</td><td>10 Metric Tons</td></tr> <tr><td>Coffee</td><td>37,500 pounds</td></tr> <tr><td>Robusta Coffee</td><td>10 Metric Tons</td></tr> <tr><td>Sugar No. 11</td><td>112,000 Pounds</td></tr> <tr><td>White Sugar</td><td>50 Metric Tons</td></tr> <tr><td>Cotton No. 2</td><td>50,000 Pounds</td></tr> <tr><td>FCOJ</td><td>50,000 Pounds</td></tr> </table> | Corn | 5,000 Bushels | Soybean | 5,000 Bushels | Wheat | 5,000 Bushels | Soybean Oil | 60,000 Pounds | Soybean Meal | 100 Short Tons | KCBT Hard Red Winter Wheat | 5,000 Bushels | Lean Hogs | 40,000 Pounds | MGE Hard Red Spring Wheat | 5000 Bushels | Milling Wheat | 50 Metric Tons | Live Cattle | 40,000 Pounds | London Cocoa | 10 Metric Tons | Cocoa | 10 Metric Tons | Coffee | 37,500 pounds | Robusta Coffee | 10 Metric Tons | Sugar No. 11 | 112,000 Pounds | White Sugar | 50 Metric Tons | Cotton No. 2 | 50,000 Pounds | FCOJ | 50,000 Pounds |
| Corn                       | 5,000 Bushels  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Soybean                    | 5,000 Bushels  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Wheat                      | 5,000 Bushels  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Soybean Oil                | 60,000 Pounds  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Soybean Meal               | 100 Short Tons   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| KCBT Hard Red Winter Wheat | 5,000 Bushels  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Lean Hogs                  | 40,000 Pounds  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| MGE Hard Red Spring Wheat  | 5000 Bushels   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Milling Wheat              | 50 Metric Tons   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Live Cattle                | 40,000 Pounds  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| London Cocoa               | 10 Metric Tons   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Cocoa                      | 10 Metric Tons   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Coffee                     | 37,500 pounds  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Robusta Coffee             | 10 Metric Tons   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Sugar No. 11               | 112,000 Pounds   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| White Sugar                | 50 Metric Tons   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Cotton No. 2               | 50,000 Pounds  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| FCOJ                       | 50,000 Pounds  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Effective Date             | The Effective Date of the Option must be a business day subject to the appropriate Business Day Convention.  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Maturity Date              | The Maturity Date may also be referred to as the Termination Date or End Date.   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Tenor                      | The duration of the time from the Effective Date to the Maturity Date.   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Trade Types                | Agricultural options can be traded as one of the following trade types: <ul style="list-style-type: none"> <li>a) Put (European and Asian)</li> <li>b) Call (European and Asian)</li> </ul>  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Option Premium             | Option premiums must be exchanged within 2 business days of the transaction being executed.<br>Option premium to be quoted and exchanged in US Dollars.  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Last Trading Day           | Trading terminates at the close of business on the last business day of each contract month.   |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Trading Conventions        | Buyer Option<br>Seller Option  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |
| Swap Leg Conventions       | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> </ul>  |      |               |         |               |       |               |             |               |              |                |                            |               |           |               |                           |              |               |                |             |               |              |                |       |                |        |               |                |                |              |                |             |                |              |               |      |               |



**Contract  
Specification**

**Details**

Clearing

Agricultural Commodity Options traded on ICAP SEF are not cleared.

## Rule 805(10) — Commodity Index Swaps & Options

### (a) Commodity Index Swaps

| Contract Specification                    | Details  |
|---|--|
| Product Description                       | A Commodity Index Swap is a cash-settled contract where one party (the “buyer”) is obliged to pay a predetermined fixed price to the other party (the “seller”) at a specified date and the seller is obligated to pay a floating price to the buyer based on the Commodity Index at the specified date, or alternatively the average price of a series (or a strip) of predefined fixings over the life of the contract.  |
| Indices                                   | The following Commodity Index products are traded at ICAP:<br><br>Commodity Index – settled upon specified S&P Goldman Sachs Commodity Index<br>Commodity Index – settled upon specified Bloomberg Commodity Index<br>Commodity Index – settled upon specified Roger Index<br>Commodity Index – settled upon specified S&P Goldman Sachs Commodity Sub-Index<br>Commodity Index – settled upon specified Bloomberg Commodity Sub-Index<br>Commodity Index – settled upon specified Credit Suisse Commodity Benchmark Index |
| Quotation                                 | Basis Points   |
| Units of Trading                          | Notional Value of the Swap   |
| Expiration Date                           | Trading shall cease at the end of the designated swap settlement period.   |
| Settlement Terms                          | Cash settled.  |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of .25 Basis Points.   |
| Settlement Price                          | The settlement price will be the published price of the publically available index, measured in .001 index points.   |
| Contract Size                             | The minimum contract size is 5 million USD.  |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | The duration of time from the Effective Date to the Maturity Date.<br>The contract terms available to be traded include from 1 day – 5 years.  |
| Roll Day Convention                       | The date used for determining all fixed and floating Reset Dates.  |
| Trade Types                               | Outrights<br>○   |
| Last Trading Day                          | Trading terminates at the close of business on the last business day of each contract month.   |
| Trading Conventions                       | (a) Buyer (Payer), the fixed payer is the party of the contract who has bought the commodity or known to be ‘long.’<br>(b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be ‘short.’   |

| Contract Specification | Details  |
|------------------------|--|
| Swap Leg Conventions   | (a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually.<br>(b) Holiday Calendar. New York and London.<br>(c) Business Day Convention. Modified Following with adjustment to period and end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.<br>(d) Fixed Rate. The agreed rate of the product traded. |
| Options Available      | Contracts for Options will be available for each of the Commodity Index Products, quoted in percentage of notional value.  |
| Clearing               | Commodity Index Swaps traded on ICAP SEF are not cleared.  |

**(b) Commodity Index Options**

| Contract Specification | Details   |
|------------------------|---|
| Product Description    | The ICAP SEF (US) LLC "ICAP SEF" Commodity Index Options are listed with respect to an underlying ICAP SEF Commodity Index Swap.<br><br>ICAP SEF offers options based on the following:<br><br>Commodity Index – settled upon specified S&P Goldman Sachs Commodity Index<br>Commodity Index – settled upon specified Bloomberg Commodity Index<br>Commodity Index – settled upon specified Roger Index<br>Commodity Index – settled upon specified S&P Goldman Sachs Commodity Sub-Index<br>Commodity Index – settled upon specified Bloomberg Commodity Sub-Index<br>Commodity Index – settled upon specified Credit Suisse Commodity Benchmark Index |
| Trading Period/Tenor   | ICAP SEF offers options on the following swap tenors: <ul style="list-style-type: none"> <li>• Up to 60 consecutive months.</li> <li>• Quarter, season, calendar, and any period of consecutive monthly contracts can be registered as a strip. For example, a Q1 option is an option on Jan, an option on Feb, and an option on Mar, with each option expiring thirty calendar days before the start of the relevant contract month.</li> </ul>  |
| Trading Hours          | 24 hours a day, Monday to Friday  |
| Quotation              | Contract prices are quoted in dollars and cents per contract.   |
| Units of Trading       | Contract(s)   |
| Expiration Date        | Trading shall cease at the end of the last day of the contract designated settlement period.  |

| Contract Specification                    | Details  |
|---|--|
| Settlement Terms                          | <p>Cash settled 5 business days after expiration based on the settlement price of the underlying Commodity Index Swap.</p> <p>For Asian style options, the payment is determined by the average underlying price over the pre-set period of time.</p> <p>For European style option, the payment is determined by the underlying price on a specific date.</p>  |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.0025 per contract.  |
| Settlement Price                          | The settlement price will be the published price of the publically available index, measured in .001 index points.   |
| Contract Size                             | The minimum contract size is 5 million USD.  |
| Effective Date                            | The Effective Date of the Option must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date.   |
| Trade Types                               | <p>The options can be traded as one of the following trade types:</p> <ul style="list-style-type: none"> <li>a) Put (European and Asian)</li> <li>b) Call (European and Asian)</li> </ul>  |
| Option Premium                            | <p>Option premiums must be exchanged within 2 business days of the transaction being executed.</p> <p>Option premium to be quoted and exchanged in US Dollars.</p>   |
| Last Trading Day                          | Trading terminates at the close of business on the last business day of each contract month.   |
| Trading Conventions                       | <p>Buyer Option</p> <p>Seller Option</p>   |
| Swap Leg Conventions                      | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate: The agreed rate of the product traded.</li> </ul> |
| Clearing                                  | Commodity Index Options traded on ICAP SEF are not cleared.  |

