

## **iSwap Euro B.V.**

**The Venue is not yet offering trading in its capacity as  
a SEF**

# iSwap Venue Rulebook

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## 1. Definitions and Interpretation

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| <b>Actionable Indications of Interest or Actionable IOI</b> | An indicative buy or sell instruction submitted on the Targeted Streaming Market. For the avoidance of doubt an Actionable IOI does not satisfy the CFTC requirements for a Required Transaction.  |
| <b>Act</b>  | The U.S. Commodity Exchange Act as amended from time to time.  |
| <b>Affiliates</b>   | In respect of ICAP, a subsidiary or subsidiary undertaking thereof (with such terms having the meaning ascribed to them by article 2:24 of the Dutch Civil Code), and in respect of a Participant, any party, persons who control, are controlled by or are under the common control of such party.  |
| <b>Affirmation Hub</b>                                      | A third party service designated by the Operator to route Trades to a Clearing House and which may provide Participants with the opportunity to affirm the Trades.   |
| <b>AFM</b>  | The Dutch Financial Supervisory Authority (Autoriteit Financiële Markten), or its successors.  |
| <b>Agreements</b>   | The agreement(s) governing the Participant's access to and use of the iSwap Venue which may include without limitation any of the following items which apply to the Participant: the Authorisation Form (including any updates to the Authorisation Form submitted from time to time), iSwap Terms of Business, Client Categorisation Notice, Rate Card, MiFID II Market Maker Agreement & Market Notices published by the Operator from time to time. For the avoidance of doubt the Agreements shall include this Rulebook. |
| <b>Algorithmic Trading</b>                                  | As defined in article 4(1)(39) of MiFID II.  |
| <b>Applicable Law</b>                                       | The applicable rules and regulations to the operation of the Venue including (but not limited to) the Act, the Commission Regulations, MiFIDII, MiFIR and binding interpretations from a Regulator.  |
| <b>Applicant</b>  | A person who has applied to become a Participant in accordance with this Rulebook.   |
| <b>Authorised Algorithmic Trader</b>                        | An Authorised Trader who undertakes Algorithmic Trading on the iSwap Venue.  |
| <b>Authorised Broker</b>                                    | A user of the iSwap Venue being a Broker Participant's authorised employee, officer, agent, Affiliate or designee as notified to the Operator by the Broker Participant.   |
| <b>Authorisation Form</b>                                   | A trader or broker authorisation form signed on behalf of Authorised Trader, Authorised Algorithmic Trader or Broker Participant, as applicable.   |
| <b>Authorised Person</b>                                    | An Authorised Trader, an Authorised Algorithmic Trader or an Authorised Broker.  |
| <b>Authorised Trader</b>                                    | A user of the iSwap Venue being a Member Participant's authorised employee, officer, agent, Affiliate or designee as notified to the Operator by Member Participant who has been granted certain trading permissions as set out in the Schedule.   |
| <b>Broker Participant</b>                                   | A person who meets the Eligibility Criteria in Rule 6 and is authorised by the Operator to participate on the iSwap Venue in accordance with this  |

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|  | Rulebook and the Agreements.   |
| <b>Business Day</b>                    | <p>“Business day” means the twenty-four-hour day, on all days except Saturdays, Sundays, and Legal Holidays, in the location of SEF, DCM, or reporting counterparty reporting data for the swap.</p> <p>A Legal Holiday is a day which is both a TARGET Holiday and a UK Public Holiday.</p>   |
| <b>Chief Compliance Officer</b>        | Means the person responsible for regulatory reporting under the Commodity Exchange Act and to the Commodity Futures Trading Commission.  |
| <b>Clearing Credit Methodology</b>     | The iSwap clearing credit methodology document, as may be provided to Participants upon request.   |
| <b>Clearing House</b>                  | A broadly supported and recognised inter-bank clearing house or derivatives clearing organisation authorised or recognised to provide clearing services for over-the-counter interest rate derivatives in accordance with EMIR and the Act.  |
| <b>Commission</b>                      | Means the U.S. Commodity Futures Trading Commission or CFTC.   |
| <b>Commission Regulations</b>          | Title 17, Chapter I of the U.S. Code of Federal Regulations.   |
| <b>Compliance Function</b>             | Means, for CFTC-related considerations, the CCO and, for AFM-related considerations, the Compliance Officer. To the extent that any of the activities concern both the CFTC and AFM, the CCO and the Compliance Officer will cooperate to ensure compliance with the respective regulations.   |
| <b>Compliance Officer</b>              | Means the person responsible for regulatory reporting under MiFID II and to the AFM.   |
| <b>Contract</b>                        | Means any Swap listed for trading on the Venue.  |
| <b>Credit Officer</b>                  | A user of the iSwap Venue being a Member Participant’s authorised employee, officer, agent, Affiliate or designee as notified to the Operator by Member Participant who has been granted certain permissions as set out in the Schedule.   |
| <b>Default Event</b>                   | Where an event or circumstance leads the Operator to determine in its sole discretion that Participant is or appears to be unable or likely to become unable to meet its obligations in connection with the iSwap Venue or to comply with any other obligation under the Rules or the Agreements, or breaches a law relevant to its business as a Participant. |
| <b>Derivatives Clearing Obligation</b> | Article 4(1)(b) of EMIR or section 2(h) of the Act as applicable.  |
| <b>Desk</b>                            | A group of Authorised Traders within a Member Participant who trade on behalf of the same trading entities and who have common trading permissions and trading entity Matching priorities.   |
| <b>Direct Electronic Access or DEA</b> | As defined in article 4(1)(41) of MiFID II.  |

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| <b>Disciplinary Procedures</b>            | The Disciplinary Procedures govern the rule enforcement of any violations of this Rulebook. The Disciplinary Procedures are rules and form part of this Rulebook.  |
| <b>Eligibility Criteria</b>               | The criteria for eligibility for Participation as a Broker Participant or a Member Participant, as applicable, on the iSwap Venue as set out in this Rulebook.   |
| <b>Eligible Instrument or Instruments</b> | The instrument or instruments available to trade on the iSwap Venue in accordance with this Rulebook. For the avoidance of doubt, Eligible Instrument includes a Swap.   |
| <b>Eligible Market Mid-Price Orders</b>   | As defined in Rule 21.8  |
| <b>Emergency</b>                          | As defined in the Emergency Authority Policy.  |
| <b>EMIR</b>                               | The Regulation of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories (No. 648/2012/EU), as amended from time to time.  |
| <b>Error Trade</b>                        | A Trade made on the iSwap Venue in error as to price, quantity, currency, direction or symbol, as determined solely by the Operator in accordance with the provisions of the Trade Review and Error Policy. Without limitation, the unavailability of counterparty credit shall not by itself render a Trade an Error Trade.   |
| <b>FCA</b>                                | The Financial Conduct Authority, or its successors.  |
| <b>Future(s)</b>                          | One of the following futures contracts: <ul style="list-style-type: none"> <li>• Schatz;</li> <li>• Bobl;</li> <li>• Bund;</li> <li>• Buxl; or</li> <li>• Long Gilt.</li> </ul>  |
| <b>Futures Cross</b>                      | An Interest Rate Swap which is traded with an associated Future.   |
| <b>ICAP</b>                               | ICAP Global Broking Holdings Limited and/or its Affiliates.  |
| <b>ICAP Securities Limited</b>            | An Affiliate of ICAP, registered in England and Wales and authorised and regulated by the FCA.   |
| <b>Insolvency Event</b>                   | Where a Participant or its parent company (whether direct or indirect) or ultimate holding company: <ol style="list-style-type: none"> <li>a) is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more creditors with a view to rescheduling its indebtedness; or</li> <li>b) has assets whose value is less than their liabilities; or</li> <li>c) has a moratorium declared in respect of their indebtedness; or</li> <li>d) is subject to any similar events or analogous proceedings in other relevant jurisdictions.</li> </ol> |
| <b>Interest Rate Swap (IRS)</b>           | A single currency fixed/floating interest rate swap.   |

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| <b>Internal Matches</b>             | An Order from an Authorised Trader that Matches with another Order from an Authorised Trader within the same Member Participant or Desk.   |
| <b>iSwap</b>                        | iSwap Euro B.V., a company registered in the Netherlands and authorised and regulated by the AFM and the FCA in respect of the iSwap Euro B.V. (UK) branch.  |
| <b>iSwap Venue</b>                  | The Venue operated by iSwap and which is authorised and regulated by the AFM as MTF, and allocated the MIC reference ISWP, and which is registered with the Commission as a SEF.   |
| <b>Market</b>                       | The Order Book and the Targeted Streaming markets, the Rules for which are set out in the relevant Market Appendix.  |
| <b>Market Abuse Regulation</b>      | Regulation (EU) 596/2014 on market abuse, as amended from time to time, which is applicable to financial instruments traded on an MTF.   |
| <b>Market Appendices</b>            | The Appendices to this Rulebook. The Appendices are Rules and form part of this Rulebook.  |
| <b>Market Event</b>                 | A market-wide systemic increase in risk as determined by the Operator at its discretion.   |
| <b>Market Maker Programme</b>       | As defined in Rule 23.2.   |
| <b>Market Making Agreement</b>      | The agreement governing market making activities as entered into by a Member Participant engaged in Algorithmic Trading with the Operator, as amended from time to time.   |
| <b>Market Mid-Price</b>             | The mid-market reference rate calculated in respect of each outright Eligible Instrument on the iSwap Venue in accordance with Rule 21.  |
| <b>Market Notice</b>                | A notice published or issued by the Operator to Participants from time to time in accordance with this Rulebook. Market Notices form part of this Rulebook.  |
| <b>Match or Matched or Matching</b> | The match of a buy Order with a sell Order on the iSwap Venue in accordance with this Rulebook.  |
| <b>Member Participant</b>           | A person who meets the Eligibility Criteria in Rule 5 and is authorised by the Operator to participate on the iSwap Venue in accordance with this Rulebook and the Agreements.   |
| <b>MiFID II</b>                     | The European Parliament and Council Directive on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (No. 2014/65/EU), together with ancillary legislation, rules and binding technical standards, as amended from time to time. |
| <b>MiFIR</b>                        | The Regulation of the European Parliament and of the Council on Markets in Financial Instruments (No. 600/2014/EU), together with ancillary legislation, rules and binding technical standards, as amended from time to time.  |
| <b>MTF</b>                          | A Multilateral Trading Facility as defined in article 4(1)(22) of MiFID II.  |
| <b>Operator</b>                     | iSwap in its capacity as the authorised operator of the iSwap Venue.   |



