MarketAxess SEF RULEBOOK

Effective as of September 1, 2021

**Table of Contents**

[CHAPTER 1: DEFINITIONS 1](#_Toc435801717)

[Rule 101. Definitions 1](#_Toc435801718)

[CHAPTER 2: MARKETAXESS SEF OWNERSHIP AND GOVERNANCE 7](#_Toc435801719)

[Rule 201. Ownership 7](#_Toc435801720)

[Rule 202. Board 8](#_Toc435801721)

[Rule 203. Officers 10](#_Toc435801722)

[Rule 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Officers 10](#_Toc435801723)

[Rule 205. Standing Committees 11](#_Toc435801724)

[Rule 206. Pending Legal Proceedings. 11](#_Toc435801725)

[Rule 207. Restrictions on Certain Persons who Possess Material, Non-Public Information: Improper Use or Disclosure of Material Non-Public Information. 12](#_Toc435801726)

[Rule 208. Regulatory Oversight Committee 12](#_Toc435801727)

[Rule 209. Chief Compliance Officer 13](#_Toc435801728)

[Rule 210. Compliance Staff and Resources 15](#_Toc435801729)

[Rule 211. Additional Board Committees and MarketAxess SEF Panels 16](#_Toc435801730)

[Rule 212. Emergency Rules 16](#_Toc435801731)

[Rule 213. Conflicts of Interest and Misuse of Material, Non-Public Information 17](#_Toc435801732)

[Rule 214. Maintenance of Books and Records 19](#_Toc435801733)

[Rule 215. Information-Sharing Agreements 20](#_Toc435801734)

[Rule 216. Services Agreement with a Regulatory Services Provider 21](#_Toc435801735)

[CHAPTER 3: PARTICIPANTS 21](#_Toc435801736)

[Rule 301. Criteria for Becoming a Participant Firm 21](#_Toc435801737)

[Rule 302. Participant Firm Application Process 22](#_Toc435801738)

[Rule 303. Trading Privileges of a Participant Firm 23](#_Toc435801739)

[Rule 304. Reserved. 23](#_Toc435801740)

[Rule 305. Dues, Assessments and Fees 24](#_Toc435801741)

[Rule 306. Authorized Traders 24](#_Toc435801742)

[Rule 307. Authorized Representatives 25](#_Toc435801743)

[Rule 308. Recording of Communications 25](#_Toc435801744)

[Rule 309. Notices to Participants 25](#_Toc435801745)

[Rule 310. Communications between the MarketAxess SEF and Participants 26](#_Toc435801746)

[Rule 311. Application of Rules and Jurisdiction 26](#_Toc435801747)

[Rule 312. Description of Participant’s Status 27](#_Toc435801748)

[Rule 313. Withdrawal of Participant 27](#_Toc435801749)

[Rule 314. Compliance with the CEA 27](#_Toc435801750)

[Rule 315. Impartial Access 27](#_Toc435801751)

[CHAPTER 4: OBLIGATIONS OF PARTICIPANTS 27](#_Toc435801752)

[Rule 401. Duties and Responsibilities of Participants 28](#_Toc435801753)

[Rule 402. Required Disclosures to the MarketAxess SEF 28](#_Toc435801754)

[Rule 403. Inspections by the MarketAxess SEF 29](#_Toc435801755)

[Rule 404. Minimum Financial and Related Reporting Requirements 30](#_Toc435801756)

[Rule 405. Confidentiality of Financial and Other Information 30](#_Toc435801757)

[Rule 406. Information Regarding Orders 30](#_Toc435801758)

[Rule 407. Customers 31](#_Toc435801759)

[CHAPTER 5: TRADING PRACTICES AND BUSINESS CONDUCT 31](#_Toc435801760)

[Rule 501. Scope 31](#_Toc435801761)

[Rule 502. Procedures 31](#_Toc435801762)

[Rule 503. Business Days and Trading Hours 32](#_Toc435801763)

[Rule 504. Enforceability 32](#_Toc435801764)

[Rule 505. Fraudulent Acts Prohibited 32](#_Toc435801765)

[Rule 506. Fictitious, Wash or Non-Competitive Transactions Prohibited 32](#_Toc435801766)

[Rule 507. Price Dissemination. 32](#_Toc435801767)

[Rule 508. Market Manipulation Prohibited 33](#_Toc435801768)

[Rule 509. Disruptive Trading Practices Prohibited 33](#_Toc435801769)

[Rule 510. Prohibition of Misstatements 33](#_Toc435801770)

[Rule 511. Reserved. 33](#_Toc435801771)

[Rule 512. Reserved. 33](#_Toc435801772)

[Rule 513. Supervision 33](#_Toc435801773)

[Rule 514. Execution of Required Transactions 33](#_Toc435801774)

[Rule 515. Misuse of the MarketAxess SEF Trading System 33](#_Toc435801775)

[Rule 516. Errors and Omissions in Handling Orders 34](#_Toc435801776)

[Rule 517. Volume Discount Programs 34](#_Toc435801777)

[Rule 518. Withholding Orders Prohibited 34](#_Toc435801778)

[Rule 519. Priority of Customers’ Orders 34](#_Toc435801779)

[Rule 520. Handling of Customer Orders 34](#_Toc435801780)

[Rule 521. Disclosing Orders Prohibited 34](#_Toc435801781)

[Rule 522. Simultaneous Buy And Sell Orders For Different Beneficial Owners 35](#_Toc435801782)

[Rule 523. Wash Sales Prohibited 35](#_Toc435801783)

