

MarketAxess SEF RULEBOOK

Effective as of ~~November 25, 2016~~ September 1, 2021

Table of Contents

CHAPTER 1: DEFINITIONS	1
Rule 101. Definitions.....	1
CHAPTER 2: MARKETAXESS SEF OWNERSHIP AND GOVERNANCE	7
Rule 201. Ownership.....	7
Rule 202. Board.....	8
Rule 203. Officers	10
Rule 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Officers.....	10
Rule 205. Standing Committees.....	11
Rule 206. Pending Legal Proceedings.....	11
Rule 207. Restrictions on Certain Persons who Possess Material, Non-Public Information: Improper Use or Disclosure of Material Non-Public Information.	12
Rule 208. Regulatory Oversight Committee.....	12
Rule 209. Chief Compliance Officer	13
Rule 210. Compliance Staff and Resources.....	16 <u>15</u>
Rule 211. Additional Board Committees and MarketAxess SEF Panels.....	16
Rule 212. Emergency Rules	16
Rule 213. Conflicts of Interest and Misuse of Material, Non-Public Information	18 <u>17</u>
Rule 214. Maintenance of Books and Records	20 <u>19</u>
Rule 215. Information-Sharing Agreements	20
Rule 216. Services Agreement with a Regulatory Services Provider.....	21
CHAPTER 3: PARTICIPANTS	21
Rule 301. Criteria for Becoming a Participant Firm.....	22 <u>21</u>
Rule 302. Participant Firm Application Process.....	22
Rule 303. Trading Privileges of a Participant Firm	23
Rule 304. Reserved.	24 <u>23</u>
Rule 305. Dues, Assessments and Fees	24
Rule 306. Authorized Traders.....	24
Rule 307. Authorized Representatives.....	25
Rule 308. Recording of Communications.....	25
Rule 309. Notices to Participants	25
Rule 310. Communications between the MarketAxess SEF and Participants	26
Rule 311. Application of Rules and Jurisdiction.....	26
Rule 312. Description of Participant’s Status.....	27
Rule 313. Withdrawal of Participant	27
Rule 314. Compliance with the CEA.....	27
Rule 315. Impartial Access	28 <u>27</u>
CHAPTER 4: OBLIGATIONS OF PARTICIPANTS	28<u>27</u>
Rule 401. Duties and Responsibilities of Participants	28
Rule 402. Required Disclosures to the MarketAxess SEF.....	28
Rule 403. Inspections by the MarketAxess SEF	29

Rule 404.	Minimum Financial and Related Reporting Requirements	30
Rule 405.	Confidentiality of Financial and Other Information	30
Rule 406.	Information Regarding Orders.....	31 <u>30</u>
Rule 407.	Customers	31
CHAPTER 5:	TRADING PRACTICES AND BUSINESS CONDUCT	31
Rule 501.	Scope.....	31
Rule 502.	Procedures	31
Rule 503.	Business Days and Trading Hours	32
Rule 504.	Enforceability.....	32
Rule 505.	Fraudulent Acts Prohibited	32
Rule 506.	Fictitious, Wash or Non-Competitive Transactions Prohibited.....	33 <u>32</u>
Rule 507.	Price Dissemination.....	33 <u>32</u>
Rule 508.	Market Manipulation Prohibited.....	33
Rule 509.	Disruptive Trading Practices Prohibited	33
Rule 510.	Prohibition of Misstatements.....	33
Rule 511.	Reserved.	33
Rule 512.	Reserved.	33
Rule 513.	Supervision.....	33
Rule 514.	Execution of Required Transactions	33
Rule 515.	Misuse of the MarketAxess SEF Trading System	34 <u>33</u>
Rule 516.	Errors and Omissions in Handling Orders.....	34
Rule 517.	Volume Discount Programs.....	34
Rule 518.	Withholding Orders Prohibited	34
Rule 519.	Priority of Customers' Orders.....	34
Rule 520.	Handling of Customer Orders.....	35 <u>34</u>
Rule 521.	Disclosing Orders Prohibited.....	35 <u>34</u>
Rule 522.	Simultaneous Buy And Sell Orders For Different Beneficial Owners	35
Rule 523.	Wash Sales Prohibited	35
Rule 524.	Recordkeeping Requirements for Entering Orders into the MarketAxess SEF Trading System	35
Rule 525.	Prearranged and Noncompetitive Trades Prohibited.....	37
Rule 526.	Responsibility For Customer Orders.....	37
Rule 527.	Pre-Execution Credit Checks	38
Rule 528.	Priority of Execution	38
Rule 529.	Intermediation.....	38
Rule 530.	Position Limits and Exemptions.....	39 <u>38</u>
Rule 531.	Position Accountability	39
Rule 532.	Publication of Market Data.....	39
Rule 533.	SDR Reporting.....	39
Rule 534.	Reserved.	40
Rule 535.	Identification of Authorized Traders	40
Rule 536.	LIMITATION OF LIABILITY, NO WARRANTIES	40
Rule 537.	The MarketAxess SEF Control Center	42
Rule 538.	The MarketAxess SEF Trading System	43
Rule 539.	Trade Cancellations and Price Adjustments	44
Rule 540.	Terms and Conditions	46 <u>45</u>
Rule 541.	Trading Pauses and Halts.....	46