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| <b>Order</b>                                     | A buy or sell instruction submitted to the iSwap Venue.   |
| <b>Order Book Market Appendix</b>                | The Order Book Market appendix to this Rulebook. The Order Book Market appendix are Rules and form part of this Rulebook.   |
| <b>OTC Derivatives Clearing Member</b>           | A clearing member of a Clearing House, authorised or recognised to provide clearing services for over-the-counter interest rate derivatives in accordance with EMIR and the Act, with which iSwap has a clearing agreement. |
| <b>Participant</b>                               | A Member Participant or a Broker Participant, as applicable.  |
| <b>Participant Access Code</b>                   | An access code granted to Participant in accordance with the Agreements.  |
| <b>Participation</b>                             | A Participant's or their Authorised Person's activity on the iSwap Venue.   |
| <b>Permitted Transaction</b>                     | Means any transaction that is not subject to the trade execution requirements in section 2(h)(8) of the Act or any instrument not subject to the Derivatives Trading Obligation under MiFIR.                                |
| <b>Product</b>                                   | Any product as detailed in the relevant Market Appendix.  |
| <b>PVO1</b>                                      | In respect of an Eligible Instrument, the monetary present value of one basis point of the yield.   |
| <b>Regulator</b>                                 | The authority designated by a member state of the European Union in accordance with article 67 of MiFID II and any other relevant regulatory or competent authority having jurisdiction.                                    |
| <b>Regulation 37.9(d)(4) Package Transaction</b> | A package transaction including a component transaction that is not a swap intended to be cleared as set forth in Commission Regulation 37.9(d)(4).   |
| <b>Required Transaction</b>                      | Means any transaction subject to the trade execution requirements in section 2(h)(8) of the Act or any transaction in an instrument subject to the Derivatives Trading Obligation under MiFIR.                              |
| <b>Reporting Counterparty</b>                    | Means the reporting counterparty as required by Part 45 of the Commission Regulations.  |
| <b>Rules</b>                                     | The rules set out in this Rulebook and any Market Notice each as may be amended from time to time.  |
| <b>Rulebook</b>                                  | The Rules governing the operation of the iSwap Venue in force from time to time and any amendment made thereto. Any reference to the term "System Protocol" in the Agreements is a reference to this Rulebook.              |
| <b>Schedule</b>                                  | The schedule to this Rulebook. The Schedule forms part of this Rulebook.  |
| <b>SEF</b>                                       | Means a Swap Execution Facility as defined in section 1a(50) of the Act.  |
| <b>SDR</b>                                       | The Depository Trust and Clearing Corporation (DTCC).   |

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| <b>Swap</b>                               | The term “Swap” has the meaning given to that term in Section 1a(47) of the Act and in the Commission Regulations promulgated thereunder (without regard to any determination by the Secretary of the Treasury pursuant to Section 1b of the Act) and, as used in these Rules, refers solely to transactions in Swaps that are made or to be made on the SEF. |
| <b>TARGET</b>                             | The Trans-European Automated Real-time Gross settlement Express Transfer system.  |
| <b>Targeted Streaming Market Appendix</b> | The Targeted Streaming Market appendix to this Rulebook. The Targeted Streaming Market appendix are Rules and form part of this Rulebook.   |
| <b>Trade or Trading</b>                   | Any sale or purchase of an Eligible Instrument that takes place on the iSwap Venue.   |
| <b>Trade Review and Error Policy</b>      | A policy on the treatment of Error Trades and process for trade cancellations. The Trade Review and Error Policy are Rules and form part of this Rulebook.  |
| <b>Trading Day</b>                        | The days on which the Eligible Instruments are made available to Participants on the iSwap Venue as set out in the Market Appendices.   |
| <b>Trading Standards</b>                  | The Trading Standards concern certain trading practices on the Venue. The Trading Standards are Rules and form part of this Rulebook.   |
| <b>Venue</b>                              | iSwap in its capacity as the authorised operator of the swap trading venue, being both an MTF and a SEF.  |

All capitalised terms not otherwise defined in this Rulebook shall have the meaning ascribed to them in the Agreements, the Market Appendices or as described in the Schedule. In this Rulebook, words in the singular include the plural and vice versa. A reference to persons in this Rulebook shall include a reference to legal persons and natural persons as the context requires. Headings are for ease of reference only and do not form part of the Rulebook. Reference to statutory provisions shall include any amendment, modification or re-enactment or re-making thereof.

## **2. General**

- 2.1. iSwap operates the iSwap Venue on which Participants are permitted to deal with other Participants, in accordance with Applicable Law, the terms of the Agreements, the Rulebook, and the relevant Market Appendix (which are considered Rules of the iSwap Venue).
- 2.2. The Rulebook supplements and forms part of the Agreements. In the event of conflict between the Agreements, the Rulebook, any Market Appendix and the Schedule, the following order of precedence shall apply to the extent of any inconsistency: 1. the applicable Market Appendix; 2. the Rulebook; 3. the Agreements; and 4. the Schedule.
- 2.3. The Operator is not party to any Trade and the Eligible Instruments are traded on the iSwap Venue on a name give up basis. The Operator provides the iSwap Venue to Participants for the purpose of allowing Member Participants (either directly or via Broker Participant) to effect Trades in Eligible Instruments. The Operator is not subject to any fiduciary or equitable duties to any Participant. Participants agree to the Operator acting as a self-regulatory organisation.
- 2.4. Participants shall not permit or allow any third party individual or company (whether an Affiliate of the Participant or otherwise) to access the iSwap Venue unless authorised to do so by the Operator.

## **3. Independent Software Vendors**

- 3.1. iSwap will provide impartial access to independent software vendors. Any fees will be comparable for independent software vendors receiving comparable access to or services from iSwap. Each independent software vendor must satisfy the following criteria which will be applied in a fair and non-discriminatory manner.
  - 3.1.1 Comply with applicable technical access standards, security protocols and system compatibility requirements as may be specified by iSwap from time to time.
  - 3.1.2 Ensure that each person that uses the software to access the Venue is authorised to do so by the Venue.
  - 3.1.3 Ensure that, when submitting any transaction to the Venue, it contains sufficient information to identify the Authorized Person
  - 3.1.4 Complies with Applicable Law in any jurisdiction in which it intends to offer its software to access the Venue.

## **4. Participation**

- 4.1. An Applicant may apply to become a Participant of the iSwap Venue at any time.
- 4.2. Participation is open to Applicants who meet the relevant Eligibility Criteria and who

commit to adhere to the terms of these Rules, the Agreements and any guidance or other requirements of Operator.

- 4.3. Operator may require Participant to demonstrate that the relevant Eligibility Criteria are met.
- 4.4. Subject to the requirements and procedures set forth in these Rules, Operator may in its absolute discretion approve or reject applications or approve an application subject to such conditions and/or restrictions as it considers appropriate.
- 4.5. Pursuant to Commission Regulation 37.202, iSwap will review all applications in a fair, non-discriminatory, open and impartial manner. iSwap will provide impartial access to its market(s) and market services, including any indicative quote screens or any similar pricing data displays. iSwap will maintain criteria governing such access that are impartial, transparent, and applied in a fair and non-discriminatory manner.
- 4.6. Operator shall notify the Applicant of its decision in writing with Participation becoming effective on such date and at such time as Operator may specify.
- 4.7. Where an application is approved, Participants will be authorised and permitted to participate on the iSwap Venue as detailed in the notice referred to in Rule 4.6. The Participant must provide sufficient information to the Venue to enable the Venue to report all creation data required by Part 45 of the Commission Regulations to the SDR. Where an application is rejected, Applicants may ask the Participation Committee to review the decision under the terms of the Governance Policy.
- 4.8. Participant authorises Operator to disclose its Participation to other Participants.

## **5. Eligibility Criteria for Member Participants**

- 5.1. Member Participant shall meet and shall continue to meet all of the following Eligibility Criteria throughout its Participation:
  - 5.1.1 Satisfy iSwap's internal client on-boarding requirements, and be classified by iSwap as an Eligible Counterparty as defined in MiFID II and an "eligible contract participant" as defined by the Act (for the avoidance of doubt iSwap has delegated certain on-boarding functions to ICAP);
  - 5.1.2 Have the legal and regulatory capacity to undertake trading in the Products on the iSwap Venue;
  - 5.1.3 Satisfy Operator as to its adequate arrangements for Order submission, Order management, clearing and settlement of all Trades transacted on the iSwap Venue;
  - 5.1.4 Be able to provide Operator (if requested) with such information as Operator may require in relation to the validity of any Order or Trade;

- 5.1.5 Have adequate organisational procedures and controls to limit Error Trades and the submission of erroneous Orders to the iSwap Venue;
- 5.1.6 Be an OTC Derivatives Clearing Member; or have a current derivatives clearing agreement with an OTC Derivatives Clearing Member in order to be able to fulfil the Derivatives Clearing Obligation;
- 5.1.7 Be connected to MarkitWire or an equivalent broadly supported electronic Affirmation Hub for interest rate derivatives;
- 5.1.8 Be able to satisfy the technical specifications and standards required by Operator for Participation on the iSwap Venue, including the completion of any technical and functional conformance testing required by Operator; and
- 5.1.9 Meet such further Eligibility Criteria as Operator may prescribe from time to time with regard to Participation.

## **6. Eligibility Criteria for Broker Participants**

- 6.1. Broker Participant shall meet and shall continue to meet all of the following Eligibility Criteria throughout its Participation:
  - 6.1.1 Satisfy iSwap's internal client on-boarding requirements, and be classified by iSwap as an Eligible Counterparty as defined in MiFID II and an "eligible contract participant" as defined by the Act (for the avoidance of doubt iSwap has delegated certain on-boarding functions to ICAP);
  - 6.1.2 Have the legal and regulatory capacity to deal as agent on behalf of Member Participants in the Products on the Order Book Market;
  - 6.1.3 Satisfy Operator as to its adequate arrangements for Order submission and Order management;
  - 6.1.4 Be able to provide Operator (if requested) with such information as Operator may require in relation to the validity of any Order or Trade;
  - 6.1.5 Have adequate organisational procedures and controls to limit Error Trades and the submission of erroneous Orders to the iSwap Venue;
  - 6.1.6 Be able to satisfy the technical specifications and standards required by Operator for Participation on the iSwap Venue, including the completion of any technical and functional conformance testing required by Operator; and
  - 6.1.7 Meet such further Eligibility Criteria as Operator may prescribe from time to time with regard to Participation.