## Rule 805(11) — Soft Swaps & Options

### (a) Soft Swaps

| Contract Specification                    | Details   |       |                       |        |                    |        |                    |       |                    |             |                       |
|---|---|-------|-----------------------|--------|--------------------|--------|--------------------|-------|--------------------|-------------|-----------------------|
| Product Description                       | <p>A Soft Swap is a cash-settled contract where one party (the “buyer”) is obliged to pay a predetermined fixed price to the other party (the “seller”) at a specified date and the seller is obligated to pay a floating price to the buyer based on the price of a corresponding futures contract at the specified date, or alternatively the average price of a series (or a strip) of predefined fixings over the life of the contract.</p> <p>The following soft commodity products are traded at ICAP:</p> <ul style="list-style-type: none"> <li>Cocoa</li> <li>Coffee</li> <li>Cotton</li> <li>Sugar</li> <li>White Sugar (NYSE Liffe)</li> </ul> |       |                       |        |                    |        |                    |       |                    |             |                       |
| Quotation                                 | Contract prices are quoted in dollars and cents per contract.   |       |                       |        |                    |        |                    |       |                    |             |                       |
| Units of Trading                          | Contract(s)   |       |                       |        |                    |        |                    |       |                    |             |                       |
| Expiration Date                           | Trading shall cease at the end of the last day of the contract designated settlement period.  |       |                       |        |                    |        |                    |       |                    |             |                       |
| Settlement Terms                          | Cash settled, referencing the equivalent futures contract at the ICE Futures U.S. or the equivalent exchange listed above. The floating price is settled based on the relevant futures contract on the specified settlement date.   |       |                       |        |                    |        |                    |       |                    |             |                       |
| Minimum Price Fluctuation/Price Tick Size | <p>The minimum price fluctuation is quoted in the same minimum increments as the corresponding futures contract, currently:</p> <table border="0"> <tbody> <tr> <td>Cocoa</td> <td>\$1.00 per Metric Ton</td> </tr> <tr> <td>Coffee</td> <td>\$0.0005 per Pound</td> </tr> <tr> <td>Cotton</td> <td>\$0.0001 per Pound</td> </tr> <tr> <td>Sugar</td> <td>\$0.0001 per Pound</td> </tr> <tr> <td>White Sugar</td> <td>\$0.10 per Metric Ton</td> </tr> </tbody> </table>  | Cocoa | \$1.00 per Metric Ton | Coffee | \$0.0005 per Pound | Cotton | \$0.0001 per Pound | Sugar | \$0.0001 per Pound | White Sugar | \$0.10 per Metric Ton |
| Cocoa                                     | \$1.00 per Metric Ton   |       |                       |        |                    |        |                    |       |                    |             |                       |
| Coffee                                    | \$0.0005 per Pound  |       |                       |        |                    |        |                    |       |                    |             |                       |
| Cotton                                    | \$0.0001 per Pound  |       |                       |        |                    |        |                    |       |                    |             |                       |
| Sugar                                     | \$0.0001 per Pound  |       |                       |        |                    |        |                    |       |                    |             |                       |
| White Sugar                               | \$0.10 per Metric Ton   |       |                       |        |                    |        |                    |       |                    |             |                       |
| Settlement Price                          | The settlement price will be the price agreed at the commencement of the contract, measured in increments of the applicable minimum price fluctuation.  |       |                       |        |                    |        |                    |       |                    |             |                       |
| Contract Size                             | <p>1 contract is defined as follows for each product:</p> <table border="0"> <tbody> <tr> <td>Cocoa</td> <td>10 Metric Tons</td> </tr> <tr> <td>Coffee</td> <td>37,500 Pounds</td> </tr> <tr> <td>Cotton</td> <td>50,000 Pounds</td> </tr> <tr> <td>Sugar</td> <td>112,000 Pounds</td> </tr> <tr> <td>White Sugar</td> <td>50 Metric Tons</td> </tr> </tbody> </table>  | Cocoa | 10 Metric Tons        | Coffee | 37,500 Pounds      | Cotton | 50,000 Pounds      | Sugar | 112,000 Pounds     | White Sugar | 50 Metric Tons        |
| Cocoa                                     | 10 Metric Tons  |       |                       |        |                    |        |                    |       |                    |             |                       |
| Coffee                                    | 37,500 Pounds   |       |                       |        |                    |        |                    |       |                    |             |                       |
| Cotton                                    | 50,000 Pounds   |       |                       |        |                    |        |                    |       |                    |             |                       |
| Sugar                                     | 112,000 Pounds  |       |                       |        |                    |        |                    |       |                    |             |                       |
| White Sugar                               | 50 Metric Tons  |       |                       |        |                    |        |                    |       |                    |             |                       |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.   |       |                       |        |                    |        |                    |       |                    |             |                       |

| <b>Contract Specification</b> | <b>Details</b>   |
|-------------------------------|--|
| Maturity Date                 | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                         | The duration of the time from the Effective Date to the Maturity Date.   |
| Trade Types                   | Soft Products can be traded as one of the following trade type: <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread/Switch - calendar</li> </ul>   |
| Last Trading Day              | Trading terminates at the close of business on the last business day of each contract month.   |
| Trading Months                | All months.  |
| Trading Hours                 | 07:00 – 16:00 (ET) Monday to Friday  |
| Trading Conventions           | <ul style="list-style-type: none"> <li>a) Buyer (Payer): the fixed payer is the party of the contract who has bought the commodity or known to be “long.”</li> <li>b) Seller (Receiver): the floating payer is the party of the contract who has sold the commodity or known to be “short.”</li> </ul>   |
| Swap Leg Conventions          | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate: The agreed rate of the product traded.</li> </ul> |
| Speculative Limits            | No speculative limits are currently required.  |
| Reportable Levels             | No reportable levels are currently applicable.   |
| Clearing                      | Soft Swaps traded on ICAP SEF are not cleared.   |



| Contract Specification | Details  |
|------------------------|--|
|                        | Coffee 37,500 Pounds<br>Cotton 50,000 Pounds<br>Sugar 112,000 Pounds<br>White Sugar 50 Metric Tons   |
| Effective Date         | The Effective Date of the Option must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date          | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                  | The duration of the time from the Effective Date to the Maturity Date.   |
| Trade Types            | Soft options can be traded as one of the following trade type: <ul style="list-style-type: none"> <li>a) Put (European and Asian)</li> <li>b) Call (European and Asian)</li> </ul>   |
| Option Premium         | Option premiums must be exchanged within 2 business days of the transaction being executed.<br>Option premium to be quoted and exchanged in US Dollars.  |
| Last Trading Day       | Trading terminates at the close of business on the last business day of each contract month.   |
| Trading Conventions    | Buyer Option<br>Seller Option  |
| Swap Leg Conventions   | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate: The agreed rate of the product traded.</li> </ul> |
| Clearing               | Soft Commodity Options traded on ICAP SEF are not cleared.   |



## Rule 805(12) — Electricity Swaps & Options

### (a) Day Ahead Locational Marginal Pricing - Swaps

| Contract Specification                    | Details   |
|---|---|
| Product Description                       | <p>Cash settled swap contracts based on day ahead prices published by Independent System Operators ("ISO") for the specific electricity locations.</p> <p>The following Electricity products based on day ahead Locational Marginal Pricing settlements are traded at ICAP:</p> <ul style="list-style-type: none"> <li>CAISO South Path 15 EZ Gen Hub</li> <li>Jersey Central Power &amp; Light Zone</li> <li>Midwest ISO - Arkansas Hub</li> <li>Midwest ISO - Illinois Hub</li> <li>Midwest ISO - Indiana Hub</li> <li>Midwest ISO - Louisiana Hub</li> <li>Midwest ISO - Michigan Hub</li> <li>Minnesota Hub</li> <li>MISO.AMIL.BGS 6 Loadzone</li> <li>MISO.AMIL.BGS 9</li> <li>Pennsylvania, New Jersey &amp; Maryland – AEP Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland – APS Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - ATSI Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - Baltimore Gas &amp; Electric Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - DPL Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - East</li> <li>Pennsylvania, New Jersey &amp; Maryland - MetEd Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - PECO Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - Pepco Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - PPL Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - PSEG Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - West</li> <li>PJM AEP Dayton Hub</li> <li>PJM Commonwealth Edison</li> <li>PJM Northern Illinois Hub</li> <li>Southwest Power Pool - North Hub</li> <li>Southwest Power Pool - South Hub</li> </ul> |
| Trading Hours                             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Flow Periods                              | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat   |
| Quotation                                 | Contract prices are quoted in dollars and cents per MWh   |
| Units of Trading                          | Any multiple of 1 MWh   |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period   |
| Settlement Terms                          | Cash  |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh  |
| Settlement Price                          | DAY AHEAD Locational Marginal Pricing - the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for Daily Day-Ahead Locational Marginal Pricing   |

|                      |  |
|----------------------|--|
|                      | (LMP)at the delivery location specified in the contract for the prices effective on agreed upon date.  |
| Contract Size        | The minimum contract size is 1 MWh and can be defined at the time of agreement   |
| Effective Date       | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date        | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                | The duration of the time from the Effective Date to the Maturity Date.<br><br>The contract terms available to be traded include: <ul style="list-style-type: none"> <li>a) Balance Of Month</li> <li>b) Months</li> <li>c) Quarters</li> <li>d) Seasons</li> <li>e) Half Year</li> <li>f) Calendar Year</li> </ul>   |
| Trade Types          | Electricity can be traded as one of the following trade type: <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread –calendar</li> </ul>   |
| Last Trading Day     | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions  | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate. The agreed rate of the product traded</li> </ul> |
| Clearing             | These Swaps traded on ICAP SEF are not cleared.  |

***(b) Day Ahead Locational Marginal Pricing – Options***

| <b>Contract Specification</b> | <b>Details</b>  |
|-------------------------------|---|
| Product Description           | <p>Option contracts based on day ahead electricity prices published by Independent System Operators ("ISO") for the specific locations.</p> <p>The following Electricity products based on day ahead Locational Marginal Pricing settlements are traded at ICAP:</p> <p style="padding-left: 40px;">CAISO South Path 15 EZ Gen Hub<br/>Pennsylvania, New Jersey &amp; Maryland – West</p> |
| Option Style                  | European  |

|   |  |
|---|--|
| Trading Hours                             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.  |
| Flow Periods                              | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat  |
| Quotation                                 | Contract prices are quoted in dollars and cents per MWh  |
| Units of Trading                          | Any multiple of 1 MWh  |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period  |
| Settlement Terms                          | Exercise into underlying swap  |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh   |
| Settlement Price                          | DAY AHEAD Locational Marginal Pricing - the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for Daily Day-Ahead Locational Marginal Pricing (LMP) at the delivery location specified in the contract for the prices effective on agreed upon date.   |
| Strike Prices                             | Strike prices are available in increments of \$0.01 cent per MWh   |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement   |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date.<br><br>The contract terms available to be traded include: <ul style="list-style-type: none"> <li>a) Daily</li> <li>b) Balance Of Month</li> <li>c) Months</li> <li>d) Quarters</li> <li>e) Seasons</li> <li>f) Half Year</li> <li>g) Calendar Year</li> </ul>   |
| Exercise                                  | Daily Tenors: Automatic<br>All Other Tenors: (i.e. monthly): Manual  |
| Trade Types                               | Electricity can be traded as one of the following trade type: <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread –strike price and/ or Maturity Date</li> </ul>   |
| Last Trading Day                          | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions                       | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions                      | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate. The agreed rate of the product traded</li> </ul> |

|          |   |
|----------|---|
| Clearing | These Options traded on ICAP SEF are not cleared. |
|----------|---|

**(c) Real Time Locational Marginal Pricing – Swaps**

| Contract Specification                    | Details   |
|---|---|
| Product Description                       | <p>Cash settled swap contracts based on real time prices published by Independent System Operators ("ISO") for the specific electricity locations.</p> <p>The following Electricity products based on real time Locational Marginal Pricing settlements are traded at ICAP:</p> <ul style="list-style-type: none"> <li>Midwest ISO - Indiana Hub</li> <li>Midwest ISO – Arkansas Hub</li> <li>Midwest ISO – Louisiana Hub</li> <li>Pennsylvania, New Jersey &amp; Maryland – ATSI Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - Baltimore Gas &amp; Electric Zone</li> <li>Pennsylvania, New Jersey &amp; Maryland - East</li> <li>Pennsylvania, New Jersey &amp; Maryland - West</li> <li>PJM AEP Dayton Hub</li> <li>PJM Northern Illinois Hub</li> <li>Southwest Power Pool - North Hub</li> <li>Southwest Power Pool - South Hub</li> </ul> |
| Trading Hours                             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Flow Periods                              | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat   |
| Quotation                                 | Contract prices are quoted in dollars and cents per MWh I   |
| Units of Trading                          | Any multiple of 1 MWh   |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period .   |
| Settlement Terms                          | Cash  |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh  |
| Settlement Price                          | REAL TIME Locational Marginal Pricing - the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for Daily Real-Time Locational Marginal Pricing (LMP) at the delivery location specified in the contract for the prices effective on agreed upon date.  |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement  |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.   |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.  |
| Tenor                                     | <p>The duration of the time from the Effective Date to the Maturity Date.</p> <p>The contract terms available to be traded include:</p> <ul style="list-style-type: none"> <li>a) Balance Of Month</li> <li>b) Months</li> <li>c) Quarters</li> </ul>   |

|                      |  |
|----------------------|--|
|                      | <ul style="list-style-type: none"> <li>d) Seasons</li> <li>e) Half Year</li> <li>f) Calendar Year</li> </ul>   |
| Trade Types          | Electricity can be traded as one of the following trade type: <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread –calendar</li> </ul>   |
| Last Trading Day     | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions  | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate. The agreed rate of the product traded</li> </ul> |
| Options Available    | Contracts for Options will be available for the following Locations:<br><br>Pennsylvania, New Jersey & Maryland - West   |
| Clearing             | These Swaps traded on ICAP SEF are not cleared.  |