CHAPTER 6:	PRIVATELY NEGOTIATED TRANSACTIONS	46
	Rule 601. Block Trades	46
	Rule 602. Recordkeeping Requirements for Privately Negotiated Trades	47
CHAPTER 7:	DISCIPLINARY RULES	48 <u>47</u>
	Rule 701. General.....	48 <u>47</u>
	Rule 702. Inquiries and Investigation	49
	Rule 703. Reports of Investigations.....	50
	Rule 704. Opportunity to Respond.....	51 <u>50</u>
	Rule 705. Review of Investigative Reports	51
	Rule 706. Notice of Charges	52
	Rule 707. Answer to Notice of Charges.....	53
	Rule 708. Service of Notice of Charges.....	53
	Rule 709. Settlements.....	54 <u>53</u>
	Rule 710. Disciplinary Panel.....	55 <u>54</u>
	Rule 711. Convening Hearings of Disciplinary Proceedings.....	56
	Rule 712. Respondent Review of Evidence.....	56
	Rule 713. Conducting Hearings of Disciplinary Proceedings.....	57
	Rule 714. Decision of Disciplinary Panel	58
	Rule 715. Sanctions and Fines	59
	Rule 716. Reserved.	60 <u>59</u>
	Rule 717. Summary Imposition of Fines.....	60 <u>59</u>
	Rule 718. Summary Suspensions and Other Summary Actions	60
	Rule 719. Rights and Responsibilities after Suspension or Termination	62 <u>61</u>
	Rule 720. Notice to the Respondent, the Regulatory Services Provider and the Public.....	62
CHAPTER 8:	ARBITRATION RULES	62
	Rule 801. Disputes Subject to Arbitration	63 <u>62</u>
	Rule 802. Initiating an Arbitration Claim.....	64 <u>63</u>
	Rule 803. Certain Claims against the MarketAxess SEF Involving Trading Systems or Services.....	64
	Rule 804. Claims Relating to Trade Cancellations or Price Adjustments	65
	Rule 805. Right to Counsel.....	65
	Rule 806. Governing Law.....	65
	Rule 807. Costs.....	65
CHAPTER 9:	CLEARING	65
	Rule 901. Clearing of Swaps	66 <u>65</u>
	Rule 902. Reserved.	66 <u>65</u>
	Rule 903. Reserved.	66 <u>65</u>
	Rule 904. Clearing House Rules	66 <u>65</u>
	Rule 905. Submission of Trades to a Clearing House.....	66
	Rule 906. Execution and Submission to Clearing of New Swap/Old Terms and New Swap/Corrected Terms	66
CHAPTER 10:	MISCELLANEOUS	70 <u>69</u>

Rule 1001.	MarketAxess SEF personnel – Trading and Misuse of Material, Non-Public Information.....	70 <u>69</u>
Rule 1002.	Gifts and Gratuities.....	71 <u>70</u>
Rule 1003.	Market Data	71
Rule 1004.	Extension or Waiver of Rules	71
Rule 1005.	Effect of Amendment, Repeal or New Rule	72 <u>71</u>
Rule 1006.	Uncleared Swaps.....	72 <u>71</u>
Rule 1007.	Issuance of SEF Confirmations.....	72
Rule 1008.	Forwarding of SEF Confirmations.....	73
APPENDIX A:	CREDIT CONTRACTS TERMS AND CONDITIONS	75

APPENDIX A: CREDIT CONTRACTS TERMS AND CONDITIONS

Terms and Conditions

Terms and Conditions of Specific Products

A copy of the terms and conditions for each product that will be listed on the MarketAxess SEF is attached as Appendix A. The terms and conditions applicable to all products listed for trading on the MarketAxess SEF are described below.

Terms and Conditions Applicable to All Products Listed in Appendix A

Each of the following terms and conditions applies to all products listed in Appendix A hereto:

- The trading hours are 3:00 am – 5:30 pm EST Monday through Friday.
- Each contract has a minimum size of 10,000 and can be traded in increments of 1,000.
- There are no daily price limits.
- Price fluctuations are decimalized to six decimal points.
- There are no maximum price fluctuation limits.
- MarketAxess SEF Corporation will comply with the requirements of 17 C.F.R. 15.03 with respect to reportable levels.
- Pursuant to the MarketAxess SEF Corporation Rulebook, MarketAxess SEF Corporation has the authority to adopt position limits or position accountability levels. Currently, no speculative position limits are required by Parts 150 or 151 of the Commission's regulations. Therefore, MarketAxess SEF Corporation has not adopted any position limits or position accountability levels.
- The cash settlement method is commonly used for credit default swaps and accepted by market participants. The cash settlement process will include the following payments:
 - Fixed Quarterly Cash Payments: These payments are reflected in basis points and paid by the protection buyer to the protection seller.
 - Upfront Fee Payment: This fee is a portion of the payments, which is expressed in percentage points of the notional. The fee is present valued and paid immediately to the seller.
 - Contingent Payment: If there is a credit event (bankruptcy or failure to pay), payments related to the credit event settlement will be determined pursuant to the 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement (i.e., the Big Bang Protocol).

Explanation of Compliance with the CEA and Commission Regulations Thereunder

MarketAxess SEF Corporation will continue to comply with the CEA and Commission regulations thereunder when listing the products included in Appendix A. MarketAxess SEF Corporation uses the indices described below to determine the exchange of cash flows for the products it intends to list. The indices listed below are highly liquid indices that are not readily susceptible to manipulation. The composition and weighting of each index is governed by Markit's rules, making it extremely difficult to manipulate.

Each index used by the MarketAxess SEF Corporation for its contracts is a reliable indicator of market values and conditions. Each index is highly regarded by the industry. Markit calculates each referenced price index used by MarketAxess SEF Corporation. Markit uses business practices that minimize the opportunity or incentive to manipulate the cash-settlement price series. Furthermore, Markit's cash-settlement calculation involves computational procedures that eliminate or reduce the impact of potentially unrepresentative data.