[Rule 524. Recordkeeping Requirements for Entering Orders into the MarketAxess SEF Trading System 35](#_Toc435801784)

[Rule 525. Prearranged and Noncompetitive Trades Prohibited 37](#_Toc435801785)

[Rule 526. Responsibility For Customer Orders 37](#_Toc435801786)

[Rule 527. Pre-Execution Credit Checks 38](#_Toc435801787)

[Rule 528. Priority of Execution 38](#_Toc435801788)

[Rule 529. Intermediation 38](#_Toc435801789)

[Rule 530. Position Limits and Exemptions 38](#_Toc435801790)

[Rule 531. Position Accountability 39](#_Toc435801791)

[Rule 532. Publication of Market Data 39](#_Toc435801792)

[Rule 533. SDR Reporting 39](#_Toc435801793)

[Rule 534. Reserved. 40](#_Toc435801794)

[Rule 535. Identification of Authorized Traders 40](#_Toc435801795)

[Rule 536. LIMITATION OF LIABILITY, NO WARRANTIES 40](#_Toc435801796)

[Rule 537. The MarketAxess SEF Control Center 42](#_Toc435801797)

[Rule 538. The MarketAxess SEF Trading System 43](#_Toc435801798)

[Rule 539. Trade Cancellations and Price Adjustments 44](#_Toc435801799)

[Rule 540. Terms and Conditions 45](#_Toc435801800)

[Rule 541. Trading Pauses and Halts 46](#_Toc435801801)

[CHAPTER 6: PRIVATELY NEGOTIATED TRANSACTIONS 46](#_Toc435801802)

[Rule 601. Block Trades 46](#_Toc435801803)

[Rule 602. Recordkeeping Requirements for Privately Negotiated Trades 47](#_Toc435801804)

[CHAPTER 7: DISCIPLINARY RULES 47](#_Toc435801805)

[Rule 701. General 47](#_Toc435801806)

[Rule 702. Inquiries and Investigation 49](#_Toc435801807)

[Rule 703. Reports of Investigations 50](#_Toc435801808)

[Rule 704. Opportunity to Respond 50](#_Toc435801809)

[Rule 705. Review of Investigative Reports 51](#_Toc435801810)

[Rule 706. Notice of Charges 52](#_Toc435801811)

[Rule 707. Answer to Notice of Charges 53](#_Toc435801812)

[Rule 708. Service of Notice of Charges 53](#_Toc435801813)

[Rule 709. Settlements 53](#_Toc435801814)

[Rule 710. Disciplinary Panel 54](#_Toc435801815)

[Rule 711. Convening Hearings of Disciplinary Proceedings 56](#_Toc435801816)

[Rule 712. Respondent Review of Evidence 56](#_Toc435801817)

[Rule 713. Conducting Hearings of Disciplinary Proceedings 57](#_Toc435801818)

[Rule 714. Decision of Disciplinary Panel 58](#_Toc435801819)

[Rule 715. Sanctions and Fines 59](#_Toc435801820)

[Rule 716. Reserved. 59](#_Toc435801821)

[Rule 717. Summary Imposition of Fines 59](#_Toc435801822)

[Rule 718. Summary Suspensions and Other Summary Actions 60](#_Toc435801823)

[Rule 719. Rights and Responsibilities after Suspension or Termination 61](#_Toc435801824)

[Rule 720. Notice to the Respondent, the Regulatory Services Provider and the Public 62](#_Toc435801825)

[CHAPTER 8: ARBITRATION RULES 62](#_Toc435801826)

[Rule 801. Disputes Subject to Arbitration 62](#_Toc435801827)

[Rule 802. Initiating an Arbitration Claim 63](#_Toc435801828)

[Rule 803. Certain Claims against the MarketAxess SEF Involving Trading Systems or Services 64](#_Toc435801829)

[Rule 804. Claims Relating to Trade Cancellations or Price Adjustments 65](#_Toc435801830)

[Rule 805. Right to Counsel 65](#_Toc435801831)

[Rule 806. Governing Law 65](#_Toc435801832)

[Rule 807. Costs 65](#_Toc435801833)

[CHAPTER 9: CLEARING 65](#_Toc435801834)

[Rule 901. Clearing of Swaps 65](#_Toc435801835)

[Rule 902. Reserved. 65](#_Toc435801836)

[Rule 903. Reserved. 65](#_Toc435801837)

[Rule 904. Clearing House Rules 65](#_Toc435801838)

[Rule 905. Submission of Trades to a Clearing House 66](#_Toc435801839)

[Rule 906. Execution and Submission to Clearing of New Swap/Old Terms and New Swap/Corrected Terms 66](#_Toc435801840)

[CHAPTER 10: MISCELLANEOUS 69](#_Toc435801841)

[Rule 1001. MarketAxess SEF personnel – Trading and Misuse of Material, Non-Public Information 69](#_Toc435801842)

[Rule 1002. Gifts and Gratuities 70](#_Toc435801843)

[Rule 1003. Market Data 71](#_Toc435801844)

[Rule 1004. Extension or Waiver of Rules 71](#_Toc435801845)

[Rule 1005. Effect of Amendment, Repeal or New Rule 71](#_Toc435801846)

[Rule 1006. Uncleared Swaps 71](#_Toc435801847)

[Rule 1007. Issuance of SEF Confirmations 72](#_Toc435801848)

[Rule 1008. Forwarding of SEF Confirmations 73](#_Toc435801849)

[APPENDIX A: CREDIT CONTRACTS TERMS AND CONDITIONS 75](#_Toc435801850)

1. **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.