***(d) Real Time Locational Marginal Pricing – Options***

| <b>Contract Specification</b> | <b>Details</b>  |
|-------------------------------|---|
| Product Description           | Option contracts based on real time electricity prices published by Independent System Operators ("ISO") for the specific locations.<br><br>The following Electricity products based on real time Locational Marginal Pricing settlements are traded at ICAP:<br><br>Pennsylvania, New Jersey & Maryland – West |
| Option Style                  | European  |
| Trading Hours                 | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Flow Periods                  | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat   |
| Quotation                     | Contract prices are quoted in dollars and cents per MWh   |
| Units of Trading              | Any multiple of 1 MWh   |
| Expiration Date               | Trading shall cease at the end of the last business day of the contract period designated settlement period   |
| Settlement Terms              | Exercise into underlying swap   |

|   |  |
|---|--|
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh   |
| Settlement Price                          | REAL TIME Locational Marginal Pricing - the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for Daily Real-Time Locational Marginal Pricing (LMP) at the delivery location specified in the contract for the prices effective on agreed upon date.   |
| Strike Prices                             | Strike prices are available in increments of \$0.01 cent per MWh   |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement   |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date.<br><br>The contract terms available to be traded include:<br><ul style="list-style-type: none"> <li>a) Daily</li> <li>b) Balance Of Month</li> <li>c) Months</li> <li>d) Quarters</li> <li>e) Seasons</li> <li>f) Half Year</li> <li>g) Calendar Year</li> </ul>  |
| Exercise                                  | Daily Tenors: Automatic<br>All Other Tenors: (i.e. monthly): Manual  |
| Trade Types                               | Electricity can be traded as one of the following trade type:<br><ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread –strike price and/ or Maturity Date</li> </ul>  |
| Last Trading Day                          | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions                       | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions                      | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate. The agreed rate of the product traded</li> </ul> |
| Clearing                                  | These Options traded on ICAP SEF are not cleared.  |

***(e) Day Ahead Settlement Price Point – Swaps***

| Contract Specification | Details |
|------------------------|---------|
|------------------------|---------|

|   |  |
|---|--|
| Product Description                       | <p>Cash settled swap contracts based on day ahead prices published by Independent System Operators ("ISO") for the specific electricity locations.</p> <p>The following Electricity products based on Day Ahead Settlement Price Point settlements are traded at ICAP:</p> <p>ERCOT-West 345KV Hub<br/>ERCOT-North 345KV Hub</p>   |
| Trading Hours                             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.  |
| Flow Periods                              | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat,   |
| Quotation                                 | Contract prices are quoted in dollars and cents per MWh  |
| Units of Trading                          | Any multiple of 1 MWh  |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period  |
| Settlement Terms                          | Cash   |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh   |
| Settlement Price                          | Day Ahead Settlement Price Point - the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for Day Ahead Settlement Price Point (SPP) at the delivery location specified in the contract for the prices effective on agreed upon date. |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement   |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | <p>The duration of the time from the Effective Date to the Maturity Date.</p> <p>The contract terms available to be traded include:</p> <ul style="list-style-type: none"> <li>a) Balance Of Month</li> <li>b) Months</li> <li>c) Quarters</li> <li>d) Seasons</li> <li>e) Half Year</li> <li>f) Calendar Year</li> <li>o</li> </ul>   |
| Trade Types                               | <p>Electricity can be traded as one of the following trade type:</p> <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread –calendar</li> </ul>  |
| Last Trading Day                          | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions                       | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions                      | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London</li> </ul>  |

|          |  |
|----------|--|
|          | <p>calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</p> <p>d) Fixed Rate. The agreed rate of the product traded.</p> |
| Clearing | These Swaps traded on ICAP SEF are not cleared.  |
|          |  |

**(f) Real Time Settlement Price Point – Swaps**

| <b>Contract Specification</b>             | <b>Details</b>   |
|---|--|
| Product Description                       | <p>Cash settled swap contracts based on real time prices published by Independent System Operators ("ISO") for the specific electricity locations.</p> <p>The following Electricity products based on Real Time Settlement Price Point settlements are traded at ICAP:</p> <p>ERCOT-West 345KV Hub<br/>ERCOT-North 345KV Hub</p>   |
| Trading Hours                             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.  |
| Flow Periods                              | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat,   |
| Quotation                                 | Contract prices are quoted in dollars and cents per MWh  |
| Units of Trading                          | Any multiple of 1 MWh  |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period  |
| Settlement Terms                          | Cash   |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh   |
| Settlement Price                          | Real Time Settlement Price Point - the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for Real Time Settlement Price Point (SPP) at the delivery location specified in the contract for the prices effective on agreed upon date. |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement   |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | <p>The duration of the time from the Effective Date to the Maturity Date.</p> <p>The contract terms available to be traded include:</p> <ul style="list-style-type: none"> <li>a) Balance Of Month</li> <li>b) Months</li> <li>c) Quarters</li> <li>d) Seasons</li> <li>e) Half Year</li> <li>f) Calendar Year</li> </ul>  |
| Trade Types                               | <p>Electricity can be traded as one of the following trade type:</p> <ul style="list-style-type: none"> <li>a) Outright</li> </ul>   |



|                      |   |
|----------------------|---|
|                      | b) Spread —calendar   |
| Last Trading Day     | Trading terminates at the close of business on the on the last business day of each contract month  |
| Trading Conventions  | <p>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</p> <p>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</p>   |
| Swap Leg Conventions | <p>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</p> <p>b) Holiday Calendar. NERC</p> <p>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</p> <p>d) Fixed Rate. The agreed rate of the product traded</p> |
| Clearing             | These Swaps traded on ICAP SEF are not cleared.   |
|                      |   |

***(g) Day Ahead Market Locational Marginal Pricing – Swaps***

| <b>Contract Specification</b> | <b>Details</b>  |
|-------------------------------|---|
| Product Description           | <p>Cash settled swap contracts based on day ahead prices published by Independent System Operators ("ISO") for the specific electricity locations.</p> <p>The following Electricity products based on Day Ahead Market Locational Marginal Pricing settlements are traded at ICAP:</p> <ul style="list-style-type: none"> <li>New England Power Pool - Connecticut</li> <li>New England Power Pool - Massachusetts Hub</li> <li>New England Power Pool - Northeast Massachusetts</li> <li>New England Power Pool - Rhode Island</li> <li>New England Power Pool - West Central Massachusetts Hub</li> <li>New York Independent System Operator, Zone A</li> <li>New York Independent System Operator, Zone C</li> <li>New York Independent System Operator, Zone D</li> <li>New York Independent System Operator, Zone E</li> <li>New York Independent System Operator, Zone F</li> <li>New York Independent System Operator, Zone G</li> <li>New York Independent System Operator, Zone J</li> </ul> |
| Trading Hours                 | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Flow Periods                  | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat   |
| Quotation                     | Contract prices are quoted in dollars and cents per MWh   |

|   |  |
|---|--|
| Units of Trading                          | Any multiple of 1 MWh  |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period .  |
| Settlement Terms                          | Cash   |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh   |
| Settlement Price                          | Day Ahead Market Locational Marginal Pricing -the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for Day Ahead Market Locational Marginal Pricing (LMP) prices for the average of each hour published as day-ahead at the delivery location specified in the contract for the prices effective on agreed upon date.   |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement   |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date.<br><br>The contract terms available to be traded include:<br><ul style="list-style-type: none"> <li>a) Balance Of Month</li> <li>b) Months</li> <li>c) Quarters</li> <li>d) Seasons</li> <li>e) Half Year</li> <li>f) Calendar Year</li> </ul>  |
| Trade Types                               | Electricity can be traded as one of the following trade type:<br><ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread –calendar</li> </ul>  |
| Last Trading Day                          | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions                       | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions                      | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate. The agreed rate of the product traded</li> </ul> |
| Clearing                                  | These Swaps traded on ICAP SEF are not cleared.  |

***(h) Day Ahead Market Locational Marginal Pricing – Options***

| Contract | Details |
|----------|---------|
|----------|---------|

| <b>Specification</b>                      |  |
|---|--|
| Product Description                       | Option contracts based on day ahead electricity prices published by Independent System Operators ("ISO") for the specific locations.<br><br>The following Electricity products based on day ahead Locational Marginal Pricing settlements are traded at ICAP:<br><br>New England Power Pool - Massachusetts Hub<br>New York Independent System Operator, Zone A  |
| Option Style                              | European   |
| Trading Hours                             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.  |
| Flow Periods                              | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat  |
| Quotation                                 | Contract prices are quoted in dollars and cents per MWh  |
| Units of Trading                          | Any multiple of 1 MWh  |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period  |
| Settlement Terms                          | Exercise into underlying swap  |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh   |
| Settlement Price                          | Day Ahead Market Locational Marginal Pricing -the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for Day Ahead Market Locational Marginal Pricing (LMP) prices for the average of each hour published as day-ahead at the delivery location specified in the contract for the prices effective on agreed upon date. |
| Strike Prices                             | Strike prices are available in increments of \$0.01 cent per MWh   |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement   |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date.<br><br>The contract terms available to be traded include:<br><ul style="list-style-type: none"> <li>a) Daily</li> <li>b) Balance Of Month</li> <li>c) Months</li> <li>d) Quarters</li> <li>e) Seasons</li> <li>f) Half Year</li> <li>g) Calendar Year</li> </ul>  |
| Exercise                                  | Daily Tenors: Automatic<br>All Other Tenors: (i.e. monthly): Manual  |
| Trade Types                               | Electricity can be traded as one of the following trade type:<br><ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread –strike price and/ or Maturity Date</li> </ul>  |

|                      |  |
|----------------------|--|
| Last Trading Day     | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions  | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate. The agreed rate of the product traded</li> </ul> |
| Clearing             | These Options traded on ICAP SEF are not cleared.  |