## **7. Participant Obligations**

- 7.1. Participant shall maintain an appropriate system of internal controls which ensures that the Participant continuously complies with these Rules.
- 7.2. Participant's internal controls shall include pre- and post-trade controls which are appropriate to the scale, nature and complexity of the Participant's activity on the iSwap Venue.
- 7.3. Participant must notify Operator in writing of the names of those individuals authorised by the Participant to be Authorised Persons on the iSwap Venue and its designated Markets and/or Products.
- 7.4. In respect of business conducted on the iSwap Venue, a Participant shall be responsible for all the acts, omissions, conduct and activity of its Authorised Persons.
- 7.5. Participant must ensure its Authorised Persons have sufficient training, are adequately supervised and have adequate experience, knowledge and competence to participate on the iSwap Venue in accordance with the Rules.
- 7.6. Member Participant will be bound by any and all Orders submitted and any resultant Trades entered into by its Authorised Persons acting on their behalf. All Orders must include all applicable information as required by Part 45.8(h)(1)(i)-(vii) of the Commission Regulations.
- 7.7. No liability shall attach to Operator if an instruction which it has accepted and acted upon bona fide is subsequently discovered to have been given forged, falsified or amended without authority of Participant.
- 7.8. Participant is responsible for complying with any security measures and procedures for authentication requested by Operator from time to time and ensuring that only Authorised Persons have access to the iSwap Venue.
- 7.9. Participant is responsible for all technical equipment and software necessary to access the iSwap Venue and comply with Operator's reasonable requests in relation to the establishment of connectivity and installation. Requirements and system specifications will be notified to Participants by Operator from time to time.
- 7.10. Participant is responsible for assigning roles and permissions via the Authorisation Form to its authorised employees, officers, agents, Affiliates or designees, and notifying Operator of such assignment in accordance with the Schedule. Other than as set out in the Schedule in relation to settings on log on or loss of connection, a Broker Participant will be bound by the settings and configuration of the Authorised Trader for whom it is authorised to act.
- 7.11. Participant must remain in compliance with all Applicable Law and regulations.
- 7.12. Participant will co-operate with Operator, the AFM, the Commission, the FCA, and any

other relevant Regulator during any investigation that is conducted in relation to access to and trading on the iSwap Venue. Participant will maintain books and records and permit inspection and visitation by authorized representatives of the Operator, the AFM, the Commission, the FCA, and any other relevant regulator. The Participant shall provide full and prompt responses to all requests for information by the Operator and any other reasonable request within the control of the Participant, on behalf of itself and, in the case of Broker Participant, on behalf of each Member Participant for whom it is authorised to act, save to the extent the Participant may be restricted in doing so by law or regulation.

- 7.13. Participant shall bear its own costs and expenses in connection with any such investigation. Participant shall indemnify Operator in full in respect of all costs and expenses reasonably incurred in connection with any investigation (or part of an investigation) in so far as any such investigation (or part thereof) relates to the Participant's activity on the iSwap Venue (except to the extent that any such costs arise as a consequence of the fraud, negligence or wilful default of Operator or as a consequence of any breach by Operator).

## **8. Credit Setting and Restrictions**

- 8.1. Member Participants are solely responsible for determining their credit settings, and/or restrictions, where applicable. Broker Participants shall be bound by the credit settings of each Member Participant for whom they are authorised to enter Orders.
- 8.2. Operator will not provide Broker Participant with details of the credit settings of any Member Participant. Authorised Broker does not have the ability to view or amend a Member Participant's credit.
- 8.3. Operator is not responsible for a Member Participant's failure to ensure the accuracy or timeliness of its credit settings.
- 8.4. The iSwap Venue provides for Member Participants to directly input their credit settings into the system. Credit setting functionality is applied to Member Participants in accordance with the Clearing Credit Methodology.
- 8.5. At Member Participant's request, Operator is able to input credit settings on behalf of a Member Participant and Member Participant is responsible for providing Operator with all relevant information. Operator is not responsible for any inaccuracy in the information provided to it.
- 8.6. Credit settings or restrictions will take effect as soon as Operator or Member Participant has entered such settings or restrictions.
- 8.7. A Member Participant providing clearing limits must have a clearing agreement in place with a Member Participant before allocating clearing limits to the iSwap Venue.

## **9. Notification**

- 9.1. Participants must notify Operator within the timeframes specified below on the

occurrence of any of the following:

- 9.1.1 a change of legal name or contact details – at least five (5) Business Days in advance of any change taking effect;
  - 9.1.2 a change of the legal entity which is the Participant – at least thirty (30) Business Days in advance of any change taking effect;
  - 9.1.3 an Insolvency Event – immediately upon becoming aware;
  - 9.1.4 the Participant breaches or is likely to breach a law applicable to its business as a Participant – immediately upon becoming aware;
  - 9.1.5 a material breach of these Rules or any event which affects the Participant’s ability to comply with these Rules - immediately upon becoming aware;
  - 9.1.6 a change in the Participant’s ability to meet the relevant Eligibility Criteria - immediately upon becoming aware;
  - 9.1.7 a loss of connectivity, or other technical issue which might affect the Participant’s ability to comply with these Rules - immediately upon becoming aware; or
  - 9.1.8 any other change or event which might reasonably impact on the Participant’s access or activity in relation to the iSwap Venue - immediately upon becoming aware.
- 9.2. In addition, Member Participants must notify Operator within the timeframes specified below on the occurrence of any of the following:
- 9.2.1 the Member Participant is or is likely to become unable to meet its obligations in respect of an Order or Actionable IOI or Trade - immediately upon becoming aware; or
  - 9.2.2 the Member Participant has defaulted, is in default or is likely to default (or become subject to an analogous event) under the rules of any Clearing House which clears the Member Participant’s Trades – immediately upon becoming aware.

## **10. Conduct Rules**

- 10.1. When trading on the iSwap Venue, Participants must observe high standards of integrity, market conduct and fair dealing and must act with due skill, care and diligence. Participants must also take into account the Trading Standards issued to them when trading on the iSwap Venue.



- 10.2. Participants must not:
- 10.2.1 engage in any conduct which gives or is likely to give a false or misleading impression as to the market in, or the price of, any Eligible Instrument or which secures the price of one or several Eligible Instruments at an abnormal or artificial level; or
  - 10.2.2 engage in any act or course of conduct which is likely to harm the integrity, fairness, orderliness or reputation of the Operator or the iSwap Venue; or
  - 10.2.3 breach or attempt to breach these Rules or cause or contribute to a breach of these Rules by another Participant; or
  - 10.2.4 submit Orders or Actionable IOIs on the iSwap Venue which are fictitious, or constitute any other form of deception or contrivance.
- 10.3. Any breach of the Rules by any Participant will be dealt with in accordance with the Rulebook, the Agreements, and the Disciplinary Procedures.

## **11. Suspension or Termination of Participation**

- 11.1. Operator may at its absolute discretion and without liability restrict, suspend or terminate the Participation of a Participant (and/or its Authorised Persons) if, at any time:
- 11.1.1 Participant and/or any of its Authorised Persons breaches these Rules or the Agreements; or
  - 11.1.2 Participant suffers an Insolvency Event; or
  - 11.1.3 Participant suffers a Default Event; or
  - 11.1.4 Participant and/or any of its Authorised Persons is subject to relevant enforcement or other proceedings by the AFM, the Commission, the FCA or any other Regulator; or
  - 11.1.5 Participant ceases to meet the relevant Eligibility Criteria; or
  - 11.1.6 Operator considers that restriction, suspension or termination of Participant and/or any of its Authorised Persons is necessary to ensure or maintain orderly trading on the iSwap Venue.
- 11.2. Operator will notify Participant of a decision to restrict, suspend or terminate its or its Authorised Person's Participation. Where a Participant has had its Participation restricted, suspended or terminated, Participants may ask the Participation Committee to review the decision under the terms of the Governance Policy.

## **12. Consequences of Suspension or Termination**

- 12.1. In the event of a Participant's (or an Authorised Person's) suspension or termination:
  - 12.1.1 all Orders and Actionable IOIs in respect of that Participant and/or its Authorised Person, as the case may be, will be placed inactive and will not be made available to Match nor shown on the iSwap Venue;
  - 12.1.2 in the case of a Member Participant only, all Trades shall continue to be binding on such Participant, and the terms of such Trades shall be unaffected by such suspension or termination;
  - 12.1.3 any Participant Access Codes attributed to the Participant and/or Authorised Persons, as the case may be, shall be disabled and access removed; and
  - 12.1.4 in the event of a termination, the Participant and/or each of its Authorised Persons, as the case may be, shall immediately cease to access the iSwap Venue and remove, return or otherwise destroy any connections to the iSwap Venue.

## **13. Resignation**

- 13.1. Where a Participant has given notice of its intent to resign from Participation, the resignation is not effective and the Rules will continue to bind the Participant until:
  - 13.1.1 all of the Participant's outstanding Orders and Actionable IOIs have been Matched, cancelled, withdrawn or expired;
  - 13.1.2 all outstanding obligations of the Participant with respect to Trades (including with respect to clearing and settlement) have been performed; and
  - 13.1.3 all other outstanding obligations of the Participant under the Rules (including without limitation the settlement of any outstanding fees or other sums due) have been performed.

## **14. Products**

- 14.1. Operator will determine in its absolute discretion the Products and/or Eligible Instruments that are available for trading on the iSwap Venue. Any additional Rules with respect to the Products are set out in the relevant Market Appendix.
- 14.2. Eligible Instruments and/or Products will be added or deleted at Operator's discretion.
- 14.3. Any Participant may propose the listing of an instrument by submitting a listing application to the Compliance Function.
- 14.4. iSwap Venue will permit trading only in instruments that are not readily susceptible to manipulation and will submit supporting information as per Appendix C of Part 38 of the

Commission regulations when submitting contracts for approval or certification as per Part 40 of the Commission regulations.

