



iSwap SEF Application

Exhibit M-7 – Emergency Authority Policy

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Emergency Authority Policy

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

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

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

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

(c) *Vote Required*

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

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

The consent in writing to any Emergency action of all members of the Board or of a committee, as applicable, shall be sufficient to take such Emergency action without a meeting.

Action which may be taken

- (3) In the event of an Emergency, iSwap may, subject to Part 40 of the Commission Regulations under the Act, place into immediate effect a Rule which may provide for, or may authorise iSwap, or any committee, to undertake actions which, in the opinion of iSwap are necessary or appropriate to meet the Emergency, including, but not limited to, such actions as:
 - (i) Extending or shortening the expiration date for trading in Contracts;
 - (ii) Extending the time of delivery under or expiration of Contracts;
 - (iii) Extending, limiting or changing hours of Trading Sessions;

- (iv) Imposing or modifying price limits;
 - (v) Imposing or modifying position limits;
 - (vi) Imposing or modifying intraday market restrictions;
 - (vii) Ordering the liquidation or transfer of open positions in any Contract;
 - (viii) Ordering the establishment of a settlement price;
 - (ix) Suspending trading or curtailing trading in any Contract;
 - (x) Cancel any Bid/Offer;
 - (xi) Altering any Contract's settlement terms or conditions prior to execution and adjusting or cancelling any executed transaction pursuant to the Trade Review and Error Policy; and
 - (xii) Modifying or suspending any provision of the Rules.
- (4) In the event of an Emergency when a quorum of the Board is not available, all trading on the Venue may be suspended by an affirmative vote of a majority of the Directors present, or by action of one Director if only one Director is present, for such period of time as in their judgment is necessary. In the event of an Emergency which prevents normal attendance at a meeting of the Board, when no Director is present, any authorised officer of iSwap shall have authority to order suspension of trading on the Venue for such period of time as in their judgment is necessary. Any action taken under this c (4) shall be subject to review and modification by the Board.
- (5) Where the above actions result in a suspension of trading in any instrument, the suspension shall be implemented in accordance with the requirements on circuit breakers set out in MiFID II, including the ESMA Guidelines on calibration of circuit breakers and publication of trading halts under MiFID II.
- (6) Whenever any action is taken under this Rule pursuant to which trading is suspended or other changes in procedure are made, all matters relating to notices, deliveries and other obligations may be suspended or deferred in such manner as the Board or committee, as the case may be, may determine.
- (7) iSwap may be required to take an Emergency action when directed by the AFM, FCA or the Commission. If a Contract is traded both on the Venue and on one or more other swap execution facilities, any Emergency action to liquidate or transfer of open positions in any Contract will be made in consultation with the Commission or Commission staff.
- (d) *Physical Emergencies*
- (1) In the event the physical or electronic functions of the Venue or iSwap are, or are threatened to be, severely and adversely affected by a physical emergency, such as fire or other casualty, bomb threat, substantial inclement weather, power failure, communication or transportation breakdown, computer malfunction, screen-based Trading Platform break-down, malfunction of plumbing, heating, ventilation and air conditioning systems, backlog or delay in clearing or in the processing of data related to clearing Cleared Contracts (a "**Physical Emergency**"), the Chairman of the Board, or in his or her absence the Chief Executive Officer, or in both of their absences any other authorised officer, may take any action which, in the opinion of such officer, is necessary or appropriate to deal with the Physical Emergency. Such action shall be taken in accordance with iSwap's business continuity plan.

- (2) Actions taken may include suspending trading in any one or more Contracts, delaying the opening of trading in any one or more Contracts or extending the the time of trading.
- (3) In the event a designated officer has ordered suspension of trading, the Chairman of the Board or the Chief Executive Officer, or in their absence any other authorised officer may order restoration of trading on the Facility, or may remove other restrictions so imposed, if such officer determines that the Physical Emergency has sufficiently abated to permit the physical functions of iSwap or the Venue to continue in an orderly manner. iSwap will implement any such action with the intention of resuming trading within or close to two hours following the disruptive incident.

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

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