Markit Credit Indices are made up of the most liquid entities in the relevant single-name CDS market. The indices roll on a semi-annual basis, and the composition of each new series (a new index) is established based on a transparent set of rules designed to ensure that the current series tracks the most liquid instruments in the relevant market.

Description of Each Index

• CDX-EM Index

~~The CDX-EM Index is composed of sovereign issuers ("Issuers") from three regions: (i) Latin America; (ii) Eastern Europe, the Middle East, and Africa; and (iii) Asia.² The composition of the EM Index shall be determined based on submissions by each member of Markit that elects to participate in the determination of the EM Index on a continuing basis.³ Markit asks members to identify: (i) those Issuers not in the then current EM Index which the member wishes to be added to the next EM Index; (ii) those Issuers in the then current EM Index that the member believes should be eliminated from the EM Index; and (iii) whether the member wishes to change the weightings of the next EM Index even if the Issuers in the EM Index do not change.⁴ A member should only propose the elimination of an Issuer from the EM Index when the member believes the Issuer's outstanding debt or credit default swap contracts in respect of that Issuer have become materially less liquid.⁵ If three or more members propose to eliminate an Issuer, add an Issuer, or change the weightings of the EM Index, Markit will solicit a vote by members.⁶ After the composition of the new EM Index for the next six-month period~~

² See "Index Methodology for the CDX Emerging Markets Index, Published as of March 1, 2013," available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-index-annexes/Markit%20CDX%20EM%20Rules%20Mar%202013.pdf>.

³ See *id.* at 1.

⁴ See *id.* at 3.

⁵ See *id.*

⁶ See *id.*

has been finalized, Markit will identify a single reference obligation of each Issuer in the EM Index senior in priority of payment based on the Reference Entity Database.⁷ If the members vote to change the weightings of the next EM Index, the members will vote on the weightings to be associated with each Issuer in the EM Index.⁸ The weightings of all Issuers must total 100%.⁹ Four business days prior to the Roll Date, Markit will publish to the public and members the composition of the new EM Index.¹⁰ Three business days prior to the Roll Date, Markit will determine the fixed rate for the maturity of the new EM Index.¹¹ Markit will solicit each member to submit an average spread for such maturity and select the median of those submissions.¹² Markit will then publish a draft of the EM Index to members before publishing the final EM Index to the public.¹³

● ~~CDX EM ex EU Index~~

On October 19, 2012, Markit announced that it would create a new CDX EM sub-index, called the CDX EM ex EU Index, beginning on November 1, 2012.¹⁴ The new sub-index does not include Hungary, and the weight of the remaining constituents was adjusted accordingly.¹⁵

● ~~CDX LATAM CORP Index~~

The CDX LatAm Corp Index is composed of twenty corporate issuers from Latin America.¹⁶ The composition of the CDX LatAm Corp Index shall be determined based on submissions by each member of Markit that elects to participate in the determination of the CDX LatAm Corp Index on a continuing basis.¹⁷ Ten business days before a new Roll Date, Markit will solicit each Eligible Latam Corp Member to identify (i) those Issuers not in the then current Latam Corp Index which such Eligible Latam Corp Member wishes to be added to the next Latam Corp index; (ii) those Issuers in the then current Latam Corp Index that in such Eligible Latam Corp Member's judgment should be eliminated from the next Latam Corp Index; and (iii) whether such Eligible Latam Corp Member wishes to change the weightings of the Issuers in the next Latam Corp Index, even if the Issuers in the Latam Corp Index do not change.¹⁸ An Eligible Latam Corp Member may propose the elimination of an Issuer from the Latam Corp Index for

⁷ See *id.* at 4.

⁸ See *id.* at 5.

⁹ See *id.*

¹⁰ See *id.*

¹¹ See *id.*

¹² See *id.*

¹³ See *id.*

¹⁴ See "Markit to Launch new CDX EM Sub-Index, October 19, 2012," available at <http://www.markit.com/en/products/data/indices/credit-and-loan-indices/cdx/news.page?>

¹⁵ See *id.*

¹⁶ See "Markit CDX LatAm Corp Index Methodology," available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-index-annexes/Markit%20CDX%20LatAm%20Corp%20Rules%20Sept%202012.pdf>.

¹⁷ See *id.* at 2.

¹⁸ See *id.* at 3.

~~the reasons set forth in the “Markit CDX LatAm Corp Index Methodology.”²¹⁹—Markit will solicit votes from each Eligible Latam Corp Member and alter the composition of the Latam Corp Index and the weighting of the index according to the procedures set forth in the “Markit CDX LatAm Corp Index Methodology.”²²⁰—Markit will then publish to Eligible Latam Corp Members and the public the composition of the new Latam Corp Index. After the composition of the new Latam Corp Index for the next six-month period has been finalized, Markit will identify a single reference obligation of each Issuer in the Latam Corp Index senior in priority of payment based on the Reference Entity Database.²²¹ Three business days prior to the Roll Date, Markit will determine the fixed rate for the maturity of the new Latam Corp Index.²²² Markit will solicit each Latam Corp Member to submit an average spread for such maturity and select the median of those submissions.²²³ Markit will then publish a draft of the Latam Corp Index to members before publishing the final Latam Corp Index to the public.²²⁴~~