- 14.5. See Product Appendix A for product specification.

## **15. Trading Rules**

### ***General Information***

- 15.1. Unless otherwise notified by the Operator, the iSwap Venue is closed for trading on any day which is a public holiday in the Netherlands (except where another European market is open on that public holiday for Products denominated in Euro) and all Dutch weekends. The trading hours for each Product are set out in the applicable Market Appendix.
- 15.2. Operator may announce, at its discretion, that commencement of the Trading Day be postponed, or that a Trading Day be extended beyond its scheduled duration.
- 15.3. Where possible, Participants will be given reasonable notice of any change to Trading Days.
- 15.4. Operator may, at its discretion, determine the Trading Day for the Products. Trading is not permitted outside the Trading Day.
- 15.5. Participants may submit Orders and Actionable IOIs to the iSwap Venue in accordance with the Rules and as further detailed in the relevant Market Appendix.
- 15.6. Participants are responsible for amending and cancelling any Orders and Actionable IOIs they submit to the iSwap Venue.
- 15.7. Member Participants will be bound by all Orders and Actionable IOIs or commands and/or other input information received from their Authorised Traders or from Authorised Brokers acting on their behalf.

### ***Required Transactions***

- 15.8. No Participant shall execute a Required Transaction other than via the Order Book or Request for Quote procedures as outlined in the relevant Market Appendix.
- 15.9. Except as otherwise required under the Act or the Commission's regulations, the iSwap Venue shall not directly or indirectly, including through a third-party service provider, disclose the identity of a counterparty to a swap that is executed anonymously and intended to be cleared. The iSwap Venue prohibits any person from directly or indirectly, including through a third-party service provider, disclosing the identity of a counterparty to a swap that is executed anonymously and intended to be cleared. For purposes of this paragraph, "executed anonymously" shall include a swap that is pre-arranged or pre-negotiated anonymously, including by a participant of the swap execution facility.

For a package transaction that includes a component transaction that is not a swap intended to be cleared, disclosing the identity of a counterparty shall not violate Rule 15.9. For purposes of this paragraph, a “package transaction” consists of two or more component transactions executed between two or more counterparties where:

(i) Execution of each component transaction is contingent upon the execution of all other component transactions; and

(ii) The component transactions are priced or quoted together as one economic transaction with simultaneous or near-simultaneous execution of all components.

### ***Order Size***

15.10. Operator may, at its sole discretion, set minimum and/or maximum Order and Actionable IOI sizes, and any incremental sizes, for any Eligible Instrument as further detailed in the relevant Market Appendix.

### ***Pre-Trade Controls***

15.11. Operator will determine a specific basis point market price spread, calculated by reference to the Market Mid-Price, which will be displayed on the iSwap Venue for each Eligible Instrument from time to time. Bids which are higher than the Market Mid-Price plus the spread and offers which are lower than the Market Mid-Price minus the spread cannot be submitted to the iSwap Venue. In addition, attempts to submit a matching order through the price of the existing best available Order by greater than a pre-defined margin will be rejected. In both cases the user is sent an error message detailing why the attempt was rejected.

15.12. Operator will enable, through its clearing credit system, the real-time screening of each Order for the availability of clearing credit limits provided by a Member Participant.

15.13. Orders and Trades are screened against the credit limits provided by the Member Participant in accordance with the Clearing Credit Methodology.

### ***Order Matching***

15.14. Participant may submit, amend, or cancel Orders during the trading session prior to a Match taking place, subject to any exception detailed in the relevant Market Appendices.

15.15. Internal Matches can be enabled via the Authorisation Form on a Participant wide or Inter-Desk basis. Matches are not permitted between Orders from the same Authorised Trader, subject to any exception detailed in the relevant Market Appendices.

### ***Prohibition, Removal and Suspension of Trading***

15.16. Operator will monitor the operation of the iSwap Venue during the Trading Day. Operator may in its discretion and without liability prohibit, remove, suspend or cancel, as appropriate:

- 15.16.1 an Order or group of Orders, or Actionable IOIs; or
  - 15.16.2 a Trade, or group of Trades, or
  - 15.16.3 a Product, or
  - 15.16.4 an Eligible Instrument(s), or
  - 15.16.5 the iSwap Venue.
- 15.17. Operator may take any action described in Rule 15.16 : (i) when Operator determines in its sole discretion such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Market or by system defects; or (ii) at any time Operator 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) when Operator determines in its sole discretion such action is necessary to maintain fair and orderly trading on the iSwap Venue ; or (iv) when the Operator is required to do so by a Regulator.
- 15.18. Operator may without liability suspend or limit access to the iSwap Venue due to material technical or operational issues.
- 15.19. Whilst access to or trading on the iSwap Venue is suspended for all Participants, no further Orders can be submitted and any Orders resting on the iSwap Venue will not be Matched.
- 15.20. If trading is suspended, Operator may, at its sole discretion, delete all Orders entered onto the iSwap Venue.
- 15.21. Trading shall recommence in accordance with these Rules, once Operator determines that the suspension shall be lifted.
- 15.22. Operator will notify Participants via Market Notice of any prohibition, removal or suspension pursuant to Rule 15.16 to 15.18. In the event of any suspension of the iSwap Venue, Operator will (to the extent practicable and/or as required by regulation) keep Participants informed regarding its availability.
- 15.23. Operator may engage in other actions during an Emergency in accordance with the Emergency Authority Policy.

## **16. Trade Cancellations and Error Trades**

- 16.1. All requests to cancel Trades by Participants and all Error Trades shall be treated in accordance with the iSwap Trade Review and Error Policy.
- 16.2. In addition to the authority described in Rule 15, Operator may cancel or reverse, or require any Member Participant to cancel or reverse, any Trade:

- 16.2.1 where Operator considers that the Trade appears to be:
- (a) contrary to Applicable Law or market conventions, or
  - (b) prejudicial to fair and orderly trading on the iSwap Venue, or
  - (c) a breach of, or contrary to the Agreements, or
  - (d) indicative of market or system abuse or misuse, or
  - (e) giving a false or misleading impression to the market or any section of it;
- 16.2.2 where the Operator is required to do so by a Regulator;
- 16.2.3 where the relevant Clearing House rejects the Trade for clearing;
- 16.2.4 where, if the Trade is submitted to an exchange, the relevant exchange rejects the Trade; or
- 16.2.5 where the Member Participants who are counterparties to a Trade have mutually agreed to cancel the Trade or the Trade is determined to be an Error Trade, in each case in accordance with the Trade Review and Error Policy.
- 16.3. A transaction entered into on or pursuant to the Rules of the iSwap Venue shall not be void, voidable, subject to rescission or otherwise invalidated, or rendered unenforceable as a result of: (a) a violation by the Venue of the provisions of section 5h of the Act or Part 37 of the Commission's regulations; (b) a Commission or other proceeding to alter or supplement a rule, term or condition under section 8a(7) or 8a(9) of the Act, or (c) any other proceeding the effect of which is to: (i) alter or supplement a specific term or condition or trading rule or procedures; or (ii) require the iSwap Venue or Operator to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

## **17. Trade Capture and Confirmation**

- 17.1. Authorised Persons shall receive immediate notification of any Orders Matched via the iSwap Venue. The Operator will provide Participants with a written confirmation of all of the terms of the transaction that they have entered into on the iSwap Venue, either for themselves or on behalf of a Member Participant, at the same time as execution. This written record shall legally supercede any previous agreement and serve as the confirmation of the transaction.
- 17.2. Participants must notify Operator immediately upon receipt if they are not in agreement with any Trade details.

## **18. Clearing and Settlement**

- 18.1. Member Participants are responsible for the clearing and settlement of all Trades on the

iSwap Venue. Member Participants must ensure they have the facility to clear and settle all Trades on the iSwap Venue in accordance with regulatory requirements and market practice. Operator will ensure that it can route transactions to the Clearing House in a manner which is acceptable to the Clearing House. Neither Operator nor the iSwap Venue are otherwise responsible for the clearing or settlement of any Trades executed on the iSwap Venue.

- 18.2. All Products available for trading on the iSwap Venue are subject to the Derivatives Clearing Obligation.
- 18.3. The Venue's execution methods treat all transactions as being Required Transactions.
- 18.4. Any Trade executed on the iSwap Venue which is rejected for clearing by the relevant Clearing House shall be void ab initio; however, when the trade is rejected due to a technical or clerical problem and the Operator knows how to correct the error, it shall do so without obtaining the consent of the Participants to the Trade; however when the trade is rejected due to a technical or clerical problem and the Operator is unable to determine how to correct the error, it shall consult with the Participants to the Trade and implement the correction with the consent of both Participants.
- 18.5. As described in Rule 15.12, the Operator will enable the pre-trade screening for each Order of the limits set and maintained by a Member Participant.
- 18.6. The Operator will send the information related to each Trade executed on the iSwap Venue to the relevant Clearing House through an Affirmation Hub as soon as technologically practicable after the execution of the Trade.
- 18.7. Participants must ensure that they auto-affirm the Trades in the Affirmation Hub to enable automatic submission to the relevant Clearing House.
- 18.8. Participants that enter into a swap subject to mandatory clearing under Section 2(h) of the Commodity Exchange Act must comply with the mandatory trading requirement under section 2(h)(8) of the Commodity Exchange Act.

## **19. Pre-Trade and Post-Trade Publication**

- 19.1. The Operator will, in accordance with applicable regulatory rules, make public to Participants and non-Participants, information about the price, volume and time of Orders or Trades on the iSwap Venue. For the avoidance of doubt, this does not restrict any rights granted to the Operator by the Participant in the Agreements.
- 19.2. The Operator may seek to obtain and apply a pre-trade transparency waiver in accordance with article 9 of MiFIR and in such cases information relating to Orders may not be made available to non-Participants.
- 19.3. The Operator may seek to obtain and apply a post-trade transparency deferral in accordance with article 11 of MiFIR and in such cases information relating to Trades may be published on a deferred basis.