***(i) Real Time Market Locational Marginal Pricing – Swaps***

| <b>Contract Specification</b>             | <b>Details</b>  |
|---|---|
| Product Description                       | <p>Cash settled swap contracts based on real time prices published by Independent System Operators ("ISO") for the specific electricity locations.</p> <p>The following Electricity products based on Real Time Market Locational Marginal Pricing settlements are traded at ICAP:</p> <ul style="list-style-type: none"> <li>New England Power Pool - Massachusetts Hub</li> <li>New York Independent System Operator, Zone G</li> </ul> |
| Trading Hours                             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Flow Periods                              | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat   |
| Quotation                                 | Contract prices are quoted in dollars and cents per MWh   |
| Units of Trading                          | Any multiple of 1 MWh   |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period.  |
| Settlement Terms                          | Cash  |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 cent per MWh  |
| Settlement Price                          | Real Time Market Locational Marginal Pricing -the price for a pricing date will be that day's U.S. Dollar specified price per MWh of electricity for delivery on the agreed upon delivery date, published by the respective Independent System Operator ("ISO") for LMP prices for the average of each hour published as Real-time at the delivery location specified in the contract for the prices effective on agreed upon date.       |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement  |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.   |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.  |

|                      |  |
|----------------------|--|
| Tenor                | The duration of the time from the Effective Date to the Maturity Date.<br><br>The contract terms available to be traded include:<br>a) Balance Of Month<br>b) Months<br>c) Quarters<br>d) Seasons<br>e) Half Year<br>f) Calendar Year  |
| Trade Types          | Electricity can be traded as one of the following trade type:<br>a) Outright<br>b) Spread –calendar  |
| Last Trading Day     | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions  | a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.<br>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'   |
| Swap Leg Conventions | a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually<br>b) Holiday Calendar. NERC<br>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.<br>d) Fixed Rate. The agreed rate of the product traded |
| Clearing             | These Options traded on ICAP SEF are not cleared.  |

***(j) ERCOT Ancillary Services***

| <b>Contract Specification</b> | <b>Details</b>   |
|-------------------------------|--|
| Product Description           | Cash settled swap contracts based on Market Clearing Price for Capacity (“MCPC”) for ancillary standby power services published by the Electricity Reliability Council of Texas (“ERCOT”). The following Electricity products based on MPCP settlements are traded at ICAP:<br>ERCOT-Response Reserve (“RRS”)<br>ERCOT-Regulation Down Service (“Reg-Down”)<br>ERCOT Regulation Up (“Reg-Up”)<br>ERCOT Non-Spinning Reserve Service (“Non-Spin”) |
| Trading Hours                 | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.  |
| Flow Periods                  | Contracts may be agreed upon for the following types of flow periods: Peak, Off-Peak and Flat,   |
| Quotation                     | Contract prices are quoted in dollars and cents per MWh  |
| Units of Trading              | Any multiple of 1 MWh  |
| Expiration Date               | Trading shall cease at the end of the last business day of the contract period designated settlement period  |
| Settlement Terms              | Cash   |
| Minimum Price                 | The minimum price fluctuation is quoted in increments of \$0.01 per MWh  |

|                             |   |
|-----------------------------|---|
| Fluctuation/Price Tick Size |   |
| Settlement Price            | Day Ahead Market Clearing Price - the price for the specified ancillary service for a pricing date will be that day's U.S. Dollar specified price per MWh of the electricity service available on the agreed upon date, as published by ERCOT.  |
| Contract Size               | The minimum contract size is 1 MWh and can be defined at the time of agreement  |
| Effective Date              | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.   |
| Maturity Date               | The Maturity Date may also be referred to as the Termination Date or End Date.  |
| Tenor                       | The duration of the time from the Effective Date to the Maturity Date.<br>The contract terms available to be traded include: <ul style="list-style-type: none"> <li>a) Daily</li> <li>b) Balance Of Month</li> <li>c) Months</li> <li>d) Quarters</li> <li>e) Seasons</li> <li>f) Half Year</li> <li>g) Calendar Year</li> <li>o</li> </ul>   |
| Trade Types                 | Electricity can be traded outright only.  |
| Last Trading Day            | Trading terminates at the close of business on the on the last business day of each contract month  |
| Trading Conventions         | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>  |
| Swap Leg Conventions        | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Rate. The agreed rate of the product traded</li> <li>o</li> </ul> |
| Clearing                    | ERCOT Ancillary Services Swaps traded on ICAP SEF are not cleared.  |

***(k) [Reserved]***

***(l) Heat Rate Index Options***

| <b>Contract Specification</b> | <b>Details</b>   |
|-------------------------------|--|
| Product Description           | <p>Option contracts for power locations based on agreed Heat Rate prices derived from published indices of natural gas prices.</p> <p>Such options are available for the following electricity pricing locations' electricity products based on the agreed upon multiple of natural gas prices at the specified combination of electricity location and natural gas hub:</p> <p>SoCal GD Daily Index vs. Day Ahead LMP at CAISO South Path 15 EZ Gen Hub</p> |

|   |   |
|---|---|
|   | TETCO M3 GD Daily Index vs. Real-Time LMP at PJM-W<br>Algonquin city-gates GD Daily Index vs. Day Ahead Market at New England Power Pool - Massachusetts Hub  |
| Option Style                              | European  |
| Trading Hours                             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Flow Periods                              | Contracts may be agreed upon for the following types of flow periods: Peak  |
| Quotation                                 | Contract premium prices are quoted in dollars and cents per MWh   |
| Units of Trading                          | Any multiple of 1 MWh   |
| Expiration Date                           | Trading shall cease at the end of the last business day of the contract period designated settlement period   |
| Settlement Terms                          | Exercise into the respective swap components for gas and power in the form customary for such swaps on the OTC market.  |
| Minimum Price Fluctuation/Price Tick Size | The minimum price fluctuation is quoted in increments of \$0.01 per MWh   |
| Strike Price                              | Strike prices are computed based upon the agreed multiple of the specified combination for the electricity location and gas index location. Gas indices locations as published by Platts.   |
| Contract Size                             | The minimum contract size is 1 MWh and can be defined at the time of agreement  |
| Effective Date                            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.   |
| Maturity Date                             | The Maturity Date may also be referred to as the Termination Date or End Date.  |
| Tenor                                     | The duration of the time from the Effective Date to the Maturity Date.<br><br>The contract terms available to be traded include: <ul style="list-style-type: none"> <li>a) Daily</li> <li>b) Balance Of Month</li> <li>c) Months</li> <li>d) Quarters</li> <li>e) Seasons</li> <li>f) Half Year</li> <li>g) Calendar Year</li> </ul>  |
| Exercise                                  | Daily Tenors: Automatic<br>All Other Tenors: (i.e. monthly): Manual   |
| Trade Types                               | Electricity can be traded as one of the following trade type: <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread (strike price or Maturity Date)</li> </ul>  |
| Last Trading Day                          | Trading terminates at the close of business on the last business day of each contract month   |
| Trading Conventions                       | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>  |
| Swap Leg Conventions                      | <ul style="list-style-type: none"> <li>a) Payment Frequency. Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar. NERC</li> <li>c) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and</li> </ul> |

|          |  |
|----------|--|
|          | London calendar.<br>d) Fixed Rate. The agreed rate of the product traded |
| Clearing | Heat Rate Index Options traded on ICAP SEF are not cleared.              |



## Rule 805(13) — Crude Oil

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>A Crude Oil swap is a contract where two parties agree to pay/receive a predetermined fixed price on a Crude Oil (any listed below), and receive/pay a floating price based on the same Crude Oil at predefined times.</p> <p>ICAP SEF (US) LLC “ICAP SEF” offers Crude Oil swaps in the following:</p> <ul style="list-style-type: none"><li>• Brent 25 Day BFOE</li><li>• Brent CFD</li><li>• Front Line Brent</li><li>• Dated Brent</li><li>• Dated Front Line Brent</li><li>• Dubai Crude Oil</li><li>• WTI Crude Oil</li></ul> |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"><li>• Daily</li><li>• Weeks</li><li>• Balance Of Month</li><li>• Months</li><li>• Quarters</li><li>• Calendar Years</li></ul>   |
| Units of Trading              | 1 SEF Lot equivalent to 1,000 Barrels (bbl)  |
| Minimum Trading Size          | 1 SEF lot with increments of 1 SEF lot   |
| Trading Price/Price Tick Size | Contract prices are quoted US Dollar and US Dollar cents per Barrel (\$0.01/bbl). Crude Oil swaps trade in increments of \$0.01/bbl.   |
| Delivery/Settlement Terms     | Crude Oil contracts are cash settled against the corresponding Platts daily assessment price and/or futures contract.  |
| Trade Types                   | Outright or Spread   |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | The last business day of the contract period.  |
| Trading Conventions           | a) Buyer — pays fixed price / receives floating price on a Crude Oil<br>b) Seller — receives fixed price / pays floating price on a Crude Oil  |
| Clearing                      | Crude Oil Swaps traded on ICAP SEF are not cleared.  |

## Rule 805(14) — Dry Freight Swaps

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>A Dry Forward Freight Agreement (FFA) swap is a contract where two parties agree to pay/receive a predetermined fixed price on a Dry Freight route or a time charter average (any listed below), and receive/pay a floating price based on the same Dry Freight route or a time charter average.</p> <p>ICAP SEF (US) LLC "ICAP SEF" offers Dry Freight swaps based on the following routes and time charter averages:</p> <ul style="list-style-type: none"> <li>• C3 AVG: Capesize, Tubarao — Qingdao, 160,000 mt</li> <li>• C4 AVG: Capesize, Richards Bay — Rotterdam, 150,000 mt</li> <li>• C5 AVG: Capesize, W Australia — Qingdao, 160,000 mt</li> <li>• C7 AVG: Capesize, Bolivar - Rotterdam, 150,000 mt</li> <li>• P1A: Panamax, T/C, Transatlantic RV</li> <li>• P1A AVG, Panamax, T/C Transatlantic RV</li> <li>• P2A: Panamax, T/C Skaw Gibraltar - Far East</li> <li>• P2A AVG: Panamax, T/C Skaw Gibraltar - Far East</li> <li>• P3A: Panamax, T/C S.Korea - Japan Pacific R/V</li> <li>• P3A AVG: Panamax, T/C S.Korea - Japan Pacific R/V</li> <li>• CS 4 TC, Capesize, T/C Average</li> <li>• PM 4 TC, Panamax, T/C Average</li> <li>• HS 6 TC, Handysize, T/C Average</li> <li>• SM 6 TC, Supramax, T/C Average</li> </ul> |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• Months</li> <li>• Quarters</li> <li>• Calendar Years</li> </ul>  |
| Units of Trading              | 1 SEF lot equivalent to 1 day of time charter or 1,000 Metric Tonnes   |
| Minimum Trading Size          | 1 SEF lot, with increments of 1 SEF lot  |
| Trading Price/Price Tick Size | <p>Contract prices are quoted in US Dollars per day or US Dollar or US Dollar cents per Metric Tonne (\$1/day or \$0.01/MT)</p> <p>Dry FFA swaps trade in increments of \$1/day or \$0.01/MT</p>   |
| Delivery/Settlement Terms     | Dry FFA swap contracts are cash settled against the corresponding average of the spot assessments as made public by the Baltic Exchange  |
| Trade Types                   | Outright or Spread   |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | The last business day of the contract period   |
| Trading Conventions           | <p>a) Buyer — pays fixed price / receives floating price based on a Dry FFA route or time charter average</p> <p>b) Seller — receives fixed price / pays floating price based on a Dry FFA route or time charter average</p>   |
| Clearing                      | Dry FFA Swaps traded on ICAP SEF are not cleared.  |