● ~~North American High Yield CDX Index~~

~~The composition of Markit’s North American High Yield CDX Index is determined by Markit in accordance with the rules and methodologies set forth in Markit CDX High Yield & Markit CDX Investment Grade Index Rules.²²⁵~~

~~Markit’s North American High Yield CDX Index is composed of one hundred liquid North American entities with high yield credit ratings that trade in the CDS market.²²⁶ When establishing a new index, Markit creates a Liquidity List after each publication of the *6-month Analysis Top 1,000 Single Names* report published by DTCC.²²⁷ Markit creates the Liquidity List by using the average weekly trading activity measured in the then-current DTCC report and: (a) determining all entities for which single-name CDS are traded under the Standard North American Corporate Transaction Type (as defined in the 2003 ISDA Credit Derivatives Definitions); (b) including on the list the entities that have been assigned a Relevant Rating of below “BBB” or “Baa3”; (c) ranking the entities resulting from (a) and (b) from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC report.²²⁸ Markit then uses certain general criteria, exclusions, and inclusions detailed in the Rules to create a new HY Index.²²⁹ Markit publishes the Provisional HY Index on its website for~~

²¹⁹ See *id.* at 3-4.

²²⁰ See *id.* at 4.

²²¹ See *id.* at 5.

²²² See *id.*

²²³ See *id.* at 5-6.

²²⁴ See *id.*

²²⁵ See Markit CDX High Yield & Markit CDX Investment Grade Index Rules, March 2013, available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-index-annexes/Markit%20CDX%20HY%20and%20IG%20Rules%20Mar%202013.pdf>.

²²⁶ See *id.* at 3.

²²⁷ See *id.* at 5.

²²⁸ See *id.* at 6.

²²⁹ See *id.* at 6-9.

comment.³⁰ Based on comments, Markit determines whether amendments are necessary.³¹ After the composition of the HY Index has been finalized, Markit will identify a single reference obligation for each entity in the HY Index, senior in priority of payment, based on the Reference Entity Database.³² Markit then publishes the new index.

• ~~North American Investment Grade CDX Index~~

The composition of Markit's North American Investment Grade CDX Index is determined by Markit in accordance with the rules and methodologies set forth in Markit CDX High Yield & Markit CDX Investment Grade Index Rules.³³

Markit's North American Investment Grade CDX Index is composed of one hundred and twenty five of the most liquid North American entities with investment grade credit ratings that trade in the CDS market.³⁴ When establishing a new index, Markit creates a Liquidity List after each publication of the *6 month Analysis Top 1,000 Single Names* report published by DTCC.³⁵ Markit creates the Liquidity List by using the average weekly trading activity measured in the then-current DTCC report and: (a) determining all entities for which single name CDS are traded under the Standard North American Corporate Transaction Type (as defined in the 2003 ISDA Credit Derivatives Definitions); (b) including on the list the entities that have been assigned a Relevant Rating of "BBB" or "Baa3" or above; (c) ranking the entities resulting from (a) and (b) from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC report.³⁶ Markit then uses certain general criteria, exclusions, and inclusions detailed in the Rules to create a new IG Index.³⁷ Markit publishes the Provisional IG Index on its website for comment.³⁸ Based on comments, Markit determines whether amendments are necessary.³⁹ After the composition of the IG Index has been finalized, Markit will identify a single reference obligation for each entity in the IG Index, senior in priority of payment, based on the Reference Entity Database.⁴⁰ Markit then publishes the new index.

• ~~Markit CDX HVOL Sub-index~~

³⁰ See *id.* at 9.

³¹ See *id.*

³² See *id.* at 14.

³³ See "Markit CDX High Yield & Markit CDX Investment Grade Index Rules, March 2013," available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-index-annexes/Markit%20CDX%20HY%20and%20IG%20Rules%20Mar%202013.pdf>.

³⁴ See *id.* at 3.

³⁵ See *id.* at 10.

³⁶ See *id.*

³⁷ See *id.* at 10-13.

³⁸ See *id.* at 13.

³⁹ See *id.*

⁴⁰ See *id.* at 14.

The Markit CDX HVOL is a sub-index of the IG Index.⁴¹ The CDX HVOL comprises the thirty entities in the IG Index with the widest five-year average CDS spreads over the last ninety days prior to the date the HVOL index is determined.⁴²

● ~~CDX.NA.XO~~

Although no further roll dates will occur for the CDX.NA.XO Index, the existing series is governed by the Index Methodology for the CDX Indices published on August 31, 2007.⁴³ The XO Index is composed of thirty-five entities that have an “Eligible Rating” and are either domiciled in North America or have a majority of their outstanding bonds and loans denominated in USD.⁴⁴ The composition of the XO Index is determined based on submissions by each member of Markit that elects to participate in the determination of the XO Index on a continuing basis.⁴⁵ An “Eligible Rating” for the XO Index means: (i) a crossover (7B) rating (i.e., a rating in the BBB/Baa rating category by one of S&P, Moody’s or Fitch and in the BB/Ba rating category by the other two); (ii) a 6B rating (i.e., a rating in the BB/Ba rating category by S&P, Moody’s and Fitch); (iii) a rating in the BBB/Baa rating category by one of S&P, Moody’s or Fitch, a rating in the BB/Ba category by one of the other two, and no rating by the other agency; or (iv) a rating in the BB/Ba rating category by one or two of S&P, Moody’s and Fitch and no rating by the other(s).⁴⁶

● ~~iTraxx Asia ex Japan Index~~

MarketAxess SEF Corporation currently offers a product based on the iTraxx Asia ex Japan third series. This series is governed by the Dow Jones iTraxx Portfolio Rules of Construction.⁴⁷ To determine the composition of the Dow Jones iTraxx Asia ex Japan third series, each market maker submitted a list of the most liquid Asian CDS names based on trading volumes of the twelve months prior to its publication.⁴⁸ Names were selected to form each of the regional sub-indices.⁴⁹ DJ iTraxx Korea comprised eight names; DJ iTraxx Greater China was required to have nine constituents with a minimum of two each from China, Hong Kong, and Taiwan; DJ iTraxx Rest of Asia comprised thirteen names from the remaining Asian countries.⁵⁰ The

⁴¹ See *id.* at 16.