## **20. Trade Reporting**

- 20.1. Where applicable, Operator will ensure that Trade reports are submitted in accordance with the reporting requirements of the applicable rules. Including but not limited to, information required by Commission Regulation 37.901, Part 16 of the Commission Regulations and Core Principal 9 as well as complying with the Transaction Reporting requirements under MiFIR
- 20.2. Member Participants remain responsible for fulfilling their own Trade reporting requirements.
- 20.3. iSwap will report all Trades to the SDR as soon as technologically practicable after execution. All real time data as required by Part 43 of the Commission Regulations and creation data required by Part 45 of the Commission Regulations will be reported to the SDR. Participants are hereby notified that the SEF discloses swap transaction and pricing data for publicly reportable swap transactions prior to the public dissemination of such data by the SDR. This data is available to all Participants and is disclosed to such Participants contemporaneously with the transmission of the data to the SDR for public dissemination.
- 20.4. When the Reporting Counterparty cannot be established in accordance with the logic in Commission Regulation 45.8, then the ISDA Asset Class Tie-Breaker Logic developed by the International Swaps and Derivatives Association (ISDA) shall apply.

## **21. Information and Data**

### ***General***

- 21.1. Operator may offer access to data feeds and/or other market information as part of its services. A separate charge or charges may be levied for such services offered by ICAP. Data visible on the iSwap Venue or provided by the Operator via an API or other data feed will be identifiable as either indicative (non-tradable) or tradable data and may only be used by the Participant for the purposes of placing Orders and executing Trades on the iSwap Venue, unless otherwise agreed in writing.
- 21.2. iSwap will capture and retain all transaction data, including bids/offers, request for quotes (RFQ) and Trades, whether accepted, unaccepted, cancelled or modified, so as to be able to reconstruct all transactions within a reasonable time period. iSwap will use this database in order to reconstruct trading and identify possible violations.
- 21.3. iSwap shall keep, or cause to be kept, all books and records required to be maintained pursuant to the Act and Commission Regulations, including Commission Regulations 37.1001 (Recordkeeping) and 45.2(a) (Swap Recordkeeping).
- 21.4. iSwap shall not use for business or marketing purposes any proprietary data or personal information it collects or receives, from or on behalf of any person, for the purpose of fulfilling its regulatory obligations; provided, however, that iSwap may use such data or



information for business or marketing purposes if the person from whom it collects or receives such data or information clearly consents in writing to iSwap's use of such data or information in such manner. iSwap shall not condition access to its markets or market services on a person's consent to iSwap Euro's use of proprietary data or personal information for business or marketing purposes. iSwap, where necessary for regulatory purposes, may share such data or information with one or more swap execution facilities or designated contract markets registered with the Commission.

- 21.5. iSwap shall retain all such books and records for the life of each Swap transacted pursuant to these Rules and five years following the termination of such a Swap, and shall make such books and records readily accessible for inspection, in each case in the form and manner required under the Act and Commission Regulations, including Commission Regulations 37.1001 (Recordkeeping) and 45.2(a) (Swap Recordkeeping).
- 21.6. iSwap shall report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under the Act.

#### ***Market Mid-Price***

- 21.7. The iSwap Venue calculates a mid-market reference rate called the Market Mid-Price for each outright Eligible Instrument and for each Market on the iSwap Venue. The Market Mid-Price is continually updated according to the value of Eligible Market Mid-Price Orders, as defined below, on the iSwap Venue.
- 21.8. Orders that will be counted as Eligible Market Mid-Price Orders are, in respect of an Eligible Instrument, Orders where the Order size is greater than a pre-defined multiple (as determined by the Operator) of the minimum Order size for that Eligible Instrument. The following Orders will not be Eligible Market Mid-Price Orders:
  - 21.8.1 Min Clip, AON or Non Display Limit Orders;
  - 21.8.2 Orders where there is a bid but no offer; and
  - 21.8.3 Orders where the bid-offer spread is wider than a pre-defined value, as determined by the Operator.
- 21.9. If a Trade results from an Eligible Market Mid-Price Order, the Market Mid-Price will adjust to reflect the actual Trade price of such Eligible Market Mid-Price Order for a specific period of time.
- 21.10. In the absence of any Eligible Market Mid-Price Order on the iSwap Venue, the Market Mid-Price will be the mid-price of the Eligible Instruments as shown on the ICAP market data pages, published on Reuters or Bloomberg.
- 21.11. Internal Matches will not impact the Market Mid-Price.

## 22. Algorithmic Trading

- 22.1. Member Participants wishing to engage in Algorithmic Trading must ensure that Algorithmic Trading is controlled and organised in accordance with the requirements of MiFID II, and that their Algorithmic Trading is monitored by them to prevent disorderly trading on the iSwap Venue.
- 22.2. Member Participants wishing to engage in Algorithmic Trading must, prior to the deployment or any substantial update of any trading algorithm:
  - 22.2.1 Undertake conformance testing; and
  - 22.2.2 Provide a certification to the Operator that the algorithms employed by the Member Participant have been tested to avoid contributing to, or creating, disorderly trading conditions and explain the means used for such testing.
- 22.3. All Algorithmic Trading should be identified by the Member Participant as such and must be routed to the iSwap Venue via trading permissions attributed to an Authorised Algorithmic Trader.

## 23. Market Making

- 23.1. Member Participants engaged in Algorithmic Trading pursuing a market making strategy on the iSwap Venue shall enter into a Market Making Agreement with the Operator.
- 23.2. Operator may from time to time adopt one or more programmes under which one or more Member Participants may be approved and designated as market makers with respect to one or more Product and/or Markets in order to provide liquidity and orderliness in a Product and/or Market (a “**Market Maker Programme**”).
- 23.3. Any Market Maker Programme adopted pursuant to Rule 23.1 may provide for one or more of the following:
  - 23.3.1 additional eligibility criteria or other qualifications, including minimum net capital requirements, that any such market maker must satisfy;
  - 23.3.2 the procedure by which Member Participants may apply for, and obtain, designation as a market maker;
  - 23.3.3 the ongoing obligations of such market maker, including without limitation, any applicable minimum bid/offer and spread commitments;
  - 23.3.4 the benefits accruing to such market makers which may include, without limitation, reduced transaction fees; and
  - 23.3.5 the requirement that such designated market makers agree to abide by these Rules and the rules of the Market Maker Programme.

## **24. Co-operation with Regulators**

- 24.1. Operator will report any significant breaches of the Rules, disorderly trading conditions or conduct which gives rise to a suspicion of market abuse to the AFM, the FCA, the Commission, or other relevant Regulator.
- 24.2. Operator will provide full assistance to, and will also supply any relevant information without delay to, the AFM, the FCA, the Commission, or other relevant Regulator.

## **25. Complaints**

- 25.1. Any complaint about the conduct of a Participant or any suspicion that any Participant has committed or about to commit a breach of these Rules, or any other complaint related to the iSwap Venue, should be made in writing and addressed to:

Compliance Officer, iSwap Euro B.V.  
Vijzelstraat 68, unit 109  
1017 HL Amsterdam  
The Netherlands

## **26. Taxes and Fees**

- 26.1. Member Participants are liable for the payment of any applicable taxes, fees, duties, or levies that arise in connection with the trading of Eligible Instruments on the iSwap Venue.

## **27. Confidentiality**

- 27.1. Operator will treat as confidential any information received from a Participant, including, where applicable, any credit settings, in relation to its business on the iSwap Venue, except where:
  - 27.1.1 the information is publicly available; or
  - 27.1.2 disclosure is required by law or any tax authority or Regulator having jurisdiction; or
  - 27.1.3 disclosure is made in the interests of co-operation with any regulatory investigation conducted by a relevant Regulator; or
  - 27.1.4 disclosure is made for the protection of the market and the maintenance of high standards in integrity and fair dealing; or
  - 27.1.5 the Participant has consented to the disclosure in writing.

## **28. Amendments and Notices**

- 28.1. Operator may, in its absolute discretion, at any time supplement or implement new

Rules, amend existing Rules, or revoke Rules in whole or in part. Participants will be informed of any such change by the issuing of a Market Notice.

28.2. Market Notices form part of the Rules. Such changes will be effective at such time as specified in the relevant Market Notice. Unless otherwise required by a Regulator or by Applicable Law, any such change shall not apply retrospectively.

28.3. If the change to the Rules is:

28.3.1 material, the Operator will give Participants reasonable notice before such change comes into effect; or

28.3.2 non-material, the Operator may make such change without issuing notice in advance of the change to Participants.

## **29. Governing Law**

29.1. These Rules and all non-contractual or other obligations arising out of or in connection with them shall be governed by, and shall be construed in accordance with Dutch Law.

29.2. The parties hereby submit to the non-exclusive jurisdiction of the courts of Amsterdam, the Netherlands in relation to any legal action or proceeding arising out of or in connection with these Rules. Insofar allowed by the relevant courts, the proceedings shall be conducted in English.

29.3. All parties (including Authorised Persons) acknowledge and submit to the jurisdiction of the Venue.

## **Trading Standards**

Market Appendix 3 to the Venue Rulebook – Trading Standards

## **Market Appendix 3 - Trading Standards**

### **1) Fraudulent Statements and Acts**

- a) No Participant 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 iSwap.
- b) No Participant or other Person shall engage or attempt to engage, directly or indirectly, in any fraudulent act, practice, or course of business which operates or would operate as a fraud or deceit upon any person or any manipulative device, scheme, or artifice to defraud, deceive, trick or mislead another person (including iSwap) in connection with or related to any transaction on or other activity related to the SEF, including trading ahead of customer orders, improperly trading against customer orders, improper cross trading, accommodation trading, or front running.

### **2) Abusive Trading Practices**

- a) No Participant shall create fictitious or wash transactions or execute any Bid/Offer for a fictitious or wash transaction with knowledge of its nature.
- b) No Participant shall engage in trading for the purpose of passing money or transferring equity from one account to another.
- c) No Participant shall engage in front running, accommodation trading or improper cross trading.

### **3) Good Faith Bids/Offers**

- a) A Participant shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ other than in good faith for the purpose of executing bona fide transactions.
- b) A Participant shall not knowingly enter, or cause to be entered, a Bid/Offer or RFQ unless such Participant has sufficient funds to provide the required collateral for the related Trade should the Trade be executed.