## Rule 805(15) — Dry Freight Options

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>The ICAP SEF (US) LLC “ICAP SEF” Dry Freight Options are listed with respect to an underlying ICAP SEF Dry Forward Freight Agreement (FFA) Swap.</p> <p>ICAP SEF offers Dry Freight Options based on the following routes and time charter averages:</p> <ul style="list-style-type: none"> <li>• C3 AVG: Capesize, Tubarao — Qingdao, 160,000 mt</li> <li>• C4 AVG: Capesize, Richards Bay — Rotterdam, 150,000 mt</li> <li>• C5 AVG: Capesize, W Australia — Qingdao, 160,000 mt</li> <li>• C7 AVG: Capesize, Bolivar - Rotterdam, 150,000 mt</li> <li>• P1A: Panamax, T/C, Transatlantic RV</li> <li>• P1A AVG, Panamax, T/C Transatlantic RV</li> <li>• P2A: Panamax, T/C Skaw Gibraltar - Far East</li> <li>• P2A AVG: Panamax, T/C Skaw Gibraltar - Far East</li> <li>• P3A: Panamax, T/C S.Korea - Japan Pacific R/V</li> <li>• P3A AVG: Panamax, T/C S.Korea - Japan Pacific R/V</li> <li>• CS 4 TC, Capesize, T/C Average</li> <li>• PM 4 TC, Panamax, T/C Average</li> <li>• HS 6 TC, Handysize, T/C Average</li> <li>• SM 6 TC, Supramax, T/C Average</li> </ul> |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• Months</li> <li>• Quarters</li> <li>• Calendar Years</li> </ul>  |
| Units of Trading              | 1 SEF lot equivalent to 1 day of time charter or 1,000 Metric Tonnes (MT)  |
| Minimum Trading Size          | 1 SEF lot, with increments of 1 SEF lot  |
| Trading Price/Price Tick Size | <p>Contract prices are quoted in US Dollars per day or US Dollar or US Dollar cents per Metric Tonne (\$1/day or \$0.01/MT)</p> <p>Dry FFA Options trade in increments of \$1.00/day or \$0.01/MT</p>  |
| Delivery/Settlement Terms     | <p>ICAP SEF Dry Freight Options are exercised into the relevant ICAP SEF Dry Forward Freight Agreement (FFA) Swap</p>  |
| Trade Types                   | <p>ICAP SEF offers the following option strategies:</p> <ul style="list-style-type: none"> <li>• Call</li> <li>• Put</li> </ul>  |
| Option Premium                | Equity Style option premiums must be exchanged within 2 business days of the transaction being executed  |
| Option Style                  | <p>ICAP SEF offers the following option styles:</p> <ul style="list-style-type: none"> <li>• Asian Style</li> </ul>  |
| Strike Price Increments       | Strike prices are in increments of \$1.00/day or \$0.01/MT of the underlying Dry Forward Freight Agreement (FFA) Swap  |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | Trading will cease on Dry Freight Options at 13:15 (LLT) on expiry date  |

| <b>Contract Specification</b> | <b>Details</b>   |
|-------------------------------|--|
|                               | Dry Freight Options expire as per market convention                                    |
| Trading Conventions           | <ul style="list-style-type: none"><li>• Buyer Option</li><li>• Seller Option</li></ul> |
| Clearing                      | Dry Freight Options traded on ICAP SEF are not cleared.                                |

## Rule 805(16) — Emissions Swaps

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>Carbon (CO<sub>2</sub>) Emission forward contracts are for physical delivery to an official Registry.</p> <p>Market participants can efficiently manage their carbon price risk with carbon (CO<sub>2</sub>) emission forward contracts.</p> <p>ICAP SEF (US) LLC “ICAP SEF” offers CO<sub>2</sub> emissions forward contracts in the following:</p> <ul style="list-style-type: none"> <li>• EU Allowances (EUAs)</li> <li>• EU Aviation Allowances (EUAs)</li> <li>• Certified Emission Reductions (CERs)</li> <li>• Emissions Reductions Units (ERUs).</li> </ul>  |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• Daily</li> <li>• Quarterly</li> <li>• Calendar</li> </ul> <p>Contracts terms are available up to December 2020</p>   |
| Units of Trading              | <p>Traded as 1 SEF lot equivalent to:</p> <ul style="list-style-type: none"> <li>• <b>EUA:</b> 1,000 CO<sub>2</sub> EU Allowances. Each EU Allowance being an entitlement to emit one tonne of carbon dioxide equivalent gas.</li> <li>• <b>EUAs:</b> 1,000 European Union Aviation Allowances (EUAA) only to the extent such EUAs are valid, as of the time of their delivery, for the purposes of meeting the requirements of the Directive. ICAP SEF does not make any representation or warranty whatsoever as to whether any EUAs delivered pursuant to a EUAA Contract are or are not valid in this regard.</li> <li>• <b>CERs:</b> 1,000 Certified Emission Reduction units (“CERs”), being units issued pursuant to Article 12 of the Kyoto Protocol (as amended from time to time) provided that, as of the time of delivery, such CERs may be used for determining compliance with emissions limitation commitments pursuant to and in accordance with the Scheme, by the issuance of an EUA by the competent authority, valid in the third compliance period of the Scheme, in exchange for a CER.</li> <li>• <b>ERUs:</b> 1,000 Emission Reduction Units (ERU) (i.e. units issued pursuant to Article 6 of the Kyoto Protocol and the decisions adopted pursuant to the UNFCCC to the Kyoto Protocol with the exception of allowances generated by hydroelectric projects with a generating capacity exceeding 20MW, LULUCF activities and nuclear facilities). Each ERU being an entitlement to emit one tonne of carbon dioxide equivalent gas.</li> </ul> |
| Minimum Trading Size          | 25 SEF lots, with increments of 1 SEF lot  |
| Trading Price/Price Tick Size | <p>Contract price is quoted in Euro and Euro cent per Metric Tonne (€0.01/MT)</p> <p>Minimum price fluctuation is €0.01 per Metric Tonne (i.e. €10 per SEF lot)</p>  |
| Delivery/Settlement Terms     | The contracts are physically settled and delivered by the transfer of the specified CO <sub>2</sub> emission allowances from the seller’s account to the buyer’s account in an official Registry.  |
| Trade Types                   | Outright or Spread   |

| Contract Specification | Details  |
|------------------------|--|
| Position Limits        | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day       | Daily contracts cease trading at 16:00(LLT) on the contract day.   |
| Trading Conventions    | <ul style="list-style-type: none"> <li>• Buyer is the party of the contract who is Long the CO2 Emission Allowances</li> <li>• Seller is the party of the contract who is Short the CO2 Emission Allowances</li> </ul> |
| Clearing               | Emissions Swaps traded on ICAP SEF are not cleared.  |

## Rule 805(17) — Emissions Options

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>Carbon (CO<sub>2</sub>) Emission option contracts, provide the buyer the right, but not the obligation, to buy or to sell a defined CO<sub>2</sub> emission allowances at a specified future time at a price (the strike price) agreed upon at time of trade.</p> <p>Market participants can efficiently manage their carbon price risk with carbon (CO<sub>2</sub>) emission option contracts.</p> <p>ICAP SEF (US) LLC “ICAP SEF” offers CO<sub>2</sub> emission option contracts in the following:</p> <ul style="list-style-type: none"> <li>• EU Allowances (EUAs)</li> <li>• EU Aviation Allowances (EUAAAs)</li> <li>• Certified Emission Reductions (CERs)</li> <li>• Emissions Reductions Units (ERUs).</li> </ul> |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• Quarterly</li> </ul>   |
| Units of Trading              | Traded as 1 SEF lot equivalent to 1 SEF lot of underlying ICAP SEF Carbon Emission forward contract.   |
| Minimum Trading Size          | 50 SEF lots, with increments of 1 SEF lot  |
| Trading Price/Price Tick Size | <p>Contract price is quoted in Euro and Euro cent per Metric Tonne (€0.01/MT)</p> <p>Minimum price fluctuation is €0.01 per metric tonne (i.e. €10 per SEF lot)</p>  |
| Delivery/Settlement Terms     | <p>ICAP SEF CO<sub>2</sub> Emission Options exercise into the relevant ICAP SEF Carbon Emission forward.</p> <p>ICAP SEF CO<sub>2</sub> Emission Options auto-exercise if in the money.</p>  |
| Trade Types                   | <p>ICAP SEF offers the following option strategies:</p> <ul style="list-style-type: none"> <li>• Call</li> <li>• Put</li> </ul>  |
| Option Premium                | <p>Equity Style option premiums must be exchanged within 2 business days of the transaction being executed.</p> <p>Option Premium to be quoted and exchanged in Euro (€) and Euro cent (c) per metric tonne (€0.01/MT)</p>   |
| Option style                  | <p>ICAP SEF offers the following option styles:</p> <ul style="list-style-type: none"> <li>• European Style</li> </ul>   |
| Strike Price Increments       | Strike prices are in increments of Euro cents (€0.01)  |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | Trading will cease on CO <sub>2</sub> Emission Options at the close of business on two Business Days prior to the option expiry.   |
| Trading Conventions           | <ul style="list-style-type: none"> <li>• Buyer Option</li> <li>• Seller Option</li> </ul>  |
| Clearing                      | Emissions Options traded on ICAP SEF are not cleared.  |

## Rule 805(18) — Fuel Oil Swaps

| Contract Specification        | Details   |
|-------------------------------|---|
| Product Description           | <p>A Fuel Oil swap is a contract where two parties agree to pay/receive a predetermined fixed price on a Fuel Oil (any listed below), and receive/pay a floating price based on the same Fuel Oil at predefined times.</p> <p>ICAP SEF (US) LLC "ICAP SEF" offers Fuel Oil swaps for the following:</p> <ul style="list-style-type: none"> <li>• European Fuel Oil</li> <li>• Singapore Fuel Oil</li> </ul> |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• Balance Of Month</li> <li>• Months</li> <li>• Quarters</li> <li>• Calendar Years</li> </ul>   |
| Units of Trading              | 1 SEF lot equivalent to 1,000 Metric Tonnes (MT)  |
| Minimum Trading Size          | 1 SEF lot with increments of 1 SEF lot  |
| Trading Price/Price Tick Size | <p>Contract prices are quoted US Dollar and US Dollar cents per Metric Tonne (\$0.01/MT)</p> <p>Fuel Oil trades in increments of \$0.01/MT, \$0.05/MT, and/or \$0.025/MT</p>  |
| Delivery/Settlement Terms     | Fuel Oil contracts are cash settled against the corresponding Platts daily assessment price and/or futures contract   |
| Trade Types                   | Outright or Spread  |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits  |
| Last Trading Day              | The last business day of the contract period  |
| Trading Conventions           | <p>a) Buyer — pays fixed price / receives floating price on a Fuel Oil</p> <p>b) Seller — receives fixed price / pays floating price on a Fuel Oil</p>  |
| Clearing                      | Fuel Oil Swaps traded on ICAP SEF are not cleared.  |