⁴² See *id.*

⁴³ See “Index Methodology for the CDX Indices,” available at <https://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/rules/Markit-CDX-LCDX-Rules.pdf>.

⁴⁴ See *id.* at 9.

⁴⁵ See *id.*

⁴⁶ See *id.*

⁴⁷ See “Dow Jones iTraxx—Product Descriptions Asia ex Japan, Australia & Japan CDS Indices,” included as Appendix B hereto.

⁴⁸ See *id.* at 3.

⁴⁹ See *id.*

⁵⁰ See *id.*

regional sub-indices were aggregated to form DJ iTraxx Asia ex Japan.⁵¹ DJ iTraxx Asia ex Japan includes both investment grade and non-investment grade names.⁵²

• iTraxx Asia ex Japan IG Index

The composition of the iTraxx Asia ex Japan IG Index is determined by Markit in accordance with the rules and methodologies set forth in iTraxx Asia ex Japan Index Rules.⁵³ The iTraxx Asia ex Japan index is composed of forty liquid Asian (excluding Japanese) entities with investment grade credit ratings that trade in the CDS market.⁵⁴ When establishing a new index, Markit creates the iTraxx Asia ex Japan Index Liquidity List after each publication of the *6-month Analysis Top 1,000 Single Names* report published by DTCC.⁵⁵ Markit creates the Liquidity List by using the average weekly trading activity measured in the then-current DTCC report and: (a) determining all entities that: (i) are incorporated in Asia (excluding Japan); (ii) demonstrate trading activity greater than zero during the last eight weeks; (iii) have an investment grade Relevant Rating as defined in the iTraxx Asia ex Japan Index Rules; (b) ranking those entities meeting the criteria in (a), from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report.⁵⁶ If fewer than forty eligible entities are identified, Markit will follow procedures set forth in the iTraxx Asia ex Japan Index Rules.⁵⁷ Markit publishes the Provisional iTraxx Asia ex Japan Index on its website for comment.⁵⁸ Based on comments, Markit determines whether amendments are necessary.⁵⁹ Markit then publishes the new index.

⁵¹ See *id.*

⁵² See *id.*

⁵³ See “Markit iTraxx Asia ex Japan Index Rules, August 2013” available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/iTraxx/Markit%20iTraxx%20Asia%20ex-Japan%20S20%20Rulebook%20Final%20v2.pdf>.

⁵⁴ See *id.* at 1.

⁵⁵ See *id.* at 4.

⁵⁶ See *id.* at 5.

⁵⁷ See *id.*

⁵⁸ See *id.* at 6.

⁵⁹ See *id.*

● **iTraxx Australia**

The iTraxx Australia Index is determined by Markit in accordance with the rules and methodologies set forth in iTraxx Australia Index Rules.⁶⁰ The iTraxx Australia Index is composed of twenty-five liquid Australian entities with investment grade credit ratings that trade in the CDS market or have significant domestic bond issuance.⁶¹ When establishing a new index, Markit creates the iTraxx Australia Index Liquidity List after each publication of the *6 month Analysis Top 1,000 Single Names* report published by DTCC.⁶² Markit creates the Liquidity List by using the average weekly trading activity measured in the then-current DTCC report and determining all entities for which the following criteria are satisfied: (a) only entities from the Australia-DC region as specified in the DTCC Report will be considered for inclusion; (b) entities must be incorporated in Australia; (c) no more than five bank entities may be included in the index; (d) entities must demonstrate trading activity greater than zero during the last eight weeks; (e) entities must be rated investment grade by Fitch, Moody's, or S&P (this translates to a minimum rating of Baa3 from Moody's and BBB from Fitch or S&P).⁶³ Markit then ranks those entities from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report.⁶⁴ Markit publishes the Provisional iTraxx Australia Index on its website for comment.⁶⁵ Based on comments, Markit determines whether amendments are necessary.⁶⁶ Markit then publishes the new index.

● **iTraxx CEEMEA Index**

The composition of the iTraxx CEEMEA Index is determined by Markit in accordance with the rules and methodologies set forth in Markit iTraxx CEEMEA Index Rules.⁶⁷ The iTraxx CEEMEA Index is composed of twenty-five corporate and quasi-sovereign entities from Central and Eastern European, Middle Eastern, and African countries.⁶⁸ No more than forty percent of the index can be included from any one sector or jurisdiction.⁶⁹ To be eligible for inclusion, entities must have a minimum of 500 million USD equivalent of debt outstanding.⁷⁰ In establishing a new series of the index, Markit asks market participants which entities they would like to remove from the existing index.⁷¹ All entities with more than fifty percent of the votes from the

⁶⁰ See "Markit iTraxx Australia Rules, August 2013" available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/iTraxx/Markit%20iTraxx%20Australia%20S20%20Rulebook%20Final%20v2.pdf>.

⁶¹ See *id.*

⁶² See *id.* at 4.