### **4) Pre-Execution Discussions and Pre-Arranged Transactions**

- a) No Participant shall prearrange or pre-negotiate or non-competitively execute any transaction except as follows:
  - i. To comply with a request of the Commission, the US Department of Justice, any SRO

or an applicable prudential regulator including but not limited to the AFM, FCA or as otherwise required by law.

## **5) Manipulation and Price Distortion**

- a) Any manipulation or attempted manipulation of the price of any Trade is prohibited.
- b) Bids/Offer entered into a Trading Platform for the purpose of upsetting the equilibrium of the market in any Trade 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 to make or assist in entering any such Bid/Offer 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.
- c) Any other manipulative and disruptive behaviour not otherwise prohibited by the Rules is prohibited to the extent prohibited by the Act or Commission Regulations, including but not limited to Commodity Exchange Act Sections 6(c)(Prohibiting manipulation and attempted manipulation), 9(a)(2)(Defining as a felony certain manipulative conduct), 4c(a)(5)(A) (Prohibiting trading that violates bids or offers) and (C)(Prohibiting spoofing) and Commission Regulations 180.1(a)(Prohibiting the use or attempted use of manipulative and deceptive devices) and 180.2(Prohibiting price manipulation).

## **6) Disruptive Trading Practices**

- a) No Participant shall enter or cause to be entered any Bid/Offer or other message with the intent to adversely impact, or with reckless disregard for the adverse impact on, the orderly conduct of trading or the fair execution of transactions.
- b) No Participant 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 iSwap Venue systems.
  - 3 Disrupt the orderly conduct of trading or the fair execution of transactions.
- c) No Participant shall engage in any trading, practice or conduct on the iSwap Venue or subject to the Rules that (i) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; (ii) 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 (iii) is any other manipulative or disruptive trading practice prohibited by the Act or Commission Regulations.

## **7) General Offences**

- a) It will be an offence for a Participant to:
- i. violate any Rule regulating the conduct or business of a Participant or any agreement made with iSwap;
  - ii. engage in any act detrimental to iSwap's operations or self-regulatory function or iSwap's ability to enforce its Rules or is detrimental to its interest or welfare;
  - iii. fail to observe the proper standards of conduct expected of market participants;
  - iv. engage in any conduct which tends to impair the dignity or good name of the iSwap Venue;
  - v. engage in conduct inconsistent with just and equitable principles of trade;
  - vi. engage in dishonourable or uncommercial conduct;
  - vii. aid or abet the commission of any Violation by another person;
  - viii. fail to supervise its employees or agents in the conduct of the Participant's business related to the iSwap Venue, including, but not limited to establishing, maintaining and administering supervisory procedures that are reasonably designed to ensure compliance with the Rules;
  - ix. engage in conduct in violation of Applicable Law or the rules of any Derivatives Clearing Organization which clears a Cleared Trade in connection with or related to any transaction on or other activity; and.
  - x. to, directly or indirectly, make or attempt to make any misstatement of a material fact to iSwap (including the Board, any committee, any disciplinary panel or appeals panel or any iSwap official) or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not untrue or misleading.

## **8) Position Limits and Position Accountability**

- a) To reduce the potential threat of market manipulation or congestion, the iSwap Venue shall adopt for each Trade, as is necessary and appropriate, Position Limits or position accountability levels for speculators.
- b) iSwap hereby adopts the Commission's Position Limits for any Trade for which the Commission has adopted a Position Limit. In no event will iSwap set its Position Limits at a level higher than the Commission's Position Limits.
- c) All Participants must comply with all iSwap and Commission requirements regarding



Position Limits or position accountability levels.

- d) 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 Trade or commodity underlying a Trade must simultaneously file a copy of such report, statement, form or other information with iSwap.
- e) Any Participant who exceeds an iSwap or Commission Position Limit by entering into a transaction on the iSwap Venue shall be deemed in Violation. In addition, any Participant entering bids or offers, if accepted, which would cause that Participant to exceed the applicable iSwap or Commission Position Limit, shall be in Violation.
- f) Without limiting any provision of these Rules, iSwap shall have the authority to obtain from any Participant, on request, information with respect to all positions of such Participant in Trade which are equivalent, for purposes of iSwap or Commission Position Limits, to those transacted in by the Participant on the iSwap Venue.

#### **9) Recordkeeping**

- a) The iSwap Venue only permits the following customer type indicator (“CTI”) code for Order, RFQ or response to an RFQ:
  - a. CTI 1 - Transactions initiated and executed by a Participant for its own account, for an account it controls or for an account in which it has an ownership or financial interest.
- b) CTI 1 will be the default CTI code for all Orders, RFQs or responses to RFQs but each Participant may assign a different CTI to its Orders, RFQs or responses to RFQs.

## **Disciplinary Procedures**

Market Appendix 4 to the Venue Rulebook – Disciplinary Procedures

## **Market Appendix 4 – Disciplinary Procedures**

### **1) Jurisdiction**

- a) iSwap shall have the authority to initiate and conduct investigations, and prosecute Violations committed by Participant's staff, and to impose sanctions for such Violations as provided in these Rules.
- b) Each Participant, upon becoming a Participant and thereafter upon any change of address shall file with iSwap a written notice designating an address for receiving service of documents. If a Participant fails to designate such an address, service by mail to its address on file with iSwap shall be good service, and delivery thereof shall be deemed to have occurred as of the date of such mailing.

### **2) iSwap Venue Compliance Function Powers and Duties**

- a) It shall be the duty of the Compliance Function to enforce these Rules, and shall have the authority to inspect the books and records of all Participants and the authority to require any Participants staff to appear before it to answer questions regarding matters being investigated. The Compliance Function shall ensure that surveillance systems are established to monitor trading to prevent manipulation, price distortion and any other form of market abuse, identify system disruptions and otherwise ensure compliance with these Rules. Such monitoring shall include real-time monitoring and the ability to conduct comprehensive and accurate transaction reconstructions.
- b) The Market Regulation Staff (as described in the Compliance Manual) shall conduct investigations of possible Violations, 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 any Regulatory Agency, its staff or receipt of information (such as data produced by automated surveillance systems) by iSwap that in the judgment of the Compliance Function 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 analysed by the Market Regulation Staff.
- c) If the Compliance Function or another member of the Market Regulation Staff designated for this purpose by the Compliance Function concludes that there is a reasonable basis for finding a Violation, 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 summary suspension under section 14) or summary fines under section 16) proceed in accordance with section 14) or section 16), as applicable. The investigation report must include the reason the

investigation was initiated; a summary of the complaint, if any; the relevant facts; analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. The report may also include the Participants staff's disciplinary history, including copies of any warning letters. The Compliance Function 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 Compliance Function concludes that no reasonable basis exists for finding a Violation, 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 analysis and conclusions. The Compliance Function may issue a warning letter in any case where it is concluded that no reasonable basis exists for finding a Violation, 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 Participant that it intends to submit the matter to the Review Panel, and at such time the Participant may submit an offer of settlement to the Hearing Panel, in accordance with the procedures section 9), prior to presentation of the investigation report to the Review Panel.

iSwap 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), in connection with determining whether all Rules are being, will be, or have been complied with, to: (i) inspect systems, equipment and software of any kind operated by the Participant in connection with accessing and Trading, 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 iSwap has access under this Rule.

### **3) The Review Panel**

- a) The Review Panel shall have the power to direct that an investigation of any suspected Violation be conducted, and shall hear any matter referred to it regarding a suspected Violation.
- b) The Review Panel shall be appointed by the Board. The Board shall appoint as chairman (the "**Review Panel Chairman**") of the Review Panel a person who would not be disqualified from serving as a director in accordance with CFTC Regulation 1.64(b). 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 shall not include any members of the compliance 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 Participant of the iSwap Venue 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-Participant of the iSwap Venue. 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 iSwap 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:
  - i. if the Review Panel determines that additional investigation or evidence is needed, it shall promptly direct the Compliance Function to conduct further investigation;
  - ii. if the Review Panel determines that no reasonable basis exists for finding a Violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and must include a written statement setting forth the facts and analysis supporting the decision; or
  - iii. if the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, it must direct that the Facility Subject Person alleged to have committed the Violation be served with a notice of charges as set forth in section 4.
- 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 informing 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.

#### **4) Notice of Charges**

- a) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, the Compliance Function shall serve a notice of charges (a "Notice") on the person alleged to have been responsible for the Violation (the "Respondent"). Such Notice shall state:
  - i. the acts, practices or conduct with which the Respondent is charged;
  - ii. the Rules allegedly violated and how such acts, practices or conduct

constitute a Violation of such Rules;

iii. that the Respondent is entitled, upon written request filed with iSwap, within thirty (30) days of service of the Notice, to a formal hearing on the charges;

iv. that the failure of the Respondent to request a hearing within thirty (30) days of service of the Notice, except for good cause shown, shall be deemed a waiver of its right to a hearing;

v. that the failure of the Respondent to file an Answer (as defined in section 5) with the Compliance Function within thirty (30) days of service of the Notice shall be deemed an admission of all of the acts, practices or conduct alleged in the Notice; and

vi. 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 iSwap or any person substantially related to the underlying investigation, such as a material witness or Respondent.

**5) Answer; Request for Hearing; Failure to Answer or Deny Charges**

- a) The Respondent shall serve on the Compliance Function 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.

**6) Selection of Hearing Panel**

- a) Formal hearings on any Notice shall be conducted by the Hearing Panel selected by the Board. The Board shall also select, as chairman of the Hearing Panel ("**Hearing Panel Chairman**"), a person who would not be disqualified from serving as a director in accordance with CFTC Regulation 1.64(b). The Hearing Panel Chairman, in his or her sole discretion, shall set a date for the hearing (the "**Hearing Date**"). The Hearing Panel shall not include any members of the compliance 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 Participant of the iSwap Venue 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-Participant of the iSwap Venue. 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 Compliance Function 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.

**7) Challenge to Members of the Hearing Panel**

- a) 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.

**8) Hearing on Sanctions in the Event of Failure to Deny Charges; Failure to Request Hearing Deemed Acceptance of Sanctions**

- a) 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 section 11 b vii. 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.