## Rule 805(19) — LNG Swap

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>A Liquefied Natural Gas (LNG) swap is a contract where two parties agree to pay/receive a predetermined fixed price on LNG, and receive/pay a floating price based on LNG at predefined times.</p> <p>ICAP SEF (US) LLC "ICAP SEF" offers LNG swaps in the following:</p> <ul style="list-style-type: none"><li>• JKM</li></ul> |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"><li>• Months</li><li>• Quarters</li><li>• Seasons</li><li>• Calendar Years</li></ul>  |
| Units of Trading              | 1 SEF Lot is equivalent to 10,000 Million British Thermal Units (MMBtu)  |
| Minimum Trading Size          | 1 SEF lot, with increments of 1 SEF lot  |
| Trading Price/Price Tick Size | <p>The contract price is in US Dollar and US Dollar cents per Million British Thermal Units (£0.01/MMBtu)</p> <p>LNG trades in increments of \$0.01/MMBtu</p>  |
| Delivery/Settlement Terms     | LNG contracts are cash settled against the corresponding Platts daily assessment price.  |
| Trade Types                   | Outright or Spread   |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | Trading will cease The Last Trading Day is the 15th day or, if a non business day, the business day preceding the 15th day of the month prior to the first contract month. LNG trading follows the Singapore business day calendar.  |
| Trading Conventions           | <p>a) Buyer — pays fixed price / receives floating price based on LNG</p> <p>b) Seller — receives fixed price / pays floating price based on LNG</p>   |
| Clearing                      | LNG Swaps traded on ICAP SEF are not cleared.  |

## Rule 805(20) — Middle Distillate Oil Swaps

| Contract Specification        | Details  |
|-------------------------------|--|
| Product Description           | <p>A Middle Distillate Oil swap is a contract where two parties agree to pay/receive a predetermined fixed price on a Middle Distillates Oil (any listed below), and receive/pay a floating price based on the same Middle Distillates Oil at predefined times.</p> <p>Middle Distillate Oils are defined as Hydrocarbons that fall within the “middle boiling range” of refinery distillation.</p> <p>ICAP SEF (US) LLC “ICAP SEF” offers Middle Distillate Oil swaps in the following:</p> <ul style="list-style-type: none"> <li>• Diesel</li> <li>• Gasoil</li> <li>• Heating Oil</li> <li>• Jet Fuel</li> </ul> |
| Trading Period / Tenor        | <p>Contract terms available for trading include:</p> <ul style="list-style-type: none"> <li>• Balance Of Month</li> <li>• Months</li> <li>• Quarters</li> <li>• Calendar Years</li> </ul>  |
| Units of Trading              | <p>1 SEF lot is equivalent to:</p> <ul style="list-style-type: none"> <li>• <b>Diesel:</b> 1,000 Metric Tonnes (MT)</li> <li>• <b>Gasoil:</b> 1,000 Metric Tonnes</li> <li>• <b>Heating Oil:</b> 42,000 Gallons</li> <li>• <b>Jet Fuel:</b> 1,000 Metric Tonnes</li> </ul>   |
| Minimum Trading Size          | 1 SEF lot with increments of 1 SEF lot   |
| Trading Price/Price Tick Size | <p>Contract prices are quoted US Dollar and US Dollar cents per Metric Tonne (\$0.01/MT).</p> <p>Middle Distillate Oil swaps trade in increments of \$0.01/MT and/or \$0.25/MT.</p>  |
| Delivery/Settlement Terms     | Middle Distillate contracts are cash settled against the corresponding Platts daily assessment price and/or futures contract.  |
| Trade Types                   | Outright or Spread   |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Last Trading Day              | The last business day of the contract period.  |
| Trading Conventions           | <p>a) Buyer — pays fixed price / receives floating price on a Middle Distillate Oil</p> <p>b) Seller — receives fixed price / pays floating price on a Middle Distillate Oil</p>   |
| Clearing                      | Middle Distillate Oil Swaps traded on ICAP SEF are not cleared.  |

## Rule 805(21) — Precious Metals Forwards

| Contract Specification        | Details   |
|-------------------------------|---|
| Product Description           | <p>Physical Precious Metal forwards are contracts between two parties to buy or to sell a defined precious metal at a specified future time at a price agreed upon at time of trade.</p> <p>Precious Metals are hedging tools for commercial producers and users of the relevant precious metals referred to in the contract. They also provide global price discovery and opportunities for portfolio diversification.</p> <p>ICAP SEF (US) LLC “ICAP SEF” offers Physical Precious Metal forwards based on the following:</p> <ul style="list-style-type: none"> <li>• Gold: minimum 99.5% purity</li> <li>• Silver: minimum 99.9% purity</li> <li>• Platinum: minimum 99.95% purity</li> <li>• Palladium: minimum 99.95% purity</li> </ul> |
| Trading Period / Tenor        | ICAP SEF offers precious metal forwards from spot (T+2) to 10 years.  |
| Units of Trading              | Traded at 1 SEF Lot equivalent to 1 Troy Ounce (oz t)   |
| Minimum Trading Size          | 1 SEF lot, with increments of 1 SEF lot.  |
| Trading Price/Price Tick Size | <p>Contract price for Gold, Platinum and Palladium is quoted in US Dollar and tenths of US Dollar cents per Troy Ounce (\$0.001/oz t). Minimum price fluctuation is \$0.001/oz t.</p> <p>Contract price for Silver is quoted in US Dollar and thousandths of US Dollar cents per Troy Ounce (\$0.00001/oz t). Minimum price fluctuation is \$0.00001/oz t.</p>  |
| Delivery/Settlement Terms     | <p>Physically delivered</p> <ul style="list-style-type: none"> <li>• Delivery for gold and silver to occur in London</li> <li>• Delivery for platinum and palladium to occur in London or Zurich</li> </ul> <p>Settlement occurs in US Dollars, with modified following business day convention.</p>  |
| Trade Types                   | Outright or Spread  |
| Position Limits               | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits.   |
| Trading Conventions           | <p>a) Buyer is the party of the contract who is Long the commodity</p> <p>b) Seller is the party of the contract who is Short the commodity</p>   |
| Clearing                      | Precious Metals Forwards traded on ICAP SEF are not cleared.  |

## Rule 805(22) — Precious Metals Options

| Contract Specification        | Details   |
|-------------------------------|---|
| Product Description           | <p>Precious metal options contracts provide the buyer the right, but not the obligation, to buy or to sell a defined precious metal at a specified future time at a price (the strike price) agreed upon at time of trade</p> <p>They give hedgers and investors a more flexible alternative to futures. When buying an option the purchaser is not entering into a firm obligation they are simply buying a choice of action.</p> <p>ICAP SEF (US) LLC “ICAP SEF” offers options based on the following Precious Metals:</p> <ul style="list-style-type: none"> <li>• Gold: minimum 99.5% purity</li> <li>• Silver: minimum 99.9% purity</li> <li>• Platinum: minimum 99.95% purity</li> <li>• Palladium: minimum 99.95% purity</li> </ul> |
| Trading Period / Tenor        | ICAP SEF offers options on tenors from one week to 10 years.  |
| Units of Trading              | Traded at 1 SEF Lot equivalent to 1 Troy Ounce (oz t)   |
| Minimum Trading Size          | 1 SEF lot, with increments of 1 SEF lot.  |
| Trading Price/Price Tick Size | <p>Contract price for Gold, Platinum and Palladium is quoted in US Dollar and tenths of US Dollar cents per Troy Ounce (\$0.001/oz t). Minimum price fluctuation is \$0.001/oz t.</p> <p>Contract price for Silver is quoted in US Dollar and thousandths of US Dollar cents per Troy Ounce (\$0.00001/oz t). Minimum price fluctuation is \$0.00001/oz t.</p>  |
| Delivery/Settlement Terms     | ICAP SEF Precious Metal Options exercise into the relevant ICAP SEF Physical Precious Metal forwards.   |
| Trade Types                   | <p>ICAP SEF offers the following option strategies:</p> <ul style="list-style-type: none"> <li>• Call</li> <li>• Put</li> </ul>   |
| Option Premium                | <p>Currency style option premiums must be exchanged within 2 business days of the transaction being executed.</p> <p>Option Premium to be quoted and exchanged in US Dollars.</p>   |
| Option Style                  | <p>ICAP SEF offers the following option styles:</p> <ul style="list-style-type: none"> <li>• European Style</li> <li>• American Style</li> </ul>  |
| Option expiry                 | <p>For ICAP SEF Precious metal options, the expiry date is agreed as part of the contract at point of execution.</p> <p>Value date is T+2, based on the modified following business day convention.</p>   |
| Strike Price Increments       | <p>Strike prices for Gold, Platinum and Palladium are in increments of US Dollar and tenths of US Dollar cents per Troy Ounce (\$0.001/oz t) of underlying precious metal.</p> <p>Strike prices for Silver are in increments of US Dollar and thousandths of US Dollar cents per Troy Ounce (\$0.00001/oz t).</p>   |

| Contract Specification | Details  |
|------------------------|--|
| Position Limits        | Refer to ICAP SEF Rule Book, <b>Rule 408</b> for position limits   |
| Trading Conventions    | <ul style="list-style-type: none"><li data-bbox="477 331 667 359">• Buyer Option</li><li data-bbox="477 359 667 394">• Seller Option</li></ul> |
| Clearing               | Precious Metals Options traded on ICAP SEF are not cleared.  |

## Rule 805(23) — Henry Hub Natural Gas Swaps & Options

### (a) Henry Hub NYMEX Last Day Settlement - Swaps

|                           |  |
|---------------------------|--|
| Product Description       | Cash settled swap where the parties exchange an agreed upon fixed price for natural gas at the Henry Hub and a floating price based on the price of the Henry Hub Natural Gas Futures Contract (code NG) as published by the New York Mercantile Exchange (“NYMEX”) on the last day of trading for the contract month.                             |
| Trading Hours             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.  |
| Price Quotation           | Prices shall be quoted in dollars and tenths of cents per British thermal units (MMBtu).   |
| Units of Trading          | Any multiple of 2,500 MMBtus   |
| Expiration Date           | Trading shall cease on the last business day trading for the corresponding contract month of the NYMEX Henry Hub Natural Gas Futures Contract (code NG).   |
| Settlement Terms          | Cash   |
| Minimum Price Fluctuation | \$0.001 per MMBtu  |
| Floating Price            | The Floating Price for each contract month will be equal to the NYMEX Henry Hub Natural Gas Futures Contract (code NG) settlement price for the corresponding contract month on the last trading day for that contract month.<br><br>Final settlement, following termination of trading for a contract month, will be based on the Floating Price. |
| Contract Size             | 2,500 million MMBtus.  |
| Tenor                     | The contract terms available to be traded include:<br>a) Months<br>b) Quarters<br>c) Seasons<br>d) Half Year<br>e) Calendar Year   |
| Effective Date            | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Trade Types               | Natural Gas can be traded as one of the following trade type:<br>a) Outright<br>b) Spread – calendar   |
| Trading Conventions       | a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be ‘long’.<br>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be ‘short’   |

|                      |  |
|----------------------|--|
| Swap Leg Conventions | c) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually   |
|                      | a) Holiday Calendar: New York and London<br>b) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.<br>c) Fixed Price: The agreed price of the product traded. |
| Speculative Limits   | No speculative limits are currently required.  |
| Reportable Levels    | No reportable levels are currently applicable.   |
| Clearing             | Henry Hub Natural Gas Swaps & Options traded on ICAP SEF are not cleared.  |