⁶³ See *id.* at 4-5.

⁶⁴ See *id.* at 5.

⁶⁵ See *id.* at 6.

⁶⁶ See *id.*

⁶⁷ See "Markit iTraxx CEEMEA Index Rules, August 2013," available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/iTraxx/Markit%20iTraxx%20CEEMEA%20S20%20Rulebook%20Final.pdf>.

⁶⁸ See *id.* at 4.

⁶⁹ See *id.*

⁷⁰ See *id.*

⁷¹ See *id.*

market participants are excluded from the index.⁷² Next, Markit requests that dealers submit lists of entities market participants would like to include in the new series of the iTraxx CEEMEA Index.⁷³ Markit will tally votes and select entities for membership in the new series until the number of names in the index is twenty-five.⁷⁴

• **iTraxx CEEMEA Corp**

The iTraxx CEEMEA Corp Index is governed by the rules set forth in the Markit iTraxx CEEMEA Index Rules.⁷⁵ The iTraxx CEEMEA Corp Index comprised of corporate entities included in the iTraxx CEEMEA Index. The rules and methodologies applicable to the iTraxx CEEMEA Index are described above.

• **iTraxx CEEMEA Ex EU**

The iTraxx SovX CEEMEA ex EU Index is determined by Markit in accordance with the rules and methodologies set forth in Markit iTraxx CEEMEA Index Rules.⁷⁶ The iTraxx SovX CEEMEA ex EU Index is a tradable index consisting of constituents of the iTraxx SovX CEEMEA Index which are not European Union member states or expected to become European Union member states during the six month period following the index roll.⁷⁷

⁷² See *id.*

⁷³ See *id.*

⁷⁴ See *id.*

⁷⁵ See “Markit iTraxx CEEMEA Index Rules, August 2013,” available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/iTraxx/Markit%20iTraxx%20CEEMEA%20S20%20Rulebook%20Final.pdf>.

⁷⁶ See “Markit iTraxx CEEMEA Index Rules, August 2013,” available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/iTraxx/Markit%20iTraxx%20CEEMEA%20S20%20Rulebook%20Final.pdf>.

⁷⁷ See *id.* at 5.

● **iTraxx Europe Index**

The composition of the iTraxx Europe Index is determined by Markit in accordance with the rules and methodologies set forth in Markit iTraxx Europe Index Rules.⁷⁸

The Markit iTraxx Europe Index is composed of one hundred twenty five liquid European entities with investment grade credit ratings that trade in the CDS market.⁷⁹ When establishing a new index, Markit creates the Markit iTraxx Europe Liquidity List after each publication of the *6-month Analysis Top 1,000 Single Names* report published by DTCC.⁸⁰ Markit creates the Liquidity List by using the average weekly trading activity measured in the then current DTCC report and: (a) determining all entities that: (i) are incorporated in Europe; (ii) are classified with the “DC Region” as “Europe” in the DTCC Report; (iii) demonstrate trading activity greater than zero during the last eight weeks; (iv) have an investment grade Relevant Rating as defined in the Markit iTraxx Europe Index Rules; (b) ranking those entities meeting the criteria in (a), from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report.⁸¹ Markit then uses certain general criteria detailed in the Markit iTraxx Europe Index Rules to create a new iTraxx Europe Index.⁸² Markit publishes the Provisional Markit iTraxx Europe Index on its website for comment.⁸³ Based on comments, Markit determines whether amendments are necessary.⁸⁴ Markit then publishes the new index.

● **iTraxx Senior Financials**

The Markit iTraxx Senior Financials comprises the twenty five financial entities from the Markit iTraxx Europe index referencing senior debt.⁸⁵ It is a sub-index of the Markit iTraxx Europe Index and is governed by the Markit iTraxx Europe Index Rules.⁸⁶

⁷⁸ See “Markit iTraxx Europe Index Rules, August 2013,” available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/iTraxx/Markit%20iTraxx%20Europe%20Index%20Rules%20S19.pdf>.

⁷⁹ See *id.* at 3.

⁸⁰ See *id.* at 6.

⁸¹ See *id.*

⁸² See *id.* at 6-8.

⁸³ See *id.* at 8.

⁸⁴ See *id.*

⁸⁵ See *id.* at 8.

⁸⁶ See *id.*

• ~~iTraxx Subordinated Financials~~

The Markit iTraxx Subordinated Financials comprises the twenty five financial entities from the Markit iTraxx Europe index referencing subordinate debt.⁸⁷ It is a sub index of the Markit iTraxx Europe Index and is governed by the Markit iTraxx Europe Index Rules.⁸⁸

• ~~iTraxx HiVol~~

iTraxx HiVol comprises the thirty entities with the widest five year CDS spreads from the Markit iTraxx Europe Non Financials Index. The average of five year mid spreads, published by Markit, calculated over the last ten business days of the month prior to the month in which the Roll Date occurs, determine eligibility. iTraxx HiVol is a sub index of the Markit iTraxx Europe Index and is governed by the Markit iTraxx Europe Index Rules.⁸⁹