**9) 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:
- 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 any counterparty harm; and/or
  - iv. revocation or suspension of Trading Privileges or Participant firm status of the Respondent.
- b) If the Hearing Panel accepts an offer of settlement, it must issue a written decision specifying each 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 Compliance Function, 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.

**10) 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 section 8), 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:
- i. The hearing must be fair and must be promptly convened after reasonable notice to the Respondent.
  - ii. The prosecution shall be conducted by the Compliance Function.
  - iii. 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.
  - iv. The Compliance Function 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' prior notice 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 Compliance Function shall provide the Respondent with access to all books, documents or other tangible evidence in the possession or under the control of iSwap which are to be relied upon by the Compliance Function 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.
  - v. iSwap 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 person to so participate and produce evidence when requested by iSwap shall be a Violation.
  - vi. 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.
  - vii. Neither the Compliance Function, the Respondent, any witnesses testifying before the Hearing Panel nor any other person within the Facility'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.

- viii. Ex parte contacts by any of the parties with members of the Hearing Panel shall not be permitted.
- ix. 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.
- x. 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 iSwap.
- xi. 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").
- xii. 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.
- xiii. 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 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.

## **11) Written Decision of Hearing Panel**

- a) Promptly following a hearing conducted in accordance with 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:
  - i. the name of the Respondent;

- ii. a summary of the charges alleged in the Notice;
  - iii. a summary of the Answer;
  - iv. a summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;
  - v. 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;
  - vi. an indication of the Contract involved, if any, and each specific Rule that the Respondent was found to have violated and whether the Violation resulted in any financial harm to any Participants;
  - vii. 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:
    - 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 counterparty harm, except where the amount of restitution or to whom it should be provided cannot be reasonably determined; and/or
    - 4. the issuance of a suspension or revocation of Trading Privileges or Participant firm status of the Respondent; and
    - 5. 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) If iSwap suspends or revokes the Trading Privileges Participant firm status of the Respondent, or otherwise disciplines the Respondent, it must publicly publish and maintain on its website the information contained in the written notice pursuant to section 11 b.

**12) Liability for Expenses**

- a) 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 iSwap an amount equal to any and all reasonable and documented out-of-pocket expenses incurred by iSwap 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.

**13) 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 section 13 c) and d), any decision (including any sanctions) by a Hearing Panel pursuant to the Rules or the Participation Committee (or Board acting in such capacity) pursuant to section 13) shall be the final decision of iSwap and shall become effective fifteen (15) days, or such longer time as the Hearing Panel or Participation Committee (or Board acting in such capacity) may specify, after a copy of the written decision of the Hearing Panel or Participation Committee (or Board acting in such capacity) has been served on the Respondent, applicant, or Participant as applicable.
- c) In any case where a Respondent, applicant or Participant has consented to the action taken and to the timing of its effectiveness, the Hearing Panel or Participation Committee (or Board acting in such capacity) 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 (or Board acting in such capacity) may become effective prior to the time set forth in section 13b) if:
- i. iSwap reasonably believes, and so states in its written decision, that immediate action is necessary pursuant to section 14a);
  - ii. iSwap determines and so states in its written decision, that the actions of a person have impeded the progress of a disciplinary hearing; or
  - iii. iSwap determines a 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 section 13 b) pursuant to section 13c) or d), iSwap shall notify the Respondent, applicant or Participant in writing stating the reasons for the determination and shall notify the Commission in accordance with the requirements of Part 9 of the Commission Regulations.
- 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.

**14) Summary Suspension**

- a) A person (as identified by Compliance Function in an investigation or by a Trading Privilege Holder acting as an Intermediary for such person) may be summarily and immediately suspended from trading on the iSwap Venue, 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 person against whom such summary action is taken pursuant to paragraph (a) or (b) of this section 14) 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 person may, upon written request, have a hearing as soon as practicable before the Hearing Panel pursuant to the procedures of section 10).
- 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 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.

**15) Extension of Time Limits**

- a) Any time limit provided for in the Rules may be extended by mutual consent of the Respondent and the Compliance Function, or by the Hearing Panel Chairman.

**16) Summary Fines**

- a) Notwithstanding any other provision of the Rules, the Compliance Function shall have the authority to impose summary fines on Participants without the need for any formal disciplinary procedures with respect to Violations of any Rule listed in this section. Investigations of possible Violations of such a Rule shall be conducted in accordance with section 2), but otherwise actions taken pursuant to this section shall be made in accordance with the procedures set forth in this section rather than the procedures set forth in the remainder of the Rules. The authority to impose a summary fine under this section does not prevent the Compliance Function from submitting a Violation of any rule listed in this section to the Review Panel in accordance with the formal disciplinary procedures of the Rules.

The following schedule lists the permissible actions that the Compliance Function may impose:

| Rule Violation | Action Taken Per each Violation in a Rolling 12-month period |                  |                 |  |
|----------------|--|------------------|-----------------|--|
|                | First Violation  | Second Violation | Third Violation | Fourth Violation   |
| Rulebook 18.7  | Warning Letter   | €2,000           | €5,000          | Referral to Review Panel for formal disciplinary procedures. |

- b) For purposes of imposing fines pursuant to this section, the Compliance Function 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.
- c) The Compliance Function shall set the amount of any fine imposed pursuant to this section, with the maximum aggregate fine for Violations of the same Rule, or subsection thereof, imposed by the Compliance Function not to exceed €7,000 in a rolling 12-month period. If, in any case, a member of the Market Regulation Staff 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 section 2), which shall proceed in accordance with section 3).

*Notice and Hearings*

- d) The person against whom such summary action is taken pursuant to this section shall be served with a Notice of the action before the action is taken. The Notice shall state the action taken, the reasons for the action, the amount of any fine imposed for each Violation, and the date by which the action becomes final (and any fine must be paid) or contested as provided below, which date shall be not less than 30 days after the date the

notice of action was served.

- e) The person may as soon as practicable, upon written request to the Compliance Function, have a hearing before the Hearing Panel pursuant to the procedures of section 10) in order to contest the action taken. Any such notice of contest must be submitted to the Compliance Function on or before the date specified in the notice of action that the relevant action becomes final.
- f) 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 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.

## **Trade Review and Error Policy**

Market Appendix 5 to the Venue Rulebook - Trade Review and Error Policy



## Market Appendix 5 – Trade Review and Error Policy

### 1. Objective

This Policy is issued pursuant to the iSwap Venue Rulebook, the Market Appendices and the Agreements. The purpose of this Policy is to set out the policies and procedures that iSwap Euro B.V. (Operator) may consider and employ when handling Trade cancellations and Trades executed on the iSwap Venue in error. The aim is to ensure that such Trades are dealt with in a quick, efficient, transparent and fair way for the parties involved with the least possible disruption to the integrity of the market at large.

In the event of conflict between the iSwap Venue Rulebook, the Market Appendices and the Agreements, the following order of precedence shall apply to the extent of any inconsistency: 1. this Policy; 2. the applicable Market Appendix; 3. the Rulebook and 4. the Agreements.

### 2. Additional Definitions

In this Policy, terms not defined shall have the meanings given to them in the iSwap Venue Rulebook. In addition, the following words and expressions have the following meanings:

**Error Orders:** An Order that exceeded the Market Level Parameters or Maximum Overlap at the time a User attempted to submit it, including Implied Orders that exceed the Market Level Parameters or Maximum Overlap at the time they are generated.

**Error Trade:** A Trade outside the Market Level Parameters or the result of an Error Order.

**Fair Market Price:** will be determined according to the context of the market at the time the Order was entered onto the iSwap Venue and is the price of an Eligible Instrument that is derived by calculating the average of prices obtained by:

- a) Referencing applicable Trades, Orders and the Market Mid-Price of the Order Book; and
- b) Referencing the mid of indicative prices published by ICAP via its market data vendors

**Market Level Parameters:** a deviation from Fair Market Price in relation to any relevant Eligible Instrument of:

- a) For EUR IRS, OIS or OIS/FRA spread maturities of up to and including 2 years, greater than 1 basis point.
- b) For EUR IRS or OIS maturities of greater than 2 years, greater than 1 basis point.
- c) For GBP IRS or OIS maturities of up to and including 2 years, greater than 1.5 basis points; and
- d) For GBP IRS or OIS maturities of greater than 2 years, greater than 1.5 basis points.

**Maximum Overlap:** Maximum overlap of bid and offer orders in basis points, which may be rejected by the platform, to prevent disruptive trading.