**(b) Henry Hub NYMEX Penultimate Settlement - Swaps**

|                           |   |
|---------------------------|---|
| Product Description       | Cash settled swap where the parties exchange an agreed upon fixed price for natural gas at the Henry Hub and a floating price based on the price of the Henry Hub Natural Gas Futures Contract (code NG) as published by the New York Mercantile Exchange (“NYMEX”) on the last day of trading for the contract month.  |
| Trading Hours             | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Price Quotation           | Prices shall be quoted in dollars and hundredths of cents per British thermal units (MMBtu).  |
| Units of Trading          | Any multiple of 2,500 MMBtus  |
| Expiration Date           | Trading shall cease on the business day preceding the termination of trading for the corresponding contract month of the NYMEX Henry Hub Natural Gas Futures Contract (code NG).  |
| Settlement Terms          | Cash  |
| Minimum Price Fluctuation | \$0.0001 per MMBtu  |
| Floating Price            | The Floating Price for each contract month will be equal to the NYMEX Henry Hub Natural Gas Futures Contract (code NG) settlement price for the corresponding contract month on the business day proceeding the last trading day for that contract month.<br><br>Final, settlement, following termination of trading for a contract month, will be based on the Floating Price. |
| Contract Size             | 2,500 million MMBtus.   |
| Tenor                     | The contract terms available to be traded include:<br><br>a) Months<br>b) Quarters  |

|                      |  |
|----------------------|--|
|                      | <ul style="list-style-type: none"> <li>c) Seasons</li> <li>d) Half Year</li> <li>e) Calendar Year</li> </ul>   |
| Effective Date       | The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.  |
| Maturity Date        | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Trade Types          | Natural Gas can be traded as one of the following trade type: <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread – calendar</li> </ul>  |
| Trading Conventions  | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> </ul>   |
|                      | <ul style="list-style-type: none"> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed price: The agreed price of the product traded.</li> </ul> |
| Speculative Limits   | No speculative limits are currently required.  |
| Reportable Levels    | No reportable levels are currently applicable.   |
| Clearing             | Henry Hub Natural Gas Swaps & Options traded on ICAP SEF are not cleared.  |

***(c) Henry Hub NYMEX Last Day Settlement - Options***

| <b>Contract Specification</b> | <b>Details</b>  |
|-------------------------------|---|
| Product Descriptions          | Option contract based on the price of the Henry Hub Natural Gas Futures Contract (code NG) as published by the New York Mercantile Exchange (“NYMEX”) on the day prior to the last day of trading for the contract month. |
| Option Style                  | European  |
| Trading Hours                 | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Flow Periods                  | Contracts may be agreed upon for monthly settlements  |



|                           |  |
|---------------------------|--|
| Quotation                 | Prices shall be quoted in dollars and tenths of cents per British thermal units (MMBtu).   |
| Unit of Trading           | Any multiple of 10,000 MMBtu   |
| Expiration Date           | The option contract shall expire on the last trading day for the underlying NYMEX Henry Hub Natural Gas Futures Contract (code NG).  |
| Settlement Terms          | Cash   |
| Minimum Price Fluctuation | \$0.001 per MMBtu  |
| Settlement Price          | <p>Upon the expiration of a call option, the value will be the difference between the settlement price of the underlying NYMEX Henry Hub Natural Gas Futures Contract (code NG) and the strike price multiplied by 10,000 MMBtu, or zero, whichever is greater.</p> <p>Upon the exercise of a put option, the value will be the difference between the strike price and the settlement price of the underlying NYMEX Henry Hub Natural Gas Futures Contract (code NG) multiplied by 10,000 MMBtu, or zero, whichever is greater.</p> |
| Strike Prices             | Strike prices are available in increments of \$0.01 cent per MMBtu   |
| Contract Size             | The minimum contract size is 10,000 MMBtu  |
| Tenor                     | <p>The contract terms available to be traded include:</p> <ul style="list-style-type: none"> <li>a) Months</li> <li>b) Quarters</li> <li>c) Seasons</li> <li>d) Half Year</li> <li>e) Calendar Year</li> </ul>   |
| Exercise                  | Manual between the counterparties  |
| Trade Types               | <p>The option can be traded as one of the following trade types:</p> <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread – strike price and/ or Maturity Date</li> </ul>   |
| Last Trading Day          | Trading terminates at the close of business on the on the last business day of each contract month   |
| Trading Conventions       | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>   |
| Swap Leg Conventions      | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> </ul>   |
|                           | <ul style="list-style-type: none"> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed price: The agreed price of the product traded.</li> </ul>   |

|                    |   |
|--------------------|---|
| Speculative Limits | No speculative limits are currently required.                             |
| Reportable Levels  | No reportable levels are currently applicable.                            |
| Clearing           | Henry Hub Natural Gas Swaps & Options traded on ICAP SEF are not cleared. |

**(d) Henry Hub NYMEX Penultimate Settlement - Options**

| <b>Contract Specification</b> | <b>Details</b>  |
|-------------------------------|---|
| Product Descriptions          | Option contract based on the price of the Henry Hub Natural Gas Futures Contract (code NG) as published by the New York Mercantile Exchange (“NYMEX”) on the day prior to the last day of trading for the contract month.   |
| Option Style                  | European  |
| Trading Hours                 | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.   |
| Flow Periods                  | Contracts may be agreed upon for monthly settlements  |
| Quotation                     | Prices shall be quoted in dollars and hundredths of cents per British thermal units (MMBtu).  |
| Unit of Trading               | Any multiple of 10,000 MMBtu  |
| Expiration Date               | The option contract shall expire on the last trading day for the underlying NYMEX Henry Hub Natural Gas Futures Contract (code NG).   |
| Settlement Terms              | Cash  |
| Minimum Price Fluctuation     | \$0.001 per MMBtu   |
| Settlement Price              | Upon the expiration of a call option, the value will be the difference between the settlement price of the underlying NYMEX Henry Hub Natural Gas Futures Contract (code NG) and the strike price multiplied by 10,000 MMBtu, or zero, whichever is greater.<br><br>Upon the exercise of a put option, the value will be the difference between the strike price and the settlement price of the underlying Henry Hub Natural Gas Futures Contract (code NG) multiplied by 10,000 MMBtu, or zero, whichever is greater. |
| Strike Prices                 | Strike prices are available in increments of \$0.01 cent per MMBtu  |
| Contract Size                 | The minimum contract size is 10,000 MMBtu   |
| Tenor                         | The contract terms available to be traded include:<br><br>a) Months   |

|                      |  |
|----------------------|--|
|                      | <ul style="list-style-type: none"> <li>b) Quarters</li> <li>c) Seasons</li> <li>d) Half Year</li> <li>e) Calendar Year</li> </ul>  |
| Exercise             | Manual between the counterparties  |
| Trade Types          | <p>The option can be traded as one of the following trade types:</p> <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread – strike price and/ or Maturity Date</li> </ul>   |
| Last Trading Day     | Trading terminates at the close of business on the on the penultimate business day of each contract month  |
| Trading Conventions  | <ul style="list-style-type: none"> <li>a) Buyer (Payer) , the fixed payer is the party of the contract who has bought the commodity or known to be ‘long’.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be ‘short’ <ul style="list-style-type: none"> <li>o</li> </ul> </li> </ul>  |
| Swap Leg Conventions | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> </ul>   |
|                      | <ul style="list-style-type: none"> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed price: The agreed price of the product traded.</li> </ul> |
| Speculative Limits   | No speculative limits are currently required.  |
| Reportable Levels    | No reportable levels are currently applicable.   |
| Clearing             | Henry Hub Natural Gas Swaps & Options traded on ICAP SEF are not cleared.  |

**(e) Henry Hub Natural Gas Basis Swaps**

|                     |   |
|---------------------|---|
| Product Description | <p>Cash-settled basis swap contracts. One party to the swap (the “Seller”) receives a fixed price based on the last day of trading of the NYMEX Henry Hub Natural Gas Futures contract (code NG), plus or minus a negotiated differential, and pays the other party (the “Buyer”) a floating price based on the Platts Inside FERC's Gas Market Report (“Platts IFERC”) index price published under the heading “Market Center Spot Gas Prices (\$MMBTU)” for one of the specific locations listed below at the specified Maturity Date, or alternatively the average price of a series (or a strip) of predefined “pricing dates” over the life of the swap. The price for a pricing date will be that day’s Platts IFERC published index price per MMBtu of natural gas for delivery on the delivery date, stated in US dollars.</p> <p>The following Natural Gas products based on monthly Inside FERC Pricing settlements are traded at ICAP:</p> <p>Algonquin City-Gates</p> |
|---------------------|---|

|                  |  |
|------------------|--|
|                  | <p>Colorado Interstate Gas Co. - Rocky Mountains</p> <p>Columbia Gas Transmission Corp. - Appalachia</p> <p>Columbia Gulf Transmission Co. - Louisiana</p> <p>Columbia Gulf Transmission Company - Mainline Pool</p> <p>Dominion Transmission Inc. - Appalachia</p> <p>El Paso Natural Gas Co. - Permian Basin</p> <p>El Paso Natural Gas Co. - San Juan Basin</p> <p>Enable Gas Transmission, LLC - East</p> <p>Florida Gas Transmission Co. - Zone 3</p> <p>Henry Hub Natural Gas</p> <p>Houston Ship Channel</p> <p>Mich Con city-gate</p> <p>Natural Gas Pipeline Co. of America - Texok zone</p> <p>Northern Natural Gas Co. - Demarcation</p> <p>Northern Natural Gas Co. - Ventura, Iowa</p> <p>Northwest Pipeline Corp. - Canadian border</p> <p>Northwest Pipeline Corp. - Rocky Mountains</p> <p>Panhandle Eastern Pipe Line Co. - Texas, Oklahoma (mainline)</p> <p>Southern Natural Gas Co. - Louisiana</p> <p>Tennessee Gas Pipeline Co. Louisiana, 500 Leg</p> <p>Tennessee Gas Pipeline Co. Texas, zone 0</p> <p>Texas Eastern, zone M-3</p> <p>Texas Gas Transmission Corp. - Zone 1</p> <p>Transco, zone 6 N.Y.</p> <p>Transco, zone 6 non-N.Y.</p> <p>Transcontinental Gas Pipe Line Corp. - Zone 3</p> <p>Transcontinental Gas Pipe Line Corp. - Zone 4</p> <p>Waha Natural Gas</p> |
| Trading Hours    | 08:00 – 17:00, Local Eastern Time (LET), Monday – Friday.  |
| Price Quotation  | Prices shall be quoted in dollars and hundredths of cents per British thermal units (MMBtu).   |
| Units of Trading | Any multiple of 2,500 MMBtus   |
| Expiration Date  | Trading shall cease on the last business day of the corresponding contract month of the NYMEX Henry Hub Natural Gas Futures contract (code NG).  |
| Settlement Terms | Cash   |