• ~~iTraxx Japan~~

The composition of the iTraxx Japan Index is determined by Markit in accordance with the rules and methodologies set forth in the Markit iTraxx Japan Index Rules.⁹⁰ The Markit iTraxx Japan main index comprises fifty investment grade rated Japanese entities.⁹¹ When establishing a new index, Markit creates the Markit iTraxx Japan Liquidity List after each publication of the 6 month Analysis Top 1,000 Single Names report published by DTCC.⁹² Entities on the iTraxx Japan Liquidity List must: (a) be incorporated in Japan; and (b) demonstrate trading activity greater than zero during the last eight weeks.⁹³ At the time of an iTraxx Japan index roll, the composition of the index is initially set to be the same as the previous series.⁹⁴ Any entity not rated Investment Grade will be excluded and replaced by the next most eligible entity.⁹⁵ Existing constituents will be excluded from the new index if they are either: (a) not part of the iTraxx Japan Liquidity List; or (b) if more than seventy five entities are available on the iTraxx Japan Liquidity List and they are ranked seventy sixth or below.⁹⁶ The reference obligations for the reference entities are obtained from Markit Group's Reference Entity Database in conjunction with input from Markit iTraxx market makers.⁹⁷ For names in the overall index, senior reference obligations are used where possible.⁹⁸

⁸⁷ See *id.*

⁸⁸ See *id.*

⁸⁹ See *id.*

⁹⁰ See "Markit iTraxx Japan Index Rules, July 2013" available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/iTraxx/Markit%20iTraxx%20Japan%20S20%20Rrulebook.pdf>.

⁹¹ See *id.* at 3.

⁹² See *id.*

⁹³ See *id.*

⁹⁴ See *id.*

⁹⁵ See *id.*

⁹⁶ See *id.*

⁹⁷ See *id.*

⁹⁸ See *id.*

● **iTraxx SovX Western Europe Index**

The iTraxx SovX Western Europe Index is determined by Markit in accordance with the Markit iTraxx SovX Index Rules.⁴⁹⁹ The Markit iTraxx SovX Western Europe Index is a tradable index comprised of up to fifteen equally weighted sovereign constituents from an eighteen name universe of European countries that are traded on Western European documentation.⁴⁰⁰ The eighteen name universe comprises Eurozone countries that are traded on Western European documentation (Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal and Spain) plus Denmark, Norway, Sweden and the United Kingdom.⁴⁰¹ From that list, the iTraxx SovX Western Europe Index is composed of the fifteen countries (or fewer if fifteen are not available) with the largest sum of weekly trading activity (as measured in the DTCC Trade Information Warehouse) over the last six months.⁴⁰² The list will be published on Markit's website after selection.⁴⁰³

● **iTraxx SovX Asia Pacific Index**

The iTraxx SovX Asia Pacific Index is determined by Markit in accordance with the Markit iTraxx SovX Index Rules.⁴⁰⁴ The Markit iTraxx SovX Asia Pacific Index is a tradable index comprised of the ten most liquid sovereign entities from the Asia Pacific region.⁴⁰⁵ The eleven name universe of Asia Pacific countries includes Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Thailand, and Vietnam. From that list, the iTraxx SovX Asia Pacific Index is composed of the ten countries with the largest sum of weekly trading activity (as measured in the DTCC Trade Information Warehouse) over the last six months.⁴⁰⁶ The number of index constituents is set at ten but may be changed from time to time at an index roll upon reasonable notice.⁴⁰⁷ The list will be published on Markit's website after selection.⁴⁰⁸

● **iTraxx Crossover Index**

⁹⁹ See "Markit iTraxx SovX A Global Sovereign CDS index family, July 2013," available at https://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/sovx/Markit%20iTraxx%20SovX%20Series%2010%20Rulebook_Final.pdf.

⁴⁰⁰ See *id.* at 4.

⁴⁰¹ See *id.*

⁴⁰² See *id.*

⁴⁰³ See *id.*

⁴⁰⁴ See "Markit iTraxx SovX A Global Sovereign CDS index family, July 2013," available at https://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/sovx/Markit%20iTraxx%20SovX%20Series%2010%20Rulebook_Final.pdf.

⁴⁰⁵ See *id.* at 7.

⁴⁰⁶ See *id.*

⁴⁰⁷ See *id.*

⁴⁰⁸ See *id.*

~~The composition of the iTraxx Crossover Index is determined by Markit in accordance with the rules and methodologies set forth in the Markit iTraxx Europe Index Rules.⁴⁰⁹~~

~~The Markit iTraxx Crossover Index is composed of up to fifty European entities with non-investment grade credit ratings that trade in the CDS market.⁴¹⁰ When establishing a new index, Markit creates the Markit iTraxx Crossover Liquidity List after each publication of the 6 month Analysis Top 1,000 Single Names report published by DTCC.⁴¹¹ Markit creates the Liquidity List by using the average weekly trading activity measured in the then current DTCC report and: (a) determining all entities that: (i) are incorporated in Europe; (ii) are classified with the “DC Region” as “Europe” in the DTCC Report; (iii) demonstrate trading activity greater than zero during the last eight weeks; (iv) have a below investment grade Relevant Rating as defined in the Markit iTraxx Europe Index Rules; (v) are not guaranteed or controlled by (directly or indirectly) and do not guarantee or control (directly or indirectly) an affiliate that has a higher ranking on the Markit iTraxx Crossover Liquidity List and otherwise satisfies the relevant criteria; (b) ranking those entities meeting the criteria in (a), from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report.⁴¹² Markit then uses certain general criteria detailed in the Markit iTraxx Europe Index Rules to create a new iTraxx Crossover Index.⁴¹³ If fewer than fifty entities are available from the Markit iTraxx Crossover Liquidity List that satisfy the criteria, the Markit iTraxx Europe Index Rules provide for the creation of a Supplementary List.⁴¹⁴ The list of entities resulting from the steps above will be published on Markit’s website for comment.⁴¹⁵ Based on comments, Markit determines whether amendments are necessary.⁴¹⁶ Markit then publishes the new index.~~

⁴⁰⁹ See “Markit iTraxx Europe Index Rules, August 2013,” available at <http://www.markit.com/assets/en/docs/products/data/indices/credit-and-loan-indices/iTraxx/Markit%20iTraxx%20Europe%20Index%20Rules%20S19.pdf>.