**Market Alert:** A message sent via the platform to all connected Market Authorised Users

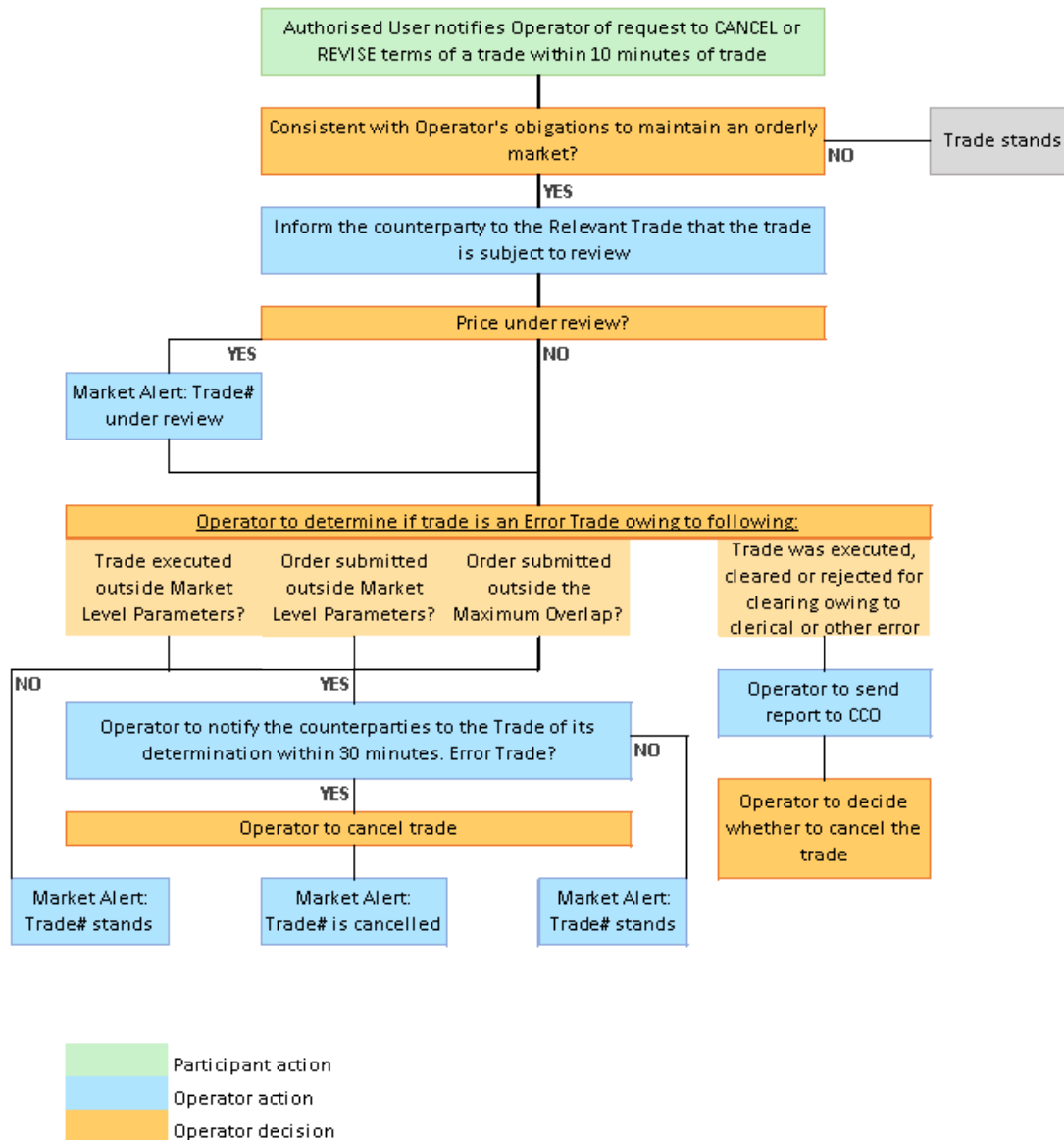
### **3. Trade Reviews**

#### **3.1 General**

- 3.1.1 Where a Participant has entered into a Trade in error, it may request that the Operator review the transaction.
- 3.1.2 A Participant (the "Requesting Participant") shall notify the Operator of a request to cancel or revise the terms of a Trade (the "Relevant Trade") within 10 minutes from the time of execution of the Relevant Trade. If the Operator receives such a request later than 10 minutes from the time of execution, the Requesting Participant acknowledges that the Operator may, in its sole discretion, decline to review the transaction.
- 3.1.3 Where the Requesting Participant is the Broker Participant, the Operator will confirm with the Member Participant, who is the counterparty to the Trade, that the review should proceed.
- 3.1.4 For the avoidance of doubt, a Participant is prohibited from submitting cancellations or corrections for the purpose of delaying the reporting of a Trade to the SDR.

#### **3.2 Market Control Procedure**

- 3.2.1 After receiving the request the Operator shall, provided that the review is consistent with the Operator's obligations to maintain an orderly market on the iSwap Venue, promptly inform the counterparty to the Relevant Trade (the "Other Participant") that the Relevant Trade is subject to a review and if the trade price is under review send a Market Alert.
- 3.2.2 Market Control will take the following actions as defined in Trade Cancellation Flow Diagram below.



3.2.3 If a Market Alert was sent subject to 3.2.1 then Market Control will send a second Market Alert, depending upon their determination, informing Participants that either trade stands or is cancelled.

## 4. Errors

### 4.1 Determination of Error Trades

4.1.1 Operator will determine whether the Trade was executed outside the Market Level Parameters using the Fair Market Price as determined by Market Control.

- 4.1.2 If such Trade was executed outside the Market Level Parameters, the Operator will inform the Participants that such Trade is an Error Trade.

#### **4.2 Determination of Error Orders**

- 4.2.1 Operator will determine whether the Order submitted was outside the Market Level Parameters using the Fair Market Price as determined by Market Control.
- 4.2.2 If such Order was submitted outside the Market Level Parameters, the Operator will inform the Participants that any resulting Trade is an Error Trade.
- 4.2.3 Operator will determine whether the Order submitted was outside the Maximum Overlap as determined by Market Control.
- 4.2.4 If such Order was submitted outside the Maximum Overlap, the Operator will inform the Participants that any resulting Trade is an Error Trade.

#### **4.3 Determination of clerical or other error**

- 4.3.1 Operator will determine whether a Trade was executed, cleared or rejected for clearing as a result of errors including but not limited to,
- i. the trading system, a Participant or Broker Participant made a material mistake or that a mistake occurred as a result of a malfunction in the trading system or by human error;
  - ii. the trading system, a Broker Participant or a Participant made a clerical or operating error or omission that caused a transaction to be rejected from clearing and void ab initio; or
  - iii. 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.

## **5. Cancellation of Error Trades**

### **5.1 Procedure for cancelling Error Trades**

- 5.1.1 If the Operator determines that a Trade is an Error as determined in 4.1.1, 4.2.1 or 4.2.3 it shall notify the counterparties to such Trade of its determination. The Operator shall use its reasonable endeavours to notify the counterparties to the Error Trade as promptly as possible but no later than 30 minutes from the time of execution of the Error Trade. If a counterparty has not been notified that a Trade has been determined to be Error Trade within 30 minutes of execution, such Trade shall not be considered an Error Trade.
- 5.1.2 The counterparties to an Error as determined in 4.1.1, 4.2.1, 4.2.3 or 4.3.1 shall take all such action required to effect the cancellation of the Error Trade. Failure by any Member

Participant to comply with any instruction from the Operator to cancel, revise or reverse an Error Trade shall constitute a material breach of the Rulebook and the Agreements and the Operator shall be permitted to unilaterally cancel the Error Trade in accordance with Rule 16 of the Rulebook.

- 5.1.3 Where Market Control has determined that the error is as determined in 4.3.1 (i), a report will be sent to the CCO describing the review to allow the CCO to evaluate if there is any potential evidence of manipulation.
- 5.1.4 If Operator determines that an error has occurred as determined in 4.3.1 (i) the Operator may, in its sole discretion, decide to cancel or not cancel the trade.

## **6. Procedures for correcting errors**

### **6.1 Correcting Error Trades**

6.1.1 The procedures described in this policy are in accordance with NAL 17-27 & 20-01, expiring on the effective date of revised Commission regulations governing swaps with clerical and operational errors executed on a swap execution facility, and are limited to:

- i. A Trade that was rejected for clearing and void ab initio because of a clerical or operational error or omission by the Venue or a Participant (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 (a “Rejected Leg”), and
- iii. A Trade that is carried on a DCO’s books as a result of a clerical or operational error or omission by the Venue or a Participant that was not identified until after the Trade had been cleared (an “Erroneously Cleared Transaction”),

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

6.1.2 For Rejected Transactions and Rejected Legs, if a Participant or Clearing Firm believes that a transaction qualifies as a Rejected Transaction or a Rejected Leg, such Participant or Clearing Firm shall request review of the transaction pursuant to this policy.

- i. Upon completion of the review of the transaction pursuant to this policy, if Operator determines that an error resulted in a Rejected Transaction or a Rejected Leg and:
  - If the Operator is able to determine how to correct the error, the Operator shall execute a new Trade 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.

- If the Operator is unable to determine how to correct the error, the Operator shall consult with the Clearing Firms for the Rejected Transaction or Rejected Leg and the Participants involved in such transaction, as necessary, and the Clearing Firms for such transactions may, with the consent of each respective Participant, agree to a new Trade with the same terms as the rejected Trade, other than the error. Such 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 Trade has been rejected.
- ii. Upon execution of such a new Trade to replace a Rejected Transaction or Rejected Leg, the Operator 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.
  - iii. If the new Trade is rejected from clearing, it is void ab initio and no additional new Trade will be permitted to be submitted under this policy.
  - iv. The Operator shall report Swap transaction data to the SDR pursuant to this policy for a new Trade 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 Trade. Such data shall reference the original cancelled trade, indicate that it has been reported pursuant to the procedures described in this policy and link the original cancelled trade to the new trade for reporting to the SDR under Part 43 and Part 45 of the Commission Regulations.
  - v. The procedures in this policy 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.
- 6.1.3 For Erroneously Cleared Transactions, if a Participant or Clearing Firm believes that a Trade 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 this policy.
- i. Upon completion of the review of the transaction pursuant to this policy, if the Operator determines that an error resulted in an Erroneously Cleared Transaction and:
    - If the Operator is able to determine how to correct the error, it shall execute a Trade 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 Operator shall execute a new Trade 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; provided that, where an Erroneously Cleared Transaction did not satisfy the Risk-Based Limits of a Participant's Clearing Firm, the Operator shall obtain the consent of the relevant Clearing Firm prior to executing such offsetting Trade.

- If the Operator is unable to determine how to correct the error, it shall consult with the Clearing Firms for Erroneously Cleared Transactions and the Participants and, as necessary, and the Participant may agree to execute a Trade 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 Trade with the same terms as the rejected Trade, other than the error.
- ii. Upon execution of such new Trade by the Operator to offset an Erroneously Cleared Transaction and to enter into a new Trade, it 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.
- iii. The Operator shall report Swap transaction data to the SDR pursuant to this policy for a new Trade that clears with the same terms as the Erroneously Cleared Transactions, 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 Trade. Such data shall reference the original cancelled trade, indicate that it has been reported pursuant to the procedures described in this policy and link the original cancelled trade to the new trade for reporting to the SDR under Part 43 and Part 45 of the Commission Regulations.

6.1.4 For the avoidance of doubt, the procedures of this policy are not applicable to any transaction rejected by a DCO for credit reasons.

## **7. Authority Regarding Cancellations, Price Adjustments and New or Offsetting Transactions**

Operator has authority to cancel any transaction or adjust the price of any transaction executed, or to execute or require the execution of a new or offsetting transaction: (i) when Operator determines in its sole discretion such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Market or by system defects; or (ii) at any time Operator



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. All decisions of Operator regarding cancellations of transactions or the adjustment of transaction prices and the execution of new or offsetting transactions shall be final.