|                           |  |
|---------------------------|--|
| Minimum Price Fluctuation | \$.0001 per MMBtu  |
| Fixed Price               | The Fixed Price for each contract month will be equal to the NYMEX Henry Hub Natural Gas Futures contract (code NG) final settlement price for the corresponding contract month, plus or minus an agreed upon differential.  |
| Floating Price            | The Floating Price for each contract month will be equal to the Platts IFERC index price for the specified location published in the table titled "Market Center Spot-Gas Prices (\$MMBTU)" in the issue that reports prices effective on a pricing date.  |
| Contract Size             | 2,500 million MMBtus.  |
| Tenor                     | The contract terms available to be traded include: <ul style="list-style-type: none"> <li>a) Months</li> <li>b) Quarters</li> <li>c) Seasons</li> <li>d) Half Year</li> <li>e) Calendar Year</li> </ul>  |
| Maturity Date             | The Maturity Date may also be referred to as the Termination Date or End Date.   |
| Trade Types               | Natural Gas Basis Swaps can be traded as one of the following trade types: <ul style="list-style-type: none"> <li>a) Outright</li> <li>b) Spread – calendar</li> </ul>   |
| Trading Conventions       | <ul style="list-style-type: none"> <li>a) Buyer (Payer), the fixed payer is the party of the contract who has bought the commodity or known to be 'long'.</li> <li>b) Seller (Receiver), the floating payer is the party of the contract who has sold the commodity or known to be 'short'</li> </ul>  |
| Swap Leg Conventions      | <ul style="list-style-type: none"> <li>a) Payment Frequency: Monthly, Quarterly, Semi-Annually, or Annually</li> <li>b) Holiday Calendar: New York and London</li> <li>c) Business Day Convention: Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.</li> <li>d) Fixed Price: The agreed price of the product traded.</li> </ul> |
| Speculative Limits        | No speculative limits are currently required.  |
| Reportable Levels         | No reportable levels are currently applicable.   |

|          |   |
|----------|---|
| Clearing | Henry Hub Natural Gas Swaps & Options traded on ICAP SEF are not cleared. |
|----------|---|

## Rule 806. NDF Product Descriptions

### *Trading Hours*

The trading hours for all Swaps governed by this Rule 806 are as follows:

- Order Book: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.
- Voice RFQ: Not Available.
- All Pre-Arranged Crosses: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.

### **Products — Rule 806:**

- (1) Non Deliverable Forwards (NDFs)

### **Product Specifications**

NDF's are synthetic foreign currency forward contracts on non-convertible currencies or are traded on currencies with very little liquidity in the market place. These derivatives allow corporates and other investors to hedge or take positions to local currency movements without actually dealing in the underlying.

A (notional) principle amount, forward exchange rate and forward date are all agreed at the deal's inception. The difference is that there will be no physical transfer of the principle amount in the transaction. The deal is agreed on the basis that net settlement will be made in USD, or another fully convertible currency, to reflect any differential between the agreed forward rate and the actual exchange rate on the agreed forward date. It is a cash-settled outright forward.

The demand for NDF's arises principally out of regulatory and liquidity issues in the underlying currency, where overseas players are essentially barred from access to the domestic market.

When an NDF deal is contracted, a fixing methodology is agreed, which includes the following three methodologies:

1. Outright. Under the standard outright NDF contract a fixing spot rate is determined on the fixing date, which is normally two working days before settlement, to reflect the spot value.
2. Today's Fixing (TOD). The TOD methodology permits a currency position to be rolled forward one month on the same day as the contract is entered into. The contract specifies a number of basis points that will be added to the fixing spot rate, which is determined at the close of business on the trade date.
3. Tomorrow's Fixing (TOM). The TOM methodology permits a currency position to be rolled forward one month on the day before the fixing used to price the contract. The contract is a back-to-back trade with a near leg closing out the original currency position (the "Original NDF") and a far leg reestablishing the position the next trading day. The fixing rate applicable to the far leg is the current market rate for the relevant outright NDF contract at the time the contract is entered into. The fixing rate for the near leg is the far leg fixing rate minus a number of basis points agreed upon by the parties (the "Near Leg Rate"). The close out of the Original NDF is then calculated as the difference between the fixing rate applicable to the Original NDF and the Near Leg Rate.

In all cases, the fixing spot rate is based on the reference page on either Reuters or Bloomberg. Settlement is made in the major currency, paid to or by the client, and reflects the differential between the agreed upon non-deliverable forward rate and the fixing spot rate.

The NDF is quoted using foreign exchange forward market convention, with two way prices quoted as bid/offer pips, at a premium or discount to the prevailing spot market. As with a normal forward transaction, the market user either buys or sells the NDF, depending on the position to be hedged or according to the view of the underlying currency of interest rates.

NDF's are a risk management tool used to hedge the risk of forward currency convertibility, which can result from a number of factors, including credit risk, sovereign risk, regulatory restrictions, or lack of settlement procedures. NDF's are typically utilized by banks, multinational corporations, investment managers, and proprietary traders to hedge currency risk. NDF's are also used as a tool to facilitate locking in the enhance yields of emerging market currencies.

| Currencies |     |     |
|------------|-----|-----|
| USD        | THB | PHP |
| EUR        | RUB | CNY |
| CLP        | KRW | NGN |
| PEN        | INR | KZT |
| COL        | IDR | UAH |
| ARS        | MYR | CNH |
| BRL        | TWD |     |

#### Holiday Calendar

- USD, KRW, MYR, TWD, IDR, PHP, CNY, INR, CLP, PEN, COP, ARS, BRL, UYU
- Value date must be a good USD day
- Fixing date must be a good local day

#### Components

- Notional
  - This is the “face value” of the NDF, which is agreed between the two counterparties\*
- Fixing date
  - This is the day and time whereby the comparison between the NDF rate and the prevailing spot rate is made\*
- Settlement date (or delivery date)
  - This is the day when the difference is paid or received. It is usually one or two business days after the fixing date\*
- Publish Date
  - For CLP only, the mkt refers to the publish date as one day after the fixing date
- Contracted NDF rate
  - The rate agreed on the transaction date, and is essentially the outright forward rate of the currencies dealt
- Effective date
  - The date which the NDF contract takes effect, usually the trade date

#### Clearing

- NDFs traded on ICAP SEF are not cleared.



## Rule 807. Variance Swaps Product Descriptions

### Trading Hours

The trading hours for all Swaps governed by this Rule 807 are as follows:

- Order Book: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.
- Voice RFQ: Not Available.
- All Pre-Arranged Crosses: 24 Hours, beginning at 3:00 p.m. Eastern Time on Sunday and ending at 5:30 p.m. Eastern Time on Friday.

### Variance Swaps

The variance swap is a product that is used to take a direct view on the volatility of a broad-based security index.

| Name           | Quoted     | Tenor         |
|----------------|------------|---------------|
| Variance Swaps | BPS - Vega | SPX dec13 Var |

| Currencies |
|------------|
| USD        |
| GBP        |
| EUR        |
| CHF        |

### Instrument Specifications

- Trading Conventions
  - Buyer – The buyer of a variance swap pays a fixed rate (the Variance Strike) in exchange for a payout based on the daily realized variance.
  - Seller - The seller of a variance swap receives a fixed rate (the Variance Strike) in exchange for a payout based on the daily realized variance.
- Variance Leg Conventions
  - Floating Leg
    - Rate – This is the realized variance rate that is calculated on the expiration date.
    - Underlying Index - This must be a broad-based security index, as defined by the Commission Regulation 41.1(c).
  - Fixed Leg
    - Rate – This is the agreed fixed rate of Variance (Traded Price).
- Trade Types
  - Capped – This is when the maximum payout of the contract is capped at an agreed price.
  - Uncapped – This is where there is no maximum payout on the contract.
- Trade Start Types
  - Immediate – The observation period of the swap begins immediately.
  - Forward – The observation period of the swap begins on an agreed date in the future.
- Expiration Date
  - This is the date on which the swap expires, and the date upon which the final rate of volatility shall be calculated on using the detailed formula.

- Tenor
  - ICAP SEF will support tenors of any duration greater than 0 years and less than 50 years.
- Observation Start Date
  - This is an agreed trading day of the underlying either on or an agreed number of days after the date on which the contract is agreed.
- Number of Observations (N)
  - The number of observations will be the number of trading days of the underlying index between the observation start date and the expiration date.
- Business Day Convention
  - The “Target Following” business day convention will apply (If any date is a non-business day, the date is moved forward to the next business day).
- Contract Size
  - Variance Swap contracts are quoted in “Vega” amounts.
  - The minimum contract size is 1,000 of the currency of which the underlying index settles in.
- Quoting Convention
  - Variance Swap contracts are quoted in volatility percentage points.
- Minimum and Incremental Price
  - There is no minimum price for a Variance Swap contract.
  - There is no minimum incremental price for a variance swap contract.
  - Variance Calculation Formula
  - The final realized rate of variance shall be calculated using the following formula:

$$\text{Return}_i = \ln\left(\frac{E_i}{E_{i-1}}\right)$$

$i = 0$  on the trade date,  $i =$  number of observations of the expiration date

$E(i)$  = closing level of the index on date (i), expect for  $E_0$  which is the level of the index on the date of the first observation and  $E(N)$  which is the final settlement level

- Settlement
  - Variance swaps are cash settled.
  - If the difference between the realized Variance and the Variance Strike is positive the seller pays the difference to the buyer. If the difference between the realized Variance and the Variance Strike is negative the buyer pays the difference to the seller.
  - Settlement of a Variance Swap occurs after the expiration date and in line with the settlement convention of the underlying equity index.
- Market Disruption
  - As per the 2002 Equity Definitions, a Market Disruption event is triggered if member shares of the index which account for 20% or more of the capitalization of the index are not trading at any time in the last 30 minutes of the normal scheduled trading day. If market disruption occurs on a business day, then the close of this day will be omitted. Consequently, the Number of Observations will be reduced.
- Reporting

- All Variance Swap trades are reported in accordance with NFA and SDR requirements.
- Clearing
  - Variance swaps traded on ICAP SEF are not cleared.