⁴¹⁰ See *id.* at 3.

⁴¹¹ See *id.* at 9.

⁴¹² See *id.*

⁴¹³ See *id.* at 10-11.

⁴¹⁴ See *id.* at 11.

⁴¹⁵ See *id.* at 14.

⁴¹⁶ See *id.*

CDX.EM Option Contract

Contract Description Agreement to buy or sell the right to exercise into a swap on the CDX.EM index made up of sovereign issuers from Latin America, Eastern Europe, the Middle East, Africa and Asia as published by Markit from time to time at a predetermined level as agreed to by the counterparties

Contract Months Any calendar month

Price Quotation Option premium is quoted in cents

Currency USD

Listing Cycle Tenors of 1 through 10 years based on liquidity

Series All Series not yet expired, initiated with series 1, based on liquidity

First Trade Date Date of contract listing

Last Trade Date (Expiration Date) The third (3rd) Wednesday of the contact month, cannot be longer in duration than the last trade date of the referenced index

Option Style European

CDX.NA.HY Option Contract

Contract Description Agreement to buy or sell the right to exercise into a swap on the CDX.NA.HY index made up one hundred (100) liquid North American entities with high yield credit ratings as published by Markit from time to time at a pre-determined level as agreed to by the counterparties

Contract Months Any calendar month

Price Quotation Option premium is quoted in cents

Currency USD

Listing Cycle Tenors of 1 through 10 years based on liquidity

Series All Series not yet expired, initiated with series 1, based on liquidity

First Trade Date Date of contract listing

Last Trade Date (Expiration Date) The third (3rd) Wednesday of the contact month, cannot be longer in duration than the last trade date of the referenced index

Option Style European

CDX.NA.IG Option Contract

Contract Description Agreement to buy or sell the right to exercise into a swap on the CDX.NA.IG index made up of one hundred twenty five (125) of the most liquid North American entities with investment grade credit ratings as published by Markit from time to time

Contract Months Any calendar month

Price Quotation Option premium is quoted in cents

Currency USD

Listing Cycle Tenors of 1 through 10 years based on liquidity

Series All Series not yet expired, initiated with series 1, based on liquidity

First Trade Date Date of contract listing

Last Trade Date (Expiration Date) The third (3rd) Wednesday of the contact month, cannot be longer in duration than the last trade date of the referenced index

Option Style European

iTraxx Europe Option Contract

~~**Contract Description** Agreement to buy or sell the right to exercise into a swap on the iTraxx Europe index made up of one hundred twenty five (125) of the most liquid European entities with investment grade credit ratings as published by Markit from time to time~~

~~**Contract Months** Any calendar month~~

~~**Price Quotation** Option premium is quoted in cents~~

~~**Currency** EUR~~

~~**Listing Cycle** Tenors of 1 through 10 years based on liquidity~~

~~**Series** All Series not yet expired, initiated with series 1, based on liquidity~~

~~**First Trade Date** Date of contract listing~~

~~**Last Trade Date** (Expiration Date) The third (3rd) Wednesday of the contact month, cannot be longer in duration than the last trade date of the referenced index~~

~~**Option Style** European~~

~~**iTraxx Europe Crossover Option Contract**~~

~~**Contract Description** Agreement to buy or sell the right to exercise into a swap on the iTraxx Europe Crossover index made up of fifty (50) European entities with non-investment grade credit ratings as published by Markit from time to time~~

~~**Contract Months** Any calendar month~~

~~**Price Quotation** Option premium is quoted in cents~~

~~**Currency** EUR~~

~~**Listing Cycle** Tenors of 1 through 10 years based on liquidity~~

~~**Series** All Series not yet expired, initiated with series 1, based on liquidity~~

~~**First Trade Date** Date of contract listing~~

~~**Last Trade Date** (Expiration Date) The third (3rd) Wednesday of the contact month, cannot be longer in duration than the last trade date of the referenced index~~

~~**Option Style** European~~

~~**iTraxx Europe Senior Financials Option Contract**~~

~~**Contract Description** Agreement to buy or sell the right to exercise into a swap on the iTraxx Europe Senior Financials index made up of twenty five (25) European financial entities from the iTraxx Europe index referencing senior debt as published by Markit from time to time~~

~~**Contract Months** Any calendar month~~

~~**Price Quotation** Option premium is quoted in cents~~

~~**Currency** EUR~~

~~**Listing Cycle** Tenors of 1 through 10 years based on liquidity~~

~~**Series** All Series not yet expired, initiated with series 1, based on liquidity~~

~~**First Trade Date** Date of contract listing~~

~~**Last Trade Date** (Expiration Date) The third (3rd) Wednesday of the contact month, cannot be longer in duration than the last trade date of the referenced index~~

~~**Option Style** European~~

Summary report:	
Litera® Change-Pro for Word 10.4.0.0 Document comparison done on 8/26/2021 5:12:07 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: MarketAxess SEF Corporation Rulebook - November 25 2016.docx	
Modified filename: MarketAxess SEF Corporation Rulebook - August 26, 2021 (Clean) .docx	
Changes:	
Add	35
Delete	514
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	1
Embedded Excel	0
Format changes	0
Total Changes:	550